

Committee: **CORPORATE & PERFORMANCE SCRUTINY**

Date of meeting: **4 September 2024**

Report Subject: **Revenue Budget Monitoring 2023/2024 – Provisional Outturn**

Portfolio Holder: **Cllr S Thomas – Leader of the Council & Cabinet Member Corporate & Performance**

Report Submitted by: **Gina Taylor – Service Manager Accountancy**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Governance Audit Committee	Democratic Services Committee	Scrutiny Committee	Cabinet	Council	Other (please state)
					03/09/2024	04/09/2024		

1. Purpose of the Report

1.1 The purpose of the report is to provide Members with the provisional revenue outturn position across all portfolios for the financial year 2023/2024 and the impact on the Council's reserves.

2. Scope and Background

2.1 This report provides details on the following:

- Provisional outturn position to the end of March 2024 across all portfolios
- Movement on Reserves during the year

2.2 This report forms part of the Council's financial reporting framework to members.

3. Options for Recommendation

3.1 *To include Recommendation(s) / Endorsement by other groups, e.g. CLT/Committees/Other groups)*

3.2 Option 1 (Recommended Option)

- Members to consider and provide appropriate challenge to the financial outcomes in the report prior to consideration by Cabinet.
- Note the application of reserves

3.3 Option 2

Members do not accept the report.

4. Evidence of how this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan

4.1 This report supports the Council’s Corporate Plan high level priority “An ambitious and innovative council delivering quality services at the right time and in the right place”.

5. **Implications Against Each Option**

5.1 ***Impact on Budget (short and long term impact)***

5.1.1 In setting the revenue budget of £184m for 2023/2024, Council agreed to utilise £4.06m from Specific Reserves to balance the budget.

5.1.2 The overall provisional outturn across all Portfolios for 2023/2024, is a favourable variance of £4.3m before transfers to and from reserves. The favourable variance decreases (by £1.1m) to £3.2m after the net transfers to specific reserves (£1.4m) and a draw from the General Reserve (£0.31m).

5.1.3 As a consequence of the overall position, only £0.82m from Specific Reserves has been required for 2023/2024, compared to budget.

5.1.4 The outturn position is provisional as it is subject to external review.

5.1.5 The overall financial position across all portfolios is shown in the table below and individual Portfolio analysis is provided in the following paragraphs.

5.1.6 Table 1 – Portfolio Summary

Portfolio/ Committee	2023/2024 Revised Revenue Budget	2023/2024 Provisional Outturn 2023/2024	Favourable/ (Adverse) Variance	Favourable/ (Adverse) Variance (after Net transfers to/from Reserves)	Appendix ref:
	£m	£m	£m	£m	
Corporate Services	18.07	16.10	1.97	1.82	1a
Social Services	54.39	54.04	0.35	0.36	1b
Education & Leisure	73.57	72.82	0.75	0.38	1c
Economy	1.98	1.66	0.32	0.32	1d
Environment	34.57	33.65	0.92	0.75	1e
Planning	1.55	1.20	0.35	0	1f
Licensing	0.15	0.15	0	0	1f
Sub-Total	184.28	179.62	4.66	3.63	
FSM Direct Payment – School Holidays	0	0.31	(0.31)	0	
Less Contributions to Specific Reserves (not included within Management Accounts)				0.40	
Total	184.28	179.93	4.35	3.23	

5.1.7 The favourable variance of £3.23m is mainly due to:

5.1.8 **Corporate Services – A favourable variance of £1.8m**

Surplus on Council Tax collection – favourable variance of £0.36m due to council tax collection rates exceeding budget.

Council Tax Reduction Scheme – favourable variance of £0.7m due to take up of the benefit remaining lower than expected.

Transformation Fund / Inflation Contingency – favourable variance of £0.68m due to the budget being unutilised during the financial year.

Non Distributed Costs – favourable variance of £0.13m due to costs relating to early termination pension costs being lower than the estimate.

The favourable variances across the portfolio are offsetting the adverse variance of £0.17m on the ICT budget which has mainly resulted from the non-achievement of the bridging the gap project to remove / replace the Electronic Documents System, the project is ongoing.

5.1.9 **Education – A favourable variance of £0.38m**

Staff Turnover / Vacant posts across the portfolio of £0.16m (over and above the vacancy factor built into the budget).

Home to School Transport – favourable variance of £0.14m which is due to a number of temporary contracts ending during the last quarter of the financial year along with reimbursement of transport costs from another Local Authority relating to a looked after child.

