



CABINET - 18TH SEPTEMBER 2024

**SUBJECT: WHOLE-AUTHORITY REVENUE BUDGET MONITORING REPORT
(PERIOD 3)**

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE
SERVICES**

1. PURPOSE OF REPORT

- 1.1 To provide details of projected whole-authority revenue budget expenditure for the 2024/25 financial year as at 30th June 2024.

2. SUMMARY

- 2.1 This report provides details of the 2024/25 projected revenue budget position based on information available as at the 30th June 2024 (period 3 of the current financial year). Commentary is also provided throughout the report on the more significant variations against budget.

3. RECOMMENDATIONS

- 3.1 It is recommended that Cabinet notes the content of the report.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that Cabinet is aware of the projected revenue budget outturn position for the 2024/25 financial year.

5. THE REPORT

5.1 Projected Revenue Budget Outturn for 2024/25 (Period 3)

- 5.1.1 Members will be aware that detailed budget monitoring reports are prepared for Scrutiny Committees throughout the financial year. In support of improving the Council's financial resilience, whole-authority reports will now be presented to Cabinet for periods 3, 5, 7, 9 and Outturn. This report is intended to provide a high-level summary position highlighting some of the key variations against budget.
- 5.1.2 The projected 2024/25 position is based on information known as at the 30th June 2024, it combines actual income and expenditure for this period with forecast information to

get a projection for the year. These are early forecasts and so contain estimations and assumptions, as we move through the year forecasts will contain more certainty. Based on the information available as at the 30th June 2024 the projected 2024/25 net year-end revenue budget position is an overspend of £3.794m. A summary is provided by Directorate in the following table with further details provided in Appendix 1.

Table 1 – 2024/25 Projected Net Year-End Revenue Position by Directorate

	Revised Budget 2024/25 £m	Projected Outturn 2024/25 £m	Projected (Overspend)/ Underspend £m
Education and Lifelong Learning	179.419	180.738	(1.319)
Social Services	139.133	138.095	1.038
Economy and Environment	56.958	57.354	(0.396)
Corporate Services	34.612	35.036	(0.424)
Miscellaneous Finance	39.068	41.761	(2.692)
Totals: -	449.190	452.983	(3.794)

5.1.3 As approved by Council on the 27th of February 2024, the 2024/25 budget of £449.190m is supported by the one-off release of reserves of £10.624m and £11.449m of temporary savings. These temporary one-off measures totalling £22.073m will only support the budget for the 2024/25 financial year, effectively allowing a transitional budget to provide time to develop and deliver a range of prioritised projects under the Mobilising Team Caerphilly transformation programme.

5.1.4 The forecast overspend of £3.794m demonstrates the extremely challenging financial position facing the Council and it will be vitally important that we bear down on costs throughout the remainder of the financial year to ensure that a balanced outturn position can be achieved without the need for a further call on reserves.

5.1.5 The 2024/25 budget includes £19.552m of permanent savings, which includes a £5m Mobilising Team Caerphilly in-year target and £2.673m non-pay inflation pressure to be absorbed. Monitoring saving delivery will therefore be critical and to assist with this savings will be regularly reviewed to provide the Leadership Team and Cabinet with an overview of the overall saving delivery position and risk.

5.1.6 The following paragraphs summarise some of the key issues in the period 3 budget monitoring reports.

5.2 Education and Lifelong Learning (Projected Overspend of £1.319m)

5.2.1 An overspend of £1.319m is currently forecast for Education and Lifelong Learning.

5.2.2 The most significant financial pressure for Education and Lifelong Learning is for the Home to School Transport service, with a projected overspend of £1.396m. This currently assumes that spend level remains in-line with 2023/24. The pressure is due to increased demand, particularly in relation to special education transport, and price increases. This service has been prioritised for review under the Mobilising Team Caerphilly programme. Officers continue to work hard to ensure the most appropriate

and most cost-effective provision is provided for pupils. Over the summer many contracts have been reviewed and pupil requirements will be confirmed in September, a clearer financial picture will therefore be available post September. In Education there is an increasing pressure with regards to pupils with additional learning needs and this often impacts pressure on the transport budget. These discussions are all part of the on-going review.

