



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

CABINET

28th June 2023

Report of the Chief Finance Officer

Wards affected – All

Matter for Monitoring

Revenue outturn and reserves position statement 2022/23

Background

The purpose of this report is to update members in relation to the financial end of year position for 2022/23

Summary Financial Position

The Council's net budget for 2022/23 was £338.020m. The actual net expenditure, or outturn position for the Council excluding schools, shows a net underspend of £3.037m after ring fenced reserves.

It is proposed that £1.430m of this underspend is moved to service specific reserves following agreement between the Corporate Directors and the Chief Finance Officer.

In relation to the remaining underspend it is proposed to set aside £1.5m to create a Strategic regeneration reserve which will assist with capacity building to support the major regeneration projects being developed across the County Borough. The balance of £107K is proposed to be transferred into the corporate contingency reserve.

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 2022/23 is £96.174m. 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 £12.8m and at the end of the year had reduced to £6.7m, a reduction of £6.1m. This is significantly less than the £10m reduction predicted during the year.

Education Leisure and Lifelong Learning

The Education, Leisure and Lifelong budget for 2022/23 is £29.562m. After ring fenced reserves the directorate has underspent by £204k.

Welsh Government have awarded an additional £167k of grant funding for the roll out of school meals in recognition of the additional costs Local Authorities are facing in preparing and delivering the UPFSM. This has resulted in the school meals budget underspending by £102k in this financial year.

There is an overspend within the home to school transport budget of £754k. This is due to a number of reasons including a lack of operators, rising fuel costs and rising wages which has resulted in an increase in retendered contracts.

Out of county placements is underspent by £293k. This is due to a reduction in placements. Savings have also arisen where children have moved into schools within the County Borough from out of county schools.

The pension and early retirement budget has underspent by £161k due to a low number of leavers and a reduction in the pension charge from the Swansea pension service of £84k.

Additional funding had been earmarked to expand the school based counselling service and Additional Learning Needs team in response to increased demand for support within our schools. Due to external factors the majority of the new posts were not recruited from April 2022. This has resulted in a £171k and £110k respectively in year underspend.

School specific contingencies has overspent by £174k due to a number of reasons including £40k of NNDR revaluation costs, a £91k contribution towards the new Welsh medium school which opened in January and £30k funding towards covid related maternity costs.

Children and Communities have overspend by £106k due to increased costs that were not covered by the Children and Communities grant.

The council has made a £1.175m contribution to fund the Celtic leisure operating deficit for this financial year. This contribution has been funded from corporate reserves.

Social Services, Health and Housing

The Social Services budget for 2022/23 is £94.438m. After ring fenced reserves the directorate has overspent by £1.031m.

The children's residential care budget is £1.243m overspent. This is due to the number of placements being five over the provision in the budget.

Children's social work budget is overspent by £413k due to an increase in direct payments, funding for family support and an increase in discretionary spend used to prevent children entering the care system.

There is an overspend within the mental health external placements budget of £647k due to new placements made during the year.

The housing advice/supported tenancies service is overspent by £553k. At the start of the pandemic WG changed the policy relating to homelessness to ensure no-one was sleeping rough. The policy change resulted in a much higher than average demand for temporary accommodation and meant that a significant amount of additional accommodation needed to be sourced urgently.

That specific change in policy has now been integrated into the Housing Wales Act via a secondary legislation change, therefore the majority of households presenting are now eligible for temporary accommodation so demand is likely to remain at current levels for some time.

The learning disabilities external placement budget currently has a £623k overspend based on placements agreed in year

The elderly residential care budget is overspent by £349k due to the additional investment of £667k for older people care home providers. An additional fee of £30 per person has been paid to care providers who deliver residential and/or nursing care services on behalf of the council. The increase is to cover the anticipated rise in inflation caused by the cost of living crisis and to enable providers to pay their staff the Real Living Wage.

Hillside is £144k overspent due to reduced income in the first half of the financial year. Members should not that Hillside still made a positive contribution to the Council's overall budget position i.e. a surplus of £40k however this is not as much as anticipated.

Fostering is underspent by £143k mainly due to the number of in house foster placements being lower than the provision in the budget. Information received from the Head of Foster Wales is that NPT are in a good position with regards to placing children with in house carers with no substantial growth with placing in independent foster agency (IFA) placements.

Domiciliary Care is £1.411m underspent due to the reduction in placements in the external domiciliary care market.

Community care-direct payments are overspent by £249k as the budget is based on 60 service users and at present on average there are 65 service users.

The adoption service is £397k underspent due to the number of adoptions made.

Community care management is £265k underspent based on the numbers of deprivation of liberty assessments (DOLS) carried out to date.

Child and family management is £202k underspent due to a reduction in external legal fees and additional grant money received.

Physical disabilities-external placements have underspent by £116k due to a lower than budgeted number of placements in year.

A number of services have underspent due to vacant posts and additional grant monies including Community Care Social Work (£451k),

Central services (£106k), Renovation grants and renewal areas (£106k) and Community independence (£188k).

