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Cyngor Bwrdeistref Sirol
MERTHYR TUDFUL
MERTHYR TYDFIL
County Borough Council

CABINET REPORT

Date Written	17 th August 2021
Report Author	Steve Jones / Ian Kent / Adam Price
Service Area	Finance
Committee Division	Strategic
Exempt/Non Exempt	Non Exempt
Committee Date	8 th September 2021

To: *Chair, Ladies and Gentlemen*

Revenue Budget Monitoring 2021/22 - Quarter 1

1.0 SUMMARY OF THE REPORT

- 1.1 The report details the projected revenue outturn for 2021/22 as at 30th June 2021, that is the 1st Quarter, and was considered at Budget Board on 28th July 2021.
- 1.2 The report advises Cabinet of the projected outturn position for the 2021/22 financial year whilst focusing on projected major budget variances.
- 1.3 A net revenue surplus of £1,489,000 is projected for the financial year. The most significant variances are projected surpluses of £1,025,000 for the Social Services department, and £350,000 against the Corporate Vacancy Factor budget.
- 1.4 Utilisation of £250,000 of the Covid Recovery Earmarked Reserve to address pothole maintenance on the Council's road network is requested.

2.0 RECOMMENDATIONS that

- 2.1 The Revenue Budget Monitoring report for the 2021/22 financial year based on 1st Quarter projections be accepted.
- 2.2 Budget Virements outlined in Appendix 2 be approved.
- 2.3 Managers to urgently address projected budget deficits within their respective service areas, identifying all possible remedial measures to offset projected deficits, be approved.

- 2.4 Managers to continue to monitor **all** revenue budgets and immediately notify the Chief Finance Officer of potential financial difficulties, be approved.
- 2.5 The utilisation of £250,000 of the Covid Recovery Earmarked Reserve to address pothole maintenance within the County Borough be approved.

3.0 INTRODUCTION AND BACKGROUND

- 3.1 Regular planned budget monitoring is crucial in ensuring effective financial stewardship and accountability and is governed by the Chartered Institute of Public Finance and Accountancy's recommended best working practices.
- 3.2 It is considered critical that Budget Monitoring arrangements are continually reviewed and enhanced to ensure continued effectiveness with robust challenge provided by both the Budget Board and the Change and Wellbeing Programme Board.
- 3.3 This report details the net revenue expenditure position for the period 1st April 2021 to 30th June 2021 (1st Quarter) and revenue outturn projections for the 2021/22 financial year, and was considered at Budget Board on 28th July 2021.

4.0 FINANCIAL PROJECTIONS 2021/22

- 4.1 Detailed in Appendix 1 is the summary Revenue Budget Monitoring statement as at 30th June 2021, with a net revenue surplus of £1,489,000 projected for the 2021/22 financial year.
- 4.2 Detailed in Appendix 2 are requested Budget virements resulting from budget re-alignment, required investment and departmental re-configuration.
- 4.3 Major variances satisfying the following criteria are disclosed in Appendix 3:
- Any under / over spend of at least £50,000.
 - Any under / over spend that is 10% or more of the budget and at least £20,000 in value.
 - Any other under / over spend considered significant at the discretion of the Chief Finance Officer.

5.0 MAJOR VARIANCES

Social Services

- 5.1 The Social Services Department is projected to underspend by £1,025,000.
- 5.2 A surplus of £281,000 is projected for the Social Care Client Service Strategies budget. Funding from Welsh Government's Integrated Care Fund for Domiciliary Care (£200,000), Transition (£20,000), and Staying Well at Home (£66,000) has

been confirmed for 2021/22. This funding was due to end but has been extended because of the pandemic.

