



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

CABINET

13 January 2021

REPORT OF THE DIRECTOR OF FINANCE & CORPORATE SERVICES – Hywel Jenkins

Matter for: Decision

Wards Affected – All Wards

**Revenue Budget Update and Monitoring Report 2020-21
(as at end of November 2020)**

Purpose of Report

- 1 This report prepared as at the end of November 2020 provides Members with an overview of the financial implications of COVID19 on the Council's Financial Resources and 2020/21 Budget.
- 2 From paragraph 15 onwards the report sets out the service areas that are projected to **overspend or underspend by more than £50k** compared to their net budget (i.e. budgeted expenditure less income). These figures represent the projected position to the end of the financial year based on various factors and assumptions including:
 - the actual cumulative expenditure and income position to the end of November 2020
 - assumptions for cost savings or additional expenditure to the end of the financial year,
 - assumed collectible income or income loss for the rest of the year,
 - additional cost of council tax support for the remainder of the year
 - council tax collection projections to 31 March 2021,

- Additional funding announcements and reimbursements provided by the Welsh Government.

Members will note that in some instances the “overspend” is due to, or mainly due to, loss of income in that service area, whilst for others the cause is additional costs. In total the Welsh Government (WG) has provided circa £550m into a Local Government Hardship Fund to fund the additional ask they have made of Local Government to incur extra costs and fund reduced income.

- 3 The projections and assumptions will be regularly updated and reported to Members during the year, so that appropriate consideration and action can be taken to mitigate consequences on the Council’s bottom line financial position.

Authority Summary and Background

- 4 The COVID19 pandemic has had a significant impact on Council services, the costs incurred and income generated.
- 5 The projections included in the report are based on costs/income to the end of November, and include assumptions regarding lockdown restrictions.
- 6 It is extremely difficult to accurately project the year-end position given the highly volatile nature of the circumstances surrounding the pandemic. The assumptions are subject to ongoing review, in light of any further announcements regarding lockdown arrangements, associated service costs and Welsh Government funding announcements.
- 7 The Welsh Government has made available additional funding via the Local Authorities Hardship Fund in response to the pressures arising from the pandemic.
Claims for additional expenditure of £7.982m have been made to the end of November, and to date Welsh Government have agreed to reimburse £6.930m, and we are awaiting a decision in respect of £896k for the November claim.

Claims for loss of income have also been submitted for £6.447m for the period April – September 2020, and to date Welsh Government

have confirmed funding of £6.081m. Decisions on some items have been put on hold for further review nearer year end, to verify if income streams have been delayed rather than lost.

- 8 Welsh Government have funded £306k in respect of the increased cost from new Council Tax Support claimants (CTRS), that have arisen as a consequence of the lockdown for the period April – September.
- 9 Welsh Government have not yet confirmed if funding will be available to offset the reduction in Council Tax collection rates. The position will be subject to ongoing review and in the interim an estimated loss of £2m is included within the reported overspend.
- 10 The Council will continue to work with the Welsh Government to deliver essential services and look for additional funding, or a capitalisation direction to help smooth the impact of the pandemic on our Budget, and future year service provision.
- 11 Members should note that these financial projections will be monitored and updated regularly during the year as changes in demand, service delivery, income received, council tax support costs and receipts and WG funding announcements are received. The next report in respect of 2020/21 will be submitted for members' scrutiny and review in March 2021.
- 12 The Net Authority budget is currently projected to overspend by £4.054m, after receipt of various COVID19 grant reimbursements from Welsh Government. Unless the financial position and activity improve over the remainder of the year or Welsh Government provides additional funding this projected overspend will have to be funded from Reserves.
- 13 As members are aware when the 2020/21 Budget was set on the 5 March 2020 the projected General Reserve position at 31 March 2021 was £17.9m including an approved reserve use of £1.65m. After taking account of the finalised audited accounts for last year and utilising the reserve to fund the projected overspend of £4.054m the projected general reserve balance will be reduced to £14.6m. Details of the projected general reserve position is included in Appendix 3.

Directorate Updates

14 The following Directorate reports indicate the service areas where significant variances to the end of March 2021 against the net budget are projected.

