

Meeting of:	<b>Corporate Performance and Resources Scrutiny Committee</b>
Date of Meeting:	<b>Wednesday, 13 July 2022</b>
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	<b>Revenue Monitoring for the Period 1st April to 31st May 2022</b>
Purpose of Report:	To advise Committee of the progress relating to revenue expenditure for the period 1st April to 31st May 2022
Report Owner:	<b>Report of the Director of Corporate Resources</b>
Responsible Officer:	Matt Bowmer 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
Executive Summary:	<ul style="list-style-type: none"> <li>The revenue position for 2022/23 will continue to be challenging for the Council both operationally and financially due to the ongoing implications of the COVID-19 pandemic. Whilst the majority of Covid funding from Welsh Government has now ceased funding streams continue for Free School Meals, some elements of Social Services and any remaining self isolation payments .A general Covid response reserve £1.249m was established during 2021/22 to help meet some of these pressures in 2022/23.</li> <li>Emerging pressures during 2022/23 related to energy standing charges, general inflation particularly in areas such as school transport and cost of living and staffing pressures are being experienced across services and will need to be carefully monitored during the financial year.</li> <li>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.</li> </ul>

## **Recommendation**

1. That members consider the position with regard to the Authority's 2022/23 Revenue Budget within the remit of the Committee.

## **Reason for Recommendation**

1. To inform Committee of the projected revenue outturn for 2022/23.

## **1. Background**

- 1.1 Council on 7th March 2022 approved the revenue budget for 2022/23 (minute no c903) and the Housing Revenue Account budget for 2022/23 (minute number c905). There is an approved drawdown from the Council Fund of £996k during 2022/23.

## **2. Key Issues for Consideration**

### **Impact of COVID-19**

- 2.1 The revenue position for 2022/23 will continue to be challenging for the Council both operationally and financially due to the ongoing implications of the COVID-19 pandemic. The Council continues to see additional pressures as a result of COVID-19 particularly across Education and Social Services.
- 2.2 Since March 2020, Welsh Government (WG) has provided financial support to cover additional expenditure incurred via the Local Authority Emergency Hardship Grant. Whilst the majority of funding has now ceased funding continues for Free School Meals until the end of August, and Self Isolation payments until the end of June. The Council also continues to issue payments on behalf of WG under the Statutory Sick Pay scheme which is also expected to continue until the end of June 2022. 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.
- 2.3 For the period April to May 2021 the Council has claimed around £426k. 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.

<b>Month</b>	<b>Grant Claimed £000</b>	<b>Grant Received to Date £000</b>
April	201	N/A
May	226	N/A
<b>Total</b>	<b>427</b>	<b>N/A</b>

- 2.4** As outlined in the Final 2022/23 Revenue Proposals a sum of £1.249M has been set aside to fund emerging costs associated with Covid. In addition a number of reserves have been created due to the displacement of funding as a result of late grant allocations in 2021/22 and these reserves will begin to be utilised during 2022/23.
- 2.5** In addition to the above the Council is operating a number of Welsh and UK initiatives across its services. A recent Cabinet paper was brought out outlining the proposals for the Cost of Living scheme. In addition to a £150 payment being made to all residents in Band A to D properties, a further £825,000 will target those who might not have benefitted from that payment or need further support.
- 2.6** The Council is also well advanced making the £1498 Additional Social Care Worker Payment Aligned to the Real Living Wage Scheme. Whilst details surrounding funding for Ukrainian sponsorship are still being finalised the Council has made around 100 £200 cash payments to Ukrainian arrivals this financial year and will shortly commence £350 thank you payments to hosts.
- 2.7** The impact of the COVID-19 pandemic and other emerging pressures 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 sets out the position by service area based on current projections which will change as the year progresses.

