

Meeting of:	Cabinet
Date of Meeting:	Monday, 10 January 2022
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Revenue Monitoring for the Period 1st April to 30th November 2021
Purpose of Report:	To advise Cabinet of the progress relating to revenue expenditure for the period 1st April to 30th November 2021
Report Owner:	Report of the Executive Leader and Cabinet Member for Performance and Resources
Responsible Officer:	Interim 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 31st March 2022. • An efficiency target of £500k has been set for the year and services are working towards achieving their targets however it is currently anticipated that savings may not be fully achieved this year. There still remains some issues 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. 	

Recommendations

1. That the position with regard to the Authority's 2021/22 Revenue Budget be noted.
2. 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 advise Members of financial position.

1. Background

- 1.1 Cabinet on 22nd November 2021 approved the amended revenue budget and HRA budget for 2021/22 (minute no c733 and c737 respectively). 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 November 2021 the Council has claimed nearly £8.9m. The table below shows the value of the grant claimed to date. WG has confirmed that this funding will continue until the end of the financial year however there will be changes to the criteria for the second half of the year, with some expenditure which was previously claimed now becoming ineligible. The flat rate payments for Social Services provision and for void beds was reduced from September with a tapered approach, therefore the percentage claimed will reduce each month and by March the flat rate payments will have reduced to 10% of the original rate and voids to 12.5%.

Month	Grant Claimed £000	Items Disallowed £000	Grant Due £000	On Hold £000	Grant Received to Date £000
April	530	0	530	0	530
May	1,017	0	1,017	0	1,017
June	994	0	994	94	900

July	1,259	0	1,259	176	1,083
August	1,083	0	1,083	302	781
September	1,906	0	1,906	85	1,821
October	1,051	0	1,051	171	880
Total	7,840	0	7,840	828	7,012
November	1,051	N/A	N/A	N/A	N/A
Total	8,891				

- 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. The claim for September is higher as it includes a 6 months claim for block booking beds in a local hotel.
- 2.4** The items on hold relate to Free Schools Meals and Social Care costs.
- 2.5** In addition, WG have confirmed that they will be providing grant support to cover the loss of income for the financial year. A claim was submitted for quarter 1 with a value of £324k and the claim for quarter 2 was £293k.
- 2.6** The Council has processed 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** The potential outturn is difficult to predict with the uncertainty as to how the pandemic will develop over the winter months and the potential for further restrictions being put in place. However, the table below details the amended budget and shows the position by service area based on current projections which will change as the year progresses. The unplanned use of reserves will be necessary in the short term and is currently projected to be around £2.6m.

	2021/22	2021/22	2021/22	Variance
Directorate/Service	Original Budget	Amended Budget	Projected	(+)Favourable (-) Adverse
	£000	£000	£000	£000
Learning and Skills				
Schools	98,509	98,509	98,509	0
Strategy, Culture, Community Learning & Resources	8,167	8,298	8,379	-81
Directors Office	233	233	233	0
Additional Learning Needs & Wellbeing	3,068	3,068	3,038	+30
Standards and Provision	3,844	3,846	3,795	+51
Social Services				
Children and Young People	17,700	16,909	17,527	-618
Adult Services	52,742	46,885	47,385	-500
Resource Management & Safeguarding	292	6,986	6,986	0
Youth Offending Service	707	707	707	0
Unplanned use of Reserves	0	0	-1,118	+1,118
Environment and Housing				
Neighbourhood Services & Transport	24,791	24,779	26,279	-1,500
Unplanned use of Reserves	0	0	-1,500	+1,500
Building/Cleaning Services	0	0	0	0
Regulatory Services	1,825	1,825	1,825	0
Council Fund Housing	1,420	1,439	1,439	0
Public Sector Housing (HRA)	(25)	11,085	11,085	0
Managing Director & Resources				
Resources	809	527	527	0
Regeneration	1,905	1,919	1,919	0
Development Management	1,110	1,116	1,116	0
Private Housing	1,043	1,044	1,044	0
General Policy	33,488	33,563	29,563	4,000
Approved transfer to Reserves	0	0	4,000	-4,000
Total	251,628	262,738	262,738	0

Learning and Skills

- 2.9** It is anticipated that the forecast for Learning and Skills at year end could be an outturn on target.
- 2.10** 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 and grant funding is being provided by WG via the Hardship grant.
- 2.11** Strategy, Culture, Community Learning & Resources - It is currently projected that the budget will outturn with an adverse variance of £81k.

