

# CABINET

14<sup>TH</sup> MARCH 2022

## COUNCIL'S REVENUE BUDGET MONITORING REPORT

### Recommendations / key decisions required:

That the Cabinet receives the Budget Monitoring report and considers the budgetary position and appropriate corrective action.

In respect of significant overspends, Chief Officers and Heads of Service to critically review options available to them to limit the forecasted overspend of budgets, whilst recognising the ongoing impact which COVID19 measures have had on the Authority's overall budget.

### Reasons:

To provide the Cabinet with an update on the latest budgetary position as at 31<sup>st</sup> December 2021, in respect of 2021/22. Whilst the scale of COVID19 response is reducing, this budget position recognises the ongoing financial pressures faced by the Authority as well as the additional funding support provided by Welsh Government.

Relevant scrutiny committee to be consulted: NA

Cabinet Decision Required YES

Council Decision Required NO

### CABINET MEMBER PORTFOLIO HOLDER:

Cllr. David Jenkins (Resources)

Directorate: Corporate Services

Name of Director:  
Chris Moore

Report Author:  
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Designations:

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# EXECUTIVE SUMMARY

## CABINET

14<sup>TH</sup> MARCH 2022

### COUNCIL'S REVENUE BUDGET MONITORING REPORT

The revenue budget monitoring reports as at 31<sup>st</sup> December 2021 are attached and indicate that:

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

Overall, the monitoring report forecasts an underspend for the year at departmental level of £3,702k. with a forecast underspend on the Authority's net revenue budget of £2,901k.

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
- Utilisation of some capital financing underspends, due to some significant pressure points on in-year capital project budgets, which was approved as part of a separate report.

The full year forecast reflects the impact which includes known financial positions up to the point of writing. As such the forecast continues to remain sensitive to any future worsening of the pandemic, in particular if any reintroduction public restrictions being required. During the first half of the year (April-September), additional expenditure and income loss totalling approximately £13 million has been claimed under the Welsh Government hardship scheme.

Members should note the risk on Council Tax collection rates and increased applications under the Council Tax Reduction Scheme, this will continue to be monitored closely, particularly as the furlough scheme has now ended.

#### **Chief Executive's Department**

The Chief Executive Department is anticipating an underspend of £966k for the year. This is made up of overspends due to a reduction in anticipated income from livestock markets and provision markets, offset by a net underspend on Commercial properties, Industrial Premises, underspends on Member pay and travelling and staffing savings from vacant posts across the department.

#### **Operational budgets**

The Chief Executive's section has an underspend of £177k, primarily due to vacant posts and an underspend on supplies and services.

There is a £26k net overspend in the People Management section. This consists of £39k in relation to a reduction in supplies and services costs, along with a £43k underspend due to fewer DBS checks being undertaken than budgeted for.

These are offset by a £27k overspend in Employee Wellbeing, due to a shortfall in external SLA income and an unachieved training efficiency within Organisational Development of £36k. There is also a £45k overspend on various salary related costs along with 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 which has now been completed.

Admin and Law are showing an underspend of £274k. Members pay and travelling are underspent by £108k, and there is an additional £27k of income for work undertaken on behalf of the HRA. There is also additional income from external work of £35k along with a £104k saving on staff vacancies and supplies and services.

The Marketing and Media section have a £297k anticipated net underspend, made up of an overspend of £168k 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. 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. There is also an underspend on Marketing & Tourism Development following receipt of grant money from WG to boost the visitor economy.

Statutory Services are reporting an underspend of £144k. This is made up of a saving on vacant posts of £77k pending a divisional realignment, along with a £48k underspend on Registrars due to income generated above the budgeted figure. Coroners are anticipated to be underspent by £19k as a result of the appointment of medical examiners by the NHS, resulting in less cases being referred to the coroner. This underspend was partially offset by additional costs associated with a jury inquest during the year.

The Regeneration division is expecting a £14k overspend for the year. This is made up of an overspend of £280k due to a loss of income on Livestock markets, provision markets and farms, largely due to an overall reduction in occupancy levels, along with a rent free period at Carmarthen Mart.

This is offset by savings in depots utilities costs due to staff working remotely of £24k, along with additional high levels of income due to continued high occupancy rates within industrial units, despite the pandemic of £76k. Commercial Properties are anticipating a £134k underspend in the current year following a retrospective rent review in line with the lease terms, despite a general loss of income across the portfolio as re-letting becomes more difficult. There is also an additional saving of £32k on staffing costs due to a vacant post along with other smaller savings.

### **Department for Communities**

The Department for Communities is forecasting an underspend of £1,015k for the year. There are significant variances in social care services though these are largely resulting from reduced costs where service provision is reduced due to COVID19 restrictions, or additional funding. Social care teams have prioritised the safe delivery of key services, meaning that the department has been unable to progress some of the planned savings proposals.

Older People's budgets have an underspend of £2,317k. There are significant underspends in both commissioned and local authority Residential Beds due to reduced associated costs as a result of fewer occupied beds, as well as reduced provision of day services due to COVID19 restrictions.

Physical Disabilities services are underspent by £8k. 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 £881k. Budgetary pressure remains on Residential and Group Homes / Supported Living as the savings target are difficult to deliver due to COVID19 restrictions. Also, an increased demand for Direct Payments and a lack of availability of alternative provision due to COVID restrictions has added further pressure. These pressures have been offset with savings due to the reduction of Day Services and Community Support.

The overspend in Mental Health of £585k is due to increased demand with the main budget pressure in Residential Beds and Group Homes / Supported Living.

Support Services are underspent by £156k largely due to additional income as result of transport support provided to health services.

Leisure & Culture Services is forecasting a nil variance. There continues to be a material reduction in income across a number of Services due to the ongoing restrictions, however the recovery of lost income can be claimed from the Welsh Government until the 31st March 2022.

