

CYFARFOD Y CABINET
13EG MAI 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 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 2023/24, ar 29^{ain} Chwefror 2024.

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
Ariannol

Rhif ffôn: 01267 224886
Cyfeiriadau E-bost:

CMoore@sirgar.gov.uk

Rhemingway@sirgar.gov.uk

EXECUTIVE SUMMARY

The revenue budget monitoring reports as at 29th February 2024 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 £8,472k, with a forecast overspend on the Authority's net revenue budget of £4,394k.

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 £6.8m more than delegated budgets, meaning balances currently standing at £11.1m would reduce to £4.3m.

The capital financing underspend forecast at £3.5m 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 been settled, with costs of this now been built into departmental projections. Additionally, as agreed by Cabinet in March, funding has been allocated from the corporate contingency budget to provide for the additional costs of the award in Schools.

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 £778k for the year. There are overspends on Land Charges income, Provision Markets income and some efficiencies within People Management that have yet to be achieved. This is offset by net underspends on Member pay and travelling, Property Design projected income, Industrial Premises and Commercial Property income, utilities costs 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 £127k overspend expected in the People Management section. This consists of a £82k 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 £65k 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 £94k within the TIC team due to additional support for office downsizing (£59k) and a £35k income efficiency target not currently being met. There is an overspend of £19k in Organisational Development due to a prior year efficiency not currently being met. This is offset by an underspend on Employee Wellbeing of £60k primarily due to vacant posts, along with an underspend on Business and Projects support of £35k 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 estimated underspend of £105k. Members pay, and travelling are underspent by £77k, and there is an additional £27k of income for work undertaken on behalf of the HRA along with smaller underspends on supplies and services. Democratic Services support is also expecting to be underspent by £55k because of a saving on supplies and services, some additional income and staff vacancies. There is also a £17k underspend on Civic Ceremonial as a result of savings on expenses along with a reduction in vehicle hire costs. Legal is underspent by £42k as a result of staff vacancies and maternity leave. This is offset by an overspend on Land Charges of £119k due to a reduction in income, following a fall in demand for the service.

The Marketing and Media section are anticipating a £307k net underspend for the year, mainly due to staff vacancies during the year of £410k. This is offset by an overspend on set up and configuration of communications software within the contact centre of £74k and a reduction in income achieved from renting out office space at Llanelli Hwb due to a fall in demand of £29k. Statutory Services are predicting an underspend of £5k. This is made up of a £49k 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 £57k 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 £247k for the year. There is an overspend of £43k on Provision Markets due to a shortfall in income as a result of low occupancy levels, an overspend of £47k 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. County Farms are also overspent by £36k as a result of additional works being

undertaken. There is also an £78k shortfall on budgeted income within the corporate property section. Property Maintenance are reporting a £126k overspend mainly due to the Housing Disaggregation, a review of recharges will be undertaken in the new financial year to take account of revised operating costs.

These overspends are offset by a £136k underspend on the vacant Property division Head of Service post, £186k saving on Property Design following a review of projected income and Industrial Premises and Commercial Properties anticipating an underspend of £27k and £20k 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 £3,207k 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 £292k 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, along with unforeseen costs associated with the operators at Burry Port Harbour going into administration. In addition, a shortfall in Pay Validation of £234k has been mostly offset with savings in Employee costs due to in year vacancies across the Division.

The forecast out-turn for Social Care services is an overspend of £2,797k.

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 £1,626k. 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) (£1,199k); increased volume of care packages due to increased demand and numbers on Home Care waiting lists reducing (£606k) and pressures relating to the increased demand for Direct Payments (£173k). These are offset by on-going staff vacancies (-£321k) and reduced demand for Day Services (-£155k).

Physical Disabilities services are forecasting an underspend of £7k. Demand for residential placements (-£246k) 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 provision (£326k).

In Learning Disability services, there is an overspend of £452k. Budgetary pressure remains on Residential (£508k) and Group Homes / Supported Living (£1,057k). These pressures have been partially offset with savings due to the reduction of Day Services and Community Support (-£1,253k).

The overspend in Mental Health of £681k. Budgetary pressure remains on Residential (£460k) and Group Homes / Supported Living (£376k). These are partly offset with savings due to the

reduction of Community Support (-£58k) and on-going staff recruitment difficulties (-£92k).

Support Services is forecasting an overspend of £45k.

Council Funded Housing and Public Protection Services are reporting a £118k overspend.

