

## CYNGOR GWYNEDD – Report to Cyngor Gwynedd Cabinet



<b>Title of Item:</b>	Final Accounts 2024/25 – Revenue Outturn
<b>Cabinet Member:</b>	Councillor Huw Wyn Jones, Cabinet Member for Finance
<b>Relevant officer:</b>	Ffion Madog Evans, Assistant Head of Finance Department – Accountancy and Pensions
<b>Date of meeting:</b>	13 May 2025

### Summary

- Financial situation has improved since the August and November Review forecasts.
- Significant grant receipts late in the year in a number of areas including Adult, Education, Economy and Corporate have improved the financial position by year end.
- Overspending continues in children's extra-county placements, Derwen service, domiciliary care and waste.
- A favourable position on a number of corporate budgets assisting in easing the financial situation for the Council as a whole.
- Harvesting exercise frees up £1.65 million of funds to be put into the Transformation Fund for the Council's priorities.

### 1. Decision sought

- 1.1 To accept the report and consider the final financial position of the Council's departments for 2024/25:

	Column A	Column B	Column C	Column CH	Column D
	Gross Over /(Under) Spend 2025/25	Recommended Adjustments			Adjusted Over/(Und er) Spend 2024/25
	£ '000	£'000	£'000	£'000	£'000
Adults, Health and Well-being	857			(757)	100
Children and Families	3,805			(3,705)	100
Business and Care Commissioning Service	(15)	15			0
Education	(191)	191			0
Economy and Community	281		(281)		0
Highways, Engineering & YGC	656			(556)	100
Environment	1,349		(1,100)	(149)	100
Housing and Property	(3)	3			0
Corporate Management Team and Legal	(48)	48			0
Corporate Services	(42)	42			0
Finance	(5)	5			0

- 1.2 Noting that there is significant overspend by the Adults, Health and Well-being Department, the Children and Families Department, the Highways, Engineering and YGC Department, and the Environment Department in 2024/25 (please see column A in the table above), to approve the following financial virements (which are explained in **Appendix 2**) -
- In line with the Cabinet decision of 21 January 2025, to not allow departments to carry any underspend into the next financial year by excluding clause 16.3.1.(C) of the Financial Regulations (See column B in the table above).
  - To confirm the financial support of £281k above the contractual payment to Cwmni Byw'n Iach and use £1.1 million from the Parc Adfer Contributory Earnings Recovery fund to fund the overspend in the Waste field (See column C in the table above).
  - The departments that are overspending to receive one-off financial support, limiting the level of overspend to be carried forward by the Department to £100k (See column CH in the table above).
  - On Corporate budgets:
    - use (£5.144 million) of the underspend on corporate budgets to assist the departments that have overspent in 2024/25.
    - the remainder of the underspend of (£1.548 million) on corporate budgets to be transferred to the Transformation Fund, to be used for the Council's priorities.
- 1.3 Approve the amounts to be carried forward (the "Over/(Under) Adjusted Expenditure" column in column D above and in **Appendix 1**).
- 1.4 To approve the financial transfers from certain funds as outlined in **Appendix 3** following a review of the reserves:
- harvest £1.275 million from various funds and transfer it to the Transformation Fund.
  - De-commit £375k of historic or non-committed schemes in the Transformation Fund.
  - Move £2.5 million from the Financial Strategy Reserve to the Transformation Fund.
- So that they are available for the Council's priorities and to fund one-off bids into the future.

## **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).
- 2.2 The Cabinet is requested to approve the final financial position for 2024/25, 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 is outlined in **Appendix 1**. At the end of the year, four departments are significantly overspending. The amounts to be carried

forward (subject to Cabinet approval) are in the column 'Adjusted Over/(Under) Spend 2024/25' (Column D).

