



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

CABINET

10th July 2024

Report of the Director of Finance

Wards affected – All

Matters for Monitoring

Revenue outturn and reserves position statement 2023/24

Background

The purpose of this report is to update members in relation to the financial end of year position for 2023/24

Summary Financial Position

The Council's net budget for 2023/24 was £361m. The actual net expenditure, or outturn position for the Council excluding schools, shows a net underspend of £0.94m after ring fenced reserves.

It is proposed that £0.94m of this underspend is moved to service specific reserves following agreement between the Corporate Directors and the Director of Finance.

A summarised outturn position by service area is detailed in Appendix 1 of this report with a schedule of reserve balances included at Appendix 2.

Directorate Reports

Details of significant variances (£100k or more) are listed below

Schools delegated budget

The delegated schools budget for 2023/24 is £102.086m. Any under or overspends in relation to this budget are funded via contributions to/from the delegated school reserves.

Delegated school reserves at the start of the year totalled £6.7m and at the end of the year had reduced to -£0.018m, a reduction of £6.7m. This is significantly less than the £9.5m reduction predicted during the year.

Education Leisure and Lifelong Learning

The Education, Leisure and Lifelong budget for 2023/24 is £31.847m. After ring fenced reserves the directorate has underspent by £490k.

The Local Authority (LA) has received an administrative grant for the roll out of universal primary schools meals and free school meal provision in the school holidays. This has resulted in the school meals budget underspending by £238k in this financial year.

Out of county placements is underspent by £293k. Independent sector placements ending early and other anticipated placements that did not start in 23/24.

Following a recent revaluation of schools backdated to 2017, the LA has received a number of one-off NNDR rebates, specific schools contingencies has underspent by £314k.

Libraries budget is underspent by £169k due to NNDR refund for Port Talbot Library following a backdated revaluation.

Increase energy costs and lower than expected shop income has resulted in an overspend of £169k at Margam Country Park.

Management and admin budget has overspent by £143k due to temporary management arrangements in place to oversee the provision of leisure services by Celtic Leisure.

Social Services, Health and Housing

The Social Services budget for 2023/24 is £106.91m. After ring fenced reserves the directorate has overspent by £1.54m.

Children's social work budget is overspent by £385k due to unachieved vacancy management savings.

The children's residential care budget is £991k overspent. This is due to additional placements and an increase in the average cost of a placement.

Fostering is underspent by £253k mainly due to the number of in house foster placements being lower than the provision in the budget.

The cost of the joint adoption service is shared out between the partners, Swansea, NPT and Bridgend and is apportioned on the number of adoption placements made each year. NPT received a £170k refund of its original contribution which reflects the Council's share of placements.

A reduction in external foster placements has resulted in an underspend of £116k.

Youth offending service has overspent by £149k due to the cost of a looked after child on remand.

The cost of temporary staff and unachieved vacancy management savings has resulted in an overspend of £101k for team around the family (TAF).

Central services overspend of £209k is the result of the new social services I.T. system which was to be funded from reserves; however social services reserves are now required to balance the 2024/25 budget.

Community care social work teams have underspent by £317k due to additional grant income.

The underspend of £761k in elderly residential care is due to additional income, an increase in pensions has led to increased assessed charges; and recovery of fees following the sale of residents assets.

Domiciliary care budget is overspent by £589k due to additional hours of care being provided.

Due to vacant reablement support workers, the service is underspent by £164k.

Recovery of surplus funds from service users direct payment accounts (£1.56m in total) has led to underspends in the following budgets:

- Other community care – direct payments £115k
- Physical disabilities £539k
- LD – External placements £332k

Trem y Mor overspend £225k due to unachieved vacancy management savings, due to the service needing to provide cover for vacancies.

Staff vacancies in the community independence service has resulted in an underspend of £221k.

Mental health budget has overspent by £699k due to an additional 9 placements in year.

The total overspend for homelessness is £1.317m due to an increase in the number of people in and the cost of temporary accommodation.

Environment

The Environment budget for 2023/24 is £47.288m. The Directorate has underspent by £184k after ring fenced reserves.

Car Parking is £276K overspent due to the delay in implementing the revised charges plus a general reduction in usage at the car parks.

Waste disposal is underspent by £329k which is mainly due to a reduction in volume of residual waste being disposed of from the non MREC waste transfer station.

Household waste recycling centres (HWRC) have underspent by £106k due to a reduction in volume of residual waste at the three centres which is part of Council policy to improve recycling performance to meet Welsh government targets.

Salary savings in asset and energy management resulted in an underspend of £100k.

