

CYFARFOD Y CABINET

18EG MAWRTH 2024

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 Phenaeithiaid 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} Rhagfyr 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:

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EXECUTIVE SUMMARY

CABINET

18TH MARCH 2024

The revenue budget monitoring reports as at 31st December 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 £10,183k, with a forecast overspend on the Authority's net revenue budget of £4,782k.

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. Monitoring indicates £3.4m of savings undelivered for 2023/24 and a further £0.6m carried forward from the previous year.
- Significant overspends in Childrens Services, driven by increased levels of demand combined with complexity, not seen before the pandemic. There has been a higher number an increased cost of residential placements, increased agency costs and increased support for children with disabilities.

In addition to the departmental overspends, schools are expecting to spend £8.6m more than delegated budgets, meaning balances currently standing at £11.1m would reduce to £2.5m.

The capital financing underspend forecast at £3m 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.

The April NJC pay award has now finally been settled, with all staff having received backpay in full. The cost of this has now been built into departmental projections, with the £1.5m contingency budget shown explicitly as a partial offset.

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 adjustment, although it should be noted that the WG budget position is such that these are much less likely than in previous years. 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 £681k for the year. There are overspends on 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 £241k, primarily due to staff savings as a result of vacancies and maternity leave in the section, along with a saving in Central Mailing on franking machine leasing costs.

There is a £147k overspend expected in the People Management section. This consists of a £92k overspend in People Services HR due to £108k of salary efficiencies not yet being met along with an overspend of £75k for unfunded posts to implement a new recruitment system. This is partially offset by savings on vacant posts during the year. There is also an overspend of £63k in payroll due to £80k of current and past year efficiencies not yet being met and agency staff costs to deal with the backlog in recruitment of £41k. This is partially offset by vacant posts during the year. There is an overspend of £98k within the TIC team due to additional support for office downsizing with funding yet to be confirmed (£64k) and a £35k income efficiency target not currently being met. There is an overspend of £18k in Organisational Development due to a prior year efficiency not currently being met. This is offset by an underspend on Employee Wellbeing primarily due to vacant posts, along with an underspend on Business and Projects support of £34k 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 along with a few very small other underspends in the division.

Admin and Law are showing an underspend of £90k. Members pay, and travelling are underspent by £77k, and there is an additional £27k of income for work undertaken on behalf of the HRA. Democratic Services support is also expecting to be underspent by £54k because of a saving on supplies and services, some additional income and staff vacancies. There is also a £15k underspend on Civic Ceremonial as a result of savings on expenses along with a reduction in vehicle hire costs. Legal is underspent by £19k as a result of staff vacancies. This is offset by an overspend on Land Charges of £102k due to a reduction in income, following a fall in demand for the service.

The Marketing and Media section are anticipating a £318k net underspend for the year, mainly due to staff vacancies during the year of £411k. This is offset by an overspend on set up and configuration of communications software within the contact centre of £66k and a reduction in income achieved from renting out office space at Llanelli Hwb due to a fall in demand of £27k. Statutory Services are predicting an overspend of £1k. This is made up of a £47k 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 £54k for a vacant post within Elections which is unlikely to be filled in this financial year. There are other smaller overspends within the division.

The Regeneration, Digital and Policy division is anticipating an underspend of £181k for the year. There is an overspend of £32k on Provision Markets due to a shortfall in income as a result of low occupancy levels, an overspend of £37k on Regeneration Management due to cessation of staff time being able to be recharged to projects and a £30k overspend on Livestock Markets due to a shortfall in income being generated at Carmarthen and Llandovery marts. There is also an £82k shortfall on budgeted income within the corporate property section. Property Maintenance are reporting a £163k overspend mainly due to the Housing Disaggregation, a review of recharges needs to be undertaken to take account of revised

operating costs.

These overspends are offset by a £136k underspend on the vacant Property division Head of Service post, £105k saving on Property Design following a review of projected income based on current vacancies and Industrial Premises and Commercial Properties anticipating an underspend of £76k and £19k respectively, both as a result of high occupancy rates, along with large savings across the division due to vacant posts during the year.

Communities

The Communities Department is projecting an overspend of £3,607k for the year.

The forecast assumes that vacant posts will remain vacant in line with the current recruitment freeze.

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 £350k 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 and car parking. A shortfall in Pay Validation of £234k has been reflected in this projection. The Division are working to mitigate this amount by year end.

The forecast out-turn for Social Care services is an overspend of £3,219k.

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 £1,865k. Overspends are due to the utilisation of alternative methods of meeting increased demands and dependencies in LA/Private Homes (e.g. use of agency staff) (£1,410k); increased volume of care packages due to increased demand and numbers on Home Care waiting lists reducing (£702k) and pressures relating to the increased demand for Direct Payments (£190k). These are offset by on-going staff vacancies (-£433k).

Physical Disabilities services are forecasting an underspend of £54k. Demand for residential placements (-£210k) 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 (£311k).

In Learning Disability services, there is an overspend of £617k. Budgetary pressure remains on Residential (£407k) and Group Homes / Supported Living (£1,227k). These pressures have been partially offset with savings due to the reduction of Day Services and Community Support (-£1,176k).

The overspend in Mental Health of £683k. Budgetary pressure remains on Residential (£510k) and Group Homes / Supported Living (£423k). These are partly offset with savings due to the reduction of Community Support (-£92k) and on-going staff recruitment difficulties (-£146k).

