



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

CABINET

28th February 2024

Report of the Chief Finance Officer

Wards affected – All

Matter for Decision

Revenue Budget Monitoring Report 2023/24 – As at the end of December 31st 2023

Purpose of Report

To provide Members with information in relation to the Council's projected revenue budget position and savings as agreed for 2023/24.

Background

This report sets out the Council's projected budget position based on information available as at 31st December 2023.

Budget Management Responsibility

Under the Council's Constitution and Financial Procedure Rules Corporate Directors are responsible for managing their Budgets within the overall cash limit approved by Council.

A Corporate Director may exercise virements on budgets under his or her control for any amount on any one budget head during the year, following notification to the Chief Finance Officer provided that:

- a) overall expenditure and income is contained within the cash limit
- (b) except where virement would involve a significant variation in the level or nature of the delivery of the service approved by Council in the Revenue Budget.

Summary

The Council's net revenue budget for 2023/24 is £361m (£338m in 2022/23). When the budget was set a number of service savings and efficiencies were required totalling £15m. The current position on these savings are attached in appendix 2, with a red, amber, green (RAG) rating to show their current status.

The overall budget position as at December 2023 is a £529k overspend after reserve requests. As the financial year draws to a close, services will continue to review expenditure and income within their areas to mitigate the impact of the overall budget position.

	Original Budget	Revised Budget	Projected Outturn	Reserves	Variance ~ Under / (Over)
	£'000	£'000	£'000	£'000	£'000
Delegated Schools Budget	102,086	102,086	111,603	-9,517	0
Education, Leisure and Lifelong Learning	31,677	31,847	31,921	-95	21
Social Services Health & Housing	105,572	106,909	108,609		-1,700
Environment	46,262	47,288	43,923	3,870	-505
Strategy and Corporate Services	21,357	21,673	21,176	470	27
Directly Controlled Expenditure	306,954	309,803	317,232	-5,272	-2,157
Levies and contributions	10,203	10,203	10,203		0
Capital financing	19,608	19,608	18,834	774	0
Pay contingency	4,714	1,885	1,500		385
Contingency	781	761	1,133	-536	164
Energy efficiency/Transition/Contingency	2,800	2,800	1,500	700	600
Council Tax Reduction Scheme (CTRS)	19,413	19,413	18,934		479
Contributions from reserves	-3,500	-3,500	-3,500		0
(Overspend) / Underspend	360,973	360,973	365,836	-4,334	-529

The vacancy management target for the council in 2023/24 is £2.9m. This has been achieved in full.

Significant service variances of £100k or more are detailed below.

Education Leisure and Lifelong Learning (ELLL)

Based on costs incurred to date the ELLL directorate is projected to underspend by £21k. The main variances included in this £21k overspend are:

School Meals £173k underspend

The LA has received WG grants for the administration of the Universal Primary School Meals rollout and the FSM provision in school holidays scheme which has now ended

Out of County placements £405k underspend

Due to a mixture of additional income from children attending NPT schools and a reduction in independent sector placements.

Specific School Contingencies £230k underspend

Following a recent revaluation backdated to 2017, the LA has received a number of one-off NNDR rebates. These are partially offset by £120k temporary accommodation hire costs relating to a specific primary school.

Home to school transport £347k overspend

There have been several new routes since the budget was set, this pressure now brings the current cost of the home to school service to approximately £9.3m.

Skills and Training unit £158k overspend

The current Jobs Growth Wales contract sum is not covering the full cost of delivery. As the largest job growth Wales provider within the consortium, discussions are underway with Pembrokeshire county council to address this in the hope of securing additional funding this financial year which will in turn reduce the projected overspend.

Post 16 Transport £110k underspend

The underspend is a result of routes no longer required and the conversion of some routes to personal travel budget payments.

Management & Admin £137k overspend

£115k of the overspend relates to the temporary management arrangements in place at Celtic Leisure.