- 5.3 A surplus of £229,000 is projected for Supporting Placements mainly due to placements ending after budget setting, and new demands having lower cost packages than budgeted.
- 5.4 A surplus of £104,000 is projected for Independent Domiciliary Care due to lower weekly hours than budgeted (currently 3,305 compared to 3,700 budgeted). However, demand is beginning to increase after disruption during earlier stages of the pandemic and this position could change considerably as the year progresses.
- 5.5 A deficit of £192,000 is projected for the Homes for the Elderly mainly due to high levels of staff sickness and a reduction of projected income.
- 5.6 A surplus of £343,000 is projected for the Independent Residential Establishments budget. The pandemic is impacting on care home admissions; numbers are recovering from lower than the anticipated levels.
- 5.7 A budget surplus of £132,000 is reported for the LAC Fostering - Independent Fostering Agencies (IFA's) budget due to fewer placements than estimated.
- 5.8 A budget surplus of £129,000 is reported for the LAC Fostering - In House, Kinship & Emergency/Respite Fostering Services budget due to fewer placements than estimated and lower than anticipated costs.
- 5.9 The projections within Social Services take into account all known Covid-19 related financial issues. However, there is an acknowledgement there are probably unknown pressures specifically within Children Services that will continue to emerge as the year progresses.

Community Regeneration

- 5.10 A surplus of £51,000 is projected for the Transport budget. We are continuing to administer Welsh Government's concessionary bus travel scheme and expect to receive an administration grant of £48,000.

Neighbourhood Services

- 5.11 A surplus of £102,000 is projected for Bereavement Services. Fee income to date is higher than budgeted.

Corporate

- 5.12 A surplus of £88,000 is projected for the Council Tax Benefit Payments budget. There are 114 fewer claimants than estimated.
- 5.13 Corporate Vacancy Factor savings, resulting from the time elapsing between core-funded posts becoming vacant and being filled, are projected to exceed the budget

of £650,000 by £350,000. An additional £406,000 has been identified in the first 3 months of the year.

COVID-19

5.14 The Authority has had to incur additional expenditure in dealing with the pandemic. The major additional costs which have been incurred in 2021/22 to date are:

- Temporary accommodation for anyone presenting as homeless, until suitable housing can be found.
- Additional payments to private residential and nursing homes to mitigate the additional costs faced by these homes in dealing with the pandemic. Payments have also been made to homes to fund vacant beds.

To date, the Council has claimed £1.244m for costs incurred during the period April to June 2021 from the Welsh Government Hardship Fund.

5.15 Welsh Government are continuing to fund income lost as a result of the pandemic in 2021/22, although these pressures have eased from 2020/21. A claim for £66,310 has been submitted for Quarter 1 2021/22.

6.0 EARMARKED RESERVES

6.1 The Corporate Reserves Policy approved by Council on 22nd March 2017 defines Earmarked Reserves as *“balances held for specific purposes across the range of Council services to meet known or predicted future requirements. These reserves are typically established to address temporary need and considered on a risk basis and should only be created to meet one-off and time limited expenditure.”*

6.2 In addition the Corporate Reserves Policy sets out the protocol governing Earmarked Reserves by stating *“the creation of a new Earmarked Reserve will be initially considered at Budget Board through the monthly revenue budget monitoring process before recommendation to Cabinet for approval. Cabinet will approve the amount, purpose and estimated timeframe for utilisation through the quarterly revenue budget monitoring process”*.

6.3 In complying with the Corporate Reserves Policy, Budget Board of 29th June 2021 proposed the utilisation of £250,000 of the Covid Recovery Earmarked Reserve of £489,513 to address the backlog of potholes maintenance across the County Borough. It is projected that this expenditure will be incurred during the remainder of the 2021/22 financial year.

7.0 FINANCIAL IMPLICATIONS

7.1 A net surplus budget outturn of £1,489,000 is projected for 2021/22 based on the financial position as at 30th June 2021.

7.2 Utilisation of £250,000 of the Covid Recovery Earmarked Reserve of £489,513 is proposed to address the backlog of pothole maintenance across the County Borough.

