

BUDGET MONITORING - MONTH 9 REPORT 2020/21

**FINANCE, MODERNISATION & PERFORMANCE (COUNCILLOR
CHRIS WEAVER)**

AGENDA ITEM:6

Reason for this Report

1. To provide the Cabinet with details of the financial monitoring position for the authority as projected at the end of December 2020, compared with the budget approved by Council on 27th February 2020. This report includes the financial impact arising from the ongoing response to the COVID-19 crisis. It should be noted that this report reflects some recent changes to the Council's management structure.

Background

2. Due to the ongoing COVID-19 pandemic, the financial context within which the Council is operating is significantly different when compared to previous years. Because of this, and in line with the approach taken at Month 4 and Month 6, this report takes a different format than in previous years, by setting out the pressures arising from responding to the crisis separately from those relating to operational service delivery. As such, the first part of the report addresses the financial impact of the crisis, both in terms of additional expenditure and reduced income generation, as well as the Welsh Government (WG) funding response to this. The report then provides details of the overall revenue position, including any unfunded impacts of COVID-19 and any emerging operational issues that have arisen for reasons other than the pandemic. An update on the actions taken by the Council in response to the emerging financial position is then provided, followed by an update on the position in relation to the Capital Programme.

Issues

COVID-19 Financial Impact

3. The ongoing COVID-19 pandemic continues to have a significant financial impact on the Council. This is being evidenced through both additional expenditure pressures and reduced income generation across services. These additional expenditure pressures have varied in nature, but have included the procurement of personal protective equipment (PPE), social distancing and infection control measures, support for providers and suppliers, support for vulnerable citizens and staffing costs to provide cover

for employees who have had to shield or self-isolate. In relation to income, losses have been experienced in a number of directorates, due to, for example, venues being closed to the public, car parks not being used and services, such as school catering and trade waste, not being in operation for the entire year.

4. In response to these financial pressures, the Welsh Government (WG) has made various funding commitments to local authorities across Wales. To date, a total of up to £557 million has been committed via the Local Government Hardship Fund. Within this fund are earmarked sums for homelessness provision (£12m), free school meal provision (£52m), adult social care (£76m), excess deaths (£7m) and school cleaning (£25m). Also within this fund is £198 million to support ongoing income losses being experienced by local authorities, although it is expected that part of this particular sum will also be used by the sector to take advantage of opportunities for change that have arisen as a consequence of the pandemic. Other specific issues, such as school holiday childcare provision and financial support for self-isolating individuals are being provided for, with the balance of funding available for more general financial support. This funding commitment is intended to cover the remainder of this financial year and in order to access funding, local authorities have been required to submit monthly expenditure claims and quarterly income claims.

5. This financial year to date, the Council has submitted expenditure claims to WG totalling £41.004 million, with the table below providing an overview of claims made to December 2020:

	April (£000)	May (£000)	June (£000)	July (£000)	Aug (£000)	Sept (£000)	Oct (£000)	Nov (£000)	Dec (£000)	Total (£000)
PPE	1,937	949	2,078	264	24	80	260	285	74	5,951
Free School Meals	721	1,220	785	629	1,061	199	13	648	1,110	6,386
Body Storage Costs	749	30	773	122	44	809	0	35	91	2,653
Homelessness	482	111	669	666	(213)	449	122	143	268	2,697
Adult Social Care	579	1,281	3,409	1,046	789	806	981	985	943	10,819
Waste	309	370	647	581	191	223	153	120	67	2,661
Supplier Relief	0	0	1,505	0	0	0	0	0	0	1,505
Self-Isolation	0	0	0	0	0	0	0	202	228	430
Other	424	566	2,773	167	687	1,058	949	826	452	7,902
Total	5,201	4,527	12,639	3,475	2,583	3,624	2,478	3,244	3,233	41,004

6. It can be seen from the table above that the expenditure incurred peaked during June 2020 and has reduced to a broadly consistent level since then. This is partly due to the Council moving beyond the initial crisis phase of the response, and some costs reducing as a consequence, but is also due, in part, to the WG reducing the scope of the general element of the Hardship Fund from July onwards. The table below provides an overview of the status of claims to November 2020, showing the amounts reimbursed by WG. The December claim is excluded as this has only recently been submitted and feedback from WG has not yet been received.

