



ENVIRONMENT AND SUSTAINABILITY SCRUTINY COMMITTEE – 9TH FEBRUARY 2021

SUBJECT: BUDGET MONITORING REPORT 2020/21

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 Environment and Sustainability Scrutiny Committee Members are requested to note the contents of this report and the detailed budget monitoring pages that follow in respect of Infrastructure Services Division, Public Protection Division and Community & Leisure Services 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 It should be noted that this is the third monitoring report in a series of reports planned this financial year and continues to show that the financial position for each service is continuing to be significantly influenced by operational issues linked to the Covid-19 crisis. The position continues to evolve as the Covid-19 situation changes, with Welsh Government policies on restrictions and funding support being amended and changed. A number of key assumptions have been applied in the financial projections relating to ongoing disruptions to service provision, especially where services have been significantly curtailed and/or income has not been generated or significantly limited, such as leisure centres, tourism venues, schools catering, registrars fees and car parks, but some operational costs such as staff salaries and fixed overheads are still being incurred.
- 5.1.4 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. Claims for lost income funding for the April to June period have been submitted to WG and £1.398million received as grant, covering lost income in relation to a range of services including schools catering, leisure centres, tourism venues, countryside, sports pitches, commercial waste collections, car parks, civil parking enforcement and registrars. 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. Further a grant claim for the July to September period of £889.6k has also been submitted and payments of £793k received and £96k withheld awaiting additional confirmation. The financial projections in this report also include estimates of possible lost income funding for the 6-month period October 2020 to March 2021 of £2.197million. The estimates of lost income incorporated into these projections are calculated by first projecting the likely income and operating costs for each service (after taking into account assumptions regarding service operations, disruptions and site closures and also possible customer demand when services recommence on a limited basis or full service commencement) and comparing this to income the previous financial year before Covid-19. The position is however continually changing as services react to the latest position regarding Covid-19 and decisions and announcements from Welsh Government in relation to restrictions, local lock downs and firebreaks and funding support to Councils.
- 5.1.5 The table 1 below summarises the present budget monitoring position, with an overall Directorate over spend of £407k, but exclusive of ring-fenced budgets this overspend is increased to £906k. The overspend projected is overall less than that reported previously, primarily due to the changing position regarding the impact Covid-19 on services and the additional funding being received from WG in relation to Covid-19. 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	2,297	(52)
Infrastructure Division	19,917	19,969	20,034	(65)
Public Protection Division	7,450	7,513	7,061	452
Community & Leisure Services Division	21,673	21,823	22,566	(743)
Directorate General	176	177	176	1
NET DIRECTORATE	51,430	51,727	52,134	(407)
Home to School Transport - ring fenced under spend				331
Social Services Transport - ring fenced under spend				105
Cemeteries Task & Finish - ring fenced under spend				63
NET DIRECTORATE over spend (excluding ring fenced budgets)				(906)

5.2 REGENERATION & PLANNING DIVISION

- 5.2.1 Overall, the service division presently has a projected overspend of £52k on a £2.245million revised budget. The overspend is primarily linked to shortfalls in income in relation to tourism venues, industrial properties, planning and building control fees and search fees, all of which have in recent years underachieved income targets. The tourism venue projections do however assume that WG funding for lost income due to Covid-19 will be received for the full financial year, which significantly improves the financial outlook for the venues.
- 5.2.2 Development Control is reporting overspend of £99k primarily due to a projected shortfall in planning application fees of £115k compared to the budget of £538k. 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 £6k below budget. Underachievement in income is partly offset by delayed filling of a vacant post. Building Control is reporting overspend of £64k due to a shortfall in income against the £273k budget, again, 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 a number of years.
- 5.2.3 Strategic Planning is presently projected to be £21k underspent due to delayed filling of a vacant post and staff on reduced working hours. Planning administrative, technical and GIS/Land Gazetteer support services is underspent by £33k due to delayed filling of vacant posts, staff not top of the incremental scales and additional administrative fee income from managing the CIL (Community Infrastructure Levy) service. Land charge services are £27k overspent due to a shortfall in search fee income compared to the budget of £113k. Again, unclear if Covid-19 is having an impact on search fee income and search fees were £26k short of the budget last year.