8.0 INTEGRATED IMPACT ASSESSMENT

8.1

	Positive Impacts	Negative Impacts	Neutral/Not Applicable	
1. Merthyr Tydfil Well-being Objectives	4 of 4	0 of 4	0 of 4	
2. Sustainable Development Principles - How have you considered the five ways of working? <ul style="list-style-type: none"> • Long term • Prevention • Integration • Collaboration • Involvement 	5 of 5	0 of 5	0 of 5	
3. Protected Characteristics (including Welsh Language)	0 of 10	0 of 10	10 of 10	
4. Socio-economic Disadvantage	0 of 6	0 of 6	6 of 6	
5. Consultation and Engagement	Undertaken	Due to be Undertaken	Not Required	
	0 of 1	0 of 1	1 of 1	
6. Data and Evidence to inform the proposal	Yes		No	
	1 of 1		0 of 1	
7. Biodiversity and the resilience of Ecosystems	Maintained	Enhanced	Reduced	Neutral/Not Applicable
	0 of 1	0 of 1	0 of 1	1 of 1
Summary				
The main positive impacts are:	The projected surplus for 2021/22 will support the financial sustainability of the Authority throughout the period of the Medium Term Financial Plan.			
The main negative impacts are:	There remain some departmental financial pressures which require close monitoring.			

ELLIS COOPER
CHIEF EXECUTIVE

COUNCILLOR ANDREW BARRY
CABINET MEMBER FOR GOVERNANCE
AND CORPORATE SERVICES

BACKGROUND PAPERS		
Title of Document(s)	Document(s) Date	Document Location
Revenue Budget Monitoring Working Papers	April 2021 to June 2021	Accountancy Department
Does the report contain any issue that may impact the Council's Constitution?		No

Consultation has been undertaken with the Corporate Management Team in respect of each proposal(s) and recommendation(s) set out in this report.

Corporate Summary

Summary	03-Mar-21	Vacant	Other	30-Jun-21	Outturn	Year End	Variance	
	Budget 2021/22 £'000	Post Virements £'000	Virements £'000	Budget 2021/22 £'000	Month 3 £'000	Projection £'000	£'000	%
People and Performance								
Social Services	36,208	-329	0	35,879	7,932	34,854	-1,025	-2.86
Learning	50,895	-30	0	50,865	44,558	50,855	-10	-0.02
Total	87,103	-359	0	86,744	52,490	85,709	-1,035	-1.19
Place and Transformation								
Community Regeneration	7,251	-5	153	7,399	3,146	7,341	-58	-0.78
Neighbourhood Services	12,256	-10	-128	12,118	2,910	12,068	-50	-0.41
Corporate Services	1,605	0	0	1,605	474	1,630	25	1.56
Finance	3,776	-32	0	3,744	1,170	3,737	-7	-0.19
Legal	1,368	0	0	1,368	339	1,380	12	0.88
Human Resources & Organisational Development	796	0	0	796	62	787	-9	-1.13
Corporate Communications	243	0	0	243	68	268	25	10.29
Total	27,295	-47	25	27,273	8,169	27,211	-62	-0.23
Corporate Costs								
Corporate Management - Executive	1,436	0	-25	1,411	347	1,416	5	0.35
Corporate Authority	19,006	0	0	19,006	1,586	18,927	-79	-0.42
Total	20,442	0	-25	20,417	1,933	20,343	-74	-0.36
Contributions / Recharges								
Non General Fund Allocations	-835	0	0	-835	0	-835	0	0.00
Discretionary Non Domestic Rate Relief	94	0	0	94	0	94	0	0.00
Collection Fund Surplus	-850	0	0	-850	0	-850	0	0.00
Corporate Vacancy Factor	-650	406	0	-244	0	-594	-350	143.44
Redundancy & EPP /slippage	356	0	0	356	0	356	0	0.00
Contribution to Budget Reserve	0	0	0	0	0	0	0	0.00
Provision for Pay Award	387	0	0	387	0	387	0	0.00
Total	-1,498	406	0	-1,092	0	-1,442	-350	32.05
COVID19 CODES								
Education	0	0	0	0	248	0	0	100.00
Social Services	0	0	0	0	484	0	0	100.00
Neighbourhood Services	0	0	0	0	68	0	0	100.00
Housing	0	0	0	0	314	0	0	100.00
Corporate	0	0	0	0	150	32	32	100.00
Additional expenditure funded	0	0	0	0	54	0	0	100.00
Total	0	0	0	0	1,318	32	32	100.00
Net Expenditure	133,342	0	0	133,342	63,910	131,853	-1,489	-1.12