15 Education Leisure and Lifelong Learning

- **Delegated Schools Budgets loss of income - £158k overspend** - WG have funded the net loss of school meals income in Secondary and Middle Schools for April-Sept (£446k), and a further £264k for loss of external income. The projected overspend represents an anticipated loss of income for the remainder of the year and assumes schools will receive 67% of budgeted income for school meals for the rest of the year to March 2021.
- **Education Learning Resource Service £64k overspend** - The overspend is due to loss of income during the lock down (service closed April to August), and a reduction in the number of schools accessing the service.
- **Primary School Meals Service £208k overspend**
The projected overspend is due to a reduction in school meals income due to the closure of schools as a result of the pandemic, which is partly offset by savings on food purchases, and WG funding for the period April to September (£435k). The projected overspend assumes Primary schools will receive 67% of budgeted income from meals to March 2021.
Payments of £3.90 per day are being made to any child entitled to free school meals that has to self-isolate, and £19.50 per week to all children entitled to free school meals during school holidays to Easter 2021 – which are being funded by WG.
- **Child & Communities £51k underspend**
This saving has arisen due to the secondment of the Family Information Service Manager to the post of Performance and Monitoring Officer, and assumes that the Information Service Manager post will not be replaced in this financial year
- **Skills & Training unit - £98k overspend**
The overspend is projected as Work Based Learning targets have not been met and income is therefore below contract

value. Also there has been a reduction in other income as COVID regulations have restricted the amount of face to face training undertaken.

- **Margam Park £118k overspend**

The projected net loss of income is made up as follows:-

Park	£99k
Orangery catering	£0k
Charlottes Pantry	£15k
Park shop	£0k
Ivy cottage	£5k
Commercial - events	£0k
TOTAL	£118k

The park overspend includes the cost (£79k) to refurbish the spillway and culvert at Furzemill Reservoir. The total cost of the project is estimated to be £158k, with 50% being funded from the Capital Programme. The original budget assumed that it would be possible to generate additional income in the park to fund these costs but this has not been possible due to lockdown restrictions.

- **Arts venues** – WG have funded £424k for loss of income during the period April to June.

- **External Leisure contract £1.27m overspend**

The Council has paid Celtic Leisure £180k to the end of June to fund some of the initial top up costs of furloughed staff and committed to pay a further £530k in December 2020. WG have funded the loss of income of £830k for the period April to September. NPT have also paid £150k to Celtic Leisure for the purchase of their assets in advance of the leisure contract tender process.

The Education Leisure and Lifelong Learning budget is currently projected to overspend by £1.793m including the additional impact on Delegated Schools Budgets (after proposed virements).

16 Social Services Health & Housing

- **Children & Family – Social Work £115k underspend.** The underspend is due to receipt of ICF grant funding (£200k) for the

Working Together Service, which is partly offset by overspend on Direct Payments (£61k) and costs of additional support required during lockdown (£36k).

- **Children & Family – Residential care £385k overspend**

The original budget is based on placements for 9 children. An overspend is projected as the average number of placements to date is 11.1.

The three new placements since the start of the year are as a direct result of COVID19, and the cost for these children for 6 months is included (£306k). WG have refunded £72k towards costs for the period April – June.

- **Hillside - £893k overspend**

Hillside has a block contract with the Youth Custody Service (YCS) which guarantees payment for 6 beds, and the remaining 12 welfare beds are available for use by other Local Authorities.

Due to the pandemic there have been periods when restrictions were placed on the number of new admissions, and as a consequence the number of welfare placements has reduced, resulting in a loss of income.

The gross projected loss to the end of the year is £1.63m which is partly offset by savings on staff costs and WG refunds.

WG have confirmed funding of £793k for the loss of income for the period April to September, and the above overspend will arise should there will be no further in-year funding from WG. Any additional funding received will therefore assist in reducing the reported overspend.

WG have also provided £2m capital grant for improvements at Hillside. Works have been delayed due to COVID and permission has been granted that this funding can be carried forward to fund such costs in 2021/22.

- **Day Care – External Provision £71k underspend**

The underspend is due to savings on staff costs funded by the ICF MAPSS (Multi Agency Placement Support Service) project, in the integrated family support service.

- **Internal Fostering service £66k underspend**

The underspend is due to savings on staff costs (£119k) due to maternity leave and a vacant post which will be deleted as a result of ER/VR, savings on car allowances and foster carer travel expenses (£95k), and savings on the leaving care discretionary budget (£86k). However, the savings are partly offset by an increase in the number of Special Guardianship Orders (SGO) paid (£216k). A SGO working group has been established to review existing packages.

- Youth Offending Service £98k overspend**

The overspend is largely due to the additional cost of 3 remand placements (£250k), of which £110k has been refunded from the LA Hardship fund for the period April to June. No further funding from WG is anticipated.
- Community Care Management £78k underspend**

The underspend is largely due to a reduction in the number of payments made to external assessors for Deprivation of Liberty (DOLS) assessments.
- Business Support Services £135k underspend**

The underspend is due to savings on staff costs and general office expenses.
- Elderly Residential Care £201k underspend.**

An additional provision of £414k was included in the budget for 2020/21 to meet anticipated additional demand for placements. An underspend is projected because occupancy levels at homes reduced significantly during the pandemic, due to a combination of reduced demand for placements and Public Health Wales rules that mean care homes must be COVID19 free for 28 days before they can accept any new placements.

