



CABINET – 1ST JULY 2020

SUBJECT: PROVISIONAL OUTTURN FOR 2019/20

REPORT BY: ACTING SECTION 151 OFFICER

1. PURPOSE OF REPORT

- 1.1 To provide Cabinet with details of the provisional outturn for the 2019/20 financial year prior to the annual audit by the Authority's External Auditor, Grant Thornton.

2. SUMMARY

- 2.1 In advance of the 2019/20 Financial Statements being audited and presented to Council on the 10th September 2020, this report provides an overview of the Council's performance against the budget for the 2019/20 financial year. Members receive detailed budget monitoring reports as part of the Scrutiny process throughout the financial year.

3. RECOMMENDATIONS

- 3.1 It is recommended that Cabinet: -

3.1.1 Notes the provisional 2019/20 outturn position.

3.1.2 Supports the recommendation of the Acting S151 Officer to maintain the General Fund balance at £10.684m as previously agreed by Council on the 20th February 2020.

3.1.3 Supports the recommendation of the Acting S151 Officer that the surplus General Fund balance of £3.288m be allocated as follows: -

- £575k to fund the current deficit on the Communities Directorate Reserve (see paragraph 5.5).
- £2.713m to be transferred into an earmarked reserve to meet potential unfunded additional costs arising from the Covid-19 pandemic.

3.1.4 Approves the following proposed use of service reserves from the projected balance of £1.742m for Corporate Services: -

- £236k for the rollout of cashless catering in primary schools.
- £110k for Secondary Schools (excluding PFI and new builds) to create "the perfect" learning environment to support pupil achievement and attainment.
- £100k for the expansion of a Leadership Development Programme across Caerphilly schools.

3.1.5 Approves the proposed use of service reserves totalling £2.788m for the Directorate of Social Services as detailed in Appendix C.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that Cabinet Members are aware of the provisional outturn for the 2019/20 financial year and proposals for the use of reserves in specific areas.

5. THE REPORT

- 5.1 The provisional outturn position is attached as Appendix A and is summarised below: -

	£m
Net Service Directorate Underspends	4.153
Miscellaneous Finance Underspend	2.315
Council Tax Surplus	1.305
Housing Revenue Account (HRA) Underspend	6.701
Schools Overspend	(1.251)
Total: -	13.223

- 5.2 The 2019/20 Service Directorate underspend of £4.153m represents 1.77% of net Directorate budgets. During the year Officers have continued to be mindful of the continuing programme of austerity and expenditure has been curtailed in several areas to support the Medium-Term Financial Plan (MTFP). This prudent approach has resulted in several savings being achieved in advance and underspends being higher than would normally be the case.

- 5.3 After adjusting for earmarked reserves, 50% of underspends are carried forward by Directorates and are available to meet the requirements of these service areas. The remaining balance is transferred to the General Fund. Overspends are normally funded from future Directorate budgets or balances brought forward from previous years. Service reserves held by Directorates can be used to fund one-off cost pressures or to pump-prime service reconfiguration, but they cannot be relied upon to deliver balanced budgets on a recurring basis.

- 5.4 The table in Appendix B shows the movements on the General Fund balance from the 1st April 2019 to the 31st March 2020, along with agreed commitments for 2020/21. The forecast General Fund balance as reported to Council on 20th February 2020 was £13.261m. This reduced to £10.684m following Council approval to transfer £2.577m into Capital Earmarked Reserves to support investments in the 'place shaping' agenda. The updated position is a projected balance £13.972m, an increase of £3.288m. The variations to the forecast are as follows: -

	£m
Increased Contribution from Service Areas (including Miscellaneous Finance)	3.033
Additional 2019/20 Council Tax Surplus	0.255
Net Increase: -	3.288

- 5.5 It is recommended to Cabinet that the General Fund balance be maintained at £10.684m as approved by Council on the 20th February 2020. It is further recommended that the updated surplus balance of £3.288m be allocated as follows: -

- £575k to fund the current deficit on the Communities Directorate Reserve (see paragraph 5.49).
- £2.713m to be transferred into an earmarked reserve to meet potential unfunded additional costs arising from the Covid-19 pandemic.

- 5.6 The following paragraphs comment on the 2019/20 underspends as detailed in Appendix A.

