



Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

## **CABINET**

**28<sup>th</sup> JULY 2021**

### **REPORT OF THE DIRECTOR OF FINANCE & CORPORATE SERVICES**

**Matter for: Decision**

**Wards Affected – All Wards**

**Revenue Budget Monitoring and Update Report 2021/22 – as at end of May 2021**

#### **Purpose of Report**

1. To provide Members with an update in relation to current budget projections for the 2021/22 financial year.

#### **Summary and Background**

2. At this point in the financial year it is difficult to forecast with any great certainty what the position will be when we get to March 2022. We are still in the midst of a global Coronavirus Pandemic which is impacting on our activity levels across all Service areas.
3. At present it is forecast that the Net Authority budget will underspend this year by £178k after proposed reserve transfers. No reliance should be placed on this at this stage due to the number of uncertainties included within the assumptions made.
4. As during 2020/21 Members will receive bi-monthly budget monitoring and update reports due to the volatility caused by the Coronavirus Pandemic.

## **NPT Claims to WG LA Hardship Fund 2021/22**

5. The WG have provided funding into the LA Hardship Fund, for the first 6 months of 2021/22, totalling £206.6m. This fund is available to cover increased costs and loss of income claims. Further announcements are expected in due course of additional sums for the remainder of 2021/22.
6. The Council has recently submitted claims for additional Covid related costs (re April and May 2021) to the LA Hardship Fund totalling £1,110,718. To date we have received notification that £807,522 will be reimbursed with the balance remaining 'on hold' pending the provision of additional detail.
7. We are also awaiting decisions on claims re last year of circa £484k for Free School Meals. It is envisaged these will be resolved during the next month and if not paid in full will impact on our current year's budget.

## **Directorate Reports**

8. The following Directorate reports indicate the service areas where significant variances to the end of May 2021 against the net budget are:

9. **Education Leisure and Lifelong Learning**

There are no variances over £50k.

**The Education Leisure and Lifelong Learning budget is currently forecast to overspend by £9k.**

10. **Social Services Health & Housing**

The main variances (>£50k) are:

- Children's Social Residential Care £533k overspend  
The overspend is based on the assumption that there will be 14 children in residential care for the whole year, 3 more than the

provision in the budget. This is offset by a 1<sup>st</sup> quarter claim that we will send for reimbursement to the WG hardship fund totalling £128k re additional costs due to Covid. Step down provision is being explored for a number of placements which would further ease the pressure on this budget.

- Hillside – Secure Accommodation - £365k 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.

The gross annual projected loss of income is £862k and is based on an increase in the number of welfare beds occupied in the second half of the year (currently 5 increasing to 10 later in the year), which is partly offset by projected annual savings on staff costs of £496k due to the lower occupancy rate during the early part of the year.

The overspend is due to the low number of welfare placements and the resulting loss of income, which to date is £282k but this sum will be reduced by savings to date when we submit the net claim to the WG Hardship Fund.

WG have confirmed funding for loss of income due to Covid will be available during the first 6 months of 2021/22 and a claim will be submitted. If the Council is successful with its claim it will offset some of the projected overspend.

- Supported Accommodation for Children - £131k underspend  
The current budget is projected to underspend due to the increase provided by WG in the Housing Support Grant. A review of service need is currently being undertaken to assess future provision and options on best use of this projected underspend.
- Internal Fostering Service £149k underspend  
The underspend is due to projected savings on staff costs (£63k) due to in-year vacancies, savings on car allowances and lower number of in-house foster placements (188) compared to the provision in the budget (200).
- External Foster Placements £154k overspend  
The overspend is due to greater number of external foster placements (44) when compared to budget (33). It should be noted

that overall the Fostering service is showing a net overspend of £5k. If the net overspend continues to grow in future months the Council will be looking to recover the excess costs from the LA Hardship Fund.