All staff working in the homes are being tested regularly for the virus, which could also impact on future staffing arrangements and costs in the homes.

WG also provided additional funding via the LA Hardship Fund (£40m) at the beginning of Covid and then for the period July – March 2021 to increase the rates paid to homes by £50/week, and to support providers to address market stability pressures e.g. voids, exceptional, unpredictable, emergency expenses. The additional cost is approximately £240k per month for July to March 2021.
- Domiciliary Care £107k underspend**

The underspend is due to savings on staff costs in the in-house homecare service (£423k) and additional client contributions (£133k) but which is partly offset by an increase in placements costs in the external domiciliary care services (£447k).

At the start of the financial year the council provided PPE (£160k) and paid out an extra £9k to providers to fund the additional costs incurred due to lockdown, which were funded from the WG LA Hardship Fund.

WG funding is being made available for the period July - March to increase the hourly rate paid by £1 per hour to providers of domiciliary care who are experiencing additional costs due to the pandemic, and to support providers to address market stability

pressures e.g. voids, exceptional, unpredictable, emergency expenses. The additional cost is approximately £44k per month for July to March.

- **Community Resource Team £70k overspend**
The overspend is offset by savings on other services for the elderly.
- **Learning Disability external placements £471k underspend**
An additional £1m was included in the budget for 2020/21 for anticipated increase in demand, however the increase has been less than anticipated due to the pandemic, resulting in the projected underspend. PPE and additional fees of £139k were paid to providers (April to June) to fund the additional costs incurred due to COVID, which has been reimbursed by WG from the LA Hardship Fund.
WG funding is being made available for the period July to March to increase the rates paid to providers of external placements, and to support providers to address market stability pressures e.g. voids, exceptional, unpredictable, emergency expenses. The additional cost is approximately £35k per month for July to March.
- **Community Independence Service £107k underspend**
The team have been operating a reduced service during lockdown and the underspend is due to grant income being used to fund a post, and savings on weekend and overtime costs.
- **Transport £158k underspend** Savings on transport have arisen due to the closure of many day services during lockdown.
- **Community Mental Health Team £71k overspend** – the overspend is due to additional staff costs

The Social Services Budget is projected to underspend by £20k (after proposed virements and reserve transfers).

17 Environment

- **Parking £624k overspend** – The overspend is due to reduction in parking income. WG have funded £601k of lost income for April to September and have indicated that no further funding will be available for loss of income arising from local policy decisions but will assist with footfall reductions due Covid19 restrictions.
- **Waste Disposal and Recycling £261k overspend.** The overspend is due to a reduction in income i.e. in the price per tonne for the sale of recycling waste and the introduction of a charge for the disposal

of some recycling items. WG have funded £353k loss of income for waste services from the LA Hardship Fund to September 2020.

- **Catering £54k overspend** - the overspend is mainly due to loss of income while the coffee shops are closed
- **Streetcare Services £166k overspend** – the projected overspend is due to anticipated additional costs of PPE and hand sanitizer during the pandemic.
- **Building Control £68k overspend** – the projected overspend assumes a reduction in income for the first 6 months of the year, due to reduced activity during the lockdown. WG have funded £10k for loss of income for April to June, and have advised that a decision in respect of the claim for £20k for July to September will be made in February 2021.
- **Industrial Workshops £186k overspend** - the overspend is due to loss of external rental income to date and projected future reduction in income due to the difficulties recovering income from tenants due to the ongoing financial impact on businesses from the pandemic. WG have funded £214k for the loss of income from April to June, and a further claim for all rental loss totalling £60k has been submitted for the period July to Sept.

Other

Enabling Natural Resources and Wellbeing Grant - We are still waiting confirmation of the grant and a budget pressure of £84k will arise if funding is not awarded.

The Environment budget is projected to over spend by £1.386m, (after proposed virements and reserve transfers).

18 **Corporate Services**

- **Land charges £64k overspend** - the overspend is due to the correction of VAT treatment (£34k) and a reduction in the projected income due to reduced activity during the pandemic
- **Communication & Marketing £26k overspend** – the overspend has arisen due to additional costs incurred due to COVID19, such as signage, banners etc for which Welsh Government have only funded 25% of costs.
- **One Stop Shop/Customer Services £62k overspend** – the overspend is due to the appointment of additional modern

apprentices, which is offset by savings elsewhere in the Democratic and Corporate Services Division.

- **Directorate Management £65k underspend** – the underspend is due to savings on professional fees £24k, savings arising from the appointment of the new Chief Executive and replacement of the Assistant Chief Executive £20k, and other staff savings in the service.