Education and Lifelong Learning (£1.911m Overspend)

5.7 Overall the Directorate including Schools is reporting an overspend of £1.911m. This includes an overspend of £1.251m for Schools, which necessitated a take from earmarked school balances. Consequently, the revised position for Central Education & Lifelong Learning (including Home to School/College Transport) is an overspend of £660k.

5.8 In summary the most significant variances in arriving at the £660k overspend are as follows: -

	(Over)/ Under £000's
Split Site In-Year Agreed Funding YG Cwm Rhymni	(228)
Relief Supply Cover (Sickness SRB's & Maternity)	(187)
Psychological Service	52
Education Welfare Service	67
EOTAS, Additional Support and Out-of-County	(1,059)
Early Years Central Team	247
Music Service	70
Youth Service	194

5.9 As reported to the Education Scrutiny Committee in January 2020, on the 13th November 2019 Cabinet agreed to support the funding of £228k in relation to split site formula funding arrangements for YG Cwm Rhymni. It was agreed that this cost would be met from the projected in-year underspend in Corporate Services.

5.10 Due to the unpredictability of sickness absence in our Special Resource Bases and the maternity absences across all school sectors, expenditure on Relief Supply Cover for school-based staff is very difficult to predict. This position is predominantly linked to maternity absence costs.

5.11 The underspend on the Psychological Service has originated due to slight delays in the recruitment of appropriately qualified staff, together with an opportunity to maximise the use of grant funding by the 31st March 2020. Similarly, the underspend in the Education Welfare Service is the consequence of maximising the use of a grant, together with savings in advance for the 2020/21 financial year.

5.12 The significant cost pressure within the Directorate continues to be in relation to our most vulnerable learners, in particular in relation to our EOTAS (Education Other Than at School) provision. The provision accommodates learners who are unable to attend and learn in a mainstream setting. In reviewing the continuum of additional support provided to pupils, our alternative EOTAS provision and Out-of-County placements, the outturn is an overspend of £1.059m. Despite budgetary growth that was agreed as part of the approved budget for 2019/20 this area of provision continues to be a significant financial pressure. To advise Members, a review of demand, costs and structures is ongoing, and a report will follow in due course.

5.13 The underspend for the Early Years Central Team is due to the success of the Team in accessing specific grant funding to support staff related costs. This grant funding relates to a number of Welsh Government grants (Flying Start/Early Implementer Childcare/Childcare & Healthy Schools), and is contributing towards the costs of staff that are covering specific vacancies. At this point the continuation of some of this grant funding remains uncertain for future years.

5.14 The £194k underspend in the Youth Service relates primarily to a one-off opportunity to maximise the use of grant funding in year. In addition, in-year savings were made in relation to savings in advance for 2020/21.

Social Services (£3.996m Underspend)

- 5.15 The overall outturn position in respect of Social Services for 2019/20 was an underspend of £3.996m. This includes an underspend of £118k relating to transport costs which is largely due to reduced usage of taxis following a review of procedures. The remaining underspend of £3.878m includes underspends relating to Adult Services and Business Support Services of £3.937m and £199k respectively, partially offset by an overspend of £258k in respect of Children's Services.
- 5.16 The Children's Services Division experienced a significant increase in demand for residential placements early in the financial year which led to an overspend of £1.486m but a number of non-recurring savings were experienced within the Division during 2019/20 which reduced the net overspend for the Division to £258k. These non-recurring savings were achieved through a combination of staff vacancies, maximisation of grant funding and temporary reductions in demand for some services.
- 5.17 The underspend of £3.937m in Adult Services includes around £1.666m of additional income from service users. £364k of this relates to an adjustment in bad debt provision following a reduction in the value of uncollected income that has been outstanding for more than 3 months. A further £713k of the additional income relates to service user contributions that become collectable when the service user sells their own home. The remaining £589k of additional service user contributions relates to the weekly assessed charges for home care, day care and residential care. This income from service users can fluctuate significantly over time as it is dependent upon the relative wealth of service users receiving care at any point in time and whether they are home owners.
- 5.18 A further £1.279m of the underspend for Adult Services can be attributed to non-recurring savings including £476k through maximisation of grant funding, £292k in staffing vacancies, £186k through additional income from places in our own care facilities purchased by other local authorities and the Health Board, and £325k through temporary fluctuations in demand for some services.
- 5.19 The remaining underspend of £992k for Adult Services can largely be attributed to a reduction in demand for residential care provision during 2019/20. However, any recurring underspend in respect of residential care is likely to be offset in future years by the full-year impact of price increases for domiciliary care provision following the re-tendering of services from October 2019.
- 5.20 The £199k underspend within Business Support Services includes £27k of vacancy savings within the Financial Services Team, £21k through grant maximisation, £58k in respect of reimbursement of contributions from the Joint Workforce Development Team managed by Blaenau Gwent CBC and £10k in respect of DBS checks. The remainder of the underspend is largely attributable to non-recurring underspends in respect of office related costs.

