

CYNGOR GWYNEDD – Report to Cyngor Gwynedd Cabinet

Title of Item:	Final Accounts 2023/24 – Revenue Out-turn
Cabinet Member:	Councillor Paul Rowlinson, Cabinet Member for Finance
Relevant Officer:	Ffion Madog Evans, Assistant Head of Finance Department – Accountancy and Pensions
Date of meeting:	14 May 2024

1. Decision sought

1.1 To accept the report and consider the final financial position of the Council's departments for 2023/24:

	<i>Column A</i>	<i>Column B</i>	<i>Column C</i>	<i>Column D</i>
	Gross Over / (Under) Spend 2023/24	Recommended Adjustments		Adjusted Over/ (Under) Spend 2023/24
	£ '000	£'000	£'000	£ '000
Adults, Health and Well-being	3,906	(3,806)	0	100
Children and Families	2,611	(2,511)	0	100
Education	0	0	0	0
Economy and Community	308	0	(308)	0
Highways, Engineering and YGC	687	(587)	0	100
Environment	1,237	(1,137)	0	100
Housing and Property	255	(155)	0	100
Corporate Management Team & Legal	(11)	0	0	(11)
Corporate Support	(10)	0	0	(10)
Finance	(7)	0	0	(7)

1.2 To note the significant overspend in the Adults, Health and Well-being Department, the Children and Supporting Families Department, the Highways, Engineering and YGC Department, the Environment Department and the Housing and Property Department this year (See column A in the table above). To approve the following recommendations and virements (as outlined in **Appendix 2**) -

- The departments that are over-spending to receive one-off financial assistance to limit the overspend that will be carried forward by the Department to £100k (See column B in the table above).

- Financial support of £308k above the contracted payment to Byw'n Iach (See column C in the table above).
- On Corporate budgets:
 - use the remaining balance of £4,402k in the Covid Fund to assist the departments that have overspent in 2023/24.
 - use (£2,091k) of the Corporate net underspend to assist the departments that have overspent in 2023/24.
 - with the remainder of the net underspend of (£495k) on Corporate budgets being transferred to the Financial Strategy Support Fund.

1.3 To approve the amounts to be carried forward (the "Adjusted Over/(Under) Spend" column D above and in the summary in **Appendix 1**).

1.4 To approve the virements from the specific reserves as outlined in **Appendix 3** following a review of the reserves:

- harvesting (£1,703k) from reserves to be used in its entirety to assist the departments that have overspent in 2023/24.
- To use £2,975k to fund one-off bids in 2024/25 following the removal of £1,113k from the Transformation Fund and transferring £1,862k from the Financial Strategy Support Fund.

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

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

2.2 The Cabinet is requested to approve the final financial position for 2023/24, which is the basis of the statutory financial statements.

3. Introduction and Rationale

Background / Introduction

3.1 A summary of the final position of all departments has been outlined in **Appendix 1**, with the amounts to be carried forward (subject to Cabinet approval) in the "2023/24 Revised Over/(Under) Spend" column. At the end of the year, five departments have a significant overspend.

3.2 In **Appendix 2**, further details are provided relating to the main issues and the fields where there were significant variances to what was reported previously, along with several specific recommendations. Those recommendations have been highlighted for consideration in 1.2 above.

3.3 In the last review of the revenue budget undertaken on the end of November 2023 position, a shortfall of £8.1m was anticipated. Since then, the overspend by Council departments has increased to £9m. The main overspend fields are adults care, children's out-of-county placements, waste, and homelessness. The favourable situation of several corporate budgets helps somewhat ease the financial position for the Council as a whole by the end of the financial year.

4. The Savings Situation

4.1 During 2023/24, plans to the value of £2 million which had substantial risks in terms of their delivery were removed as a part of the End of August 2023 Review; almost £1.5 million were relevant to the Adults, Health and Well-being Department, and the rest were relevant to the Environment Department, Highways, Engineering and YGC Department, and the Housing and Property Department.

4.2 After reviewing the savings situation, it appears that over £39 million, namely 96% of the amended savings schemes since 2015, have now been realised.

5. Council Departments

5.1 The main issues at the end of the financial year are as follows:

5.2 Adults, Health and Well-being Department

A reduction was seen in the overspend to £3.9 million, compared with the £5.4 million anticipated in the November review. Since the last review, the department has received grants and income which has assisted with the situation. However, increasing pressures and the expense of supported accommodation in the Learning Disabilities Service is accountable for £1.8m of the overspend. In the field of Domiciliary Care, higher staffing costs and sickness levels and non-contact hours are high, whilst there are pressures on private care home providers as we move to the new provision model in Older People services.

In light of the exceptional overspend by the Adults, Health and Well-being Department, the Chief Executive commissioned work earlier on in the year to explain the complex detail in Adults care, in order to gain a better understanding of the issues and set a clear agenda to respond. The work is being addressed and is being led by the Statutory Director of Social Services, with the intention of reporting on the findings soon.

5.3 Children and Families Department

Since the November review, the Department's overspend has increased by £1.3 million to £2.6 million, an increase was seen in the costs of out-of-county placements due to the complexity of packages and the recent increased use of non-registered placements, which are more costly. Pressures could also be seen on the Derwen Service budget and on the support of supporting plans and field workers.

5.4 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. However, staff turnover,

income receipts and grants, as well as less pressure on other budgets, has reduced the departmental overspend to £95k. In order to abolish the overspend of £95k, the department is using £95k from its departmental underspend fund.

5.5 Byw'n lach

In 2022/23, the Council provided £550k of financial support to Byw'n lach above the contracted payment of the provision contract, to enable it to maintain its services. The financial support continues this year, but the required amount has reduced to £308k.