Premature Retirement Costs – favourable variance £0.08m due to early termination costs for Teachers being lower than budget.

5.1.10 **Social Services – A favourable variance of £0.36m**

Staff Turnover / Vacant posts across the portfolio of £0.45m (over and above the vacancy factor built into the budget). Maximising grant funding has also contributed to the favourable variances within employee budgets.

Children Looked After – overall adverse variance of £1.1m due to the following:-

Residential placements – adverse variance £0.357m due to the number and cost of residential placements throughout the year. The number of placements ranged from 12 at the beginning of the financial year, gradually reducing to 9 placements by year end.

Fostering - adverse variance £0.388m, mainly due to a new parent & baby placement of £0.15m, a placement transferring from Residential Homes to supported living £0.66m (albeit this was less costly than the placement within a

Residential Home). The number of Independent Fostering Placements fluctuated throughout the year, there were 16 placements at the beginning of the financial year, increasing to 23 in June 2023 which reduced to 18 by March 2024.

Legal fees – adverse variance £0.258m, as a consequence of the requirement to use the external provider to finalise existing cases up to October 2024.

Older People aged 65 & over – favourable variance of £0.6m, mainly due to vacant posts and maximisation of grant funding.

Community Care – favourable variance of £0.24m, due to higher than anticipated customer and client receipts.

5.1.11 **Economy – A favourable variance of £0.32m**

Staff Turnover / Vacant posts across the portfolio of £0.2m (over and above the vacancy factor built into the budget)

Industrial Unit – favourable variance of £0.09m due to rental income performing above budget.

5.1.12 **Environment – A favourable variance of £0.75m**

Staff Turnover / Vacant posts across the portfolio of £0.4m (over and above the vacancy factor built into the budget)

Waste Services – favourable variance of £0.65m as a result of the cost pressure built into the budget for the transfer of Silent Valley Waste Services back into the Council not materialising.

Catering – favourable variance of £0.82m is due to the receipt of Welsh Government Specific Grant for Universal Free School Meals which had not been built into the budget for the year.

There are a number of cost pressures within the Portfolio, the most significant being:

Housing Services – adverse variance of £0.59m due an increase in the need for Temporary Accommodation. Housing pressures such as affordability and availability of accommodation within the Private Rental Sector and the continuation of the No-One Left Out approach have contributed to the increase in demand.

Corporate landlord – adverse variance of £0.34m mainly due to the non-achievement of the bridging the gap target for £0.25m in relation to the review of assets. The review is ongoing, delivering financial efficiencies from 2024/2025. Energy and maintenance costs are also contributing to the adverse variance.

Multi Storey Car Parks – adverse variance of £0.11m due to costs related to vandalism and energy.

5.1.13 **Use of and Contributions to Reserves**

5.1.14 In reviewing the positive provisional outturn, a review of reserves and balances have been carried out, along with a review of revenue liabilities, and a number of specific reserves have been established/increased from the provisional underspend and a number of liabilities have been reassessed. The positive impact on reserves will support the future financial resilience of the Council.

5.1.15 The financial impact the provisional outturn has had on Specific and General Reserves is summarised in the table below and the impact on individual reserves is shown in Appendix 2.

5.1.16 **Table 2: Net Use of Reserves included within the Management Accounts**

	Increase in Specific Reserves £'000	Decrease in Specific Reserves £'000
Specific Reserves		
Management Accounts	1,786	762
Review of Reserves	1,529	
Balance budget		827
TOTAL	3,315	1,589
NET MOVEMENT	1,726	
General Reserve		310

5.1.17 The overall level of school balances has reduced by £3.47m to £1.35m at the 31 March 2024. Four schools were in a deficit position as at 31 March 2024 totalling £0.74m. The table below shows the movement on school balances per sector:

Table 3: School Balances as at 31 March

Sector	2022/2023 £'000	2023/2024 £'000
Secondary	675	37
All Through	664	(451)
Primary	2,993	1,668
Special	489	94
Total	4,821	1,348

5.1.18 Schools are being supported to manage their financial position and are currently in the process of developing deficit reduction plans.

5.1.19 **Bridging the Gap – Achievement 2023/2024**

5.1.20 In setting the 2023/2024 budget, Members approved bridging the gap proposals totalling £3m. The table, attached at Appendix 2 shows the current achievement of £2.3m for the programme.