The Corporate Services Directorate is projected to under spend by £63k (after proposed virements and reserve transfers).

18 Central and Other Budgets

- **Council Tax Support £159k** – the projected overspend is based on additional claims made to the end of November. This pressure has been partly offset by funding of £306k received from WG for the period April to September.

However the net overspend may further increase if there are job losses, the closure of local businesses and an increase in the number of Universal Credit claims arising due to the ongoing economic impact of the pandemic.

- **Contingency – £457k underspend** - the underspend is being used to offset the pressures arising from COVID19.
- **Contingency for pay award £318k underspend** – the underspend is being used to offset the pressures arising from COVID19.
- **Council Tax recovery** – a range of measures has been introduced to support residents facing financial difficulties, in paying their council tax, during the lockdown. As a consequence the collection of council tax income for April and November is approximately £900k lower than at the same time last year, and a potential shortfall of £2m could arise in year.
Welsh Government have not yet confirmed if funding will be available to offset this shortfall. The position will be subject to ongoing review but if collection rates continue to fall, or additional WG funding is not made available, then it will be necessary to reduce the collectible income included in the accounts for 2020/21 and £2m has been included in the projection for this year.
- **COVID19 Safe & Well - £76k overspend** - The service was established to support vulnerable residents who were shielding

during the first wave of the pandemic. Costs of £249k have been incurred from April to the end of November of which £173k has been funded from the LA Hardship Fund. Arrangements have been made to reduce this service safely, and to enable people to use local delivery services. However there may be further costs incurred during if the service needs to be recommissioned

- **COVID19 Llandarcy Field Hospital** - The Council has undertaken the works required to convert the Llandarcy Sports Academy into a Field hospital on behalf of the Swansea Bay University Health Board. Costs of £1.839m have been incurred to date with the total cost of conversion and re-instatement works estimated to be £2.25m excluding VAT. An invoice for £1.65m plus VAT has been reimbursed by the Health Board.
- **COVID19 Test Trace & Protect Service** – WG initially allocated £6.1m to the Swansea Bay University Health Board Region and have subsequently allocated a further £1.9m to the region to fund the additional staffing required in light of the increasing demand on the service during the winter months. Additional costs of £491k (staff overtime, staff additional pay, IT kit) have been incurred to the end of November, for which funding is being drawn down via Swansea Bay University Health Board
- **COVID19 Grants to Business** – funding of £30m has been received from WG to support businesses experiencing financial difficulty due to the lockdown, of which £28.2m has been paid out to the end of November.
- **COVID19 Start up Grants** – Funding of £207k has been allocated by WG of which £80k has been paid out to the end of November.
- **COVID19 Lockdown Business Fund Grants** – This fund consists of two separate grants which can be applied for:

Lockdown Non Domestic Rate Grant – All eligible businesses and organisations must have property registered to pay business rates. All small businesses receiving small business rates relief up to an RV of £12,000 are eligible to apply for £1,000. All retail, leisure and hospitality businesses and organisations with an RV of between £12,001 and £51,000 can apply for a grant of £5,000.

In addition businesses eligible for small business rates relief that have been subject to local restrictions for 3 weeks or more and have been materially impacted (>50% reduction in turnover) up to the 23rd October will be eligible to apply for a further grant of £1,000; and a discretionary enhanced £2,000 top-up grant is also available on an application basis for those businesses with a rateable value of £12,000 or less who are forced to close by the firebreak lockdown.

Lockdown Discretionary Grant – this discretionary grant of £1,500 or can be applied for where business has been forced to close (as a result of the national firebreak lockdown or are able to demonstrate that the national firebreak lockdown will result in at least a 80% reduction in their turnover for that period. This grant can increase to £2,000 if the business has also been subject to local restrictions for 3 weeks or more up to the 23rd October and experienced at least a 50% reduction in their turnover for that period.

Neath Port Talbot Council has received £7.427m to assist local businesses and organisations of which £675k relates to the Lockdown Discretionary Grant. These grants must be applied for between 28 October and 20 November 2020 in line with WG guidelines. Following applications £4.455m has been paid out to businesses with a small number of further payments due to be made in December 2020

The Welsh Government has also announced £80m of funding through its Economic Resilience fund which is managed by Business Wales.

- **COVID19 Freelance Grant** – funding of £249k has been allocated by WG, to assist people working on a freelance basis in the cultural and creative sector who have been unable to work due to closure of their sector, and who have been unable to access financial support via any other assistance schemes. The grant payable is £2,500 per applicant and £217,500 has been paid out to the end of November.
- **COVID19 Childcare Providers Grant** - WG announced funding £4.5m to pay grants of up to £5,000 to childcare providers including child minders etc that had not received grants from Economic Resilience Fund, Business grants paid by Local Authorities or COVID related grants from various sources. NPT has paid out 3 grants totalling £8k.