- 5.2.3 There is a £0.046m projected overspend in Youth Services. The Youth Service vacated Crumlin Institute in December 2021 however the Authority remained contractually bound by the terms of the lease until a surrender was agreed with the landlord and legally executed. This has now been completed, so costs associated with this overspend position will come to an end.
- 5.2.4 These overspends are being marginally offset by salary related savings and additional income across the service.
- 5.2.5 It is important to note that the financial projections in this report exclude a forecast outturn position for schools. There remain several uncertainties for schools in the current financial year, including the outcome of the September 2024 pay offer for teachers and confirmation of central government support for the impact of a 5% uplift on employer contributions to the teachers pensions scheme from 1st April 2024. These remain under review and an update will be provided when available.
- 5.2.6 At the end of financial year 2023/24, the collective balances position for our 86 schools was a surplus of £5.3m, and we had 21 schools reporting a deficit balance at outturn. It was reported to School Budget Forum (13th June 2024), that the anticipated schools' balances position at the end of financial year 2024/25, is a collective deficit balance of £0.456m. Established processes are in place to support schools at this increasingly challenging time for Local Government.

5.3 Social Services (Projected Underspend of £1.038m)

- 5.3.1 There is currently a projected underspend of £1.038m for Social Services (inclusive of transport costs).
- 5.3.2 During the first quarter of the financial year, the Children's Services division has experienced a significant increase in demand for residential placements, mother and baby placements and aftercare support, resulting in potential overspends totalling £1.757m. However, these pressures have been partially offset by a reduction in demand for other service provision saving £0.703m, short-term funding streams amounting to £0.144m and staff savings of £0.587m through vacancies, spinal point savings and staff opting out of the local government pension scheme. This has resulted in a potential net overspend of £0.323m across the Children's Services division.
- 5.3.3 In response to the recruitment difficulties encountered by the Adult Services division in 2023/24, the division's budget for management, fieldwork and administrative staff includes a 9% saving target for 2024/25. Early indications suggest that this target will not be achieved causing a potential overspend of £0.285m.
- 5.3.4 The Adult Services division has also experienced an increase in demand for supported living placements for vulnerable adults and care packages for children with disabilities, resulting in potential overspends of £0.827m and £0.096m, respectively.

- 5.3.5 However the above financial pressures within Adult Services have been more than offset by staff savings across our own direct care facilities amounting to £0.529m and reduced demand for residential care, day care and domiciliary care saving £1.732m. As a result, the Adult Services division is currently expected to underspend by £1.054m. However, this potential underspend could reduce if we experience an increase in demand for care packages during the coming winter months.
- 5.3.6 The £0.307m projected underspend for Business Support Services includes underspends totalling £0.324m in respect of staff savings through a combination of grant maximisation initiatives and vacancy management. These underspends are partially offset by a shortfall in the income collectable for room hire now that the office hubs that were previously managed by the Caerphilly Cares Team have transferred back to corporate property services.
- 5.3.7 Following work to produce a new model for day services undertaken in 2022/23, the shape of the service has continued to evolve, leading to a shift from traditional fixed based service provision to more community-based support. This, in turn has resulted in a reduction in the numbers of service users requiring transport to fixed bases and has contributed to a saving of £0.626m in respect of Social Services transport costs. This saving has now been crystallised and is being captured and reported as a permanent budget saving against the Mobilising Team Caerphilly £5m in-year saving target.
- 5.3.8 In summary, the ongoing pressures of increasing demand for children's care placements and supported living for vulnerable adults have been offset in the current financial year by temporary in-year savings, resulting in a net projected underspend for Social Services of £1.038m. However, it should be noted that this underspend only amounts to around 0.8% of the total Social Services budget and demand for social care can be particularly volatile during the coming winter months.