	April (£000)	May (£000)	June (£000)	July (£000)	Aug (£000)	Sept (£000)	Oct (£000)	Nov (£000)	Total (£000)
Total value of original claim	5,201	4,527	12,639	3,475	2,583	3,624	2,478	3,244	37,771
Amendment to claim	(376)	0	(505)	0	0	0	0	0	(881)
Funded/pursued via alternative source	0	(125)	(21)	(4)	0	0	0	0	(150)
Revised claim	4,825	4,402	12,113	3,471	2,583	3,624	2,478	3,244	36,740
Amounts currently held by WG	0	0	0	0	0	(53)	0	(1,296)	(1,349)
Amounts disallowed by WG / withdrawn	(41)	(58)	(1,150)	(237)	(78)	(18)	(9)	(7)	(1,598)
LA Contribution (e.g. 50% ICT)	0	(84)	(412)	(1)	(1)	(6)	(12)	0	(516)
Total reimbursed to date	4,784	4,260	10,551	3,233	2,504	3,547	2,457	1,941	33,277
Potential amount to be funded by LA	41	142	1,562	238	79	77	21	1,303	3,463

7. As can be seen from the table above, with the exception of June, each claim has largely been paid in full, with only some smaller items being disallowed by WG. Those items that have been disallowed by WG have been so because these were items that did not fit within the scope of the fund. In addition, an agreement was reached with WG that local authorities would contribute towards the cost of any new ICT equipment purchased, on the basis that this equipment would provide a benefit to the Council beyond the period of crisis. A similar principle has been applied to costs incurred in relation to communications, such as public signage. The June claim contained more items that were ultimately disallowed by WG, including some supplier relief paid, which is still being pursued via an alternative funding stream. Currently, only two items, in relation to free school meal provision, are being held by WG. It should also be noted that some items have been retrospectively withdrawn from the Council's claim, because alternative funding sources have become available.
8. In addition to the expenditure claims submitted between April and December, the Council has also submitted two claims for lost income, net of any expenditure savings made, covering the first two quarters of this financial year. As well as this, WG requested details on any income that may have been delayed in its receipt, but not permanently lost.
9. The table below provides an overview of the status of both claims, including details of the most significant income losses experienced. As can be seen, the majority of each claim has been reimbursed. The first claim was reimbursed in four tranches, with the first tranche covering an early payment in relation to income issues being commonly experienced across all local authorities. As part of the Tranche 1 response, confirmation was provided

that the claim made in relation to Arts Venues (St David's Hall and New Theatre) was to be considered under a separate scheme being administered by the Arts Council for Wales. This separate claim was ultimately successful. Three further tranches covered income losses that were more specific to individual councils or items that WG required more information on. In the case of the Quarter 2 claim, the majority of the losses were reimbursed in the first tranche, with all residual items reimbursed in the second tranche, following the provision of further information to WG on queried items. The total balance currently being held by WG (£405,000) relates to income that WG believe is delayed, rather than permanently lost, and has therefore partially funded, with the balance to be reviewed later in the year.

