

POLICY & RESOURCES SCRUTINY COMMITTEE

10th DECEMBER 2021

REVENUE & CAPITAL BUDGET MONITORING REPORT 2021/22

To consider and comment on the following issues:

- That Scrutiny receives the Authority's Corporate Budget Monitoring Report, the Chief Executive and Corporate Services departmental reports and the Savings Monitoring report and considers the budgetary position.

Reasons:

- To provide the Committee with an update on the latest budgetary position, as at 31st August 2021, in respect of 2021/22.

To be referred to the Cabinet for decision: NO

Cabinet Member Portfolio Holders:

- Cllr. Emlyn Dole (Leader)
- Cllr. Mair Stephens (Deputy Leader)
- Cllr. David Jenkins (Resources)
- Cllr. Ann Davies (Communities and Rural Affairs)

Directorate: Corporate Services	Designation:	Tel No. / E-Mail Address:
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Report Author: Chris Moore		

EXECUTIVE SUMMARY
POLICY & RESOURCES SCRUTINY COMMITTEE
10th DECEMBER 2021

REVENUE & CAPITAL BUDGET
MONITORING REPORT 2021/22

The Financial Monitoring report is presented as follows:

Revenue Budgets

Appendix A – Authority Corporate Budget Monitoring Report

Overall, the monitoring report forecasts an end of year underspend of £399k on the Authority's net revenue budget with an underspend at departmental level of £869k.

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

- additional COVID19 related costs and lost income being largely refunded under the Welsh Government hardship scheme
- some services still paused or impacted by lockdown measures and social distancing during Q1.
- Proposed utilisation of some capital financing underspends, due to some significant pressure points on in-year capital project budgets, which will be considered as part of a separate report.

Appendix B

Chief Executive and Corporate Services detailed variances for information purposes only.

Capital Budgets

Appendix C – Corporate Capital Programme Monitoring 2021/22

The current capital programme is based on information available as at the end of August 2021. Appendix C shows a forecasted net spend of £76,230k compared with a working net budget of £130,893k, giving a -£54,663k variance. The variance projected at this time relates mainly to delays with the Pentre Awel development and delays with some school developments because of restrictions associated with the COVID19 pandemic.

The net budget includes the original HRA and General Fund capital programmes approved by Council on 3rd March and slippage from 2020/21. Some of the budgets have also been amended to account for differences in actual grant allocations compared with the anticipated allocations at the time the programme was approved.

Appendix D

Details the main variances against agreed budgets for each department.

Finally, a number of external circumstances have given rise to budget pressures on several projects, details of which are set out below together with a package of new monies and recommendations for virements and reprofiling of the five-capital programme to accommodate the works.

A summary of the reprofiling is shown in the tables in **Appendix Dii**. Note that the funding for these projects will be reviewed as part of the exercise to set and approve the new five programme 2022/23-2026/27.

Virements to be approved:

Leisure: Burry Port Harbour Walls additional budget of £97k to be funded by £47k from Pembrey Cycling Hub and £50k from capital maintenance.

New Projects to note and approve for the current year:

Private Housing: £41k - A programme of remedial works to private properties under the former Renewal Areas project. To be funded from capital receipts received in year from clawback of grants.

Leisure: £150k – a new 100% grant received for the fit-out of the new museum of speed at Pendine from the Heritage Lottery Fund.

£85.36k – a new 80% grant from the Welsh Government under its Brilliant Basics programme for improvements to the footpaths and landscaping at Pembrey Country Park. £21.34k match funding to be provided a direct revenue financing contribution.

Regeneration: Also, under the Brilliant Basics programme £127.8k for new carparking machines and beach wheelchairs at Pendine Sands. Match funding of £31k to be provided by a virement from the strategic regeneration budget.

£1,400k - A loan from the Town Centre Development fund will be let this year to the developers of the Linc project in Llanelli town centre. This is an earmarked fund financed by Salix Borrowing that has already been received into the authority.

Environment: £81k – A new project of urgent works to arrest the ongoing erosion of the riverbank at Pontyberem Park and to "retrain" the river. Funding will be from departmental reserves.

160k – Works to install a stone access ramp at the entrance to Llanelli Town Hall. Funding is set aside from a corporate reserve for this project.

£163k – Additional funding is available for the ReFit Cymru programme to retro fit the authority's estate with energy efficient measures.

Slippage to future years of the five-year capital programme.

Education: £12.4m of expenditure on the Modernising Education Provision programme to be slipped forward to future years. This will update the programme to correlate it with the profiled draw down of Welsh Government 21st Century School grant. The slippage will be built into future years of the five-year capital programme.