Communities (£643k Overspend)

- 5.21 The overall outturn position for the Communities Directorate after the approved use of reserves is an overspend of £643k. The overspend excludes ring-fenced underspend of £118k in relation to Social Services Transport and ring-fenced overspend of £13k in relation to Home to School Transport. These variations are included in the Social Services and Education & Lifelong Learning Directorates' outturn positions respectively.
- 5.22 The Regeneration & Planning Division is reporting an overall net overspend of £290k.
- 5.23 Regeneration has reported an overspend of £238k, including: -
- Overspend of £331k for Industrial Properties due to a shortfall in income from vacant properties and increases in building maintenance spend.

- Overspend of £48k for Tourism Venues, with underspends in both Blackwood Miners' Institute and the Winding House due to staff vacancies, being more than offset by overspends in relation to Llanciach Fawr, Cwmcarn and Caerphilly Visitor Centre.
 - Overspend of £42k in Community Regeneration in relation to staffing and operational costs linked to the Community Hubs.
 - An underspend of £139k in Business Support, Urban Renewal and Town Centre Management primarily due to the delayed filling of vacant posts (£92k), some reductions in operational costs and additional income (£25k) generated by urban renewal from staff project fees working on various capital grant funded projects.
- 5.24 Planning has a net overall overspend of £52k, including overspends in Development Control of £85k, Building Control of £66k and Land Charges £25k; all primarily due to shortfalls in income in relation to planning applications, building control and search fees, partly offset by the delayed filling of vacant posts. These overspends have been further partly offset by underspends in relation to Strategic Planning £22k (delayed filling of posts) and planning administrative and technical support £100k (delayed filling of vacant posts) and additional fee income (£57k) from administering the Community Infrastructure Levy (CIL).
- 5.25 Overall the Infrastructure Division is reporting a net overspend of £127k. This excludes an underspend of £118k in relation to Social Services Transport and £13k overspend in relation to Home to School transport as noted above. Highway Operations is reporting an overspend of £306k, which is primarily in relation to flooding related issues totalling £456k (albeit funded to a great extent from WG flood grant assistance of £383k), increased vehicle costs and contractor costs for structures and drainage, street lighting (£60k), under recovery of costs in relation to sustainable drainage systems (£30k) and reduced penalty income from new roads and street works (£28k).
- 5.26 Transport Engineering shows a small overspend of £12k with overspends in relation to a shortfalls in car park income of £84k and overspend on traffic signals and road closures, being offset by underspends in staffing costs in relation to delayed filling of posts in highways development & strategy and also vacant school crossing patrol posts.
- 5.27 Passenger Transport has an underspend of £167k due to additional fee income of £54k linked to CCBC staff time involved in the setup of the Newport Transport ETM system (electronic ticket machine), delayed filling of vacant posts, 2020/21 savings in advance and additional grant income.
- 5.28 The Engineering Projects Group is reporting a £34k surplus of fees over operating costs and NCS a small deficit of £9k.
- 5.29 The Public Protection Division is reporting an overall underspend of £327k.
- 5.30 Trading Standards, Licensing, CCTV and Registrars show a £67k underspend mainly due to additional Registrars income in relation to marriages (£31k), reduced CCTV energy recharges (£35k of which £20k is a saving in advance for 2020/21) and delayed filling of vacant posts, partly offset by additional costs (£40k) associated with a cattle welfare case being managed by the Trading Standards Commercial Services team.
- 5.31 Environmental Health has reported an underspend of £181k which primarily relates to staff on unpaid leave, staff on reduced hours and delayed filling of vacant posts, vehicle cost reductions and the Enforcement Team additional income (£23k) from the final year of the pest control SLA agreement with Blaenau Gwent and from sewer baiting. There was also additional funding of £131k from WG to finance staff time associated with the Hafodyrynys air pollution issues.
- 5.32 On the 16th October 2019 Cabinet approved the ring-fencing of £268k of Environmental Health revenue budget underspend to support the anticipated shortfall in funding expected from

Welsh Government to finance the acquisition of properties at Hafodyrynys. £223k was utilised in-year leaving a balance of £45k.