	Quarter 1 (£000)	Quarter 2 (£000)	Total (£000)
Total value lost income	16,554	10,419	26,973
Savings on lost income	(3,203)	(1,559)	(4,762)
Net income lost	13,351	8,860	22,211
Pursued via alternative funding route:			
Art Venues	(889)	0	(889)
Balance of income claim to WG	12,462	8,860	21,322
Breakdown of lost income reimbursed:			
Parking	(3,517)	(1,558)	(5,075)
Venues	(1,820)	(1,423)	(3,243)
School Catering	(1,749)	(1,208)	(2,957)
Sport & Leisure	(1,216)	(1,971)	(3,187)
Waste Services	(767)	(426)	(1,193)
Highways & Transport	(536)	(200)	(736)
Disabled Facilities Grants	(440)	0	(440)
Music Service	(356)	(218)	(574)
Schools	(324)	(242)	(566)
Property	0	(473)	(473)
Other	(1,547)	(926)	(2,473)
Balance currently held by WG	190	215	405

10. Any additional expenditure or income losses that the WG has decided not to fund will need to be met from existing Council resources and the relevant amounts are reflected within the projected directorate outturn positions that are outlined later in the report. Despite the various announcements that have been made regarding funding for local authorities, there remains an element of risk that WG will not cover all additional expenditure and losses of income. Because of this, the projected directorate positions included within the report do not incorporate the potential COVID 19-related pressures that may occur during the last few months of the year. Instead, because of the range of potential scenarios that could occur, the table below

has been prepared to provide an indication of the financial impact that may result:

	Estimate (£000)	25% Council Cont (£000)	50% Council Cont (£000)	75% Council Cont (£000)	100% Council Cont (£000)
Projected Cost (December – March)	5,039	1,260	2,520	3,779	5,039
Projected Income Loss (Q3-Q4)	12,478	3,120	6,239	9,359	12,478
Total	17,517	4,380	8,759	13,138	17,517

11. As can be seen from the table above, the decisions made by WG, in respect of the level of financial support to be provided, could still have a significant impact on the overall Council financial position during 2020/21. Because of the large range in values between full WG financial support and no WG support, it is not possible, with sufficient confidence, to be able to incorporate an absolute figure into the overall monitoring position at this time. However, as the year nears its conclusion, further clarity will emerge and any negative impact upon the Council's financial position will be reflected in the Outturn Report. It is, however, reasonable to assume that WG will remain consistent and the majority of additional expenditure and lost income will be reimbursed.

Revenue Position

12. The overall revenue position reported in the paragraphs that follow comprises projected variances that have arisen irrespective of the pandemic, combined with COVID 19-related items of additional expenditure or lost income that are not going to be funded by WG. In addition, these variances include shortfalls against 2020/21 budget savings proposals and any in-year savings or efficiencies that have been identified during the year.
13. The overall monitoring position, as at Month 9, reflects a total net overspend of £384,000. This position is detailed in Appendix 1 and includes a total directorate net overspend of £2.861 million, a projected overspend of £302,000 in relation to Capital Financing and a projected overspend of £221,000 against the Summary Revenue Account, partially offset by the £3 million general contingency budget. This position reflects an improvement of £749,000 on the position reported at Month 6 and is primarily due to significant budgetary improvements in relation to Social Services and Housing & Communities, partly offset by additional costs within the Summary Revenue Account.
14. The table below provides a summary of the overall position and outlines the component parts of each directorate's total variance.

Directorate	COVID-19 Impact (£000)	Directorate Position (£000)	In-year savings (£000)	Total Variance (£000)
Corporate Management	1,000	0	0	1,000
Economic Development:				
Economic Development	87	(227)	(369)	(509)
Recycling & Neighbourhood	276	(276)	0	0
Education & Lifelong Learning	124	1,774	(1,035)	863
People & Communities:				
Housing & Communities	23	(509)	(491)	(977)
Performance & Partnerships	1	(68)	0	(67)
Social Services	124	2,569	(753)	1,940
Planning, Transport & Environment	144	90	(234)	0
Resources:				
Governance & Legal Services	0	548	(11)	537
Resources	169	(95)	0	74
Total Directorate Position	1,948	3,806	(2,893)	2,861
Capital Financing	0	302	0	302
General Contingency	0	(3,000)	0	(3,000)
Summary Revenue Account	0	221	0	221
Total Council Position	*1,948	1,329	(2,893)	384

