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The following reports are Information Items for the Housing and Regeneration Scrutiny Committee.

- 1 Housing Revenue Account Budget Monitoring - Period 9 2020/21.
- 2 Budget Monitoring Report 2020/2021.



HOUSING AND REGENERATION SCRUTINY COMMITTEE – INFORMATION ITEM

**SUBJECT: HOUSING REVENUE ACCOUNT BUDGET MONITORING –
PERIOD 9 2020/21**

**REPORT BY: CORPORATE DIRECTOR FOR SOCIAL SERVICES AND
HOUSING**

1. PURPOSE OF REPORT

- 1.1 To inform Members of the projected revenue expenditure for the Housing Revenue Account (HRA) for the 2020/21 financial year. The HRA capital programme which is predominantly funded by the HRA is also included within this report

2. SUMMARY

- 2.1 Members will be aware of the distinction between the HRA, which is funded by rental income received from council tenants, and General Fund Housing activities, which fall under the General Fund and are funded via the Council taxpayer. Although there is a clear separation of these funds, the majority of council tenants rent is funded from housing benefits which are derived from the taxpayers' purse and therefore value for money must always be sought.
- 2.2 The report outlines the projected outturn for the HRA based upon the expenditure and income for the first nine months of the year
- 2.3 The HRA budget for 2020/21 is £51.7m with its main components consisting of £11.7m of salaries (net of WHQS funding), £8.3m of capital financing charges, £8.8m of building maintenance & response repairs, £2.8m of internal service recharges, and £17.8m of revenue contributions to fund the WHQS programme. The spend on the HRA is self-financed mainly by the rental income we collect from our Council Tenants, of which about 72% is funded by Housing Benefits. At period 9 an under spend of £13.7m is projected by the end of the financial year. Members will note this is a significant increase on previous projections, as a consequence of repeated lockdown restrictions that have impacted on the ability to progress with the WHQS programme in tenants' homes. The main variances on the HRA are explained below.

3. RECOMMENDATIONS

3.1 Members are requested to note the contents of the report.

4. REASONS FOR THE RECOMMENDATIONS

4.1 To ensure that Members are informed of the projected financial position of the Housing Revenue Account.

5. THE REPORT

5.1 Introduction

5.1.1 The HRA is currently projecting a £13.7m net under-spend, which represents about 26% of the total HRA budget. The main variances are summarised below, and full financial details are provided in Appendix 1. This includes variances projected as a result of Covid-19.

5.2 Salaries & Mileage (£801k under spend)

5.2.1 Salaries and associated costs within the HRA are currently expected to underspend by some £801k against a £11m salary. There are some offsetting over and under spends in this area given the volume of staff which includes sickness cover, request for reduced hours and timing for filling vacant posts. During the coronavirus pandemic, all staff received and continue to receive full salaries with no furloughing assistance. However, some staff were redeployed to assist in critical areas such as Free School Meal loading and deliveries, assisting vulnerable people including the buddy scheme, and setting up and operating a financial crisis helpline. The HRA covered the costs for the redeployment in these areas.

5.3 Non-Pay Related (£523k under spend)

5.3.1 Part of this underspend (£178k) is associated with office related costs such as stationery, photocopying and postage, mainly as a result of offices not being occupied because of lockdown. However, due to the need to extend the lease on Cherry Tree House, to enable social distancing to be maintained until the offices in Tir Y Berth and Rhymney depot can be completed, there will be additional costs on the rent, business rates, cleaning and utilities that will offset some of the other office savings.

5.3.2 A further £344k underspend is attributable to budgets that are service specific such as, shop management, allocation recharges, tenant participation and utility charges within our sheltered schemes. Some costs however have increased due to the Covid-19 restrictions such as security of void properties (£68k), Council Tax charges on void properties (£80k) and rent allowances (£87k) offered to tenants to allow minor repairs to be carried out as part of their tenancy start up, and covering delays in ending tenancies because of lockdown. These allowances have had to be extended as operatives have been unable to enter tenants' homes unless it is essential works. These costs which are as a consequence of Covid-19 restrictions, were initially claimed on the Welsh Government Covid-19 LA Financial Hardship Fund, but Welsh Government have recently confirmed that the HRA will not receive any assistance from this fund, on the basis that no other Registered Social Landlords (RSL's) are receiving any assistance.

5.4 **Building Maintenance & Response Repairs (£1.4m under spend)**

- 5.4.1 This area is currently projecting an underspend of some £1.4m. This is predominantly made up of £1.3m under spend in cyclical and revenue projects which includes damp proofing, non – DLO works, sheltered & infrastructure projects. This reduced expenditure is as a consequence of the Covid pandemic. Response Repairs are also projecting a small underspend which is due to a reduction on transport and materials during lockdown and also sub-contractor work, some of which was allocated to the WHQS team to maintain continuity of work for the WHQS workforce in the first few months of lockdown. This has been offset by the reduction of recharge income, and an additional allocation for flood preventative works.
- 5.4.2 Operatives have only been allowed to enter tenants homes for essential repairs. Unfortunately further lockdown restrictions were imposed which has prevented any further work (other than essential) to be carried out . It was expected that the spend would gather pace when restrictions were eased, and tenants would be more comfortable with repairs taking place in their homes. Unfortunately, the local lockdown restriction in Caerphilly has severely delayed our progress.
- 5.4.3 Housings response to the Coronavirus in terms of repairs, includes 2,654 out of hours emergency repairs completed within 2 hours, 6,104 emergency heating repairs, 1,275 out of hours emergency gas repairs. In addition, in order to safeguard our operatives the acquisition of PPE has been made including 54,704 pair of nitrile gloves, 12,057 face masks and 2,800 coveralls distributed to staff.
- 5.4.4 As a result of incorporating the costs of delivering the Building Maintenance service within the HRA, the in-house holding account was set up to monitor the in-house workforce costs that are recharged to the WHQS capital programme and also the PAMS (Post Asset Management Strategy) programme, which was due to run concurrently this year when the WHQS programme ended in June 2020. A budget of £10.8m has been allocated in 2020/21 along with an income recharge to the capital programme so that the HRA has a nil cost. This budget is currently projecting a saving of £3.1m that will fall onto the capital programme. This is as a consequence of not being able to progress with the WHQS programme during lockdown. Some resources were however transferred to void properties and empty buy-back stock which was originally intended to be completed Post WHQS, but some staff were also redeployed to critical services which is still ongoing. As restrictions are lifted and tenants allow our operatives to re-enter their homes following the development of detailed risk assessments, spend should start to increase, although due to the Government guidance on working under Covid-19 conditions, this will take longer to complete, as we are expected to retain 2 metres under social distancing rules, and limit the number of operatives within the property. As we draw nearer to the end of this financial year, it is now likely that pace will pick up during the next financial year, with the need to address the backlog of work that has accumulated. This will also have a detrimental effect on the commencement of the PAMS programme which has been reprofiled to fit in with the revised completion of WHQS. Welsh Government have recently confirmed that the extended deadline for authorities to achieve WHQS is now December 2021. Members are informed, however, that Caerphilly Homes was on target to meet our June 2020 deadline had the pandemic not occurred and are confident of completion prior to the revised deadline.
- 5.4.5 A further budget is set in the HRA for the Management and Delivery of the WHQS Programme. Current projections are showing an underspend of some £148k due to staff turnover, but as per the in-house holding account, this is also recharged fully to the WHQS Capital Programme and is therefore a nil cost to the HRA.