- Community Care Management £91k underspend  
The underspend is due to savings on staff costs. Capacity is currently being reviewed as Covid Recovery work commences.
- Elderly Residential Care - External Provision £246k underspend  
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. The projection includes £400k for new placements and £100k for additional respite. As we are aware the WG Hardship Fund provides an additional £50 per week to residential care providers together with a top up payment for voids. This funding guarantee is in place until the end of August with further WG guidance announcements due re the level of financial support from September onwards. It is understood that from September there may be a reduction in the amount of financial support and this may impact on the viability of some care settings and providers.
- Domiciliary Care £227k underspend  
The underspend is due to vacancies in the in-house service, which is partly offset by an increase in placements costs in the external domiciliary care market (£375k). Similar to Residential Care we are awaiting clarification from WG whether the £1 per hour Covid supplement payment will continue from 1 July 2021.
- Other Community Care/Direct Payments £99k underspend  
The budget was based on 79 clients, only 68 elderly clients are currently receiving a direct payment, with similar service user levels projected for the remainder of the financial year.
- Aids & Equipment £169k underspend  
Due to underspends in previous years the joint equipment store was able to build up its reserves. Partners have agreed to draw down some of that funding in 21/22, this has resulted in lower partner contributions needed. This is a one-off saving for this financial year.

- Learning Disabilities (LD) – External Placements £75k underspend  
The demand for LD services has been less than anticipated due to the pandemic, resulting in the projected underspend. The projection includes £200k for new placements.
- Mental Health – External Placements £297k overspend  
The overspend is a result of more MH placements than was provided for in the budget.

**The Social Services Budget is projected to underspend by £303k.**

## **11. Environment**

- Car Parking - £211K overspend  
This is due to the assumption that there will be a reduction in car parking income during the year.
- Pollution Control - £85K  
This projected overspend will be reduced to zero if the reserve request detailed below is approved.

**The Environment budget is projected to overspend by £166k (after proposed transfers from reserves).**

## **12. Corporate Services**

- Digital Services - £110k overspend  
The Budget for the Chief Digital Officer post was established in the Directorate Management Team budget but needs to move to the Digital Services Division. The proposed virements below will correct this if approved.
- Directorate Management - £133k underspend  
£110k of this variance is as per the Digital Services overspend above (Chief Digital Officer) and is included in the proposed virements below. The balancing £22k relates to projected staff savings.

**The Corporate Services Directorate is projected to underspend by £50k.**

### **13. Central Budgets**

All Central Budgets are forecast to be spent as per the original budget at this point in time.

#### **Virements**

14. 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

15. Members are requested to approve the following virements in line with the Council's constitution:

Dir.	Service Area	Transfer From £	Transfer To £
CORP	Directorate Management	110,000	
CORP	Digital Services		110,000
<b>Total</b>		<b>110,000</b>	<b>110,000</b>

16. A schedule of virements already approved by Corporate Directors Group (CDG) is appended to this report.

#### **Reserve movements**

17. The following reserve movements are proposed for approval by Cabinet.

<u>Value to / (from) £</u>	<u>Reserve</u>	<u>Service Area</u>	<u>Reason</u>
(45,000)	Environment Equalisation	Building Maintenance	Fund works planned for 2021/22

<u>Value to / (from) £</u>	<u>Reserve</u>	<u>Service Area</u>	<u>Reason</u>
(5,000)	Environment Equalisation	Swansea Bay City Region	Fund additional expenditure
(21,583)	Environment Equalisation	Network Management	Additional staff costs
(33,333)	Environment Equalisation	Planning / Development Control	Additional staff and ICT costs
(85,000)	Air Quality Monitoring	Pollution Control Services	Fund air quality monitoring equipment
30,942	LDP	Local Development Plan	Match updated expenditure plans
16,792	Environment Equalisation	Non-Operational Land	Fund future works at Harbour Court
(1,465,000)	Vehicle Renewals	Transport Management	To fund vehicle purchases that were delayed from 2020/21
(320,000)	Members Community Fund	Members Fund	Anticipated 50% draw down during 2021/22 to fund approved projects.
(100,000)	DARE	Environment	To fund decarbonisation initiatives
(250,000)	Corporate Contingency Reserve	Environment	Additional Seasonal Maintenance Staff and other initiatives – further pull expected in 2022/23
TBC	Community Resilience Fund	Social Services	Additional staff and develop proposals to augment the work of Local Area Co-ordinators

