



**CORPORATE AND REGENERATION SCRUTINY COMMITTEE
INFORMATION ITEM - 23RD SEPTEMBER 2024**

**SUBJECT: CORPORATE SERVICES AND MISCELLANEOUS FINANCE 2024/25
BUDGET MONITORING REPORT (PERIOD 3)**

**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 2024/25 financial year as at the 30th June 2024.

2. SUMMARY

- 2.1 This report summarises the most recent budget monitoring projections for 2024/25 based on the financial information available as at the 30th June 2024.
- 2.2 The attached appendices outline more detailed budget monitoring figures and provide commentary on the more significant variations against budget.

3. RECOMMENDATIONS

- 3.1 Corporate Services and Regeneration Scrutiny Committee Members are requested to note the contents of this report and the detailed budget monitoring pages that follow in respect of Corporate Services directorate and Miscellaneous Finance which all fall within the remit of this Scrutiny Committee.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure Members are apprised of the latest financial position for the 2024/25 financial year for the Directorate of Corporate Services and Miscellaneous Finance.

5. THE REPORT

5.1 Introduction

- 5.1.1 The report outlines the revenue budget position for Corporate Services and Miscellaneous Finance based on the financial information available as at the 30th June 2024. Projected outturn figures for the financial year are compared with the budget to

show the anticipated under or overspend.

5.1.2 The table below summarises the present budget monitoring position, which is reporting an overall overspend of £3.116m. Appendices 1 and 2 provide more detail on the budget variation projections for each service.

Table 1 – 2024/25 Projected Net Year-End Revenue Position by Service

Directorate/Service Division	2024/25 Revised Budget	2024/25 Projected Outturn	Projected (Over)/ Underspend
	£m	£m	£m
Corporate Services			
- Chief Executive & Deputy Chief Executive	0.440	0.429	0.011
- Corporate Director of Education & Corporate Services	0.159	0.156	0.003
- Corporate Finance	2.473	2.559	(0.086)
- Customer & Digital Services	9.197	9.188	0.008
- Legal and Democratic Services	4.075	4.030	0.045
- People Services	4.662	4.605	0.057
- Business Improvement Services & Catering	7.685	7.571	0.114
- General Fund Housing	4.881	5.507	(0.626)
- Private Housing	1.039	0.989	0.049
Sub-Total: -	34.612	35.036	(0.424)
Miscellaneous Finance	39.068	41.761	(2.692)
Total:	73.680	76.796	(3.116)

5.2 Corporate Services

5.2.1 The Directorate of Corporate Services is currently forecasting a net overspend of £0.424m for the 2024/25 financial year, full details of which are provided in Appendix 1.

5.2.2 There is an anticipated net overspend of £0.086m in Corporate Finance. The breakdown consists of £0.106m overspend from not achieving the staff vacancy management savings target, and an income shortfall of £0.029m which mainly relates to a shortfall in Housing Benefit Subsidy. The shortfall is due to claims migrating from Housing Benefit to Universal Credit, which has resulted in a reduction of caseloads being processed through the Council. These overspends have been partially offset by £0.049m supplies & services and admin cost savings. This has been achieved through low spend to date and the use of one-off reserves.

5.2.3 There is an anticipated net underspend of £0.008m in Digital Services, after accounting for the one-off use of reserves. The Head of Digital Services is reviewing the current structure to meet service delivery demands. Budgets need to be realigned to reflect this, once this has been completed the overspends/underspends in each section will be more reflective of the current position. Currently IT services is showing an overspend of £0.122m, this is offset by an underspend in Procurement of £0.052m and an underspend in Customer First of £0.078m.

5.2.4 As agreed by Cabinet as part of the 2023/24 Outturn report the procurement budget

has been updated to show a further £0.300m income target for the forecast income as a result of the “Wales Wide” food procurement contract. The income is not guaranteed and depends on how much the framework is used, this figure has been based on the amount achieved in 2023/24 and will be closely monitored and reported on this year. If due to demand and membership it does not meet the target the budget will need to be adjusted through future budget setting rounds. This saving has now been captured and reported against the £5m Mobilising Team Caerphilly (MTC) 2024/25 in-year savings target.