School Transport - This budget is currently projecting an overspend of £102k. Local Education Authorities have a statutory duty to provide free school transport for pupils of statutory school age who reside beyond walking distance to the nearest appropriate school in addition to a statutory duty to provide transport for pupils with additional learning needs who require access to specialist provision. The Council also provides discretionary support towards pupils in further education above the age of 16. The following overspends are currently projected: Primary £24k, Secondary £58k, Further Education £5k and ALN £65k. Post 16 travel is currently projecting an underspend of £50k. The increase in costs is due to a change in contract price for some routes and a change in catchment areas resulting in new and additional routes being established. If this overspend cannot be mitigated from savings within the Directorate throughout the year, it will be funded by a transfer from the Education Pressures Reserve at year end.

Strategy & Resources - This budget is predicted to outturn with an overspend of £25k. There is a £45k projected overspend against the ICT & Data Team and this has been partially offset by salary savings of £20k across other teams within the division.

Schools Non Delegated expenditure – This budget is projected to outturn with an adverse variance of £30k. There is an anticipated saving of £22k against the historic pension contributions budget. The 21st Century Schools transition expenditure for Barry Co-Ed in relation to safeguarding and salary protection is expected to be in the region of £116k. Currently it is anticipated that some of these costs will be funded from savings from within the Directorate and the balance of £58k will be drawn down from the Rationalisation Reserve. There are other small favourable variances of £6k.

Libraries - The service is currently projecting an underspend of £49k relating to staffing.

Adult Community Learning – The current outturn is projected to be an underspend of £27k. While there is reduced provision and class sizes in relation to COVID -19 restrictions, loss of income funding will be claimed from WG for the year.

- 2.12** Directors Office - It is anticipated that this area will outturn on target.
- 2.13** 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 with a favourable variance of £30k. The Childrens Placement budget is currently projected to underspend by £108k and a review of this position will continue as the year progresses. The Recoupment Income budget is projecting a favourable variance of £13k. The Additional Learning Needs budget is projected to have an adverse variance of £94k with the main areas of overspend being the Early Year Provision, Inclusion Services and the Sensory Team. The Casework Management Team has a projected underspend of £3k.
- 2.14** Standards and Provision - It is projected that this budget area will outturn with a favourable variance of £51k. There are staffing underspends of £106k 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 relating to non staffing savings. Additional expenditure of £26k has been incurred in respect of work for the participation agenda, with a further £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

- 2.15** It still remains early in the financial year however it is anticipated that Social Services could overspend by £1.118m.
- 2.16** Children and Young People Services – It is anticipated that the outturn at year end could be an adverse variance of around £618k. There still remains considerable 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 and the scarcity of options available. However, work continues to ensure that children are placed in the most appropriate and cost effective placements. It is anticipated that the placement budget could overspend by £1.044m 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 £251k. 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 but will reduce the number of children looked after when these children become subject of Adoption Orders. Increased costs within the Intake and Family Support Team to support children subject to care and support plans or looked after is likely to result in an adverse variance of £38k. Financial support for Special Guardianship and Residence Orders are projecting an overspend of £91k. Costs incurred in supporting care leavers and those in When I'm Ready placements are forecasting an overspend of £117k. This overspend is linked to accommodation and support costs. The Placements Team have increased costs relating to the significant increase in the numbers of connected persons and fostering assessments which have required independent assessors and are expected to overspend by £64k. There are potentially favourable variances across the Division, most particularly in the current foster payments budget, that could total around £170k. It should be noted however that the foster payments budget remains subject to change and the favourable variance may not continue as the year progresses. WG are providing additional funding via the Social Care Recovery Fund and proposals for its use have been submitted to WG. £947k has been allocated to Childrens Services and this will therefore mitigate the pressures already detailed. The November Hardship grant claim to WG was £70k which related to the additional costs for external placements and agency Social Workers as a result of the increased pressure due to COVID-19. This claim has not yet been accepted by WG but if approved, will again mitigate the position above. Any overspend at year end will be funded from Social Service reserves.

- 2.17** Adult Services - At present a £500k overspend is being projected relating to the Community Care Packages budget. There is continuing pressures on this budget which is extremely volatile and therefore work continues to assess a realistic year end position. This position takes into account additional funding received from WG via the Social Care Recovery Fund. For Adults Services this will be £1.435m however part of this grant will be used to make additional payments to care home and domiciliary providers to build up capacity to support increased need over the winter period. WG has agreed to continue to provide funding via the Hardship grant up to 31st March 2022 for void beds, domiciliary care and residential and supported accommodation providers however the level of funding will be tapered off in the last 6 months of the year. 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. Any overspend at year end will be funded from Social Service reserves.

