POLICY AND RESOURCES SCRUTINY COMMITTEE
INFORMATION ITEM

SUBJECT: **CORPORATE SERVICES AND MISCELLANEOUS FINANCE 2021/22 BUDGET MONITORING REPORT (PERIOD 3)**

REPORT BY: **CORPORATE DIRECTOR OF EDUCATION AND CORPORATE SERVICES**

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1. PURPOSE OF REPORT

1.1 To inform members of projected revenue expenditure for the Directorate of Corporate Services and Miscellaneous Finance for the 2021/22 financial year.

2. SUMMARY

2.1 The report projects the anticipated final outturn for the Directorate of Corporate Services and Miscellaneous Finance based upon expenditure and income trends for the first three months of the financial year.

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 for the Directorate of Corporate Services and Miscellaneous Finance.

5. THE REPORT

5.1 Corporate Services

5.1.1 The Directorate of Corporate Services is currently forecasting an underspend of £814k for the 2021/22 financial year, full details of which are provided in Appendix 1.

5.1.2 Members are advised that the projected outturn for Education & Lifelong Learning is a net underspend of £198k, consequently overall the projected outturn position for Education and Corporate Services is an underspend of £1,012k.

5.1.3 There is an anticipated net underspend on Chief Executive and Director of Education & Corporate Services of £22k after the use of agreed reserves to fund the leadership programme.

5.1.4 The anticipated net underspend of £134k in Corporate Finance relates in the main to in-year vacancies, some of which are in the process of being filled, together with the use of reserves to fund an apprentice post and a Finance Officer (Cashless Catering).

5.1.5 There is an anticipated net underspend of £429k in Digital Services, after taking into account the agreed used of reserves. The underspends will be monitored during the year and may reduce depending on agreed project work. The underspends consist of: -

- A projected underspend of £149k for IT Services which is due in the main to delays in filling vacancies offset by the estimated costs of additional leased Telephone lines, external consultants, agency staff and a reduction in income.
- A projected net underspend of £172k on Procurement which relates in the main to delays in filling vacant posts.
- An underspend of £108k for Customer First. This is due in the main to vacant posts still to be filled due to secondments to the Track and Trace programme.

5.1.6 Legal & Governance is projecting a net underspend of £4k after allowing for the following to be ring-fenced and transferred to earmarked reserves: -

- Projected underspend on Members related expenditure of £42k. This is due in the main to underspends on Members Allowances and associated budgets which is partly offset by increased costs on Members superannuation costs.
- Projected underspend of £34k on Electoral Services. The Electoral Services underspends in non-election years are ring-fenced to fund overspends in election years.

5.1.7 The net underspend of £4k for Legal & Governance is due in the main to staff not reaching the top of their pay scales, some temporary reduced hours and savings associated with working from home, which are offset by reduced income levels. These income levels will be monitored closely during the year. The underspend is after taking into account the agreed use of reserves for an additional Committee Services Officer.

5.1.8 There is a projected net underspend of £129k for People Services mainly consisting of: -

- Human Resources projected net underspend of £80k due in the main to staff being on maternity leave and some temporary reductions in working hours, partially offset by reduced income levels. The net underspend is after taking account of the agreed use of reserves.
- Health & Safety underspend of £119k due in the main to salary savings arising from delays in recruitment after taking account of the agreed use of reserves for an SLA Support Officer. These are offset by reduced internal training income due to Covid-19. There are also small forecast savings on vehicle hire.
- Occupational Health underspend of £46k due in the main to salary savings due to delays in recruitment
- A grant claim has been submitted to WG for circa £7k for loss of external training income for the H&S training section, but the funding has not yet been confirmed.
- The Communications Unit is projecting a net overspend of £89k, due in the main to reduced levels of internal income arising from Covid-19. Income levels will be closely monitored in year. It is anticipated the lost internal income in this budget has resulted in savings in other service division's printing budgets.
- CMT Support overspend of £28k due to the addition of a new "Support Officer".

5.1.9 There is an anticipated £152k net underspend in Business Improvement Services after taking account of the following: -

- Management – Projected net underspend of £131k due to a vacant Head of Service post.
- Projected net underspend of £9.5k in the Policy Team due to delays in filing a vacant post.

- Projected underspend of £11k in the Equalities and Welsh Language Team due in the main to some staff not reaching the top of pay scales in the current year.
- Projected small overspend of £1k in the Performance Management Unit.
- Projected net underspend of £1k in the Transformation Team after taking account of the agreed transfer of reserves.

5.1.10 Although Property Services sits within the Economy & Environment Directorate, budget monitoring has traditionally been considered by the Policy and Resources Scrutiny Committee. For Property Services there is a net projected overspend of £95k, consisting of the following: -

- Management - £38k underspend in the main due to staff on temporary reduced hours offset by the estimated appointment of a new post starting February 2020.
- Energy - £5k underspend, due to a temporary reduction of hours of a member of staff.
- Estates - £32k underspend due mainly to staff vacancies/reduced hours offset by a reduction in the anticipated level of fee income. The income levels will be monitored closely in year.
- Non – Operational Properties - £8k underspend mainly due to reduced utility costs being incurred.
- Corporate Facilities - £62k overspend mainly due increased electricity costs for Ty Penallta to comply with the Covid-19 guidance offset by savings on staff salary due to temporary reduction in hours.
- Maintenance – Projected £34k underspend due in the main to delays in filling vacant posts and increased fee income.
- Building Consultancy – Projected £153k overspend due in the main to reduced fee income arising from the pausing of the Trinity Fields extension project. The creation of a new Project Manager post is partially offset by delays in filling existing posts.

