

# CYNGOR SIR CEREDIGION COUNTY COUNCIL

**Report to:** Cabinet

**Date of meeting:** 17/07/24

**Title:** 23/24 Controllable Revenue Budget Outturn

**Purpose of the report:** To report on the final 23/24 Revenue position

**For:** Information

**Cabinet Portfolio and Cabinet Member:**  
Councillor Gareth Davies, Cabinet Member for Finance and Procurement

## 1. Summary

This report provides Cabinet with information on the Council's final Controllable Revenue Budget performance for the 23/24 financial year. Members will recall that the Q3 monitoring report (for the period to 31/12/23) had forecast a £1.5m overspend, which had been a considerable improvement from the Q2 position (for the period to 30/09/23) which had forecast a £2.7m overspend.

The final overall revenue outturn position to report for 23/24 is a small overspend of £10k, against a 23/24 Budget of £180.1m. This position is after allowing for a transfer of £250k into reserves in relation to the April 2024 Payaward.

The final position results in the Council's General Balances remaining broadly unchanged at £6.7m, equating to 3.5% of the 24/25 Budget (therefore still being within the target range of between 3% and 5%).

The final position can be summarised as follows:

	<b>23/24 Latest Budget £'000</b>	<b>23/24 Actuals £'000</b>	<b>Under/ (Over) spend £'000</b>
<b><u>Controllable Budget</u></b>			
Core Controllable Budget	<b>180,101</b>	179,906	195
Transfer to Reserves for April 2024 Pay	-	250	(250)
<b>Total Controllable Budget</b>	<b>(180,101)</b>	<b>(180,156)</b>	<b>(55)</b>
<b><u>Funding</u></b>			
Council Tax	<b>(50,908)</b>	(50,948)	40
NNDR + RSG	<b>(129,193)</b>	(129,198)	5
<b>Total Funding</b>	<b>(180,101)</b>	<b>(180,146)</b>	<b>45</b>
<b>Overall Outturn Position</b>	<b>-</b>	<b>10</b>	<b>(10)</b>

Earmarked reserves are regularly reviewed and a full breakdown is shown in Appendix 1. In overall terms, specific Earmarked reserves (excluding General Balances) have decreased at year-end from £48.8m to £44.0m (being 23% of the 24/25 Budget). It was always expected that Earmarked Reserves were at their peak at 31/03/22 (£53.9m) and would then start declining, but that this would happen in a controlled and managed way. At this stage the decline is slower than anticipated, due in part to lower matched funding being drawn down on major capital schemes as at 31/03/24, this is however purely a timing issue.

Key points to note within the Outturn position include:

- The April 24 general staff payaward remains unconcluded at the time of writing. The full and final pay offer tabled by the National Employers of £1,290 per spinal point (up to and including SCP43) and then 2.5% for all grades above this, exceeds the level of provision made in the 24/25 Budget by c£260k. Therefore, in recognition of the pressures that all Services (including Schools) are under and the considerable efforts made by all Services to achieve a balanced outturn position for 23/24, a contingency sum of £250k has been set aside in reserves for the April 2024 Payaward. Without this, there would be a need for further in-year savings, however it does mean an added cost pressure for the 25/26 Budget setting process. This sum does not cover the impact on grant funded posts, which will need to be found within grant allocations.
- The monies available for the [Ceredigion Community Housing Shared Equity scheme](#), using Council Tax premium receipts, now stands at £2.557m as at 31/03/24. From 01/04/24 any future transfers to this reserve will be capped, so that the total level of funding held does not exceed £2.0m.
- A £500k sum has been transferred from the Boosting the Economy, Supporting Businesses & Enabling Employment reserve to the Placements Equalisation reserve. This is in recognition that there remains an elevated risk in relation to high cost Social Care placements and this approach provides a partial mitigation.
- The Council's annual Travel & Subsistence costs are now in the region of £750kpa. This has been achieved largely as a result of Hybrid Working, compared with costs of typically c£1.25m pa pre pandemic. At its peak in 2010/11 the Council's Travel & subsistence costs were £2.5m - meaning a 70% reduction in costs is now being achieved.

## **2. Budget Performance**

There has been a multitude of budget pressures for Services to contend with during the year, the majority of which then featured heavily in the 24/25 Budget Setting process.

Recognising the challenging in year financial position, Leadership Group implemented a very proactive financial management approach in August 2023, having received input and advice from the Section 151 officer. This included measures ranging from using certain earmarked reserves, asking various services to make in year savings and putting financial controls in place on expenditure and

recruitment (recognising though that core statutory, contractual and existing obligations need to be met). At the Q3 stage, all Services were asked to continue to take actions wherever possible to improve the position by year-end.

