

Meeting of:	Cabinet
Date of Meeting:	Monday, 11 October 2021
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Revenue Monitoring for the Period 1st April to 31st August 2021
Purpose of Report:	To advise Cabinet of the progress relating to revenue expenditure for the period 1st April to 31st August 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 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 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 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 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 August 2021 the Council has claimed just over £4.8m. The table below shows the value of the grant claimed to date however no feedback has yet been received from WG relating to the August claim. 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 as lockdown restrictions have been eased and services are returning to a more business as usual approach. The flat rate payments for Social Services provision and for void beds is also being reduced from September with a tapered approach with percentage claims reducing each month and by March the flat rate payments will have reduced to 10% of the current 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	162	855
June	994	0	994	146	848
July	1,259	0	1,259	501	758
Total	3,800	0	3,800	809	2,991
August	1,083	N/A	N/A	N/A	N/A
Total	4,883	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** The items on hold in the main relate to Free Schools Meals however there remains queries regarding some Social Services and Schools staffing items.
- 2.5** In addition, WG have confirmed that they will be providing grant support to cover the loss of income for the financial year, with the claim submitted for quarter 1 being £324k.
- 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** It is still early in the financial year and the potential outturn is difficult to predict with the uncertainty as to how the pandemic will develop over the winter months and what, if any, additional funding WG will be providing to support services. 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 Original Budget	2021/22 Projected	Variance (+)Favourable (-) Adverse
Directorate/Service	£000	£000	£000
Learning and Skills			
Schools	98,509	98,509	0
Strategy, Culture, Community Learning & Resources	8,167	8,211	-44

Directors Office	233	233	0
Additional Learning Needs & Wellbeing Standards and Provision	3,068	3,038	+30
	3,844	3,830	+14
Social Services			
Children and Young People	17,700	18,350	-650
Adult Services	52,742	53,242	-500
Resource Management & Safeguarding	292	292	0
Youth Offending Service	707	707	0
Unplanned use of Reserves	0	-1,150	+1,150
Environment and Housing			
Neighbourhood Services & Transport	24,791	26,291	-1,500
Unplanned use of Reserves	0	-1,500	+1,500
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	1,905	1,905	0
Development Management	1,110	1,110	0
Private Housing	1,043	1,043	0
General Policy	33,488	33,488	0
Total	251,628	251,628	0

Learning and Skills

- 2.9** It is still early in the financial year however the forecast for Learning and Skills is a breakeven position.
- 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, however, most of this expenditure will be grant funded through the Hardship grant during the first half of the year and new guidance and criteria will be provided for the second half of the year.
- 2.11** Strategy, Culture, Community Learning & Resources - It is currently projected that the budget will outturn with an adverse variance of £44k after the transfer in of £46k from reserves.

Libraries - The service is currently projecting an underspend of £34k relating to staffing.

Adult Community Learning – The service is currently projecting an overspend of £20k after a £10k transfer from reserves. This is due to reduced provision and class sizes in relation to COVID -19 restrictions.

Schools Non Delegated expenditure – This budget is projected to outturn with an adverse variance of £58k after a transfer of £36k from the School Rationalisation Reserve to fund transitional costs in relation to the 21st Century Schools programme. The transitional costs of £116k are only partly funded from reserves as there are other savings within the directorate to mitigate this cost.

- 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 £111k 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.
- 2.14** Standards and Provision - It is projected that this budget area will outturn with a favourable variance of £14k. There are staffing underspends of £57k 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 £14k 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

- 2.15** It still remains early in the financial year however it is anticipated that Social Services could overspend by £1.15m.
- 2.16** 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. 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 but will reduce the number of children looked after when these children become subject of Adoption Orders. Over the last 18 months there has been growing pressure on the Division due to an increased demand for the service, linked to the impact of the COVID-19 pandemic and it has been necessary to try to increase staff capacity to manage this demand. The additional posts agreed 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.

- 2.17** Adult Services - It is still early in the financial year and 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. 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 during the 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. 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 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 £1.5m 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 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 - In response to the Welsh Government 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 in order to accommodate these clients during the pandemic, as well as the provision at Ty lolo hostel, bed and breakfast accommodation and council, leased and shared properties in the private rented sector. It has further been agreed that these additional accommodation costs will be funded by the Welsh Government for the remainder of this financial year. The team are looking at a longer term strategy to deal with this situation should WG funding cease or reduce at some point after March 2022. 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, until a strategy for future monitoring is agreed. So, 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.
- 2.23** 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

- 2.24** 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.
- 2.25** Regeneration - Income remains adversely affected by the pandemic and school trips and other larger gathering events are slow to recover as COVID restrictions have eased. However, these losses can once again be recovered from the WG. 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 have been supported.
- 2.26** Development Management - The Development Control team are extremely busy working through a high number of planning applications. In an effort to deal with the extra workload the student planners' tenure have been extended. Preparation work is also underway for the next Local Development Plan (LDP). Any costs exceeding the budget for the LDP will be drawn down from the LDP reserve at the end of the year. As such there is currently no variance to budget to report.
- 2.27** Private Housing - Disabled Facility Grants clients remain nervous about having officers and contractors enter their property since the pandemic, however the position has improved lately. Fee income still remains behind profile and any shortfall in fees to the end of the financial year will again be claimed back from the WG.

2021/22 Efficiency Targets

- 2.28** 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.
- 2.29** 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.
- 2.30** 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.

- 2.31** 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	Carys Lord
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	Carys Lord
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 Communities	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	Carys Lord
Pensions Adjustment	13	13	Green		Corporate Performance & Resources	Carys Lord
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