### **Additional grants awarded**

18. The following additional grants have been awarded to the Council:

- Period dignity in schools and communities grant £116,328
- Transition funding £73,536

### **Integrated Impact Assessment**

19. 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**

20. 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**

21. 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**

22. 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**

23. COVID19 has impacted significantly on the Council, its services and activities since the initial UK Government Lockdown announcement of March 2020.
24. Some services have continued with adaptations to operate e.g. with social distancing or use of PPE including residential care homes, domiciliary care, waste collection and waste disposal services. Some of the new services developed in 2020/21 to safeguard vulnerable people such as those shielding i.e. safe and well, new systems developed to work from home, pay grants to



businesses and families of children entitled to Free School Meals and the Test Trace and Protect services have continued to operate in the current financial year.

25. Governance arrangements were also updated and continue to operate under new arrangements.
26. 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 2021/22 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**

27. There is no requirement for external consultation on this item

### **Recommendation**

28. It is recommended that Cabinet **approve and commend** to Council the budget virement and reserve movements set out in this report.

### **Reason for Proposed Decision**

29. To comply with the Council's constitution in relation to budget virements and reserve requests and to update the Council's Budget projections for 2021/22.

### **Implementation of Decision**

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

## **Appendices**

31. Appendix 1 – Budget Virements approved by CDG  
Appendix 2 – Budget Summary  
Appendix 3 – Specific Reserves Schedule  
Appendix 4 – General Reserve Balance

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## Appendix 1 – Budget Virements Approved by CDG

The following virements have been approved by Corporate Directors Group.

Dir.	Service Area	Transfer From £	Transfer To £
ENV	Corporate Management	93,117	
ENV	Estates		37,052
ENV	Planning Policy		7,696
ENV	General Environmental Health		6,897
ENV	Food		14,898
ENV	Network Management		6,780
ENV	Waste Enforcement		6,812
ENV	Drainage		12,982
CORP	Executive Support	54,633	
CORP	Scrutiny Services		54,633
<b>Total</b>		<b>147,750</b>	<b>147,750</b>



**Appendix 3 – Specific Reserves Schedule**

<b>Description</b>	<b>Reserve Balance at 1st April 2021 £</b>	<b>Approved Reserve Movements £</b>	<b>Current Projected Balance @ 31st March 2022 £</b>	<b>Additional Requests £</b>	<b>Proposed Balance @ 31st March 2022 £</b>
<b>EDUCATION, LEISURE &amp; LIFELONG LEARNING</b>					
<b><i>Delegated Schools Cash Reserves</i></b>					
ERVR Primary	Cr5,925	1,462	Cr4,463	0	Cr4,463
Primary Schools Reserve A/c	Cr4,372,665	0	Cr4,372,665	0	Cr4,372,665
Secondary Schools Reserve A/c	Cr2,048,586	0	Cr2,048,586	0	Cr2,048,586
Special Schools Reserve A/c	Cr354,365	0	Cr354,365	0	Cr354,365
Middle School Reserve A/c	Cr439,704	0	Cr439,704	0	Cr439,704
Repair & Maintenance Reserve	Cr161,160	0	Cr161,160	0	Cr161,160
	<b>Cr7,382,406</b>	<b>1,462</b>	<b>Cr7,380,944</b>	<b>0</b>	<b>Cr7,380,944</b>
<b><i>Education, Leisure and Lifelong Learning</i></b>					
Margam Discovery Centre - Building Maintenance Reserve	Cr47,774	Cr50,000	Cr97,774	0	Cr97,774
Equalisation Account-Education	Cr1,893,000	0	Cr1,893,000	0	Cr1,893,000
Home to School Transport	Cr111,070	0	Cr111,070	0	Cr111,070
	<b>Cr2,051,844</b>	<b>Cr50,000</b>	<b>Cr2,101,844</b>	<b>0</b>	<b>Cr2,101,844</b>
<b>Total Education Leisure &amp; Lifelong Learning</b>	<b>Cr9,434,250</b>	<b>Cr48,538</b>	<b>Cr9,482,788</b>	<b>0</b>	<b>Cr9,482,788</b>
<b>SOCIAL SERVICES, HEALTH &amp; HOUSING</b>					
Homecare ECM Equipment Reserve	Cr86,756	Cr10,000	Cr96,756	0	Cr96,756
Community Care Transformation Reserve	Cr455,561	0	Cr455,561	0	Cr455,561
Social Services Equalisation	Cr2,000,114	0	Cr2,000,114	0	Cr2,000,114
Hillside General Reserve	Cr430,663	0	Cr430,663	0	Cr430,663