Delegated School Budgets

The delegated school budget for 2023/24 is £102m. Based on projections to date, schools are expected to go into an overall deficit reserve position of £2.9m. The opening balance of school reserves as at April 2023 was £6.5m credit.

As part of the November budget monitoring process, schools were awarded one off funding towards their increased energy costs of £720k.

All schools currently reporting a deficit budget have been requested to submit a 3 year recovery plan.

The following risks have been identified within the ELLL directorate:

Welsh Government (WG) has passed legislation that means speed limits on most restricted roads will reduce from 30mph to 20mph from September 2023. The transport section are currently reviewing the impact of this on Home to School Transport. It is likely some existing routes will need to be revised and additional routes procured.

The unit costs of Home to School Transport continue to be monitored, a shortage of drivers and lack of competition means we are seeing an increase in the price of routes.

Social Services Health & Housing (SSHH)

Based on costs incurred to date the SSHH directorate is projected to overspend by £1.7m. The main variances included in this overspend are:

Children's Residential Care £888k overspend

The over spend is due to more children in residential care this year than anticipated when the budget was set. Step down provision is being explored for a number of placements which would ease the pressure on this budget.

It is becoming increasingly difficult to place children with more complex needs, this has been considered as part of the recruitment strategy and the amended foster plus scheme. By increasing the foster allowance, it should attract foster carers who are able to provide placements for young people whose needs are more complex. The projection includes cost for placements to the end of the financial year, the date the child turns 18 or the date step down provision is anticipated.

Internal Fostering Service £216k underspend

The under spend is due to lower number of in-house foster placements and savings on taxi costs.

Adoption Service £178k underspend

The cost of the joint service is shared out between the partners, Swansea, NPT and Bridgend and is apportioned on the number of adoption placements made each year. It is anticipated that NPT will receive a refund of £178k of its initial contribution based on refunds received in prior years. There is a risk that NPT adoption numbers could be higher this year and therefore a greater contribution required, placements will be monitored throughout the year and adjustments made if necessary.

Elderly Residential Care £928k underspend

The under spend is due to additional income, an increase in pensions has led to increased assessed charges and additional recovery of fees following the sale of residents assets.

Elderly Domiciliary Care £804k overspend

An over spend in the external market due to additional hours commissioned, 8,865 hours per week compared with 7,345 in the budget. This is partially offset by vacant posts within the in-house homecare service.

Community Resource Team - £182k underspend

Due to vacant posts over and above vacancy target.

Physical Disability Placements £414k underspend

Due to the recovery of surplus funds from service users direct payment accounts, £406k in total.

Mental Health £780k overspend

Projection includes any placements where costs have been agreed. New placements where costs have been agreed will have approximate start dates. It does not include placements agreed in principle and out to brokerage, on the assumption that the additional cost will be offset by placement discharges.

The figures also include recovery of surplus funds from service users direct payment accounts, £1.2m in total, of which £34k relates to this group of clients.

Housing Advice/Supported Tenancies £1.1m overspend

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.

Prior to the pandemic, average number in temporary accommodation at any one time was 50 households. Latest figures show 217 households are in temporary accommodation.

Work is ongoing to implement the Rapid Rehousing Plan which will ultimately reduce the use of temporary accommodation in the longer term and increase the stock of social housing across the borough, however this will develop over a period of between 5 – 10 years.

Hostels £299k overspend

This overspend is due to additional security being needed at two hostel sites (£124k) and the cost of leased properties used for temporary accommodation (£195k)

Risks

The SSHH budget is currently being underpinned by the use of £6.8m of earmarked directorate reserves. These reserves are being used to fund the 'pressures to be monitored' which were included in the 2023/24 budget proposals as potential pressures which would not be built into the base budget but would require reserve funding if they became real costs.

It is not sustainable to continue to fund these costs from reserves on a permanent basis as the directorate reserves will run out in 2024/25 so consideration will need to be given as to how these costs can be funded on a permanent basis if they are going to be ongoing.

