



CORPORATE AND REGENERATION SCRUTINY COMMITTEE - 9TH JANUARY 2024

**SUBJECT: CORPORATE SERVICES AND MISCELLANEOUS FINANCE 2023/24
BUDGET MONITORING REPORT (PERIOD 7)**

**REPORT BY: CORPORATE DIRECTOR OF EDUCATION AND CORPORATE
SERVICES**

1. PURPOSE OF REPORT

- 1.1 To inform members of projected revenue expenditure for the Directorate of Corporate Services and Miscellaneous Finance for the 2023/24 financial year.

2. SUMMARY

- 2.1 The report projects the anticipated final outturn for the Directorate of Corporate Services and Miscellaneous Finance based upon expenditure and income trends for the first seven months of the financial year.

3. RECOMMENDATIONS

- 3.1 Members are requested to note the contents of the report.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that Members are informed of the projected financial position for the Directorate of Corporate Services and Miscellaneous Finance.

5. THE REPORT

5.1 Corporate Services

- 5.1.1 The Directorate of Corporate Services is currently forecasting a net underspend of £0.262m for the 2023/24 financial year, full details of which are provided in Appendix 1.
- 5.1.2 There is an anticipated net underspend on Chief Executive and Director of Education & Corporate Services of £0.052m, mainly due to the delay in recruiting to the Deputy Chief Executive post, which has now been appointed.
- 5.1.3 The anticipated net underspend of £0.080m in Corporate Finance relates in the main to in-year vacancies, some of which are in the process of being filled, additional one-off grant income, together with the use of reserves to fund a number of fixed term posts.
- 5.1.4 There is an anticipated net underspend of £0.338m in Digital Services, after taking into

account the agreed use of reserves. The underspends will be monitored during the year and may reduce depending on agreed project work. The underspends consist of: -

- A projected underspend of £0.142m for IT Services which is due in the main to delays in filling vacancy posts.
- A projected net underspend of £0.071m on Procurement & Information Governance which relates in the main to delays in filling vacant posts after taking into account the agreed use of reserves.
- An underspend of £0.125m for Customer First which is due in the main to vacant posts still to be filled offset by reduced income levels.

5.1.5 Legal & Governance is projecting a net underspend of £0.078m after allowing for the following to be ring-fenced and transferred to earmarked reserves: -

- Projected underspend on Members related expenditure of £0.059m. This is due in the main to underspends on Members' Allowances and associated budgets which is partly offset by increased costs on Members' superannuation costs.
- Projected underspend of £0.034m on Electoral Services, due in the main to delays in filling vacant posts.

5.1.6 The net underspend of £0.078m for Legal & Governance is due in the main to delays in filling vacant posts and savings associated with working from home. The net underspend is after taking into account the agreed use of reserves for an additional Committee Services Officer.

5.1.7 There is a projected net underspend of £0.255m for People Services mainly consisting of: -

- Human Resources projected net underspend of £0.096m due in the main to delays in filling vacant posts and some temporary reductions in working hours. The net underspend is after taking account of the agreed use of reserves.
- Health & Safety underspend of £0.055m due in the main to salary savings arising from delays in recruitment after taking account of the agreed use of reserves for Fire & Asbestos Officers.
- Occupational Health is projecting a small overspend of £0.003m, due to additional Doctor/Physiotherapy Sessions to help reduce the backlog. It was agreed this will be funded by the agreed earmarked reserve.
- The Communications Unit is projecting a net underspend of £0.040m, due in the main to delays in filling vacant posts.
- CMT Support is anticipating a small overspend of £0.005m.
- The Leadership Development Programme budget is anticipated to underspend by £0.068m.
- The Apprentice Programme is progressing with a number of apprentices employed. It is envisaged that any unused budget this year will be ring-fenced to support the programme moving forward.