- **Covid19 Local Authority Enforcement Capacity** – WG have announced that £2.5m of the LA Hardship fund is earmarked for enhancing enforcement capacity to 31 March 2021. There is no guarantee of the funding being extended into 2021/22 financial year. The Council has employed 8 additional officers to support Environmental Health and Licensing Regulatory work and will receive maximum funding of £180k from this allocation. This will be claimed monthly from the LA Hardship Fund.
- **COVID19 SSP Enhancement scheme** – the scheme is to support care workers who get Statutory Sick Pay (SSP) or are not entitled to SSP when they are off work sick. The scheme provides funding to employers to enable them to pay eligible staff full pay if they cannot work due to suspected COVID, actual COVID or because they have been requested to self-isolate. The scheme runs from November to 31 March 2021.
- **COVID19 Self isolation payments** - the scheme provides a payment of £500 to people on low incomes and in receipt of Universal Credit (or other specified benefit), who would lose income if they are required to self-isolate. This scheme is backdated to 23rd October. The council is administering the scheme on behalf of WG, and has been allocated £39,979 to fund administration costs. Payments amounting to £22,500 have been paid out to the end of November with further monthly payments due to be made by the end of March 2021.
- **COVID19 Business Restrictions Grant** – a first instalment of £2.862m has been received from an allocation of £5.724m for restrictions that come into effect from 4 December 2020. The Council has already paid out £797k to 227 businesses that received a grant under the Lockdown Scheme mentioned above with applications for further payments due during December 2020 and January 2021.

Financial Summary

- 20 The Net Authority budget is projected to over spend by £4.054m after proposed virements, reserve transfers and WG COVID Grants. Work will continue to manage services during the pandemic and to recover relevant additional costs and income loss from the Welsh

Government's Hardship Fund. This position will be reviewed and updated on a regular basis as the potential for a large variance to this projected overspend is high, as the economy, businesses and services move into recovery mode.

Virements

- 21 The Council's constitution requires the prior approval of any virement that does not involve a significant variation in the level or nature of the delivery of service agreed by Council in the Revenue Budget as follows:-

Less than £100,000 – Corporate Directors
 More than £100,000 but less than £500,000 – Cabinet
 More than £500,000 – Council

The following virements are proposed for approval by Cabinet

Value	Dir	Service
£209,000	ENVT	Waste disposal & Recycling
-£209,000	ENVT	Household Waste Recycling Centres

The following virements have been approved by Corporate Directors

<u>Value</u>	<u>Dir</u>	<u>Service</u>
-49,000	ELLL	Education Psychology
-5,000	ELLL	Additional Learning Needs
63,200	ELLL	Management & Admin
-9,200	Other	Corporate Contingency
-60,000	ENVT	Highways Maintenance - Reactive, Winter & emergency response
60,000	ENVT	Drainage
-61,000	ENVT	Neighbourhood services
61,000	ENVT	Refuse collection
-103,868	ENVT	Estates
114,128	ENVT	Management support
-8,000	ENVT	Planning Development control

<u>Value</u>	<u>Dir</u>	<u>Service</u>
-10,260	ENVT	Planning Policy
8,000	ENVT	Building Control
55,000	ELLL	School Based Counselling
-55,000	ELLL	Behaviour support strategies
10,000	ENVT	Markets
-10,000	ENVT	Non Operational Land

Reserve movements

- 22 The following Reserve movements are proposed for approval by Cabinet

Value	Reserve	Explanation
-£400,000	Adoption Reserve	To equalise costs in years when number of adoptions is greater than average
-£203,610	Social Services Equalisation Reserve	Planned transfer from reserve to fund temporary posts no longer required
-£30,240	Social Services Equalisation Reserve	Planned transfer from reserve to fund temporary posts no longer required
-£200,000	IT Renewals Reserve	To enable the rewriting of the Social Care IT system
£6,575	Environment Equalisation Reserve	Transfer from reserve to fund tree works
-£312,000	Former Crown Site Reserve	Transfer savings in non-operational properties and the Former Crown site budgets to a newly created Former Crown Site Reserve.
£180,000	Environment Equalisation Reserve	Transfer balance relating to the Former Crown site to a dedicated reserve
-£43,000	Local Development Plan Reserve	Transfer underspend to reserve to fund future costs

Value	Reserve	Explanation
-£30,200	Building Capacity Reserve	Planned transfer from reserve is no longer required due savings across Democratic & Corporate Services Division
£8,000	General Reserve	Transfer from reserve to fund additional Community Council grants