- 5.2.5 Legal and Governance is projecting a net underspend of £0.045m after allowing for the transfer to earmarked reserves. This has largely been achieved through £0.038m of staff savings, due to a combination of employees working lower hours than budgeted and staff turnover resulting in some employees being paid at lower salary scale points. In addition, there is a projected underspend on administrative costs of £0.007m, this has been achieved through reduced spend on photocopying.
- 5.2.6 The overall transfer to earmarked reserves is £0.028m, consisting of an underspend of £0.039m on Members’ Allowances which is being partially offset by an overspend of £0.010m on Electoral Services. This overspend is forecast from not achieving the staff vacancy management savings target.
- 5.2.7 There is a projected net underspend of £0.057m for People Services. After taking account of the agreed use of reserves Human Resources is projecting a net underspend of £0.048m. This is largely due to staff savings from delays in filling vacant posts and some temporary reductions in working hours, resulting in an underspend of £0.061m. This underspend is being partially offset by a projected overspend of £0.013m, mainly on subscription charges for 2024/25.
- 5.2.8 After taking account of the agreed use of reserves Health and Safety is projecting a net underspend of £0.013m. This is due to staff savings from delays in recruitment and low spend on additional hours.
- 5.2.9 Occupational Health is projecting a net underspend of £0.034m from staff vacancies.
- 5.2.10 After taking account of the agreed use of reserves the Communications Unit is projecting a net overspend of £0.029m. Non-staffing budgets are forecasting a net £0.058m overspend, this is a high-level forecast with spend largely based on outturn information from 2023/24, as demand is led by services across the whole authority. This service is currently being reviewed under Mobilising Team Caerphilly (MTC) to see if it can be delivered more efficiently and to remove internal invoicing. This pressure is being partially offset by an underspend on staffing which has been achieved through delays in recruitment to vacant posts.
- 5.2.11 CMT Support is anticipating a small overspend of £0.009m which is mainly due to not achieving the vacancy savings target.
- 5.2.12 The Apprentice Programme is progressing, with a number of apprentices employed. In line with previous approvals, budget and reserves are ring-fenced to support this programme and reserves will be drawn down accordingly.
- 5.2.13 There is a projected net underspend of £0.114m in Business Improvement Services and Catering. This has largely been achieved through staff savings where there has been a £0.061m underspend through a combination of vacancy savings, employees

not paid at the top of scale, and employees opting out of the pension scheme. There has also been a saving of £0.050m due to a Project Manager post being covered by grant funding. Furthermore, additional grant funding has been received through multiply of £0.006m which has been offset by a small overspend of £0.003m on supplies and services and admin costs.

- 5.2.14 Catering is currently being reviewed under MTC. At this stage it has been assumed that the service can deliver within budget. The service has flagged a risk with regard to achieving the staff vacancy management saving, this will be monitored closely throughout the financial year.
- 5.2.15 There is a projected overspend of £0.576m on Housing Services (excluding the Housing Revenue Account (HRA)).
- 5.2.16 General Fund Housing is projecting an overspend of £0.626m, which is mainly as a result of the increased length of time of Bed and Breakfast placements as well as increased costs by providers. This has been an ongoing issue for the past few years having been reported to members previously.
- 5.2.17 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 which are also increasing significantly. Welsh Government (WG) have confirmed further funding in 2024/25 of £0.662m via the No One Left Out Grant, however this is lower than the previous year. WG confirmed funding in 2023/24 of £0.623m which was increased towards the end of the year to £0.864m. In addition, budgetary growth of £1.747m was approved by Council for the 2023/24 financial year in recognition of cost pressures in this area with further growth of £1.004m also being approved for 2024/25.
- 5.2.18 Securing permanent move on options for single people is a significant challenge as there is a significant shortage of one bed/single person accommodation and turnover is low in our existing single person accommodation. In addition, it is often this client group who has a higher level of support need and therefore due to the lack of suitable single person permanent housing, are not able to move on to the specialist supported housing provision within the Borough, and therefore this has an impact on the number of placements, length of placement and the cost of the placement. This is having a significant impact on the cost of our non-permanent housing as we have a statutory duty to provide interim accommodation until a suitable offer of housing is made.
- 5.2.19 Furthermore, there could be an increase and delay with placements as a result of the current Ukraine situation and the increased UK wide Asylum dispersal proposals by central government. It is important to note that for every temporary accommodation placement, the council has to fund on average 80% of the cost. The Department of Work and Pension (DWP) only funds on average 20% of the cost via housing benefits, which is why the overspend is increasing.
- 5.2.20 Whilst we are in the process of establishing and developing alternative models, we are still required to provide interim housing and therefore are reliant on hotels and bed and breakfast establishments. Security provision is currently being reviewed with a view to reducing or withdrawing from some establishments. Processes are also being redrafted to expediate Housing Benefit claims, and the allocations policy is also being reviewed. Cabinet recently agreed to adopt the WG Leasing Scheme Wales policy

which will involve utilising private landlords and give more options to discharge statutory duties.