5.1.8 There is an anticipated £0.049m net underspend in Business Improvement Services after taking account of the following: -

- Management – Projected small underspend of £0.007m.
- Projected net underspend of £0.012m in the Policy Team due in the main to a delay in filling a vacant post.
- Projected overspend of £0.022m in the Equalities and Welsh Language Team due in the main to costs associated with external translation.
- Projected underspend of £0.038m in the Performance Management Unit due in the main to delays in filling vacant posts.
- Projected net underspend of £0.010m in the Transformation Team due in the main to some staff not yet reaching the top of salary scales.
- The Community Empowerment Fund is expected to fully spend in this financial year.

- Projected net underspend of £0.004m in the Decarbonisation Team due in the main to staff not being yet being at the top of salary scales and one-off income.

5.1.9 Although Property Services is managed within the Economy & Environment Directorate, budget monitoring has traditionally been considered by the Policy and Resources Scrutiny Committee. For Property Services there is a net projected underspend of £0.134m, consisting of the following: -

- Management – Net £0.023m overspend.
- Energy – estimating a breakeven position.
- Estates – £0.058m overspend. This is due to reduced fee income levels, partly offset by small salary savings. The fee income will be monitored closely in-year.
- Non – Operational Properties - £0.013m underspend mainly due to additional income.
- Corporate Facilities – a net £0.063m underspend mainly to projected energy costs being lower than expected.
- Maintenance – Projecting a breakeven position but will be monitored closely during the year.
- Building Consultancy – Projected £0.139m underspend due to additional income generated from Fees offset by some additional consultancy costs.
- Agile Zone – this is funded from the agreed earmarked reserve.

5.1.10 There is a projected overspend of £0.724m on Housing Services (excluding the Housing Revenue Account (HRA)), which consists of the following: -

- General Fund Housing is expected to show a £1.004m overspend at this stage, which is mainly as a result of the ongoing Bed & Breakfast placements as well as increased costs by providers.
- This service area includes a statutory duty for Temporary Accommodation which is demand led and difficult to predict. The demand for B&B placements as a result of Covid-19 has been significant with on average 70 cases per month, together with accompanying security costs for the relevant establishments. WG has replaced the original Covid-19 Hardship Grant with The Noone Left Out Grant, but this has significantly reduced from the original Covid-19 Hardship Grant funding received for the previous 2 years. WG have recently confirmed funding in 2023/24 of £0.623m but budgetary growth of £1.747m was also necessary this year to fund the demand. In addition to this, it is likely that B&B placements will increase further as more people are expected to find themselves homeless as a consequence of the Cost-of-Living crisis especially since the introduction of the new Renting Homes Wales Act in December 2022. Furthermore, there could be an increase and delay with placements as a result of the current Ukraine situation. It is important to note that for every temporary accommodation placement, the council has to fund on average 80% of the cost. The DWP only funds on average 20% of the cost via housing benefits, which is why the overspend is increasing.
- In the long-term, however, Welsh Government has set out an ambitious Programme for Government with the aim of making our community a better place to live and work, which will be achieved in part, by reforming homelessness services to focus on prevention and rapid rehousing, which should in theory eradicate the need for B&B placements. However, this a long-term strategy likely to take 5-10 years. Emergency Accommodation will still be required but on a smaller scale and officers are currently undertaking a review with regard to what this provision will look like for CCBC in the longer-term. In the meantime, the Council is maximising its Caerphilly Keys Private Rented Sector project and recently launched its own website whilst running a heightened media campaign in an attempt to attract more landlords to the project, so that the Housing Solutions Team can maximise move on within that sector. Funding from the Welsh Government's TACP (Transitional Accommodation Capital Programme) has also helped Caerphilly Homes buy back previous council homes and includes a modular housing element that officers are currently considering.

- Private Sector Housing is currently predicting a £0.280m underspend. After receiving £0.635m budgetary growth this year, this service area no longer has to rely on its fee income to be able to fund the service. However, some agency fee income is still being recovered whilst officers await a decision on reviewing the Private Sector Housing Renewal Policy (due for Cabinet consideration on 13 December 2023). It is intended that any surplus on this budget due to agency fee income will be offered back corporately to assist with the Council's Medium-Term Financial Plan (MTFP) savings requirement.