Environment and Housing

- 2.18** Neighbourhood Services & Transport is currently projected to have an adverse variance of £1.5m 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 trying to identify however due to the current budget position this is proving difficult.

- 2.19** Waste Management – As previously reported the budgets within Waste Management are under severe pressure due to increasing costs over the last few years and is the main contributing factor for the large projected overspend within Neighbourhood Services. To combat this upward trend in costs the recycling collection service has been changed to a 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, rather than paying for expensive treatment. Until Penarth and Dinas Powys are also introduced onto the scheme there will remain an element of this costly co-mingled recycling. There also remains pressure on employee and transport budgets due to downtime involved in travelling to Cardiff to dispose of residual, food and green waste and travelling to Cowbridge to offload source separated recycling. Overall vehicle costs and downtime should reduce once the waste transfer station is operational which is currently due to take place during 2022/23. It is proposed that the projected overspend of £1.5m for this financial year is funded from the Neighbourhood Services reserve.
- 2.20** Building Services - The Building Maintenance service is currently projected to breakeven, however as was experienced last financial year the service will be affected by any further lockdown arrangements if introduced during the course of the remainder of the financial year. Therefore, the account will be monitored closely to ensure any adverse variance is highlighted as soon as possible.
- 2.21** 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.
- 2.22** Council Fund Housing - The position with regards the housing of the Vale's homeless during the pandemic remains unchanged, ie. as well as the provision at Ty Iolo hostel, bed and breakfast accommodation and council, leased and shared properties in the private rented sector, 3 local hotels have been block booked through to March 2022 in order to accommodate the on-going need. Costs of these block bookings are being funded by WG until March 2022. WG has advised that they will fund accommodation in hotels into the next financial year however the period of this support is currently being clarified. The team are looking at a longer term strategy to provide the necessary accommodation. The main pressure on the Council Fund Housing budget this year remains the CCTV budget in Community Safety where a previous savings target cannot be achieved due to on-going negotiations with the police service and the Police and Crime

Commissioner regarding the future monitoring of CCTV output. Capital funding set aside by this Council for upgrading its CCTV equipment remains available, though progress has been held up, pending an outcome of the negotiations. As such, it is anticipated that unless this saving can be covered by underspends elsewhere within the service, the funding for CCTV shall be drawn down from reserves to cover this shortfall.

- 2.23** Public Sector Housing (HRA) - The HRA is expected to outturn on target as any under/overspends in year will be offset by changes to the contributions to capital expenditure thus changing the reliance on Unsupported Borrowing or by a transfer to reserves.

Managing Director and Resources

- 2.24** Resources - An overspend is projected for ICT of £185k, mainly as a result of non achievement of historic savings, however it is anticipated that this can be mitigated by projected underspends elsewhere in the division.
- 2.25** Regeneration - Countryside income remains adversely affected by the pandemic as school trips and other larger gathering events are slow to recover. It is however anticipated that these losses can once again be recovered from WG to the end of this financial year. The corporate events programme has also been reviewed considering the pandemic and though many regular events have not been possible to proceed, other events such as the Vale of Glamorgan Festival of Flowers and the Big Beach Build were supported.
- 2.26** Development Management - The Development Control team remain busy working through a high number of planning applications. There is currently a high turnover of staff within the division and the extensions of temporary student planners are assisting with continuity. Preparation work is also underway for the next Local Development Plan (LDP). As such there is currently no variance to budget to report.
- 2.27** Private Housing - Disabled Facility Grants fee income is showing signs of recovery since the restrictions have eased, but it still remains behind profile and this may change as the year progresses. It is anticipated that any shortfall in fees to the end of the financial year will again be claimed back from the WG.

General Policy

- 2.28** As part of the Initial Revenue Budget Proposals 2022/23, Cabinet on 22nd November 2021 were advised that the projected outturn for Policy was a favourable variance of £4m with £2m relating to capital charges and current estimates project that the Council Tax budget will outturn with a surplus on collection of £2m. It was agreed that this £4m would be transferred into the Council Fund due to the uncertainty around the level of the settlement and the value of cost pressures that have been identified. The Budget Working Group

will consider the level of the reserve further when it is taking into account all factors in formulating a balanced revenue and capital budget for the final proposals which will be presented to Cabinet and Council in February and March 2022.

