

Y CABINET
13 TACHWEDD 2023

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 Phenaeithaid 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 2023/24, ar 31^{ain} Awst 2023.

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
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EXECUTIVE SUMMARY

The revenue budget monitoring reports as at 31st August 2023 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 £8,730k, with a forecast overspend on the Authority's net revenue budget of £6,098k.

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

- Increased expenditure in adult social care to meet pent up demand as recruitment pressures have begun to ease a little across the sector
- persistent overspends in service areas where budget reductions have been implemented, but challenges in delivery have made it impossible to keep pace with the level of savings required
- Significant overspends in Childrens Services, driven by increased levels of demand combined with complexity, not seen before the pandemic, which has required both a higher number and increased cost of residential placements.

The capital financing underspend forecast at £2.25m is due to scheme delays, a reduced need to borrow and increased interest earned on positive cash balances, partially offset by in year direct revenue funding for a small number of projects as set out in the capital programme update.

The April NJC pay award remains unsettled at the point of writing. As part of the 2023/24 budget setting process the Authority has agreed a £1.5m in year contingency budget which is currently held centrally which provides a partial offset to any costs above the 5% allowed for in the budget.

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 and grant adjustments. 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 £117k for the year. There are overspends on Coroners costs, Land Charges income and some efficiencies within People Management that have yet to be achieved. This is offset by net underspends on Member pay and travelling, Industrial Premises income and staffing savings from vacant posts across the department.

Operational budgets

The Chief Executive's section has an anticipated underspend of £141k, primarily due to staff savings due to vacancies and maternity leave in the section.

There is a £257k overspend expected in the People Management section. This consists of a £94k overspend in People Services HR on agency staff costs to deal with the backlog in recruitment along with unachieved current and prior year efficiencies, and an overspend of £72k in payroll due to current and past year efficiencies not yet being met. There is an overspend of £95k within the TIC team due to additional support for office downsizing with funding yet to be confirmed (£60k) and a £35k income efficiency target not currently being met. There is an overspend of £31k in Organisational Development due to a prior year efficiency not currently being met. There are also some very small other overspends in the division. This is offset by an underspend on Business and Projects support of £18k due to a saving on supplies and services and a staff member working reduced hours. There is also an underspend on DBS of £25k, due to fewer checks being undertaken than budgeted for.

The ICT & Corporate Policy section are anticipating a £26k 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 £67k. Members pay and travelling are underspent by £74k, and there is an additional £27k of income for work undertaken on behalf of the HRA. Central Mailing is also underspent by £24k due to a saving on franking machine leasing costs. Democratic Services support is also expecting to be underspent by £35k as a result of a saving on supplies and services, some additional income and a short term staff vacancy. There are also a £12k underspend on Civic Ceremonial as a result of savings on expenses costs along with a reduction in vehicle hire costs. This is offset by an overspend on Land Charges of £105k due to a reduction in income, following a fall in demand for the service. The Marketing and Media section are anticipating a £203k net underspend for the year, mainly due to staff vacancies during the year of £283k. This is offset by an overspend on software and licences costs within the contact centre of £48k and a reduction in income from achieved from renting out office space at Llanelli Hwb, due to a fall in demand of £32k.

Statutory Services are predicting an overspend of £49k. This is due to a £99k estimated overspend within Coroners. This is as a result of a significant increase in the number of cases being referred to the coroner along with a large increase in charges for toxicology and histology reports, postmortems, undertakers fees and mortuary costs. This is offset by a saving of £50k for a vacant post within Elections which is unlikely to be filled in this financial year.

The Regeneration division is anticipating an overspend of £13k for the year. There is an overspend of £40k on Provision Markets due to a shortfall in income due to low occupancy levels, an overspend of £38k on Regeneration Management due to cessation of staff time being able to be recharged to projects and a £27k overspend on Livestock Markets due to a shortfall in income being generated at Carmarthen and Llandovery marts. These are all offset by an underspend on Industrial Premises of £67k as a result of high occupancy rates. There is also an £19k underspend within the property section as a result of 3 short term vacant posts during the year along with other small underspends within the division.