23 **Additional grants awarded**

The following additional grants have been awarded since the last report to cabinet

- Cultural Recovery fund Libraries £45,950
- Cultural Recovery fund Margam Park £12,325
- Cultural Recovery fund Pontardawe Arts Centre £27,132
- Sport Wales – Sport & Leisure recovery – 60plus funding £24,972
- Support for learners in exam years £168,641
- Post 16 teachers pay grant £29,759
- Regional Consortium School Improvement grant - variation in award £32,377
- Child Development Fund £158,770
- Face masks for secondary school pupils £85k
- Discharge to Recover & assess Pathways grant £1.297m awarded to the West Glamorgan Regional Partnership Board of which £294k is for NPT
- Care Leavers COVID19 Hardship fund (CLCHF) £50,082
- Relieving Court Backlogs and supporting exits from care £124,705
- Family Group conferencing £110,181
- Intervention fund for supporting child and family well-being £80,132
- Additional Intermediate Care Fund (ICF) £314k

Integrated Impact Assessment

- 24 There is no requirement to undertake an integrated impact assessment as this report summarises the Council's financial position in relation to its net expenditure, income and grants.

Valleys Communities Impacts

- 25 All parts of the County Borough have been affected by COVID19. The Council continues to provide support to the most vulnerable as best as we can across the Valleys, Towns and the whole of the County Borough.

Workforce Impacts

- 26 The work of all employees has been affected by COVID19. The Council has worked with Trade Unions to develop new safe systems of working during the pandemic and will continue to work with Staff and Trade Unions as we move through the various stages to Recovery for service delivery. Some staff have been redeployed to higher priority roles within the Council including Safe and Well, Test Trace and Protect (TTP), front line Social Care, School Hubs, etc. Additional staff have also been recruited to support some services including TTP and Enforcement Services.

Legal Impacts

- 27 The Council has been ensuring that it complies with new regulations and directions issued by the UK and Welsh Governments during the COVID pandemic. Service provision has been stopped, repurposed or developed to comply with the new rules. Further changes are expected when we move through the Recovery stage.

Risk Management Impact

- 28 COVID19 has impacted significantly on the Council, its services and activities since the UK Government Lockdown announcement which commenced on 23 March 2020.
- 29 Some services have continued with some adaptations to operate with social distancing or use of PPE including residential care homes, home care, waste collection and waste disposal services. Some new services were developed to safeguard vulnerable people such as those shielding i.e. safe and well, schools operated as Hubs for vulnerable and key worker children, new systems developed to work from home, pay grants to businesses and

families of children entitled to Free School Meals. Some services were initially stopped and staff were redeployed / newly recruited into services such as the Test Trace and Protect service.

- 30 Governance arrangements have also had to be updated to operate under new arrangements.
- 31 The consequences of actions and activity undertaken are reflected in this report and the Council will continue to regularly review and update its financial predictions for 2020/21 and report them to Members. The Council will also ensure that Welsh Government and our external auditor are sighted on operational and financial implications and we will continue to strive for additional funding to minimise adverse impact on taxpayers and service users in future years

Consultation

- 32 There is no requirement for external consultation on this item

Recommendations

- 33 It is recommended that:
 - Members approve the proposed reserve movements and budget virements
 - Members note the operational and financial issues set out in this report
 - The Council will continue to work with Welsh Government and in line with legislation, regulations and directions to deliver services during these challenging times.
 - Note the additional grants received
 - The Council continue to seek additional funding from Welsh Government to cover COVID19 consequences of increased expenditure, loss of income, increased cost of Council Tax Support and council tax collection shortfalls that adversely impact on Council funding and activity.

Reason for Proposed Decision

- 34 To monitor and update the Council's Budget projections for 2020/21 and inform Members of the financial risks arising from COVID19.

Implementation of Decision

- 35 The decision is proposed for implementation after the three day call in period.