The figures do not include any in-year uplifts for providers. Providers of social care were given between 11% and 15% uplift for 23/24 to cover inflationary pressures. Social services commissioning team are receiving requests for additional increases to fees, sometimes with notice given on

placements if the higher fee is not agreed. The cost of finding alternative care will usually be more expensive than agreeing the higher fee.

Environment (ENV)

Based on costs incurred to date the ENV directorate is projected to overspend by £505k.

Car Parking £319K overspend

This overspend is due to two reasons. Firstly, due to a fall in footfall since COVID in town centres, the car parking income is lower. Secondly the budget agreed at Cabinet and Council included a proposal that car parking income would need to increase by £200k. This proposal has been agreed but we will not see a full financial year impact of the additional income until the next financial year.

Building Maintenance £253k overspend

This pressure has arisen due to increased prices on external contracts and demand on emergency repairs.

Waste disposal £189k underspend

This is due to increased recycling income and reduced electricity costs due to the recent installation of solar panels. However, the current contract for electricity is due to end and this may result in an increased charge.

Business support £132k underspend

This is due to an underspend on salaries as permanent staff have been seconded to the shared prosperity fund grant to maximise grant funding.

Strategy and Corporate Services (CORP)

Based on costs incurred to date the CORP directorate is projected to underspend by £27k

Council Tax £114k

This over spend is due to an increase in bank fees and increased costs relating to postage. Work is ongoing in relation to minimising the amount of external mail however there are specific legislative requirements which do need to be complied with.

Central Budgets

Based on costs incurred to date the central budgets are projected to underspend by £1.6m

Contingency £549k underspend

This budget is projecting to underspend by £549k due to a number of small in year variances such as increased salary sacrifice savings.

Energy, efficiency, transition and contingency £600k underspend

This budget is projecting to underspend by £600k after transferring £700k into the accommodation reserve to fund energy efficiency lighting schemes which will now be delivered during 2024/25. One off funding to the Environment directorate and schools in relation to energy costs has also been funded from this budget (£1.5m in total).

Council tax reduction scheme £479k underspend

This budget is projecting to underspend by £479k with 15,518 people currently receiving a reduction to their council tax in year.

Virements

Please see below proposed virements which will need to be agreed as cross directorate budget transfers.

Virements across directorates			
Directorate	Service Area	Value	Reason
To ENV from SCS	Trading Standards	£ 26,000	Transfer of post part year

Council Reserves

Under the Council's constitution the use of existing reserves by Corporate Directors requires prior consultation with the Chief Finance Officer.

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

Due to the cost of living crisis, rising energy prices and inflation there is a risk within the current budget projections which could result in further variances at the end of the financial year.

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 current projected budget outturn and reserves position; including the repurposing of reserves detailed in the main body of the report.
- **Approve** the virements set out in the main body of this report.
- **Note** the progress against the agreed savings
- **Note** that Officers will continue to implement additional cost saving and income generation measures in year in order to reduce the current overspend position. These measures will only be where they can be delivered within existing policy frameworks.

Reason for Proposed decision

To comply with the Council's constitution in relation to budget for virements.

Implementation of Decision

The decision is proposed for implementation after the three day call in period.