5.5 Capital Financing Requirement (CFR) (£651k under spend)

- 5.5.1 The total debt for the HRA as at 1st April 2020 is £139.8m. There is a CFR budget of £8.3m which includes a Minimum Revenue Provision (MRP) of £2.7m to repay the HRA debt and £5.6m of interest charges. The HRA debt consists of historical debt and the debt which was taken up in 2015 as part of the Buy Out of the Housing Revenue Account Subsidy (HRAS) system. More recently the CFR debt has increased due to the borrowing needed to part fund the WHQS Programme (£23m in 2018/19 & £17.9m in 2019/20).
- 5.5.2 It was clear as progress was made during the year that the cost for completing the WHQS programme would increase, to allow for the additional demands imposed upon us by the Government, so that we could enter tenants homes safely, and , it was thought that these additional costs would require an increase in borrowing this year to support it. In the last quarter, restrictions have not been lifted as anticipated, and the spend on the WHQS programme will therefore not reach the level expected in this financial year. Additional borrowing will therefore no longer be needed this year.
- 5.5.3 Further borrowing had been estimated in 2020/21 to complete the programme and in future years to progress with the PAMS programme together with an element for New Build proposals, and early indications suggest a further £6m will be needed to complete the WHQS programme under the new social distancing measures, and a 2% increase on bad debt provision for rent arrears. This will continue to be reviewed once the real impact of Covid-19 can be established. However, as the surplus from this year will be carried over into next financial year, this should fund the additional cost to complete the WHQS programme. The full impact on the increase in rent arrears is unfortunately more long term and is likely to require additional borrowing in the business plan if lower rent increases are applied over the next few years, than is anticipated in the business plan.

5.6 Income (£271k under recovered)

- 5.6.1 Variations represent less than 1% of the total income budget and includes a 7.5% reduction on the service charges to tenants due to Covid ,and an increase in voids due to the pandemic restrictions.

5.7 Bad Debt Provision (£200k underspend)

- 5.7.1 Within the first 3 months of lockdown, rent arrears increased by £1m compared to the same period the year before. We believe there is a number of factors for this rise. Firstly, the Government placed an embargo on actioning evictions and court referrals for possession orders, until the 23rd August 2020 (actioning evictions has since been extended to March 2021) which meant we could not pursue those tenants who were already in the system prior to lockdown for breach of tenancy, and no payments were made during this time which has worsened the position. Secondly, our tenants did not have access to all the normal facilities for payment, in particular our cash offices, meaning some tenants did not have immediate alternatives to make payments. Prior to the March lockdown, a substantial number of tenants used our face to face facilities at the cash office (37%) or door-step collection service (4%). Significant staff resources were needed to contact these tenants to arrange suitable alternatives of payment e.g. Post Office, and online facilities. Also, some of our tenants were shielding or self-isolating so could not physically make payments or have access to a rent collector service, as that was also withdrawn during lockdown. Initially there was also an increase in Universal Credit claims suggesting financial hardship for some of

our tenants.

- 5.7.2 Every effort was made to support all our tenants during this period, and this is still ongoing. Reassurance calls were attempted to every tenant ensuring they had the required level of support or signposted where appropriate. No debt recovery took place due to the embargo, but reassurance letters were sent out to those in arrears that could not be contacted by phone, asking them to contact the rent department so that support could be offered. Additional staff have also been appointed to assist with the rent recovery process and to provide support and financial assistance where possible to those in financial hardship.
- 5.7.3 Housings response to coronavirus in terms of sustaining tenancies, includes 1,222 residents assisted by the financial helpline in claiming Universal Credit, 938 Discretionary Housing Payment applications completed to assist tenants with shortfalls in housing benefits, and 801 claims submitted for a reduction in water rates.
- 5.7.4 Welsh Government now require a 6 month notice period (which is in place until March 2021) before an application for a possession order can be made to the County Courts. Any Notice of Seeking Possession Orders (NOSP) issued up to this date must therefore have a 6 month notice period and long standing cases for eviction will not be considered whilst in local lockdown. There is also a priority order for courts to consider which includes anti-social behaviour cases, extreme arrears of more than 12 months, domestic abuse, fraud and subletting cases. Our tenants will only be issued a NOSP where there has been no engagement despite efforts from the Tenancy Support team, or where agreements have not been maintained.
- 5.7.5 As at end of December the additional arrears (when compared to the previous year) are showing a reduction from £1m in the first 3 months to about £631k, suggesting that some tenants have started to pay their arrears. There has also been a lot of support to those tenants who originally paid at the cash office, and a significant shift has been made to other payment methods such as BACS, Post Office & Internet payments. The doorstep rent collection service has stopped with a recommendation to Cabinet to withdraw this permanently.
- 5.7.6 Furthermore, the Department of Work and Pensions (DWP) have altered the timing of their housing cost payments as from 14th September, so we now receive this payment on the day the tenant receives their personal allowance rather than 5-6 weeks in arrears. This will improve the arrears position when compared to the previous years, due to the payments no longer being retrospective, and although this is a welcomed change, it does make it difficult to monitor how much of the arrears are due to Covid related issues alone.
- 5.7.7 Whilst the increase in arrears is concerning, it is typical across all other Local Housing Authorities, and what is clear is that the intensive level of support offered by the rents team has actively assisted in reducing this level throughout the year. Furthermore, whilst collecting data on our arrears position, it is evident that it isn't necessarily the number of tenants in arrears increasing, but the value of arrears from existing tenants who were previously in arrears, suggesting that the increase is from those tenants who were already in arrears prior to the pandemic and are therefore already within our support system.
- 5.7.8 However, the likelihood is that not all the additional arrears will be recoverable and the provision for bad debts needs to account for this. There are however, some offsetting savings on the write-offs which cannot be pursued due to the issues mentioned above, in particular for Debt Relief Orders, due to resources being concentrated elsewhere ,

so the net decrease is currently £200k although this is expected to rise considerably once recovery action recommences next year.

5.8 Revenue Contributions to Capital Outlay (RCCO) (£11.1m under spend)

- 5.8.1 The HRA allows for some £17.8m of revenue contributions towards the WHQS Programme and this includes an element for the WHQS management team responsible for the delivery of the WHQS Programme (which is anticipating a £148k underspend as explained in 5.4.4 above.)
- 5.8.2 The total expenditure on the HRA capital programme as at period 9 is some £9.8m which is a significant decrease compared to the same period last year of £32.4m. This year also includes spend on property acquisitions and new build development work of £1m. The reduction in spend is as a direct consequence of not being able to progress with programmed works during the Covid-19 pandemic (with the exception of essential work), but the WHQS programme still has to be delivered. Any savings, therefore made this year, will be required to fund the programme into 2021/22 and address the backlog of work to meet its deadline by December 2021.
- 5.8.3 The HRA RCCO allocation will fund the capital spend this year in addition to the £7.3m Major Repairs Allowance (MRA) from Welsh Government. The MRA allowance will need to be utilised first as this funding does not carry over into financial years. Total spend for the year is projecting to be some £14m.
- 5.8.4 Borrowing of £23m was taken up for the first time since the start of the WHQS Programme to fund expenditure in 2018/19. A further £17.9m borrowing was required to fund the programme in 2019/20, however, for the reasons explained above there will be no borrowing requirement for the current year.
- 5.8.5 Further re-profiling is now necessary, and officers are working on this whilst having confirmation of the revised completion date of December 2021 by Welsh Government. Early indications are that internal works will be completed by August 2021, External works including leaseholders to be completed by April 2021.
- 5.8.6 WHQS Internal works as at period 9 is 98.54% compliant – monitored weekly.
- 5.8.7 WHQS External works at period 9 is 98.92% compliant – monitored monthly.
- 5.8.8 Full WHQS compliance (where properties have achieved both internal and external compliance on a contract basis) is 97.87%.
- 5.8.9 External work re-started in Mid-May and 2 contractors worked through lockdown. Although the majority of this work is outside of the tenant's property, appropriate detailed risk assessments were issued by the Contractors to ensure compliance to the government guidelines of working during the pandemic was adhered to. All contracts remaining in the programme are now in progress and early indications suggest a 10% increase of costs to allow for supply issues and some restrictions when entering tenants' homes (e.g. installing doors). It is anticipated that all external works (including leaseholders) will be completed by April 2021 pending no further delays from adverse weather conditions, or further lockdowns.
- 5.8.10 Internal works had in the main been on hold since lockdown, with the exception of essential works, particularly to a number of properties that would have been left without basic amenities during lockdown. As mentioned earlier in the report, work was transferred to empty properties and recent buy-backs to try and continue momentum

within the workforce. Pace was expected to increase when we commenced work in Mid-August, and property compliance has shown some movement. However, some tenants have refused works if they are shielding or have any medical issues or just fear about having the work completed etc, so we will record these as acceptable fails in the meantime. The remodelling on some of our sheltered schemes have also been delayed to avoid the temporary decanting of vulnerable tenants during lockdown. A reasonable assumption at this stage would be completion around August 2021 to allow for the impact of restarting contracts, risk assessments, social distancing, etc., pending no further delays from potential future lockdowns.