It is a credit to all Corporate Lead Officers, their Corporate Managers and staff that the proactive approach (and the resulting controls implemented) has been successful in eliminating the £1.5m projected overspend. It is recognised though that most of these actions were in year and one-off and therefore do not generate ongoing base budget savings. It does however highlight how adept budget-holders need to be in a challenging financial landscape. The 24/25 financial year will require a similar approach in order to manage the delivery of the £5.8m Budget Reductions.

Key in year Budget pressures during 23/24 have included:

- Elevated levels of staff pay-awards due to high levels of inflation in the economy. The Council does not set, determine or negotiate any staff pay-awards itself, it merely receives notification of decisions made by other bodies (Welsh Government for Teachers Pay and by the UK Local Government Employers body for general Council staff) and then has a duty to implement them.
- Higher tendered costs for statutory Home to School Learner transport.
- Out of County Children’s placements (accounted for under Leadership Group) have incurred a total spend of £7.1m against a 23/24 Budget of £4.9m. This includes a Month 12 budget movement of £600k from Porth Gofal to Leadership Group to reflect the fact that the planned in county facilities (for which a part year budget was set in 23/24) will become operational during 24/25 rather than 23/24.
- Recruitment has remained a challenge for a number of Services, which has meant using agency staff and other contract arrangements to fill key operational posts in front line services, where this is deemed essential for service continuity. The following table shows the expenditure incurred by various Services, it should be noted that the costs are gross and there have been savings from vacant posts and the use of grant funding that have provided a partial offset.

Service	Area	Actual Cost £'000
Porth Gofal	Local Authority Care Homes	1,852
Porth Gofal	Enablement / Domiciliary Care	358
Porth Gofal & Porth Cynnal	Professional Social Workers	2,996
Porth Cynnal	Managed Team contract	969
Highways & Environmental Services	Waste Collection operatives	194
Schools	Supply Teachers	2,234

- The increasing demands on Social Care show no sign of easing. There have been significant cost pressures in areas such as Older Persons residential placements, Unaccompanied Asylum Seeking Children

placements, Independent Fostering Agency costs (IFAs), Mental Health residential placements and Learning Disability Floating support. Across the Pwrth Through Age Model, the final outturn position was an overspend of £1.9m.

There have however been various positive aspects during 23/24, which have provided an offset to the above:

- With interest rates reaching 5.25% in August 2023 and the path of the Bank of England cutting interest rates having not yet started, this has led to higher returns being received on cash balances, combined with no new external borrowing being undertaken during the year. A significant gain of £2.0m has therefore been achieved across the Treasury Management budgets within the F&P Service.
- Officers in multiple services have worked hard to maximise the benefit of external grant funding opportunities. For example, funding has been successfully drawn down and used to maximum effect in relation to the UK Shared Prosperity Fund, Health & Social Care Regional Integration Fund, Eliminating Profit in Children's Social Care, Children & Communities grant, Housing Support Grant and supporting Ukrainian Refugees.
- One-off gains have materialised in 23/24 in relation to additional backdated funding for the Food Centre Wales in Horeb (£763k) and a backdated Business rates refund for the Ceredigion Museum (£110k).
- There has been a small overall surplus on Council Tax collection of £40k.

School Balances have decreased from £5.1m down to £3.8m, meaning £1.3m has been utilised by Schools over and above their formula funding allocations. The 31/03/22 peak for School Balances was £8.3m. As at 31/03/24, there is 1 Ceredigion School with a deficit balance, which is a small rural Primary School. The Council continues to actively support all Schools following the setting of the 24/25 Budget.

A fuller breakdown of the Controllable Budget Performance for all Services is shown overleaf:

<b>Corporate Lead Officer / Service</b>	<b>23/24 Latest Budget £'000</b>	<b>23/24 Actuals £'000</b>	<b>Under/ (Over) spend £'000</b>	<b>Comment</b>
Customer Contact, ICT & Digital	<b>6,490</b>	6,186	304	Underspends in the core ICT service (£176k - due to staffing savings) and Customer Services (£94k - due to staff turnover in CLIC), together with smaller positive variances in each of Registrars (£24k), Libraries (£11k) and Archives / Modern Records (£11k).
Democratic Services	<b>5,023</b>	4,698	325	Mainly due to an underspend in Corporate Service Support (£166k) due to vacancy drag and the benefit of grant funding, combined with staff savings in the Translation team (£85k). Members Allowances also underspent by £34k partly due to 2 bi-elections in the year.
Economy & Regeneration	<b>3,966</b>	3,966	-	A break even position has been achieved, This is largely due to the benefit of additional funding for the Food Centre Wales which has enabled a transfer to the FCW reserve of £453k to assist with planned future developments at Horeb, together with any potential future funding stream gaps. This has offset a net £180k overspend within Property Services (which was mainly due to slower progress than anticipated on repurposing Council buildings and achieving additional rental income).
Finance & Procurement	<b>18,982</b>	16,626	2,356	Treasury Mgmt savings / additional income is £2.0m of the underspend, alongside underspends in core service operations (£299k) and the Council Tax Reduction Scheme (£319k). This has enabled a £250k transfer to reserves to assist all Services with the April 24 payaward offer.
Highways & Environmental Services	<b>19,414</b>	19,212	202	A stronger than expected income position from Capital Salaries and Road Closures (£348k better), together with lower core staff costs (£212k) and an underspend on CPTU (£242k) mainly on Social Care transport, has contributed to an overall underspend position. However there was an overspend in Waste Collection (£523k) and a shortfall on Car Parking income (£221k).
Legal and Governance	<b>1,659</b>	1,694	(35)	Social Care related Legal costs have been higher than budgeted by £46k.
People & Organisation	<b>2,341</b>	2,390	(49)	An increase in legacy Pension costs (£29k) has caused the majority of the overspend.
Policy, Performance & Public Protection	<b>2,495</b>	2,241	254	The underspend has arisen from a combination of Employee savings and maximisation of external funding. The Public Protection service contributed £192k of the underspend. A Contaminated Land remediation works case remains to be concluded.

<b>Corporate Lead Officer / Service</b>	<b>23/24 Latest Budget £'000</b>	<b>23/24 Actuals £'000</b>	<b>Under/ (Over) spend £'000</b>	<b>Comment</b>
<u>Pyrth Through Age Model</u>				
Porth Cymorth Cynnar	<b>4,111</b>	3,751	360	The underspend has arisen mainly on the Children & Families Service (£220k) and the Youth Service (£77k) with both services maximising the benefit of external funding and also on the Housing Service (£140k - due partly to £84k of ECO4 income).
Porth Cynnal	<b>33,731</b>	36,000	(2,269)	The trend of increasing demand and complexities has continued in 23/24. This is particularly acute within the Planned Care service where there was an overspend of £2.3m, which includes Looked after Children in county (£501k overspend, which includes IFAs and Unaccompanied Asylum Seeking Children placements) and Older Persons placements (£1.430m overspent). Social Worker Market Supplements (£163k) and a Commissioned contract in Planned Care (£1m) have been funded from reserves. Significant spend has also been incurred on agency staff across various teams within the Service. The service has maximised various grant funding opportunities wherever possible which has helped improve the position from Q3.
Porth Gofal	<b>14,901</b>	14,923	(22)	Despite significant costs being incurred on agency staff, in particular in LA Care Homes and Porth Gofal Triage, the service overall has nearly broken even. This is due to an offset coming from Day Services (£500k underspend) plus the benefit from various grant funding streams. As planned, £550k has been used from reserves in relation to Hafan yr Waun Care Home.
	<b>52,743</b>	54,674	(1,931)	The TAW position has improved significantly from the Q3 forecast of a £3.1m overspend.
<u>Schools &amp; Lifelong Learning</u>				
Schools & Lifelong Learning (LEA)	<b>9,252</b>	8,449	803	The main area of underspend has been on the Lifelong Learning part of the service (£491k), mainly due to the benefit of grant funding in HCT combined with a small element from vacant posts. The Corporate Catering service underspent by £260k - largely due to the positive effect from an increase in the FSM unit rate to £3.20, thereby reducing the level of Council subsidy.
Delegated Schools Budgets	<b>47,536</b>	47,536	-	There has been a £1.3m overall decrease in School Balances.
	<b>56,788</b>	55,985	803	
Leadership Group	<b>5,252</b>	7,380	(2,128)	The Out of County Placement costs budget is still under considerable pressure, with expenditure of £7.131m against a budget of £4.85m - leading to an adverse variance of £2.281m.
Levies, C/Tax Premium & Reserves	<b>4,948</b>	5,104	(156)	£760k of Council Tax premium monies has been transferred to the Community Housing Scheme reserve, which now stands at £2.557m as at 31/03/24.
<b>Total Controllable Budget</b>	<b>180,101</b>	<b>180,156</b>	<b>(55)</b>	

### **3. Conclusion**

The 23/24 financial performance continues to demonstrate that the Council's overall financial position remains resilient and is being carefully and proactively managed through what is an incredibly challenging financial period.