General Fund Revenue Budget Monitoring 2021/22 (As at 30 June 2021)

Proposed Budget Virements

Appendix 2

Virement From		Virement To		Reason for Virement
Budget	Amount £'000	Budget	Amount £'000	
New Teacher 2 from Jan 2021 ALNCO	-60	Special Needs Advisory Teachers	60	Allocation of the new teacher post to relevant service area
Youth Service Pen Y Dre	-29	Youth Service Street Based	29	Vacant posts in Penydre not to be filled. Instead, budget to be used to increase hours of staff working within the street based team for dedicated work in the North - Gurnos, Penydarren, Dowlais and Pant.
Street Cleansing	-59	Waste Strategy	59	Permanent transfer of 2 operational posts to the Waste Warden team
Street Cleansing	-128	Environmental Protection & Housing	128	Transfer of Fly Tipping budget to reflect new reporting structure
Street Cleansing	-33	Bereavement Services	33	Transfer of Admin Officer post
Recycling Collection (inc SWMG)	-18	Refuse Collection	18	Transfer vacant operational posts to agency cover budget
Planning - Development Control	-45	Planning - Development Plan	45	Transfer of Countryside Officer from Development Planning to Development Control
Planning - Development Plan	-86	Grounds Maintenance	86	Transfer of Landscape Architect & Biodiversity Officer from Development Planning to Grounds Maintenance
Scrutiny, Partnerships & Performance	-11	Contact Centre	11	Virement needed for Welsh Language Customer Services Officer required in the Contact Centre
Scrutiny, Partnerships & Performance	-11	Contact Centre	11	Additional virement needed for additional telephone costs and budget for Partnership Team Scrutiny lower than budgeted for.
Corporate Management - Executive	-25	Economic Development	25	Budget for Head of Housing & Regen still in Economic Development budget until Corporate Management structure finalised

General Fund Revenue Budget Monitoring 2021/22 (As at 30 June 2021)

Appendix 3

Major Variances

Ref.	Budget Head	Variance £'000	Variance %	Explanation	Action Taken to address
1	Integrated Community Equipment Store (ICES)	-38	-22.62	Current service demand lower from MTFP budget setting estimates. Services suspended/Reduced through Pandemic. Section 33 agreement being updated and benchmark position readjusted to remove end of year fluctuations	MTFP Budget Estimate 22/23-25/26 to be reviewed and readjusted to reflect updated S33 agreement
2	Social Care Client Service Strategies	-281	-1,170.83	Confirmed full year Integrated Care Fund grant income in relation to Domiciliary Care (£200k) and Transition (£20k) along with Staying Well at Home (£66k).	Continue to monitor
3	MTCBC Homes for the Elderly	192	10.25	<p>The overspend is largely being caused by an overspend in salaries and a shortfall in income.</p> <p>Salaries including in house direct replacement and agency to cover sickness, leave and self isolation. New guidance from Environmental Health which states that if you feel unwell in anyway you need to get a test and isolate until you get the results. The homes are currently having issues with the reliability of agency staff and are having to rely on permanent staff working over and above their contracted hours at enhanced overtime rates. TGN projected salary overspend £55k and TBN projected salary overspend £84k.</p> <p>Shortfall in income owing to empty beds. This is being offset by income from the hardship fund. The national fee uplift is continuing until Spetember at the current rate and the void income is continuing until August followed by a step down approach although it is not yet known what this will look like.</p> <p>TGN has 3 empty beds and income shortfall £105k which is being offset by income from the covid hardship fund projected as £54k. Income shortfall £51k.</p> <p>TBN has 13 empty beds and income shortfall of £151k which is being offset by income from the covid hardship fund projected as £112k. Income shortfall £39k.</p>	Continue to monitor
4	MTCBC Group Home (Llysaen Fach)	-72	-8.49	Underspend largely against direct replacement costs in terms of agency and overtime. The pandemic means that clients have been limited to the activities that they can undertake i.e. out and about in the community where two members of staff would be required. As a result, any absences have been managed with existing staff reducing the need for agency and overtime. These costs may start to increase during the year when further restrictions are lifted.	Continue to monitor
5	Transport (Day Services)	-43	-14.88	Reduced attendance at day centres resulting in reduction in transport and therefore payments. It is likely that limited capacity will continue during this financial year and reduced payment continuing as a result. The budget also included uplift to costs of £21k following a tender exercise that was due to take place during 2020/21. The Transport Manager has confirmed that this is unlikely to go ahead during this financial year and the budget associated with this will not be required in the financial year.	Continue to monitor