- 5.33 Catering has an underspend of £79k, including £110k underspend in relation to comprehensive schools from a combination of increased income and reduced operating costs and overspend in primary schools catering of £79k due to reduced income partly offset by reduced operating costs. Meals Direct and the staff restaurant have reported an underspend of £50k, with increased income in relation to staff restaurants/function trade offsetting reduced income from Meals Direct and underspends in staffing and other operating costs for the combined function.
- 5.34 The Community & Leisure Division has reported an overall overspend of £526k, including: -
- Waste Strategy & Cleansing Operations underspend of £746k, which includes an overspend on frontline waste collection and treatment services of £108k, mainly due to additional staffing costs to cover staff not working due to sickness absence and investigatory issues. This is offset to a great extent by underspends in waste treatment costs due to reduced tonnages of waste particularly in relation to organics (£125k), dry recyclable waste (£78k) and also reduced waste at the CA Sites (£362k) due to the introduction of proof of residency and a reduction in Out-of-County waste being deposited at the CA sites. A further contributory factor to the overall net underspend is £137k of additional WG grant funding for waste recycling initiatives (circular economy). Street cleaning activities reported a large underspend of £713k which was due to a combination of vacant posts (some were planned savings in advance) and staff covering waste collection rounds as noted earlier and reductions in vehicle running costs.
 - Parks, Countryside & Cemeteries services reported an overall overspend of £340k. The overspend primarily related to the area parks teams (£334k) dealing with grass cutting, verge and tree maintenance, weed spraying, landscaping etc. linked to increased agency costs which were not fully offset by reduced direct staffing costs and additional rechargeable income. There was also increased investment in equipment funded by RCCO (Revenue Contribution to Capital Outlay). Playgrounds reported an underspend of £38k related to equipment spend and maintenance and Cemeteries Services had an underspend of £20k which is ring-fenced to an earmarked reserve to help support future capital investment in cemetery provision. Outdoor facilities reported an overspend of £59k primarily associated with pavilion operating costs including energy, water and maintenance and vehicle running costs.
 - Leisure & Sports Development Services overspent by £504k, including a £383k overspend in relation to Leisure Centre facilities primarily related to a shortfall in income (£348k) including loss of free swim grant of £53k. There were also increased energy costs (£143k) partly offset by underspends in staffing, equipment, clothing and marketing. The closure of the Leisure Centres for the latter part of March due to Covid 19 has also contributed to the shortfall in income. There was also a net overspend of £122k in relation to Caerphilly Adventures, primarily linked to increased staffing costs and operating costs involved in delivering courses, particularly those linked to Education based alternative curriculum. Community Centres underspent by £5k.
 - Building Cleaning generated an underspend of £78k due to additional services provided to client departments and Vehicle Maintenance & Fleet Management reported an overspend of £512k, due to a number of factors including throughput of work and productivity issues in the vehicle maintenance workshop and an under recovery of fleet hire costs mainly in relation to contract and spot hire. This area is currently subject to an ongoing Service Review under the Council's Transformation Programme.
- 5.35 There is overspend of £18k in relation to un-budgeted Directorate corporate costs linked to audit fees and bank charges.

Corporate Services – (£1.459m Underspend)

5.36 The final outturn position for the Directorate of Corporate Services is an underspend of £1.459m, prior to the offset of the Education overspend. This outturn position is after the appropriation to Earmarked Reserves of £628k for Digital Services (mainly for the EdTech HWB programme). The most significant elements of the underspend are the following: -

