

**GYFARFOD Y CABINET**  
**13 MEDI 2021**

**ADRODDIAD MONITRO CYLLIDEB REFENIW Y CYNGOR**  
**2020/2021**

**Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:**

Sicrhau bod y Cabinet yn derbyn yr adroddiad Monitro Cyllideb am 2020/21.

**Y Rhesymau:**

I ddatgan i'r Cabinet sefyllfa y gyllideb ar ddiwedd y flwyddyn 2020/21.

Ymgynghorwyd â'r pwyllgor craffu perthnasol: AMHERTHNASOL

Angen i'r Cabinet wneud penderfyniad OES

Angen i'r Cyngor wneud penderfyniad NAC OES

**YR AELOD O'R CABINET SY'N GYFRIFOL AM Y PORTFFOLIO:-**

Cyng. David Jenkins

**Y Gyfarwyddiaeth:**

Gwasanaethau Corfforaethol

Enw Cyfarwyddwr y

Gwasanaeth:

Chris Moore

Awdur yr Adroddiad:

Randal Hemingway

**Swyddi:**

Cyfarwyddwr y

Gwasanaethau Corfforaethol

Pennaeth y Gwasanaethau

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**EXECUTIVE SUMMARY**  
**CABINET MEETING**  
**13<sup>TH</sup> SEPTEMBER 2021**

**COUNCIL'S REVENUE BUDGET MONITORING REPORT**  
**2021/2021**

The revenue budget monitoring reports for the end of financial year 2020/21 are attached:

**COUNCIL FUND REVENUE ACCOUNT (Appendix A)**

The final outturn figures indicate an underspend for the year at departmental level of £1,434k. After taking account of the underspend on capital charges and the movement in Earmarked and Departmental reserves the net position for the Authority is a £814k underspend.

At a high level this is due to a combination of:

- substantial additional grant funding received from Welsh Government before year end, which also includes funding for schools of approximately £5m;
- additional COVID19 related costs and lost income being largely refunded under the Welsh Government hardship scheme;
- services paused or reduced due to lockdown measures and social distancing; and
- staffing vacancies, some of which it has not been appropriate to recruit during the year.

In ordinary circumstances, revenue budget underspends would be seen as favourable, however the details outlined in this report illustrate that this continues to impact front line service delivery as well as the unavoidable reduction/suspension of some preventative services. This, along with any continued delays to the delivery of savings presents a significant risk to future years budgets.

The full year forecast reflects the impact which includes known financial positions up to the point of writing. As such the forecast remains sensitive to any changes in final outturn positions and end of year grant allocations which are not yet finalised. In respect of COVID19 the current picture is:

Expenditure – the Authority has submitted a monthly hardship claim for additional costs. Some January and February items remain pending, and the March claim was not be submitted until mid-May, therefore income was accrued. The vast majority of items have been funded, though a small proportion are deemed ineligible – principally where it is deemed that the cost has arisen from a local discretion/decision rather than national policy or unavoidable cost.

Income – We submitted Quarter 4 (January-March) claim based on forecasts and subsequently submitted a final Quarter 4 (January – March) claim in mid-May. To date, lost income is being paid in full except where there is a clear local decision. There is still a residual impact from elements such as officer costs not chargeable to grants or capital schemes and school fundraising events cancelled.

Members should note that Council Tax collection was down on budgeted levels, though the reduction was able to be covered from the specific funding provided by WG. There remains a longer term risk over the recoverability of outstanding balances.

## Chief Executive's Department

The Chief Executive Department has an underspend of £267k for the year. This is made up of overspends due to a reduction in anticipated income from Commercial property, livestock markets and provision markets, offset by a net underspend on Industrial Premises, underspends on Member expenses, staffing savings from vacant posts across the department along with savings on utilities costs associated with our administrative buildings.

### **Operational budgets**

The Chief Executive's section has an underspend of £158k, primarily due to vacant posts and an underspend on supplies and services.

There is a £587k net overspend in the People Management section. This is primarily driven by the provision of £700k towards renewal of the Core HR/Payroll system, offset by a net underspend of £113k on recurrent budgets. This net underspend consists of £34k relating to a reduction in supplies and services costs along with a £63k underspend due to fewer DBS checks being undertaken. A shortfall in external income within Employee Wellbeing has been offset by vacant posts and a reduction in supplies & services in the section during the year (£42k). There was also a £41k underspend on the Social Care Workforce Development fund due to social distancing, as a result of COVID19, restricting the amount of training that was able to be undertaken. This is offset by a £67k overspend on various salary related costs and other small overspends.

The ICT & Corporate Policy section are reporting a £114k underspend largely due to part year vacant posts within the division, pending a team review.

Admin and Law are showing an underspend of £266k. Members expenses are underspent by £106k, there is additional income from Joint Committees and HRA of £58k along with a £102k saving on staff vacancies and supplies and services.