Underachievement of income due reduction in licensable properties and ability to amend fees due to statutory guidance £219k, delays in courts processing of financial prosecutions £65k offset by savings on vacant posts/supplies -£183k. The continued pressure on homeless/temporary accommodation services circa £230k may be mitigated by additional targeted grant income and savings on expenditure for supplies (-£213k)

Corporate Services

The Corporate Services Department is anticipating a £999k underspend for the year.

There is a £439k underspend on pre LGR pension costs along with a £244k 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 £6,107k at year end which includes £370k net cost of pay awards in excess of budget. The Director budget still currently retains £296k growth budget in relation to part year impact in 2023/24. The Department's Business Support team are forecasting a £74k underspend in relation to part year vacant posts, with a review of service to be progressed having relocated to Spilman St.

The Education Services division is reporting a net underspend of £478k. Early years provision for 3 year olds in non-maintained settings is reporting an underspend of £328k as WG are providing grant for this provision. There are also net underspends being reported within School Improvement £61k, Additional Learning Needs £60k and Education Other Than at School (EOTAS) £34k due mainly to a mixture of vacant posts and using grants to fund what would have otherwise utilised core budget.

The Access to Education division is reporting a net overspend of £539k which is mainly within the School Meals service being £306k for primary schools lunch provision and £147k 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 £190k overspend.

This is partially reduced by a £104k underspend within School Admissions due to 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 £310k 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 £6,725k with pressures across a number of areas. Commissioning and Social Work £1,100k overspend is a mix of increased agency cover costs £974k and increased demand for assistance for clients £394k, 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 £3,353k.

£625k of the fostering & other looked after services overspend of £1,345k relates to specialist support packages for 2 children with the remaining £720k funding an increased number of foster placements and additional payments in excess of the existing budget.

Adoption Services £125k 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 £249k overspend is due to ongoing challenges around LHB contribution and staffing pressures generating significant agency expenditure. The new setting additional costs of £554k 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 £722k.

There is also an overspend of £336k 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 £577k 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 £6.8m, 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. The net overspend has reduced in relation to £809k NJC pay award funding & late WG grant award £607k.

This level of utilisation of school reserves will reduce the brought forward balance of £11.1m net surplus to £4.3m by year end.

Place and Infrastructure

The Place & Infrastructure Department is forecasting an overspend of £936k 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 £160k which is mainly due to the deficit in pay budgets as a result of the pay award in Building Cleaning (£180k).

The Waste and Environmental Services division is forecasting an overspend of £720k which is due to a £862k 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 £175k overspend mainly due to the deficit in budgets following the pay award and efficiencies not being met. These pressures are offset by a £252k underspend on staff vacancies with a realignment review ongoing and part year savings from the Head of Service post. There is also a £69k underspend on Green Waste Collection as a result of an increased customer base.

Highways and Transportation are forecasting a £299k overspend for the year. The main variance is a £842k overspend on School Transport which 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 £212k 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 £153k due to vacant posts, other areas such as Transport Strategic Planning (£28k), Road Safety (£54k), School Crossing Patrols (£36k) and Highway Lighting (£47k) are underspent due to time recharged to grants and staff vacancies during the year.

The Place and Sustainability Division is forecasting a £243k underspend, largely due to vacant posts within the team.

HOUSING REVENUE ACCOUNT (Appendix B)

The HRA is predicting to be overspent by £46k 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 £1.944m 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 £1.531m primarily due to additional investment in physical works on estates £509k, impact of increased energy costs £604k and the rental costs associated with providing Temporary Accommodation £200k. There is increased pressure on housing management costs including legal £184k, compensation costs £350k and other items detailed in the report. There will be savings due to vacant posts and utilisation of grants on employee costs -£678k.

Reduced expenditure on the capital programme for HRA and the weighted average debt rate will result in a decrease in capital charges -£407k. The revised funding of the capital programme will also reduce the requirement for direct revenue funding by -£1m.

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

There is a variance in additional income/insurance income of -£273k primarily reflecting activity related to Temporary Accommodation (-£400k) and other costs recoverable (-£44k) offset by reduction in insurance (+£171k).

Additional Housing Support Grant will provide savings of -£375k.

HRA balances/reserves will benefit from significantly higher interest rates than predicted resulting in additional income of £663k.

All the above will result in the HRA being over the budgeted net expenditure of £4.598m by a further £46k.

Lists of the main variances are attached to this report.

DETAILED REPORT ATTACHED?

YES

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 £4,394k at this point in time.

HRA

The HRA is predicting to be overspent by £46k 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 |