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| Meeting of: | Cabinet |
| Date of Meeting: | Monday, 05 July 2021 |
| Relevant Scrutiny Committee: | Corporate Performance and Resources |
| Report Title: | Revenue Monitoring for the Period 1st April to 31st May 2021 |
| Purpose of Report: | To advise Cabinet of the progress relating to revenue expenditure for the period 1st April to 31st May 2021 |
| Report Owner: | Report of the Executive Leader and Cabinet Member for Performance and Resources |
| Responsible Officer: | Carys Lord Head of Finance / Section 151 officer |
| Elected Member and Officer Consultation: | Each Scrutiny Committee will receive a monitoring report on their respective areas. This report does not require Ward Member consultation |
| Policy Framework: | This report is for executive decision by the Cabinet |
| <p>Executive Summary:</p> <ul style="list-style-type: none"> • The revenue position for 2021/22 will continue to be challenging for the Council both operationally and financially due to the ongoing implications of the COVID-19 pandemic. This impacts both as a result of incurring additional expenditure but also from a loss of income. Confirmation has been received from Welsh Government that funding to cover some of the issues will be received up to 30th September 2021. • An efficiency target of £500k has been set for the year and services are currently working towards achieving their targets. There are some issues remaining relating to unachieved savings targets from previous years. • Adverse variances are being projected for some services this year and the use of reserves will be required to resolve these issues in the short term issue. | |

Recommendations

1. That the position with regard to the Authority's 2021/22 Revenue Budget be noted.
2. That Cabinet approve the virements required in the Learning and Skills and Resources Directorates.
3. That this report be referred to Corporate Performance and Resources Scrutiny Committee for consideration.

Reasons for Recommendations

1. To inform Cabinet of the projected revenue outturn for 2021/22.
2. To re-align the budgets.
3. To advise members of financial position.

1. Background

- 1.1 Council on 10th March 2021 approved the revenue budget for 2021/22 (minute no c472) and the Housing Revenue Account budget for 2021/22 (minute number c473). There is no approved drawdown from the Council Fund during 2021/22.

2. Key Issues for Consideration

Impact of COVID-19

- 2.1 The revenue position for 2021/22 will continue to be challenging for the Council both operationally and financially due to the ongoing implications of the COVID-19 pandemic. This has impacted both as a result of incurring additional expenditure but also from a loss of income.
- 2.2 Since March 2020, Welsh Government (WG) has provided financial support to cover additional expenditure incurred via the Local Authority Emergency Hardship Grant. For the period April to May 2021 the Council has claimed around £1.5m. The table below shows the value of the grant claimed to date however no feedback has yet been received from WG relating to these claims and members will be updated in future reports. WG has confirmed that this funding will continue until the end of September 2021 with no confirmation of additional funding past this date.

| Month | Grant Claimed £000 | Items Disallowed £000 | 50% Paid £000 | Grant Due £000 | On Hold £000 | Grant Received to Date £000 |
|--------------|-------------------------------|----------------------------------|--------------------------|---------------------------|-------------------------|--|
| April | 497 | N/A | N/A | N/A | N/A | N/A |
| May | 1,017 | N/A | N/A | N/A | N/A | N/A |
| Total | 1,514 | N/A | N/A | N/A | N/A | N/A |

- 2.3** The claim for April was lower than in May as payments to external Domiciliary providers and care home providers for beds filled, voids and lateral flow tests are made a month in arrears, once the data is received for the preceding month so the payments for April were claimed in May.
- 2.4** In addition, WG have confirmed that they will be providing grant support to cover the loss of income for the first six months of the year with claims to be submitted for the quarter ended 30th June and 30th September 2021.
- 2.5** With regard to grant funding, WG has advised that expenditure relating to the re-opening of the visitor economy can be claimed from the Hardship grant.
- 2.6** The Council is still issuing payments on behalf of WG under the Statutory Sick Pay scheme. The scheme has been open since 1 November 2020 and provides additional financial support to eligible social care workers when they are required to stay off work due to actual or potential exposure to COVID-19. This scheme will continue to run until the end of September 2021. Self-isolation payments are also still continuing and the scheme will continue to run until the end of June 2021 when it will be reviewed. The Council will soon commence issuing the £735 payment in relation to the financial recognition for Social Care Workers scheme.
- 2.7** The impact of the COVID-19 pandemic will be discussed in further detail throughout this report.