5.4 Economy and Environment (Projected Overspend of £0.396m)

- 5.4.1 The projected outturn position for the Economy and Environment Directorate is an overspend of £0.396m.
- 5.4.2 The Regeneration and Planning Division is projecting a net overspend of £0.234m. The most significant variance is a net £0.203m overspend projected on the Council's industrial properties as income budgets are forecast to be underachieved due to a number of vacant units within the portfolio which is further impacted by the need for additional maintenance. The service is engaging with businesses to encourage rental agreements of vacant units.
- 5.4.3 A net underspend of £0.316m is projected for the Infrastructure Division. Network Contracting Services (NCS) is projecting an underspend of £0.150m from staff and agency savings along with increased income, this will need to be closely monitored during the year. Waste is projecting a net underspend of £0.104m with several under and over variances across the service. Residual Waste, Organic Recycling, Civic Amenity sites and the Waste Transfer Station are all forecasting overspends, mainly in relation to increased vehicle maintenance and hire costs for the ageing fleet and increased site running and maintenance costs. These overspends are being offset by a projected underspend on Dry Recycling from reduced contractor and vehicle costs and smaller underspends on Commercial Waste, Tre-hir and HQ staffing. Cleansing Services is projecting a net underspend of £0.116m, this is largely due to staff vacancy savings that will be filled from September and staff covering frontline services.

- 5.4.4 Community and Leisure Services are projecting a net overspend of £0.572m. The most significant areas of overspend are in Parks and Playing Fields forecast at £0.330m, Outdoor Facilities forecast at £0.043m and Leisure Centres forecast at £0.242m. These service areas have all been prioritised under Mobilising Team Caerphilly and are currently being reviewed to reduce the level of overspends.
- 5.4.5 Within Parks and Playing fields the tree budget is projecting a £0.130m overspend due to increased demand and prices, 50% of the tree budget has already been spent as at the 30th June 2024. A projected overspend of £0.125m is forecast in relation to agency and cleaning costs to cover pavilion opening and closing. The remaining overspend is largely in relation to purchases of small equipment, parts and consumables required for service operations.
- 5.4.6 Outdoor facilities will be under pressure as in previous years and is forecasting an overspend on maintenance budgets, the service is unable to recover full costs based on the current set level of fees and charges.
- 5.4.7 The Leisure Centres overspend projection is due to increased staff costs, property running and cleaning costs totalling £0.138m and a forecast underachievement of income of £0.104m.
- 5.4.8 Vehicle Maintenance and Fleet Management is working through several service changes as part of the Mobilising Team Caerphilly programme and are forecasting that these changes will deliver the service within budget for 2024/25.
- 5.4.9 The Land and Property service is forecasting an underspend of £0.063m largely from staff vacancy savings and additional income.

5.5 Corporate Services (Projected Overspend of £0.424m)

- 5.5.1 The Directorate of Corporate Services is currently projecting a net overspend of £0.424m. General Fund Housing is forecasting an overspend of £0.626m for Temporary Accommodation. This is a demand led service and is very difficult to predict. The Council has to fund on average 80% of temporary accommodation costs as it is not eligible for housing benefits. The past few years have seen increasing demand as a result of Covid-19 and the cost-of-living crisis which is requiring an increasing number of Bed and Breakfast placements, the service are seeing on average 70 cases per month. This is alongside increasing provider costs and reducing grant from Welsh Government.
- 5.5.2 Securing permanent move on options for single people is a significant challenge as there is a significant shortage of 1 bed/single person accommodation and low turnover and it is often this client group who has a higher level of support need.
- 5.5.3 The position is also compounded by the current Ukraine situation and the increased UK wide Asylum dispersal proposals by central government which could see an increase and further delays with placements.
- 5.5.4 Security provision is currently being reviewed with a view to reducing or withdrawing from some establishments. Processes are also being redrafted to expediate Housing Benefit claims, and the allocations policy is being reviewed. Cabinet recently agreed to

adopt the WG Leasing Scheme Wales policy which will involve utilising private landlords and give more options to discharge statutory duties.

