



SPECIAL CABINET - 27TH FEBRUARY 2024

SUBJECT: WHOLE-AUTHORITY REVENUE BUDGET MONITORING REPORT (MONTH 9)

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES

1. PURPOSE OF REPORT

1.1 To provide details of projected whole-authority revenue budget expenditure for the 2023/24 financial year.

2. SUMMARY

2.1 The report provides details of the 2023/24 projected revenue budget outturn position based on information available as at month 9 of the current financial year. Commentary is also provided throughout the report on the more significant variations against budget.

3. RECOMMENDATIONS

3.1 It is recommended that Cabinet notes the content of the report.

4. REASONS FOR THE RECOMMENDATIONS

4.1 To ensure that Cabinet is aware of the projected revenue budget outturn position for the 2023/24 financial year.

5. THE REPORT

5.1 Projected Revenue Budget Outturn for 2023/24 (Month 9)

5.1.1 Members will be aware that detailed budget monitoring reports are prepared for Scrutiny Committees throughout the financial year. This report is intended to provide a high-level summary position highlighting some of the key variations against budget.

5.1.2 Based on information available as at month 9 the projected 2023/24 net year-end revenue budget underspend is £4.898m. A summary is provided by Directorate in the following table with further details provided in Appendix 1.

Table 1 – 2023/24 Projected Net Year-End Revenue Position by Directorate

	Revised Budget 2023/24 £m	Projected Outturn 2023/24 £m	Projected (Overspend)/ Underspend £m
Education & Lifelong Learning	173.532	173.522	0.010
Social Services	129.627	126.851	2.777
Economy & Environment	57.027	58.848	(1.822)
Corporate Services	34.193	33.200	0.993
Miscellaneous Finance	46.652	43.711	2.940
Totals: -	441.031	436.133	4.898

5.1.3 As approved by Council on the 23rd of February 2023, the 2023/24 budget is supported by the one-off release of reserves of £15.345m, and £1.050m in lieu of Council tax surplus. In addition, a further £1.959m has been drawn from the General Fund reserve in-year to cover the additional 2023/24 pay award. This has increased the 2023/24 budget from £439.072m to £441.031m.

5.1.4 The following paragraphs summarise some of the key issues in the month 9 budget monitoring reports.

5.2 Education and Lifelong Learning (Projected Underspend of £0.010m)

5.2.1 An underspend of £0.010m is currently forecast for Education & Lifelong Learning. The significant variances are summarised in the table below.

Table Two – Education & Lifelong Learning Projected Significant Variances

Service Area	Projected (Overspend)/ Underspend £m
Home to School / College Transport	(0.950)
Pension Costs School Based Staff	0.179
Management & Support Service Costs	0.150
Vulnerable Learners	0.134
Early Years Central Team	0.267
Adult Education	0.105
Youth Service	(0.074)
Other	0.199
Total	0.010

5.2.2 The most significant financial pressure for Education and Lifelong Learning is for the Home to School Transport service, with the projected overspend of £0.950m representing the worst-case scenario based on current contracts. The pressure is due to increased demand, particularly in relation to special education transport, and price increases. This service has been prioritised for review under the Mobilising Team Caerphilly programme.

5.2.3 Over the last two financial years there has been an underspend on the budget for the Authority's on-going pension liability linked to pension costs for school-based staff. This position is linked to budget growth for schools as part of the Authority's budget planning, and additional grant funding from Welsh Government. Whilst this underspend position is expected to continue in this current financial year, it is expected that this budget is unlikely to be sufficient as we move into the challenging financial environment in future years, with the likely consequential impact on

staffing budgets.

