

CEREDIGION COUNTY COUNCIL

Report to: Cabinet

Date of meeting: 13/07/2021

Title: Controllable Revenue Outturn for 2020/21

Purpose of the report: Report on the final Budget Outturn position

For: For information

**Cabinet Portfolio and Finance & Procurement
Cabinet Member:** Cllr Gareth Lloyd

1. SUMMARY

This report provides Cabinet with information about the final Controllable Revenue Budget performance for all Services of the Council for 2020/21. The last monitoring report for the period to 31/12/2020 forecasted a £301k underspend for the year.

The final overall position is that there is an underspend on Services of £113k which, together with a £376k surplus on Council Tax collection, results in a £489k increase in General Balances, which will rise to £6.052m. This figure equates to 3.9% of the 2021/22 Budget and close to the mid-point of the target range of between 3% and 5%. The 2020/21 performance demonstrates that despite COVID19, the Council's overall financial position remains positive and the Council's balance sheet is strong. The Council has continued its track record of bringing in a balanced budget, delivered through an effective Corporate structure supported by the Finance & Procurement service.

Earmarked reserves are regularly reviewed and re-aligned to emerging priorities, commitments and potential needs. This has been looked at further as part of the Outturn process and a full breakdown of the Earmarked reserves is shown in Appendix 1. In overall terms Earmarked reserves at year-end have increased to £38.5m (being 25% of the 2021/22 Budget).

Managing the financial dynamics of COVID19 has continued to be both challenging and resource intensive, which has meant the 2020/21 financial year has been a unique and unprecedented one for most Services. The impact has been seen through an increase in costs, losses of income and a combination of additional resources and redeployment of staff in order to support and implement new areas of activity. Late on in the financial year much greater clarity came through from WG in the form of expanding eligible areas for Hardship funding, additional funding announcements and quicker and more positive consideration of grant claims. This recognition has been very much appreciated and welcomed and has contributed significantly to the improved financial position.

2. NON-COVID19 BUDGET PERFORMANCE

It is important to note that there has not always been a black and white distinction with COVID19 in terms of financial impact. Whilst there are clear specific impacts that are referenced in the COVID19 section of this report, there are also more subtle and indirect impacts being seen across most services, which together with a significant number of additional funding announcements, that came through during February and March, has helped contribute to the final generally positive position. It has meant that the year is unique in financial terms and final individual service positions in most cases are not reflective of a 'normal' or 'typical' year.

The only area of overspend relates to the Porth Through Age model, where the net final position is an overspend of £573k. Within this position there are a number of variances due to the complexity and diversity of the underlying budgets and the continued development of the new model. Ultimately underspends within both Porth Gofal (£950k) and Porth Cymorth Cynnar (£351k) have been used via an earmarked reserve to offset the position in Porth Cynnal as all 3 services are intertwined.

Despite the COVID19 position, Delegated School budgets have ended the year in a very positive position. School Balances overall have increased from £2.68m to £6.35m, with no schools being in a deficit position. It is important to note that this position has arisen due largely to additional funding streams that became available, mainly quite late on in the financial year (e.g. Repairs & Maintenance funding - £978k, various Accelerated Learning Programme monies - £1.006m) with additional grant monies each being subject to specific WG terms and conditions. In addition, more areas became eligible for WG Hardship funding and there were areas of COVID19 related savings that have been retained by Schools (e.g. Exam fees, Utilities and Transport costs). Governing Bodies will need to use the one-off resources they have available in their Balances wisely and prudently as part of delivering their Educational outcomes and the continued recovery from the disruption that COVID19 has had on the Schools. The Council continues to actively support all Schools in this regard.

One of the key outcomes of the year-end review is the creation of 4 specific Earmarked reserves, one for each of the 4 Corporate priorities. This demonstrates the clear financial commitment and investment being put in place to deliver the Corporate Priorities:

New Reserve Name	31/03/21 Balance £'000	Main Commitments
Investing in People's Future *	5,438	21 st Century Schools match funding
Boosting the Economy	4,510	Growing Mid Wales / Economic Strategy
Enabling Individual & Family Resilience	500	Porth Through Age model
Promoting Environmental & Community Resilience *	4,450	Coast Protection match funding, Ash Dieback, Carbon Strategy initiatives

* Includes elements from Corporate Capital and Developing Education reserves.