Appendices

Appendix 1-Reserve Schedule

Appendix 2-Agreed savings RAG rating

Background Papers

Budget Working Papers

Officer Contact

Huw Jones – Chief Finance Officer

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Description	Reserve balance at 1st April 2023 £	Original budget reserves 2023/24	Additional movements to June 2023 £	Additional movements to September 2023 £	Repurposing agreed as part of Q2 report £	Additional movements to December 2023 £	Closing reserves 31 st March 2024 £
Social Services Equalisation	Cr3,370,114	2,873,873	0	0	0	Cr774,000	Cr1,270,241
Community Resilience Fund	Cr1,750,000	0	0	0	0	0	Cr1,750,000
Housing Warranties Reserve	Cr220,000	0	0	0	0	0	Cr220,000
Hillside General Reserve	Cr431,098	0	0	0	0	0	Cr431,098
Ring fenced homecare funding	Cr234,000	0	0	152,000	0	0	Cr82,000
Youth Offending Team Reserve	Cr167,897	0	0	0	0	0	Cr167,897
Adoption Service	Cr880,000	500,000	0	0	0	0	Cr380,000
Total Social Services, Health and Housing	Cr11,564,261	4,880,290	0	152,000	0	Cr774,000	Cr7,305,971
<u>Environment</u>							
Transport Reserve	Cr315,173	60,000	0	Cr195,000	0	Cr90,000	Cr540,173
Asset Recovery Incentive Scheme	Cr44,593	0	Cr43,301	0	0	0	Cr87,894
Swansea Bay City Deal	Cr221,000	0	0	0	0	Cr35,000	Cr256,000
Local Development Plan	Cr363,124	76,787	0	Cr69,000	0	0	Cr355,337
Parking improvement	Cr88,000	63,000	0	0	0	Cr38,850	Cr63,850
DARE Reserve	Cr2,000,000	0	0	0	2,000,000	0	0
Waste Reserve	Cr1,536,454	900,000	0	Cr816,792	0	Cr700,000	Cr2,153,246
Winter Maintenance Reserve	Cr568,429	0	0	0	0	0	Cr568,429
Neath Market	Cr253,107	0	0	0	0	0	Cr253,107
Baglan Bay Innovation centre - dilapidation reserve	Cr77,517	0	0	0	0	0	Cr77,517
Renewable Energy Reserve	Cr17,959	0	0	0	0	0	Cr17,959
Environmental Health - Housing Equalisation	Cr95,000	58,301	0	0	0	0	Cr36,699
LAWDC Contingency Reserve	Cr815,177	0	0	Cr750,000	0	0	Cr1,565,177

Description	Reserve balance at 1st April 2023 £	Original budget reserves 2023/24	Additional movements to June 2023 £	Additional movements to September 2023 £	Repurposing agreed as part of Q2 report £	Additional movements to December 2023 £	Closing reserves 31 st March 2024 £
Workways - NPT	Cr325,522	0	0	0	0	325,522	0
Environment Equalization Reserve	Cr1,097,403	147,556	104,177	Cr127,427	0	Cr680,027	Cr1,653,124
Metal box Reserve	Cr779,909	Cr305,333	0	0	1,085,000	0	Cr242
Pantteg Landslip Reserve	Cr500,000	0	0	32,737	0	32,302	Cr434,961
							0
<u>Trading Account</u>							0
Operating Account -Equalisation	Cr36,043	0	0	0	0	0	Cr36,043
Vehicle Tracking	Cr92,186	0	0	71,000	0	0	Cr21,186
Vehicle Renewals	Cr3,471,874	2,275,246	0	Cr392,000	0	Cr2,379,170	Cr3,967,798
Total Environment	Cr12,698,470	3,275,557	60,876	Cr2,246,482	3,085,000	Cr3,565,223	Cr12,088,742
<u>Strategy and Corporate Services</u>							
Elections Equalisation Fund	Cr151,139	Cr15,000	0	0	0	0	Cr166,139
Health & Safety/Occupational Health	Cr40,501	0	0	0	0	0	Cr40,501
Digital Transformation Reserve	Cr1,170,000	0	0	0	0	0	Cr1,170,000
Schools IT Equalisation (HWB)	Cr470,000	70,000	0	0	0	0	Cr400,000
Development Fund for Modernisation	Cr76,032	0	0	0	76,000	0	Cr32
Digital renewal reserve	Cr1,754,394	400,000	590,000	0		Cr470,000	Cr1,234,394
Chief Executives Equalisation Reserve	Cr359,736	105,000	0	0	157,000	0	Cr97,736
Organisational development reserve	Cr4,636,436	280,000	17,000	0		0	Cr4,339,436
Building Capacity	Cr241,295	52,000	10,000	0	59,000	0	Cr120,295
Voluntary Organisation Reserve	Cr89,744	0	0	89,744	0	0	0
Total Strategy and Corporate Services	Cr8,989,277	892,000	617,000	89,744	292,000	Cr470,000	Cr7,568,533

