



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

CABINET

22nd September 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 July 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 £1.583m after proposed reserve transfers. This is a projection as at the end of July and the position and assumptions made are subject to updating as we progress through the rest of the financial year.
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 monthly claims for additional Covid related costs (re April through to July 2021) to the LA Hardship Fund totalling £3.035m. To date we have been reimbursed £2.4m. A loss of income claim of £1.221m for quarter one has also been agreed.
7. It has now been confirmed that the outstanding claims re last year of circa £484k for Free School Meals will be reimbursed.

Directorate Reports

8. The following Directorate reports indicate the service areas where significant variances (of over £50k) to the end of July 2021 against the net budget are:

9. Education Leisure and Lifelong Learning

Margam Country Park £82k Overspend

This overspend is based on the assumption that the park shop will operate at a much reduced capacity due to safe social distancing.

Management and Administration £93k overspend

This overspend is due to the appointment of an additional Head of Service with effect from June 30th. As per the Personnel Committee report, the additional Head of Service post will be funded by the deletion of two posts within the current ELLL structure and a virement between various budgets is requested later in this report.

Strategic school improvement programme £63K underspend

This underspend is due to a vacant post within the budget which will be deleted as per the Personnel Committee report to partly

fund the creation of a new Head of Service post within the ELLL management team. A virement to move this budget is requested later in this report.

Additional learning needs - £62K overspend

A new online system has now been implemented at the cost of £62k. In 2020/21 a contribution into reserves to pay for this system once completed was agreed. The work has now been completed and a reserve request is detailed further in this report.

The Education Leisure and Lifelong Learning budget is currently forecast to underspend by £2k (After proposed reserve requests)

10. Social Services Health & Housing

The main variances (>£50k) are:

- Children's Social Residential Care £307k 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 includes an offset by monthly claims that we have requested from the WG hardship fund totalling £284k 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 - £178k 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 overspend is due to the low number of welfare placements and the resulting loss of income, which to date is £286k has been reduced by a claim to the WG Hardship Fund.
- Daycare External provision - £81k underspend
The underspend is due to savings on staff costs
- 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 £207k underspend
The underspend is due to projected savings on staff costs due to in-year vacancies, savings on car allowances and lower number of in-house foster placements (180) compared to the provision in the budget (200).
- External Foster Placements £125k overspend
The overspend is due to greater number of external foster placements (37) when compared to budget (33). It should be noted that overall the Fostering service is showing a net underspend of £82k.
- Business Support Services £96k underspend
The underspend is due to savings on staff costs
- Community Care Management £72k 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 **Assumed Full Budget use but concern re WG Covid funding strategy.
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, this funding is guaranteed until the end of September. A void top up payment is also available for those care homes where occupancy is below 90%, this funding is in place until the end of August.

Welsh Government have announced that from September there will be a tapered reduction in this support. It is therefore assumed at this stage that the projected underspend on placements of £271k will be needed for NPT to pay increased costs to care providers during the second half of 2021/22.

- Domiciliary Care £314k 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 (£219k). The WG Hardship fund provides an additional £1 per hour to domiciliary care providers, this funding is guaranteed until the end of March 2022.
- Other Community Care/Direct Payments £115k underspend
The budget was based on 79 clients, only 66 elderly clients are currently receiving a direct payment, with similar service user levels projected for the remainder of the financial year.
- Aids & Equipment £171k 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 2021/22, this has resulted in lower partner contributions needed. This is a one-off saving for this financial year.
- Learning Disabilities (LD) – External Placements £92k underspend
The demand for Learning Disability 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 £399k overspend
The overspend is a result of more Mental Health placements than was provided for in the budget.

The Social Services and Housing budget is currently forecast to underspend by £523k

11. Environment

- Car Parking - £256K overspend
This is due mainly to reduced income from car parking and enforcement. However, the Authority is currently claiming loss of income from Welsh Government and if these claims continue to be awarded the anticipated overspend will reduce. This projection includes the impact of free town centre car parking approved for the month of August totalling £92k.

- Waste disposal - £362k underspend
During the 2020/21 financial year there was a reduction in the unit price being received for sale of recycling products and some items such as cardboard which were usually income generating were incurring costs for disposal. The 2021/22 budget was set on the assumption that these trends would continue. However, this is a volatile market and both cardboard and food waste are no longer incurring costs for disposal and are generating income instead resulting in a projected reduction in the net costs of waste disposal.
- Neighbourhood services-£100k underspend
A transfer of staff between Neighbourhood Services and Refuse Collection has resulted in an underspend in one area and a corresponding overspend in the other. A virement request is included later in this report
- Refuse - £100k overspend
Please see above
- Parks and open spaces - £75k overspend
Planned expenditure has been incurred dealing with the issue of ash die back. Funding for this work has already been set aside in the Environment Equalisation reserve. A request to utilise this reserve is included later in this report
- Metal box - £124k overspend
Improvement work at the former Metal Box building has been carried out resulting in this overspend. A request to fund this from reserves is requested later in this report
- General Environmental Health - £130k underspend
A contribution from reserves of £137k to fund planned work on empty properties was included within the original budget. This work will no longer be taking place this year due to Covid restrictions therefore it is requested that £130k be transferred back to the Environmental Health Housing Equalisation Reserve for use in future years.