General Fund Revenue Budget Monitoring 2021/22 (As at 30 June 2021)

Appendix 3

Major Variances

Ref.	Budget Head	Variance £'000	Variance %	Explanation	Action Taken to address
6	Supported Placements	-229	-6.02	Supported Living Placements - £16k net increase from additional 74 hour per week package of care - financial impact being reduced by lower than anticipated Inflationary Uplift Costs. Supported Placements -£130k Ended placements after MTFP setting. £8k 'Known' placements. - £46k New Service Demand placements. £75k 'Unknown' New Service Demand Placements. - £17k Recovery. Young Adult Transition Provision -£14k Services suspended during Covid ongoing Nil projection for 21/22. LD Pooled Services -£122k Packages moved long term provisions - 1 to IRE (LC) and 1 to supported placement (NJ).	Continue to monitor
7	Independent Domiciliary Care	-104	-4.43	-£95k 3,305 service hours being delivered rather than the 3,700 within the MTFP. Services are beginning to see increases after the disruptions during Pandemic and this position could change considerably as the year progresses. -£9k slightly higher than anticipated income to date. ICF Domiciliary Care Grant relates to this specific service area.	Continue to monitor
8	Direct Payments	79	3.45	(-£74k) - Current "known" Demands (107 within MTFP currently 101 in year and 95 ongoing) (£138k) - New Service Demand (1 within MTFP currently 18 in year and 17 ongoing) (£15k) - Income recovery currently lower than anticipated	Continue to monitor
9	Independent Commissioned Day Services	-31	-10.51	Current service demand lower from MTFP budget setting estimates. Services suspended/Reduced through Pandemic. Services pressures beign experienced within Direct Payments from service changes because of Pandemic	Continue to monitor
10	Independent Residential Establishments (IRE's)	-343	-5.74	(£343k) - Packages of Residential and Nursing Care - (192 within MTFP currently 204 in year and 186 ongoing). Current Pandemic is impacting on Care Home admissions numbers are recovering from lower than the anticipated levels	Continue to monitor
11	Independent Safeguarding Services	23	17.83	Based on the associated costs of CLA and CP independent reviews for the period April - June.	Continue to monitor
12	Children's Social Care	40	25.48	2 Peripatetic Support Workers (commissioned via Agency rather than employed directly, as with the 3 within Child & Family Team) assumes a full year requirement. 2 additional agency staff to cover surge in cases and long term absences (inc maternity) within the CLA team. Cabinet agreed earmarked reserves (£76k; £96k and £38k) included within outturn projection reducing overspend position	Continue to monitor

General Fund Revenue Budget Monitoring 2021/22 (As at 30 June 2021)