- 5.2.4 The projected underspends for Management & Support Services and Early Years relate largely to in-year staff savings. This is from a combination of vacancies and maximising the use of grant received in 2023/24 to support specific programmes, including Additional Learning Needs (ALN) Reform, Flying Start, Early Years Expansion and the Childcare Offer.
- 5.2.5 The projected underspend of £0.134m against the Vulnerable Learners budget relates largely to the Council's Education Other Than at School (EOTAS) provision. This provision is currently under review with the development of provision at the old Pontllanfraith Comprehensive site, as part of the Authority's Sustainable Communities for Learning Strategy.
- 5.2.6 The underspend against Adult Education relates largely to additional income and savings linked to Oxford House premise costs.
- 5.2.7 The projected overspend with regards to the Youth Service relates primarily to costs associated with Crumlin Institute. The Youth Service vacated this premise in December 2021; however, the Council currently remains contractually bound by the terms of the lease until a surrender is agreed with the landlord and legally executed.

5.3 Social Services (Projected Underspend of £2.777m)

- 5.3.1 There is currently a projected underspend of £2.777m for Social Services (inclusive of transport costs).
- 5.3.2 Children's Services are reporting a net overspend of £0.256m. The service continues to encounter increasingly complex behaviours which has contributed to a projected overspend on childcare placements budgets of £1.1m. In addition, continuing support to care leavers over the age of eighteen has added a further overspend of £0.287m. These overspends are being offset by considerable staffing underspends in relation to vacancies arising from difficulties in recruiting and retaining staff.
- 5.3.3 Recruitment and retention of staff has also proved extremely challenging across the adult social care sector, with staffing underspends from vacancies projected to generate £4.183m in 2023/24. The table below provides a breakdown of the staffing underspends by service.

Table 3 – Adult Services Projected Staffing Underspends

Service Area	Projected Staff Vacancy Underspend £m
Management, fieldwork and administration	0.124
In-house residential care for older people	0.310
In-house accommodation for people with learning disabilities	0.291
In-house domiciliary and day care	3.062
Independent sector domiciliary and day care	0.396
Total	4.183

- 5.3.4 These vacancy underspends are offsetting financial pressures elsewhere within the service, most significantly a £1.403m pressure on residential and nursing homes due to a post-Covid recovery in occupancy levels, and a £0.802m pressure on services for children with disabilities from increased demand. Overall Adult Services are reporting a net underspend of £1.938m.
- 5.3.5 The projected underspend of £0.486m for Business Support Services includes £0.386m staffing underspends achieved through a combination of grant maximisation initiatives and vacant

posts. The remaining underspend is largely attributed to a one-off reimbursement of overpaid electricity charges following a lengthy period of billing errors in respect of the Ty Graddfa Office in Ystrad Mynach.

- 5.3.6 As a result of the 2022/23 new model for day services and continued service development there has been a shift from traditional fixed-based service provision to more community-based support. This has resulted in a reduction in the numbers of service users requiring transport to fixed bases and has contributed to a projected underspend of £0.609m in respect of Social Services transport costs.

