

Y CABINET
14^{eg} TACHWEDD 2022

ADRODDIAD MONITRO CYLLIDEB REFENIW Y CYNGOR

Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

Sicrhau bod y Cabinet yn derbyn yr adroddiad Monitro Cyllideb ac yn ystyried y sefyllfa cyllidebol a'r camau cywirol priodol.

O ran adrannau yn rhagweld gorwariant sylweddol ar feysydd cyllidebol penodol, dylai'r Prif Swyddogion a Phenaethiaid y Gwasanaethau adolygu'n feirniadol yr opsiynau sydd ar gael iddynt i fynd i'r afael â'r effaith barhaus.

Y Rhesymau:

I ddarparu'r newyddion i'r Cabinet ynglyn a sefyllfa diweddaraf cyllideb 2022/23, ar 31^{ain} Awst 2022.

Angen i'r Cabinet wneud penderfyniad OES

Angen i'r Cyngor wneud penderfyniad NAC OES

YR AELOD O'R CABINET SY'N GYFRIFOL AM Y PORTFFOLIO:-

Cyng. Alun Lenny (Adnoddau)

Y Gyfarwyddiaeth:
Gwasanaethau Corfforaethol

Enw Cyfarwyddwr y
Gwasanaeth:
Chris Moore

Awdur yr Adroddiad:
Randal Hemingway

Swyddi:

Cyfarwyddwr y
Gwasanaethau Corfforaethol

Pennaeth y Gwasanaethau
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EXECUTIVE SUMMARY

Cabinet

14th November 2022

The revenue budget monitoring reports as at 31st August 2022 are attached and indicate that:

COUNCIL FUND REVENUE ACCOUNT (Appendix A)

Overall, the monitoring report forecasts an overspend for the year at departmental level of £4,930k, with a forecast overspend on the Authority's net revenue budget of £4,804k.

At a high level this is due to a combination of:

- nationally negotiated pay offers (as yet unresolved) at much higher levels than budgeted, for which additional governmental funding is currently unknown. High level estimates are that this could be £7.1m above budget.
- overspends in service areas driven by increased demand combined with reduced grant funding versus previous years, particularly Learning Disabilities and Childrens Service
- a sustained reduction in commercial income, covering car parks, leisure centres and school meals
- capital financing underspends due to scheme delays and reduced need to borrow

As part of the 2022/23 budget setting process the Authority has agreed a £3m in year contingency budget which is currently held centrally which provides a partial offset to the general pressures above.

The full year forecast reflects the impact which includes known financial positions at the point of preparation. As such the forecast does not contain the full impact of any additional in year grant adjustments which may be received. In line with our existing policies, forecast departmental overspends are met out of departmental reserves, where available.

Chief Executive's Department

The Chief Executive Department is anticipating an underspend of £636k for the year. There are net underspends on Member pay and travelling, Registrars and staffing savings from vacant posts across the department, offset by overspends within People Management due to employing additional staff, mainly to deal with a recruitment backlog. There is also a shortfall in income on Land Charges and County Farms.

Operational budgets

The Chief Executive's section has an anticipated underspend of £144k, primarily due to staff being seconded to other sections along with an underspend on supplies and services.

There is an expected £326k overspend in the People Management section. This consists of an £83k overspend in People Services HR on agency staff costs, to deal with the backlog in recruitment. There is also an overspend of £80k in payroll, due to past year efficiencies not yet being met. Employee Wellbeing is £11k overspent due to a shortfall on budgeted external SLA income. There is an anticipated overspend of £66k on Agile working due to an unfunded post. There is an overspend of £106k in Organisational Development due to an unfunded post (£47k), a one off cost for Investors in People Assessment (£26k) and a training efficiency target (£33k) not currently being met. This is offset by an underspend on DBS, due to fewer checks being undertaken than budgeted for.

The ICT & Corporate Policy section are reporting a £90k underspend, largely due to part year vacant posts within the division. These have now been filled or are due to be filled imminently.

Admin and Law are showing an underspend of £244k. Members pay and travelling are underspent by £142k, and there is an additional £26k of income for work undertaken on behalf of the HRA. There is also additional income for DSU from external work of £29k along with a £20k saving on supplies and services. Legal services are expecting to be underspent by £35k due to vacancies that are being filled imminently. Central Mailing is also underspent by £23k due to a saving on franking machine leasing costs. There are also other small underspends on supplies and services within the division This is offset by an overspend on Land Charges of £35k due to a reduction in income, following a fall in demand for the service.