15. From the table above, it can be seen that the impact of COVID-19, in terms of unrecoverable costs and income losses, has added £1.948 million to the overall overspend (*it should be noted that this total does not include held items, delayed income or disallowed expenditure relating to the Housing Revenue Account and individual schools). It is, however, clear that non COVID-19 related issues are also a prominent feature within the overall net overspend, with particular pressures evident in Social Services, Corporate Management, Education & Lifelong Learning and Governance & Legal Services. Partly offsetting these pressures and overspends are in-year savings amounting to £2.893 million, a figure which has slightly reduced from the £3.130 million reported in previous months. These savings were identified earlier in the year, following a request for directorates to review their budgets and implement measures to reduce expenditure and increase income, wherever possible.
16. The specific overspends and underspends within each directorate's position are outlined in more detail within Appendix 2. However, the main pressures relate to the additional cost and number of residential and internal fostering placements within Children's Services, as well as additional expenditure in relation to agency staffing within that directorate. In addition, Education is experiencing pressures in relation to Out of County Placements, both in terms of cost of individual placements and the overall number of pupils requiring specialist provision. In addition, there are underlying pressures evident within School Transport, due to the number of pupils with additional learning needs requiring transport. Within Adult Services, pressures are evident against the Older Peoples' budget, reflecting the inability to take forward savings proposals, increasing costs with respite care, albeit

additional grant funding has helped to temporarily alleviate these pressures. The main reason for the overspend within Governance & Legal Services is the continued need for external legal services, particularly in relation to complex children's cases. The Corporate Management overspend is due to disallowed claims against the WG Hardship Fund.

17. As well as these specific pressures, there are pressures in most directorates arising from not being able to fully deliver the savings proposals agreed as part of the 2020/21 budget. Some shortfalls are the direct consequence of COVID-19, such as proposals centred on increased income generation at venues that have been closed during the period of lockdown. In other cases, there have been indirect consequences of the pandemic, such as, for example, the lockdown period making it challenging to progress staffing restructures. As outlined in Appendix 3, there is an overall projected shortfall of £4.457 million against the target of £8.557 million. At the time of setting the budget, the savings proposals were split into three categories (efficiencies, income generation and service change) and the level of performance varies significantly across the three categories. In the case of efficiency proposals, a large proportion are projected to be achieved, with an overall shortfall of £689,000 against the target of £3.841 million currently being reflected. However, in the case of income and service change proposals, the level of achievement has been more significantly impacted, with shortfalls of £1.693 million (against a target of £2.541 million) and £2.075 million (against a target of £2.175 million), respectively. These shortfalls are contained within each directorate's overall position and, in some cases, there will have been mitigation via the COVID-19 Hardship Fund.
18. The financial position of individual directorates is mixed. The main underspends relate to Housing & Communities and Economic Development, who, once removing the potential impact of COVID-19 during the remainder of the year, are reporting sizeable underlying underspends. These positions are largely due to in-year savings against staffing budgets, due to vacancies, and anticipated underspends against one-off allocations made from the Financial Resilience Mechanism (FRM), as part of the 2020/21 budget. The Performance & Partnerships directorate is also projecting an underspend, again largely due to in-year staffing savings. Whilst other directorates, such as Planning, Transport & Environment, are reporting balanced positions, this is largely due to having managed emerging pressures within their overall budget by identifying in-year mitigations.
19. There are also some corporate variances contained within the position. The first of these is the Capital Financing overspend of £302,000. This budget supports the Council's Capital Programme and treasury management activities, including external interest payable, prudent provision for the repayment of any debt in line with Council policy, as well as interest earned on temporary investments. The position against the budget is impacted by a number of variables such as interest rates, the level of investment balances, share of interest chargeable to the Housing Revenue Account (HRA), the need for and timing of external borrowing, as well as performance in achieving capital expenditure projections. The projected

overspend includes £200,000 of lower interest receivable on investments, given the significant reduction in the Bank of England base rate to 0.10%, as a result of COVID-19.

