

Meeting of:	<b>Environment and Regeneration Scrutiny Committee</b>
Date of Meeting:	<b>Tuesday, 11 October 2022</b>
Relevant Scrutiny Committee:	Environment and Regeneration
Report Title:	<b>Revenue Monitoring for the Period 1st April to 31st August 2022</b>
Purpose of Report:	To advise Committee of the progress relating to revenue expenditure for the period 1st April to 31st August 2022
Report Owner:	<b>Director of Environment and Housing Services</b>
Responsible Officer:	Matt Bowmer Head of Finance/ Section 151 officer
Elected Member and Officer Consultation:	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"> <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 and Cost of Living Crisis. A general Covid response reserve of £1.249m was established during 2021/22 to help meet some of these pressures in 2022/23.</li> <li>• Emerging pressures during 2022/23 relate to energy standing charges, the recent pay award proposal, general inflation particularly in areas such as school transport and cost of living and staffing pressures. Inflationary and demand pressures are being experienced across services and will need to be carefully monitored during the financial year.</li> <li>• Currently, there is a balanced overall position with the pressures being met from an underspend in the Policy Budget and some drawdown of service reserves.</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> <li>• 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.</li> </ul>	

## **Recommendations**

1. That the position with regard to the Authority's 2022/23 Revenue Budget be noted.
2. That Members note the arrangements to offset the emerging overspends in 2022/23 as set out in the report.

## **Reasons for Recommendations**

1. To inform Committee of the projected revenue outturn for 2022/23.
2. To respond to emerging pay and price inflationary pressures in 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, Leisure 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 continued to issue payments on behalf of WG under the Statutory Sick Pay scheme up until the 31<sup>st</sup> August 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 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.

- 2.4 In addition to the above the Council is operating a number of Welsh and UK initiatives across its services. The Cost of Living scheme sets out a £150 payment for all residents in Band A to D properties and a further £825,000 to target those who might not have benefitted from that payment or need further support.
- 2.5 The Council is also well advanced in making the £1,498 Additional Social Care Worker Payment Aligned to the Real Living Wage Scheme. The Council also continues to process payments under the Ukrainian sponsorship scheme consisting of £200 cash payments to Ukrainian arrivals and a monthly £350 thank you payments to hosts. The 2022 Winter Fuel payments scheme will also commence shortly.
- 2.6 The impact of the COVID-19 pandemic and other emerging pressures will be discussed in further detail throughout this report.

### Revenue Financial Position

- 2.7 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.

**Table 1.**

Directorate/Service	2022/23	2022/23	Variance
	Original Budget	Projected	(+)Favourable (-) Adverse
	£000	£000	£000
<b>Learning and Skills</b>			
Schools	104,953	107,793	(2,840)
Unplanned Use of Reserves	0	(2,840)	2,840
Strategy, Culture, Community Learning & Resources	8,956	10,205	(1,249)
Directors Office	242	246	(4)
Additional Learning Needs & Wellbeing	3,334	3,831	(497)
Standards and Provision	3,547	3,899	(352)
Additional Funding required to mitigate School Transport Inflationary Pressure	0	(646)	646
Planned Use of Reserves	0	(1,122)	1,122
<b>Total Learning and Skills (incl. Schools)</b>	<b>121,032</b>	<b>121,366</b>	<b>(334)</b>

**Social Services**

Children and Young People	18,581	18,731	(150)
Adult Services	53,816	54,516	(700)
Resource Management & Safeguarding	7,742	8,242	(500)
Youth Offending Service	730	730	0
Unplanned use of Reserves	0	(750)	750
<b>Total Social Services</b>	<b>80,869</b>	<b>81,469</b>	<b>(600)</b>

**Environment and Housing**

Neighbourhood Services & Transport	28,190	29,490	(1,300)
Building/Cleaning Services	0	150	(150)
Regulatory Services	2,103	2,103	0
Council Fund Housing	1,444	1,487	(43)
Public Sector Housing (HRA)	11,077	11,077	0
Unplanned use of Reserves	0	(950)	950
<b>Total Environment and Housing</b>	<b>42,814</b>	<b>43,357</b>	<b>(543)</b>

**Corporate Resources**

Resources	983	3,809	(2,826)
Housing Benefit	692	692	0
Unplanned Use of Reserves	0	(2,079)	2,079
<b>Total Corporate Resources</b>	<b>1,675</b>	<b>2,422</b>	<b>(747)</b>