Civic centres have underspent by £107k due to one-off historic business rates refunds.

Building maintenance is £234k overspent due to additional demand for emergency repairs and the increased cost of external contracts.

The £223k overspend on gypsy sites is due to utility costs and essential repair works. Cost of utilities has been addressed by the introduction of a new system of charging out from April.

Business and support underspend of £120k has arisen due to core staff seconded to SPF grant posts.

Strategy & Corporate Services

The budget for 2023/24 is £21.673m. The directorate has overspent by £168k after ring fenced reserves. £168k in total is requested from reserves to bring the directorate back in-line with its cash limit.

The financial services accountancy team is showing an underspend of £104k due to staff savings.

Council tax is overspent by £159k due to additional staff costs, reduction in income and increased bank charges.

Central budgets

The central budgets in 2023/24 are underspent by a total of £1.97m after ring fenced reserves. The majority of this relates to an underspend of £461k in relation to funding allocated for the Council tax support scheme where the number of claimants was lower than anticipated; £861k council tax collection surplus where the team were able to collect more council tax than assumed when the initial collection rate estimate was set; and £512k in capital financing, additional interest earned from investments.

Integrated Impact Assessment

There is no requirement to undertake an integrated impact assessment as this report summarises the Council's financial position

Valleys Communities Impacts

No Impact

Workforce Impacts

No Impact

Legal Impact

No Impact

Risk Management Impact

No Impact

Consultation

This item is not subject to external consultation

Recommendations

It is recommended that Cabinet:

- **Note** the contents of this report in relation to the 2023/24 budget outturn position and reserve balances.

Appendices

Appendix 1 – Summary outturn position

Appendix 2 – Reserve schedule

Background Papers

Budget Working Papers

Officer Contact

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Appendix 1

| Summary 2023/24 | | | | | | | |
|--|----------------|----------------|---------------------------|----------------------|------------------------------------|---------------------|-------------------------|
| | Revised Budget | Outturn | Variance ~ Under / (Over) | Ring fenced reserves | Outturn after ring fenced reserves | Additional reserves | Variance after reserves |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Delegated Schools Budget | 102,086 | 102,086 | 0 | | 0 | | 0 |
| Education, Leisure and Lifelong Learning | 31,847 | 31,357 | 490 | | 490 | -489 | 1 |
| Social Services Health & Housing | 106,909 | 108,067 | -1,158 | -382 | -1,540 | | -1,540 |
| Environment | 47,288 | 47,736 | -448 | 632 | 184 | -615 | -431 |
| Strategy and Corporate Services | 21,673 | 21,902 | -229 | 61 | -168 | 168 | 0 |
| Directly Controlled Expenditure | 309,803 | 311,148 | -1,345 | 311 | -1,034 | -936 | -1,970 |
| Levies and contributions | 10,203 | 10,361 | -158 | | -158 | | -158 |
| Capital financing | 19,607 | 18,556 | 1,051 | -539 | 512 | | 512 |
| Pay contingency | 1,885 | 1,500 | 385 | | 385 | | 385 |
| Contingency | 766 | 1,478 | -712 | 313 | -399 | | -399 |
| Energy efficiency/Transition/Contingency | 2,800 | 2,800 | 0 | | 0 | | 0 |
| Council Tax Reduction Scheme (CTRS) | 19,413 | 18,952 | 461 | | 461 | | 461 |
| Insurance | | -331 | 331 | | 331 | | 331 |
| Housing Benefits | | -157 | 157 | | 157 | | 157 |
| Council Tax Collection Surplus | | -861 | 861 | | 861 | | 861 |
| Contributions from reserves | -3,500 | -3,320 | -180 | | -180 | | -180 |
| (Overspend) / Underspend | 360,977 | 360,126 | 851 | 85 | 936 | -936 | 0 |