- 5.2.4 Business Support and Urban Renewal report underspend of £87k, primarily due to additional staff fee income supporting grant funded projects, reduced spend on community projects and other operational costs but offset by additional cost of NNDR on vacant properties under the team's management. Town Centre Management is projecting underspend of £3k.
- 5.2.5 There is a projected £93k overspend in relation to industrial properties primarily due to shortfall in property rents of £224k linked to units being unoccupied, partly offset by reductions in building maintenance and energy. Despite overspend reported, 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.
- 5.2.6 Overall Tourism Venues are reporting combined overspend of £55k which is less than overspend of £102k reported earlier. 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 also 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 of £133k has been received in relation to lost net income for the April to June period and a further £128k submitted claims for July to September and further claims anticipated for the October to March period of £178k. 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 £58k in relation to Arts Development where programmes of work commissioned have been curtailed due to Covid-19.
- 5.2.7 Tourism events in contrast, report net underspend of £51k. There have been no events taking place this year and none are planned for the remainder of the year, so there is a significant reduction in operating expenditure (£265k), albeit some staffing costs are being incurred as stewards are being paid an average salary. Underspend in operating costs are however offset to a great extent by there being no income generated from pitch hires and trading concessions at the various events (£204k).
- 5.2.8 Community Regeneration is reporting a £24k underspend primarily due to reduced spend on Community projects and rent income in excess of running costs for the Community hubs.
- 5.2.9 There is underspend in senior management support of £9k due to staff not paid at the top of the incremental scale.
- 5.2.10 Children and Communities 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 is overall reporting over spend of £65k on a £19.969million revised budget, but after excluding budget variations in relation to Home to School Transport (£331k underspend) and Social Services Transport (£105k under spend) which will be ring fenced and appropriated back to the Service Directorates, there is an over spend of £501k, this includes WG funding for lost income in some service areas, already received for the period April to June and assumed and included in the projections for July to March 2021.
- 5.3.2 Highway Operations is actually reporting underspend of £243k. Highway maintenance is underspending by £277k mainly due to delays in projects and schemes commencing due to Covid-19, albeit this is offset by overspend in relation to NCS (see paragraph 5.3.6 below) as the in- house contractor has suffered from reduced workload. The under spend in highway maintenance is partly offset by £52k overspend in street lighting where price increases have more than offset reductions in energy consumption albeit the ongoing investment in LED street lights has helped to reduce energy consumption and costs. There is also overspend in relation to SAB £43k (sustainable drainage) after £10k of lost income funding is included due to reduced work. There is also reduced income in relation to new roads and street works act (NRSWA) albeit WG funding for lost income is assumed for April to March. 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 £36k with reductions in fee income being more than offset by reduced salary and agency costs.
- 5.3.4 Transportation Engineering overall is projecting a large overspend of £523k. This is mainly due to reduced income linked to Covid-19 in relation to car parking of £733k (albeit WG grant funding of £130k has been received for the April to June period). The Council had made the decision not to charge for car parks until March 2021 due to the impact of Covid-19 on employment and town centre trade and so income generation is significantly reduced. Further, lost income in relation to car parks for July onwards cannot form part of any claims to WG, because WG have stipulated that any local Council decisions impacting on future income generation cannot be considered for funding. Shortfalls in income generated from Civil Parking Enforcement (CPE) of £250k is offset by £196k of estimated WG funding for lost income for the April to March period (including £49k received April to June and £32k July to September) and a reduction in CPE operational costs. There are also underspends in relation to school crossing patrols of £82k due to vacant posts linked to sites not meeting ROSPA criteria.
- 5.3.5 Public Transport is reporting an under spend of £214k, 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 £28k due to extra management income for Bus Contactless payment scheme and some underspend in staffing £64k. Lost income in relation to bus departure charges of £100k is funded by estimated £99k lost income funding from WG for April to March (including £18k received for April to June and £28k for July to September).
- 5.3.6 At this stage Network Contracting Services (NCS) is anticipating a deficit of £462k with an underachievement in the income targets primarily linked to a significantly reduced workload due to Covid-19 along with the need to adhere to social distancing and TU agreement that only limited staff were able to work in the early stages of the pandemic.

NCS is heavily dependent on the volume and value of work secured during the year and this is monitored closely along with productivity levels within the workforce. However as noted in paragraph 5.3.2 above there is underspend in the main highway maintenance budgets due delays in schemes that NCS would normally be undertaking.