The Environment budget is projected to underspend by £195k (after proposed transfers from reserves).

12. Corporate Services

There are no variances of £50k or more.

The Corporate Services Directorate is projected to underspend by £64k.

13. Central Budgets

Central budgets include a pay and pensions contingency amount of £1.4m. The base budget allows for 1% but the pay award offers are higher at:

Teachers – WG have confirmed a 1.75% increase
Green Book – final offer of 2.75% for SCP1 and 1.75% for all other points and chief officers 1.5%

At present it is proposed to provide £600k of additional funding to some Service Directorates to help meet the additional cost of this pay award. This will result in an underspend of £800k which will remain in the central budget for pay and pensions contingency but may be required later in the year once the pay awards have been confirmed.

In September 2021 WG have announced an all Wales grant of £6.4m to fund teachers' pay increases. Neath Port Talbot's allocation is at yet unknown but is likely to be in the region of £300k.

Central budgets are projected to underspend by £800k.

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

Dir.	Service Area	Transfer From £	Transfer To £
ENV	Refuse Collection		100,000
ENV	Neighbourhood Services	100,000	
ELLL	Strategic School Improvement Service	62,722	
ELLL	Additional Learning Needs	70,515	
ELLL	Management And Administration		133,237
SSH	Community Care Management	61,570	
SSH	Community Care Social Work		61,570
TOTAL		294,807	294,807

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>
130,000	Environmental Health-Housing equalisation	Environmental Health	Original pull from reserve not required and needs to be available in future years.
(75,000)	Environment Equalisation reserve	Park and Open Spaces	To fund planned expenditure within 2021/22
(124,000)	Metal box	Metal Box	To fund continued improvements within 2021/22
(3,000)	Environment equalisation	Non Operational Land	To fund alley gate expenditure in 2021/22
(62,000)	ELLL equalisation	Additional Learning needs	Implementation of a new additional learning

<u>Value to / (from) £</u>	<u>Reserve</u>	<u>Service Area</u>	<u>Reason</u>
			needs system that was delayed from 2020/21
862,147	Insurance Reserve	Insurance	Please see below *

* During the audit of the Councils 2020/21 Accounts Audit Wales identified that the provision required to cover Insurance claims was overstated by £862,147 and the Insurance reserve understated by an equivalent amount. This adjustment corrects this misstatement.

Additional grants awarded

There are no new grants in July

Integrated Impact Assessment

18. 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

19. 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

20. 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

21. 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

22. COVID19 has impacted significantly on the Council, its services and activities since the initial UK Government Lockdown announcement of March 2020.
23. 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.
24. Governance arrangements were also updated and continue to operate under new arrangements.
25. 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

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

Recommendation

27. It is recommended that Cabinet:
- **Approve** the budget virements as set out in this report
 - **Approve** the reserve requests as set on in this report

Reason for Proposed Decision

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

Implementation of Decision

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

Appendices

30. 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		85,702
ENV	Drainage	12,982	
ENV	Network Management	6,780	
ENV	Waste Enforcement	3,406	
ENV	Food Health	14,898	
ENV	Policy	7,696	
ENV	Strategic Development	15,000	
ENV	Office management	16,000	
ENV	Waste Management	8,940	
ENV	Crynant Business Park	13,517	
ENV	Industrial Workshops		13,517
CORP	Legal Services Safeguarding Teams	33,686	
CORP	Commercial and Governance		33,686
CORP	Executive Support	4,263	
CORP	Scrutiny Services		4,263
TOTAL		137,168	137,168