5.2.21 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 what this provision will look like for CCBC in the longer term. In the meantime, the Council are maximising its Caerphilly Keys Private Rented Sector 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) and previously the Homeless Phase 2 Funding has also helped Caerphilly Homes buy back 42 predominantly ex-council homes. TACP funding also includes a modular housing element that officers are currently considering.

5.2.22 There is further consideration being given to the Welsh Government White Paper proposal to ending homelessness with interim accommodation where standards, space sharing, young people and the use of hotels and B&Bs are concerned, but timescales or impact are not clear yet.

5.2.23 Private Sector Housing is projecting an underspend of some £0.049m. After receiving £0.635m budgetary growth in 2023/24, the budget no longer has to rely on its fee income to be able to fund the service. However, some agency fee income was still being recovered whilst officers awaited a decision on reviewing the Private Sector Housing Renewal Policy, which was approved by Cabinet on 3rd April 2024. The team will continue to receive a reduced level of fee income following the approval of the new policy. However, permanent savings cannot yet be offered up until the policy has had time to embed and prior backlogs have been completed.

5.3 Miscellaneous Finance

5.3.1 Miscellaneous Finance is currently forecasting a net overspend of £2.692m for the 2024/25 financial year, full details of which are provided in Appendix 1.

5.3.2 There is a projected net overspend £0.074m relating to Pension Contributions to Former Authorities. This overspend has been calculated based on current charges to Torfaen, RCT and Gratuity Payments. Payments fluctuate as they are dependent on the individuals in the scheme and their circumstances.

5.3.3 There is a projected net overspend of £0.280m on Capital Financing budgets. This mainly relates to a £0.260m shortfall in investment Income, resulting from interest rates forecasting to fall more sharply than originally anticipated. In addition, debt charges (principal repaid) are projecting a net overspend of £0.020m due to a higher than anticipated movements in capital expenditure.

5.3.4 There is a projected overspend of £0.067m 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.

5.3.5 The Counsel Fees budget is projected to be breakeven at present, but this is a volatile

budget that will be monitored closely during the financial year.

- 5.3.6 A contingency of £0.409m was established in the approved 2024/25 budget for transport contract price increases, and this is currently showing as an underspend to partially offset a overspend reported under Education & Lifelong Learning for Home to School Transport. Home to School Transport has been prioritised under MTC, officers are reviewing this area to ensure the most appropriate and most cost-effective provision is provided for pupils. A more certain forecast will be available in September once contracts have been reviewed and pupil requirements confirmed.
- 5.3.7 A £5m MTC in-year savings target was set as part of the 2024/25 budget. Savings have been approved for £1.301m to date with a further £1m identified and forecast as at 30th June 2024, so this is currently reporting a £2.698m overspend.
- 5.3.8 The MTC programme is ongoing and as further services are reviewed and projects developed, new efficiencies and savings will come forward and the endeavour is to deliver the full £5m in 2024/25.
- 5.3.9 The Council Tax Reduction Scheme has an existing approval to ringfence any underspends to a earmarked reserve, the projection is that £0.186m will be transferred to the reserve at year end.
- 5.3.10 There is projected underspend of £0.018m on Valleys Regional Park Contribution. This underspend is resulting from the confirmed contribution for the 2024/25 financial year.

5.4 Savings BRAG

- 5.4.1 As approved by Council on the 27th of February 2024, the 2024/25 budget includes savings totalling £12.650m for the services covered in this report and £7.673m authority wide savings. The savings are reflected in the budgets and monitoring positions detailed above. These savings need to be delivered in full or they will result in an overspend at year end. Robust monitoring of savings delivery is therefore critical to managing the risk, to report on what savings have been achieved and progress made throughout the year, and to inform financial planning to ensure budgets remain deliverable.
- 5.4.2 The table below summarises the assessment of savings delivery for 2024/25 as at the 30th of June 2024, full details at saving level can be found in Appendix 2.

Savings have been assessed based on the following:

Blue – The element of saving fully achieved already at this point in the year.

Green – The element of saving that is forecast to be achieved by year end but has not been achieved yet.

Amber - The element of saving considered to have some deliverability risk but is still forecast to be achieved this financial year.

Red – The element of saving containing significant deliverability risk and therefore forecast to not be achieved this financial year and reported as an overspend.