Revenue Financial Position

- 2.8** It is very early in the financial year and the potential outturn is difficult to predict with the uncertainty as to how the pandemic will develop and what the possible impact will be on the Council. However, the table below details the budget and shows the position by service area based on current projections which will change as the year progresses.

| | 2021/22 | 2021/22 | Variance |
|---|-----------------|----------------|------------------------------|
| Directorate/Service | Original Budget | Projected | (+)Favourable (-) Adverse |
| | £000 | £000 | £000 |
| Learning and Skills | | | |
| Schools | 98,509 | 98,509 | 0 |
| Strategy, Culture, Community Learning & Resources | 8,149 | 8,167 | -18 |
| Directors Office | 232 | 233 | -1 |
| Additional Learning Needs & Wellbeing | 3,079 | 3,068 | +11 |
| Standards and Provision | 3,852 | 3,844 | +8 |
| Social Services | | | |
| Children and Young People | 17,700 | 18,350 | -650 |
| Adult Services | 52,742 | 52,742 | 0 |
| Resource Management & Safeguarding | 292 | 292 | 0 |
| Youth Offending Service | 707 | 707 | 0 |
| Unplanned use of Reserves | 0 | (650) | +650 |
| Environment and Housing | | | |
| Neighbourhood Services & Transport | 24,791 | 26,041 | -1,250 |
| Unplanned use of Reserves | 0 | -1,250 | +1,250 |
| Building/Cleaning Services | 0 | 0 | 0 |
| Regulatory Services | 1,825 | 1,825 | 0 |
| Council Fund Housing | 1,420 | 1,420 | 0 |
| Public Sector Housing (HRA) | (25) | (25) | 0 |
| Managing Director & Resources | | | |
| Resources | 809 | 809 | 0 |
| Regeneration | 1,869 | 1,905 | -36 |
| Development Management | 1,209 | 1,110 | +99 |
| Private Housing | 980 | 1,043 | -63 |
| General Policy | 33,488 | 33,488 | 0 |
| Total | 251,628 | 251,628 | 0 |

Learning and Skills

- 2.9** It is early in the financial year however the forecast for Learning and Skills is a breakeven position.
- 2.10** An efficiency target of £59k was identified for the Directorate in the final proposals for the revenue budget which was approved by Cabinet on 22nd February 2021. Since the budget was approved the efficiencies have now been finalised and virements between the services are required to realign the budget. The total amount requested for Cabinet approval is a transfer between the services of £19k as outlined below and these virements have not been reflected in the earlier table in this report. In addition, the centrally retained budget for the Pupil Referral Unit (Y Daith) will be delegated to Ysgol Y Deri from September 2021. A virement has been actioned in respect of this budget transfer between the Standards & Provision Service and Schools for £527k which amounts to 7/12ths of the budget. This virement has been authorised by the Director of Learning and Skills using her delegated authority and therefore it has been reflected in the table earlier in this report.

| Service | Original Budget £000 | Virement - Savings £000 | Virement - Delegated £000 | Amended Budget £000 |
|---|-------------------------|----------------------------|------------------------------|------------------------|
| Schools | 97,982 | 0 | 527 | 98,509 |
| Strategy, Culture, Community Learning & Resources | 8,149 | 18 | 0 | 8,167 |
| Directors Office | 232 | 1 | 0 | 233 |
| Additional Learning Needs & Wellbeing | 3,079 | (11) | 0 | 3,068 |
| Standards and Provision | 4,379 | (8) | (527) | 3,844 |
| TOTAL | 113,821 | 0 | 0 | 113,821 |

- 2.11** Schools - It is anticipated that the schools will outturn in line with the revenue budget as any variances will either be met or carried forward through school reserves. Additional expenditure is still being incurred in schools in respect of COVID-19, however, most of this expenditure will be grant funded through the Hardship grant during the first half of the year.
- 2.12** Strategy, Culture, Community Learning & Resources - It is currently projected that the budget will outturn at breakeven after the transfer in of £100k from reserves to offset the costs relating to 21st Century Schools.