Appendix 3

Major Variances

Ref.	Budget Head	Variance £'000	Variance %	Explanation	Action Taken to address
13	Children with Disabilities (Service Provision)	-76	-11.14	Ongoing reductions to service availability through Pandemic. Expectation is for costs to start to increase in 2nd half of the year so projections adjusted to reflect the part year underspend to date	Continue to monitor
14	LAC Fostering - Independent Fostering Agencies (IFA's)	-132	-7.09	MTFFP budget assumed 38 "known" placements along with 9 new service demands - current position reflects 33 "known" with lower than anticipated costs -£62k; 5 known ongoing new services -£7k and 4 new placements for a yet unknown specific children -£53k from Aug on. -£10k from lower than anticipated costs for the regional 4C's service	Continue to monitor
15	LAC Fostering - In House, Kinship & Emergency/Respite Fostering Services	-129	-7.45	In House - MTFFP budget assumed 45 "known" placements along with 10 new service demands - current position reflects 35 "known" with lower than anticipated costs -£132k; 9 known ongoing new services -£2k and 6 new placements for a yet unknown specific children -£73k from Aug on. -£103k from lower than anticipated costs for one-off allowances and scale payments through lower placement numbers and -£13k lower than anticipated support costs, such as travel through restrictions of Pandemic. Respite Services - £14k higher than anticipated spend	Continue to monitor
16	Children Looked After (Court, Legal & Professional) Services	73	38.79	Currently experiencing higher than anticipated costs in relation to Children Looked After professional services - Court Costs - £33k; Legal Services £22k; DNA & Drug testing £13k; Professional Services (Medical expert witness services) -£13k; Translation Services and other costs £2k	Continue to monitor
17	Adoption Services	-25	-17.15	(£3k) - Current "known" Demands (14 within MTFFP currently 14 in year and 13 ongoing) (-£10k) - New Service Demand (5 within MTFFP currently 0 'actual' in year and 5 anticipated) (-£18k) reduction in Adoption Support Costs	Continue to monitor
18	Advocacy Services	-29	-63.04	Reduced costs because the level of activity in terms of active offers continues to be low. Work is being undertaken to identify possible reasons for this and how take up of active offers can be improved.	Continue to monitor
19	Special Guardianship Orders (SOTLAC)	82	8.34	MTFFP budget assumed 133 "known" placements along with 12 new service demands - current position reflects 133 "known" with lower than anticipated costs -£45k; 18 known ongoing new services £61k and 4 new placements for a yet unknown specific children £23k from Aug on.	Continue to monitor
20	New Bus Station	27	19.85	Security costs and cleaning costs higher than anticipated when the budget was set up. It is hoped that these could come down later in the year and an alternative is being looked at for security.	Continue to monitor & look at alternative security provision

General Fund Revenue Budget Monitoring 2021/22 (As at 30 June 2021)

Appendix 3

Major Variances

Ref.	Budget Head	Variance £'000	Variance %	Explanation	Action Taken to address
21	CCTV	-31	-19.87	R&M budget projection reduced by £13K - new equipment and unlikely that it will require same level of maintenance. Telephones and Broadband budget of £12K - not required - contracts terminated Community Safety Officer didn't start until June so 2 months salary costs transferred to corporate vacancy	Continue to monitor - we will need to revise the MTFP to reflect actual budgetary requirements
22	Transport	-51	-2.82	We expected a change of duties in the administration of the Concessionary fares scheme and consequently did not expect to receive the administration grant. However the situation remains as was and so we will continue to administer the scheme and receive the admin grant of £48K.	Continue to monitor
23	Bereavement Services	-102	-242.86	Income is greater than the comparative period last year where we generated £516K which was £102K greater than budgeted. We have therefore projected similar levels of income	Continue to monitor
24	Peace of Mind	48	2,400.00	Taken on 2 new part time posts to meet capacity shortfall, but subsequently a number of customers have been lost reducing expected income.	Monitor to determine whether excess salary costs are offset by savings from the Agency budget
25	Corporate Communication Team inc Contact	31	18.24	The Welsh Government Hardship fund will only fund 25% of the additional Comms Officer. Alternative sources of funding are being looked at for this Officer due to the increased workloads for the Comms Section. Also regrade for Comms Manager & Lord Lieutenant stipend.	Continue to monitor & find alternative source of funding for Comms Officer and regrade will be built into MTFP for future years
26	Council Tax Benefit Payments	-88	1.25	Monthly number of claimants below that estimated by approximately 114 offset by £31k included for pensioner relief	Continue to monitor