**Place**

Regeneration	2,419	2,483	(64)
Development Management	1,300	1,342	(42)
Private Housing	413	413	0
<b>Total Place</b>	<b>4,132</b>	<b>4,238</b>	<b>(106)</b>

**Policy**

General Policy	34,109	31,859	2,250
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Use of Reserves	(996)	(996)	0
Unplanned use of Reserves	0	(80)	80

<b>Total</b>	<b>283,635</b>	<b>283,635</b>	<b>0</b>
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**Learning and Skills**

- 2.8 Current projections indicate that the Learning and Skills Directorate will outturn with an adverse variance of £980k after transferring £873k in from reserves. The estimated outturn includes the full cost of the 2022/23 pay award which has not yet been approved. The cost of the current proposal for the collective agreement pay scale to increase each scale point by £1,925 would cost an additional £334k in excess of the 3% already allowed for in the budget for non-school staff. This additional cost will be offset by an underspend in the Policy budget.

- 2.9 Although the budget for Education transport is held within the Environment and Housing Directorate, the Learning and Skills Directorate is responsible for meeting the cost of any adverse variance. The most recent figures received indicate a projected overspend in this area of £715k. This is included in the estimated directorate overspend referenced above. The Education pressures reserve is fully committed to fund lease costs of demountable classrooms at Ysgol Y Deri and temporary staffing commitments within Strategy and Resources.
- 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 historic pensions budget, the balance of the savings will be identified by the service as we progress through the year.
- 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. It should be noted that the cost of the 2022/23 pay awards will have a significant impact on school balances as these costs are likely to be much higher than allowed for in the budget setting process. Based on the current proposals, which have not yet been approved, it is estimated that the cost of the teaching and Collective Agreement pay awards will be £2.84M higher than pay award growth awarded to schools for the 2022/23 budget. In addition to this pay award pressure, schools are anticipating a rise in energy costs for the current financial year based on the rise in standing charges. In the past specific grant has been awarded by WG to support Teaching pay awards however no allocations have been made in 2022/23.
- 2.12 Strategy, Culture, Community Learning & Resources - It is currently projected that the Strategy, Community Learning and Resources budget will outturn with an adverse variance of £646k after a transfer of £433k from reserves. The table below provides a summary of the main variances against this budget and also the transfers from reserves.

Table 2.

	<b>£000</b>
<b>Adverse Variances</b>	
Demountable Classroom at Ysgol Y Deri	111
ICT and data budget	81
Schools Long Term Supply	33
Safeguarding & Salary Protection	24
Libraries	211
Penarth Pier Pavilion	50
School Transport	715

Additional Pay Costs	170
<b>Favourable Variances</b>	
Payments to private nurseries	(80)
Pension Payments	(12)
Other	(9)
Teacher Facilities Time	(3)
Adult Community Learning	(42)
<b>Total Net Adverse Variance</b>	<b>1,249</b>
<b>Contribution from Reserves</b>	Transfer To/(from) reserves £000
Demountable at Ysgol Y Deri	(115)
Safeguarding & Salary Protection	(24)
Schools Long Term Supply	(33)
Library improvements	(211)
Pier Pavilion	(50)
<b>Total Transfer from reserves</b>	<b>(433)</b>
<b>Net Variance after transfer from reserves</b>	<b>816</b>

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 subject to a transfer in of £440k from the ALN Reserve. The table below highlights the main variances and transfers from reserve.

Table 3.

	<b>£000</b>
<b>Adverse Variances</b>	
Complex Needs including Children's Placements	39
Recoupment Income	175
Non Delegated Resource Units	149
Sensory Team	28
Safeguarding & Wellbeing Budget	19
Inclusion Services	61
Post 16 budget	36
Pupil Support Service Events	12
Efficiencies to be found	16
Additional ALN Temporary Posts	80
Additional Pay Costs	57
<b>Favourable Variances</b>	
Early Years Provision	(175)
<b>Total Net Adverse Variance</b>	<b>497</b>

<b>Contribution from Reserves</b>	Transfer To/(from) reserves £000
Recoupment Income	(175)
ALN Resource Units	(185)
Temporary ALN Posts	(80)
<b>Total Transfer from reserves</b>	<b>(440)</b>
<b>Net Variance after transfer from reserves</b>	<b>57</b>

- 2.15 Standards and Provision - It is projected that this budget area will outturn with an adverse variance of £107k due to additional pay costs to be offset by an underspend in the Policy budget. The service will transfer £249k in from the Wellbeing and Family Engagement Reserve to support the delivery of services during 2022/23.