Reprofiling of the 2021/22-2025/26 capital programme to accommodate additional pressures.

Pendine Attractor – Following several complications on this project it is subject to additional budget costs. A new contractor has also been engaged because the original contractor was placed into administration. The increased costs can be attributed to the following: tender inflation (the previous contract was based on 2018 prices); shortage of materials and supply complications, additional fees owing to the prolonged duration and need for additional design input, additional scaffolding costs to facilitate roof remediation works. The additional budget cost is forecast at £1.7m worst case scenario, however, some of this expenditure will be mitigated by insurance claims currently being pursued to recover the costs in due course.

Trebeddod Reservoir - £300k is needed to complete this project. £1m was awarded as part of the approved budget for 2021/22 following an expression of interest for emergency works. This was an indicative budget at that time. Since the project has been worked up and tendered an additional £300k is required in 2022/23 for the works element of the project.

Carmarthen Mart – The mart site is currently closed. Before it can be relet to new tenants works to the estimated value of £750k need to be completed. – Works have already commenced on this project under the capital maintenance programme.

Park Howard – There is a shortfall on the current project because of increasing contractor costs associated with COVID protocols and the deterioration of the building since the essential works were agreed. Emergency electrical works which sit outside the scope of the current project have become essential. These include the rewiring of the property and replacement of the fire alarm and CCTV. Further building and electrical works are necessary to relocate the public entrance to a wheelchair accessible route which will reduce fire risks identified in the main escape route. It is not cost effective or safe for the museum to reopen without this work being completed. The cost is estimated at £310k.

Recommendations for Funding:

In 2021/22 £300k was awarded as emergency works for the realignment of the coastal part at Morfa Bacas, Llanelli. The Environment Department has been successful if bidding for and receiving a WG grant for £256k to undertake the realignment works. In addition to the £256k other others are estimated at £100k.

Recommendation: Note and approve the £256k grant for inclusion in the capital programme and award £100k to fund other works. Vire £200k to other projects.

Amman Valley Leisure Centre – There is currently £1,042k underspend against this project in 2021/22 owing to the wider aspiration to develop, in conjunction with the Education Department, the masterplan further, to expand the leisure provision in the Amman Valley. Given this wider master-planning expenditure on the project will inevitably be delayed in the short term and the funding can therefore be slipped.

Recommendation: Slip £1,042k AVLC from 2021/22 to 2023/24. This project will then be funded from funds currently assign as funding to the MEP programme.

Recommendation: Slip £1042k of MEP funding, from the 2023/24 to 2024/25 and 2025/26 so that it can be funded by the unallocated funds in five for the programme. This two-pronged slippage allows £1042k to be utilised in 2021/22.

Recommendation: Introduce £1,200k of new funding to the capital programme funded by direct revenue financing/ funds set aside.

Recommendation: To complete the reprofile it is proposed to slip £300k of DGF and 318k of capital maintenance from 2022/23 to 2024/25. This will allow it to be funded from the unallocated funding in 2024/25 while enabling the £618k to be reallocated in 2022/23.

St. David's Park Block 3

As part of update of the capital programme upgrade works to Block 3 St David's Park, already approved, will be brought into programme. Funded from reserves the works will be profiled over two years, £10k in 2021/22 and £1,290k in 2022/23, before the renewal of the lease to University of Swansea.

Appendix E

Details a full list of Chief Executive and Regeneration schemes, respectively. There are no Corporate Services schemes.

Savings Report

Appendix F

The Savings Monitoring report.

DETAILED REPORT ATTACHED?

YES – A list of the main variances is attached to this report.

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
NONE	NONE	YES	NONE	NONE	NONE	NONE

3. Finance

Revenue

Overall, the Authority is forecasting an underspend of £399k.

Policy and Resources Services are projecting to be under the approved budget by £992k.

Capital

The capital programme shows an in-year variance of -£54,663k against the 2021/22 approved budget.

Savings Report

The expectation is that at year end £281k of Managerial savings against a target of £451k are forecast to be delivered. There were no Policy savings put forward.

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. Local Member(s) – N/A
2. Community / Town Council – N/A
3. Relevant Partners – N/A
4. Staff Side Representatives and other Organisations – N/A

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

(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
2021/22 Budget	Corporate Services Department, County Hall, Carmarthen
2021-26 Capital Programme	Online via corporate website – Minutes of County Council Meeting 3 rd March 2021