Appendix 2 – Reserve schedule

| Description | Reserve Balance at 1st April 2023 £ | Budgeted movements during the FY £ | Schools closing adjustments £ | Ring fenced £ | Additional Reserves £ | Closing reserves 2023/24 £ |
|--|---|---|--|---------------|--------------------------|----------------------------------|
| Education, Leisure and Lifelong Learning | | | | | | |
| <u>Delegated Schools Reserves</u> | | | | | | |
| ERVR Primary | Cr9,675 | 9,675 | | | | 0 |
| Primary Schools | Cr 3,248,428 | 5,496,110 | Cr 1,630,688 | | | 616,994 |
| Secondary Schools | Cr 2,382,943 | 1,800,384 | Cr 399,873 | | | Cr 982,431 |
| Special Schools | Cr 825,779 | 343,661 | Cr 408,757 | | | Cr 890,875 |
| Middle School | Cr 98,638 | 1,877,255 | Cr 343,152 | | | 1,435,465 |
| Repair & Maintenance | Cr 161,160 | | | | | Cr161,160 |
| | Cr 6,726,624 | 9,517,410 | Cr 2,782,470 | | | 17,992 |
| <u>Education, Leisure and Lifelong Learning Other</u> | | | | | | |
| Additional learning needs reserve | Cr 1,501,000 | 957,000 | | | | Cr1,102,000 |
| Equalisation Account-Education | Cr 2,564,500 | 460,905 | | | CR489,000 | Cr2,564,500 |
| Home to School Transport | 0 | Cr 253,000 | | | | Cr 253,000 |
| | Cr 4,065,500 | 1,164,905 | | | Cr489,000 | Cr 3,389,595 |
| Total Education Leisure & Lifelong Learning | Cr 10,792,124 | 10,691,990 | Cr 2,782,470 | | Cr489,000 | Cr 3,371,603 |
| <u>Social Services, Health and Housing</u> | | | | | | |
| Homecare ECM Equipment reserve | Cr 96,756 | 6,756 | | | | Cr 90,000 |
| Community Care Transformation Reserve | Cr 2,514,396 | 1,499,661 | | Cr 35,182 | | Cr 1,049,917 |
| SSHH IT Renewals Fund | Cr 1,900,000 | | | | | Cr 1,900,000 |
| Social Services Equalisation | Cr 3,370,113 | 2,099,873 | | | | Cr 1,270,240 |
| Community Resilience Fund | Cr 1,750,000 | | | | | Cr 1,750,000 |
| Housing Warranties Reserve | Cr 220,000 | | | | | Cr220,000 |

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|---|---|---|--|-------------------|--------------------------|----------------------------------|
| Hillside General Reserve | Cr 431,097 | | | Cr 143,924 | | Cr 575,021 |
| Ring fenced homecare funding | Cr 234,000 | 152,000 | | 10,700 | | Cr 71,300 |
| Youth Offending Team Reserve | Cr 167,897 | | | | | Cr 167,897 |
| Adoption Service | Cr 880,000 | | | | | Cr 380,000 |
| Total Social Services, Health and Housing | Cr 11,564,259 | 4,258,290 | | Cr 168,406 | | Cr 7,474,375 |
| <u>Environment</u> | | | | | | |
| Transport Reserve | Cr 315,173 | Cr 225,000 | | | | Cr 540,173 |
| Asset Recovery Incentive Scheme | Cr 44,592 | Cr 43,301 | | | | Cr 87,893 |
| Swansea Bay City Deal | Cr 221,000 | Cr 35,000 | | | Cr 8,500 | Cr 264,500 |
| Local Development Plan | Cr 363,124 | 7,787 | | | | Cr 355,337 |
| Parking improvement | Cr 88,000 | 24,150 | | | | Cr 63,850 |
| DARE Reserve | Cr 2,000,000 | 2,000,000 | | | | 0 |
| Waste Reserve | Cr 1,536,454 | Cr 616,792 | | Cr 135,863 | Cr 400,000 | Cr 2,689,109 |
| Winter Maintenance Reserve | Cr 568,429 | | | Cr 100,000 | | Cr 668,429 |
| Neath Market | Cr 253,106 | | | | | Cr 253,107 |
| Baglan Bay Innovation centre - dilapidation reserve | Cr 77,517 | | | | | Cr 77,517 |
| Renewable Energy Reserve | Cr 17,959 | | | Cr 6,203 | | Cr 24,162 |
| Environmental Health - Housing Equalisation | Cr 95,000 | 58,301 | | | | Cr 36,699 |
| LAWDC Contingency Reserve | Cr 815,176 | Cr 750,000 | | 1,565,176 | | 0 |
| Workways - NPT | Cr 325,522 | 325,522 | | | | 0 |
| Environment Equalization Reserve | Cr 1,097,403 | Cr 555,721 | | 6,574 | Cr 206,360 | Cr 1,852,910 |
| Metal box Reserve | Cr 779,909 | 779,909 | | | | 0 |