Services and their Budget-holders have risen to the in-year challenge required of them by the Section 151 officer and Leadership Group and the improvement since Q3 is a considerable achievement.

As the 24/25 Budget setting process has shown, the financial outlook remains challenging both in terms of the delivering against the approved 24/25 budget and the wider medium term financial outlook.

Staff in the Finance & Procurement Service will now concentrate on producing the formal Statement of Accounts ready for external audit by Audit Wales in due course.

#### **Wellbeing of Future Generations:**

**Has an Integrated Impact Assessment been completed? If, not, please state why.**

No – Report is for information not decision.

#### **Recommendation(s):**

To note the 23/24 Revenue Outturn position.

#### **Overview and Scrutiny:**

Considered during the Budget Setting process.

#### **Corporate Well-being Objectives:**

The Budget underpins all Corporate Well-being Objectives.

#### **Finance and Procurement implications:**

As outlined within the report.

#### **Legal Implications:**

Part of the Section 151 officer's role and responsibility for the proper administration of the Council's financial affairs under Local Government Finance Act 1972.

#### **Staffing implications:**

Continued elevated levels of Payawards pose a higher risk of potential job losses in order to contain costs to the Budget available.

#### **Property / asset implications:**

Not applicable

#### **Risk(s):**

The Medium Term Financial Risk forms part of the Corporate Risk Register. The financial risk score has been formally increased to the maximum possible score of 25.

#### **Background Papers:**

Revenue Budget 23/24

**Appendices:**

Appendix 1: Earmarked Reserves

**Corporate Lead Officer:**

Duncan Hall, Corporate Lead Officer: Finance & Procurement

**Reporting Officer:**

Duncan Hall, Justin Davies and Kirsty Dawson

**Date:**

04/06/24



## STATEMENT OF EARMARKED RESERVES AND GENERAL BALANCES

Reserve Name	Actual Balances as at 31/03/23 £'000	Actual Transfers (To)/from Reserves £'000	Entries (To)/from General Balances £'000	Actual Balances as at 31/03/24 £'000	Reserve purpose
Delegated Schools Budget - Primary	(2,593)	748	-	(1,845)	Delegated Schools individual reserves (Ringfenced)
Delegated Schools Budget - Secondary	(1,451)	475	-	(976)	Delegated Schools individual reserves (Ringfenced)
Delegated Schools Budget - All Through	(1,083)	109	-	(974)	Delegated Schools individual reserves (Ringfenced)
<b>Delegated Schools Budget - All Schools subtotal</b>	<b>(5,127)</b>	<b>1,332</b>	<b>-</b>	<b>(3,795)</b>	
Insurances - Supply Cover	(85)	85	-	-	Internal Self Insurance scheme for Schools via SLA
Schools, Lifelong Learning & Culture Services	(770)	174	-	(596)	General Service reserve
<b>Schools, Lifelong Learning &amp; Culture Services</b>	<b>(5,982)</b>	<b>1,591</b>	<b>-</b>	<b>(4,391)</b>	
Corporate Capital	(6,196)	540	-	(5,656)	Support and Supplement the Capital Programme
Education Penweddig PFI	(1,614)	301	-	(1,313)	Whole life model to deal with unitary charge etc fluctuations for Penweddig PFI contract which runs to December 2030
Funding / CTRS Equalisation	(700)	-	-	(700)	Interest rates equalisation plus smoothing for any potential Council Tax Reduction Scheme volatility
Corporate Redundancy	(1,062)	-	-	(1,062)	Employee Termination Costs
Insurance	(1,206)	(140)	-	(1,346)	To fund insurance matters including excesses / Human Rights
Finance - General	(480)	(45)	-	(525)	General Service reserve
<b>Finance &amp; Procurement</b>	<b>(11,258)</b>	<b>656</b>	<b>-</b>	<b>(10,602)</b>	
Democratic Services	(112)	-	-	(112)	General Service reserve
County Council Election reserve	(35)	-	-	(35)	Local Council Elections (including Bi-elections)
<b>Democratic Services</b>	<b>(147)</b>	<b>-</b>	<b>-</b>	<b>(147)</b>	
People & Organisation	(17)	17	-	-	General Service reserve
<b>People &amp; Organisation</b>	<b>(17)</b>	<b>17</b>	<b>-</b>	<b>-</b>	
Porth Cymorth Cynnar	(2)	-	-	(2)	General Service reserve
Pyrth Investment	(250)	-	-	(250)	General Service reserve including trials/dev'ts
Porth Gofal	(50)	(354)	-	(404)	General Service reserve (incs Grant mgmt)
<b>Pyrth Through Age Model</b>	<b>(302)</b>	<b>(354)</b>	<b>-</b>	<b>(656)</b>	
Policy, Performance & Public Protection	(127)	-	-	(127)	General Service reserve
<b>Policy, Performance &amp; Public Protection</b>	<b>(127)</b>	<b>-</b>	<b>-</b>	<b>(127)</b>	
Highways & Environmental Services	(1,086)	(18)	-	(1,104)	General Service reserve (incs Grant mgmt)
Winter Maintenance/Storm Repairs	(155)	-	-	(155)	To be used due to a prolonged or severe winter weather event
Environmental & Flood Protection	(177)	-	-	(177)	To support the clean-up after a severe weather event at any time
Civil Parking Enforcement	(102)	(80)	-	(182)	Ring-fenced - Road Traffic Regulation Act 1984
<b>Highways &amp; Environmental Services</b>	<b>(1,520)</b>	<b>(98)</b>	<b>-</b>	<b>(1,618)</b>	