The Marketing and Media section have a £158k net underspend, made up of an overspend of £151k within Marketing and Media on salary costs, pending a staffing review within the whole division (2019/20 saving proposal), and also a loss of income streams from external partners such as ERW. Potential alternative income streams are currently being sought. This is offset by an underspend on staffing costs in the Customer Services Centres, Translation Unit and Yr Hwb. These will all form part of the divisional staffing review.

Statutory Services are reporting an underspend of £26k. This is made up of various small supplies and services underspends across the various cost centres within the division.

The Regeneration division has outturned at a £133k underspend for the year. This is made up of an overspend of £334k due to a loss of income on Livestock markets, provision markets and Commercial Properties, largely due to an overall reduction in occupancy levels. The renewable energy feed in tariff income is also reduced by £23k in the current year due to the inability to read meters under the current restrictions.

This is offset by savings in utilities costs due to staff working from home of £184k, along with additional high levels of income due to continued high occupancy rates within industrial units, despite the pandemic, also of £184k. There is also an additional saving of £17k on staffing costs due to a vacant post, maternity leave and officers not at the top of the grade during the year. The City Deal project is showing a £24k underspend for the year. Net Zero Carbon plan is reporting a £49k underspend due to a vacant post earlier in the year resulting in a delay in project expenditure. There were also a £13k saving on County Farms due to a reduction in Maintenance costs during the year.

## Department for Communities

The Department for Communities is £393k overspent for the year. Mental Health budgets account for the majority of the overspend. However, there are significant variances in services for Older People, Physical Disabilities and Learning Disabilities though these are largely offset by reduced costs where service provision is reduced due to Covid restrictions, or additional funding. Social care teams have prioritised the safe delivery of key services, meaning that the department has been unable to progress many of the planned savings proposals.

Older People's budgets have an underspend of £18k. There are significant underspends due to the initial reduction of home care delivered in line with service user and families' wishes, reduced reablement activity and the closure of day services at the start of the pandemic. This is partially offset by the increase in cost of inhouse home care as additional staff hours were paid. The cost of both commissioned and local authority Residential Beds has decreased over the winter months as COVID19 outbreaks has sadly led to residents passing away and consequent impact on occupancy rates.

Physical Disabilities services are overspent by £13k. The budget variances across the range of services are due to alternative care provision in response to residential respite and community services restrictions.

In Learning Disability services, there is an overspend of £42k. The underspend on non-residential services is £3m. This is offset by overspends on Residential and Group Homes / Supported Living of £2.6m as the savings target of £1m was not deliverable during the pandemic.

The overspend in Mental Health of £738k is due to increased demand with the main budget pressure in Residential Beds.

Support Services are underspent by £173k largely due to staff vacancies in the Commissioning Team.

Leisure & Culture Services underspent by £32k. Whilst there has been a material reduction in income over the year, the recovery of lost income is being funded by Welsh Government. Council Funded Housing and Public Protection Services are £177k underspent. Core funded spend has been claimed via other funding (Transitional Homelessness Grant and TTP funding) resulting in underspend due to vacant posts.

## Corporate Services

The Corporate Services Department is reporting a £433k underspend for the year.

Rent Allowances overpayment recovery has been postponed by DWP, leading to a reduction in overpayment recovery of £73k.

This is offset by reductions in pre LGR pension costs, training costs, additional one off grants from DWP for additional administration, reduced bank charges, along with staff vacancies across the department. There is also £30k of net additional income from services provided to MAWWFRS. Various reserves have been established from the departmental underspend to accommodate known, future budgetary pressures.

## Department for Education and Children

The Department for Education and Children had an underspend of £883k for the year.

The main favourable budget variations are from staff vacancies, utilisation of additional grants and reduced travel costs across the department £762k. There are also fewer children taking up places in early years non-maintained settings £103k; part year moratorium on redundancy processes due to COVID19 £39k; reduced number of out of county placements within Children's Services £179k.

The school meals service incurred a net overspend of £44k, mainly due to minimal income from voluntary contributions to the care element of the breakfast clubs' as limited opening throughout the year.

Adoption services have a net £97k overspend which includes a specific one off family placement of £125k.

School Modernisation property decommissioning costs and maintenance of closed school buildings are £68k overspent.

## Schools Delegated Budgets

Schools working budgets returned a net surplus position in year of £9.2m, largely driven by one off WG grants received since September and operational savings whilst the schools were closed during the first lockdown and pupils learnt from home during the second lockdown. Some of the forecasted surplus staffing costs due to redundancies not progressing were reduced by schools utilising the Accelerated Learning Programme grant for these teachers. This results in a net surplus on school reserves of £7m having brought forward a £2m net deficit as at April 2020.

The additional funding received in year was directed towards meeting learning recovery costs. As such it is one-off, temporary in nature and will not resolve pre-existing issues which need to be addressed either in individual schools budgets or whole system rationalisation.