- 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 revenue budget review undertaken on the end of November 2024 position, a deficit of £8.5 million was forecast by departments, since then, overspending by council departments has reduced to £6.6 million. The main areas of overspend are out-of-county placements and the children's Derwen service, domiciliary care and waste. Significant grant receipts and a favourable position on a number of corporate budgets are helping to alleviate the financial situation for the Council as a whole by the end of the financial year.

#### **4. The Savings Situation**

- 4.1 In the 2024/25 Budget report to the Full Council on 7 March 2024, it was reported that savings of £5,648,890 were required to help close the 2024/25 financial deficit. The budgets have been reduced by this amount; therefore, the situation is reported upon after consideration of the savings.
- 4.2 In recent years we have reported on risks to achieving savings. Savings schemes to the value of £2 million were deleted during 2023/24. In terms of the remaining schemes, there are risks to the delivery of some of the schemes.
- 4.3 The latest situation in terms of savings is that £43 million, namely 93% of the revised 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**

After the Department received an additional permanent budget allocation of over £3.2 million this year to meet pressures in various fields, the year-end overspend is £857k, which is a reduction from the £3 million overspend that was forecast earlier in the year. Since the last review the department has received substantial grants and income which has aided the situation.

Clear pressures remain in the Domiciliary Care area, with higher staffing costs and high sickness levels and non-contact hour rates, while there is also significant pressure on the budget for private domiciliary care providers. The use of agency staff is one of the issues in in-house residential care.

**5.3 Children and Families Department**

Since the November review the Department's overspend has increased from £3.7 million to £3.8 million, there has been an increase in the costs of out-of-county placements due to the complexities of packages, and a recent increased use of non-registered placements, which are more costly. We can also see pressures on the Derwen Service budget and on the support from support plans and field workers.

**5.4 Education Department**

Following a £1.5 million overspend in the 2023/24 financial year on school transport, the field received an additional budget allocation this year of £896k on a permanent basis and a further £896k for one year only, to address the pressure on the school buses and taxis field. The department received a number of grants, and also cut expenditure which means the department is underspending (£191k) at the end of the year.

**5.5 Byw'n Iach**

Over the past few years, the Byw'n Iach company has received financial support from the Council of £550k in 2022/23 and £308k in 2023/24, which was above the contractual payment of the provider contract, to enable them to maintain their services. The need for financial support continues in 2024/25 with the required amount having increased to £281k by the end of the year.

**5.6 Highways, Engineering and YGC Department**

An overspend of £656k by the department, they saw more work being commissioned by external agencies which then had a positive impact on the income position of the highway services. In municipal, there is a combination of factors, including additional pressure on the budgets of staff responsible for street cleaning and cleaning public toilets. While income losses are issues in grounds maintenance and public toilets, the bereavement service experienced higher income. Further improvement was also seen in the income for Gwynedd Consultancy.

**5.7 Environment Department**

An overspend of £1.349 million, with the annual trend of overspending in waste collection and recycling continuing and accounting for £1.1 million of the overspend. Employment costs and levels of sickness and overtime are problematic in the field. The lack of parking income is also evident this year and has increased to £826k by the end of the year. There are a number of savings schemes slipping as well, which is part of the picture. Underspending on Transport Network Management and on Public Protection reduces the reported departmental overspend.

**5.8 Housing and Property Department**

The trend of significant pressure on the emergency accommodation service continues, with expenditure in this area at £6 million this year, compared with £6.8 million last year. The reported financial position is after taking into account an additional budget of £3 million allocated from council tax premium, an additional one-off budget allocated as part of the 2024/25 bids system and further to this, an additional grant receipt from the Welsh Government at the end of March 2025 to assist with the additional pressure.

There has been a £1.2 million slippage on the corporate revenue maintenance budget during 2024/25 following the receipt of grants worth £1.8 million towards the maintenance of

Education during the year. The £1.2 million slippage has been transferred to a dedicated fund for future maintenance purposes.