5.8.11 A Post Asset Management Strategy (PAMS) working group has been set up to ensure that the WHQS standard is continuously maintained once full compliance is achieved. A 5 year external programme is currently being worked on, but this will now need to be re-profiled to ensure the WHQS programme is completed. On a positive note, some of the work that was earmarked for the PAMS programme may be completed as part of the WHQS programme such as the buy-backs that were too late to be entered into the WHQS programme for June 2020 completion. The PAMS programme is expected to commence on 1st April 2021.

5.8.12 A viable Housing Business Plan was submitted to Welsh Government as part of the annual MRA application in March 2020. This was just before the lockdown and the subsequent issues surrounding the Covid-19, which is still ongoing. The Business Plan, therefore, is not relevant as it stands. An initial review of the additional costs needed to complete the WHQS programme, and the impact of the rent arrears has been factored into the plan and has been explained in 5.5.2 above. The next submission to Welsh Government is due on 31st March 2021

5.9 HRA Working Balances

5.9.1 Working balances at the start of 2020/21 financial year were £4.1m. This was expected to be fully utilised this year against the WHQS Programme. However due to the continued restrictions throughout the year, this balance will be carried forward to assist the programme in 2021/2, when work is expected to re-commence.

5.9.2 Whilst priority will be given to the delivery and achievement of the WHQS Programme, borrowing will be required to increase the supply of council housing to meet the Welsh Governments proposal that 20,000 new homes be delivered in Wales by 2021 (Caerphilly Homes Building Together report presented to Housing & Regeneration Scrutiny Committee on 26th November 2019). This has started to progress, and Cabinet recently approved on the 9th September 2020 to move forward on the site investigations and developments of several sites at a cost of approx. £4m. There is grant funding available up to 58% of the development costs if certain timescales are met.

5.10 COVID-19 (£800k over-spend)

5.10.1 Additional costs to be able to operate under Covid conditions as at period 9 are as follows, and are projected to be £800k by the end of the year. These costs were not anticipated so there is no budget allocated. Some costs such as voids and rent allowances have also been captured and are charged direct to the Covid account

PPE equip	£60k
Buddy mileage/add'n postage/IT equip	£103k
Agency contracts extended	£104k
Service charge discount	£12k
Additional vehicles for social distancing	26k

Prolonged voids	£255k
Extension of rent allowances	£83k
TOTAL	£643k

5.10.2 In addition to this, increases within existing budgets as a result of Covid are estimated to be as follows, and have been included in variances shown elsewhere within this report (with the exception of rent arrears which are held within the balance sheet).

Additional rent arrears	£631k
Council tax for prolonged void properties	£41k
Security for prolonged void properties	£82k
Lost time (operatives trading)	£600k
Savings	(£967k)

TOTAL	£387k
Plus estimated spend p10-12	£157k

TOTAL ESTIMATED COVID COST £1.2m

5.10.3 Savings as a result of Covid are estimated to be about £967k in relation to reduced mileage, office costs & training, together with a delay in write offs of £80k which are included in the variances to this report. CFR savings are also considerable due to the delay on potential borrowing to fund the completion of the WHQS programme. Savings as a result of reduced fleet demand have also been offset against the lost time shown above.

5.10.4 There are other costs as yet to be established, extra deep cleaning of properties during handover and tipping/clearance charges, overtime for the backlog of repairs, costs to ensure social distancing measures, and increase in costs on the WHQS programme to ensure safety of our tenants and staff, including the impact on the delay in delivering the programme.

5.10.5 To date Welsh Government has funded 38k of the above costs which relate to PPE and 50% of some IT costs. However, WG have since confirmed they will disallow any HRA claims on the basis that not all local authorities have retained their housing stock and the sector would therefore not be treated equally because transferred RSL's and traditional RSL's are not offered the same assistance.

5.10.6 This will significantly impact on the HRA Business Plan. Arrears have increased when compared to the previous year by over £600k, and, although some of this may be recovered, there is the additional cost of recovering it, the increase in bad debt provision and possible write-offs for those we are unable to recover. At the time of writing this report, we are yet to restart our normal debt recovery procedure which means arrears are increasing weekly. Other costs mentioned above, will also have to be funded. It is anticipated that the HRA net Covid costs will be in the region of £1.2m in total this year, none of which will receive any financial assistance.

5.10.7 Members should note that rent increases are governed by the Welsh Governments Rent Policy which do not allow for increased costs to be passed onto the tenant without an appropriate affordability and value for money test. Early indications for the 2021/22 rent increase is at least 1% lower than what has been projected within the business plan. It is, therefore, unlikely that Covid costs can be funded from future rent increases.

6. ASSUMPTIONS

- 6.1 The projected outturn position is based on actual income and expenditure details to the end of December 2020, together with data used to forecast future income and expenditure, following discussions with Managers. However, spend and income activity has been unprecedented during this time which makes it difficult to accurately forecast the year end position

7. LINKS TO RELEVANT COUNCIL POLICIES

- 7.1 The contents of this report are in accordance with the Budget Strategy agreed by Council at its meeting on 20th February 2020.
- 7.2 Effective financial planning and financial control contribute to the following Well-being Goals within the Well-being of Future Generations (Wales) Act 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 management including the effective utilisation of external grant funding is a key element in ensuring that the Well-being Goals within the Well-Being of Future Generations (Wales) Act 2015 are met

9. EQUALITIES IMPLICATIONS

- 9.1 This report is for information purposes, so the Council's Equalities Impact Assessment (EqIA) process does not need to be applied.

10. FINANCIAL IMPLICATIONS

- 10.1 As detailed throughout the report
- 10.2 Members should note that the impact on the HRA in terms of the coronavirus is significant and there are no appropriate measures at this time to recover these costs. Options to consider are therefore reductions in large scale spend areas such as future programmes, which could impact on the delivery of our new build agenda.

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 Acts 1972 and 2003 and the Council's Financial Regulations

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Consultees: Cllr A Whitcombe, Chair Housing & Regeneration Scrutiny Committee
Cllr C Forehead, Vice Chair Housing & Regeneration Scrutiny Committee
Cllr L Phipps, Cabinet Member for Housing & Property
D Street, Corporate Director Social Services & Housing
S Couzens, Chief Housing Officer
S Harris, Head of Corporate Finance & S151 Officer
F Wilkins, Housing Services Manager
P Smythe, Housing Technical Manager
S Isaacs, Rents Manager

Appendices:

Appendix 1 HRA Financial Plan 2020/21 (Period 9)

Appendix 1

Housing	Estimate 2020/21	Projected Outturn 2020/21	Variance 2020/21
<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>SUMMARY</u>			
GENERAL MANAGEMENT	1,759,257	2,324,260	(565,003)
CAPITAL FINANCING	8,348,031	7,697,533	650,498
CENTRAL RECHARGES	2,793,870	2,711,839	82,031
STRATEGY AND PERFORMANCE	1,053,637	779,220	274,417
PUBLIC SECTOR HOUSING	5,750,762	5,175,056	575,706
SUPPORTED HOUSING	-	-	-
BUILDING MAINTENANCE SERVICES	31,978,154	19,031,754	12,946,400
GROSS EXPENDITURE	51,683,711	37,719,661	13,964,050
INCOME	(51,683,711)	(51,412,785)	(270,926)
(SURPLUS)/DEFICIT CONTRIBUTION (TO)/FROM WORKING BALANCES	-	(13,693,124)	13,693,124
<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>GENERAL MANAGEMENT</u>	1,759,257	2,324,260	(565,003)
<u>CAPITAL FINANCING COSTS</u>			
Interest Charge	5,556,468	5,207,754	348,714
Principal	2,740,513	2,438,729	301,784
Debt Management	51,050	51,050	-
Rescheduling Discount	-	-	-
EXPENDITURE TO HRA SUMMARY	8,348,031	7,697,533	650,498
<u>CENTRAL RECHARGES</u>			
Central Recharges	2,301,671	2,224,692	76,979