20. A balanced position is being reported in relation to Council Tax Collection. Performance to date suggests that collection rates are reduced, compared to previous years. However, dialogue with WG regarding financial support is ongoing and, until that has concluded, the monitoring position will not be clear. Should a variance emerge, this will be reported as part of the final outturn position. The same applies to Council Tax court cost income, where any variance will feature as part of the Outturn Report.
21. As part of the reported directorate positions, certain contributions from contingency budgets have been incorporated. These include a transfer from the Council Tax Reduction Scheme (CTRS) contingency, of £2.918 million, to meet the increasing demand from residents for financial support, largely as a direct consequence of the pandemic and financial hardship that people have been experiencing. In addition, the Children's Services position includes the £2.175 million contingency held for meeting the additional costs arising from external placements. It should be noted that the position in relation to the CTRS contingency is likely to change by the end of the financial year, particularly with WG funding now being made available but also because of the continued uncertainty regarding unemployment levels.
22. In addition to the general fund directorate positions are the positions of ringfenced and grant funded accounts, which are outlined in more detail as part of Appendix 2. In summary, the position on the Housing Revenue Account (HRA) is a for an in-year surplus of approximately £4.543 million, which represents a significant increase on previous months and is due, primarily, to in-year savings against repairs and maintenance budgets. This surplus would be transferred to the HRA General Balance at the end of the financial year. The CPE position reflects an in-year trading loss of £179,000, compared to the budgeted surplus of £8.022 million. However, this is an area that has been significantly affected by the COVID-19 pandemic and, as a result, financial support from WG has been available during the first half of the year and is anticipated for the remainder of the year. If this support does continue to be available for the remainder of the year, the account will be in surplus and will not result in an overspend within the Planning, Transport & Environment directorate. The Harbour Authority is projecting an overall deficit of £143,000, due to reductions in income received. This overspend, which has increased since the Month 6 report, will either be managed via additional funding from WG or through the Contingency & Projects Fund.

Response to the Emerging Financial Position

23. As outlined in the Month 4 Monitoring Report, it became evident during the early stages of the pandemic that the financial impact on all local authorities was going to be significant. These impacts would be wide-ranging, including direct impacts such as the aforementioned additional expenditure and income losses, but also indirect impacts, such as not being able to fully deliver on directorate savings proposals. Whilst, through close partnership

working with WG, it was clear that financial support would be made available, it was always likely that this financial support would not have a wide enough scope to be able to cover the entire impact. Because of this, a number of steps have been taken by the Council in response to this financial crisis, with the aim of minimising that impact.

24. These steps have included engagement with the UK Government's Job Retention Scheme (JRS), which is set to cover the entire financial year. Engagement with this scheme has allowed the Council to furlough staff from income generating services such as School Catering, Cardiff Castle, Storey Arms Outdoor Pursuits Centre, St. David's Hall and New Theatre. To date, £2.197 million has been received from the JRS, with further reimbursements anticipated in relation to the remaining months of the year, where services have still not restarted and staff continued to be furloughed.
25. As well as considering external options, the Council continues to explore internal measures for reducing the overall impact arising from the pandemic. Earlier in the year, directorates were asked to review their in-year budgets and identify savings, or introduce measures to generate savings, which could assist with alleviating the overall overspend. As referenced in previous reports, a total of £3.130 million was identified at Month 4, with the figure having reduced to £2.893 million at Month 9. This figure has been incorporated within the overall Month 9 position. In addition, the position also includes the outcome of an internal review of the committed spend against the amounts allocated as part of the 2020/21 budget, in relation to the Financial Resilience Mechanism (FRM) and the Capital Ambition Policy. As well as this, officers are continuing to review earmarked reserves and other corporate funding sources with the aim of identifying amounts that could be released or repurposed to help mitigate the overall financial position. As a priority, the Council will continue to ensure that all relevant expenditure and income losses are claimed from the WG Hardship Fund.