Libraries - The service is currently projecting an underspend of £23k relating to staffing.

Adult Community Learning – The service is currently projecting an overspend of £23k. This is due to reduced provision and class sizes in relation to COVID -19 restrictions. A grant claim for the summer term will be made to Welsh Government however at the moment funding has only been confirmed up to September 2021.

Schools Non Delegated expenditure – This budget is projected to outturn on target after a transfer of £100k from the School Rationalisation Reserve to fund transitional costs in relation to the 21st Century Schools programme. If by year end there are underspends across the Directorate these will be utilised to offset the overspend thus reducing the need to drawdown from reserves.

- 2.13** Directors Office - It is anticipated that this area will outturn on target.
- 2.14** Additional Learning Needs & Wellbeing - This service continues to face significant pressures due to the increasing needs of pupils within the Vale, however, at the present time it is projected that the budget will outturn on target. A review is being carried out of out of county pupils attending Ysgol Y Deri and a similar exercise is also being carried out in respect of Vale pupils placed in independent schools and other local authority schools as well as those pupils with individual arrangements in place. Further information regarding future commitments will be provided in the next monitoring report to Cabinet.
- 2.15** Standards and Provision - It is projected that this budget area will outturn on target. There are staffing underspends of £49k mainly due to a number of vacancies, reduced working hours and a number of staff opting out of the pension scheme, with a further £5k of non staffing savings identified. Additional expenditure of £20k has been incurred in respect of work for the participation agenda, with £21k allocated for additional equipment for the Duke of Edinburgh provision and £13k for the relocation of storage at the old Court Road Depot.

Social Services

- 2.16** It is early in the financial year however it is anticipated that Social Services could overspend by £650k.
- 2.17** Children and Young People Services – It is anticipated that the outturn at year end could be an adverse variance of around £650k. There still remains pressure on the children’s placements budget given the complexities of the children currently being supported and the high cost placements some of these children require to meet their needs. This is further impacted by the COVID-19 pandemic and the significantly higher demand for placements. However, work continues to ensure that children are placed in the most appropriate and cost effective placements and it is anticipated that the placement budget could overspend by £400k at year end. The outturn position will fluctuate if the number of children looked after and/or complexity of needs change, particularly with the potential high cost of each placement. Legal costs are being incurred as a result of

increasing and complex Court cases that require Counsel's involvement with a potential projected overspend of £210k. In addition this year there will again be greater costs incurred in relation to children being placed for adoption outside the Vale, Valleys and Cardiff Adoption Collaborative area which could result in an adverse variance of £200k. In recent months there has been growing pressure on the Division due to an increased demand for the service, partly as a result of the COVID-19 pandemic and it will therefore be necessary to try to increase staff capacity to manage this demand. It has been agreed that these new posts will be funded from Social Services reserves. There are potentially favourable variances across the Division, most particularly in the current foster payments budget, that could total around £160k. It should be noted however that the foster payments budget remains subject to spend and the favourable variance may not continue and could change during the year. Any overspend at year end will be funded from Social Service reserves.

- 2.18** Adult Services - It is very early in the financial year and at present a breakeven position is being projected. There is continuing pressures on the Community Care Packages budget which is extremely volatile and therefore work is being undertaken to assess a realistic year end position. WG has agreed to continue to provide funding via the Hardship grant up to 30th September 2021 for domiciliary care and residential and supported accommodation providers. Health still continues to provide a large quantity of PPE for both the Council and external care providers which is being distributed by the Council.