- 5.5.5 Welsh Government has set out an ambitious Programme for Government with the aim of making our community a better place to live and work, which will be achieved in part, by reforming homelessness services to focus on prevention and rapid rehousing, which should in theory eradicate the need for BandB placements. However, this a long term strategy likely to take 5 to 10 years. Emergency Accommodation will still be required but on a smaller scale and officers are currently undertaking a review with regard to what this provision will look like for CCBC in the longer term. In the meantime, the Council are maximising its Caerphilly Keys Private Rented Sector project so that the Housing Solutions Team can maximise move on within that sector. Funding from Welsh Government has also helped Caerphilly Homes buy back 42 predominantly ex-council homes.
- 5.5.6 Private Sector Housing is projecting an underspend of £0.049m, this is in relation to agency fee income. The Private Sector Housing Renewal Policy was approved by Cabinet on 3rd April 2024, the service will continue to receive a reduced level of fee income following the approval of the new policy. Permanent savings cannot be taken forward until the policy has had time to embed and prior backlogs have been completed.
- 5.5.7 The above overspend in General Fund Housing is being partially offset by staff savings across all of Corporate services from vacancies and by maximising the use of grants and earmarked reserves.
- 5.5.8 As agreed by Cabinet as part of the 2023/24 Outturn report the procurement budget has been updated to show a further £0.300m income target for the forecast income as a result of the "Wales Wide" food procurement contract. The income is not guaranteed and depends on how much the framework is used, this figure has been based on the amount achieved in 2023/24 and will be closely monitored and reported on this year. If due to demand and membership it does not meet the target the budget will need to be adjusted through future budget setting rounds. This saving has now been captured and reported against the £5m MTC savings target.

5.6 Miscellaneous Finance (Projected Overspend of £2.692m)

- 5.6.1 There is an overall projected overspend of £2.692m in Miscellaneous Finance.
- 5.6.2 Capital Financing budgets are projecting a £0.280m overspend. This mainly relates to a £0.260m shortfall in investment income, resulting from interest rates forecasting to fall more sharply than originally anticipated. In addition, debt charges (principal repaid) are projecting a net overspend of £0.020m due to a higher than anticipated movement in capital expenditure.
- 5.6.3 Pension contributions to former authorities is forecast to overspend by £0.074m, this forecast is based on the first quarter payments, payments fluctuate as they are dependent on the individuals in the scheme and their circumstances.
- 5.6.4 There is a projected overspend of £0.067m on the Trade Union budget. We are currently still in discussions with Trade Union colleagues to review and update our facilities agreement to ensure that equitable support arrangements are in place.

- 5.6.5 A contingency of £0.409m was established in the approved 2024/25 budget for transport contract price increases, and this is currently showing as an underspend to partially offset the overspend reported under Education and Lifelong Learning for Home to School Transport. As described above this service has been prioritised under Mobilising Team Caerphilly, officers are reviewing to ensure the most appropriate and most cost-effective provision is provided for pupils. A more certain forecast will be available in September once contracts have been reviewed and pupil requirements confirmed.
- 5.6.6 A £5m Mobilising Team Caerphilly Saving target was set as part of the 2024/25 budget. Savings have been approved for £1.301m with a further £1m identified and forecast as at 30th June 2024 so is currently reporting a £2.698m overspend.
- 5.6.7 The programme is ongoing and as further services are reviewed and projects developed, new efficiencies and savings will come forward and the endeavour is to deliver the full £5m in 2024/25.

5.7 Savings Delivery 2024/25

- 5.7.1 As approved by Council on the 27th of February 2024, the 2024/25 budget includes savings totalling £31.002m, of which £11.449m are temporary savings (one-off) and £19.552m are permanent savings (recurring). The permanent savings include a £5m Mobilising Team Caerphilly programme target that needs to be captured and detailed in-year as savings are identified, and a £2.673m non-pay inflation pressure that must be absorbed by service areas. The savings are reflected in the budgets and monitoring positions detailed throughout this report. These savings need to be delivered in full or they will result in an overspend at year end. Robust monitoring of saving delivery is therefore critical to managing the risk, to report on what savings have been achieved and progress made throughout the year and to inform financial planning to ensure budgets remain deliverable.
- 5.7.2 The table below summarises the assessment of savings delivery for 2024/25 as at the 30th June 2024, full details at saving level can be found in Appendix 2. £9.945m savings have been assessed as being fully achieved as at the 30th June 2024. £9.192m savings are forecast to be achieved by the end of financial year. £7.987m savings are considered to have some deliverability risk but are still forecast to be achieved this financial year. £3.878m savings have been assessed as having significant deliverability risk and are therefore not forecast to be achieved this financial year. These savings have been reported as overspends within the above forecasts.