	<b>2022/23 Original Budget</b>	<b>2022/23 Projected</b>	<b>Variance (+)Favourable (-) Adverse</b>
<b>Directorate/Service</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Learning and Skills</b>			
Schools	104,953	104,953	0

Strategy, Culture, Community Learning & Resources	8,956	8,956	0
Directors Office	242	242	0
Additional Learning Needs & Wellbeing	3,334	3,334	0
Standards and Provision	3,547	3,547	0
<b>Social Services</b>			
Children and Young People	18,581	18,801	(220)
Adult Services	53,816	53,816	0
Resource Management & Safeguarding	7,742	7,742	0
Youth Offending Service	730	730	0
Unplanned use of Reserves	0	(220)	220
<b>Environment and Housing</b>			
Neighbourhood Services & Transport	28,190	28,690	(500)
Building/Cleaning Services	0	0	0
Regulatory Services	2,103	2,103	0
Council Fund Housing	1,444	1,444	0
Public Sector Housing (HRA)	11,077	11,077	0
Unplanned use of Reserves	0	(500)	500
<b>Corporate Resources</b>			
Resources	983	983	0
Housing Benefit	692	692	0
<b>Place</b>			
Regeneration	2,419	2,419	0
Development Management	1,300	1,300	0
Private Housing	413	413	0
<b>Policy</b>			
General Policy	34,063	34,063	0
Use of Reserves	(996)	(996)	0
<b>Total</b>	<b>283,589</b>	<b>283,589</b>	<b>0</b>

## Learning and Skills

- 2.9** It is early in the financial year however the forecast for Learning and Skills is a breakeven position following a transfer from the rationalisation reserve of £50k

to fund the cost of renting a demountable unit at Ysgol Y Deri for the Learning and Wellbeing Class. There may also be a further transfer required from the Additional Learning Needs (ALN) reserve to fund a shortfall on budgeted Out of County income with regards to pupils from Outside of the Vale of Glamorgan at Ysgol Y Deri.

- 2.10** An efficiency target of £68k was identified for the Directorate in the final proposals for the revenue budget which was approved by Cabinet on 28th February 2022 the Strategy, Culture, Community Learning and Resources saving of £32k will be found from savings against the historical pensions budget, the balance of the savings will be identified by the service as the year progresses.
- 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.
- 2.12** Strategy, Culture, Community Learning & Resources - It is currently projected that the budget will outturn at breakeven after the transfer in of £50k from reserves to fund the lease of a demountable unit at Ysgol Y Deri for the Learning and Wellbeing Class from April - August 2022.
- 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. Further information regarding future commitments will be provided in the next monitoring report to Cabinet. There is a pressure anticipated within the Complex needs service of £294k in relation to a shortfall against budgeted Out of County income for placements at Ysgol Y Deri. Each year there are more OOC pupils leaving Ysgol Y Deri than new pupils enrolling as the special school is being filled with Vale of Glamorgan pupils. There may be underspends that become apparent later in the financial year that can offset this pressure, otherwise there will be a transfer from the ALN reserve to fund this shortfall.
- 2.15** Standards and Provision - It is projected that this budget area will outturn on target.

## **Social Services**

- 2.16** The Final Revenue Proposals set out a budget programme for Social Services that utilised an additional £1.437m of Social Services reserves to help meet Social Services cost pressures and build capacity in the service to address increased need and help to develop the staffing resources required by the service. It is proposed that the budgets are realigned to reflect the planned draw down from the Social Services reserve as part of the plan.

**2.17** Since the budgets were approved the directorate savings have been finalised and the service budgets now require realigning to reflect the revised allocation of the savings as set out in the table below. These changes have not been reflected in the Projected Outturn table included earlier in this report.

Service	Original Budget £000	Virement - Savings £000	Virement - Budget Programme £000	Amended Budget £000
Children and Young People Services	18,581	-4	763	19,340
Adult Services	53,816	-11	259	54,064
Resource Management and Safeguarding	7,742	10	415	8,167
Youth Offending Service	730	5		735
Planned Use of Reserves	0	0	-1,437	-1437
<b>TOTAL</b>	<b>80,869</b>	<b>0</b>	<b>0</b>	<b>80,869</b>

**2.18** It is early in the financial year however it is anticipated that Social Services could overspend by £220k to be funded by Social Services reserves.