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Youth Offending Team Reserve	Cr167,897	0	Cr167,897	0	Cr167,897
Adoption Service	Cr500,000	0	Cr500,000	0	Cr500,000
Children's Residential Placements	Cr276,000	0	Cr276,000	0	Cr276,000
SSHH IT Renewals Fund	Cr700,000	0	Cr700,000	0	Cr700,000
<b>Total Social Services, Health and Housing</b>	<b>Cr4,616,991</b>	<b>Cr10,000</b>	<b>Cr4,626,991</b>	<b>0</b>	<b>Cr4,626,991</b>
<b>ENVIRONMENT</b>					
Transport Reserve	Cr151,541	60,000	Cr91,541	0	Cr91,541
Asset Recovery Incentive Scheme	Cr125,894	38,000	Cr87,894	0	Cr87,894
Local Development Plan	Cr290,072	50,000	Cr240,072	Cr30,942	Cr271,014
Winter Maintenance Reserve	Cr744,162	0	Cr744,162	0	Cr744,162
Baglan Bay Innovation Centre - Dilapidation Reserve	Cr77,517	0	Cr77,517	0	Cr77,517
Renewable Energy Reserve	Cr15,746	0	Cr15,746	0	Cr15,746
Environmental Health - Housing Equalisation	Cr137,000	137,000	0	0	0
Workways - NPT	Cr252,491	0	Cr252,491	0	Cr252,491
Environment Equalisation Reserve	Cr763,087	193,002	Cr570,085	88,124	Cr481,961
Metal Box Reserve	Cr356,418	32,000	Cr324,418	0	Cr324,418
Air Quality Monitoring Reserve	Cr85,000	0	Cr85,000	85,000	0
Operating Account - Equalisation	Cr36,043	0	Cr36,043	0	Cr36,043
Vehicle Tracking	Cr92,186	0	Cr92,186	0	Cr92,186
Vehicle Renewals	Cr2,321,235	Cr843,812	Cr3,165,047	1,465,000	Cr1,700,047
<b>Total Environment</b>	<b>Cr5,448,392</b>	<b>Cr333,810</b>	<b>Cr5,782,202</b>	<b>1,607,182</b>	<b>Cr4,175,020</b>