2021/22 Efficiency Targets

- 2.29** 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.
- 2.30** Attached at Appendix 1 is a statement detailing all savings targets for 2021/22. Each savings target has been given a RAG status. Green indicates that it is anticipated that the target will be achieved in full within the year, amber indicates that it is considered that the saving in the year will be within 20% of the target and red indicates that the saving to be achieved in year will be less than 80% of the target.
- 2.31** Services are currently working on schemes to achieve these targets however it is anticipated that there could be a £170k shortfall against the target. 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.

PROGRESS ON APPROVED EFFICIENCIES 2021/22

Service	Total Efficiency	Projected Efficiency	RAG Status	Update Comments, Issues & Actions	Relevant Scrutiny Committee	Project Manager
	£000	£000				
LEARNING AND SKILLS						
Corporate Recovery and Efficiency Savings 21/22	48	48	Green		Learning & Culture	Trevor Baker
Pensions Adjustment	11	11	Green		Learning & Culture	Trevor Baker
TOTAL LEARNING AND SKILLS	59	59	100%	Green		
SOCIAL SERVICES						
Corporate Recovery and Efficiency Savings 21/22	76	76	Green	It is anticipated that savings can be achieved but this will need to be reviewed as the year progresses	Health Living & Social Care	Suzanne Clifton
Pensions Adjustment	3	3	Green		Health Living & Social Care	Suzanne Clifton
TOTAL SOCIAL SERVICES	79	79	100%	Green		
ENVIRONMENT AND HOUSING						
Neighbourhood Services and Transport						
Corporate Recovery and Efficiency Savings 21/22	133	65	Red	Savings have been made by increasing the income received from concessions and vacant posts within the service.	Environment & Regeneration	Emma Reed
Pensions Adjustment	3	3	Green		Environment & Regeneration	Emma Reed
Traffic Surveys	10	5	Red	There is still a high demand for traffic surveys however it is hoped some savings can be made	Environment & Regeneration	Emma Reed
Leisure Services	56	36	Red	A saving has been made at Holm View Leisure Centre	Health Living & Social Care	Emma Reed
Total Neighbourhood Services and Transport	202	109	Red			

PROGRESS ON APPROVED EFFICIENCIES 2021/22

Service	Total Efficiency	Projected Efficiency	RAG Status	Update Comments, Issues & Actions	Relevant Scrutiny Committee	Project Manager
General Fund Housing						
Corporate Recovery and Efficiency Savings 21/22	4	4	Green		Homes & Safe Communities	Mike Ingram
Total General Fund Housing	4	4	Green			
TOTAL ENVIRONMENT AND HOUSING	206	113	55%	Red		
MANAGING DIRECTOR AND RESOURCES						
Resources						
Corporate Recovery and Efficiency Savings 21/22	62	35	Red	Approximately £35k of the target saving has been achieved permanently.	Corporate Performance & Resources	Carolyn Michael
Fraud & Income Recovery	50	0	Red	The additional fraud & income recovery saving has been added to the annual target (now set at £125k). To achieve the additional saving will depend on annual fraud income recovery during the year.	Corporate Performance & Resources	Mark Thomas
Total Resources	112	35	Red			
Regeneration and Development Management						
Corporate Recovery and Efficiency Savings 21/22	16	16	Green		Environment & Regeneration	Marcus Goldsworthy
Total Regeneration and Development Management	16	16	Green			
Private Housing						
Corporate Recovery and Efficiency Savings 21/22	2	2	Green		Homes & Safe Communit	Marcus Goldsworthy
Total Private Housing	2	2	Green			
TOTAL MANAGING DIRECTOR AND RESOURCES	130	53	41%	Red		

PROGRESS ON APPROVED EFFICIENCIES 2021/22

Service	Total Efficiency	Projected Efficiency	RAG Status	Update Comments, Issues & Actions	Relevant Scrutiny Committee	Project Manager
Policy						
Corporate Recovery and Efficiency Savings 21/22	13	13	Green		Corporate Performance & Resources	Carolyn Michael
Pensions Adjustment	13	13	Green		Corporate Performance & Resources	Carolyn Michael
TOTAL POLICY	26	26	100%	Green		
TOTAL	500	330	66%	Red		

Green = on target to achieve in full
 Amber = forecast within 20% of target
 Red = forecast less than 80% of target