**2.19** Children and Young People Services - It is anticipated that the outturn at year end could be an adverse variance of around £220k. Legal costs are being incurred as a result of complex Court cases that require Counsel's involvement, with a potential projected overspend of £58k. Financial support for Special Guardianship and Residence Orders are projecting an overspend of £156k. Costs incurred in supporting care leavers and those in When I'm Ready placements are forecasting an overspend of £174k. This overspend is linked to accommodation and support costs. The Intake and Family Support Team have increased costs relating to transport and accommodation payments. The transport costs are linked to maintaining children looked after in school and some high travel costs for a child placed at a distance. The accommodation costs are linked to supporting children to remain at home through the use of agency support staff. The team are expected to overspend by £52k.

**2.20** There are potentially favourable variances across the Division, most particularly in the current foster payments budget, that could total around £220k. It should be noted however that the foster payments budget remains subject to change as more foster carers are recruited and the favourable variance may not continue as the year progresses. Any overspend at the year end will be funded from Social Services reserves.

- 2.21** 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.

## **Environment and Housing**

- 2.22** Neighbourhood Services & Transport is currently projected to have an adverse variance of £500k against the 2022/23 budget. Funding for budget pressures of £2.990m was provided as part of the 2022/23 budget setting process, however, there remains considerable pressure on the budget. Efficiency savings of £100k were also set as part of the 2022/23 budget which the service is currently working towards however due to the current budget position the savings are proving difficult to identify.
- 2.23** Waste Management – The Waste Management budget has been under severe pressure for several years, however increased budget funding of £1.4m has been provided for 2022/23. There may however still be pressure on the budget during this financial year as the service transitions over to source separated collections for Penarth and Dinas Powys. Other issues such as increasing fuel costs and the shortage of drivers may also put pressure on the budget, therefore the service will be closely monitored.
- 2.24** Leisure - The cost of providing Leisure services has increased since the start of Covid due to the support provided to Parkwood Leisure through periods of lockdown and reduced customer numbers. Over the last 2 financial years this increased cost has been funded via the hardship fund from Welsh Government however it is envisaged that this cost will have to be funded via the Council in 2022/23. It is estimated that the Leisure budget could have an adverse variance in the region of £500k which will be funded from financial reserves.
- 2.25** 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 and can also be impacted by inflationary pressures such as pay increases and increased cost of materials and fuel. The account will therefore be monitored closely to ensure any adverse variance is highlighted as soon as possible.
- 2.26** 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.
- 2.27** Council Fund Housing - It is early in the financial year so at this stage it is anticipated that this service will outturn on target. There is, however, continuing work being done within the service to reduce the reliance upon hotel accommodation for our homeless clients, which has been needed for the last 2

years during the COVID 19 pandemic. Though some WG funding has been provided to cover these costs this year, it is far less than in previous years so numbers still need to be reduced in order to ensure that any costs unfunded by WG are at an absolute minimum.

- 2.28** 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.

### **Corporate Resources**

- 2.29** Resources - As it is still early in the financial year it is projected that services will outturn within target.
- 2.30** There are underlying issues and budget pressures in relation to unachieved savings targets across the Corporate Resources Directorate. The total unrealised historical savings target prior to 2022/23 is £426k and services are working towards identifying approaches to achieve these savings targets in a sustainable manner.
- 2.31** At present the Corporate Resources budget is predicted to outturn on target as the impact of the savings shortfall is financed by vacant posts and additional income across the Directorate. The current position however is not a sustainable solution in the medium/long term. Identifying the savings shortfall will be necessary to improve and increase financial resilience.
- 2.32** The implementation of Oracle Cloud is currently on-going with a go-live date expected during September 2022. Costs associated with the project are financed from the Council's ICT Fund. An update will be provided later this year outlining the position of the Oracle project.

