



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

CABINET

24th NOVEMBER 2021

REPORT OF THE CHIEF FINANCE OFFICER

Monthly Budget Monitoring Report 2021/22

– As at end of September 2021

Section A - Matter for Decision:

Background

Given the continued uncertainty caused by the ongoing pandemic forecasting what we think the financial position will be as at the end of March 2022 is difficult.

Since the budget was set back in March we have experienced a second wave of Coronavirus and we are currently in a third wave with a sustained period of high infection rates.

There are workforce pressures being felt across the organisation in relation to a number of front line services. There is also considerable pent up demand in the system as demand for services increases at a time when the availability of workforce is contracting.

These service related pressures are also impacting on several support service areas, in particular Human Resources and Digital Services, as staff are intensifying their efforts to assist front line teams.

Since the budget was originally set the Welsh Government have also confirmed that the Hardship Fund will continue until March 2022. This is very much welcome and means that the Council's financial position for 2021/22 has improved significantly.

Summary Financial Position

At present it is forecast that the Council's budget will underspend by £8.3m. This means that the planned transfer from general reserves of £3.1m is no longer required.

The forecast underspend will reduce to £1.1m if the proposed reserve transfers included in this report are agreed.

Further work will be undertaken by Officers and reported back to a future Cabinet meeting in relation to whether there are priority catch up works which can be delivered by the end of March to utilise some of this residual underspend.

A summarised outturn position by Service area is included at Appendix 1 of this report. Detailed explanations are included below.

Directorate Reports

The attached Directorate reports indicate the service areas where significant variances against the budget are projected.

The main variances identified are as follows:-

Education Leisure and Lifelong Learning

The main variances (>£50k) are:

Specific School Contingencies £219k Underspend

The core budget included additional funding of £219k to support a fall in secondary school meals income due to the increase in Free School Meals entitlement. This provision will not be required in year.

School meals £113k Underspend

A budget pressure provision for £96k within this service will no longer be required as claims to the WG loss of income fund have been confirmed until March 2022

Margam Park £279k Underspend

In order to set the 2021/22 budget for the Orangery a reserve of £279k was agreed to offset the loss of income which would arise due to the venue being used as a vaccination centre. WG have since confirmed that loss of income due to COVID can be claimed for the financial year

2022 and this has resulted in an under spend of £279k. It is requested elsewhere in this report to reverse the budgeted contribution from reserve of £279k which will eliminate this underspend.

The Education Leisure and Lifelong Learning budget is currently forecast to underspend by £757k which will reduce to £478k if the proposed reserve transfers are agreed

Social Services Health & Housing

The main variances (>£50k) are:

Children's Social Residential Care - £129k 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 claim that we will send for reimbursement to the WG hardship fund totalling £536k relating to 2 additional placements due to Covid. Step down provision is being explored for a number of placements which would further ease the pressure on this budget.

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 £211k 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 (182) compared to the provision in the budget (200).

External Foster Placements - £142k overspend

The overspend is due to greater number of external foster placements (35) when compared to budget (33). The projection includes a contingency of £45k for new placements. It should be noted overall the fostering service is showing a net underspend of £69k

Child and Family Management - £79k underspend

The underspend is due to savings on legal costs

Business Support Services - £95k underspend

The underspend is due to savings on staff costs

Community Care - Social Work £105k underspend

The underspend is due to savings on staff costs

Elderly Residential Care £318k underspend

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 £213k for new placements. 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 March 21, although will taper off from October. 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 March, but started to taper off from September.

Domiciliary Care £526k underspend

The under spend 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 (£28k). The projection includes £262k for new placements. The WG Hardship fund provides an additional £1 per hour to domiciliary care providers, this funding is guaranteed until the end of March 2022.

Community Resource Team £89k underspend

The underspend is due to savings on staff costs

Other Community Care/Direct Payments £118k underspend

The budget was based on 79 clients, only 63 elderly clients are currently receiving a direct payment, with similar service user levels projected for the remainder of the financial year.

Aids & Equipment £175k underspend

Due to under spends 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 – External Placements £354k underspend

The demand for learning disabilities services has been less than anticipated due to the pandemic, resulting in the projected underspend.

Community Independence Service £120k underspend

The underspend is due to savings on staff costs

Mental Health – External Placements £316k overspend

The overspend is a result of more mental health placements than was provided for in the budget. The projection includes £100k for new placements

Contribution to Reserves - £1m

It is proposed to transfer £1m from the above overall underspend into the Social Services Equalisation Reserve in order to fund potential costs associated with residential care in future years.