Communities

The Communities Department is projecting an overspend of £2,321k for the year.

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

Leisure and Culture are currently forecasting an overspend of £244k due in the main to set up costs and delayed opening of the new Attractor site which has resulted in a projected shortfall of income to budget in the Caban, Museum and car parking. The Division are working to mitigate this amount by year end.

The forecast out-turn for Social Care services is an overspend of £2,027k. Underspends are largely due to difficulty in the recruitment of 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. LA/Private Homes 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.

Older People's budgets are forecasting an overspend of £675k. Overspends are due to the utilisation of alternative methods of meeting increased demands in LA/Private Homes (E.g. Agency staff) (£721k); increased volume of care packages due to increased demand and numbers on Home Care waiting lists reducing (£981k) and pressures relating to the increased demand for Direct Payments (£205k). These are offset by on-going staff vacancies (£-1,114k)

Physical Disabilities services are forecasting an underspend of £370k. Demand for residential placements (£-261k) and supported living placements (£-320k) remains lower than pre-pandemic levels. These are offset by financial pressures relating to an increased demand for Direct Payments in previous years as an alternative to other service provisions remains (£212k).

In Learning Disability services, there is an overspend of £811k. Budgetary pressure remains on Residential (£515k) and Group Homes / Supported Living (£808k). These pressures have been partially offset with savings due to the reduction of Day Services and Community Support (£-629k).

The overspend in Mental Health of £665k. Budgetary pressure remains on Residential (£390k) and Group Homes / Supported Living (£531k). These are partly offset by on-going staff recruitment difficulties (£-140k).

Support Services is forecasting an overspend of £246k due to the delayed realisation of efficiency savings.

Council Funded Housing and Public Protection Services are reporting a £49k overspend. Income receivable through the court system relating to the work of our financial investigation team is reduced/delayed £54k and general reduction in income due to reduced activity post covid £160k is broadly offset by additional income and reduced spend on supplies and services (£165k).

There continues to be additional pressures on homeless/temporary accommodation services circa £160k which will probably be mitigated by additional targeted grant income. This will become clearer during the financial year.

Corporate Services

The Corporate Services Department is anticipating a £920k underspend for the year.

There is a £430k underspend on pre LGR pension costs along with a £225k underspend on

Council Tax Reduction Scheme, and a £97k 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.

This is offset by an overspend in Revenues, primarily due to an increase in bank charges as a result of a rise in card payments, and also an overspend in Local Taxation due to an increase in postage costs in recent years.

Department for Education and Children

The Department for Education and Children is forecasting a net overspend of £6,546k at year end.

The Education Services division is reporting a net overspend of £9k. An overspend within ALN is mainly due to increased Out of County provision £217k, which is partially offset by other savings in relation to vacant posts & utilisation of grant income. Within Education Other Than at School (EOTAS), mainly the PRU settings, an overspend of £109k is due to additional staffing costs for the increased demand and more complex nature of behaviour issues. Early years provision for 3 year olds in non-maintained settings is reporting an underspend of £308k as a WG grant is currently funding what would have otherwise utilised core budget.

The Access to Education division is reporting a net overspend of £1,145k which is mainly within the Schools Meals service being £851k for lunch provision and £289k primary free breakfast provisions. Workforce pressures, pay award impact increased food costs & UPFSM rollout across primary schools contribute to the challenges of providing the service within the meal price across all schools, ranging from providing 15 to 600 meals per site. Ongoing costs of closed school premises forecasts a £100k overspend.

This is partially reduced by a £96k underspend within School Admissions as a result of part year vacant posts, some of which have recently been recruited to and others currently being recruited to.

Strategy and Learner Support division reports a net underspend of £16k due to part year vacant posts which will contribute to funding pressures across other areas of the department.