The Marketing and Media section are anticipating a £259k net underspend, made up of an overspend of £161k within Marketing and Media on salary costs, pending a staffing review within the whole division (2019/20 saving proposal), and also a loss of income streams from external partners such as ERW. This is offset by an underspend on staffing costs in the Customer Services Centres, Translation Unit and Yr Hwb. These will all form part of the divisional staffing review.

Statutory Services are reporting an underspend of £151k. This is made up of a saving on vacant posts of £45k following a team review along with a £104k underspend on Registrars largely due to income generated above the budgeted figure.

The Regeneration division is anticipating a £74k underspend for the year. This is made up of an overspend of £46k due to a loss of income on farms as no scope to increase tenancy agreements currently.

This is offset by high levels of income due to continued high occupancy rates within industrial units and Commercial Properties of £47k, along with £53k of savings from vacant posts within the division. There are also various smaller savings on supplies and services across the division.

Communities

The Communities Department is projecting an overspend of £1,723k for the year.

There are significant variances as the department continues to recover and respond to the post-pandemic phase.

Membership and use of our leisure centres declined to near nil in the pandemic and it was fully anticipated that income targets (attendances and memberships) could not recover fully this year. However they are on track to recover to pre pandemic levels by the end of the financial year. As a result there is a projected in year overspend in Leisure and Culture of £797k. Despite the encouraging trends, lost income to the service is likely to be £1,287k for this year. The service is mitigating the overspend by reducing costs on casual staff (£404k) and other minor expenditure (£86k) where possible.

Social Care services are projecting an overspend of £694k. Underspends are largely due to capacity issues in Residential Beds and Home Care provision where it remains difficult to recruit staff. Several initiatives have been launched to address this albeit success in recruitment to meet assessed need is likely to worsen the financial position. Overspends are due to increased demand for services e.g. Direct Payments and in areas where budget savings proposals remain difficult to deliver as Social Work teams have prioritised the safe delivery of key services, meaning that the department has been unable to progress some of the planned savings' proposals. In year inflationary pressures on the sector make the financial position additionally challenging.

Older People's budgets are forecasting an underspend of £833k. There are significant underspends as a result of reduced provision of day services due to COVID19 restrictions and on-going staff vacancies due to staff recruitment issues.

Physical Disabilities services are underspent by £411k. This is due to reduced associated costs because of fewer residential and supported living placements and on-going staff vacancies due to staff recruitment issues, offset by high demand for Direct Payments.

In Learning Disability services, there is an overspend of £1,422k. Budgetary pressure remains on Residential and Group Homes / Supported Living as the savings are delayed due to previous COVID19 restrictions and an under-developed market for care in West Wales. Families of adults with learning disabilities are finding it increasingly challenging to cope resulting in more demand for formal care. Also, an increased demand for Direct Payments and a lack of availability of alternative provision due contraction in the sector following COVID has added further pressure. These pressures have been offset with savings due to the reduction of Day Services and Community Support.

The overspend in Mental Health of £558k is due to increased demand with the main budget pressure in Residential Beds and Group Homes / Supported Living as the savings delivery is delayed due to previous COVID19 restrictions, an increased demand for Direct Payments, partly offset by on-going staff recruitment difficulties.

Support Services is forecasting an underspend of £42k, primarily due to part year vacant posts.

Council Funded Housing and Public Protection Services are reporting a £232k overspend, primarily due to concerns around income receivable through the court system relating to the work of our financial investigation team and increased pressure on temporary accommodation services.

Corporate Services

The Corporate Services Department is anticipating a £739k underspend for the year.

There is a £329k underspend on pre LGR pension costs along with a £241k underspend on Council Tax Reduction and a £105k underspend on Rates Relief due to lower than budgeted take up of both schemes.

There are also underspends on salaries due to vacancies across the department, and staff not yet at the top of their scale, along with a reduction in audit fees and some additional income for work undertaken for external organisations.

These underspends are offset by an overspend of £112k on Rent Allowances. This service is demand led and is subject to fluctuation year on year.

Department for Education and Children

The Department for Education and Children is forecasting a net overspend of £4,585k at year end.

The main adverse budget variations relate to: increased demand for Additional Learning Needs provision £1,271k; Schools Meals based on existing costs and income levels £793k; Out of County placement due to three highly complex placements £881k; Commissioning and Social Work £957k, Fostering & other looked after services £579k, Residential Units £464k and Short breaks and direct payment £434k have all seen an increase in demand.