- Corporate Finance is reporting an overall underspend of £382k. This relates in the main to delays in appointing to vacant posts with savings from maternity leave after taking into account the funding from reserves for an apprentice.
- Legal & Governance is reporting a net underspend of £185k due to delays in filling posts, some of which are now being used to support the 2020/21 budget. This net underspend position is after the agreed transfers to earmarked reserves for underspends in Members Services and Electoral Services.
- Business Improvement Services is reporting an overall net underspend of £34k after taking into account the agreed use of reserves. This includes a £10k underspend on the Interim Head of Service post, an underspend in Equalities of £57k, a £4k overspend in the Policy budget, an overspend of £8k in the Performance Management Unit and an overspend of £20k in the Transformation Team.
- There is a net underspend of £317k for Customer & Digital Services after taking into account the earmarking of £628k mainly for the EdTech (Hwb) programme. Information Technology is reporting an underspend of £750k (due in the main to vacancies pending a restructure and underspends in the contracts budget), and Procurement an overspend of £21k (due in the main to a restructure being implemented prior to 2020/21 budget movements). Central Services is reporting an underspend of £79k, also due to vacant posts and Customer Services is reporting a net underspend of £136k after adjusting for the agreed used of reserves for Thoughtonomy and Abavus.
- For People Services there is a combined net underspend of £395k. The main elements of this are a £120k underspend in Human Resources due in the main to staff on maternity and career breaks offset by reduced income levels and the cost of the whole-authority DBS system license. There is also an underspend in Communications of £48k mainly due to delays in filling vacant posts and an increase in rechargeable income. There is an underspend of £14k in CMT support due in the main to staff not being top of scale and some temporary reduced hours and an underspend of £214k in the Health & Safety budget due to additional income from training and delays in filling vacant posts.
- Corporate Property Services is reporting a net underspend of £132k. The main variances are an overspend of £76k on maintenance budgets (due in the main to additional maintenance offset by salary savings and additional income) and a £8k overspend on Management. These are offset by a net underspend of £58k on Estates (after the use of agreed reserves to fund an Asset Manager), £32k on Non-Operational Properties, £38k on Corporate Facilities, £10k on the Energy Team and £79k on Building Consultancy. The underspends are due in the main to salary savings, reduced NNDR, cleaning costs and additional income.
- The CEO & Director costs show a net underspend of £26k. This is mainly due to savings on the budget held in respect of a Deputy CEO. The Deputy CEO budget has been removed for 2020/21 as agreed by council.
- General Fund Housing Services is reporting a nil variance. Overspends in providing temporary accommodation, which have seen a marked increase this year, have been offset by salary savings in the Housing Advice & Allocations budget. The Renewal Fund set up for Ty Fesen has been utilised to fund the purchase of new cookers, internal decoration of the scheme and new IT equipment (£11k). Balances within the service only

allowed for £7.3k to be carried forward for Ty Croeso Renewal Fund, and £7.8k carry forward for homelessness prevention.

- Private Housing is reporting a £13k overspend. The recovery of agency fee income has remained a concern throughout the year and there was a shortfall against budget of £95k. This was mainly offset by underspends against salary budgets, with the remaining overspend funded by balances.

Miscellaneous Finance - (£2.315m Underspend)

5.37 Budgets in Miscellaneous Finance underspent by £2.315m. The most significant elements of the underspend are: -

- An underspend of £506k on Capital Financing budgets mainly due to the following: -
 - Assumed borrowing in 2019/20 being deferred to 2020/21, this includes the 21st Century Schools and HRA, partly offset by a reduced contribution from HRA for the debt costs due to the deferred borrowing.
 - Improved returns on investments.
- Pension Contributions for former Authorities - £47k underspend.
- Levies – A £345k reduction in the Fire Service contribution budget due to additional funding being announced for increased pension costs.
- Bank Charges and External Audit Fees - £78k underspend.
- Additional one-off income of £221k.
- NNDR Authority Empty Properties - £294k underspend due in the main to one-off prior year reductions in valuations
- An underspend of £175k on the City Deal programme due to deferred borrowing requirements.
- HMRC VAT Rebate – additional income of £321k.
- Free School Meal Grant - £236k underspend.
- Carbon Energy Tax – £394k underspend. This Scheme finished in 2019/20 but notification was not received until April 2020.

The above are offset by the following overspends: -

- Trade Union Facilities Agreement - £61k overspend.
- Storm Dennis – Council approved the earmarking of £250k to support residents and businesses adversely impacted by flooding.

Council Tax Collection – (£1.305m Surplus)

5.38 This represents an increase of £255k above the assumed level of £1.050m for the 2019/20 financial year.

Housing Revenue Account (£6.7m Underspend)

5.39 £1.4m of the Housing Revenue Account (HRA) underspend is in the Building Maintenance budget, in particular the cyclical budget (£350k) and revenue projects (£1m). A further underspend of £1.3m is reported on non-pay budgets including Housing Response and various departmental projects. Bad debt provision and write-offs, however, have overspent by £12k and have increased overall by some 103% compared to the previous year. An increase in this area has been expected since the introduction of Universal Credit and further increases are expected as a result of the Covid-19 pandemic.