Children's Services division forecast a net overspend of £5,804k with pressures across a number of areas. Commissioning and Social Work £536k overspend is a mix of increased agency cover costs £638k and increased demand for assistance for clients £263k, partially offset by grant income.

The Out of County budget is sufficient to cover the expected level of provision but there are currently highly complex placements creating an overspend of £2,770k. £445k of the fostering & other looked after services overspend of £892k relates to specialist support packages for 2 children with the remaining £447k funding an increased number of foster placements and additional payments in excess of the existing budget.

Adoption Services £151k overspend is due to increased staffing costs £75k and costs in relation to Inter Agency Adoption fees, Adoption Allowances and Therapy / Counselling costs in line with ongoing service demands.

Residential units £191k overspend is due to ongoing challenges around LHB contribution and staffing pressures generating significant agency expenditure. The new setting additional costs

of £507k are forecasted to be grant funded for this year.

Short breaks and direct payments are both meeting an increase in demand generating an overspend of £1,229k.

There is also an overspend of £322k forecast in relation to a large increase in the number of Unaccompanied Asylum Seeker Children as part of the UK sponsor scheme resulting in more expensive placement costs in excess of the fixed income received.

These pressures are partially offset by forecast underspends of £333k in relation to maximisation of grant income and part year vacant posts in other service areas.

Schools Delegated Budgets

Schools working budgets are forecasting a net overspend in year of £8.5m, with a mix of supporting their formula funding to enable appropriate provision, continued 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 £11.1m net surplus to £2.6m by year end.

Place and Infrastructure

The Place & Infrastructure Department is forecasting an overspend of £901k for the financial year.

The Waste and Environmental Services division is forecasting an overspend of £262k which is mainly due to a £571k pressure from the delivery of the interim phase of the waste strategy having increased costs as a result of contingency measures put in place. This pressure is offset by a £119k underspend due to an interim staffing complement and temporary recruitment freeze to ensure a comprehensive review of staffing / management structure is completed based on the amalgamation of services, £72k underspend on Green Waste Collection as a result of increased customer base, £55k saving from staff vacancies in Environmental Enforcement where future needs are being addressed and a £43k underspend due to more grounds maintenance works being kept in-house therefore less sub-contractor costs.

Highways and Transportation are forecasting a £802k overspend for the year. The two main variances are the loss of income on Parking Services of £357k and a £664k overspend on School Transport. The School Transport overspend is due to increased transport costs for operators which subsequently escalate the tendered contract prices for the statutory provision of home to school transport. Transport operators are continuing to experience driver shortages, global supply chain shortages for vehicles and parts and a period of very high fuel prices which make for a challenging operating environment.

The Property Division is estimating a £3k overspend for the year which includes a £136k underspend on the vacant Property division Head of Service post and a £55k saving on Property Design following a review of projected income based on current vacancies. These savings are offset by the £194k overspend on property maintenance following the Housing Disaggregation, a review of recharges needs to be undertaken to take account of revised operating costs.

The Place and Sustainability Division is forecasting a £162k underspend, largely due to vacant posts within the team also planning application income which may vary as the year progresses.

HOUSING REVENUE ACCOUNT (Appendix B)

The HRA is predicting to be overspent by £81k for 2023/24. This will be reviewed as the significant issues identified become clearer from a financial perspective.

Variances in Repairs and Maintenance (R&M) costs (+£33k) 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 2023/24. 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.

Supervision and management cost will be over by approximately £800k primarily due to additional investment in physical works on estates £215k, impact of increased energy costs £200k, increased pressures on housing management costs including legal £50k, compensation £179k and other items detailed in the report. There will be savings due to vacant posts on employee costs -£307k.

Rental/service charge income will be £0.5m better off due to a reduction in void loss.

There is a variance in additional income of -£187k reflecting activity related to temporary accommodation.

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	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	YES	NONE	NONE	NONE	NONE

3. Finance

Council Fund

Overall, the Authority is forecasting an overspend of £6,098k 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 £81k for 2023/24.

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
2023/24 Budget		Corporate Services Department, County Hall, Carmarthen