Appendices

Appendix 1 – Budget Summary

Appendix 2 – Specific Reserves

Appendix 3 – General Reserve

Appendix 4 – WG LA Hardship Fund Loss of income eligibility criteria

List of Background Papers

Budget Update Working Papers

Officer Contact

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Appendix 1

Summary 2020-21	Original	Virements				Revised	Projected	Variance
at 30th November 2020	Budget	CAB 25/6	CAB 2/9	CAB 11/11	CAB Jan 21	Budget	Outturn	
	2020/21					2020/21	2020/21	2020/21
	£					£	£	£
Education, Leisure and Lifelong Learning	90,137,000	0	0	0	0	90,137,000	90,295,000	158,000
Education, Leisure and Lifelong Learning	25,882,000	0	0	330,000	9,200	26,221,200	27,856,129	1,634,929
Social Services Health & Housing	83,281,000	0	0	280,000	0	83,561,000	83,541,184	-19,816
Environment	39,525,000	239,100	0	220,000	0	39,984,100	41,370,530	1,386,430
Corporate Services	18,208,000	46,000	0	152,000	0	18,406,000	18,342,979	-63,021
Directly Controlled Expenditure	257,033,000	285,100	0	982,000	9,200	258,309,300	261,405,822	3,096,522
Swansea Bay Port Authority	47,000					47,000	46,637	-363
Fire Authority	7,890,164					7,890,164	7,890,164	0
Margam Crematorium	1,000					1,000	553	-447
Archives	96,000					96,000	95,600	-400
Magistrates Court	12,000					12,000	11,264	-736
Capital Financing	19,282,000					19,282,000	19,282,000	0
Council Tax Support	18,748,000					18,748,000	18,906,769	158,769
Pay & Pension Provision	1,300,000			-982,000		318,000	0	-318,000
Contingency	822,453	-285,100			-9,200	528,153	70,944	-457,209
Management of change	500,000					500,000	500,000	0
NP Safe & Well Service	0					0	75,658	75,658
Other WG Grant estimated funding	0					0	-500,000	-500,000
Cont from General Reserve	-1,650,000					-1,650,000	-1,650,000	0
Net Budget Requirement	304,081,617	0	0	0	0	304,081,617	306,135,411	2,053,794
RSG	-177,352,786					-177,352,786	-177,352,786	0
NNDR	-49,408,800					-49,408,800	-49,408,800	0
Discretionary rate relief	386,684					386,684	386,684	0
Council Tax	-77,706,715					-77,706,715	-75,706,715	2,000,000
Total Funding	-304,081,617		0	0	0	-304,081,617	-302,081,617	2,000,000
Overspend / (underspend)								4,053,794

Specific Reserves

Appendix 2

Description	Balance at 1st April 2020 £000	Original Reserve Movements 2020/21 £000	Changes already approved £000	Proposed changes in Period £000	Estimated Reserve Bal at 31 Mar 2021 £000
EDUCATION, LEISURE & LIFELONG LEARNING					
<i>Delegated Schools Cash Reserves</i>					
ERVR Primary	Cr 8	0	0	0	Cr 8
Primary Schools Reserves	Cr 636	0	0	0	Cr 636
Secondary Schools Reserves	Cr 109	0	0	0	Cr 109
Special Schools Reserves	305	0	0	0	305
Middle Schools Reserves	1,074	0	0	0	1,074
Repairs and Maintenance Reserve	Cr 161	0	0	0	Cr 161
	465	0	0	0	465
<i>Education, Leisure and Lifelong Learning</i>					
Margam Discovery Centre - Building Maintenance Reserve	Cr 48	Cr 50	0	0	Cr 98
Equalisation Account - Education	Cr 1,373	200	Cr 7	0	Cr 1,180
Home to School Transport	Cr 111	0	0	0	Cr 111
	Cr 1,532	150	Cr 7	0	Cr 1,389
Total Education Leisure & Lifelong Learning	Cr 1,067	150	Cr 7	0	Cr 924
SOCIAL SERVICES, HEALTH & HOUSING					
Homecare ECM Equipment Reserve	Cr 73	Cr 10	0	0	Cr 83
Community Care Transformation Reserve	Cr 108	102	0	0	Cr 6
Social Services Equalisation	Cr 940	321	Cr 190	Cr 234	Cr 1,042
Hillside General Reserve	Cr 274	0	0	0	Cr 274
Youth Offending Service - Equalisation	Cr 153	0	0	0	Cr 153
Adoption Service	Cr 100	0	0	Cr 400	Cr 500
Total Social Services Health & Housing	Cr 1,648	413	Cr 190	Cr 634	Cr 2,058