5.40 A further £2.3m of the HRA underspend is in Capital Financing Recharges due to lower interest rates than projected and the assumed level of borrowing in-year was not required until later in the year. A further £877k of the underspend is due to salary savings, mainly from the turnover of staff throughout the year. Income achieved was slightly higher than budgeted

(£30k) and the WHQS delivery team reported a £815k underspend due to vacant posts within the year which directly benefitted the WHQS Programme as it resulted in less fees being recharged to capital. The in-house team however spent £1.5m more than budgeted due to an increase in sub-contractors offset by some salary savings. This cost however is recharged to the WHQS Programme and are therefore not shown in the HRA.

- 5.41 The HRA allocated £16.3m as a contribution towards the WHQS Programme during the 2019/20 financial year.
- 5.42 HRA Working Balances stood at £5.4m at the start of 2019/20 all of which was utilised to fund the WHQS Programme. The in-year surplus of £6.7m was also partly used to fund the WHQS Programme (£8m in total from balances). Balances now stand at £4.1m. £99k has also been added to earmarked provisions to assist with Welfare Reform.

Housing Revenue Account (HRA) Capital

- 5.43 Total expenditure on the HRA Capital Programme for 2019/20 was £49.5m with a total spend to date of £254m. This year's expenditure was funded from the £7.3m Major Repairs Allowance (MRA) received from the Welsh Government (WG), revenue contributions from the HRA of £16.3m, HRA balances of £8m and the remaining funding of £17.9m from borrowing. This is the second year that borrowing has been required to fund the WHQS Programme with a total borrowing requirement of £40.9m to date.
- 5.44 97% of our housing stock has now received internal WHQS work and 94% has received external WHQS work. Full WHQS compliance has been achieved on 94% of our properties, with 100% full compliance originally on target to be achieved by the Welsh Government deadline of December 2020.
- 5.45 Unfortunately due to circumstances beyond our control from the coronavirus pandemic, the continuity of the Programme has been significantly delayed and the June 2020 deadline will no longer be achieved. Contracts and properties were closed as soon as lockdown was announced and no internal work has been undertaken within tenants' properties, with very limited external work. The re-opening of contracts will take some time and planning, and work within tenants' properties is expected to take longer than normal in the future, due to social distancing measures. Officers are in contact with Welsh Government to ensure a revised target date can be managed.
- 5.46 January 2019 saw The Right to Buy (Wales) Act abolished. During 2019/20 however, 67 council homes were sold resulting in a useable (25%) capital receipt of £1.4m. This will be earmarked for supporting the Welsh Government's agenda of increasing affordable housing supply.

General Fund Capital Programme

- 5.47 The General Fund Capital Programme for 2019/20 resulted in total targeted spend of £52.7m after including all in-year grant allocations and Section 106 monies. An amount of £27.2m remains unspent at the financial year-end, the majority of which represents slippage that will be carried forward into the 2020/21 financial year.
- 5.48 The 2019/20 Capital Outturn Report will be prepared for the Policy & Resources Scrutiny Committee during the autumn.

General Usable Service Reserves

- 5.49 As outlined in paragraph 5.3, after adjusting for earmarked reserves 50% of underspends are carried forward by Directorates and are available to meet the requirements of these service areas in subsequent financial years. The table below provides a summary of the reserves arising from cumulative Directorate underspends along with projected balances after taking

account of the approved use of reserves in 2019/20 and the current approved use of reserves for 2020/21: -

Service Area	Opening Balance (01/04/19) £m	In-Year Movement 2019/20 £m	Closing Balance (31/03/20) £m	Approved Use Of Reserves £m	Projected Balance (31/03/21) £m
Education & Lifelong Learning	0.570	(0.570)	0.00	0.00	0.00
Social Services	2.328	1.706	4.034	0.00	4.034
Communities	0.517	(1.092)	(0.575)	0.00	(0.575)
Corporate Services	1.828	0.041	1.869	(0.127)	1.742
Totals: -	5.243	0.085	5.328	(0.127)	5.201

