

Committee: **Cabinet**
 Date of meeting: **4 December 2024**
 Report Subject: **Revenue Budget Monitoring 2024/2025 – Forecast
 Outturn to 31 March 2025 (As at 30 September 2024)**
 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)
	Apollo 14/11/24	14.11.24			29/11/24 (briefing)	4/12/24		

1. Purpose of the Report

- 1.1 The purpose of the report is to provide Members with the forecast financial outturn position across all portfolios for the financial year 2024/2025 (as forecast at 30th September 2024).

2. Scope and Background

- 2.1 This report provides details on the following:

- Forecast financial position to the end of March 2025 across all portfolios
- Forecast movement on Reserves applied during the period
- Action Plans to address cost pressure areas

- 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
- Note the application of reserves
- Consider and challenge the Action Plan attached at Appendix 2

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 for 2024/2025, Council agreed an overall budget of £185.53m which included a planned draw from Specific Reserves of £1.5m.

5.1.2 The overall forecast outturn across all Portfolios as at 30 September 2024, is a favourable variance of £1.13m before expected transfers to and from reserves. The favourable variance increases (by £0.29) to £1.42m after the net transfers from specific reserves.

5.1.3 As a consequence, the £1.5m planned use of Specific Reserves to balance the 2024/2024 budget is now forecast to be £0.08m.

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

5.1.5 Table 1 – Portfolio Summary

Portfolio/ Committee	2024/2025 Revenue Budget £m	2024/2025 Forecast Outturn (@ 30 Sept. 2024) £m	Favourable/ (Adverse) Variance £m	Favourable/ (Adverse) Variance (after Net transfers to/from Reserves) £m	Favourable/ (Adverse) Variance @June 24 £m	Appendix ref:
Corporate Services	26.32	25.47	0.86	0.98	1.21	1a
Social Services	53.55	53.91	(0.36)	(0.36)	0.21	1b
Education & Leisure	74.27	74.27	0.00	0.05	0.05	1c
Economy	1.57	1.26	0.31	0.22	0.20	1d
Environment	33.30	32.80	0.50	0.52	0.38	1e
Planning	1.15	1.32	(0.17)	0.02	0.00	1f
Licensing	0.12	0.13	(0.01)	(0.01)	(0.00)	1f
Sub-Total	190.28	189.16	1.13	1.42	2.05	
Capital Adjustment	(5.15)	(5.15)	0	0	0	
Pension Adjustment	0.40	0.40	0	0	0	
Total Budget	185.53	184.41	1.13	1.42	2.05	

5.1.6 The favourable variance of £1.42m is a slightly worsening position when compared to the quarter 1 forecast of £2.05m and this is mainly due to increased forecasted costs within the Social Services Portfolio.

5.1.7 **Pay Award 2024/2025**

5.1.8 The local government employers pay award for 2024/2025 is £1,290 increase on all NJC pay scales and 2.5% increase agreed for Chief Officers.

5.1.9 When compared to the Council's agreed budget of an assumed 5% uplift, there is a forecast budget saving of £0.57m, contributing to the overall favourable variance and this is reflected within the individual portfolio variances.

5.1.10 **Corporate Services – A favourable variance of £0.98m**

Surplus on Council Tax collection – The forecast favourable variance has increased to £0.26m from £0.19m (at quarter 1) due to improving council tax collection rates exceeding estimate and a small increase in the Council Tax base within the year.

Council Tax Reduction Scheme (CTRS) – favourable variance of £0.02m due to take up of the benefit being lower than expected, the favourable variance has reduced since quarter 1 (£0.12m) as there has been an increase in residents claiming CTRS within the period of 76. The number of claimants remains slightly lower than the same period in the prior year (8,308 claimants at as 30/09/23 compared to 8,299 as at 30/09/24).

Inflation Contingency – favourable variance of £0.68m. There are currently no requests to utilise this budget.

Non Distributed Costs – favourable variance of £0.15m due to the forecast for early termination pension costs being lower than the estimate at this stage.

The favourable variances across the portfolio are offsetting the adverse variance of £0.16m on the ICT budget which has mainly resulted from the non-achievement of the bridging the gap project to remove / replace the Electronic Document Management System (the project is ongoing) together with increased licence costs for other large software packages.

5.1.11 **Social Services – An adverse variance of £0.36m**

Other Children's and Family Services - adverse variance of £0.2m due to the number of Special Guardianship Orders and When I'm Ready placements increasing.

Adults aged under 65 with Learning Disabilities – adverse variance of £0.1m due to the contract with a third sector provider exceeding the budget, increased utility bills and income budget cost pressure within Community Options.

Community Care – adverse variance of £0.8m mainly due to domiciliary packages of care. There has been an increase in the number of packages and the complexity of care resulting in a requirement for double handed care packages and an increased frequency of calls. This includes support that the department is giving to patients from acute and community hospitals back home with domiciliary care support to reduce hospital bed pressures.

5.1.12 **Economy – A favourable variance of £0.23m**

Industrial Units – favourable variance of £0.17m due to additional rental income from the industrial unit at Waun-y-pound Industrial Estate.

Economic Strategic and Development - Departmental – favourable variance £0.15m due to maximisation of grant funding to support service delivery.

These favourable variances are offsetting the adverse variance of £0.07m in the Estates Management Rechargeable budget which is overspending mainly due to the utilisation of 2 agency solicitors required to support increasing demand within the service area and more broadly in other areas of the Council.

