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Councillor Chris Weaver,  
Cabinet Member Finance, Modernisation & Performance,  
*Sent via e-mail*



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Dear Chris,

**PRAP: 21 September 2021 - Budget Monitoring Month 4 2021/22**

Thank you for attending the Policy Review and Performance Scrutiny Committee for consideration of the budget position at Month 4. Would you also please pass Members' thanks to the officers in attendance, Chris Lee, Ian Allwood and Anil Hirani. Having considered the Report, the Committee wish to pass on the following comments and observations.

The overall monitoring position reflects a total projected net annual Council overspend of £1.442 million which includes a total directorate net overspend of £4.042 million and a projected overspend of £400,000 in Capital Financing, all of which has been partially offset by the £3 million general contingency budget. Given this position, the Committee explored what guidance and support the service areas with adverse variance receive from financial services to ensure their position does not escalate. Members were informed financial officers continuously monitor and liaise with service areas to identify opportunities for efficiencies and savings. Although this is welcomed, given the substantial amount already spent from the contingency fund at this stage in the financial year, along with the uncertainty surrounding the continuation of Welsh Government funding, the Committee do wish to stress the need to continue identifying and mitigating risk to avoid this position escalating further.

Regarding the Welsh Government Hardship Fund, we note that Month 9 will provide a clearer picture on possible WG revisions which will be used to inform the next steps for contingency planning.

As you are aware, the Capital Programme approved by Council in February 2018 set a target for non-earmarked Capital receipts of £40 million for the period 2018/19 - 2022/23. However, receipts of £7.8 million have been generated in the three years towards this target, leaving a balance of around £33 million to be found. This signals to Members a clear risk to the Council's borrowing requirement and future revenue budget. Committee acknowledge the impact of the pandemic and the intention detailed at the meeting to maximise and ensure certainty in capital receipts however concerns remain surrounding the substantial deficit. The Committee look forward to exploring this in detail when it next comes before us.

During the meeting Members were informed that the medium to longer term financial impacts of Covid and Brexit are unknown, and Members wish to raise their concern over their impact, particularly the likelihood of them generating additional financial pressure to the Council. Members appreciate this concern was shared by yourself and officers and it was confirmed throughout the year, emerging pressures are continuously identified and assessed. Members look forward to exploring these points and the steps to mitigate their risk when considering the Budget Setting strategy this Autumn.

The Committee explored if any of the deficits identified in the Cabinet Report were recoverable and sought clarity on if the Council is liable for the New Theatre deficit given a private company has taken over its operation. Members note that further work is required with the New Theatre operator to recover some of the money and although WG have signalled they will support these services, they do want the Council to allocate public money proportionality and effectively. Members wish to urge talks with the New Theatre operator be prioritised. Members note the position detailed in the papers is the projected overspend formed through balanced, proportionate assumptions and Month 9 will provide greater clarity on this standing.

During our scrutiny of the Outturn 2020/21, Members expressed concern at the size of the overspend in Governance and Legal Services and were keen to establish what the implications would be for the current budget year and Officers advised there had already been an in-year re-alignment and an increase in the budget for 2021/22. When considering the Month 4 position, Members note the overspend for the directorate currently stands at £201,000 and highlighted their concerns regarding

pressures on other areas within the directorate. Members were informed the overspend is due to a range of pressures such as external legal fees, employee costs and IT hardware costs and finance officers are working with the service area to address these issues. As highlighted at the meeting, Members notice and recognise the pressures faced by this directorate together with the pressure it can exert on other smaller section budgets within the directorate. We will be keen to explore this issue further and will look to schedule this into our work programme accordingly.

Finally, Members highlighted the Capital Programme is projecting a variance of £23.786 million, mostly due to slippage and we questioned if this was a typical position when compared to previous years. Members were informed the variance is slightly more than previous years due to the unprecedented nature and ramifications of the pandemic. Members note comments that where there are marked increases in contract prices, these are assessed thoroughly to ensure value for money.

My thanks once again for your continuing commitment to the scrutiny process. To confirm, a response to this letter is not required but the comments and observations captured within this letter will be used to inform our future scrutiny of Month 6.

Yours sincerely,



**COUNCILLOR DAVID WALKER**  
**CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE**

cc Members of the Policy Review & Performance Scrutiny Committee  
Leaders of opposition groups  
Chris Lee, Corporate Director Resources  
Ian Allwood, Head of Finance.  
Anhil Hirani Operational Manager, Capital, Corporate & Treasury  
Joanne Watkins, Cabinet Office Manager  
Tim Gordon, Head of Communications & External Relations  
Alison Taylor, Cabinet Support Officer  
Andrea Redman, Committee Support Officer