Grounds Maintenance recharge to HRA	492,199	487,147	5,052
EXPENDITURE TO HRA SUMMARY	2,793,870	2,711,839	82,031
<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>STRATEGY AND PERFORMANCE</u>			
Housing Strategy and Development	537,382	393,200	144,152
Transforming Lives and Communities	516,255	385,989	130,266
EXPENDITURE TO HRA SUMMARY	1,053,637	779,220	274,417
<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>PUBLIC SECTOR HOUSING</u>			
Landlord General	308,641	193,840	114,801
Sheltered Accommodation	1,432,175	1,288,901	143,274
Holly Road Community Support	4,129	4,352	(223)
Eastern Valley Area Housing Office	669,116	725,729	(56,613)
Upper Rhymney Area Housing Office	844,428	790,020	54,408
Lower Rhymney Valley Area Housing Office	37,450	32,087	5,363
Lansbury Park Neighbourhood Housing Office	322,430	331,204	(8,774)
Graig Y Rhacca Neighbourhood Housing Office	291,857	272,293	19,564
Housing Allocations Contribution	128,857	82,532	46,325
Tenants & Communities Involvement	473,558	279,147	194,411
Leaseholders Management	73,333	74,048	(715)
Tenancy Enforcement	295,830	289,008	6,822
Rents	912,690	853,417	59,273
Community Wardens	(43,732)	(41,520)	(2,212)
EXPENDITURE TO HRA SUMMARY	5,750,762	5,175,056	575,706

<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>RESPONSE REPAIRS AND MAINTENANCE</u>			
Employee Expenses net of recharges	1,260,628	979,970	280,658
Repairs & Maintenance on Housing Stock			
Responsive Repairs	9,438,067	9,231,095	206,972
Revenue Contribution to Capital – WHQS Programme	17,809,772	6,650,846	11,158,926
Group/Planned Repairs (priorities 5 & 8)	-	-	-
Void Repairs (priority 6)	-	-	-
Depot Recharges	100,000	103,103	(3,103)
Revenue Projects	1,444,000	445,971	998,029
Planned Cyclical	1,747,336	1,423,866	323,470
Planned Programme	-	-	-
	30,539,175	17,854,882	12,684,293
Transport Related	52,500	51,405	1,095
Supplies and Services	125,851	145,498	(19,647)
EXPENDITURE TO HRA SUMMARY	31,978,154	19,031,754	12,946,400

<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>INCOME</u>			
<u>Rents – Dwelling</u>			
Gross Rent – Dwellings	(45,953,276)	(46,133,995)	180,719
Gross Rent – Sheltered	(4,158,368)	(3,965,328)	(193,040)
Gross Rent – Hostel	-	-	-
Voids – General Needs Dwelling/Sheltered	800,000	851,100	(51,100)
Additional Income O/Side Rent Debit (WHQS)	-	-	-
Voids – Hostel	-	-	-
Net Rent	(49,311,644)	(49,248,223)	(63,421)
<u>Rents – Other</u>			
Garages	(346,497)	(346,070)	(427)
Garage Voids	121,215	119,787	1,428
Shop Rental	(59,872)	(59,872)	-
	(285,154)	(286,155)	1,001
<u>Service Charges</u>			
Sheltered – Service Charges	(1,394,522)	(1,256,314)	(138,208)
Sheltered – Heating & Lighting	(113,786)	(103,833)	(9,953)
Sheltered & Dispersed – Alarms	-	-	-
Catering Recharge – Sheltered Accommodation	-	-	-
Voids Schedule Water	64,372	111,252	(46,880)
Non Scheduled Water Rates	(38,448)	(20,923)	(17,525)
Welsh Water Commission	(579,379)	(579,379)	-
Leaseholder – Service Charges	(10,000)	(14,060)	4,060
	(2,071,763)	(1,863,257)	(208,506)
<u>Government Subsidies</u>			
Housing Subsidy	-	-	-
	-	-	-
<u>Interest Receivable</u>			
Mortgage Interest	(150)	(150)	-
Investment Income	(10,000)	(10,000)	-
	(10,150)	(10,150)	-
<u>Miscellaneous</u>			
Miscellaneous	-	-	-
Private Alarms	-	-	-
Ground Rent	(5,000)	(5,000)	-
	(5,000)	(5,000)	-
INCOME TO HRA SUMMARY	(51,683,711)	(51,412,785)	(270,926)



HOUSING AND REGENERATION SCRUTINY COMMITTEE – INFORMATION ITEM

SUBJECT: BUDGET MONITORING REPORT 2020/2021

REPORT BY: INTERIM CORPORATE DIRECTOR COMMUNITIES

1. PURPOSE OF REPORT

- 1.1 To inform Members of the most recent budget monitoring position for 2020/2021 for Communities Directorate Service Divisions, including Regeneration & Planning Division, Infrastructure Services Division, Public Protection Division and Community & Leisure Services Division.

2. SUMMARY

- 2.1 The report summarises the most recent budget monitoring projections for 2020/2021 based on the latest available financial information.
- 2.2 The attached appendices outline more detailed budget monitoring figures for each of the Council Fund Services outlined in paragraph 1.1 above.

3. RECOMMENDATIONS

- 3.1 Housing and Regeneration Scrutiny Committee Members are requested to note the contents of this report and the detailed budget monitoring pages that follow in respect of the Regeneration & Planning Division, which all fall within the remit of this Scrutiny.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 The Council Budget is based on the achievement of both expenditure and income targets. In order to ensure that these are met, and the Council's financial integrity is maintained Directors are required to review income and expenditure trends.

5. THE REPORT

5.1 INTRODUCTION

- 5.1.1 The report outlines the revenue budget position for each of the service Divisions that

form part of the Communities Directorate based on the most current financial information available. Projected outturn figures for the financial year are compared with the budget to show the anticipated under/overspends. More detailed budget monitoring figures are shown in the appendices 1a to 1d.

- 5.1.2 It should be noted that the budget report to Council on 20th February 2020 detailed the need to apply further budget efficiency savings in 2020/2021 to meet medium term financial plan (MTFP) targets and achieve budget strategy aims. Communities Directorate services were targeted to achieve new budget efficiency savings of £465k. The savings required and applied to service budgets were significantly lower than the £2.1million of savings originally considered, due to the more favourable financial settlement eventually received from Welsh Government.
- 5.1.3 Some additional operational costs directly linked to Covid 19 continue to be subject to claims and payment from the WG hardship fund. Costs directly funded by WG are not included in the revenue budget monitoring position of services as outlined in this report. Claims are also being submitted to WG for lost income where services have temporarily ceased or have been significantly curtailed. This grant income is included in the revenue accounts of the services and the budget monitoring and greatly assists in reducing the level of projected overspend outlined in this report. The financial projections in this report also include estimates of possible lost income funding for the period January to March 2021.
- 5.1.4 The table 1 below summarises the present budget monitoring position, with an overall Directorate over spend of £217k, but exclusive of ring fenced budgets this over spend is increased to £875k. Appendices 1a to 1d provide more detail on the budget variation projections for each Service Division.