- 5.50 Cabinet will note that there is a deficit balance on the service reserve for the Communities Directorate as at the 31st March 2020 due to the reported in-year overspend for 2019/20. As outlined in paragraph 5.5 it is proposed that this deficit is funded from the surplus balance on the General Fund.
- 5.51 Cabinet is asked to consider the following proposed use of reserves from the projected balance of £1.742m for Corporate Services: -
- £236k for the rollout of cashless catering in primary schools. This will result in service efficiencies and will address concerns around the handling of cash during the current pandemic.
 - £110k for Secondary Schools (excluding PFI and new builds) to create “the perfect” learning environment to support pupil achievement and attainment. The investment will create a model for future planning and aspiration.
 - £100k for the expansion of a Leadership Development Programme across Caerphilly schools. This further funding will enable wider access to leadership development training.
- 5.52 50% of the reported 2019/20 underspend for Social Services has been transferred into the Directorate’s general usable service reserves. After adjusting for the approved in-year use of reserves this leaves a year-end balance of £4.034m. This provides an opportunity for a number of one-off investments and Cabinet is therefore asked to approve the proposed use of service reserves totalling £2.788m as detailed in Appendix C. This will leave a balance of £1.246m which is prudent given the additional financial challenges that are being faced as a consequence of the ongoing Covid-19 pandemic.
- 5.53 The Policy & Resources Scrutiny Committee receives an annual report on usable reserves.

Conclusion

- 5.54 Despite the ongoing challenges faced by the Council the financial position has been well managed during 2019/20. The current pandemic is presenting significant new financial challenges for the 2020/21 financial year and beyond and this is being closely monitored. A report will be presented to Cabinet in September 2020 providing a detailed financial assessment for the short, medium and long-term.

6. ASSUMPTIONS

- 6.1 Some accounting assumptions have been made in respect of sums payable and receivable at year-end in accordance with best accounting practice and guidance.

7. LINKS TO RELEVANT COUNCIL POLICIES

- 7.1 The Provisional Outturn Report encompasses all the resources used by the Council to achieve its strategies.
- 7.2 Effective financial planning and maintaining expenditure within approved budgets supports the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015: -
- A prosperous Wales.
 - A resilient Wales.
 - A healthier Wales.
 - A more equal Wales.
 - A Wales of cohesive communities.
 - A Wales of vibrant culture and thriving Welsh Language.
 - A globally responsible Wales.

8. WELL-BEING OF FUTURE GENERATIONS

- 8.1 Effective financial planning and the management of expenditure within approved budgets are key elements in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met.

9. EQUALITIES IMPLICATIONS

- 9.1 There are no direct equalities implications to this report in terms of the financial information being presented for 2019/20.

10. FINANCIAL IMPLICATIONS

- 10.1 As detailed throughout the report.

11. PERSONNEL IMPLICATIONS

- 11.1 There are no direct personnel implications arising from this report.

12. CONSULTATIONS

- 12.1 There are no consultation responses that have not been reflected in this report.

13. STATUTORY POWER

- 13.1 Local Government Act 1972.

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Consultees: Corporate Management Team
Cllr Eluned Stenner, Cabinet Member for Finance, Performance and Planning
Mike Eedy, Finance Manager, Communities
Andrew Southcombe, Finance Manager, Corporate Finance
Jane Southcombe, Financial Services Manager, Education & Lifelong Learning

Mike Jones, Interim Financial Services Manager, Social Services
Lesley Allen, Principal Accountant, Housing
Rob Tranter, Head of Legal Services & Monitoring Officer

Background Papers: -

Stephen Harris (Ext. 3022) – Final Accounts working papers for 2019/20.

Appendices: -

Appendix A - Provisional Outturn Summary 2019-20

Appendix B - Movement on General Fund

Appendix C – Proposed use of Social Services Reserves

PROVISIONAL OUTTURN 2019-20**SUMMARY**

SERVICE AREA	UNDERSPEND (OVERSPEND) £m	TAKE TO GENERAL FUND £m
Education & Lifelong Learning	(0.660)	0.000
Social Services	3.996	1.978
Communities	(0.643)	0.000
Corporate Services	1.459	0.341
Miscellaneous Finance	2.315	2.315
Council Tax Surplus	1.305	1.305
TOTALS	7.772	5.939

OTHER	UNDERSPEND (OVERSPEND) £m	TAKE TO GENERAL FUND £m
Housing Revenue Account (HRA)	6.701	N/A
Schools	(1.251)	N/A
OVERALL TOTAL SURPLUS	13.222	5.939

Service area surpluses are subject to a 50% take to General Fund balances after specific agreed earmarking of funds.

Miscellaneous Finance has been subject to specific previously agreed earmarking of funds prior to transfer to working balances.

Council Tax surpluses are transferred in total to General Fund balances.