Specific Reserves

Appendix 2

Description	Balance at 1st April 2020 £000	Original Reserve Movements 2020/21 £000	Changes already approved £000	Proposed changes in Period £000	Estimated Reserve Bal at 31 Mar 2021 £000
ENVIRONMENT					
Concessionary Fares - Bus Pass Replacement Reserve	Cr 152	60	0	0	Cr 92
Asset Recovery Incentive Scheme	Cr 126	0	0	0	Cr 126
Local Development Plan	Cr 181	106	Cr 106	Cr 43	Cr 224
Winter Maintenance Reserve	Cr 754	0	10	0	Cr 744
Baglan Bay Innovation Centre – Dilapidation Reserve	Cr 78	0	0	0	Cr 78
Renewable Energy Reserve	Cr 11	0	0	0	Cr 11
Environmental Health - Housing Equalisation	Cr 137	137	Cr 137	0	Cr 137
Workways NPT Reserve	Cr 159	0	0	0	Cr 159
Environment Equalisation Reserve	Cr 715	182	29	187	Cr 317
Former Crown Site Reserve	0	0	0	Cr 312	Cr 312
	Cr 2,313	485	Cr 204	Cr 168	Cr 2,200
Operating Accounts					
Operating Accounts Equalisation	Cr 36	0	0	0	Cr 36
Vehicle Tracking	Cr 92	47	0	0	Cr 45
Operating Accounts -Vehicle Renewals	Cr 1,906	149	0	0	Cr 1,757
	Cr 2,034	196	0	0	Cr 1,838
Total Environment	Cr 4,347	681	Cr 204	Cr 168	Cr 4,038
FINANCE AND CORPORATE SERVICES					
Elections Equalisation Fund	Cr 240	Cr 15	0	0	Cr 255
Health & Safety / Occupational Health	Cr 41	0	0	0	Cr 41
Development Fund for Modernisation	Cr 115	0	0	0	Cr 115
IT Renewals Fund	Cr 843	445	Cr 163	Cr 200	Cr 761

Specific Reserves

Appendix 2

Description	Balance at 1st April 2020 £000	Original Reserve Movements 2020/21 £000	Changes already approved £000	Proposed changes in Period £000	Estimated Reserve Bal at 31 Mar 2021 £000
Corporate Equalisation Reserve	Cr 535	465	Cr 111	0	Cr 181
Building Capacity	Cr 197	75	Cr 24	Cr 30	Cr 177
Voluntary Organisation Reserve	Cr 13	0	0	0	Cr 13
Total Finance and Corporate Services	Cr 1,984	970	Cr 298	Cr 230	Cr 1,543
COUNCIL RESERVES					
Insurance Reserve	Cr 6,651	0	0	0	Cr 6,651
Swansea Bay City Deal	Cr 113	0	0	0	Cr 113
Income Generation Reserve	Cr 654	104	0	0	Cr 550
Members Community Fund	Cr 391	Cr 100	0	0	Cr 491
Community Resilience Fund	Cr 2,000	0	0	0	Cr 2,000
Housing Warranties	Cr 220	0	0	0	Cr 220
Pantteg Landslip Reserve	Cr 500	0	0	0	Cr 500
Waste Reserve	Cr 393	0	0	0	Cr 393
LAWDC Contingency Reserve	Cr 1,012	0	0	0	Cr 1,012
Schools IT Equalisation (HWB)	Cr 250	163	0	0	Cr 87
Corporate Contingency	Cr 2,269	48	0	0	Cr 2,221
Treasury Management Equalisation Reserve	Cr 7,639	0	0	0	Cr 7,639
ERVR - Transitional Reserve	Cr 4,536	0	60	0	Cr 4,476
Accommodation Strategy	Cr 2,274	250	0	0	Cr 2,024
Total Council Reserves	Cr 28,902	465	60	0	Cr 28,377
JOINT COMMITTEES					
Workways Regional Reserve	Cr 93	0	0	0	Cr 93

Specific Reserves

Appendix 2

Description	Balance at 1st April 2020 £000	Original Reserve Movements 2020/21 £000	Changes already approved £000	Proposed changes in Period £000	Estimated Reserve Bal at 31 Mar 2021 £000
Environment Legacy Reserve (SWTRA)	Cr 60	0	0	0	Cr 60
Substance Misuse Area Planning Board	Cr 41	0	0	0	Cr 41
WB Safeguarding Board Reserve	Cr 92	0	0	0	Cr 92
Intermediate Care Pooled Fund	Cr 28	0	0	0	Cr 28
	Cr 314	0	0	0	Cr 314
TOTAL ALL REVENUE RESERVES	Cr 38,262	2,679	Cr 639	Cr 1,032	Cr 37,254

General Reserve

Appendix 3

	Original Estimate 2020/21	Revised Estimate 2020/21	Difference 2020/21
	£'000	£'000	£'000
Opening balance 1st April	Cr 19,128	Cr 19,921	Cr 793
Council Tax increased income	Cr 1,300	Cr 1,300	0
Capital - Phase II Accommodation financing costs	170	170	0
Doubtful Debt Provision	200	200	0
Contributions to the Economic Development Fund	200	200	0
Community Councils Grant Scheme	25	46	21
Member Community Development Fund	300	300	0
Estimated budget shortfall as at 31st November 2020	0	4,054	4,054
Contribution from /to revenue	1,650	1,650	0
Estimated Closing balance 31st March	Cr 17,883	Cr 14,601	3,282