TABLE 1	ORIGINAL ESTIMATE 2020/2021	REVISED ESTIMATE 2020/2021	ANTICIPATED OUTTURN 2020/2021	ANTICIPATED VARIANCE 2020/2021 Under (Over)
	£000	£000	£000	£000
Regeneration & Planning Division	2,214	2,245	2,156	89
Infrastructure Division	19,917	19,969	19,838	130
Public Protection Division	7,450	7,513	7,374	137
Community & Leisure Services Division	21,673	21,823	22,397	(574)
Directorate General	176	177	176	1
NET DIRECTORATE	51,430	51,727	52,134	(217)
Home to School Transport - ring fenced under spend				386
Social Services Transport – ring fenced under spend				171
Cemeteries Task & Finish – ring fenced under spend				101
NET DIRECTORATE over spend (excluding ring fenced budgets)				(875)

5.2 REGENERATION & PLANNING DIVISION

- 5.2.1 Overall, the service division presently has a projected underspend of £89k for the 2020-21 financial year, full details are provided in Appendix 1
- 5.2.2 Development Control is reporting overspend of £69k primarily due to a projected shortfall in planning application fees of £112k. At present there is no apparent negative impact of Covid 19 on the number of planning application fees, as the fee income levels although below budget are greater than the previous financial year. Pre-application advice fee income is also projected at £12k below budget. Underachievement in income is partly offset by delayed filling of a vacant post.
- 5.2.3 Building Control is reporting overspend of £69k due to a shortfall in income, there seems to be no apparent impact of Covid 19 as fee levels are similar to the previous year. Building Control fees have also been well below the budget targets for several years.
- 5.2.4 Strategic Planning is presently projected to be £16k underspent due to delayed filling of a vacant post and staff on reduced working hours.
- 5.2.5 Planning administrative, technical are projecting a £37k overspend this is due to the one-off costs to upgrade the IT systems, offset by salary savings due to delays in filling vacant posts.
- 5.2.6 GIS/Land Gazetteer support services is underspent by £25k due to delayed filling of vacant posts.
- 5.2.7 Land charge services are £32k overspent due to a shortfall in search fee income. It is unclear if Covid 19 is having an impact on search fee income as search fees were £26k short of the budget last year.
- 5.2.8 Business Support and Urban Renewal report underspend of £140k, primarily due to additional staff fee income supporting grant funded projects and one-off income to support the business grant lockdown funding, reduced spend on other operational costs but offset by additional cost of NNDR on vacant properties under the teams management.
- 5.2.9 Town Centre Management is projecting underspend of £19k, due in the main to reduced spend on administrative costs, such as publicity and promotion together with reduced postage costs.
- 5.2.10 There is a projected £6k overspend in relation to industrial properties primarily due to shortfall in property rents of £227k linked to units being unoccupied offset in the main to reductions in maintenance and utility costs The industrial and office property portfolio does generate income of £2.1million to the Council. The service is proactively seeking to ensure vacant units are let as quickly as possible by identifying businesses interested in taking up a rental.
- 5.2.11 Overall Tourism Venues are reporting combined overspend of £55k. Covid 19 has had a significant impact on the tourism venues due to closure of the facilities and restricted service provision. Llancaiach Fawr and Cwmcarn VC have seen the most significant impact financially due to restrictions linked to services such as the Manor House, school visits and wedding ceremonies for Llancaiach Fawr and camp site

(including the pods and chalets') for Cwmcarn and also no car park income due to Councils free parking policy. Both venues also have a large element of fixed costs linked to the buildings and staff have continued to be paid. In contrast, although BMI has experienced a significant loss of income from events, shows and the pantomime, this has been offset by greater opportunity to reduce variable costs particularly linked to artist & production fees, publicity & promotion and energy costs. It is difficult at this stage to anticipate what levels of income might be generated and further assessments will be made as the restrictions imposed due to Covid 19 continue to change. However, WG funding has been received in relation to lost net income. The additional grant funding included in these projections significantly reduces the level of projected overspend to £55k. The overspend in Tourism venues is partly offset by underspend of £75k in relation to Arts Development where programmes of work commissioned have been curtailed due to Covid 19.

- 5.2.12 Tourism events in contrast, report net underspend of £59k. There have been no events taking place this year and none are planned for the remainder of the year.
- 5.2.13 Community Regeneration is reporting a £20k underspend primarily due to reduced spend on Community projects and rent income in excess of running costs for the Community hubs.
- 5.2.14 There is an underspend in senior management support of £9k due to staff not paid at the top of the incremental scale.
- 5.2.15 Children and Communities Grant (CCG) and C4W initiatives are both fully funded from grant, the revised estimate and projections reflect approved budget virements to other areas supported by the flexibility funding and additional WG grant funding of £191k.

5.3 **INFRASTRUCTURE DIVISION**

- 5.3.1 Infrastructure overall is reporting an underspend of £130k on a £19.969million revised budget, but after excluding budget variations in relation to Home to School Transport (£385k underspend) and Social Services Transport (£171k under spend) which will be ring fenced and appropriated back to the Service Directorates, there is an over spend of £427k, this includes WG funding for lost income in some service areas.
- 5.3.2 Highway Services is actually reporting underspend of £273k. Highway maintenance is underspending by £312k mainly due to delays in projects and schemes commencing due to Covid 19, There is also overspend in relation to SAB £39k (sustainable drainage) due to reduced workload and resultant income. At present winter maintenance costs are difficult to predict but it is assumed the full budget of £1.1million) will be spent.
- 5.3.3 EPG (Engineering Projects Group) is reporting underspend of £19k with reductions in fee income being more than offset by reduced salary and agency costs.
- 5.3.4 Transportation Engineering overall is projecting an overspend of £504k. This is mainly due to reduced income linked to Covid 19 in relation to car parking (of £612k), Shortfalls in income generated from Civil Parking Enforcement (CPE) (of £68k after WG funding for lost income) and a reduction in CPE operational costs. There are also underspends in relation to school crossing patrols of £83k due to vacant posts linked to sites not meeting ROSPA criteria offset by £46k overspend on Road Safety Revenue grant.

- 5.3.5 Public Transport is reporting an under spend of £273k, with underspend in relation to bus subsidies of £96k linked to the 75% retainer initiative during the Covid 19 crisis and reduced service provision partly offset by increased PPE spend. Also, underspend in Passenger Transport Fee Income £23k due to extra management income for Bus Contactless payment scheme and some underspend in staffing £70k. Lost income in relation to bus departure charges is funded by lost income funding from WG.
- 5.3.6 At this stage Network Contracting Services (NCS) is anticipating a deficit of £489k with an underachievement in the income targets primarily linked to a significantly reduced workload due to Covid 19 operational issues. However as noted in paragraph 5.3.2 above there is underspend in the main highway maintenance budgets due to delays in schemes that NCS would normally be undertaking.
- 5.3.7 Home to School Transport is presently projecting underspend of £385k on a £7.2million budget, with £600k underspend in contractor costs linked to the 75% retainer scheme introduced during the height of the Covid 19 pandemic when the school services were not operating (this includes an anticipated increase by 10% from January 2021 on bus contracts of £50k). These underspends are partly offset by estimated additional expenditure of £180k to support bus contractors in relation to PPE, sanitiser and cleaning requirements now school transport services are recommencing.
- 5.3.8 Social Services Transport is projecting an under spend of £171k including £20k on salaries and £161k for service operators offset by additional costs to support agile working. There is a risk of operator failure leading to increased costs in future although this is partly an in-house operator function rather than private contractor.