Environment and Housing

- 2.19** Neighbourhood Services & Transport is currently projected to have an adverse variance of £1.25m against the 2021/22 budget. Funding for budget pressures of £642k was provided as part of the 2021/22 budget setting process, however, there remains considerable pressure on the budget. Efficiency savings of £202k were also set as part of the 2021/22 budget which the service is currently working towards however due to the current budget position the savings are proving difficult to identify.
- 2.20** Waste Management – As reported last financial year, the budgets within Waste Management are under severe pressure and is the main contributing factor for the large projected overspend within Neighbourhood Services. Over the last couple of years, the service has changed dramatically with the rollout of the new source separated method of collection. This collection method is considerably more labour intensive than the previous co-mingled collection however it has helped the Council to reduce the amount being paid for treatment of co-mingled recycling as most source separated materials can be sold to the market. There also remains pressure on employee and transport budgets due to downtime involved in travelling to Cardiff to dispose of waste and travelling to Cowbridge to offload recycling. Overall vehicle costs should reduce once the waste transfer station is operational which is currently due to take place during 2021/22. Staffing numbers have been increased to enable the maintenance of the service

through the COVID 19 pandemic and to be able to observe social distancing. This increased cost is, however, being claimed against the WG Hardship grant. It is proposed that the projected overspend of £1.25m is funded from the Neighbourhood Service reserve.

- 2.21** Building Services - This service is currently projected to breakeven, however, as experienced last financial year the service will be affected by any further lockdown arrangements if introduced during the course of the financial year. The account will therefore be monitored closely to ensure any adverse variance is highlighted as soon as possible.
- 2.22** Regulatory Services - The allocation represents the Vale of Glamorgan's budget for its share of the Shared Regulatory Service (SRS). A separate set of accounts is maintained for the SRS and periodically reported to the Shared Regulatory Service Joint Committee. Income, particularly Licensing income, has been affected by the pandemic however as with other services, WG has funded such losses.
- 2.23** Council Fund Housing - In response to the WG guidance on managing homelessness during the COVID-19 pandemic and the need to ensure that accommodation can be provided to ensure that those without a home can be protected, supported and isolated if necessary, the Housing Solutions Team have pre-booked 125 rooms in 3 local hotels to the end of September 2021 in order to accommodate these clients during the pandemic. In addition, Ty Iolo hostel, bed and breakfast accommodation and leased and shared properties in the private rented sector and provided by the Council are being utilised. The additional accommodation costs have been funded by the WG Hardship grant. The team are looking at a longer term strategy to deal with this situation should WG funding cease in the future. The historic savings target of £75k for CCTV will once again not be achieved this year as the current monitoring arrangement with Bridgend Council has been extended until March 2022, to allow a strategy for future monitoring to be agreed. It is anticipated that unless this saving can be covered by underspends elsewhere within the service, funding shall be drawn down from reserves to cover this shortfall.
- 2.24** Public Sector Housing (HRA) - The HRA is expected to outturn on target and any under/overspends in year will be offset by changes to the contributions to capital expenditure thus changing the reliance on Unsupported Borrowing.

Managing Director and Resources

- 2.25** Resources - Income relating to services within this division has improved this year and as it is still early in the financial year it is projected that services will outturn within target.
- 2.26** Due to technical accounting adjustments it is requested that the budget virements outlined below are approved. These adjustments have not been

reflected in the earlier table included in this report, however, if approved by Cabinet, these budget changes will be reflected in the next monitoring report.

| Service | Original Budget £000 | Virement £000 | Amended Budget £000 |
|------------------------|-------------------------|------------------|------------------------|
| Regeneration | 1,869 | +36 | 1,905 |
| Development Management | 1,209 | -99 | 1,110 |
| Private Housing | 980 | +63 | 1,043 |
| TOTAL | 4,058 | 0 | 4,058 |

- 2.27** Regeneration - Receipts within this division have again been affected by the COVID-19 pandemic. School trips and other larger gathering events have not occurred to date however these losses can once again be recovered from WG for the first 6 months of the year. Due to the on-going need to avoid mass gatherings the events programme is once again being reviewed in line with the latest WG advice. At this stage of the year it is anticipated that the division will outturn within target.
- 2.28** Development Management - The Development Control team are extremely busy working through a high number of planning applications. As it is very early in the financial year there is currently no variance to budget to report.
- 2.29** Private Housing - Disabled Facility Grants clients have understandably been anxious about having officers and contractors enter their property since the pandemic hit and though the position has improved in recent months, fee income does remain behind profile. Any shortfall between April and September 2021 will be claimed back from the WG lost income funding. At this stage of the year it is anticipated that the division will outturn within target.