Hostels have overspent by £120k due to additional security needed for properties used for temporary accommodation.

Environment

The Environment budget for 2022/23 is £44.525m. The Directorate has overspent by £550k after ring fenced reserves.

Car Parking is £148K overspent due to a reduction of footfall in town centres which has resulted in reduced use of car parks and a reduction in civil enforcement tickets issued.

A number of services experienced overspends due to the pay award over and above the 4% funded, including neighbourhood services £269k, parks and open spaces £164k and building cleaning £109k.

Refuse collection has overspent by £533k due to the unfunded pay award £210k in addition to overspends in agency and recycling equipment costs.

The refuse recycling service is underspent by £714k due to better than anticipated income from recycling and reduced net expenditure on residual waste.

Household waste recycling centres (HWRC) have underspent by £165k due to the volume of traffic through HWRC from members of the public, which has been lower than anticipated when setting the 2022/23 budget.

Civic centres have overspent by £190k due to electricity costs in excess of the budget which have been offset partially by lower other running costs.

Non- operational land is £123k underspent mainly due to increased income.

Building maintenance is £213k overspent due to issues such as inflation on the cost of materials.

Planning policy (£104k) and the European unit (£193k) are both underspent due to core posts being offset against the Earth project and Shared Prosperity Fund

Chief Executives

The Chief Executives budget for 2022/23 is £21.587m. The Directorate has underspent by £364k after ring fenced reserves.

The financial services accountancy team is showing an overspend of £101k due to an unachieved vacancy management target. However the overall budget position for the finance division is an underspend of £88k.

A number of services are underspent due to vacant posts and additional income including the Commercial and Governance service (£144k) and Corporate Strategy and Performance Management (£127k).

Central budgets

The central budgets in 2022/23 are underspent by a total of £4.050m after ring fenced reserves. The majority of this relates to an underspend of £1.3m in relation to funding allocated for the Council tax support scheme where the number of claimants was lower than anticipated; and £1.657m council tax collection surplus where the team were able to collect more council tax than assumed when the initial collection rate estimate was set.

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 2022/23 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 2 – Reserve schedule

Description	Reserve Balance at 1st April 2022 £	Budgeted movements during the FY £	Schools closing adjustments £	Ring fenced £	Additional Reserves £	Closing reserves 2022/23 £
Education, Leisure and Lifelong Learning						
<u>Delegated Schools Reserves</u>						
ERVR Primary	Cr8,161	0	Cr1,514			Cr9,675
Primary Schools	Cr6,888,981	4,989,213	Cr1,348,660			Cr3,248,428
Secondary Schools	Cr3,525,205	1,687,049	Cr544,787			Cr2,382,943
Special Schools	Cr734,244	152,222	Cr243,758			Cr825,780
Middle School	Cr1,471,681	962,076	410,966			Cr98,639
Repair & Maintenance	Cr161,160	0				Cr161,160
	Cr12,789,433	7,790,560	Cr1,727,753	0	0	Cr6,726,626
<u>Education, Leisure and Lifelong Learning Other</u>						
Additional learning needs reserve	Cr1,051,000	Cr400,000			Cr50,000	Cr1,501,000
Equalisation Account-Education	Cr2,409,500	55,000		0	Cr210,000	Cr2,564,500
Home to School Transport	Cr290,570	290,570				0
	Cr3,751,070	Cr54,430	0	0	Cr260,000	Cr4,065,500
Total Education Leisure & Lifelong Learning	Cr16,540,503	7,736,130	Cr1,727,753	0	Cr260,000	Cr10,792,126
<u>Social Services, Health and Housing</u>						
Homecare ECM Equipment reserve	Cr96,756	0		Cr265,000		Cr361,756
Community Care Transformation Reserve	Cr4,206,561	1,956,900		0		Cr2,249,661
Children's Residential Placements	Cr276,000	276,000		0		0
SSHH IT Renewals Fund	Cr1,900,000	0		0		Cr1,900,000
Social Services Equalisation	Cr5,700,114	2,330,000		0		Cr3,370,114
Community Resilience Fund	Cr1,750,000	0		0		Cr1,750,000
Housing Warranties Reserve	Cr220,000	0		0		Cr220,000

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Hillside General Reserve	Cr581,098	150,000		0		Cr431,098
Ring fenced homecare funding	Cr450,000	216,000		0		Cr234,000
Youth Offending Team Reserve	Cr167,897	0		0		Cr167,897
Adoption Service	Cr500,000	0		0	Cr380,000	Cr880,000
Total Social Services, Health and Housing	Cr15,848,426	4,928,900	0	Cr265,000	Cr380,000	Cr11,564,526
<u>Environment</u>						
Transport Reserve	Cr281,541	7,388		Cr41,020		Cr315,173
Asset Recovery Incentive Scheme	Cr125,894	81,301		0		Cr44,593
Swansea Bay City Deal	Cr333,786	112,786		0		Cr221,000
Local Development Plan	Cr365,014	1,890		0		Cr363,124
Parking improvement	Cr190,000	127,000		0	Cr25,000	Cr88,000
DARE Reserve	Cr2,000,000	0		0		Cr2,000,000
Waste Reserve	Cr898,152	Cr90,000		Cr548,302		Cr1,536,454
Winter Maintenance Reserve	Cr604,429	0		36,000		Cr568,429
Neath Market	Cr253,107	0		0		Cr253,107
Baglan Bay Innovation centre - dilapidation reserve	Cr177,517	100,000		0		Cr77,517
Renewable Energy Reserve	Cr17,959	0		0		Cr17,959
Environmental Health - Housing Equalisation	Cr130,000	35,000		0		Cr95,000
LAWDC Contingency Reserve	Cr815,177	0		0		Cr815,177