Capital

26. The Council in February 2020 approved a new Capital Programme of £194.304 million for 2020/21 and an indicative programme to 2024/25. The budget for the General Fund and Public Housing has since been adjusted to £190.017 million to include actual slippage reported at outturn, incorporation of new grant approvals and confirmation of actual grant awards.
27. The sections below indicate a forecast position for 2020/21 for the General Fund and Public Housing.

General Fund

28. The projected outturn for the year is currently £100.342 million against a total programme of £133.242 million providing a variance of £32.900 million, which is predominantly slippage. Expenditure at the end of Month 9 was £47.407 million, which represents only 47% of the projected outturn, three quarters of the way through the financial year. However, there are a number

of large expenditure items that are likely to progress during the latter part of the year.

Capital Schemes Update

29. Delivery of capital projects is complex, can span a number of years and is influenced by a number of external and internal factors, such as weather, statutory and non-statutory approval processes. Directorates continue to be reminded of the need to set achievable profiles of expenditure and to identify slippage at an early stage.
30. A number of specific WG grants in relation to the COVID-19 response have either been included in the programme or approved in principle, pending formal confirmation. These are for projects such as homelessness and transport infrastructure improvements. The likelihood and precedent from previous years is that additional grants will be available during the year and very often late in the year, requiring displacement of the Council's own resources where sufficient expenditure has been incurred.
31. Utilising grants bid for and awarded in approved timescales is a risk to be managed by directorates in the remainder of the year. Consideration of switching of Council resources and early discussion with grant funding bodies should be undertaken in order to ensure that approved grants can be utilised in full.
32. Further detail on progress against significant capital schemes included in the programme is included in Appendices 4 and 5 to this report.

Capital Receipts

33. The level of capital receipts is a key assumption in the affordability of the Capital Programme. The Capital Programme, approved by Council in February 2018 and in subsequent years, set a target for non-earmarked General Fund capital receipts of £41 million, after making a deduction for eligible revenue costs of disposal. Up to 31st March 2020, a total of £6.887 million had been generated against this target. The forecast for receipts when setting the 2020/21 resources was £7 million, from the disposal of land as well as a number of retail parades. The receipts received to date total circa £740,000, the majority of which come from the sale of retail parades on Plasmawr Road, Bishopston Road and Fishguard Road. Estimates of receipts receivable towards the target prior to 31st March 2021 are circa £2 million.
34. In addition to the position outlined above, land appropriations to the Housing Revenue Account will take place for the development of affordable housing, with the main site during 2020/21 being the former Michaelston Community College site for £8.650 million, which was originally anticipated in 2019/20.
35. Capital receipts received include the proceeds from the sale of Dumballs Road, which is to be used to repay the initial investment in acquiring the site. A total of £11.7 million was received for the sale of this site in December 2020.

Public Housing (Housing Revenue Account)

36. The 2020/21 capital programme for Public Housing was £56.775 million and forecast expenditure for the year is £58.260 million. This is £1.485 million higher than the total programme, primarily because of expenditure on new build schemes.
37. Expenditure of £3.510 million is forecast on a range of estate regeneration schemes to tackle issues of community safety, defensible space, waste storage and courtyard improvements to blocks of flats. Major schemes within the programme include the Roundwood Estate (£200,000), Trowbridge Green (£700,000) and Arnold Avenue and Bronte Crescent (£665,000).
38. In respect to planned investment on Council dwellings, COVID-19 has resulted in a focus on the most urgent works, avoiding the requirement to enter properties. Projected expenditure for the year is £10.253 million, which is £897,000 less than budgeted. Areas of expenditure forecast during the year include replacement boilers (£900,000), front door upgrades to flats following completion of testing for fire safety (£600,000) and a lift replacement programme at flats (£257,000). Lift replacements have been completed at Beech House and Sycamore House and work is underway at both Loudoun and Nelson Houses. Expenditure of £775,000 is forecast on the roof replacement programme, with opportunities to be considered to speed up the delivery of the programme, to ensure that the funding is used in full. In addition, to ensure that Major Repairs Allowance grant funding for 2020/21 is utilised in full, options to bring forward expenditure in line with contractor capacity will continue to be reviewed during the remainder of the year.
39. Expenditure on disabled adaptations for public housing is forecast to be £1.9 million with slippage of £1.450 million. Due to COVID-19, demand in the first quarter was weak and the focus was on the most critical cases. Services resumed as normal in the second quarter and assessments were progressing as part of the service recovery plan. However, due to the pandemic, the work has now stopped again as more restrictions mean that work cannot be carried out in peoples' homes.
40. Expenditure during the year on the development of new housing over a number of sites during the year is estimated at £42.597 million. This includes the completion of phase one Cardiff Living sites and preparation for future phases. It also includes specific new build developments, including 16 new homes at Caldicot Road, the completion of 30 flats at Courtney Road, emergency housing projects at Hayes Place and Ferry Road and the planning and tendering of schemes at the St. Mellons, Maelfa, Wakehurst Place and Iorwerth Jones sites. The level of expenditure on specific sites to be developed by the Council is lower than initially planned, however additional expenditure on schemes identified below has enabled overall investment on new build and acquisition to be maintained at planned levels.