### 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 It is early in the financial year, however, it is anticipated that Social Services could overspend by £1.35m. Around £600k of the estimated overspend is due to the improved pay award offer, which will be funded from an anticipated favourable variance within the policy budget. The remaining £750k will be funded by Social Services reserves.
- 2.18 Children and Young People Services - It is anticipated that the outturn at year end could be an adverse variance of around £150k. Legal costs are being incurred as a result of complex Court cases that require Counsel's involvement, with a potential projected overspend of £51k. 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 £46k. This overspend is linked to accommodation and support costs. The Intake and Family Support Teams 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 £26k.
- 2.19 There are potentially favourable variances across the Division, most particularly in the current foster payments budget, that could total around £129k. 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 yearend will be funded from Social Services reserves.

- 2.20 Adult Services - It is still early in the financial year however there are pressures on the budget within Adult Services and it is currently projected that the outturn at year end could be an adverse variance of £700k. Of this amount £300k is due to a projected increase in costs as a result of the current pay proposal to increase the Gross Pay of each scale point by £1,925. This is greater than the 3% that was originally projected when setting the 22-23 budget. This will be funded from a saving within the Policy budget. The other continuing pressure on the budget is for Community Care Packages. This budget is extremely volatile and therefore work is being undertaken to assess a realistic year end position. There are numerous vacant posts within the service which is partly offsetting the pressure within the community care budget. The remaining projected overspend of £400k will be funded from a drawdown from the Social Services Reserve.
- 2.21 Resource Management & Safeguarding – It is projected that the RMS budget could have an adverse variance of around £500k at year end. Approximately £300k of this is due to the increased pay offer for 2022/23, which will be funded from an underspend within the Policy budget. There is also pressure on the budget for running the Council’s Residential care homes due to the increasing costs of running these facilities. Again there are vacant posts within other areas of RMS which is partly offsetting this overspend. It is anticipated that the remaining projected overspend of £200k will need to be drawn down from the Social Services Reserve to fund this pressure.

## **Environment and Housing**

- 2.22 Neighbourhood Services & Transport is currently projected to have an adverse variance of £1.3m against the 2022/23 budget. Approximately £500k of this projection is due to the additional cost of the enhanced pay award proposal over and above the amount included within the base budget. This will be funded via an underspend against the policy budget. Around £300k is due to the market forces pay uplift awarded to all waste drivers which was implemented due to the current shortage of drivers within the labour market and approximately £500k is due to additional payments that are still being made to our leisure centre partner while they recover from the impact of Covid 19. This support is due to cease from 31<sup>st</sup> Dec 2022. It is expected that £800k will be drawn down from the Neighbourhood Services & Transport Reserve to offset these pressures. 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 be pressure on the budget later 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 as mentioned above, are putting 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 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 the Neighbourhood Services & Transport reserve.
- 2.25 Building Services - This service is currently projected to outturn with a deficit of around £150k due to the impact of the improved pay offer for 2022/23, however, as experienced last financial year the service could be further affected by any further lockdown arrangements and can also be impacted by other inflationary pressures such as increased cost of materials and fuel. A large percentage of the annual charges for Building Cleaning & Security and Building Maintenance are agreed prior to the start of the financial year therefore they are very sensitive to unexpected increases in cost. The recent pay award proposals which are far greater than the 3% that was estimated when setting the budget have had a large impact on the cost recovery for these service areas. The account will therefore be monitored closely to ensure any further adverse variance is highlighted as soon as possible. It is proposed that the projected deficit of £150k is funded from the Building Services Improvement fund.
- 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 - Occupying partners have been vacating Cadoxton House of late, and the service has not been able to identify suitable replacements. As such, there is pressure on the budget as rental income is now greatly reduced. Running costs at the site have been reduced as far as possible without adversely affecting those remaining at the site, but it is highly likely that, unless these costs can be covered elsewhere within other Community Safety budgets, a drawdown from reserves will be needed at year-end. Work is also continuing within the Housing Solutions service to reduce the reliance upon hotel accommodation for our homeless clients, which has been needed for the last 2 years during the covid 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.

Potential un-budgeted pay award of around £43k will be offset by an underspend in the Policy budget.

- 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 most services will outturn within target, although Human Resources will transfer £73k in from reserves. The projected additional cost of the current pay proposal is £287k for the service and will be offset by an underspend within Policy.
- 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 The projected outturn for resources is an adverse variance of £2.826m and will be funded by use of £2.079m from reserves and an underspend within the Policy budget. A breakdown of the variances and funding from reserves is provided in the table below.