Description	Reserve balance at 1st April 2023 £	Original budget reserves 2023/24	Additional movements to June 2023 £	Additional movements to September 2023 £	Repurposing agreed as part of Q2 report £	Additional movements to December 2023 £	Closing reserves 31 st March 2024 £
<u>Corporate Other</u>							
Insurance Reserve	Cr4,445,382	280,000	0	0	0	0	Cr4,165,382
Covid recovery	Cr1,406,578	824,650	Cr12,422	0	0	0	Cr594,350
Income Generation Reserve	Cr1,663,230	0	0	50,000	1,500,000	0	Cr113,230
Members Community Fund Reserve	Cr351,974	0	0	0	352,000	0	26
Capital support reserve	Cr683,447	0	0	0	0	0	Cr683,447
Hardship relief scheme	Cr1,725,000	0	0	300,000	0	300,000	Cr1,125,000
Service resilience	Cr874,072	874,072	Cr32,500	Cr44,000	0	Cr13,250	Cr89,750
Discretionary fund	Cr335,725	0	0	0	0	235,725	Cr100,000
Corporate Contingency	Cr2,492,993	930,273	Cr305,000	0	0	Cr791,775	Cr2,659,495
Strategic regeneration capacity building	Cr1,500,000			0	1,500,000	0	0
Treasury Management Equalisation Reserve	Cr8,407,767	0	0	0	0	0	Cr8,407,767
Accommodation Strategy	Cr2,273,580	0	0	0	0	Cr900,000	Cr3,173,580
Transformation and modernisation					Cr7,700,000	1,000,000	Cr6,700,000
							0
Total Corporate Other	Cr26,159,748	2,908,995	Cr349,922	306,000	Cr4,348,000	Cr169,300	Cr27,811,975
<u>Joint Committee</u>							
Margam Discovery Centre - Building Maintenance Reserve	Cr117,107	Cr57,333	0	0	0	0	Cr174,440
Workways - Regional Reserve	Cr169,860		0	0	170,000	0	140
Environment Legacy Reserve (SWTRA)	Cr59,728		0	0	0	0	Cr59,728

Description	Reserve balance at 1st April 2023 £	Original budget reserves 2023/24	Additional movements to June 2023 £	Additional movements to September 2023 £	Repurposing agreed as part of Q2 report £	Additional movements to December 2023 £	Closing reserves 31 st March 2024 £
Substance Misuse Area Planning Board	Cr153,568		0	0	0	0	Cr153,568
WB Safeguarding Board Reserve	Cr94,676		0	0	0	0	Cr94,676
Intermediate Care pooled fund	0		0	0	0	0	0
Total Joint Committee	Cr594,939	Cr57,333	0	0	170,000	0	Cr482,272
Total All Earmarked Reserves	Cr70,798,821	12,009,414	337,629	Cr1,438,738	199,000	4,333,887	Cr55,357,628
General Reserve	Cr20,150,693	4,900,000	0	0	Cr199,000	0	Cr15,449,693
TOTAL ALL RESERVES	Cr90,949,514	16,909,414	337,629	Cr1,438,738	0	4,333,887	Cr70,807,321