The Social Services and Housing budget is currently forecast to underspend by £2.402m which will reduce to £952k if the proposed reserve transfers are agreed

Environment

Car Parking - £169K underspend

This is due mainly to staff car parking and enforcement. WG have confirmed that we are able to reclaim our loss of income to March 2022.

Waste disposal - £314k 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 an anticipated reduction in the net costs of waste disposal.

Household Waste Recycling Centres £62K overspend

The contract costs at the Briton Ferry site are greater than included in the budget.

Non Operational Land £67K under spend

Due to additional income from the Welsh Government loss of income claim.

City deal £112K underspend

This underspend is due to a delay in expenditure plans. A request to transfer this underspend into reserves is included elsewhere in this report.

The Environment budget is currently forecast to underspend by £1.070m which will reduce to £507k if the proposed reserve transfers are agreed.

Corporate Services

Housing Benefits - £72k underspend

This is due to two vacant posts not being filled, along with additional Housing Benefits admin fee income which wasn't originally budgeted for.

The Corporate services budget is currently forecast to underspend by £232k which will reduce to £165 if the proposed reserve transfers are agreed

Central Budgets

Pay and Pensions Contingency underspend - £1.4m

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 reached agreement on a 1.75% increase. WG have announced an all Wales grant of £6.4m to fund teacher pay increases. Neath Port Talbot's allocation has been confirmed as £301k and this will be passed on to Schools in full.

Green Book – a final offer of 2.75% for SCP1 and 1.75% for all other points and Chief Officers 1.5%. In relation to green book staff this offer

has been rejected by all three main Trade Unions who are now considering what action, if any, to take.

The Directorate projected outturn figures have been prepared on the basis of the above pay award proposals. It is therefore proposed to not transfer any additional funding to Service Directorates to meet the additional cost of this pay award due to the current level of underspends. This will result in an underspend of £1.4m in the pay and pensions contingency.

It is proposed that £0.3m of this underspend be transferred to Digital Services. Many services are now working from home (WFH) and considerable savings are accruing by staff not needing to travel for work purposes. The move to WFH was facilitated at pace by Digital Services and there is now a significant backlog in terms of dealing with critical operational issues hence one of the reasons for increasing capacity.

Council Tax Support - £635k underspend

The cost of Council Tax Support is currently projected to be lower than the budget by £635k. Members will be aware that this budget was increased as part of the 2021/22 budget setting process in anticipation that there would be a surge in demand as a result of the pandemic. Thankfully this increase in demand has not materialised.

Central Contingency and Management of Change – £1m underspend

At present no pressures that cannot be contained within the directorate guidelines have been identified resulting in a combined underspend of £1m against these budget headings

Council Tax Collection

Council Tax collection rates are now back at the same level as they were pre-pandemic. As a result it is anticipated that the amount of income collected will exceed the original estimate by c£1.1m.

As a result of the various underspends detailed above it is proposed to transfer £2m into a Service Resilience reserve as outlined in the Chief Executive's Service Resilience Report which is also being considered at today's Cabinet meeting.

In addition the originally proposed contribution from General Reserves of £3.1m is no longer required. The funding can remain within the reserve and assist the Council in dealing with any unforeseen issues.

Update on 'Investments from Reserves' Proposals

On 30th June 2021 Cabinet approved a number of investments to be funded from reserves. An update on these proposals is detailed below:

Employee additional seasonal staff - £135k

This proposal is on track to be delivered and will deliver improved appearance and maintenance works in town centres, valleys and across the communities of the County Borough

Employ additional staff and develop proposals to augment the work of Local Area Co-ordinators - £150k

Eight new local area co-ordinators have been appointed this year, all funded through additional grants. Seed funding is also being provided to communities and third sector organisations, this again is funded from additional grant so there is no requirement to draw down from the specific reserve in this financial year..

DARE- £150k

Will be used to fund the implementation of the Council's decarbonisation agenda. The DARE Strategy is being updated to reflect the Welsh Government's Programme for Government and related policy commitments.

Grants to small businesses of up to £20k each to help them succeed into 2022 and beyond - £260k

This initiative will be launched in January 2022 as reported to the 22nd October Regeneration and Sustainable Development Cabinet Board.