### Appendix 3 – Specific Reserves Schedule

Description	Reserve Balance at 1st April 2021 £	Approved Reserve Movements £	Current Projected Balance @ 31st March 2022 £	Additional Requests £	Proposed Balance @ 31st March 2022 £
<b>CORPORATE SERVICES</b>					
Elections Equalisation Fund	Cr335,139	Cr15,000	Cr350,139	0	Cr350,139
Health & Safety/Occupational Health	Cr40,501	0	Cr40,501	0	Cr40,501
Development Fund for Modernisation	Cr168,032	0	Cr168,032	0	Cr168,032
IT Renewals Fund	Cr933,394	315,000	Cr618,394	0	Cr618,394
Corporate Equalisation Reserve	Cr597,236	133,500	Cr463,736	0	Cr463,736
Building Capacity	Cr197,295	139,000	Cr58,295	0	Cr58,295
Voluntary Organisation Reserve	Cr33,300	0	Cr33,300	0	Cr33,300
<b>Total Finance and Corporate Services</b>	<b>Cr2,304,897</b>	<b>572,500</b>	<b>Cr1,732,397</b>	<b>0</b>	<b>Cr1,732,397</b>
<b>CORPORATE</b>					
Insurance Reserve	Cr5,998,621	0	Cr5,998,621	0	Cr5,998,621
Swansea Bay City Deal	Cr112,786	112,786	0	0	0
Income Generation Reserve	Cr1,120,252	77,000	Cr1,043,252	0	Cr1,043,252
Members Community Fund Reserve	Cr662,114	0	Cr662,114	320,000	Cr342,114
Community Resilience Fund	Cr2,000,000	0	Cr2,000,000	0	Cr2,000,000
Housing Warranties Reserve	Cr220,000	0	Cr220,000	0	Cr220,000
Pantteg Landslip Reserve	Cr500,000	0	Cr500,000	0	Cr500,000
Waste Reserve	Cr393,152	0	Cr393,152	0	Cr393,152
LAWDC Contingency Reserve	Cr1,013,444	0	Cr1,013,444	0	Cr1,013,444
DARE Reserve	Cr2,000,000	0	Cr2,000,000	100,000	Cr1,900,000
Digital Transformation Reserve	Cr1,170,000	0	Cr1,170,000	0	Cr1,170,000
Schools IT Equalisation (HWB)	Cr400,000	0	Cr400,000	0	Cr400,000

**Appendix 3 – Specific Reserves Schedule**

<b>Description</b>	<b>Reserve Balance at 1st April 2021 £</b>	<b>Approved Reserve Movements £</b>	<b>Current Projected Balance @ 31st March 2022 £</b>	<b>Additional Requests £</b>	<b>Proposed Balance @ 31st March 2022 £</b>
Corporate Contingency	Cr4,741,000	1,437,000	Cr3,304,000	250,000	Cr3,054,000
Treasury Management Equalisation Reserve	Cr8,901,803	Cr239,000	Cr9,140,803	0	Cr9,140,803
ERVR Transitional Reserve	Cr4,407,523	0	Cr4,407,523	0	Cr4,407,523
Accommodation Strategy	Cr2,273,580	0	Cr2,273,580	0	Cr2,273,580
<b>CORPORATE OTHER</b>	<b>Cr35,914,275</b>	<b>1,387,786</b>	<b>Cr34,526,489</b>	<b>670,000</b>	<b>Cr33,856,489</b>
<b>JOINT COMMITTEE/ OTHER</b>					
Workways - Regional Reserve	Cr154,419	0	Cr154,419	0	Cr154,419
Environment Legacy Reserve (SWTRA)	Cr59,728	0	Cr59,728	0	Cr59,728
Substance Misuse Area Planning Board	Cr34,847	0	Cr34,847	0	Cr34,847
WB Safeguarding Board Reserve	Cr108,304	0	Cr108,304	0	Cr108,304
Intermediate Care pooled fund	Cr28,429	0	Cr28,429	0	Cr28,429
<b>JOINT COMMITTEE/ OTHER</b>	<b>Cr385,727</b>	<b>0</b>	<b>Cr385,727</b>	<b>0</b>	<b>Cr385,727</b>
<b>TOTAL ALL REVENUE RESERVES</b>	<b>Cr58,104,532</b>	<b>1,567,938</b>	<b>Cr56,536,594</b>	<b>2,277,182</b>	<b>Cr54,259,412</b>



**Appendix 4 – General Reserve Balance**

	<b>2021/22 Original</b>	<b>2021/22 Projected</b>	<b>2021/22 Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Opening balance 1st April</b>	<b>Cr 19,845</b>	<b>Cr 20,036</b>	<b>Cr 191</b>
Council Tax increased income	Cr 1,000	Cr 1,000	0
Capital - Phase II Accommodation financing costs	160	160	0
Doubtful Debt Provision	200	200	0
Contributions to the Economic Development Fund	200	200	0
Community Councils Grant Scheme	25	25	0
Transfer to Members Community Development Fund	300	300	0
Contribution to revenue budget	3,100	3,100	0
<b>Estimated Closing balance 31st March</b>	<b>Cr 16,860</b>	<b>Cr 17,051</b>	<b>Cr 191</b>