The final controllable revenue outturn position for each Service is outlined overleaf:

Corporate Lead Officer / Service	2020/21 Latest Budget £'000	2020/21 Actuals £'000	Under/ (Over) spend £'000	Comment
Democratic Services	3,945	3,957	(12)	No issues of significance
Finance & Procurement	20,881	20,858	23	There has been a reduced need to borrow meaning lower interest costs, staffing savings, Insurance premium savings, additional COVID19 funding plus a reduced call on the Redundancy budget. This has enabled monies to be set aside for the May 2022 election (£200k), to the Contingency (inc COVID19) reserve (£750k), to the Corporate Capital reserve (£350k) and to create the new Individual & Family Resilience reserve (£500k)
Customer Contact	5,588	5,445	143	No issues of significance
Legal and Governance	1,532	1,476	56	No issues of significance
Policy, Performance & Public Protection	2,205	2,178	27	Main issue of concern relates to an ongoing Contaminated Land remediation works case
People & Organisation	2,071	2,007	64	No issues of significance
Highways & Environmental Services	16,334	16,305	29	Additional WG funding has contributed significantly to an underspend on Highways & related maintenance works (£726k) with lower costs also being seen in Street Lighting (£153k) and Transport (£184k), plus a combination of lower costs and additional WG grant on Waste (£316k). This has enabled a £1.45m reserve to be set aside to support Environmental & Community Resilience initiatives including Ash Dieback and future Carbon Strategy related investments.
Economy & Regeneration	3,269	3,276	(7)	An underspend arising from various areas across the service has been used to increase the new Boosting the Economy reserve by a further £400k
<u>Pyrrh Through Age Model</u>				
Porth Cynnal	21,377	21,950	(573)	The main areas of overspend relate to Direct Payments (£959k) and Older Persons Independent Sector Beds (£813k) which are both under Porth Cynnal, with offsetting underspends within Porth Gofal [£950k – mainly Dom Care (£420k), Housing (£150k) and Homelessness (£212k)] and Porth Cymorth Cynnar [£351k – mainly Wellbeing Centres (£130k) and Early Intervention Services (£157k)].
Porth Gofal	10,236	10,236	-	
Porth Cymorth Cynnar	3,158	3,158	-	
	34,771	35,344	(573)	
<u>Schools & Culture</u>				
Schools & Culture (LEA)	6,799	6,786	13	Underspends within School Improvement (£353k), Additional Learning Needs (£531k) and Corporate Catering (£289k) which are mainly due to a combination of Staff savings, higher income on Inter Authority Recharges, Equipment & Transport savings together with additional grant funding. This has enabled £1.25m of funding to be set aside for future Schools related capital projects. There is also an increase in School Balances of £3.7m.
Delegated Schools Budgets	42,074	42,075	(1)	
	48,873	48,861	12	
Levies, C/Tax Premium and Reserves	4,806	4,475	331	No issues of significance. £186k transferred to the Council Tax Premium reserve (after allowing for Council Tax refunds relating to properties transferring across to NNDR).
Leadership Group	6,958	6,938	20	See COVID19 section of the report
Total Controllable Budget	151,233	151,120	113	
Council Tax Surplus			376	
Final Outturn Position			489	

3. COVID19 BUDGET PERFORMANCE

Throughout the year, there have been a multitude of financial dynamics that the Finance & Procurement service has needed to actively manage. This has not only involved the ever changing COVID19 impact, but also funding announcements made at the tail end of the financial year - with over £5m of funding being announced from early February through to the end of March. Gold command determined very early on that the cost of COVID19 was to be dealt with on a corporate collective Council wide basis; hence most of the aspects being referenced under this section have been accounted for under the Leadership Group budget heading.

The following section summarises the position on the more significant of the specific COVID19 aspects:

a) Increased COVID19 Costs and WG Emergency Hardship Fund

WG's Emergency Hardship fund for Local Authorities as well as being a General fund also contains specific components including Adult Social Care, Free School Meals, Temporary Mortuaries and Homelessness. During 2020/21 monthly Hardship claims amounting to £8.4m in total were submitted to WG, with grant being receivable of £8.1m, equating to a 96% claim rate (this includes a £0.7m estimate for outstanding items still with WG). This combined with other ineligible costs means there is a net cost of £553k to the Council for the year.

In addition, WG have provided £354k to assist with increased Council Tax Reduction scheme costs, where gross expenditure has risen to £6.3m compared with £5.7m in 2019/20. (Note this budget is shown under Finance & Procurement).

b) Lost Income in Services

There has been a continued impact on a large number of Income streams across the Council with the more significant services affected being Car Parking, School Catering and Leisure. Following quarterly claims, WG have in total provided funding of £4.8m for Lost Income. In overall terms, this funding has covered the loss of income seen within Services.

c) Financial Benefits

Whilst the majority of COVID19 related financial impacts are negative, there are certain budget headings with clear savings. The more significant of these budget headings have been treated corporately, with the savings being centralised through budget movements.