Commercial Property Grants – pump priming for UK Levelling Up Fund bid - £250k

Unfortunately the Levelling Up Fund bid in relation to Commercial Property Grants was unsuccessful so this 'pump priming' funding is no longer required in this financial year. This funding will remain earmarked within the reserve in order to fund any future requirements in terms of developing 'oven ready' projects.

Virements

The following virements are proposed for approval by Cabinet.

Dir.	Service Area	Transfer To £	Transfer From £
Central	Pay and Pensions Contingency		300,000
Corp	Digital Services	300,000	
TOTAL		300,000	300,000

A number of virements of £100,000 or below have been approved by Corporate Directors under the Council's constitution, these are detailed in Appendix 2 of this report.

Reserve movements

The following reserve movements are proposed for Cabinet to consider and approve if deemed appropriate.

<u>Dir.</u>	<u>Value to / (from) £</u>	<u>Reserve</u>	<u>Service Area</u>	<u>Reason</u>
ENV	19,000	Local Development Plan	Local Development Plan	To fund temporary graduate employee
ENV	10,500	Environment Equalisation	Environmental general health	Funding no longer required
ENV	171,000	Swansea Bay City Deal	European Unit	One off funding from WG to fund future staff and transition funding
ENV	112,786	Swansea Bay City Deal	Swansea Bay City Region	Delay in expenditure plans in 2021/22
ELLL	279,000	Corporate Contingency	Margam Park	Reserve no longer required due to loss of income claims to WG
FCS	10,500	Corporate Equalisation	Human Resources	Reserve contribution no longer required in 2021/22
FCS	26,000	Building Capacity and Capability	Communications PR and Media	Reserve contribution no longer required in 2021/22

<u>Dir.</u>	<u>Value to / (from) £</u>	<u>Reserve</u>	<u>Service Area</u>	<u>Reason</u>
FCS	30,000	Building Capacity and Capability r	Corporate Strategy and Performance Management	Money to be used in 2022/23 to fund temporary staff costs
SSH	1,000,000	Social Services Equalisation	Residential Care	To offset any future potential costs in relation Residential Care
CORP	2,000,000	Service Resilience	Central Budgets	To meet short term service staffing pressures.
CORP	3,100,000	General	Central Budgets	Reversal of budgeted contribution required to balance original budget
CORP	150,000	Community resilience Fund	Community Care (SSH)	No longer required costs will be funded by additional grant
CORP	250,000	Corporate Contingency	Business Support and research (ENV)	No longer required for levelling up pump priming
TOTAL	7,158,876			

Integrated Impact Assessment

There is no requirement to undertake an integrated impact assessment as this report summarises the Council's financial position

Valleys Communities Impacts

No Impact

Workforce Impacts

No Impact

Legal Impact

No Impact

Risk Management Impact

No Impact

Consultation

This item is not subject to external consultation

Recommendations

It is recommended that Cabinet:

- **Note** the contents of this report in relation to the current projected budget outturn position.
- **Approve** the virement not already covered by officer delegations as set out in the main body of this report.
- **Approve** the reserve movements detailed in this report.

Reason for Proposed decision

To update the Council's budget for virements and reserve movements, in accordance with the Council's constitution.

Implementation of Decision

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

Appendices

Appendix 1 – Summary Outturn Position

Appendix 2 – Virements approved by Corporate Directors

Appendix 3 – Reserve Schedule

Background Papers

Budget Working Papers

Officer Contact

Huw Jones – Chief Finance Officer

h.jones@npt.gov.uk

Nicole Blackmore – Chief Accountant (Financial Planning)