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Workways - NPT	Cr290,435	0		Cr35,087		Cr325,522
Environment Equalization Reserve	Cr1,065,291	368,778		0	Cr400,890	Cr1,097,403
Metal box Reserve	Cr930,327	150,418		0		Cr779,909
Pantteg Landslip Reserve	Cr500,000	0		0		Cr500,000
		0				0
<u>Trading Account</u>		0				0
Operating Account -Equalisation	Cr36,043	0		0		Cr36,043
Vehicle Tracking	Cr92,186	0		0		Cr92,186
Vehicle Renewals	Cr2,330,047	Cr751,437		Cr390,390		Cr3,471,874
Total Environment	Cr11,436,905	143,124	0	Cr978,799	Cr425,890	Cr12,698,470
<u>Chief Executives</u>						
Elections Equalisation Fund	Cr350,139	Cr15,000		214,000		Cr151,139
Health & Safety/Occupational Health	Cr40,501	0		0		Cr40,501
Digital Transformation Reserve	Cr1,170,000	0		0		Cr1,170,000
Schools IT Equalisation (HWB)	Cr600,000	330,000		Cr200,000		Cr470,000
Development Fund for Modernisation	Cr76,032	0		0		Cr76,032
Digital renewal reserve	Cr1,233,394	Cr30,000		Cr491,000		Cr1,754,394
Chief Executives Equalisation Reserve	Cr164,236	Cr16,500		0	Cr179,000	Cr359,736
Organisational development reserve	Cr5,020,936	278,000		106,500	0	Cr4,636,436
Building Capacity	Cr155,295	96,000		0	Cr182,000	Cr241,295
Voluntary Organisation Reserve	Cr86,430	0		0	Cr3,314	Cr89,744
Total Corporate Services	Cr8,896,963	642,500	0	Cr370,500	Cr364,314	Cr8,989,277

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<u>Corporate Other</u>						
Insurance Reserve	Cr4,725,382	280,000		0		Cr4,445,382
Covid recovery	Cr2,800,000	1,679,000		Cr285,578		Cr1,406,578
Income Generation Reserve	Cr1,713,230	0		50,000		Cr1,663,230
Members Community Fund Reserve	Cr513,633	0		161,659		Cr351,974
Capital support reserve	Cr683,447	0		0		Cr683,447
Hardship relief scheme	Cr2,000,000	0		275,000		Cr1,725,000
Service resilience	Cr2,000,000	1,099,928		26,000		Cr874,072
Discretionary fund	Cr1,401,836	1,401,836		Cr335,725		Cr335,725
Corporate Contingency	Cr4,567,000	871,535		1,309,495	Cr106,796	Cr2,492,766
Strategic regeneration capacity building		0			Cr1,500,000	Cr1,500,000
Treasury Management Equalisation Reserve	Cr8,594,046	825,000		Cr638,721		Cr8,407,767
Accommodation Strategy	Cr2,273,580	0		0		Cr2,273,580
Total Corporate Other	Cr31,272,154	6,157,299	0	562,130	Cr1,606,796	Cr26,159,521
<u>Joint Committee</u>						
Margam Discovery Centre - Building Maintenance Reserve	Cr59,774	Cr57,333				Cr117,107
Workways - Regional Reserve	Cr167,991	0		Cr1,869		Cr169,860
Environment Legacy Reserve (SWTRA)	Cr59,728	0		0		Cr59,728
Substance Misuse Area Planning Board	Cr34,847	0		Cr118,721		Cr153,568
WB Safeguarding Board Reserve	Cr113,265	0		18,589		Cr94,676

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Description	Reserve Balance at 1st April 2022 £	Budgeted movements during the FY £	Schools closing adjustments £	Ring fenced £	Additional Reserves £	Closing reserves 2022/23 £
Intermediate Care pooled fund	Cr192,925	192,925				0
Total Joint Committee	Cr628,530	135,592	0	Cr102,001	0	Cr594,939
Total All Earmarked Reserves	Cr84,623,481	19,743,545	Cr1,727,753	Cr1,154,170	Cr3,037,000	Cr70,798,859
General Reserve	Cr20,150,693					Cr20,150,693
TOTAL ALL RESERVES	Cr104,774,174	19,743,545	Cr1,727,753	Cr1,154,170	Cr3,037,000	Cr90,949,552