Council Funded Housing and Public Protection Services are forecasting a nil variance.

### **Corporate Services**

The Corporate Services Department is anticipating a £1,131k underspend for the year.

Rent Allowances are anticipating an underspend of £196k, largely due to efficient recovery of overpayments. There is a £354k underspend on pre LGR pension costs along with a £138k underspend on Rates Relief due to low take up of the scheme.

There are also underspends on salaries due to vacancies across the department, and staff not yet at the top of their scale, along with a reduction in bank charges and audit fees.

These underspends are offset by an expected overspend of £372k on Council Tax Reduction Scheme due to increased demand. This is a demand led budget, for which WG funding has not increased for many years despite WG's increased expectations in terms of Council's tax raising abilities. We received a contribution from WG in 2020/21 to cover this shortfall, but we are yet to receive confirmation whether the same will apply this year.

## **Department for Education and Children**

The Department for Education and Children is currently forecasting a £2k underspend for the year.

A full review of budget allocation across the department is progressing to highlight both the immediate and longer-term pressures. Where appropriate, budgets have been realigned.

A number of services are facing increasing demand with in-year underspends in other service areas, mainly due to vacancies and additional grant funding financially supporting the identified pressures – special education needs £666k, school meals £387k, commissioning & social work including legal costs £323k, fostering services £132k, national model for school improvement £130k and adult & community learning £109k are the most significant pressures.

## **Schools Delegated Budgets**

The net forecast for the Schools working budgets is that they will work within the in-year funding following further releases of grant funding for use in the current financial year from WG. A significant proportion of this will fund recovery and catch up already implemented as one-off additional expenditure.

Council officers are in the process of reviewing budget forecasts as some schools continue to experience difficulties in setting a balanced budget.

## **Environment**

The Environment department is reporting an estimated underspend of £588k for the financial year, largely due to increased income forecasted from internal recharges reflecting the work projected to the end the financial year by the Property division.

The Business Support division is projecting a £74k underspend mainly due to vacant posts during the year which have been estimated to be filled by year-end.

The Waste and Environmental Services division is projecting a £70k underspend, mainly due to the £48k surplus on Green Waste collections as a result of the increased customer base and a £48k underspend on Public Conveniences due to a change in legislation for standalone public conveniences, which are now eligible for a 100% business rates relief. Further savings within other areas include £17k in Environment Enforcement due to vacancies and £16k in Emergency Planning. These savings are offset by an underachievement of income against budget on the Sustainable Drainage Approval service which has resulted in a £57k overspend.

Highways and Transportation are projecting a £292k overspend for the year. The main variance is the estimated £345k overspend on school transport due to additional operating days plus supply chain tender prices are increasing. There is a £228k pressure on storm damage, with reimbursement of the clearance costs incurred during Storm Arwen and Barra being sought from the Welsh Government. There is a net loss on car parks of £131k due to the investment in new ticket machines, together with a £36k pressure on Design CHS works as a result of COVID and a £13k pressure on Nantyci Park & Ride due to a decrease in demand for the service.

These pressures are offset by an estimated £202k underspend in Property Design as a result of increased income from internal recharges reflecting work projected during the year; a £78k underspend in Road safety as a result of a vacant post, a reduction in an employee's contracted working hours and also Project Management fees recovered from grants; £54k income projection within Traffic management; £85k income from project management fees recovered from grants within the Transport Strategic Planning team and a £33k saving from vacant posts within other areas including school crossing patrols and Public Rights of Way.

The Property Division is reporting a £475k underspend, mainly due to increased income from Property Maintenance reflecting additional work anticipated during the year including significant unexpected projects.

The Place and Sustainability Division is showing a forecasted £261k underspend, largely due to vacant posts within the team during the year, which included the Head of Service post that has now been filled and savings on consultants' fees due to a covid-related delay in the LDP process. These savings are offset by an estimated shortfall in anticipated income.

**HOUSING REVENUE ACCOUNT (Appendix B)**

The HRA is predicting to be underspent by £1,826k for 2021/22. Repairs and Maintenance is forecast to be underspent by £599k. Budget Managers are predicting underspends on Minor Works £1,392k due to capacity and procurement issues and an overspend on Voids/Responsive/Other £793k mainly due to costs associated with catch up on repairs delayed by COVID19.

Supervision & Management and Support is projecting an underspend of £535k mainly due to staff vacancies £505k, transport costs £32k due to reduced visits, premises/supplies/other £139k offset by additional legal costs £141k

Capital financing charges will be £707k less than budgeted due to reduced borrowing in 2020/21 reducing the MRP requirement as result of 2020/21 end of year position, forecast reduced spend on 2021/22 capital programme and additional grants secured in 2021/22.

Income (inclusive of rents) will be under target by approximately £19k. This is made up predominantly of less than budgeted rental/service charge income of £63k and small variation in interest receivable £15k. We will receive more grant than anticipated of -£59k primarily from Welsh Government.

Lists of the main variances are attached to this report.

**DETAILED REPORT ATTACHED?**

**YES**

## 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 <b>NONE</b>	Legal <b>NONE</b>	Finance <b>YES</b>	ICT <b>NONE</b>	Risk Management Issues <b>NONE</b>	Staffing Implications <b>NONE</b>	Physical Assets <b>NONE</b>
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### 3. Finance

#### Council Fund

Overall, the Authority is forecasting an underspend of £2,901k at this point in time. The final out-turn position will be influenced by COVID19 related expenditure, income loss and respective claims from WG through the remainder of the financial year.

#### HRA

The HRA is predicting to be underspent by £1,826k for 2021/22.

## 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 AWARE/CONSULTED	YES
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### 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