41. Cabinet, in June 2020, considered the impact of COVID-19 on the Council's housing delivery programme and agreed approval in-principle of a specific request from Wates Residential to the immediate purchase of a number of additional properties currently in development as part of the Phase 1 Cardiff Living programme. This estimated the acquisition of an additional 102 properties for Council homes or for Council approved assisted home ownership across four sites, namely Willowbrook, St. Mellons; Briardene, North Road; Highfields, Heath and Llandudno Road, Rumney. To facilitate this, the level of open market buy backs of property over the medium term was to be curtailed, with £4 million expected to be spent in 2020/21 on completion of the buyback programme, for all but urgent cases and those facilitating comprehensive regeneration schemes such as at Channel View.
42. In March 2020, Cabinet agreed to acquire the freehold interest of the former Gas Works site at Ferry Road, Grangetown at a cost of over £10 million in order to deliver a Council led mixed tenure housing scheme. The scheme will deliver around 500 new, low-carbon and sustainable, affordable homes and will provide a strategic link to the proposed regeneration of the Channel View estate. An outline planning application is due to be submitted by the end of 2021/22, with grant funding bids also submitted to the Cardiff Capital Region Housing Viability Gap Fund towards the remediation of the site.
43. Cabinet considered in July 2020 a future service model for Homelessness and set out a range of schemes to offer long-term and sustainable housing options for homeless families and single people. COVID-19 has necessitated extreme urgency to deliver longer-term solutions for temporary accommodation. Two modular schemes are underway to provide a long-term homeless housing provision. The assessment centre at Hayes Place, which includes new modular homes using the Beattie Passive 'Haus4studio' pods, will be handed over in March 2021. Works have also commenced on the Gasworks site to create 48 flats as temporary accommodation for homeless families.
44. Linked with the above, specialist, supported accommodation for homelessness is being developed at Adams Court to create an integrated facility of approximately 103 self-contained units with intensive support. Adjacent to Adams Court, an additional 49 flats for longer term more settled accommodation will be available within Baileys Court, which also forms part of the management agreement with United Welsh.
45. The Council submitted a number of grant bids to WG covering COVID-19 related homelessness recovery plans in order to support the costs of the above three projects, projects taken forward by partners as well as the development of affordable housing. Over £11 million of funding has been approved in-principle and subject to detailed terms and conditions. Schemes include Adams Court, Countisbury House, Huggard and Tresillian sites, Briardene and the Gas Works.

Reasons for Recommendations

46. To consider the report and the actions therein that form part of the financial monitoring process for 2020/21.

Legal Implications

47. The report is submitted for information as part of the Authority's financial monitoring process. The Council's constitution provides that it is a Council responsibility to set the budget and policy framework and to approve any changes thereto or departures there from. It is a Cabinet responsibility to receive financial forecasts including the medium term financial strategy and the monitoring of financial information and indicators.