**STATEMENT OF EARMARKED RESERVES AND GENERAL BALANCES**

Reserve Name	Actual Balances as at 31/03/23 £'000	Actual Transfers (To)/from Reserves £'000	Entries (To)/from General Balances £'000	Actual Balances as at 31/03/24 £'000	Reserve purpose
Local Development Plan	(233)	-		(233)	Planning policy for LDP / SDP related work
Economy & Regeneration	(93)	-		(93)	General Service reserve
Food Centre Wales (Horeb)	(198)	(453)		(651)	To support the Food Centre Wales (including potential gaps
Growth Deal	(219)	100		(119)	Mid Wales Growth Deal - match funding etc
Sewage Treatment Works Improvement Programme	(452)	-		(452)	Capital Improvement / Adoption programme of works
<b>Economy &amp; Regeneration</b>	<b>(1,195)</b>	<b>(353)</b>	-	<b>(1,548)</b>	
ICT & Digital Investment	(1,000)	-		(1,000)	To support the new Digital Strategy including ICT / Systems
Schools ICT Infrastructure Replacement	-	(262)		(262)	To support future Schools ICT Infrastructure Replacement
Customer Contact, ICT & Digital	(181)	(75)		(256)	General Service reserve (incs Grant mgmt)
<b>Customer Contact, ICT &amp; Digital</b>	<b>(1,181)</b>	<b>(337)</b>	-	<b>(1,518)</b>	
Contingency & Budget Management	(4,137)	1,380		(2,757)	Corporate Contingency & General Budget Management reserve
Cost and Inflationary Pressures	(1,322)	534		(788)	To fund Cost & Inflationary Pressures
Placements Equalisation	-	(500)		(500)	To smooth the cost of high-end Social Care Placements
Community Housing Scheme (Council Tax Premium)	(1,797)	(760)		(2,557)	Community Housing Scheme as approved by Cabinet on 06/06/23
Providing the Best Start in Life & Enabling Learning at All ages	(4,877)	1,507		(3,370)	Investment to help deliver the specific corporate priority
Boosting the Economy, Supporting Businesses & Enabling Employment	(8,000)	500		(7,500)	Investment to help deliver the specific corporate priority
Creating Caring & Healthy Communities	(2,302)	290		(2,012)	Investment to help deliver the specific corporate priority
Creating Sustainable, Green & Well-connected Communities	(4,640)	747		(3,893)	Investment to help deliver the specific corporate priority
<b>Leadership Group</b>	<b>(27,075)</b>	<b>3,698</b>	-	<b>(23,377)</b>	
<b>Total Earmarked Reserves</b>	<b>(48,804)</b>	<b>4,820</b>	-	<b>(43,984)</b>	
<b>GENERAL BALANCES</b>					
General Balances	(6,714)	-	10	(6,704)	Current policy to maintain at 3% to 5% range of overall budget
<b>Total General Balances</b>	<b>(6,714)</b>	<b>-</b>	<b>10</b>	<b>(6,704)</b>	
<b>GRAND TOTAL</b>	<b>(55,518)</b>	<b>4,820</b>	<b>10</b>	<b>(50,688)</b>	