

My Ref: T: Scrutiny/PRAP/Comm Papers/Correspondence

Date: 13 November 2020

Councillor Chris Weaver,
Cabinet Member Finance, Modernisation & Performance,
Cardiff Council,
County Hall,
Cardiff
CF10 4UW



County Hall
Cardiff,
CF10 4UW
Tel: (029) 2087 2087

Neuadd y Sir
Caerdydd,
CF10 4UW
Ffôn: (029) 2087 2088

Dear Chris,

PRAP: 10 November 2020 - Budget Monitoring month 6 2020/21

Thank you for attending the Policy Review and Performance Scrutiny Committee for consideration of the budget position at month 6. Would you also please pass Members' thanks to the officers in attendance, Chris Lee, Corporate Director Resources and Ian Allwood, Head of Finance. The Committee notes the improved position at month 6 compared with month 4 of a projected end of year £1.133m overspend. Members reflected on this position at the end of the meeting and wish to pass on the following observations.

Revenue - Expenditure and Loss of Income

The Committee heard that the Council is in a better position than at month 4 in respect of expenditure and income loss. You reported that the Council has received reimbursement of £25,332m from the Welsh Government (WG) Covid-19 Hardship Fund, but that £2.062m of the claim has not so far been reimbursed and there is now an improved understanding of which claims WG will accept.

Members note that the Council has also assisted its leisure providers (GLL & Parkwood) to claim from the Hardship Fund but that this support extends only where the Council considers there are justifiable claims.

The Committee sought clarification on the corporate management £1m overspend, which was explained as a loan to Cardiff Bus. We acknowledge the commercial sensitivities of this case and that you are actively pursuing its re-imburement, but we suggest this could be made clearer in the narrative of the report.

Capital

Members acknowledge the challenge of delivering the £181.447million Capital programme for 2020/21 in these difficult times, particularly for schools projects where maintaining social distance is vital. We note that, at this point, expenditure sits at 29% of the total budget and that slippage will continue but is expected to improve on current spending levels in the second half of the financial year.

Savings Position

The Committee notes that the position at month 6 includes £3.130m of in-year savings. These were identified by directorates as part of the Month 4 monitoring process. Members are keen to establish how efficiency savings will impact on the final budget by the end of the year. We note it is possible that there will be further impact on savings as the pandemic continues but that you will still pursue planned efficiencies. We stress the need for strong financial discipline and prompt management action to bring down directorate overspends.

Members sought clarification as to whether the proposed new owners remain committed to the New Theatre. We heard that a conversation is ongoing and request that the Committee is updated on the outcome of that exchange and the financial position of services of particular interest to residents, such as the New Theatre, St Davids Hall and Leisure centres.

Contingency

The Committee notes that at this stage in the financial year both general and specific contingency budgets have been used to arrive at the current position. You confirmed that the contingency budgets for additional placements for Children Looked After and the Council Tax Reduction Scheme will be utilised in full.

Council Tax collections

We continue to take an interest in the Council Tax collection rates for this unusual year. We are reassured to hear that collection rates are marginally lower than at a similar point last year and appear stable given the challenging economic circumstances. We look forward to you bringing the Council Tax Base report to this Committee in December 2020.

Budget Planning 2021/22

The Committee notes that several challenges lie ahead in planning the budget for next year, not least in terms of forecasting demand for income generating services that are often seasonal in nature. We acknowledge the difficulty in assessing how quickly services will bounce back.

We note also that budget planning is further compounded by the announcement of a further delay in the settlement date for Local Authorities which makes planning difficult. Whilst there are no clear signals of extra financial support next year we note the Council's actions in seeking assurance from WG that there will be a further payment if Covid-19 extends into the 2021/22 financial year.

Budget Consultation

The Committee notes that the budget consultation will be delivered within the context of Covid-19 this year, however the survey will still focus on the core priorities for residents. We look forward to commenting on the consultation and will endeavour to allocate committee time to it, notwithstanding the constraints imposed by the very late settlement date.

My thanks once again for your continuing commitment to the scrutiny process.

Yours sincerely,



COUNCILLOR DAVID WALKER CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

cc Members of the Policy Review & Performance Scrutiny Committee
Cabinet Observers, Leaders of opposition groups
Chris Lee, Corporate Director Resources
Ian Allwood, Head of Finance.
Gary Jones, Head of Democratic Services
Joanne Watkins, Cabinet Office Manager
Alison Taylor, Cabinet Support Officer
Andrea Redman, Committee Support Officer