n.l.blackmore@npt.gov.uk

Appendix 1- Summary Outturn Position

	Original Budget	Projected Outturn	(Under) / Over	Proposed Reserves	(Under) / Over after Reserves	Proposed Virement
	£	£	£	£	£	£
Education, Leisure and Lifelong Learning - Schools	93,314,000	93,314,000	0	0	0	
Education, Leisure and Lifelong Learning - Other	27,560,000	26,802,821	-757,179	279,000	-478,179	
Social Services Health & Housing	87,276,000	85,173,714	-2,102,286	1,150,000	-952,286	
Environment	41,929,000	40,859,110	-1,069,890	563,286	-506,604	
Corporate Services	18,775,000	18,543,076	-231,924	66,500	-165,424	300,000
Directly Controlled Expenditure	268,854,000	264,692,721	-4,161,279	2,058,786	-2,102,493	
Swansea Bay Port Authority	45,767	45,767	0		0	
Fire Authority	8,179,504	8,179,504	0		0	
Margam Crematorium	1,000	1,000	0		0	
Archives	96,798	96,798	0		0	
Magistrates Court	11,485	11,485	0		0	
Capital Financing	19,667,439	19,667,439	0		0	
Council Tax Support	19,834,579	19,200,000	-634,579		-634,579	
Pay & Pension Provision	1,400,000		-1,400,000		-1,400,000	-300,000
Contingency	755,077	255,000	-500,077		-500,077	
Management of change	500,000		-500,000		-500,000	
Cont from General Reserve	-3,100,000	-3,100,000	0	3,100,000	3,100,000	
					0	
Contribution to Service Resilience Reserve			0	2,000,000	2,000,000	
Net Budget Requirement	316,245,649	309,049,714	-7,195,935	7,158,786	-37,149	
RSG	-188,898,504	-188,898,504	0		0	
NNDR	-47,781,525	-47,781,525	0		0	
Discretionary rate relief	386,684	386,684	0		0	
Council Tax	-79,952,304	-81,072,304	-1,120,000		-1,120,000	
Total Funding	-316,245,649	-317,365,649	-1,120,000	0	-1,120,000	
Total Overspend / (underspend)			-8,315,935	7,158,786	-1,157,149	

Appendix 2- Virements approved by Corporate Directors

Dir.	Service Area	Transfer To £	Transfer From £
ENV	Corporate Management		17,250
ENV	Office Management	17,250	
ENV	Parks and Open Spaces		22,927
ENV	Waste Collection	22,927	
ENV	European Unit	100,000	
ENV	Estates		100,000
ENV	Metal Box	98,000	
ENV	Sale of Properties		21,000
ENV	Baglan Bay Innovation Centre		26,000
ENV	Crynant Business Park		27,000
ENV	Cwmgors Business Park		9,000
ENV	Non Operational Land		15,000
ENV	Non Operational Land		25,000
ENV	Gypsy Site	25,000	
FCS	Mailroom		79,343
FCS	Legal Services	79,343	
TOTAL		342,520	342,520

Appendix 3- Reserve Schedule

Description	Reserve Balance at 1st April 2021 £	Approved Reserve Movements to July 2021 £	Current Projected Balance @ 31st March 2022 £	Additional Requests to September 2021 £	Proposed Balance @ 31st March 2022 £
Education, Leisure and Lifelong Learning					
<u>Delegated Schools Reserves</u>					
ERVR Primary	Cr5,925	1,462	Cr4,463	0	Cr4,463
Primary Schools	Cr4,372,665	0	Cr4,372,665	0	Cr4,372,665
Secondary Schools	Cr2,048,586	0	Cr2,048,586	0	Cr2,048,586
Special Schools	Cr354,365	0	Cr354,365	0	Cr354,365
Middle School	Cr439,704	0	Cr439,704	0	Cr439,704
Repair & Maintenance	Cr161,160	0	Cr161,160	0	Cr161,160
	Cr7,382,406	1,462	Cr7,380,944	0	Cr7,380,944
<u>Education, Leisure and Lifelong Learning Other</u>					
Margam Discovery Centre - Building Maintenance	Cr47,774	Cr50,000	Cr97,774	0	Cr97,774
Equalisation Account-Education	Cr1,893,000	62,000	Cr1,831,000		Cr1,831,000
Home to School Transport	Cr111,070	0	Cr111,070	0	Cr111,070
	Cr2,051,844	12,000	Cr2,039,844	0	Cr2,039,844
Total Education Leisure & Lifelong Learning	Cr9,434,250	13,462	Cr9,420,788	0	Cr9,420,788
<u>Social Services, Health and Housing</u>					
Homecare Equipment	Cr86,756	Cr10,000	Cr96,756	0	Cr96,756
Community Care Transformation	Cr455,561	0	Cr455,561	0	Cr455,561
Social Services Equalisation	Cr2,000,114	0	Cr2,000,114	Cr1,000,000	Cr3,000,114