Table 2 - Savings delivery BRAG assessment 2024/25 as at 30th June 2024

Budget Setting 2024/25 Savings	Total £m	Blue £m	Green £m	Amber £m	Red £m
Corporate Services	1.845	0.362	1.164	0.213	0.106
Corporate Services Miscellaneous Finance	10.805	6.289	4.162	0.354	0.000
Economy and Environment	3.289	0.543	1.898	0.841	0.007
Social Services	3.071	0.853	1.323	0.285	0.610
Education and Lifelong Learning	1.319	0.775	0.467	0.077	0.000
Education and Lifelong Learning Schools	3.000	0.000	0.000	2.544	0.456
Mobilising Team Caerphilly	5.000	1.123	0.178	1.000	2.699
Non Pay Inflation	2.673	0.000	0.000	2.673	0.000
Total	31.002	9.945	9.192	7.987	3.878
% of Total		32%	30%	26%	13%

5.8 Conclusion

5.8.1 The 2024/25 projected overspend position as at the 30th June 2024 (period 3) is £3.794m. This position is net of a £10.624m contribution from General Fund reserves to support the 2024/25 budget. As detailed in the report overspending areas have been prioritised under the Mobilising Team Caerphilly programme for review and all endeavours will be made to bring expenditure for these services in line with available budgets for 2024/25, whilst also identifying future efficiency and savings to support future budgets. This is the first quarter of revenue monitoring, so forecasts contain a high level of uncertainty and assumptions. Budgets and savings delivery will continue to be closely monitored between reporting cycles to ensure management action is taken on areas forecasting to overspend.

6. ASSUMPTIONS

6.1 A wide range of assumptions are made in the preparation of budget monitoring reports based on information available for the relevant reporting period.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 As this report is for information only an Integrated Impact Assessment is not required.

8. FINANCIAL IMPLICATIONS

8.1 As detailed throughout the report.

9. PERSONNEL IMPLICATIONS

9.1 There are no direct personnel implications arising from this report.

10. CONSULTATIONS

10.1 There are no consultation responses that have not been reflected in this report.

11. STATUTORY POWER

11.1 Local Government Act 1972.

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Appendices:

Appendix 1 – 2024/25 Whole-Authority Revenue Budget Monitoring Report (period 3) - Summary by Directorate/Service Division

Appendix 2 – 2024/25 Savings Delivery BRAG Assessment as at 30th June 2024 (period 3)

Background Papers:

Cabinet (17/01/24) – Link to [Draft Budget Proposals for 2024/25](#)

Appendix 1 – 2024/25 Whole-Authority Revenue Budget Monitoring Report (Period 3) – Summary by Directorate/Service Division

Directorate/Service Division	2024/25 Revised Budget	2024/25 Projected Outturn	Projected (Over)/ Underspend
	£m	£m	£m
Education and Lifelong Learning			
- Schools Related	144.077	144.063	0.014
- Education	21.073	20.994	0.079
- Lifelong Learning	4.601	4.617	(0.016)
- Home to School/College Transport	9.668	11.064	(1.396)
Sub-Total: -	179.419	180.738	(1.319)
Social Services			
- Children's Services	38.076	38.400	(0.323)
- Adult Services	96.284	95.230	1.054
- Service Strategy and Business Support	3.608	3.301	0.307
- Social Services Transport	1.165	1.165	0.000
Sub-Total: -	139.133	138.095	1.038
Economy and Environment			
- Regeneration and Planning	3.153	3.387	(0.234)
- Infrastructure	32.357	32.041	0.316
- Community and Leisure Services	10.285	10.856	(0.572)
- Public Protection	5.199	5.168	0.031
- Land and Property Services	5.763	5.700	0.063
- Directorate General	0.201	0.201	0.000
Sub-Total: -	56.958	57.354	(0.396)
Corporate Services			
- Chief Executive and Deputy Chief Executive	0.440	0.429	0.011
- Corporate Director of Education and Corporate Services	0.159	0.156	0.003
- Corporate Finance	2.473	2.559	(0.086)
- Customer and Digital Services	9.197	9.188	0.008
- Legal and Democratic Services	4.075	4.030	0.045
- People Services	4.662	4.605	0.057
- Business Improvement Services and Catering	7.685	7.571	0.114
- General Fund Housing	4.881	5.507	(0.626)
- Private Housing	1.039	0.989	0.049
Sub-Total: -	34.612	35.036	(0.424)
Miscellaneous Finance	39.068	41.761	(2.692)
Total: -	449.190	452.983	(3.794)