Budget Heading	Saving £'000
Officer / Member Travelling Costs	681
Utility Costs for partial / fully closed Council buildings	226
Office 365	45
Cash collection / Postage Costs / Bank Charges / Uniflow	21
Home to School Transport	454
Fuel Costs	149
	<hr/> 1,576 <hr/>

In addition, WG have provided non ring-fenced funding of £1.2m to recognise the impact of COVID19 on savings delivery plans and also the digital transformation journey. Fees have also been received in relation to the implementation and management of various grant schemes totalling £0.5m.

d) Council Tax collection

The actual final collection rate for 2020/21 was 96.7%, which compares with 97.4% for 2019/20. As well as a lower in year collection rate, the impact of arrears is still seen in previous years' outstanding balances. Therefore whilst there has been an in year Council Tax Surplus (due mainly to a higher than assumed increase in the number of dwellings), the Council has needed to set aside an increase in the Provision for Bad debts. WG have provided funding of £575k to assist with this.

The final position in relation to the more specific and significant COVID19 impacts is that, in overall terms, the Council has been able to manage the financial position within the resources available, due mainly to higher approval levels of grant claims and various additional and much welcomed funding announcements made by WG, particularly during the latter part of the year. As part of the Outturn position the benefit of the savings treated corporately and the impact of additional funding received has enabled contributions to be made to the Boosting the Economy reserve, the Finance (General) reserve and the Contingency (Inc COVID19) reserve. The latter will provide added resilience moving forwards, given that we remain in uncertain times.

4. OTHER WG COVID RELATED SCHEMES

There are a range of national schemes that have needed to be operated at a local level. To date this has mainly been achieved through the redeployment of existing staff and the prioritisation of these schemes over and above other activities. The schemes have been fully funded by WG and the more significant ones are as follows:

NNDR Business Rates relief for Leisure, Retail & Hospitality sectors	£9.1m of NNDR relief was awarded for 2020/21 and a further £8.5m has so far been granted for 2021/22
NNDR COVID19 Business Grants (March 2020)	£28.5m of NNDR grants paid - Scheme closed
Firebreak Lockdown Business grants (October 2020)	£4.3m of grants paid - Both NNDR & Discretionary Schemes closed.
Restrictions Fund Business grants (Dec 2020 + Various Extensions)	£16.2m of grants paid - Both NNDR & Discretionary Schemes closed.
Start-up Business grants	£158k of grants paid - Scheme closed
Childcare Providers Grant	£21k of grants awarded – Scheme closed
£500 for Carers	£878k payments for over 1,500 Carers - Scheme closed
£500 Self Isolation Support scheme	£45k payments to date – scheme open to 30/06/21 as things currently stand

Adult Social Care fund for Providers	This is part of the WG Hardship funding, but has required a specific grant scheme being in place for Providers – this currently runs to 30/06/21 but is expected to be extended further.
Carers Statutory sick pay enhancement scheme	£23k payments to date – scheme open until 30/09/21
£735 for Carers	£585k payments to date for c800 Carers. This scheme is still live with payments part way through being made.
Cultural Freelancer Grant Scheme	Phase 1 & 2: £475k of grants paid. New Freelancer Fund has recently just closed (June 21) with applications currently being assessed
Economic Resilience Fund Discretionary Business Grants	Scheme open until 30/06/21 - applications received to date currently being assessed

In addition to these there are a large number of COVID related specific grants schemes that have required resourcing. These include Test, Trace & Protect (Contract Tracing), Temporary Field Hospitals, Vaccination Centre, Food Parcels, Bus Emergency Funding, Cultural sector funding, various Education and Highways related grants and Small Business Capital Fund Grants. In total over 30 additional individual COVID19 related grant schemes have been supported by the Finance & Procurement service.

5. CONCLUSION

2020/21 has almost certainly been the most unprecedented and unique year on record. The budget performance for 2020/21 has ultimately been very positive in overall terms despite the challenges presented during the course of the year and the real concerns that existed during the early part of the year, when there was an initial lack of funding clarity. Whilst the COVID19 funding position has at times been challenging, the Local Government voice has largely been heard by WG from a financial perspective, with considerable funding being forthcoming from WG and constructive dialogue with WG officials.

The Pyrrh Through Age model is still part way through its development and transformation journey, which does mean the high-end Social Care budget areas are still likely to present budgetary challenges in the short term. The Outturn position has though enabled additional investment to be set aside to support the 4 Corporate Priorities, which is a significant step forward in being able to delivering against these. In addition Schools in general are in a resilient and robust financial position.