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Description	Reserve Balance at 1st April 2021 £	Approved Reserve Movements to July 2021 £	Current Projected Balance @ 31st March 2022 £	Additional Requests to September 2021 £	Proposed Balance @ 31st March 2022 £
Hillside	Cr430,663	0	Cr430,663	0	Cr430,663
Youth Offending Team	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
Social Services IT Renewals	Cr700,000	0	Cr700,000	0	Cr700,000
Total Social Services, Health and Housing	Cr4,616,991	Cr10,000	Cr4,626,991	Cr1,000,000	Cr5,626,991
<u>Environment</u>					
Transport	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	Cr19,000	Cr290,014
Winter Maintenance	Cr744,162	0	Cr744,162	0	Cr744,162
Baglan Bay Innovation Centre	Cr77,517	0	Cr77,517	0	Cr77,517
Renewable Energy	Cr15,746	0	Cr15,746	0	Cr15,746
Environmental Health - Housing Equalisation	Cr137,000	7,000	Cr130,000	0	Cr130,000
Workways - NPT	Cr252,491	0	Cr252,491	0	Cr252,491
Environment Equalization	Cr763,087	359,126	Cr403,961	Cr181,500	Cr585,461
Metal Box	Cr356,418	156,000	Cr200,418	0	Cr200,418
Air Quality Monitoring	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	1,345,372	Cr4,103,020	Cr200,500	Cr4,303,520

Appendix 3- Reserve Schedule

Description	Reserve Balance at 1st April 2021 £	Approved Reserve Movements to July 2021 £	Current Projected Balance @ 31st March 2022 £	Additional Requests to September 2021 £	Proposed Balance @ 31st March 2022 £
Corporate Services					
Elections Equalisation	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	Cr597,236	133,500	Cr463,736	Cr10,500	Cr474,236
Building Capacity	Cr197,295	139,000	Cr58,295	Cr56,000	Cr114,295
Voluntary Organisation	Cr33,300	0	Cr33,300	0	Cr33,300
Total Corporate Services	Cr2,304,897	572,500	Cr1,732,397	Cr66,500	Cr1,798,897
Corporate Other					
Insurance	Cr5,998,621	Cr862,147	Cr6,860,768	0	Cr6,860,768
Swansea Bay City Deal	Cr112,786	112,786	0	Cr112,786	Cr112,786
Income Generation	Cr1,120,252	77,000	Cr1,043,252	0	Cr1,043,252
Members Community Fund	Cr662,114	320,000	Cr342,114	0	Cr342,114
Community Resilience Fund	Cr2,000,000	150,000	Cr1,850,000	Cr150,000	Cr2,000,000
Housing Warranties	Cr220,000	0	Cr220,000	0	Cr220,000
Pantteg Landslip	Cr500,000	0	Cr500,000	0	Cr500,000
Waste	Cr393,152	0	Cr393,152	0	Cr393,152
LAWDC Contingency	Cr1,013,444	0	Cr1,013,444	0	Cr1,013,444
DARE	Cr2,000,000	250,000	Cr1,750,000	0	Cr1,750,000
Digital Transformation	Cr1,170,000	0	Cr1,170,000	0	Cr1,170,000
Schools IT Equalisation (HWB)	Cr400,000	0	Cr400,000	0	Cr400,000
Corporate Contingency	Cr4,741,000	1,332,000	Cr3,409,000	Cr529,000	Cr3,938,000

Appendix 3- Reserve Schedule

Description	Reserve Balance at 1st April 2021 £	Approved Reserve Movements to July 2021 £	Current Projected Balance @ 31st March 2022 £	Additional Requests to September 2021 £	Proposed Balance @ 31st March 2022 £
Service Resilience	0	0	0	Cr2,000,000	Cr2,000,000
Treasury Management Equalisation	Cr8,901,803	Cr239,000	Cr9,140,803	0	Cr9,140,803
ER/VR	Cr4,407,523	0	Cr4,407,523	0	Cr4,407,523
Accommodation Strategy	Cr2,273,580	0	Cr2,273,580	0	Cr2,273,580
Total Corporate Other	Cr35,914,275	1,140,639	Cr34,773,636	Cr2,791,786	Cr37,565,422
<u>Joint Committee</u>					
Workways - Regional	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	Cr108,304	0	Cr108,304	0	Cr108,304
Intermediate Care pooled fund	Cr28,429	0	Cr28,429	0	Cr28,429
Total Joint Committee	Cr385,727	0	Cr385,727	0	Cr385,727
Total All Earmarked Reserves	Cr58,104,532	3,061,973	Cr55,042,559	Cr4,058,786	Cr59,101,345
General Reserve	Cr20,035,694	2,985,000	Cr17,050,694	Cr3,100,000	Cr20,150,694
TOTAL ALL REVENUE RESERVES	Cr78,140,226	6,046,973	Cr72,093,253	Cr7,158,786	Cr79,252,039