



To:
Councillor Rob Stewart
Cabinet Member for Economy,
Finance & Strategy

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Overview & Scrutiny

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6th January 2022

BY EMAIL

Summary: This is a letter from the Service Improvement and Finance Scrutiny Performance Panel to the Cabinet Member for Economy, Finance and Strategy. The letter concerns the meeting held on 15th December 2021 and the Revenue and Capital Budget Monitoring Report Q2 2021/22

Dear Councillor Stewart,

On the 15th December, the Service Improvement and Finance Scrutiny Performance Panel met to discuss the Revenue and Capital Budget Monitoring Report Q2 2021/22. The Panel are grateful to yourself and Ben Smith, Chief Finance Officer / S.151 Officer, for attending to discuss the report. Discussions focused on the following areas:

It was reported to the Panel that monthly claims against additional COVID expenditure (April to September), and first and second quarter claim for loss of income as a result of COVID in relation to the services, have been submitted to Welsh Government.

We heard that £1m was set aside in the budget for the potential costs relating to the impact of the Apprenticeship Levy, and, £3.25m was set aside to meet any specific and significant inflationary increases arising in year.

Officers explained that Contingency Fund Provision for 2021/22 increased, reflecting additional mitigation against any repeated overspending as a result of the Pandemic.

It was also reported to us that the position reflects the best-known current situation and shows a net £15.9m of shortfall in service revenue budgets, almost entirely in relation to anticipated costs/loss of income because of the Pandemic.

You outlined to the Panel the positive position at Q2, noting a positive trajectory and explained that, despite risks such as inflation and COVID, the Council hopes to remain in a positive position come outturn.

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Members queried the contingency fund of £35,000 on Welsh Translation costs. Officers explained that this was not outsourcing, but an indicative allocation for additional staff.

We noted that it is possible that Council Tax losses will be met by future Welsh Government grant support, but this is yet to be assured.

During the presentation to the Panel it was made clear that the whole of the contingency fund, including the base £3.6m and the one off £10m brought forward, was being used to fund the short fall in the service budgets and ultimately create the resultant net underspend and headroom of £4.7m.

Panel members noted that the one off carry forward sum was thus not available in future years as it stood, and thus could reasonably conclude that if the budget performance were repeated next year would otherwise be overspent by £5.3m if the contingency fund was not otherwise carried forward.

We are interested in any thoughts you may have on the contents of this letter but, in this instance, we require no formal written response.

Yours sincerely,

Councillor Chris Holley

Convener, Service Improvement and Finance Scrutiny Performance Panel

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