Schools Delegated Budgets

Schools working budgets are forecasting a net overspend in year of £7.7m, with a mix of supporting their formula funding to enable appropriate provision, covid recovery/catch up and some schools utilising their balances for additional maintenance or initiatives that they would not otherwise have had resources to fund.

This level of utilisation of school reserves will reduce the brought forward balance of £15.2m net surplus to £7.5m by year end.

Environment

The Environment department is forecasting an underspend of £2k for the financial year.

The Business Support division is estimating a £62k overspend for the year, £32k on departmental core of which £14k is the cost of health and wellbeing staff and £19k estimated recruitment costs for the Director post. There is also a £14k overspend on Building Cleaning which is due to additional resource required to cover sickness in the service, £10k income

shortfall due to staff sickness in operational training plus other smaller overspends within the division.

The Waste and Environmental Services division is forecasting a £117k underspend, mainly due to staff vacancies of £98k and a £47k surplus on Green Waste collections due to an increased customer base. These are off-set by a £40k underachievement of income against budget on the Sustainable Drainage Approval service.

Highways and Transportation are forecasting a £762k overspend for the year. The two main variances are the loss of income on Parking Services of £407k (previously reimbursed by WG) and a £587k overspend on school transport due to increases in fuel prices and tender prices. These pressures are partly offset by a £78k net increase in Traffic Regulation orders and a £158k underspend on pay costs due to vacancies, staff reducing hours or not on top of their grades.

The Property Division is forecasting a £411k underspend for the year, mainly due to the £371k estimated underspend on Property maintenance. This estimated outturn is based on the current works programme and may vary as the year progresses.

The Place and Sustainability Division is forecasting a £298k underspend, largely due to vacant posts within the team.

HOUSING REVENUE ACCOUNT (Appendix B)

The HRA is predicting to be overspent by £27k for 2022/23, which will be funded through a contribution from reserves. This will be reviewed as the significant issues identified become clearer from a financial perspective.

Nationally negotiated pay offers (as yet unresolved) at much higher levels than budgeted, falls directly on the HRA to fund. High level estimates are that this could be £0.5m above budget. Also there are other overspends on supervision and management taking the total for S&M to £591k.

Variances in Repairs and Maintenance (R&M) costs (+£48k) reflect the managers current position that they will operate near the existing allocated resources. However, given current inflation and the impact on construction industry capacity post-Covid and post-Brexit including significantly increasing pay, energy, fuel, and construction materials costs, there will continue to be upwards pressure on contractor rates and reduced availability as we progress through 2022/23. This pressure of contractor rates could be as high as 10% or £1m+ on the R&M budget, future budget monitoring will show this developing scenario linked to industry capacity.

While interest rates on capital financing costs in the HRA are forecast higher than budget, the capital financing requirement is significantly reduced due to additional grant funding received in 2021/22 and 2022/23. There is also forecast underspend on the current year capital programme reducing the forecast capital financing costs by £436k. Increased interest rates also benefit the HRA due to the level of reserves held. This equates to approximately £167k.

Lists of the main variances are attached to this report.

DETAILED REPORT ATTACHED?	YES
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IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **Chris Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities NONE	Legal NONE	Finance YES	ICT NONE	Risk Management Issues NONE	Staffing Implications NONE	Physical Assets NONE
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3. Finance

Council Fund

Overall, the Authority is forecasting an overspend of £4,804k at this point in time. The final out-turn position will be significantly influenced by the level of pay awards agreed, and the extent of any additional funding forthcoming to meet this unforeseen and exceptional pressure.

HRA

The HRA is predicting to be overspent by £27k for 2022/23.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below
 Signed: Chris Moore Director of Corporate Services

1. Scrutiny Committee request for pre-determination

Not applicable

If yes include the following information: -

Scrutiny Committee

Date the report was considered:-

Scrutiny Committee Outcome/Recommendations:-

2. Local Member(s) – Not applicable

3. Community / Town Council – Not applicable

4. Relevant Partners – Not applicable

5. Staff Side Representatives and other Organisations – Not applicable

**CABINET MEMBER PORTFOLIO
 HOLDER(S) AWARE/CONSULTED**
 NO

Include any observations here

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
2022/23 Budget		Corporate Services Department, County Hall, Carmarthen