2023/24 Budget – Savings monitoring RAG Analysis

Ref	Savings strategy	Responsible officer	2023/24 Saving £	Deliverability Status R/A/G	Comment/ Consequence
	Efficiency/Economy measures identified				
E&E1	Car Allowances	All managers	400,000	Green	
E&E2	CRB Checks	All managers	10,000	Green	
E&E3	Eye tests	All managers	7,000	Green	
E&E4	Water	All managers	52,000	Green	
E&E5	General office expenses, books and subscriptions	All managers	125,000	Green	
E&E6	Pat testing	All managers	10,000	Green	
E&E7	Periodicals, municipal journals etc.	All managers	2,500	Green	
E&E8	Window cleaning	All managers	10,000	Green	
E&E9	Canvassing	All managers	10,000	Green	
E&E10	Stationery	All managers	75,000	Green	
E&E11	Conference fees - overnight travel etc.	All managers	5,000	Green	
E&E12	Furniture purchasing	All managers	10,500	Green	
E&E13	Postages	All managers	3,000	Green	
E&E14	Medical Fees	All managers	40,000	Green	
E&E15	External printing	All managers	33,888	Green	
E&E17	Hire of room	All managers	17,000	Green	
	Accommodation				
ACC1	Buildings to be vacated - Closure of 5 satellite office buildings in phase 1 (2023/24)	Simon Brennan	158,000	Green	£113k achieved to date, Unable to negotiate surrender of Baglan resource centre-current lease ends August 25 th 2029. Savings achieve elsewhere
	Grants				
GR1	Maximisation of external grant funding	Simon Brennan	500,000	Green	Relates to SPF funding

Appendix 2

Ref	Savings strategy	Responsible officer	2023/24 Saving £	Deliverability Status R/A/G	Comment/ Consequence
GR2	Offset ALN post against existing grant	Hayley Lervy	63,190	Green	
GR3	Catering business administrative post against grant	Rhiannon Crowhurst	48,000	Green	
<u>Subsidy removal</u>					
SUB1	Margam Park	Chris Saunders	100,000	Green	
SUB2	Increased income at skills and training unit	Chris Millis	25,000	Amber	Still in process of identifying what option to use to achieve this saving-original option no longer available
SUB3	Full cost recovery of school cleaning service	Rhiannon Crowhurst	167,275	Amber	Discussion ongoing regarding phasing
SUB4	Gnoll County Park	Mike Roberts	30,000	Red	Subject to delivery of LUF project
SUB6	Afan forest park	Simon Brennan	1,882	Green	
SUB0	Leisure Services	Chris Saunders	250,000	Green	One of pension saving and additional income
<u>Service Remodelling and integration</u>					
SERV1	Digital Savings (Mobile and Photocopier contracts)	Chris Owen	150,000	Green	
Other					
OTHER1	Pension Recharges - reduction in historic early access charges as numbers drop	Huw Jones	67,000	Green	

Appendix 2

Ref	Savings strategy	Responsible officer	2023/24 Saving £	Deliverability Status R/A/G	Comment/ Consequence
OTHER2	Treasury Management - increased interest on investments	Huw Jones	500,000	Green	
OTHER3	Management of change recharge - Remove base budget for ER/VR use Organisation Development reserve if required	Andrew Thomas	200,000	Green	
OTHER4	Fall in pupil numbers as per settlement	Andrew Thomas	733,000	Green	
OTHER5	Pension Recharges - reduction in employer contribution rate from 2023/24	Huw Jones	5,109,000	Green	
OTHER6	Reversal of Social Care Levy - reduced employer national insurance contributions	Huw Jones	1,364,000	Green	
OTHER7	Vacancy management target - assumed 5% reduction in salary costs due to natural vacancies / turnover	All Directors	2,915,000	Green	
OTHER8	Council tax reduction scheme - reduction in claimants since pandemic levels	Huw Jones	750,000	Green	
OTHER9	Council tax collection rate - Cabinet approved increase to collection rate of 98% in Nov2022	Huw Jones	1,000,000	Green	
OTHER10	Offset costs against capital programme	Huw Jones	260,000	Green	
OTHER11	Corporate savings-Cex Budget - various initiatives across the four divisions of the corporate services portfolio - Legal, Finance, Digital and Organisational Development	Noelwen Daniel	150,000	Green	
Total			15,352,235		