- 5.3.7 Home to School Transport is presently projecting underspend of £331k on a £7.2million budget, with £513k 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 £120k). 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 under spend of £105k including £30k on salaries, £19k vehicles and £55k for service operators. Again, there is risk of operator failure leading to increased cost 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 £452k on an overall revenue budget of £7.512million revised budget.
- 5.4.2 Environmental Health is currently projecting a net underspend of £278k. This includes underspend in Community Safety Wardens (£54k) and Enforcement (£84k) mainly due to salary underspend from staff on reduced hours and delayed filling of vacant posts and underspend in some other operational costs. There is also underspend in relation to Pollution control 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.
- 5.4.3 Trading Standards, Licensing, Registrars and CCTV services are projecting net underspend of £110k, this is primarily due to staff vacant posts and staff not on the top of incremental scales. Registrars is projecting a significant shortfall in income due to reduction in wedding and civil ceremonies linked to Covid-19, where income could be £109k below the £250k budget. However, a claim to WG for lost income for the April to June period of £58k has been submitted of which 50% has been paid, with the balance being held by WG, as this will be subject to review nearer to the year end. An additional claim for July to September of £32k has been submitted and a further £45k included in this monitoring for the October to March period. This additional funding significantly improves the financial position of the Registrars service. Licensing income is also £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 also street trading applications. At this stage some of this could be considered to be delayed income due to Covid-19 not fully lost income and therefore no assumption is made on lost income funding from WG.

5.4.4 Catering Services are now projecting underspend of £63k on a £3.7million budget (previously a £320k overspend was being projected), the improvement is due to the inclusion of additional external funding as detailed below. Free school meal provision to pupil's homes has continued from the end of March through to the October half term. WG have been providing hardship funding for additional costs incurred by the Council, at £2.72 per meal (representing the estimated difference in cost of providing a free school meal at school compared to a free school meal delivered to pupils' homes). However, at the start of September and start of new school terms, WG reduced the funding subsidy per meal to £1.03 and from mid-September the funding ceased as WG assumed that school canteen facilities would reopen. However, Caerphilly Council school canteens did not reopen until after the October half term and free school meals to pupils' homes continued until the canteens reopened without additional WG funding. In addition, there has been a significant increase in free school meal take up since meals have been delivered to pupil's homes and therefore overall increase in cost of free school meals. In recognition of the increase in free school meal take up and the absence of WG support from the end of September, the financial projection for Catering includes additional funding of £307k, which is from additional money received by the Council linked to universal credit changes and impact on free school meals. Catering services have also experienced a significant reduction in cash income from pupils who normally pay for their meals, because school canteens have been closed from April through to the October half term. However, in recognition of this WG funding of £362k representing net lost cash income for April to June period has been received and £245k recently received for July to September. A further £720k is estimated for the October to March 2021 period after considering the likely income generation for the remainder of the year, now canteens are operating, compared to last year. Without this lost income funding Catering would be reporting a fairly significant overspend. The staff restaurant is also closed and is likely to be for this financial year, this will result in income shortfall of £180k from meal sales offset by reduced food costs, albeit lost income funding from WG of £47k is included in the projections including £15k paid for April to June, £13k for July to September and £19k for October through to March.

5.5 COMMUNITY & LEISURE SERVICES

5.5.1 The Community & Leisure Division is presently projecting overall a net overspend of £743k on a budget of £21.823 million revised budget, this overspend primarily relates to leisure services as noted below.

5.5.2 Waste Management & Cleansing Services is overall presently only reporting overspend of £8k on a budget of £14.166 million. There is anticipated overspend in waste collection costs for the various waste streams of £394k, due to a combination of additional agency and staff cover linked to sickness absence and Covid-19 related shielding and isolation, also additional vehicle hire, albeit this is offset by a reduction in anticipated expenditure on vehicle acquisitions (underspend in RCCO revenue contribution to capital outlay) of £151k. Waste treatment costs are now showing overspend of £186k, this is due to a fairly significant increase in both dry recycling (£583k overspend) and residual waste (£378k overspend) over the past few months, which seems to be due to increased household kerbside waste linked to Covid-19 related lock downs and firebreak restrictions. However, a claim of £98k was submitted and paid by the Welsh Government hardship fund, representing increased tonnage compared to last year for the April to September period, which was considered to be due to Covid-19 restrictions. It is then assumed that a further £93k will be claimed for the October to March period. This additional funding reduces the level of projected overspend significantly. In addition, underspend in organic treatment of £86k and also CA sites £573k (due to ongoing proof of residency