5.1.11 There is a projected underspend of £38k on Housing Services (excluding HRA) which consists of the following: -

- General Fund Housing is expected to show a £25k underspend at this stage, although there are some offsetting over and underspends contributing to this position.
- This service area includes a statutory duty for Temporary Accommodation which is demand led and difficult to predict, but trends show an annual increase in the need for this service evidenced by the increase in B&B accommodation over the past few years and in particular placements made during the pandemic. There has been a government embargo on evictions, which recently ended in June 2021, which has therefore restricted the normal flow of homeless activity, but activity for Covid related placements still remains high. Welsh Government have also extended the requirement notice for landlords to serve notice on tenants to 6 months. We therefore anticipate referrals requiring emergency housing to increase.
  The demand for B&B placements as a result of Covid-19 has been significant with on average 70 cases per month, together with accompanying security costs for the relevant establishments. Welsh Government have funded these costs (net of any housing benefits) from the Covid Hardship Grant and have confirmed this funding will remain in place for the remainder of this financial year. However, once this funding has ceased, the funding commitment will fall on the General Fund. In the long term, however, Welsh Government has set out an ambitious Programme for Government with the aim of making our community a better place to live and work, which will be achieved in part, by reforming homelessness services to focus on prevention and rapid rehousing, which should in theory eradicate the need for B&B placements. Emergency Accommodation will still be required but on a smaller scale and officers are currently undertaking a review with regard what this provision will look like for CCBC in the longer term.
- Private Sector Housing is expected to show a £13k underspend at this stage. In previous reports there was concern regarding the under recovery of the Agency Income Fee which has historically been generated from the private housing capital programme. This budget

relies on its fee income to be able to fund the service. Fee income is charged on works carried out which are typically capital in nature, such as historically, Area Renewal, Renovation Grants and more recently the WHQS programme, Home Repair Grants, Loans and Adaptations. Unfortunately, due to the Covid-19 restrictions, officers were unable to progress with any works, (other than emergencies) and as such have not been able to receive any significant fee income The WHQS programme was also due to be completed in June 2020, and although this is now extended, it will not offer up a long-term income solution for this service. The reduced activity during the pandemic has created a backlog of work which will now need to be managed.

- Welsh Government have offered up a lost income financial assistance grant as a consequence of Covid-19, and claims made for the lost agency fee were fully successful last financial year. The budget therefore now assumes the reduction in lost income will be fully recovered this financial year via the lost income claim. This should ensure the budget remains in a manageable position for this financial year, but officers are reviewing the budget for long term sustainability.

5.2 Miscellaneous Finance

5.2.1 There is an overall projected underspend of £436k in Miscellaneous Finance.

5.2.2 There is a projected net underspend of £271k on Capital Financing budgets which is due to the following: -

- £827k underspend on Interest Payments due to delays in borrowing requirements.
- Investment income being £555k less than the budgeted level due to the timing of new medium to long term investments due to Covid-19.

5.2.3 There is a projected overspend of £63k on the Trade Union budget. We are currently still in discussions with Trade Union colleagues to review and update our Facilities Agreement to ensure that equitable support arrangements are in place.

5.2.4 Counsel Fees budget is projected to be breakeven at present but this is a volatile budget that will be monitored closely in year.

5.2.5 The remaining projected overspends in Miscellaneous Finance consist of the following: -

- £16k on the Class 1A NI savings, this is due in the main to a reduced take-up of the Tusker GASS car scheme.
- £23k on Bank Charges due to the increased costs of processing “faster payments”.

5.2.6 The remaining projected underspends for Miscellaneous Finance consists of the following: -

- Subscriptions - £7k
- Carbon Management Scheme - £247k (scheme ended in 2019-20).
- £12k Community Schemes budget due to the proposed cancellation of events.

5.3 Approved Establishment of Reserves

5.3.1 A reserve of £75k has been established using officer delegated powers to fund a fixed term two-year post for a Committee Services Officer. This will be funded from the projected 2021-22 underspend in Miscellaneous Finance.

5.4 Virements

5.4.1 An permanent virement of £60k has been agreed using officer delegated powers, to fund a

post in the newly established Empty Homes Team within Private Housing. £30k of this virement is from the General Fund Housing homelessness activity budget and £30k from Miscellaneous Finance.

6. ASSUMPTIONS

6.1 The projected outturn position is based on actual income and expenditure details to the end of June 2021.

6.2 Forecasts have been made following discussions with Managers based on current information available.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 This report is for information only so an IIA is not required.

8. FINANCIAL IMPLICATIONS

8.1 As detailed throughout the report.

9. PERSONNEL IMPLICATIONS

9.1 There are no direct personnel implications arising from this report.

10. CONSULTATIONS

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

11. STATUTORY POWER.

11.1 Local Government Acts 1972 and 2003 and the Council's Financial Regulations.

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Appendices:

Appendix 1 Corporate Services & Miscellaneous Finance 2021/22 Budget Monitoring Report (Period 3).

Background Papers:

Council (24/02/21) – Budget Proposals for 2021/22 and Medium-Term Financial Outlook