5.1.21 Whilst some of the projects have exceeded the agreed target, a number of projects did not achieve the target, these are:

- Review of Electronic Document Management & Retention (£103,630) – This project is ongoing but did not deliver efficiencies during 2023/2024. Other in year efficiencies have been identified against other system expenditure to mitigate in part this cost pressure and further work is ongoing to identify further opportunities.
- Fortnightly Green Waste Collection (£75,000) – Due to demand for green waste collection, the resources (staffing and vehicles) were reinstated. However, the cost pressure has been funded within the overall waste budget.
- Legal Fees Children’s Services (£175,000) – The need to use external legal services continued in 2023/2024 for existing cases whilst transitioning services over to Caerphilly CBC. It is anticipated that external legal services for these legacy cases will be required to October 2024.
- Prevention & early Intervention (£357,000) – The establishment of the MYST team was an invest to save project to reduce the number of children looked after (CLA) going into care. Whilst this has been successful in delivering cost avoidance by preventing CLA entering into care, a cost pressure has remained during the year. However residential placements have decreased from 12 to 9 at March 2024.
- Review of Operational Buildings (£250,000) – The review of property and assets is ongoing, it is anticipated that financial efficiencies will be generated from 2024/2025 onwards.

5.1.22 The shortfall of £0.7m is included with the overall favourable variance of £3.23m and is being mitigated from within existing resources.

5.2 ***Risk including Mitigating Actions***

5.2.1 There is a risk that school balances will be depleted by March 2025 due to the increased costs schools are facing including teachers’ pay awards and utility costs. Schools may be unable to achieve a balanced budget for 2024/2025 without impacting on class sizes, learner outcomes etc.

Schools are being supported to produce deficit reduction plans which identify financial efficiencies and the impact of those efficiencies. These plans will be considered by the Corporate Director of Education and the Chief Officer Resources. School cost pressures will be reported within the Medium-Term Financial Strategy.

5.2.2 Within the overall positive financial position for 2023/2024, a number of cost pressures have continued throughout the financial year or emerged during the last quarter. There is a risk that these will continue into 2024/2025.

There will be an expectation that Budget Holders will develop Action Plans to mitigate the cost pressure or identify other expenditure reductions within the portfolio to fund it.

5.3 **Legal**
N/A

5.4 **Human Resources**
N/A

5.5 **Health and Safety**
N/A

6. **Supporting Evidence**

6.1 **Performance Information and Data**

6.1.1 The overall provisional outturn across all Portfolios for 2023/2024, is a favourable variance £3.23m with a net increase in specific reserves of £1.7m.

6.1.2 Performance information is detailed throughout this report and a summary page for each portfolio is attached at Appendices 1a to 1f.

6.2 **Expected outcome for the public**

6.2.1 The report details the financial implications for the Council in providing services to the communities of Blaenau Gwent.

6.3 **Involvement (consultation, engagement, participation)**

6.3.1 CLT have considered the provisional financial position for 2023/2024.

6.4 **Thinking for the Long term (forward planning)**

6.4.1 A number of ongoing cost pressures identified during 2023/2024 have been addressed as part of the budget setting process for 2024/2025.

6.4.2 For continuing, new and emerging cost pressures identified during 2024/2025, budget holders will be required to produce action plans which will address the cost pressure during the year.

6.5 **Preventative focus**

6.5.1 Existing, new and emerging cost pressures are considered as part of the annual budget setting process and additional funding awarded where it is likely that the cost pressure will continue into future years and cannot be mitigated.

6.6 **Collaboration / partnership working**

- 6.6.1 Accountancy works closely with budget holders during the financial year in producing the financial forecast, identifying cost pressures and in developing Action Plans.
- 6.7 **Integration (across service areas)**
N/A
- 6.8 **Decarbonisation and Reducing Carbon Emissions**
- 6.8.1 The Council is committed to the Decarbonisation Plan to achieve a carbon neutral public sector by 2030.
- 6.9 **Integrated Impact Assessment (IIA)** (All decisions, policy reviews or policy implementation will now require a completed Integrated Impact Assessment) *To note a screening template no longer needs to be completed*
N/A
- 7. **Monitoring Arrangements**
- 7.1 *State how the work will be monitored e.g. through scrutiny or directorate performance management arrangements*
- 7.1.1 Financial reporting to Corporate & Performance Scrutiny and the Cabinet is carried out on a quarterly basis. Where services are reporting significant cost pressures, there is a requirement for Budget Holders to develop and implement Action Plans these will be reported on a quarterly basis.

Background Documents /Electronic Links