5.4 Economy and Environment (Projected Overspend of £1.822m)

- 5.4.1 The projected outturn position for the Economy and Environment Directorate is an overspend of £1.822m.
- 5.4.2. The Regeneration & Planning Division is projecting a net overspend of £0.229m. The most significant areas of overspend are £0.227m in the Business Support and Urban Renewal service due to reduced funding for multi-disciplinary projects, and a net £0.108m overspend on the Council's industrial properties from increased property related costs including maintenance, cleaning, and security. These overspends are being partially offset by projected underspends in Planning Services from staff vacancy savings and increased income in Land Charges.
- 5.4.3 A net overspend of £0.079m is projected for the Infrastructure Division. The Highways service has significant overspends on reactive maintenance for carriageways and street lighting maintenance projected at £1.280m, and a pressure on Network Contracting Services gross expenditure budgets excluding staffing of £0.291m. Across the Division income is projected to be underachieved by £0.850m. These pressures are being largely offset by staffing underspends across the Division totalling £0.986m, and a range of other underspends including gully cleaning (£0.270m), Passenger Transport private contractor costs (£0.124m) and Street Lighting energy costs (£0.800m). Energy budgets are being realigned for 2024/25 across the Council so this variance will not reoccur. At present winter maintenance costs are difficult to predict but it is assumed that the full budget of £1.16m will be utilised.
- 5.4.4 The Community & Leisure Services Division is projecting a net overspend of £1.698m.
- 5.4.5 Waste Management is reporting a net underspend of £0.073m with several under and over variances across the service. The most significant of these are a £0.173m overspend on organic recycling largely due to vehicle maintenance and staffing costs, and a £0.243m underspend on HQ staffing due to staffing vacancies. A net underspend of £0.173m is projected for street cleansing which is mainly due to vacant posts.
- 5.4.6 A net overspend of £0.794m is projected for Grounds Maintenance and Parks. For Parks and Playing Fields, income is forecast to be underachieved by £0.378m and there are significant pressures from increased use of agency and contractors totalling £0.447m.
- 5.4.7 Leisure Services are projecting a £0.608m overspend. This is largely within Leisure Centres and is due to increased utility costs, additional staffing cover to ensure the centres can open and increased supply costs, together these total £0.4m. In addition, income is forecast to underachieve by £0.090m for the centres and £0.042m for the Athletics Hub. As mentioned above for 2024/25 energy budgets will be realigned across the authority.
- 5.4.8 Vehicle Maintenance and Fleet Management is currently projecting an overspend of £0.500m. The service has experienced difficulties recruiting and retaining qualified and experienced vehicle technicians and has had to engage third party services to ensure vehicles are repaired and maintained in accordance with the Council's Operator's Licence. The service is working through a number of potential solutions to reduce this predicted overspend by the end of the financial year and a review of the service has been prioritised under the Mobilising Team Caerphilly programme.

5.4.9 A net underspend of £0.185m has been projected for the Public Protection Division, which is largely due to staffing vacancies and maximising catering grant for the Universal Free School Meals (UFSM) roll-out for primary schools. These underspends are partially offsetting cost pressures for increased kennelling costs after an enforcement action, and pressures in pollution control in relation to additional fencing and testing equipment.

5.5 Corporate Services (Projected Underspend of £0.993m)

5.5.1 The Directorate of Corporate Services is currently projecting a net underspend of £0.993m. The majority of underspends relate to staffing across all services from vacancies and by maximising the use of grants and earmarked reserves. In addition, there is a saving of £0.286m reported under Digital Services in relation to a one-off rebate as a result of the “Wales Wide” food procurement contract; a £0.068m underspend reported under People Services in relation to the Leadership Development Programme (MeUs) which has been offered as a saving proposal for 2024/25, and a £0.325m underspend reported under Private Sector Housing for unbudgeted agency fee income.

5.5.2 The above underspends are offsetting the significant pressure of £1.029m on General Fund Housing for Temporary Accommodation. This is a demand led service and is very difficult to predict. The past few years have seen increasing demand as a result of Covid-19 and the cost of living crisis which is requiring an increasing number of Bed and Breakfast placements. This is alongside increasing provider costs and reducing grant from Welsh Government. The table below shows the number of homeless placements in Bed & Breakfast in December over the last four years.

Table 4 – Number of Homeless Placements in B&B in the month of December

	December 2020	December 2021	December 2022	December 2023
Placements	79	136	160	232
% Annual Increase		72%	18%	45%
% Increase compared to December 2020		72%	103%	194%

5.5.3 The pressures continue to grow due to the situation with Ukraine, the loss of thirty-six properties in 2023 following the withdrawal of the Lease Scheme with a Social Landlord provider, and the lack of move on accommodation available in the borough. The 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, this should in theory eradicate the need for B&B placements. However, this a long-term strategy likely to take five to ten years.

5.5.4 To try to mitigate immediate pressures the Council are trying to maximise move on accommodation by a targeted media campaign to attract more Landlords to the Caerphilly Keys Private Rented Sector project. The service area has also been prioritised for review under the Mobilising Team Caerphilly programme and is developing alternative delivery models. Funding from the Welsh Government’s Transitional Accommodation Capital Programme (TACP) has helped Caerphilly Homes buy back ex-Council homes and officers are currently considering the modular housing element included within the Programme.