2020/21 Efficiency Targets

- 2.30** As part of the Final Revenue Budget Proposals for 2021/22, an efficiency target of £500k was set for the Council, which as a result of a positive settlement from WG, was greatly reduced from targets set in recent years but more than the £247k set in 2020/21. No efficiency target was set for schools.
- 2.31** Attached at Appendix 1 is a statement detailing all savings targets for 2021/22. Services are currently working on schemes to achieve these targets and further updates will be provided to members in the next monitoring report.
- 2.32** There still remains some issues regarding services not achieving historic savings e.g. CCTV and Waste Management as mentioned earlier in this report and the financial impact and mitigation for this has been outlined in the relevant section.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1** The revenue budget has been set in order to support services in the delivery of the Council's Well-being objectives. It is therefore important for expenditure to be monitored to ensure that these objectives are being delivered.
- 3.2** The revenue budget has been set and is monitored to reflect the 5 ways of working.
- 3.3** **Looking to the long term** - The setting of the revenue budget requires planning for the future and takes a strategic approach to ensure services are sustainable and that future need and demand for services is understood.
- 3.4** **Taking an integrated approach** - The revenue budgets include services which work with partners to deliver services e.g. Health via ICF.
- 3.5** **Involving the population in decisions** – As part of the revenue budget setting process there has been engagement with residents, customers and partners.
- 3.6** **Working in a collaborative way** – The revenue budgets include services which operate on a collaborative basis e.g. Shared Regulatory Service, Vale Valleys and Cardiff Adoption Service.
- 3.7** **Understanding the root cause of issues and preventing them** – Monitoring the revenue budget is a proactive way of understanding the financial position of services in order to tackle issue at the source as soon as they arise.

4. Resources and Legal Considerations

Financial

- 4.1** As detailed in the body of the report.

Legal (Including Equalities)

- 4.2** There are no legal implications

5. Background Papers

None.

APPROVED EFFICIENCY TARGETS - 2021/22**APPENDIX 1**

| Service | 2021/22 |
|--|----------------|
| LEARNING AND SKILLS | |
| Corporate Recovery and Efficiency Savings 21/22 | 48 |
| Pensions Adjustment | 11 |
| TOTAL LEARNING AND SKILLS | 59 |
| SOCIAL SERVICES | |
| Corporate Recovery and Efficiency Savings 21/22 | 76 |
| Pensions Adjustment | 3 |
| TOTAL SOCIAL SERVICES | 79 |
| ENVIRONMENT AND HOUSING | |
| Neighbourhood Services and Transport | |
| Corporate Recovery and Efficiency Savings 21/22 | 133 |
| Pensions Adjustment | 3 |
| Traffic Surveys | 10 |
| Leisure Services | 56 |
| Total Neighbourhood Services and Transport | 202 |
| General Fund Housing | |
| Corporate Recovery and Efficiency Savings 21/22 | 4 |
| Total General Fund Housing | 4 |
| TOTAL ENVIRONMENT AND HOUSING | 206 |
| MANAGING DIRECTOR AND RESOURCES | |
| Resources | |
| Corporate Recovery and Efficiency Savings 21/22 | 62 |
| Fraud & Income Recovery | 50 |
| Total Resources | 112 |
| Regeneration and Development Management | |
| Corporate Recovery and Efficiency Savings 21/22 | 16 |
| Total Regeneration and Development Management | 16 |
| Private Housing | |
| Corporate Recovery and Efficiency Savings 21/22 | 2 |
| Total Private Housing | 2 |
| TOTAL MANAGING DIRECTOR AND RESOURCES | 130 |
| Policy | |
| Corporate Recovery and Efficiency Savings 21/22 | 13 |
| Pensions Adjustment | 13 |
| TOTAL Policy | 26 |
| TOTAL | 500 |