## 5.9 Corporate

Underspend on corporate as a result of additional tax yield and prudent projections when setting the 2024/25 budget. All councils received a significant grant from the Welsh Government at the end of March towards the additional pressures facing Local Government, which has helped to ease the financial situation.

## 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. We have acted in accordance with the Cabinet's decision of 21 January 2025, to not allow the departments to carry any underspend into the next financial year by excluding clause 16.3.1. (C) of the Financial Regulations, which applies to six departments. There are four requests to the Cabinet to cancel the departmental deficit at the closure of 2024/25.

## 5.11 Generally, where departments have underspent, that position is for one time only in 2024/25.

## 5.12 Appropriate consideration has been given to the budgets that are under pressure in the 2025/26 budgetary cycle, and a number of those persistent issues have already been addressed in the financial strategy for 2025/26 (by management action to halt the trend and/or by adjusting the budget).

# 6. Schools

## 6.1 Part 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 slight decrease of £0.26 million, decreasing from £8.5 million in 2023/24 to £8.3 million in 2024/25. Since 2019/20 we have seen a significant increase in schools' balances because of Covid grants. At the start of the financial year there were forecasts of a significant reduction in schools' balances which would bring balances back to normal pre-Covid levels, but following the receipt of grants worth £4.4 million from the Welsh Government at the end of the year, balance levels have been maintained. We will shortly publish detailed information about individual school balances in a 'Section 52 Statement'.

## 6.2 The Education Department has arrangements to challenge individual schools to justify the need for their balances, and are asking headteachers and governing bodies of the relevant schools to explain their intention for using their balances (particularly those with balances exceeding 5% of their budget).

## 6.3 Three primary schools and three secondary schools are in deficit at the end of the 2024/25 financial year. I confirm that the relevant Finance Unit will also ensure that headteachers and governing bodies of the schools that have financial deficits will deal with them.

## **7. Corporate Budgets and Reserves**

- 7.1 For several reasons there has been a one-off underspend on a number of corporate budget headings this year, as set out in 5.9 above, and the last part of **Appendix 2**. An underspend of (£6.692 million) is reported. It is suggested that this underspend along with underspend by the underspending departments is used to assist the departments that are overspending in 2024/25.
- 7.2 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 £1.275 million of resources. In addition, £375k was decommitted from the transformation fund, thus harvesting a total of £1.650 million. This money is to be put into the Transformation Fund to be used for the Council's priorities and to fund future one-off bids.
- 7.3 It is suggested that the remainder of the corporate underspend £1.548 million, together with £2.5 million from the Financial Strategy Reserve be transferred to the Transformation Fund, to be used for the Council's priorities.

## **8. Conclusion**

- 8.1 The purpose of this report is to detail the out-turn position in terms of the underspend or overspend of individual departments and the Council's expenditure as a whole in 2024/25. We report an overspend position of £6.6 million by the departments at the end of the year, which is reduced by an underspend of £6.7 million on corporate budgets to give a net underspend of (£48k) for the Council as a whole (Column A, Appendix 1).
- 8.2 Following the underspend on corporate headings together with the funds harvesting exercise and a transfer from reserves, a sum of £5.323 million will be transferred to the Transformation Fund and a further £375k will be de-committed to provide a total of £5.698 million, which is available to the Council for its priorities.

## **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 concluding the process, there may be further changes. However, it is not anticipated that there will be a significant change to the overall situation.
- 9.3 The Finance Department will produce the 2024/25 statutory financial statements to be certified by the Head of Finance within the statutory timeframe. The out-turn report will be submitted to the Governance and Audit Committee on 22 May.

## **10. Observations of the Statutory Officers**

### **10.1 Chief Finance Officer**

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

### **10.2 Monitoring Officer**

No comments to add in terms of propriety.

## **Appendices:**

Appendix 1 – Final underspend / overspend position of each department

Appendix 2 – Main budgetary matters and areas where there were significant variances

Appendix 3 – Harvested resources following a review of reserves