Support Services is forecasting an overspend of £108k.

Council Funded Housing and Public Protection Services are reporting a £37k overspend. This

is due mainly to reduced income in certain areas and continued pressure on homeless / temporary accommodation services.

The continued pressure on homeless/temporary accommodation services circa £31k 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 £969k underspend for the year.

There is a £435k underspend on pre LGR pension costs along with a £205k underspend on Council Tax Reduction Scheme, and a £96k 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 £6,510k at year end which includes £370k net cost of pay awards in excess of budget. The Director budget still currently retains £346k growth budget to be allocated to specific service pressures once pressures are reviewed in terms of longevity. The Department's Business Support team are forecasting a £72k underspend in relation to part year vacant posts, with a review of service needs commencing having relocated to Spilman St.

The Education Services division is reporting a net underspend of £48k. An overspend within ALN is mainly due to increased Out of County provision £409k, 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 £79k 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 £307k 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 £385k which is mainly within the Schools Meals service being £123k for primary schools lunch provision and £243k 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 £120k overspend. This is partially reduced by a £100k 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 £221k due to utilisation of grant funding and 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 £6,811k with pressures across a

number of areas. Commissioning and Social Work £1,100k overspend is a mix of increased agency cover costs £967k and increased demand for assistance for clients £375k, partially offset by grant income.

The Commissioned Residential placements budget is sufficient to cover the expected level of provision but there are currently a number of highly complex placements creating an overspend of £3,117k.

£623k of the fostering & other looked after services overspend of £1,303k relates to specialist support packages for 2 children with the remaining £680k funding an increased number of foster placements and additional payments in excess of the existing budget.

Adoption Services £101k overspend is due to increased staffing costs £65k and costs in relation to Inter Agency Adoption fees, Adoption Allowances and Therapy / Counselling costs in line with ongoing service demands.

Residential units £254k overspend is due to ongoing challenges around LHB contribution and staffing pressures generating significant agency expenditure. The new setting additional costs of £529k 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 £882k.

There is also an overspend of £293k forecast in relation to an 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 fixed income received.

These pressures are partially offset by forecast underspends of £306k in relation to maximisation of grant income and part year vacant posts in other service areas.

Schools Delegated Budgets

After applying the £2m budget reduction, schools working budgets are forecasting a net overspend in year of £8.6m, 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 £2.5m by year end.

Place and Infrastructure

The Place & Infrastructure Department is forecasting an overspend of £1.716m for the financial year, which includes a £716k deficit in pay budgets due to the pay award.

The Service Improvement and Transformation division is forecasting an overspend of £218k which is mainly due to the deficit in pay budgets as a result of the pay award in Building Cleaning (£180k) and the departmental business support team (£48k).

The Waste and Environmental Services division is forecasting an overspend of £664k which is due to a £650k pressure from the delivery of the interim phase of the waste strategy having increased costs as a result of contingency measures put in place. Grounds and Cleansing are reporting a £310k overspend mainly due to the deficit in budgets following the pay award and efficiencies not being met. These pressures are offset by a £250k underspend on staff

vacancies with a realignment review ongoing and part year savings from the Head of Service pos. There is also a £73k underspend on Green Waste Collection as a result of an increased customer base.

Highways and Transportation are forecasting a £1.175m overspend for the year. The main variances are £300k due to storm damage to highways which suffered support issues from the recent storms, loss of income on Parking Services of £228k and a £1.125m 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. These overspends are partly offset by a £193k underspend on Traffic Management due to staff vacancies during the year, staff time recharged to grants and a net increase in Traffic Regulation orders income. The Transport departmental account is underspent by £152k due to vacant posts, other areas such as Transport Strategic Planning (£50k), Road Safety (£54k), School Crossing Patrols (£33k) and Highway Lighting (£44k) are underspent due to time recharged to grants and staff vacancies during the year.

The Place and Sustainability Division is forecasting a £341k underspend, largely due to vacant posts within the team and planning application income which may vary as the year progresses.

HOUSING REVENUE ACCOUNT (Appendix B)

The HRA is predicting to be overspent by £84k 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 +£2.04m reflect the managers current position that there is increased demand on allocated resources, there will continue to be upwards pressure if demand continues at current levels.

Supervision and Management cost will be over by approximately £525k primarily due to additional investment in physical works on estates £150k, impact of increased energy costs £385k and the rental costs associated with providing Temporary Accommodation £208k. There is increased pressure on housing management costs including legal £163k, compensation costs £231k and other items detailed in the report. There will be savings due to vacant posts and utilisation of grants on employee costs -£613k.

Reduced expenditure on the capital programme for HRA and the weighted average debt rate will result in a decrease in capital charges £547k. The revised funding of the capital programme will also reduce the requirement for direct revenue funding by £396k.

Provision for bad debt is forecast to come in under budget by £59k.

Rental/service charge income will be £707k better off due to a reduction in void loss.

There is a variance in additional income of £296k primarily reflecting activity related to Temporary Accommodation (£261k) and other costs recoverable (£35k).

All of the above will result in a relatively small reduction in HRA balances/reserves but these will benefit from significantly higher interest rates than predicted resulting in additional income of £475k.

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	Biodiversity & Climate Change
NONE	NONE	YES	NONE	NONE	NONE	NONE	NONE

3. Finance

Council Fund

Overall, the Authority is forecasting an overspend of £4,782k at this point in time.

HRA

The HRA is predicting to be overspent by £84k 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