Table 4.

<b>Adverse Variances</b>	<b>£000</b>
Legal & Democratic	55
Legal & Democratic Pay Award	69
Coroners	20
Policy & Business Transformation	341
Policy & Business Transformation Pay Award	91
ICT	69
ICT Pay Award	63
Human Resources	73
Human Resources Pay Award	64
<b>Favourable variances</b>	
Finance	-30
Property/Facilities	-19
<b>Total Net Adverse Variance</b>	<b>796</b>
<b>Contribution from reserves</b>	<b>Transfer to/(from) reserves £000</b>
Legal & Democratic	-61
Policy & Business Transformation Reserve	-93

Reshaping Reserve	-172
Graduate Trainee Reserve	-60
Welfare reform reserve	-50
<b>Total transfer from reserves</b>	<b>-436</b>
Net variance after transfer from reserves	360

- 2.32 It should be noted that the impact of increasing energy costs has not yet been factored into the budget outturn however in year the additional cost has in part been offset by reduced usage of energy as a result of reduced office occupancy, this will be monitored as we progress through the financial year.
- 2.33 The implementation of Oracle Cloud is currently on-going with a go-live date expected during November 2022. Costs associated with the project are financed from the Council's ICT Fund £2.006m and a contribution from the Policy Underspend. Included in this sum are some additional costs associated with the delayed Go Live date for the Oracle Fusion implementation and additional technical resource required to support the Vale of Glamorgan which are detailed in the 29<sup>th</sup> September 2022 Oracle Update Cabinet report.

#### Place

- 2.34 Regeneration - as some posts have been vacant due to issues with recruiting it is hoped that this will assist in covering the increased cost of un-budgeted pay awards for the division which £64k but unlikely to match it entirely. This sum will be offset by an underspend in the Policy budget.
- 2.35 Development Management - planning fee income is down against profile for the period as there have not been any major applications received as yet this year. However, workload is still high on the large number of smaller applications received. Student planners' contracts have been extended in order to assist with this workload. Potential un-budgeted pay award of around £42k will be offset by an underspend in the Policy budget.
- 2.36 Private Housing -Disabled Facility Grants fee income is currently behind its budgeted profile. This is due to staffing issues and it is anticipated that this situation will improve in the coming months but the pace of improvement is unlikely to be fast enough for the budget to fully recover by year-end.

#### Policy

- 2.37 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 currently projected that a surplus will be reported of approximately £2M against this budget in 2022/23. In addition the Council Tax Reduction Scheme is currently projecting a surplus of £250k in year due to a

lower than budgeted take up of the scheme. This sum will need to be monitored carefully as we progress through the financial year in the context of the current economic crisis and the significant risk that the UK will enter recession.

- 2.38 The Policy underspend will be utilised for a contribution of £460k towards the Oracle implementation project the remaining sum will be utilised to offset emerging inflationary pressures such as the additional costs associated with the current pay award offer as set out in Table 1 of this report.

### **Efficiency Targets**

- 2.39 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.
- 2.40 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.
- 2.41 There still remains some issues regarding services not achieving historical 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**

- 2.42 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
- 2.43 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**

- 2.44 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 -
- 2.45 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.

## Use of Reserves

- 2.46 Reserves are a way of setting aside funds from budgets in order to provide security against future levels of expenditure and to manage the burden across financial years. The Council has always taken a prudent approach with regard to Specific Reserves and uses them to mitigate known risks (financial and service) and contingent items, e.g. Insurance Fund. Other reserves have been established to fund Council priorities and in particular the Capital Programme. The Housing Revenue Account Reserve is ring-fenced to Housing and the majority will be used to fund improvements to the Council's housing stock.
- 2.47 In response to the significant emerging pressures in 2022/23 and as set out in the Medium Term Financial Plan Refresh the Council will carry out a full review of reserves to streamline the number of reserves and align the available reserves to support the Budget Strategy. As part of this review the Early Retirement Reserve has been redesignated the Pay Pressures Reserve and £80k will be utilised to offset the additional pay award costs as set out in Table 1.
- 2.48 Table 5 sets out the use of reserves for a variety of purposes including planned usage to fund Capital Expenditure, planned revenue usage in accordance with the earmarked purpose of the reserve, unplanned usage to fund emerging overspends during 2022/23 and planned transfers to reserves to set aside fund for specific purposes.
- 2.49 Unplanned use of reserves includes an allocation of £2.006m to fund the projected Oracle overspend, £800k from the Neighbourhood Services reserve and £73k from the Human Resources reserve as set out in Table 1.