### **Place**

- 2.33** Regeneration - As it is very early in the financial year it is anticipated that this area will outturn on target
- 2.34** Development Management - As it is very early in the financial year there is currently no variance to budget to report.
- 2.35** Private Housing - At this stage of the year it is anticipated that the division will outturn within target.

### **Policy**

- 2.1** Policy - As in previous years the Council continues to utilise an approach of maximising internal borrowing in accordance with advice from the Council's Treasury Management Adviser. This is due to the differential between borrowing costs and investment returns and in the context of the Council's current level of reserves. As this approach reduces the external borrowing costs that are met by



the Authority it is expected that a surplus will be reported in this area as part of the mid year reporting. This sum will need to be utilised in part to offset emerging inflationary pressures such as increased energy costs associated with standing charges and potential additional pay costs such as the cost of the Council's commitment to meeting the Real Living Wage.

### **Efficiency Targets**

- 2.2** As part of the Final Revenue Budget Proposals for 2022/23, an efficiency target of £500k was set for the Council, which as a result of a positive settlement from WG, was broadly in line with the lower targets set in the past two financial years. No efficiency target was set for schools.
- 2.3** Attached at Appendix 1 is a statement detailing all savings targets for 2022/23. Services are currently working on schemes to achieve these targets and further updates will be provided to members in the next monitoring report.
- 2.4** There still remains some issues regarding services not achieving historic savings outstanding savings that were not achieved in 2021/22 totalled £170k are set out below with commentary from the relevant service.

### **Neighbourhood Services and Transport 2021/22 Shortfall**

- 2.5** The shortfall in savings achieved in the 2021/22 budget totals £93k for this service and is broken down as follows.  
Corporate Recovery and Efficiency Savings 2021/22 - Shortfall £68k  
Traffic Surveys Shortfall £5k  
Leisure Services £20k
- 2.6** Discussions are ongoing to identify areas to meet the savings for 2021/22 and 2022/23 for Neighbourhood Services and Transport. It is hoped that the efficiency savings of £100k for 2022/23 and those detailed below will be met in full for next financial year 2023/24.

### **Corporate Resources 2021/22 Shortfall**

- 2.7** The shortfall in savings reported for Corporate Resources totals £77k for this service as set out below.  
Corporate Recovery and Efficiency Savings 2021/22 - Shortfall £27k  
Fraud and Income Shortfall £50k -
- 2.8** The fraud target was recharged in 2021-22 but the ability of the Council to continue to charge this sum in full will be dependent on Council Tax and Housing Benefit Income levels. The service is continuing to work towards identification of savings for the outstanding £27k shortfall relating to 2021/22 and the 2022/23 savings target.

## Treasury Management Monitoring

2.9 Under updated Treasury Management guidance the Council are now required to report progress against the Treasury Management Strategy as part of their regular monitoring. The progress against the Investment Strategy and Borrowing strategy are set out below for the period 1st April 2022 to 31st May 2022.

### Borrowing Position

2.10 The following table sets out the monies externally borrowed / repaid during the period. No borrowing has been undertaken so far in 2022/2023 as current PWLB rates exceed the targets rates recommended by the Council's financial advisors Link Asset Management.

Loan Type	Opening Balance	Received	Repaid	Closing Balance
	01/04/2022			30/05/2022
	£m	£m	£m	£m
PWLB	146.502	0	0.122	146.380
LOBO	4.000	0	0	4.000
Salix Loans	1.695	0	0	1.695
Temporary Loans	0.100	0	0	0.100
WG Loans	1.050	0	0	1.050
<b>Total</b>	<b>153.347</b>	<b>0</b>	<b>0.122</b>	<b>153.225</b>

### Investment Position

2.11 The Authority has made the following investments for the period 1st April 2021 to 31st May 2022 as set out below. The Council has mainly invested in Treasury Bills and the Debt Management Office during the period under review as these investments have offered the most favourable returns and are very low risk. Funding received from Welsh Government for the "Cost of Living Grants" and the "Additional Social Care Workers Payments" have been deposited in Money Markets Funds so that funds are highly liquid and can be drawn down immediately when required. The yield on Local Authority Investments was 0.52%, on deposits placed with the Debt Management Office (DMO) 0.63%, Treasury Bills 1.02% and Money Market Funds 0.71%.