Appendix 2 – Budget Summary

Summary 2021-22	Original	Revised	Projected	Proposed		Variance
As at end of July 2021	Budget	Budget	Outturn	reserves	virement	after virement/ reserves
	£	£	£	£	£	£
Education, Leisure and Lifelong Learning - Schools	93,314,000	93,314,000	93,314,000			0
Education, Leisure and Lifelong Learning - Other	27,560,000	27,560,000	27,620,327	(62,000)		-1,673
Social Services Health & Housing	87,276,000	87,276,000	86,752,706			-523,294
Environment	41,929,000	41,929,000	41,806,415	(72,000)		-194,585
Corporate Services	18,775,000	18,775,000	18,711,364			-63635
Directly Controlled Expenditure	268,854,000	268,854,000	268,204,812	(134,000)		-783,188
Swansea Bay Port Authority	45,767	45,767	45,767			0
Fire Authority	8,179,504	8,179,504	8,179,504			0
Margam Crematorium	1,000	1,000	1,000			0
Archives	96,798	96,798	96,798			0
Magistrates Court	11,485	11,485	11,485			0
Capital Financing	19,667,439	19,667,439	19,667,439			0
Council Tax Support	19,834,579	19,834,579	19,834,579			0
Pay & Pension Provision	1,400,000	1,400,000	600,000			-800,000
Contingency	755,077	755,077	755,077			0
Management of change	500,000	500,000	500,000			0
Cont. from General Reserve	-3,100,000	-3,100,000	-3,100,000			0
Net Budget Requirement	316,245,649	316,245,649	314,796,461	(134,000)		-1,583,188
RSG	-188,898,504	-188,898,504	-188,898,504			0
NNDR	-47,781,525	-47,781,525	-47,781,525			0
Discretionary rate relief	386,684	386,684	386,684			0
Council Tax	-79,952,304	-79,952,304	-79,952,304			0
Total Funding	-316,245,649	-316,245,649	-316,245,649	0	0	0
Projected Net Underspend			- 1,449,188			-1,583,188

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 £
EDUCATION, LEISURE & LIFELONG LEARNING					
<i>Delegated Schools Cash Reserves</i>					
ERVR Primary Reserve	Cr5,925	1,462	Cr4,463	0	Cr4,463
Primary Schools Reserve	Cr4,372,665	0	Cr4,372,665	0	Cr4,372,665
Secondary Schools Reserve	Cr2,048,586	0	Cr2,048,586	0	Cr2,048,586
Special Schools Reserve	Cr354,365	0	Cr354,365	0	Cr354,365
Middle School Reserve	Cr439,704	0	Cr439,704	0	Cr439,704
Repair & Maintenance Reserve	Cr161,160	0	Cr161,160	0	Cr161,160
	Cr7,382,406	1,462	Cr7,380,944	0	Cr7,380,944
<i>Education, Leisure and Lifelong Learning</i>					
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	62,000	Cr1,831,000
Home to School Transport	Cr111,070	0	Cr111,070	0	Cr111,070
	Cr2,051,844	Cr50,000	Cr2,101,844	62,000	Cr2,039,844
Total Education Leisure & Lifelong Learning	Cr9,434,250	Cr48,538	Cr9,482,788	62,000	Cr9,420,788
SOCIAL SERVICES, HEALTH & HOUSING					
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

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 £
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
Total Social Services, Health and Housing	Cr4,616,991	Cr10,000	Cr4,626,991	0	Cr4,626,991
ENVIRONMENT					
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	19,058	Cr271,014	0	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	Cr130,000	Cr130,000
Workways - NPT	Cr252,491	0	Cr252,491	0	Cr252,491
Environment Equalisation Reserve	Cr763,087	281,126	Cr481,961	78,000	Cr403,961
Metal box Reserve	Cr356,418	32,000	Cr324,418	124,000	Cr200,418
Air Quality Monitoring Reserve	Cr85,000	85,000	0	0	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	621,188	Cr1,700,047	0	Cr1,700,047
Total Environment	Cr5,448,392	1,273,372	Cr4,175,020	72,000	Cr4,103,020

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 £
CORPORATE SERVICES					
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
Total Finance and Corporate Services	Cr2,304,897	572,500	Cr1,732,397	0	Cr1,732,397
CORPORATE					
Insurance Reserve	Cr5,998,621	0	Cr5,998,621	Cr862,147	Cr6,860,768
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	320,000	Cr342,114	0	Cr342,114
Community Resilience Fund	Cr2,000,000	150,000	Cr1,850,000	0	Cr1,850,000
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	250,000	Cr1,750,000	0	Cr1,750,000
Digital Transformation Reserve	Cr1,170,000	0	Cr1,170,000	0	Cr1,170,000

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 £
Schools IT Equalisation (HWB)	Cr400,000	0	Cr400,000	0	Cr400,000
Corporate Contingency	Cr4,741,000	2,332,000	Cr2,409,000	0	Cr2,409,000
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
CORPORATE OTHER	Cr35,914,275	3,002,786	Cr32,911,489	Cr862,147	Cr33,773,636
JOINT COMMITTEE/ OTHER					
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
JOINT COMMITTEE/ OTHER	Cr385,727	0	Cr385,727	0	Cr385,727
TOTAL ALL REVENUE RESERVES	Cr58,104,532	4,790,120	Cr53,314,412	Cr728,147	Cr54,042,559

Appendix 4 – General Reserve Balance

	2021/22 Original	2021/22 Projected	2021/22 Variance
	£'000	£'000	£'000
Opening balance 1st April	Cr 19,845	Cr 20,036	Cr 191
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
Estimated Closing balance 31st March	Cr 16,860	Cr 17,051	Cr 191