Members should note that budgets do not include any significant additional COVID19 safety measures incurred for the safe reopening of schools – such costs have been retained centrally within departmental budgets.

## Environment

The Environment department is reporting an underspend of £243k for the financial year, largely due to general underspends as a result of COVID19 restrictions, for example schools transport, and additional non-COVID19 related grant funding received from WG thereby displacing core budgets.

The Waste and Environmental Services division is showing an £18k underspend. The underachievement of income against budget on the Sustainable Drainage Approval service has resulted in a £74k overspend, and Cleansing is estimating a £35k deficit due to additional requirements. There is also an overspend of £99k due to reactive works at Trebeddrod Reservoir (capital scheme approved for 2021/22). This is offset by a net £226k underspend in other areas due mainly to a reduction in spend as a result of covid-restrictions but also includes a late grant received from WG and a vacant post.

Highways and Transportation are reporting a £81k overspend for the year. This is made up of a loss of income in parking services due to COVID19 restrictions which has only been partially recoverable from WG (£521k), £132k Invest to Save loan repayment netted-off against departmental underspend and £61k revenue contribution to capital schemes actioned at year-end. These are offset by additional income generated within the division consisting of £61k for section 38 agreements & Streetworks, £78k for Traffic regulation orders and £33k for Civil Design. There is also a short-term saving on school transport costs of £340k due to reduced operating days (75% payment during non-operational days), and a £54k underspend on public rights of way due to COVID19 restrictions. Other areas reporting small underspends due to COVID19 restrictions are traffic management, Road safety, and Technical Surveys (£67k)

The Planning Division is showing a £138k overspend for the year, largely accounted for by a reduction in income. It remains unclear the extent to which applications are reduced versus merely delayed. This income is partially offset by savings due to part time vacancies and maternity leave.

The Property Division is reporting a £391k underspend. Increased income from Property Maintenance reflecting additional work undertaken during the year in particular on empty properties is offset by a reduction in work in other areas due to COVID19 restrictions. This service operates on a cost recovery model, therefore the budget is highly sensitive to the effects of sickness absence, shielding and productivity changes.

The Business Support division was underspent by £52k largely due to temporarily vacant posts during the year.

## **HOUSING REVENUE ACCOUNT (Appendix B)**

The HRA is reporting an underspend of £3,603k for 2020/21.

Repairs and Maintenance is underspent by £1,752k mainly due to underspends on Minor Works (£2,259k), Drains, Sewers & Grounds (£37k), servicing (£212k) and overspends on Responsive (£435k) and voids (£321k). This is a result of a general reduction in demand due to COVID19, with only emergency and legislative servicing being undertaken for significant periods.

Supervision & Management costs are underspent by £1,598k mainly due to staff vacancies/training (£1,170k), transport costs (£49k) due to reduced visits, supplies and services (£3k) and recharge income (£391k) reduced recharge from building services less officers costs not capitalised on projects including Ty Isha and reduced decants offset by spend on premises cost (£15k) due to work restrictions. Provision for bad debts is overspent by £4k. Capital financing charges are £842k less than budgeted due to a reduction in previously forecast interest rates and an underspend on the capital programme. Also reducing call on Direct Revenue Financing by £144k.

Income (inclusive of rents) is under target by £721k. This is made up predominantly of less than budgeted rental/service charge income of £965k primarily due to void loss, investment returns on cash balances £102k. More grant has been received than anticipated of £232k primarily Affordable Housing Grant from Welsh Government, more insurance income through settled claims £74k and other increased income of £40k.

Lists of the main variances are attached to this report.

<b>DETAILED REPORT ATTACHED?</b>	<b>YES</b>
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## IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **Chris Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
<b>NONE</b>	<b>NONE</b>	<b>YES</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>

### 3. Finance

Council Fund

The final outturn figures indicate an underspend for the year at departmental level of £1,434k. After taking account of the underspend on capital charges and the movement in Earmarked and Departmental reserves, the net position for the Authority is an underspend of £814k.

#### HRA

The HRA reported an underspend of £3,603k for 2020/21.

## CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: **Chris Moore**

Director of Corporate Services

**1. Scrutiny Committee – Not applicable**

**2. Local Member(s) – Not applicable**

**3. Community / Town Council – Not applicable**

**4. Relevant Partners – Not applicable**

**5. Staff Side Representatives and other Organisations – Not applicable**

**CABINET MEMBER PORTFOLIO  
HOLDER(S) AWARE/CONSULTED**

NO

Include any observations here

**Section 100D Local Government Act, 1972 – Access to Information**

**List of Background Papers used in the preparation of this report:**

**THESE ARE DETAILED BELOW**

Title of Document	File Ref No.	Locations that the papers are available for public inspection
2020/21 Budget		Corporate Services Department, County Hall, Carmarthen