Investment Counterparty	Opening Balance	Invested	Returned	Closing Balance
	01/04/2022			30/05/2022
	£m	£m	£m	£m
UK Local Authorities	55.500	8.000	20.500	43.000

Debt Management Office	26.650	142.735	140.810	28.575
Treasury Bills	6.500	22.650	0	29.150
Santander Corporate Notice	0.750	0	0	0.750
Lloyds Deposit Accounts	0.020	0	0	0.020
Money Market Funds (MMF)	4.200	15.765	6.440	13.525
<b>Total</b>	<b>93.620</b>	<b>189.150</b>	<b>167.750</b>	<b>115.020</b>

### 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. Climate Change and Nature Implications

- 4.1** The Council has identified dedicated funding in the 2022/23 revenue budget to support the delivery of Project Zero. Additional funding is ringfenced in the Council's reserves to support one off project schemes.
- 4.2** All savings and cost pressures will be reviewed for Climate Change and Nature Implications prior to implementation.

## **5. Resources and Legal Considerations**

### **Financial**

5.1 As detailed in the body of the report.

### **Employment**

5.2 There are no employment implications.

### **Legal (Including Equalities)**

5.3 There are no legal implications

## **6. Background Papers**

None

**APPROVED EFFICIENCY TARGETS - 2022/23****APPENDIX 1**

<b>Service</b>	<b>2022/23 £000</b>
<b>LEARNING AND SKILLS</b>	
Strategy, Culture, Community Learning and Resources 22/23	32 Saving to be Identified from Historic Pensions Budget
Additional Learning Needs and Wellbeing 22/23	17 Work ongoing to identify savings in this service area
Standards and Provision 22/23	19 Work ongoing to identify savings in this service area
<b>TOTAL LEARNING AND SKILLS</b>	<b>68</b>
<b>SOCIAL SERVICES</b>	
Children and Young People Services 22/23	27 Children and Young People Services – Use of lower tariff placements
Adult Services 22/23	79 Review of complex cases in Adult Services
<b>TOTAL SOCIAL SERVICES</b>	<b>106</b>
<b>ENVIRONMENT AND HOUSING</b>	
Neighbourhood Services and Transport 22/23	100 Work ongoing to identify savings in this service area
Corporate Recovery and Efficiency Savings 21/22	68 Saving to be realised in full for 2023/24
Traffic Surveys	5 Saving to be realised in full for 2023/24
Leisure Services	20 Saving to be realised in full for 2023/24
General Fund Housing 22/23	6 Work ongoing to identify savings in this service area
<b>TOTAL ENVIRONMENT AND HOUSING</b>	<b>199</b>
<b>Corporate Resources</b>	
Corporate Resources 22/23	100 The 22/23 savings target is currently under review.
	50 Ability to meet this target will depend on Council Tax and HB income levels, this saving was achieved in 2021/22 but will need to be kept under review.
Fraud and Income Recovery	27 The original target for 21/22 was £62k. Options to find the balance of savings is also under review
Corporate Recovery and Efficiency Savings 21/22	
<b>Total Resources</b>	<b>177</b>
<b>Place</b>	
Regeneration	9 Work ongoing to identify savings in this service area
Development Management	4 Work ongoing to identify savings in this service area
Private Housing	1 Work ongoing to identify savings in this service area
<b>Total Place</b>	<b>14</b>
<b>Policy</b>	
Policy 22/23	94 Work ongoing to identify savings in this service area
Pensions Adjustment	12 Saving to be Identified from Historic Pensions Budget

**APPROVED EFFICIENCY TARGETS - 2022/23**

**APPENDIX 1**

<b>Service</b>	<b>2022/23</b>
<b>TOTAL Policy</b>	<b>106</b>
<b>TOTAL</b>	<b>670</b>
Savings Allocation 2022/23	500
Savings Shortfall 2021/22	170