5.6 Miscellaneous Finance (Projected Underspend of £2.940m)

5.6.1 There is an overall projected underspend of £2.940m in Miscellaneous Finance.

5.6.2 Capital Financing budgets are projecting a £2.293m underspend. £0.636m of this is in relation

to debt charges due to delays in borrowing requirements from slippage and underspends on the capital programme. Investment income is forecast to overachieve by £1.657m due to new medium to long-term investments and increases in the Bank of England base interest rate.

5.6.3 A saving of £0.757m is projected against City Deal borrowing costs due to a revised programme of delivery and alternative funding options for capital contributions to date.

5.6.4 There are several smaller over and underspends across the service.

5.7 Conclusion

5.7.1 The 2023/24 projected underspend position as at month 9 is £4.898m. This position is net of a £18.354m contribution from General Fund reserves to support the 2023/24 budget and cover the in-year impact of the NJC pay awards. As approved by Cabinet on 17 January 2024, 100% of the net projected underspend on the Council's 2023/24 revenue budget will be transferred to the General Fund balances.

6. ASSUMPTIONS

6.1 A wide range of assumptions are made in the preparation of budget monitoring reports based on information available for the relevant reporting period.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 As this report is for information only an Integrated Impact Assessment 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 Act 1972.

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Appendices:

Appendix 1 – 2023/24 Whole-Authority Revenue Budget Monitoring Report (Month 9) - Summary by Directorate/Service Division

Background Papers:

[Cabinet \(17/01/24\)](#)

Appendix 1 – 2023/24 Whole-Authority Revenue Budget Monitoring Report (Month 9) – Summary by Directorate/Service Division

Directorate/Service Division	2023/24 Revised Budget	2023/24 Projected Outturn	Projected (Over)/ Underspend
	£	£	£
Education & Lifelong Learning			
- Schools Related	138,725,074	138,505,699	219,375
- Education	20,689,835	20,010,473	679,362
- Lifelong Learning	4,473,688	4,412,719	60,969
- Home to School/College Transport	9,643,252	10,593,329	(950,077)
Sub-Total: -	173,531,849	173,522,220	9,629
Social Services			
- Children's Services	35,987,235	36,243,212	(255,977)
- Adult Services	88,116,727	86,178,535	1,938,192
- Service Strategy and Business Support	3,713,891	3,228,287	485,604
- Social Services Transport	1,809,481	1,200,546	608,935
Sub-Total: -	129,627,334	126,850,579	2,776,755
Economy & Environment			
- Regeneration and Planning	3,796,432	4,025,369	(228,937)
- Infrastructure	13,863,922	13,943,121	(79,199)
- Community and Leisure Services	28,619,981	30,317,738	(1,697,757)
- Public Protection	10,554,165	10,369,533	184,632
- Directorate General	192,005	192,606	(601)
Sub-Total: -	57,026,505	58,848,367	(1,821,862)
Corporate Services			
- Chief Executive & Deputy Chief Executive	428,723	390,248	38,475
- Corporate Director of Education & Corporate Services	155,266	152,555	2,711
- Corporate Finance	2,476,013	2,327,902	148,111
- Digital Services	9,228,107	8,414,846	813,261
- Legal and Governance	3,908,397	3,839,352	69,045
- People Services	4,747,873	4,386,218	361,655
- Business Improvement Services	2,249,120	2,099,081	150,039
- Property Services	6,022,893	5,908,929	113,964
- General Fund Housing	3,785,949	4,815,101	(1,029,152)
- Private Housing	1,191,013	865,870	325,144
Sub-Total: -	34,193,354	33,200,102	993,253
Miscellaneous Finance	46,651,763	43,711,436	2,940,327
Total: -	441,030,805	436,132,704	4,898,101