5.1.13 **Environment – A favourable variance of £0.52m**

Departmental and Waste Services – favourable variance of £0.26m and £0.62m respectively mainly due to the cost pressure built into the budget for the transfer of Silent Valley Waste Services back into the Council not materialising.

Corporate Landlord – favourable variance £0.23m due to the impact of reduced energy costs against a cost pressure that was previously built into budget. The forecast reduction in energy costs is offsetting the 2023/2024 Bridging the Gap project Review of Operational Buildings, where the project is ongoing to identify the required cost reductions.

Catering – favourable variance of £0.13m is due to the receipt of Welsh Government Specific Grant for Universal Free School Meals exceeding the grant built into the budget, as a consequence of increasing meal numbers compared to 2023/2024 due to full roll out of the scheme.

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

Street Lighting – adverse variance of £0.13m due to higher than budgeted energy costs, although tariffs have reduced significantly from the previous year. Actions are being taken to mitigate the overspend by improving efficiency of stock where possible and exploring invest to save options for upgrading the stock technology for energy efficiency.

Housing Services – adverse variance of £0.89m due an increase in the expenditure 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. The adverse variance has increased since quarter 1 (£0.64m) as it was anticipated that a reduction in the need for additional accommodation beyond the pre-booked rooms would materialise but expenditure for Temporary Accommodation has continued to grow. The forecast has been adjusted for a continuation of expenditure at current levels for the remainder of the financial year with the number of people being supported in Temporary accommodation remaining high.

5.1.14 **Use of and Contributions to Specific Reserves**

5.1.15 The net draw from Specific Reserves totals £0.37m of which £0.08m is in relation to setting a balanced budget for 24/25, the remaining £0.29m relates to:

- £0.12m from the Community Safety and Resettlement Reserves to fund shortfall in a grant funded post and 2 Resettlement Officers for the BG area.
- £0.05m from the Head for Arts Reserve to fund transition funding arrangements
- £0.05m from the Enforcement Reserve to fund costs in relation to specific Planning Enforcement action.
- £0.05m from the ICT reserve to fund costs relating to the purchase and implementation of the Planning Software
- £0.08m from the Building Control ring fenced Reserve
- £0.02m from the Environment General Contributions Reserve to fund tree works undertaken at Central Depot
- £0.08m contribution to reserves from the forecast rental income in line with the approved business case for the purchase of the Industrial Unit at Waun-Y-Pound Industrial Site.

5.1.16 The use of reserves has increased from quarter 1 (£0.23m) mainly due to the requirement to utilise the Head for Arts Reserve to part fund the project during 2024/25 due to changeover in grant funding and the requirement to utilise reserves to balance the budget for 24/25 at quarter 2.

5.1.17 **In Year Cost Pressures**

5.1.18 In year cost pressures have been identified in the Portfolio analysis in the above paragraphs. Where a portfolio is reporting an overall adverse variance, and a service is forecasting an adverse variance in excess of £100,000, Action Plans have been developed providing reasons and mitigating actions, these are attached at Appendix 2 for Social Services.

5.1.19 Action Plans have not been included for cost pressures within underspending Portfolios as they are being managed within the overall portfolio budget.

5.1.20 **Bridging the Gap – Forecast Achievement 2024/2025**

5.1.21 In setting the 2024/2025 budget, Members approved bridging the gap proposals totalling £6.26m. The table, attached at Appendix 3 shows the current achievement of £6.18m for the programme, this is an improved position from Quarter 1 of £0.07 mainly due to the following:

- CS07 - Corporate Services / Commercial and Customer - Departmental Review of staffing Structures - £77,803 underachievement a worsening position from quarter 1 of £43,258 due to the full implementation of the staffing structure review and the associated redundancy costs not being fully realised at quarter 1. These costs have been mitigated partially in-year by posts being retained as vacant.
- SS05 - Provider Services - Reduction in Community Options and Day Centre Transport – showing as being fully achieved at quarter 2 (£107,800 under achieved at quarter 1) – due to posts now being identified against this saving

5.1.22 The overall estimated shortfall against Bridging the Gap targets of £0.08m is included with the overall forecast favourable variance of £1.42m and is being mitigated from within existing resources.

5.2 ***Risk including Mitigating Actions***

5.2.1 There is a risk that Action Plans will not address the cost pressures identified.

Action Plans will be monitored as part of the budget monitoring framework and the impact reported to Cabinet. Continuing, new and emerging cost pressures will be considered as part of the Medium Term Financial Strategy and budget setting process.

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 2024/2025, is a favourable variance £1.42m with a net decrease in specific reserves of £0.37m (which includes the £0.08m in relation to balancing the budget for 24/25).

- 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 2024/2025.
- 6.4 ***Thinking for the Long term (forward planning)***
- 6.4.1 For continuing, new and emerging cost pressures identified during 2024/2025, and where the overall portfolio is reporting an adverse variance, budget holders will produce action plans to 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

Appendix 1a – Corporate Services

Appendix 1b – Social Services

Appendix 1c – Education

Appendix 1d – Economy

Appendix 1e – Environment and Infrastructure

Appendix 1f – Planning and Licensing

Appendix 2a – Social Services Action Plan

Appendix 3 – Bridging the Gap Progress