5.1.11 The following table provides a summary of progress in delivering agreed 2023/24 savings for the Directorate of Corporate Services: -

Section	Agreed MTFP Savings £'m	Progress against Savings £'m	Variance £'m
<u>Corporate Services.</u>			
CEO	0.000	0.000	0.000
Director	0.011	0.011	0.000
Corporate Finance	0.218	0.217	0.000
Digital Services	0.274	0.274	0.000
Legal & Governance Support	0.116	0.109	0.007
Peoples Services	0.235	0.214	0.021
Business Improvement Services	0.244	0.233	0.011
	1.098	1.058	0.039
<u>Non-Corporate Services.</u>			
Property Services	0.311	0.311	0.000
	0.311	0.311	0.000
Grand Total	1.409	1.369	0.039

5.1.12 The MTFP budgets were set with an assumed vacancy target, the £0.039m variance is due in the main to the full target not currently being achieved. This will be kept under review as we progress through the remainder of the financial year.

5.1.13 It is expected that the unachieved MTFP savings will be covered off by other budget savings in the service areas.

5.2 Miscellaneous Finance

5.2.1 There is an overall projected underspend of £2.175m in Miscellaneous Finance.

5.2.2 There is a projected net underspend of £2.293m on Capital Financing budgets which is due to the following: -

- £0.636m underspend on Debt Charges due to delays in borrowing requirements.
- Investment income being £1.657m more than the budgeted level due to new medium to long-term investments and increases in the Bank of England base interest rate.

- 5.2.3 There is a projected overspend of £0.068m on the Trade Union budget. We are currently still in discussions with Trade Union colleagues to review and update our Facilities Agreement to ensure that equitable support arrangements are in place.
- 5.2.4 The Counsel Fees budget is projected to be breakeven at present, but this is a volatile budget that will be monitored closely during the remainder of the financial year.
- 5.2.5 The remaining projected overspends in Miscellaneous Finance consist of the following: -
- £0.054m on the Class 1A NI savings, this is due in the main to a reduced take-up of the Tusker GASS car scheme.
 - £0.055m net of recharges on Bank Charges, due in the main to increased on-line payments and post office cards.
 - £0.072m additional contribution to the Coroners levy due to increased costs of the service.
- 5.2.6 The remaining projected underspend for Miscellaneous Finance consists of the following: -
- Subscriptions - £0.014m
 - Former Authority on-going pension liability net of recharges – £0.119m.
- 5.2.7 The following budgets have previously had agreement to ringfence any underspends to their earmarked reserves: -
- Council Tax Reduction Scheme - £0.253m
 - Discretionary Rate Relief Scheme - £0.063m, this is due to the revaluation of the businesses and the transitional relief provided by WG for this year only.
- 5.2.8 The following table provides a summary of progress in delivering agreed 2023/24 savings for Miscellaneous Finance: -

Section	Agreed MTFP Savings £'m	Progress against Savings £'m	Variance £'m
Miscellaneous Finance	4.619	4.619	0.000
Grand Total	4.619	4.619	0.000

- 5.2.9 The agreed MTFP savings for Miscellaneous Finance are anticipated to be achieved.

6. ASSUMPTIONS

- 6.1 Assumptions linked to this report were detailed in the budget report to Council on 23rd February 2023.
- 6.2 The projected outturn position is based on actual income and expenditure details to the end of October 2023.
- 6.3 Forecasts have been made following discussions with Managers based on current information available.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 This report is for information only, so an IIA is not required.

8. FINANCIAL IMPLICATIONS

8.1 As detailed throughout the report.

9. PERSONNEL IMPLICATIONS

9.1 There are no direct personnel implications arising from this report.

10. CONSULTATIONS

10.1 There are no consultation responses that have not been reflected in this report.

11. STATUTORY POWER.

11.1 Local Government Acts 1972 and 2003 and the Council's Financial Regulations.

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Appendices:

Appendix 1 Corporate Services and Miscellaneous Finance 2023/24 Budget Monitoring Report (Period 7).