

CYNGOR GWYNEDD - Report to Cyngor Gwynedd Cabinet

Title of item:	Revenue Budget 2023/24 - End of November Review 2023
Cabinet Member:	Councillor Ioan Thomas, Cabinet Member – Finance
Relevant Officer:	Ffion Madog Evans, Assistant Head of Finance Department - Accountancy and Pensions
Date of meeting:	23 January 2024

1. The Decision sought

- 1.1 To accept the report on the end of November 2023 review of the Revenue Budget and consider the latest financial situation regarding the budgets of each department / service.
- 1.2 To note that significant overspend is anticipated in the Adults, Health and Well-being Department, Children and Families Department, Highways, Engineering and YGC Department this year.
- 1.3 Approve the transfer of £4,241k of underspend on corporate budgets to the Council's Financial Strategy Reserve.

2. The reason why the Cabinet needs to make the decision:

- 2.1 It is the Cabinet's responsibility to take action, as necessary, to secure appropriate control over the Council's budgets (e.g., approval of significant virements or supplementary budgets).

3. Introduction and Rationale

Background / Introduction

- 3.1 The end of November report is submitted on the latest review of the Council's revenue budget for 2023/24, and a summary of the situation per Department is outlined in **Appendix 1**. The current projections suggest that all ten departments will overspend by the end of the year. Significant overspend is anticipated in the Adults, Health and Well-being Department, Children and Families Department, Highways, Engineering and YGC Department.

3.2 In **Appendix 2**, further details are provided relating to the main issues and the budget headings where significant variances are anticipated, along with specific recommendations where appropriate.

4. The reasoning and justification for recommending the decision

The Savings Situation

4.1 In recent years, we have reported on risks to achieve savings, which were most prominent in the Adults, Health and Well-being Department and in the field of Waste. Following a recent review of the savings that were not being realised, £2 million worth of savings schemes were abolished. In terms of the remaining plans, there are still risks in terms of realising some of the schemes.

4.2 The latest situation in terms of savings is that £39.1 million, namely 96% of the amended savings schemes since 2015, have now been realised.

5. Council Departments

5.1 Adults, Health and Well-being Department

The latest projections suggest £5.4 million of overspend, which is a result of a combination of many factors including several new and costly supported accommodation cases in the learning disability service. In the Domiciliary Care field, higher staffing costs with high levels of sickness and rates of non-contact hours, while higher fees by private providers in Older People's services.

In light of the exceptional overspend projection by the Adults, Health and Well-being Department, noting that the work commissioned by the Chief Executive is now underway to clarify complex details in the picture of adult care, in order to gain a better understanding of the issues and establish a clear program to respond. The work is led by the Statutory Director of Social Services.

5.2 Children and Families Department

The financial position of the department has significantly deteriorated since the review at the end of August, following an increase in costs due to the complications of out of county packages provided. By now an overspend of £1.3m is being anticipated by the department by the end of the financial year.

5.3 Education Department

The trend of increasing pressures on the school taxi and bus budget are becoming more prominent this year, with an overspend of £1.5m anticipated. The transport field is the subject of a strategic review to try to control the increase in expenditure, it is suggested that the work continues, so that it is possible to reduce overspending and take advantage of opportunities for efficiencies. A combination of underspending in other areas together with the use of reserves reduces the reported departmental overspend.

5.4 Byw'n lach

In recent years, the impact of Covid affected the Byw'n lach company's income. The Welsh Government compensated them for the loss in 2020/21 and 2021/22 from its hardship fund. In 2022/23, the Council provided £550k financial support to Byw'n lach above the contractual payment of the contract, for Byw'n lach to maintain its services. The financial support continues this year, and the required amount has reduced further to £350k.

5.5 Highways, Engineering and YGC Department

An overspend of £780k is anticipated by the department, a reduction was seen in work being commissioned by external agencies, which has a negative impact on the income of highway services. In municipal, a combination of factors, including additional pressure on the budgets of street cleaning and cleaning public toilets. There are income losses in ground maintenance and public toilets but higher income by the bereavement services which reduces the overspend reported.

5.6 Environment Department

The annual trend of overspend in the waste collection and recycling fields continues. Additional circuits have resulted in overspending on employment and fleet costs. Sickness and overtime levels are also problematic, while there are additional costs in terms of vehicle hire.

5.7 Housing and Property

The trend of significant pressure on the temporary accommodation services in homelessness continues to be very intense; this year, £3m of council tax premium as well as £1.2m one-off corporate covid provision was allocated to address the additional costs.

5.8 Corporate

Underspend on corporate because of prudent projections when setting the 2023/24 budget and a reduction in the numbers who claim the council tax reduction compared with previous years. Impact of the current treasury management policy which has meant that

it was possible to avoid external borrowing, thus avoiding the associated costs. Underspend on other budgets assisting to alleviate the additional pressure in terms of the national increase to the salaries of Local Government employees that was confirmed in November.

6. Conclusion

6.1 It is anticipated that all the Council's departments will be overspending by the end of the year with significant overspend in some fields. Therefore, use will need to be made of the Council's reserves to fund the £8.1m financial deficit anticipated for 2023/24. This is an improvement from the £9.1m financial deficit forecasted in the end of August review.

6.2 Although it was premature to transfer money from funds until the financial position is finalised at the end of the year, it is recommended that the procedure in terms of using funds to fund the financial deficit at the time will be:

- firstly, use £3,800k from the post-Covid recovery arrangements fund
- with the rest funded from the Council's Financial Strategy Reserve.

7. Next steps and timetable

7.1 To act on the recommendations submitted and present a follow-up report to Cabinet in May on the end of year position.

8. Views of the Statutory Officers

8.1 Chief Finance Officer

I have collaborated with the Cabinet Member in the preparation of this report, and I confirm the content.

8.2 Monitoring Officer

No observations to add in relation to propriety.

Appendices:

Appendix 1 - Summary of departmental budgets' net positions

Appendix 2 - Details of budgets and the significant variances