5.4 **PUBLIC PROTECTION**

- 5.4.1 Public Protection is presently projecting underspend of £138k on an overall revenue budget of £7.512million revised budget.
- 5.4.2 Environmental Health is currently projecting a net underspend of £224k. The main variances are: -
- Community Safety Wardens is forecasting a £11k underspend mainly due to salary underspends .
 - Enforcement is forecasting an underspend of £72k mainly due to salary underspend from staff on reduced hours and delayed filling of vacant posts and underspend in some other operational costs.
 - Food Team is predicting a small underspend of £4k due to various operational costs
 - Pollution control are predicting an underspend of £156k partly due to vacant posts, but primarily due to £130k grant received from WG to fund staffing costs linked to Hafodyrynys. At this stage it is not known whether this will be required to fund any shortfall in the purchase/compensation Capital grant received from WG to fund the acquisition and payment of compensation for the houses at Hafodyrynys. There is a ring-fenced reserve of £268k for this purpose, but until the final properties are all purchased and associated costs paid the final costs and funding requirement cannot be established. There are also a number of other ongoing issues in respect of air quality, pollution and

contaminated land and these are being closely monitored as any increases in this area would impact on the overall financial position.

- Health Division is predicting an overspend of £14k due in the main to staff cost for additional hours.
- Community Safety Partnership is predicting an overspend of £20k due in the main to a loss of grant income to fund staff.
- Emergency Planning is predicting a £14k underspend due in the main to delays in filling vacant post.

5.4.3 Trading Standards are projecting a £39k underspend due in the main to delays in filling vacant posts and staff not at the top of the incremental scale.

5.4.4 Licensing are projecting a £34k underspend. Licensing income is £23k below budget mainly relating to reductions in numbers of temporary events notices and changes to Premises and Personal licences associated with pubs and clubs and street trading applications

5.4.5 Registrars are projecting a £35k underspend mainly due to reduced running costs that has been offset by the ability to claim loss of income from WG, which is based on 2019-20 comparison.

5.4.6 CCTV services are projecting an underspend of £27k, this is primarily due to staff vacant posts and staff not on the top of incremental scales.

5.4.7 Catering Services are projecting an overspend of £226k on a £3.8million budget This is due in the main to the additional uptake on FSM as a result of Covid. There are ongoing discussions with WG to try and secure additional grant to cover the increased take up and to recover the cost of the meals that were provided when the council decided not to open the school canteens in September to October half term (for health and Safety reasons). If WG provide additional funding for these costs then the position at outturn should look more favourable. The staff restaurant is also closed and is likely to be for the remainder of this financial year.

5.5 **COMMUNITY & LEISURE SERVICES**

5.5.1 The Community & Leisure Services Division is presently projecting a net overall overspend of £574k on a budget of £21.823 million . This overspend primarily relates to leisure services as noted below.

5.5.2 Waste Management is presently reporting an overall overspend of £621k on a budget of £10.116 million. There is a possibility that some of the overall increased tonnage costs shown below can be claimed back via WG Hardship fund at year end.

- Residual Waste is projecting an overspend of £1,027k due in the main to increased tonnage costs (£500K), additional vehicles costs and increased staff costs due to redeployments from cleansing and Covid requirements (see 5.5.3 below).
- Organic recycling is projecting a £234k underspend due to salary savings on vacant posts offset by additional agency staff, together with savings on contractor payments for treatment costs.
- CA sites are projecting a £604k underspend due in the main to ongoing proof of residency policies and significant reductions in out of County waste, which has resulting in ongoing reduced treatment cost. The HWRC sites were also closed during the first lockdown period during April/May 2020.

- Waste Transfer Station is projecting a £17k overspend due in the main to increased transport costs
- Dry Recycling is forecasting a £411k overspend due in the main to increased tonnage (£300k) and vehicle costs (£112k) due to damage and vehicle repairs and Covid requirements.
- RCCO (revenue contribution to capital outlay) is forecast to be £151k underspend due to a reduction in anticipated expenditure on vehicle acquisitions, this is being used to support residual waste (as above)
- Bulky Waste is projecting a £35k underspend due in the main to reduced treatment costs £20k and overachieving income. The bulky waste service was also suspended for a period of time during the first lockdown.
- Commercial Waste is projecting a £254k overspend due in the main to underachievement of income. The income budget not realistic and there was also a reduction in services during lockdown.
- Other Waste is projecting a small £2k underspend.
- Trehir Closed landfill is projecting a £11k underspend due to reduced maintenance costs
- Sustainable Waste Management Grant (SWMG) from WG is showing a £38k underspend as a result of revisions to WG allocations.
- HQ staffing costs are predicting an underspend of £12k which is due to a vacant post.

5.5.3 Cleansing Services is overall presently reporting an underspend of £411k on a budget of £4.1million. this is due in the main to a combination of staff vacant posts and staff continuing to be redirected to help cover waste collection rounds due to covid related and general sickness absence combined with reduced vehicle and treatment costs.

5.5.4 An underspend of £193k is projected for Parks & Countryside, Outdoor Facilities and Cemeteries.

- Cemeteries is reporting a £101k under spend due to reductions in cemetery maintenance requirements. Any underspend in relation to cemeteries is ring fenced for future investment in cemetery infrastructure.
- Parks, Allotments and Playgrounds are reporting underspend of £46k due to staff vacant posts part offset by additional agency requirement and reduced material & equipment spend linked to reduced grass cutting and sports pitch maintenance during the early days of the Covid 19 crisis.
- Outdoor facilities are reporting £72K underspend in the main to reduced staff costs which includes pavilion attendants costs and reduced pavilion maintenance costs
- Countryside is reporting an overspend of £24k due in the main to a £60k reduction in country park car park income as a result of the Council decision not to charge for the remainder of the year albeit WG funding of £14k has been received for April to June period partially offset by staff vacant posts .
- HQ is projecting a small overspend of £3k primarily due to maintenance work at Abercarn depot partly offset by reduced plant & equipment repairs.

5.5.5 Leisure Centres are reporting overspend of £255k. The leisure centres have been closed for long periods due to the Covid 19 crisis with no income being generated. This is accentuated by the fact that staffing costs are still being incurred and an element of other operating expenditure is fixed cost in nature and cannot easily be reduced while the centres have been closed. The overspend projection does however include WG funding for net lost income. This overspend is still anticipated because historically over the past few years leisure centres have underachieved

income budget targets. The overspend on Leisure Centres is part offset by a £38k underspend in Leisure HQ, primarily due to vacant posts and reduced spend on marketing and training.

- 5.5.6 Community Centres are at present projecting a breakeven position on a £359k budget due to reductions in operating costs, which they hope to utilise to bring forward maintenance on these buildings.
- 5.5.7 Caerphilly Adventures is reporting a large overspend of £251k. This service has in recent years reported overspends (£121k outturn 2019/2020), as operating costs have not been fully recovered by fee income from courses, albeit revised fee rates for 20/21 have been agreed with Education Directorate and schools, which would have helped to address the income shortfall in previous years. However, this year the financial position has deteriorated due to a significant reduction in income generation linked to Covid 19 and courses not being provided. Lost income funding for April to September of £15.4k has been received and a further £25k for October to December claimed, however, the lost income claims are for external income only, so internal income related to schools including alternative curriculum support, which accounts for most of the income generated is not part of the WG funding support.
- 5.5.8 Sports Development is projecting a break-even position, with any shortfall in external income from summer school and other arranged sports activities being funded via WG lost income claims.
- 5.5.9 Vehicle Maintenance & Fleet Management is currently projecting overspend of £102k, primarily due to a reduction in repair work. The outturn position will be dependent on the value of work through the workshop over the next few months and the ability to finance fixed overheads.
- 5.5.10 Building Cleaning is at present reporting underspend of £52k. Building Cleaning work has been affected by the Covid 19 crisis, with limited or no cleaning for a period being undertaken at Council buildings such as schools, leisure centres, tourism venues and libraries. However, building cleaning have needed to provide enhanced cleaning to school hubs and corporate offices and increased cleaning regimes at schools in preparation for schools reopening for the autumn term and during the autumn term. The decision was also made for all Council internal charges to be levied, so Building Cleaning services are still generating the income needed to cover staffing costs.