School and HRA balances must be ring-fenced to those service areas.

MOVEMENT ON GENERAL FUND

	£m	£m
Opening Balance 01/04/2019		15.090
Use of Funds as Previously Agreed by Council: -		
Outturn Contribution to Capital 2018-19	(2.380)	
Budget Strategy Contribution 2019-20	(1.050)	
Contribution to Capital – Place Shaping Agenda 2019-20	(2.577)	
Total Funds Taken In-Year		(6.007)
Funds Transferred into General Fund: -		
Social Services & Housing, - 50% of 2019-20 Underspend	1.978	
Corporate Services – 50% of 2019-20 Underspend	0.341	
Miscellaneous Finance – 2019-20 Underspend	2.315	
Council Tax Surplus 2019-20	1.305	
Total General Fund Contribution 2019-20		5.939
Total In-Year Movement		(0.068)
Closing Balance 31/03/2020		15.022
2020-21 Commitments Previously Agreed by Council: -		
2019-20 Council Tax Surplus to Support 2020-21 Budget Savings	(1.050)	
		(1.050)
Anticipated Closing Balance 31/03/2021		13.972

PROPOSED USE OF SOCIAL SERVICES RESERVES

Proposed Scheme	Potential Requirements	Potential Cost £000s	Details of Proposal
Expansion of MyST Intensive Fostering Service.	2 x Lead Therapeutic Practitioners and 1 Young Persons Practitioner for 1 year.	150	MyST capacity is constantly maximised and there are a number of children requiring the specialist support. This proposal would increase capacity by a further 6 children and based on previous service development principles, the longer-term costs should be able to funded through reduced use of out of area residential placements.
Development of the Safeguarding Hub.	1 x Senior Practitioner for 2 years.	120	The recruitment of a Senior Practitioner to support Police resources planned to be co-located with the Information, Advice & Assistance (IAA) Team. The post will assist the screening and decision making on all safeguarding referrals.
New Residential Home for Children.	Top-up Intermediate Care Fund (ICF) capital funding to widen the selection of potential properties.	300	Identifying suitable sized properties in suitable locations is proving challenging. Adding funding to the ICF Capital allocation opens a wider search criteria with additional properties.
Refurbishment of Caerphilly Family Centre.	Extension of car park.	100	As part of the overall Accommodation Strategy, the plan is to locate two Locality Teams in the Family Centre building on a site that is shared with Flying Start. This will place significant pressure on the limited existing parking and will mean staff parking on the street which will cause neighbourhood tension.
Creation of an Eden Gardening Project at Beatrice Webb to modernise day services.	Polytunnels, van & gardening equipment.	76	Covid 19 has provided us with an opportunity to review how services are delivered , this will enable us to develop alternative day opportunities for people , whilst supporting their informal carers via day respite.
Mitigate potential withdrawal of ICF grant funding from 2021/22.	Funding for a phased reduction/reshaping of services.	500	WG has indicated that ICF will cease on 31/03/21 and as a result we will need to review, decommission or reshape existing ICF funded projects in conjunction with partners . A transition period of up to 12 months will be required to ensure no impact on service users .
New Respite Care Facility.	Supplement corporate capital funding already earmarked.	1,212	Develop a respite home for adults and children which would be co-located on the same site facilitating transition. This provision is essential to support carers and families enabling them to continue in their caring roles. This proposal will be subject to a significant consultation exercise which will commence shortly.
Backfill for staff seconded to undertake Social Work qualification.	2 x Grade 8 posts to provide cover for 2 secondees for 2 years.	170	Adult Services is experiencing difficulty recruiting to the Mental Health and Children with Disabilities teams. Funding would enable us to second 2 staff to the Open University Course , who upon qualification will work for the respective teams.
Feasibility study in respect of delivering telecare options.	1 x Grade 5 post for 1 year.	40	This post will enable us to develop telecare options to support people to remain independent in their own homes .
Capital works at Residential Homes.	Modernisation/upgrade of in-house facilities.	70	Car park enhancements at Castle View and Brodawel, corridor upgrade at Brodawel and lightning protection at 3 homes.
Agile Working.	Additional IT kit.	50	Social Services staff have embraced agile working. Due to the speed of the lock down many key workers are using their own IT kit which has significant limitations and isn't supported by the IT help desk. Provision of appropriate laptops will enable staff to undertake their full roles when working remotely.
		2,788	