Table 5.

	Balances	Capital Funding	Planned Transfer to/From	Unplanned Revenue Funding	Estimated Balance
	01/04/2022				31/03/2023
	£000	£000	£000	£000	£000
<b>Council Fund</b>	<b>12,510</b>	<b>0</b>	<b>(996)</b>	<b>0</b>	<b>11,514</b>
<b>Directorate Specific Reserves</b>					
Learning and Skills	5,090	0	(1,030)	0	4,060
Social Services	13,778	0	(884)	(750)	12,144
Neighbourhood Services	4,407	(1,274)	0	(800)	2,333
General Fund Housing	2,066	0	(30)	0	2,036
Corporate Resources	1,127	(25)	(19)	-73	1,010

Place	2,509	0	-1,030	0	1,479
<b>Corporate Reserves</b>					
Project Zero	2,680	(406)	(55)	0	2,219
Pay Pressures	473	0	0	(80)	393
Legal	1,870	0	0	0	1,870
Covid	1,249	0	0	0	1,249
Trainee	601	0	(60)	0	541
Investment and Growth Fund	2,353	(120)	1	0	2,234
ICT	2,732	(737)	11	(2,006)	0
Reshaping	733	0	(172)	0	561
Other Corporate	822	0	(81)	0	741
<b>Ringfenced Reserves</b>					
Insurance	4,530	0	0	0	4,530
Cost Of Living	1,724	0	(80)	0	1,644
Building Services	702	0	0	(150)	552
Grant Funds	197	0	0	0	197
Elections	493	0	(217)	0	276
Other Ringfenced	1,100	0	(211)	0	889
<b>Capital</b>	<b>32,893</b>	<b>(24,323)</b>	<b>562</b>	<b>0</b>	<b>9,132</b>
<b>Schools</b>	<b>13,139</b>	<b>0</b>	<b>(33)</b>	<b>(2,840)</b>	<b>10,266</b>
<b>Total</b>	<b>109,778</b>	<b>(26,885)</b>	<b>(4,324)</b>	<b>(6,699)</b>	<b>71,870</b>
<b>HRA</b>	<b>17,439</b>	<b>(16,516)</b>	<b>0</b>	<b>0</b>	<b>923</b>
<b>Total</b>	<b>127,217</b>	<b>(43,401)</b>	<b>(4,324)</b>	<b>(6,699)</b>	<b>72,793</b>

### Treasury Management Monitoring

2.50 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 August 2022.

#### 2.51 Borrowing Strategy

The following table sets out the monies externally borrowed or repaid during the period. New loans were borrowed at average rate of 3.07% and maturing debt was repaid at an average rate of 4.91%.

Table 6.

Loan Type	Opening Balance	Received	Repaid	Closing Balance
	01/04/2022			31/08/2022
	£m	£m	£m	£m
PWLB	146.502	3.000	2.109	147.393
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>3.000</b>	<b>2.109</b>	<b>154.238</b>

### 2.52 Investment Strategy

The Authority has made the following investments for the period 1st April 2022 to 31st August 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 continued to be 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 0.84%, on deposits placed with the Debt Management Office (DMO) 0.73%, Treasury Bills 1.13% and Money Market Funds 1.03%.

Table 7.

Investment Counterparty	Opening Balance	Invested	Returned	Closing Balance
	<b>01/04/2022</b>			<b>31/08/2022</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
UK Local Authorities	55.500	15.500	30.500	40.500
Debt Management Office	26.650	236.860	253.460	10.050
Treasury Bills	6.500	41.900	6.500	41.900
Santander Corporate Notice	0.750	0	0	0.750
Lloyds Deposit Accounts	0.020	0.500	0.500	0.020
Money Market Funds (MMF)	4.200	35.640	29.490	10.350
<b>Total</b>	<b>93.620</b>	<b>330.400</b>	<b>320.450</b>	<b>103.570</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 As detailed in the body of the report.

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

- 5.3 There are no legal implications

#### **6. Background Papers**

None



## APPROVED EFFICIENCY TARGETS - 2022/23

## APPENDIX 1

Service	2022/23 £000
<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
<b>TOTAL Policy</b>	<b>106</b>

**APPROVED EFFICIENCY TARGETS - 2022/23**

**APPENDIX 1**

**Service**

**2022/23**

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