5.6 **MEDIUM TERM FINANCIAL PLANS (MTFP) SAVINGS 2020/2021**

- 5.6.1 The 2020/21 revenue budget for Communities Directorate included targeted MTFP savings of £465k. As noted in paragraph 5.1.3 above the savings required and applied to service budgets were significantly lower than the £2.1million of savings originally considered, due to the more favourable financial settlement eventually received from Welsh Government. The savings applied are summarised in table 2 below. The projected overspends and under spends discussed in the above paragraphs take account of these savings targets.

TABLE 2

Service Division	Approved Savings 2020/2021 £000
Regeneration & Planning Division	211
Infrastructure Services Division	0
Public Protection Division	71
Community & Leisure Services Division	183
TOTAL	465

5.6.2 A number of the MTFP savings applied in 2020/2021 have not been achieved yet, most due to the significant disruption caused by the Covid 19 crisis and an inability to action many of the initiatives. This would include:

- Regeneration, Tourism Venues and events additional income across a number of venues of £32k.
- Catering services additional income from comprehensive schools (£12k) and the restaurant facilities at Ty Penallta (£10k).
- Community & Leisure, Parks operations, deletion of an administrative post £25k, the post was not deleted but other budget headings were reduced to achieve these savings, and closure of Penallta depot £24k.

5.6.3 Most of the unachieved MTFP savings are associated with additional income generation, which as detailed in the body of this report has been significantly reduced across many services due to the Covid 19 crisis. Income generation would under normal circumstances normally have a greater risk of non-achievement, due to the volatility in customer demand for services and factors outside the control of the service that can impact on usage and income levels, but the Covid 19 crisis has accentuated these problems significantly.

5.7 CONCLUSION

The Communities Directorate provides a very diverse range of front line services to residents and businesses with a budget totalling £51.43m. The projected net overspend of £0.875m represents 1.7% of the budget in a very turbulent year where service provision and ability to achieve income has been significantly disrupted. As outlined in the report and appendices services face significant ongoing financial pressures due to the requirement to achieve budget savings in support of the Councils medium term financial plan. Financial pressures this year, have been further significantly increased by the impact the Covid 19 crisis has had on service provision, with a number of services not being provided or being significantly curtailed and some services experiencing significant reductions in income generation. The operational managers will endeavour to ensure however that service net expenditure does not exceed the budget available.

As noted in paragraph 5.1.3 the additional financial support received from WG linked to costs directly associated with Covid 19 and the financial support in recognition of

lost income due to Covid 19 has significantly assisted in reducing projected overspends.

6. ASSUMPTIONS

- 6.1 Expenditure and income projection assumptions are included in this report many based on likely future scenario's linked to Covid 19, in particular the length of time that some services may not be provided or continue to be significantly curtailed. The financial position of each service may well vary significantly later in the year if the position regarding Covid 19 changes.
- 6.2 The financial monitoring assumes that all staff of the Authority will continue to be paid their full salary, irrespective of the position regarding the ability of the service to provide services to the general public, this includes staff on casual and relief contracts who continue to receive an average pay.
- 6.3 Finally the financial projections include WG funding to support services who have incurred additional costs associated with Covid 19 and/or have significantly reduced income generation due to the impact Covid 19.
- 6.4 Forecasts have been made following discussions with Managers based on current information available.

7. LINKS TO RELEVANT COUNCIL POLICIES

- 7.1 The content of the report is in accordance with the budget strategy considered and approved by Council at its meeting of 20th February 2020.
- 7.2 The content of the report is in accordance with the budget strategy considered and approved by Council at its meeting of 20th February 2020.
- 7.3 Budget management itself is in accordance with the corporate theme of Delivering the Strategies.
- 7.4 **Corporate Plan 2018-2023.**

Effective financial planning and financial control contributes towards all the Corporate Well-being Objectives of:

Objective 1 - Improve education opportunities for all

Objective 2 - Enabling employment

Objective 3 - Address the availability, condition and sustainability of homes throughout the county borough and provide advice, assistance or support to help improve people's well-being

Objective 4 - Promote a modern, integrated and sustainable transport system that increases opportunity, promotes prosperity and minimises the adverse impacts on the environment

Objective 5 - Creating a county borough that supports a healthy lifestyle in accordance with the sustainable Development Principle within the Wellbeing of

Future Generations (Wales) Act 2015

Objective 6 - Support citizens to remain independent and improve their well-being
The objectives are high level themes and each have several outcomes that sit underneath them, (36 in total) so it may benefit the author to look at the outcomes within the plan to understand the cross-cutting nature of the Council's priorities with regard to any impact the report may have on the Corporate Plan.

8. WELL-BEING OF FUTURE GENERATIONS

8.1 Effective financial management is a key element in ensuring that all the Well-being Goals within the Well-Being of Future Generations (Wales) Act 2015 are met.

- 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

8.2 Effective financial management is also consistent with the five ways of working as defined within the sustainable development principle in the Act.

- Long Term – The importance of balancing short-term needs with the need to safeguard the ability of future generations to meet their long-term needs
- Prevention - How acting to prevent problems occurring, or getting worse, may help public bodies meet their objectives
- Integration – Considering how the public body's well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies
- Collaboration – Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives
- Involvement – The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.

9. EQUALITIES IMPLICATIONS

9.1 There are no potential equalities implications of this report and its recommendations on groups or individuals who fall under the categories identified in Section 6 of the Council's Strategic Equality Plan. There is no requirement for an Equalities Impact Assessment Questionnaire to be completed for this report.

10. FINANCIAL IMPLICATIONS

10.1 As noted in the table in paragraph 5.1.4 above some service under/over spends will be appropriated to ring fenced reserves including Social Services Transport (£171k underspend), Home to Schools Transport (£386k underspend) and Cemeteries (£101k underspend). In line with the Council's reserves protocol, general revenue

underspends not subject to specific ring fencing are appropriated to Directorate strategic reserves and Council working balances on a 50/50 basis, however any Directorate over spends will be appropriated to Service Directorate reserves in full and will require funding from previous years reserve balances where they exist or future years revenue budgets.

- 10.2 Based on current projections, combined general revenue overspend for the Directorate of £875k in relation to Regeneration & Planning, Infrastructure, Community & Leisure services and Public Protection would be appropriated to Communities Strategic reserve (this excludes ring fenced under/overspends noted in paragraph 10.1).
- 10.3 As noted in the report the overall outturn position of each Service Division will be affected by Covid 19 and on the impact this has on ongoing service provision and also on decisions made by Welsh Government in terms of additional financial support provided in recognition of additional costs being incurred and/or reduced income generation to the Council.

11. PERSONNEL IMPLICATIONS

- 11.1 Members will be aware that when setting the budget, MTFP savings were identified for the Communities Directorate in relation to vacancy management savings, these are reflected in the financial figures reported.

12. CONSULTATIONS

- 12.1 There are no consultation responses, which have not been included in this report.

13. STATUTORY POWER

- 13.1 Local Government Act 1972 and 2000.

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Consultees: Councillor Andrew Whitcombe, Chair Housing & Regeneration Scrutiny Committee
Councillor Christine Forehead, Vice Chair Housing & Regeneration Scrutiny Committee
Mark S Williams, Interim Corporate Director of Communities
Robert Hartshorn, Head of Public Protection, Community & Leisure Services
Rhian Kyte, Head of Regeneration and Planning
Marcus Lloyd, Head of Infrastructure
Steve Harris, Head of Financial Services & Section 151 Officer
Sue Richards, Head of Education Planning & Strategy
Jane Southcombe, Education Financial Services Manager
Paula Beaman, Grants Manager
Paul Adams, Senior Assistant Accountant
Mike Jones, Interim Financial Services Manager Social Services

Background Papers:

Divisional budget monitoring working papers 2020/21

Appendices:

Appendix 1A Budget Monitoring Report - Regeneration and Planning

Appendix 1B Budget Monitoring Report - Infrastructure Services Division

Appendix 1C Budget Monitoring Report - Public Protection Division

Appendix 1D Budget Monitoring Report - Community and Leisure Services

Links to other Documents:

Minutes Meeting 20/2/2020: Budget Proposals 2020/21 and Medium- Term Financial Plan Outlook, Agenda Item No. 8. [Click here to view.](#)

