



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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Description	Reserve Balance at 1st April 2023 £	Budgeted movements during the FY £	Schools closing adjustments £	Ring fenced £	Additional Reserves £	Closing reserves 2023/24 £
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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Description	Reserve Balance at 1st April 2023 £	Budgeted movements during the FY £	Schools closing adjustments £	Ring fenced £	Additional Reserves £	Closing reserves 2023/24 £
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