Table 2 – Savings delivery BRAG assessment 2024/25 as at 30th June 2024

Service	Total £m	Blue £m	Green £m	Amber £m	Red £m
Corporate Services Directorate	0.782	0.000	0.668	0.008	0.106
Chief Executive	0.004	0.000	0.004	0.000	0.000
Director	0.006	0.000	0.001	0.005	0.000
Corporate Finance	0.086	0.083	0.003	0.000	0.000
Digital Services	0.227	0.000	0.227	0.000	0.000
Legal and Governance Support	0.086	0.086	0.000	0.000	0.000
People Services	0.403	0.140	0.263	0.000	0.000
Busies Improvement Services and Catering	0.020	0.020	0.000	0.000	0.000
General Fund Housing	0.232	0.032	0.000	0.200	0.000
Private Housing	0.000	0.000	0.000	0.000	0.000
Miscellaneous Finance	10.805	6.289	4.162	0.354	0.000
Total	12.650	6.650	5.326	0.567	0.106
Mobilising Team Caerphilly	5.000	1.123	0.178	1.000	2.699
General Fund Services non-pay inflationary pressures to be absorbed	2.673	0.000	0.000	2.673	0.000
Total	7.673	1.123	0.178	3.673	2.699

5.4.3 £7.773m savings have been assessed as being fully achieved as at the 30th June 2024. £5.504m savings are forecast to be achieved by the end of financial year. £4.240m savings are considered to have some deliverability risk but are still forecast to be achieved this financial year. £2.805m savings have been assessed as having significant deliverability risk and are therefore not forecast to be achieved this financial year. These savings have been reported as overspends within the above forecasts.

5.4.4 As detailed in paragraph 5.2.2, £0.106m of the staff vacancy management saving is forecast not to be achieved in Corporate Finance and has been reported as an overspend, this will be closely monitored as this could change depending on staff turnover.

5.4.5 £2.699m of the Mobilising Team Caerphilly in-year saving target is currently forecast to not be achieved, however as detailed in paragraphs 5.3.7 and 5.3.8 the programme is ongoing and as further services are reviewed and projects developed, new efficiencies and savings will come forward and the endeavour is to deliver the full £5m in 2024/25.

5.4.6 Savings will be closely monitored over the coming months and any changes reflected and reported in future monitoring reports.

5.5 Conclusion

- 5.5.1 The services included within this Scrutiny Committee report have a total net budget of £73.680m and are forecasting an overspend of £3.116m based on information as at the 30th June 2024.
- 5.5.2 Services are managing in-year pressures as detailed throughout the report, the net overspend is largely due to the current forecast on the authority-wide Mobilising Team Caerphilly savings target. The MTC programme continues to review services that have been prioritised and develop efficiency and savings proposals alongside this, increased financial control measures have been put in place and all endeavours will be made to deliver the full £5m in 2024/25.
- 5.5.3 This is the first quarter of revenue budget monitoring, so forecasts contain a high level of uncertainty and assumptions. Budgets and savings delivery will continue to be closely monitored between reporting cycles to ensure management action is taken on areas forecasting to overspend.

6. ASSUMPTIONS

- 6.1 Assumptions linked to this report were detailed in the budget report to Council on 27th February 2024.
- 6.2 The projected outturn position is based on actual income and expenditure details to the end of June 2024 and forecast projections to end of the financial year.

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.

Author: M. Richards, Senior Accountant (Corporate Services).
richama@caerphilly.gov.uk Tel: 01443 863095

Consultees: R. Edmunds – Corporate Director for Education and Corporate Services

S. Harris – Head of Financial Services and S151 Officer
L. Sykes – Deputy Head of Financial Services and S151 Officer
R. Tranter – Head of Legal Services/Monitoring Officer
L. Donovan – Head of People Services
L. Lucas – Head of Customer and Digital Services
L. Allen, Principal Accountant, Housing.
N. Taylor-Williams, Head of Housing.
D. Street, Deputy Chief Executive
S. Richards, Head of Education Planning and Strategy
A. Southcombe, Finance Manager, Corporate Services
Cllr G. Johnston, Chair of Corporate and Regeneration Scrutiny
Cllr A McConnell, Vice Chair of Corporate and Regeneration Scrutiny

Appendices:

- Appendix 1 2024/25 (Period 3) Corporate Services and Miscellaneous Finance Budget Monitoring Report.
- Appendix 2 2024/25 (Period 3) Corporate Services and Miscellaneous Finance Savings BRAG