DIRECTORATE OF COMMUNITIES	Estimate 2020/21	Revised Estimate 2020/21	Projected Outturn 2020/2021	Variance 2020/21
<u>REGENERATION & PLANNING</u>				
Regeneration & Planning Senior Management Support	211,926	213,483	211,147	2,336
Regeneration & Planning Administrative Support	533,470	537,133	574,905	(37,772)
Support Services				
Business Support & Urban Renewal	577,380	580,247	439,800	140,447
Events	78,253	78,540	19,209	59,331
Property Operations	(1,325,762)	(1,325,762)	(1,319,481)	(6,281)
Town Centre Management	199,209	200,061	180,437	19,624
Marketing & promotion	0	0		0
Tourism Venues				
Tourism Venues Management Support	61,529	61,978	62,687	(709)
Llanciach Fawr	380,853	384,887	451,791	(66,904)
Winding House & Museum	157,930	158,688	106,708	51,980
Caerphilly Visitor Centre	62,073	63,153	63,538	(385)
Cwmcarn Visitor Centre	243,165	246,018	281,255	(35,237)
Blackwood Miners Institute	302,847	305,485	275,185	30,300
Arts Development	157,175	158,134	82,402	75,732
Community Regeneration	139,591	140,371	120,237	20,134
Children & Communities Grant				
Expenditure	1,403,068	1,497,754	1,337,762	159,992
Grant Funding	(1,403,068)	(1,497,754)	(1,337,762)	(159,992)
C4W Grant				
Expenditure	597,465	597,465	527,465	70,000
Grant Funding	(597,465)	(597,465)	(527,465)	(70,000)
Planning Services				
Planning Services Management	78,027	78,605	78,605	0
Strategic Planning	328,030	330,205	313,970	16,235
Ringfenced Transfer To Reserves Strategic Planning			16,235	(16,235)
Development Control	(77,450)	(74,448)	11,717	(86,165)
Building Control	(48,994)	(47,619)	22,045	(69,664)
Land Charges	(5,749)	(5,316)	27,343	(32,659)
GIS & Land Gazetteer	160,694	161,867	136,684	25,183
Community Infrastructure Levy			(364,262)	364,262
Ringfenced Transfer To Reserves CIL			364,262	(364,262)
TOTAL NET BUDGET	2,214,197	2,245,710	2,156,418	89,292

<i>ENVIRONMENT DIRECTORATE</i>	Page No	Estimate 2020/21	Revised Estimate 2020/21	Projected Outturn 2020/2021	Variance 2020/2021
<i>INFRASTRUCTURE DIVISION</i>					
<i>HIGHWAY SERVICES</i>		9,157,623	9,166,412	8,893,400	273,012
<i>ENGINEERING PROJECTS GROUP</i>		(92,163)	(83,224)	(102,325)	19,101
<i>TRANSPORTATION ENGINEERING</i>		473,521	483,081	987,130	(504,049)
<i>PASSENGER TRANSPORT</i>		1,648,785	1,650,960	1,377,671	273,289
<i>HOME TO SCHOOL TRANSPORT</i>		7,281,504	7,282,962	6,897,013	385,949
<i>SOCIAL SERVICES TRANSPORT</i>		1,552,829	1,557,420	1,386,207	171,213
<i>NETWORK CONTRACTING SERVICES</i>		(124,899)	(107,948)	381,336	(489,284)
<i>ENGINEERING - GENERAL</i>		19,336	19,336	18,408	928
<i>TOTAL NET EXPENDITURE</i>		19,916,536	19,968,999	19,838,840	130,159

<i>DIRECTORATE OF THE ENVIRONMENT</i>	Page No	Estimate 2020/2021	Revised Estimate 2020/2021	Projected Outturn 2020/2021	Variance 2020/2021`
<u>PUBLIC PROTECTION DIVISION</u>					
<i>TRADING STANDARDS</i>		772,055	777,353	738,584	38,769
<i>LICENSING</i>		91,989	94,838	61,194	33,644
<i>REGISTRARS</i>		53,417	55,629	20,573	35,056
<i>CCTV</i>		417,023	420,081	393,157	26,924
<i>COMMUNITY WARDENS</i>		239,720	240,083	228,552	11,531
<i>CORPORATE AND DEMOCRATIC COSTS (CDC)</i>		57,631	58,052	52,783	5,269
<i>HEALTH DIVISIONAL BUDGET</i>		293,052	294,906	309,287	(14,381)
<i>COMMUNITY SAFETY PARTNERSHIP</i>		46,963	47,624	67,319	(19,695)
<i>ENFORCEMENT</i>		642,501	646,647	574,428	72,219
<i>POLLUTION</i>		398,936	401,196	245,233	155,963
<i>FOOD TEAM</i>		591,349	595,703	591,740	3,963
<i>EMERGENCY PLANNING</i>		105,923	106,634	92,193	14,441
<i>CATERING</i>		3,739,710	3,773,573	3,999,689	(226,116)
<i>TOTAL NET EXPENDITURE</i>		7,450,269	7,512,319	7,374,732	137,587

DIRECTORATE OF THE ENVIRONMENT	Page No	Estimate 2020/2021	Revised Estimate 2020/2021	Projected Outturn 2020/2021	Variance 2020/2021
<u>COMMUNITY & LEISURE SERVICES</u>					
WASTE MANAGEMENT					
<i>Residual Waste</i>		2,282,953	2,286,943	3,313,680	(1,026,737)
<i>Organics recycling</i>		1,350,335	1,356,607	1,122,958	233,649
<i>Civic Amenity Sites</i>		3,082,763	3,086,961	2,482,937	604,024
<i>Waste Transfer Station</i>		107,968	108,232	125,353	(17,121)
<i>Dry Recycling</i>		2,714,455	2,721,197	3,132,213	(411,016)
<i>RCCO</i>		391,000	391,000	240,000	151,000
<i>Bulky Waste</i>		128,220	128,583	92,999	35,584
<i>Commercial Waste</i>		(508,650)	(507,555)	(253,309)	(254,246)
<i>Other Waste</i>		23,148	23,148	21,566	1,582
<i>Treher</i>		131,451	131,451	120,694	10,757
<i>Sustainable Waste Management Grant</i>		(849,804)	(849,804)	(888,479)	38,675
<i>HQ Staff</i>		1,232,590	1,239,736	1,227,069	12,667
CLEANSING					
<i>Public Conveniences</i>		0	0	(230)	230
<i>Street Cleansing</i>		4,079,727	4,100,682	3,689,877	410,805
GROUND MAINTENANCE AND PARKS					
<i>Cemeteries</i>		(201,269)	(198,904)	(300,036)	101,132
<i>Allotments</i>		37,804	37,804	36,062	1,742
<i>Parks and Playing Fields</i>		1,763,051	1,776,584	1,731,928	44,656
<i>Playgrounds</i>		276,548	277,171	277,126	45
<i>Outdoor facilities</i>		237,104	238,049	166,008	72,041
<i>Community Assets Funding</i>		0	0	0	0
<i>Countryside</i>		893,301	902,218	925,886	(23,668)
<i>HQ Staffing</i>		998,661	1,004,010	1,006,931	(2,921)
LEISURE SERVICES					
<i>Leisure Centres</i>		2,672,870	2,702,129	2,957,515	(255,386)
<i>Sports & Health Development</i>		21,480	21,782	21,782	0
<i>Outdoor Education</i>		153,993	157,752	409,392	(251,640)
<i>Community Centres</i>		359,171	361,349	361,349	0
		21,378,870	21,497,125	22,021,271	(524,146)
<i>Building Cleaning</i>		570,558	598,354	546,477	51,877
<i>Vehicle Maintenance & Fleet Management</i>		(276,299)	(272,270)	(170,242)	(102,028)
Total net expenditure Community & Leisure Services		21,673,129	21,823,209	22,397,506	(574,297)

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