policies and significant reductions in out of County waste) further offset the projected overspends in residual and dry recycling waste treatment. Waste treatment costs will be monitored closely however as they can vary due to changes in tonnage of waste and variations in contract prices. There is presently anticipated overspend in relation to commercial waste of £260k due to a shortfall in income from external customers, this has been a problem for a number of years, but has been accentuated this year by the impact of Covid-19. However, £49k of funding has been received from WG for the net lost income for April to June, although no further funding is anticipated, as it was a Council decision not to charge organisations that were not trading during the July to September period. Sustainable Waste Management Grant (SWMG) from WG is £38k greater than budgeted as a result of revisions to WG allocations. The overspends in waste management noted above, are also to a great extent, offset by an increasing projected underspend in street cleaning (£646k) which is due to a combination of staff vacant posts and staff continuing to be redirected to help cover waste collection rounds due to Covid-19 related and general sickness absence.

- 5.5.3 An underspend of £59k is projected for Parks & Countryside, Outdoor Facilities and Cemeteries. Cemeteries is reporting a £63k under spend due reductions in cemetery maintenance requirements. Any underspend in relation to cemeteries is ring fenced for future investment in cemetery infrastructure. Parks & Countryside combined is reporting underspend of £42k 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. These underspends are part offset by 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 to part offset this shortfall. Parks HQ has overspend of £47k primarily due to maintenance work at Abercarn depot partly offset by reduced plant & equipment repairs. Outdoor facilities is reporting a near break- even position, with a shortfall in pitch hire income due to Covid-19 restrictions being offset by reduced pavilion attendants' costs, reduced pavilion maintenance costs and WG funding towards lost income of £30k.
- 5.5.4 Leisure Centres are reporting overspend of £528k. 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 of £549k received for net lost income for the April to June period, along with lost income funding for July to September of £352k. In addition, the projection includes estimated lost income of £500k for both the October to December and January to March periods. Income generation is however very difficult to project accurately due to the ever-changing position regarding Covid-19 restrictions and impact on the Councils Leisure Centres. Leisure Centres have from the start of September started to reopen on a phased basis, which has involved the unlocking of activity and increasing user numbers as Government and industry guidelines allow. Also, customer attitudes to returning to activity is playing a big factor. At present it is assumed that customer activity and income generation maybe 22% of normal activity and that any shortfalls in income when compared to previous years will be funded from WG lost income grant support as noted earlier. The additional WG funding assumed significantly improves the financial outlook for the leisure centres, albeit overspend of £528k is still anticipated as noted above, 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.

- 5.5.5 Community Centres are at present projecting underspend of £40k on a £359k budget due to reductions in operating costs. Caerphilly Adventures is reporting a large overspend of £285k. 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 June of £5.4k has been received and a further £21k for July to September 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. 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.
- 5.5.6 Vehicle Maintenance & Fleet Management is currently projecting overspend of £107k, 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.
- 5.5.7 Building Cleaning is at present reporting underspend of £48k. Building Cleaning work has been affected by the Covid-19 crisis, with limited or no cleaning for a period of time 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 also 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 as 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 also the restaurant facilities at Ty Penallta (£10k).
- Community & Leisure, Parks operations, deletion of an administrative post £25k 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 diverse range of services, as outlined in the report and appendices and the report notes that the 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 5.1.4 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 scenarios 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.

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 4.1.3 above some service under/overspends will be appropriated to ring fenced reserves including Social Services Transport (£105k underspend), Home to Schools Transport (£331k underspend) and Cemeteries (£63k 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 £906k 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 D.T Davies Chair Environment & Sustainability Scrutiny Committee
Councillor A Hussey Vice Chair Environment & Sustainability Scrutiny Committee
Christina Harray, Chief Executive.
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
Jane Southcombe, Education Financial Services Manager
Dave Roberts, Principal Group Accountant
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 Council Meeting 20/2/2020: Budget Proposals for 2020/21 and Medium-Term Financial Outlook – Agenda Item No. 8 [Link to Special Council 20th February 2020](#)