HR Implications

48. There are no HR implications arising from this report.

Property Implications

49. The report is submitted for information as part of the Authority's financial monitoring process. The Strategic Estates Department continues to work with the Finance Department to monitor the ongoing impact of COVID-19 on the Council's estate-related revenue and capital budget. There are no further specific property implications to report.

Financial Implications

50. In summary, this report outlines a projected Council overspend of £384,000 at Month 9 of the 2020/21 financial year. This overspend reflects a net directorate overspend of £2.861 million, coupled with a Capital Financing and Summary Revenue Account overspends of £302,000 and £221,000, respectively. These overspends are partly offset by the general contingency of £3 million. In the event that an overspend of this level exists at the end of the financial year, it would be offset against the Council Fund Balance. Currently, the Council Fund Balance is £14.255 million and would reduce to £13.871 million in such a circumstance. However, between Month 9 and the financial year end, every effort will be made to reduce the overspend to a balanced position. It is important to note that within the overall position are COVID-19 related costs and income losses, which have not been possible to recover from Welsh Government, totalling £1.948 million.
51. The position includes £2.893 million of in-year savings to mitigate the overspend. As the year near its end, it is essential that directorates continue to maintain a focus upon both the delivery of identified savings and the identification of further savings, wherever possible. Whilst, to date, the Council has been able to recover the majority of COVID-19 expenditure and income losses from Welsh Government, there still remains a risk that not all claims against the Hardship Fund will be fully reimbursed. This level of risk is evidenced by the scenarios presented in the report, which outline the fact that, based on current estimates, the Council could be exposed to as much as £17.517 million in additional expenditure and lost income during the remainder of the financial year. Because of this risk, it is important that directorates retain a focus on their financial positions and ensure that tight financial control is in place over the final quarter of the year and that overspends do not worsen and, if possible, are reduced by year-end. As outlined earlier in the report, it will also be necessary for corporate solutions

to be identified as well as directorate-led solutions. This will require a continual review of Council-wide issues and regular monitoring of the Council's balance sheet, including the debtors position and earmarked reserve levels.

52. In relation to the 2020/21 Capital Programme, a variance of £32.900 million is currently projected against the General Fund element, predominantly in relation to slippage against schemes. In terms of the Public Housing element of the programme, additional expenditure totalling £1.485 million is currently forecast. In line with previous reports, spend to date continues to be very low for this stage of the year and, therefore, there is a risk that the overall level of slippage could increase further. There are large expenditure items planned for the last quarter of the year and it is critical that directorates ensure that the necessary progress is made against schemes, to ensure that slippage is minimised as much as possible. This requirement is of even greater significance when considering externally funded schemes, as it is important to ensure that the opportunity to utilise such funding is not lost.
53. For capital expenditure, effective contract management will be required, with a particular focus on COVID-19 related issues that could cause delays or increased costs. Should such issues emerge during the last quarter of the year, it will be necessary for these to be escalated as a matter of priority so that the overall impact on the programme can be assessed and any required actions taken. Such risks also need to be monitored in relation to the generation of capital receipts which underpin the overall affordability of the programme.

RECOMMENDATIONS

The Cabinet is recommended to:

1. Note the COVID-19 financial impact at Month 9 and the ongoing response to the emerging financial position.
2. Note the projected revenue financial outturn based on the projected position at Month 9 of the financial year.
3. Note the capital spend and projected position at Month 9 of the financial year.
4. Reinforce the requirement for all directorates currently reporting overspends, as identified in this report, to deliver against action plans to reduce their projected overspends.

SENIOR RESPONSIBLE OFFICER	CHRISTOPHER LEE Corporate Director Resources
	19 February 2021

The following Appendices are attached:

Appendix 1 – Revenue Position

- Appendix 2 – Directorate Commentaries
- Appendix 3 – 2020/21 Budget Savings Position
- Appendix 4 – Capital Programme
- Appendix 5 – Capital Schemes Update