5.6 Highways, Engineering and YGC Department

An overspend of £687k by the department as a result of pressures on the road maintenance and lighting budget and a reduction in the work being commissioned by external agencies, which has a negative impact on highways income. In municipal, additional pressure on staff budgets and a loss of income are factors in street cleaning and public toilets cleaning.

5.7 Environment Department

The trend of overspend in the field of waste and recycling collection continues and is £1.2m by the end of the year. In addition to this, the parking income is not as good as projected, with a deficit of £601k. An underspend on Public Protection and Transport Network Management as well as the use of the underspend fund has reduced the departmental overspend reported to £1.2m.

5.8 Housing and Property Department

The trend of significant pressure on temporary accommodation homelessness services continues to be very intense and is overspending by £2m despite an additional budget of £3m of council tax premium and a grant of £597k from the Government having been allocated to the field. Using a one-off allocation of £1.4m from the corporate Covid provision and the departmental underspend fund reduces the overspend reported for the department to £255k.

There has been a £701k overspend on the corporate revenue maintenance budget during 2023/24, a dedicated fund is in place to deal with the expenditure in this area.

5.9 Corporate

There is an underspend on corporate headings because of prudent projections when setting the 2023/24 budget and a reduction in the numbers who have claimed the council tax discount compared with previous years. In terms of council tax, a reduction of 239 was seen in the number of second homes subject to the premium during the year, as well as 193 properties transferring from council tax to non-domestic rates. The impact of the increase in interest rates has led to additional interest receipts. The pressures on many budgets was not as much as anticipated.

5.10 In Appendix 1, the underspend / overspend position of each department is reported to the Cabinet, and a formal decision is sought to approve the amounts to be carried forward.

Financial Procedure Regulation 16.3.1 details the arrangements for sums to be "carried forward" at the end of the year. There are five requests for the Cabinet to cancel the departmental deficit at the closure of 2023/24.

5.11 Generally, where departments have underspent, that position is one-off for 2023/24 only.

- 5.12 Appropriate consideration was given to the budgets that are under pressure in the 2024/25 budgetary cycle, and many of those permanent matters have already been addressed in the financial strategy for 2024/25 (by management action to halt the trend and/or by amending the budget).

6. Schools

- 6.1 A section of **Appendix 2** details the budgetary position of schools, where a statute has introduced delegated powers for governing bodies to carry balances forward at the end of a financial year. The county total of school balances has seen a reduction of £3.4m, namely £11.9m in 2022/23 to £8.5m in 2023/24. Over the past few years, a substantial increase was seen in school balances as a side-effect of Covid and substantial grant receipts, but they were now reducing with projected further reductions by the end of 2024/25 and back to usual levels. We will publish detailed information about individual school balances before long in a 'Section 52 Statement'.
- 6.2 The Education Department has arrangements to challenge individual schools to justify the need for their balances, and they are asking headteachers and the relevant schools' governing bodies to explain their intention to use their balances (particularly those with balances exceeding 5% of their budget).
- 6.3 Three primary schools and three secondary schools have a deficit at the end of the 2023/24 financial year. I confirm that the relevant Finance Unit will also ensure that headteachers and governing bodies of the schools which have financial deficits will deal with them.

7. Corporate Budgets and Reserves

- 7.1 For many reasons, there has been a one-off underspend on several corporate budget headings this year, as outlined in 5.9 above, and the last part of **Appendix 2**.
- 7.2 An underspend of £2,586k is reported on Corporate headings. It is suggested that the underspend is used to assist the departments which overspend in 2023/24.
- 7.3 The adequacy of the Council's specific reserves was reviewed by the Head of Finance Department once again at the closure of this year's accounts, in accordance with the policy approved some years ago. As outlined in **Appendix 3**, this review managed to harvest £1,703k of resources. Also, £1,113k of the transformation fund was de-committed to use to fund one-off bids in 2024/25, and therefore harvest a total of £2,816k. Furthermore, as a part of the funds review, a transfer of £1,862k is needed from the Financial Strategy Support Fund to the Transformation Fund, to pay for the 2024/25 one-off bids of £6,508k that were approved by the Cabinet on 12 March 2024.
- 7.4 Given the overspend position of some of the departments, it is considered appropriate that the £1,703k from the fund harvesting is used to assist with this year's financial situation.

7.5 It is suggested that the remaining £495k underspend on corporate headlines be transferred to the Council's Financial Strategy Support Fund.

8. Conclusion

8.1 The purpose of this report is to detail the out-turn position in terms of the underspend or overspend position of individual departments and the Council's expenditure as a whole in 2023/24. We report an overspend position of £9m by departments at the end of the year, which is reduced by an underspend of £2.6m on corporate budgets which gives a net overspend of £6.4m for the Council as a whole.

9. Next steps and timetable

9.1 We will consider the information and will reflect the position in the final accounts.

9.2 The latest position and information are reflected here, and in bringing the process to a close, there may be further changes. However, no substantial change to the general situation is anticipated.

9.3 The Finance Department will produce statutory financial statements for 2023/24 to be authorised by the Head of Finance within the statutory timeframe. The out-turn report will be submitted to the Governance and Audit Committee on 23 May.

10. Views of the Statutory Officers

10.1 Chief Finance Officer

I have collaborated with the Cabinet Member to prepare this report and I confirm the content.

10.2 Monitoring Officer

No observations to add in relation to propriety.

Appendices:

Appendix 1 – final underspend / overspend position of each department

Appendix 2 – main budgetary matters and fields where there were significant variances

Appendix 3 – harvested resources following a review of reserves