Nevertheless, the Council will face ongoing financial challenges moving forwards, particularly if Local Government settlements from WG do not improve considerably from the 2021/22 position and/or WG COVID19 funding is curtailed too soon. However, despite the pandemic, the Council has managed to weather the storm thus far and remains financially resilient.

Has an Integrated Impact Assessment been completed? No

If, not, please state why Report is for information

Wellbeing of Future Generations:

Summary:
Long term: Not Applicable
Integration: Not Applicable
Collaboration: Not Applicable
Involvement: Not Applicable
Prevention: Not Applicable

Recommendations(s): To note the report

Reasons for decision: None required

Overview and Scrutiny: Considered during the budget setting process

Policy Framework: Medium Term Financial Strategy

Corporate Priorities: The budget supports the Strategic Objectives of the Council

Financial implications: Compliant

Statutory Powers: Local Government Finance Act 1972

Background Papers: Revenue Budget 2020/21

Appendices: Appendix 1 – Earmarked Reserves

Corporate Lead Officer: Steve Johnson

Reporting Officers: Duncan Hall and Justin Davies

Date: 18/06/2021

STATEMENT OF EARMARKED RESERVES AND GENERAL BALANCES
Appendix 1

	31/03/20	2020/21	2020/21	2020/21	31/03/21
	Actual	Movement on	Actual	Final	Actual
	Balances	Opening	Transfers	Transfer	Balances
	£'000	Balances	(To)/from	to General	£'000
		£'000	Reserves	Balances	
			£'000	£'000	
Delegated Schools Budget - Primary	(1,521)	-	(1,514)	-	(3,035)
Delegated Schools Budget - Secondary	(640)	-	(1,233)	-	(1,873)
Delegated Schools Budget - All Through	(519)	-	(922)	-	(1,441)
Insurances - Supply Cover	(149)		(148)		(297)
Schools & Culture Service	(407)		11		(396)
Schools & Culture	(3,236)	-	(3,806)	-	(7,042)
Corporate Capital	(4,252)	1,890	(863)		(3,225)
Corporate Capital Vehicle Replacement	(1,110)	1,110	-		-
Education Penweddig PFI	(1,459)		536		(923)
Corporate - Joint Arrangements	(8)		-		(8)
Funding / CTRS Equalisation	(700)		-		(700)
Corporate Redundancy	(1,062)		-		(1,062)
Insurance	(501)	-	(387)	-	(888)
Finance - General	-		(250)		(250)
Finance & Procurement	(9,092)	3,000	(964)	-	(7,056)
Democratic Services	(112)		-		(112)
County Council Election reserve	-		(200)		(200)
Democratic Services	(112)	-	(200)	-	(312)
People & Organisation	(58)		-		(58)
People & Organisation	(58)	-	-	-	(58)
Porth Cymorth Cynnar	(2)		-		(2)
Porth Gofal	(222)		(117)		(339)
Pyrth Through Age Model	(224)	-	(117)	-	(341)
Policy, Performance & Public Protection	(102)		-		(102)
Policy, Performance & Public Protection	(102)	-	-	-	(102)
Highways & Environmental Services	(80)		(1,213)		(1,293)
Winter Maintenance/Storm Repairs	(277)		-		(277)
Environmental & Flood Protection	(177)		-		(177)
Civil Parking Enforcement	(93)		-		(93)
Highways & Environmental Services	(627)	-	(1,213)	-	(1,840)
Buildings & Renewable Energy	(67)	67	-		-
Local Development Plan	(248)		-		(248)
Economy & Regeneration	(177)		-		(177)
Food Centre Wales (Horeb)	(217)		-		(217)
Growth Deal	(250)		-		(250)
Sewage Treatment Works Improvement Programme	(543)		-		(543)
Economy & Regeneration	(1,502)	67	-	-	(1,435)
Customer Contact	(134)		-		(134)
Customer Contact	(134)	-	-	-	(134)
Legal & Governance	(125)		-		(125)
Legal & Governance	(125)	-	-	-	(125)
Contingency (inc COVID19)	(1,500)		(2,873)		(4,373)
Council Tax Premium	(462)		(186)		(648)
National Eisteddfod 2020	(170)		-		(170)
Investing in People's Future	(4,781)		(656)		(5,437)
Boosting the Economy	-	(67)	(4,443)		(4,510)
Enabling Individual & Family Resilience	-		(500)		(500)
Promoting Environmental & Community Resilience	-	(3,000)	(1,450)		(4,450)
Leadership Group	(6,913)	(3,067)	(10,108)	-	(20,088)
Total Earmarked Reserves	(22,125)	-	(16,408)	-	(38,533)
General Balances	(5,563)	-	-	(489)	(6,052)
GRAND TOTAL	(27,688)	-	(16,408)	(489)	(44,585)