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|---------------------------------------|---|---|--|----------------|--------------------------|----------------------------------|
| Pantteg Landslip Reserve | Cr 500,000 | 65,039 | | | | Cr 434,961 |
| <u>Trading Account</u> | | | | | | |
| Operating Account -Equalisation | Cr 36,043 | | | | | Cr 36,043 |
| Vehicle Tracking | Cr 92,186 | 71,000 | | Cr 100,000 | | Cr 121,186 |
| Vehicle Renewals | Cr 3,471,874 | Cr 597,760 | | Cr 536,239 | | Cr 4,605,873 |
| Total Environment | Cr 12,698,467 | 508,134 | | 693,445 | Cr 614,860 | Cr 12,111,748 |
| <u>Chief Executives</u> | | | | | | |
| Elections Equalisation Fund | Cr 151,138 | Cr 15,000 | | 60,900 | | Cr 105,238 |
| Health & Safety/Occupational Health | Cr 40,501 | | | | | Cr 40,501 |
| Digital Transformation Reserve | Cr 1,170,000 | | | | | Cr 1,170,000 |
| Schools IT Equalisation (HWB) | Cr 470,000 | 70,000 | | | | Cr 400,000 |
| Development Fund for Modernisation | Cr 76,031 | 76,031 | | | | 0 |
| Digital renewal reserve | Cr 1,754,393 | 520,000 | | | Cr 52,000 | Cr 1,286,393 |
| Chief Executives Equalisation Reserve | Cr 359,736 | 262,000 | | | Cr 103,592 | Cr 201,328 |
| Organisational development reserve | Cr 4,636,436 | 804,412 | | | 237,000 | Cr 3,595,024 |
| Building Capacity | Cr 241,295 | 121,000 | | | Cr 57,000 | Cr 177,295 |
| Voluntary Organisation Reserve | Cr 89,744 | 89,744 | | | | 0 |
| Total Corporate Services | Cr 8,989,274 | 1,928,187 | | 60,900 | 24,408 | Cr 6,975,779 |
| <u>Corporate Other</u> | | | | | | |
| Insurance Reserve | Cr 4,445,381 | 280,000 | | | | Cr 4,445,382 |

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|---|---|---|--|-------------------|--------------------------|----------------------------------|
| Income Generation Reserve | Cr 1,663,230 | 1,550,000 | | | | Cr 113,230 |
| Members Community Fund Reserve | Cr 351,974 | 351,974 | | | | 0 |
| Corporate Contingency | Cr 2,492,994 | Cr 166,608 | | | 151,000 | Cr 2,508,602 |
| Transformation and Modernisation | 0 | Cr 6,700,000 | | | | Cr 6,700,000 |
| Capital support reserve | Cr 683,447 | | | | | Cr 683,447 |
| Covid recovery | Cr 1,406,578 | 812,228 | | Cr 62,000 | | Cr 656,350 |
| Treasury Management Equalisation Reserve | Cr 8,407,767 | Cr 65,463 | | Cr 539,458 | | Cr 9,012,687 |
| Hardship relief scheme | Cr 1,725,000 | 600,000 | | 313,346 | | Cr 811,654 |
| Service resilience | Cr 874,072 | 784,322 | | | Cr 7,000 | Cr 96,750 |
| Discretionary fund | Cr 335,725 | 235,725 | | | | Cr 100,000 |
| Strategic regeneration capacity building | Cr 1,500,000 | 1,500,000 | | | | 0 |
| Accommodation Strategy | Cr 2,273,580 | Cr 700,000 | | | | Cr 2,973,580 |
| Total Corporate Other | Cr 26,159,748 | Cr 1,517,822 | | Cr 288,112 | 144,000 | Cr 27,821,682 |
| <u>Joint Committee</u> | | | | | | |
| Margam Discovery Centre - Building Maintenance Reserve | Cr 117,107 | Cr 57,333 | | | | Cr 174,440 |
| Workways - Regional Reserve | Cr 169,860 | 169,860 | | | | 0 |
| Environment Legacy Reserve (SWTRA) | Cr 59,728 | Cr 200,000 | | | | Cr 259,728 |
| Substance Misuse Area Planning Board | Cr 153,568 | | | Cr 219,758 | | Cr 373,326 |
| WB Safeguarding Board Reserve | Cr 94,675 | | | 6,661 | | Cr 88,014 |
| Total Joint Committee | Cr 594,938 | Cr 87,473 | | Cr 213,097 | | Cr 895,508 |
| | | | | | | |
| Total All Earmarked Reserves | Cr 70,798,810 | 15,781,306 | Cr 2,782,470 | 84,730 | Cr 935,452 | Cr -58,650,695 |

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|---------------------------|---|---|--|---------------|--------------------------|----------------------------------|
| General Reserve | Cr 20,150,693 | 4,701,000 | | | | Cr 15,449,692 |
| TOTAL ALL RESERVES | Cr 90,949,502 | 20,482,306 | Cr 2,782,470 | 84,730 | Cr 935,452 | Cr 74,100,387 |