

Date: 17 November 2021



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

Dear Chris,

Policy Review & Performance Scrutiny Committee: 17 November 2021

Thank you for attending the Policy Review and Performance Scrutiny Committee online for consideration of the budget position at month 6 2021/22. Would you also please pass Members thanks to Corporate Resources Director, Chris Lee, and Head of Finance, Ian Allwood, who attended in support of this item. The Committee notes the improved position compared with the month 4 monitoring position; however, Members had some concerns and comments they wish to pass on and agreed that I relay the following.

Balancing the budget with contingency funds

The Committee notes that the Council always aspires to a balanced budget. In that respect it wishes to establish whether contingency funds will be used to balance overspends emerging at this point in the year. We note you are monitoring overspends closely whilst making some presumptions concerning funding that will be made available from the Welsh Government (WG) Hardship Fund. Members noted some unexpected changes in the Council's income in quarter 2, namely in school catering income which has fallen by 40% since September, resulting in a higher income claim to the Hardship Fund than had originally been forecast.

Grant funding

Members are seeking clarification of the position in respect of commissioned care. The budget report assumes that the number of delivered domiciliary care hours will increase during the remainder of the year reflecting the expectation that some additional hours will be accommodated through grant-funded block contract arrangements. We note in previous years, before the pandemic, including grant

funded contracts was traditionally a part of budget monitoring. We note this will be kept under review as those arrangements are finalised.

Council Tax collection rates

The Committee heard that Cardiff's Council Tax collection rates at this point in the year compare favourably across all Welsh Authorities. We note that the Council Tax Base report to Cabinet in December will retain a target of 98%, and you consider there is no reason to adjust this. However, we also note the potential impact of a fall in collection rates as the Council Tax benefit reduction scheme is withdrawn.

Income loss

Members note that £4.805 million of lost income was reimbursed by the WG Hardship Fund, and £204,000 is held pending clarity on whether income in areas such as planning have been delayed rather than lost. We note there are areas, for example in Economic Development, where income loss claims are higher in quarter 2 than in quarter 1. Similarly, the Committee notes the forecasted fall in income from Civil Parking Enforcement, which is unlikely to be reclaimed from the Hardship Fund. The Solar Farm is clearly an area of concern within the Planning, Transport & Environment Directorate, however you reassured us that the business model for this initiative is still valid whilst requiring continual monitoring.

Children's Services Overspend.

The Committee highlighted the projected overspend of £1.4 million in Children's Services and asked at what point the overspend is likely to fall, given that there have been significant increases in the Children's Services budget over previous years. We note there are several challenges, namely the cost of placements, the numbers of children and the availability of places. We accept that contingency budgets for this service area are therefore very important. Despite best laid plans, which you confirm are based on trends, we note that at this point in the year 30-40% of the contingency budget has been committed to address the overspend. We also note your explanation that the pandemic has resulted in cumulative demand which has been supported by the Welsh Government Hardship Fund.

My sincere thanks once again for the time you continue to commit to scrutiny of the budget in such an open and accountable manner. As there are no recommendations at this point in the financial year, I will not expect a response to this letter.

Yours sincerely,

A handwritten signature in black ink that reads "David Walker". The signature is written in a cursive, flowing style.

COUNCILLOR DAVID WALKER
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

cc Members of the Policy Review & Performance Scrutiny Committee
Chris Lee, Corporate Director Resources
Ian Allwood, Head of Finance.
Tim Gordon, Head of Communications & External Relations
Jeremy Rhys, Assistant Head of Communications and External Affairs
Joanne Watkins, Cabinet Office Manager
Alison Taylor, Cabinet Support Officer
Andrea Redmond, Committees Services Officer