

CYNGOR GWYNEDD - Report to Cyngor Gwynedd Cabinet

Title of item:	Revenue Budget 2023/24 - End of August 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:	7 November 2023

1. Decision sought

- 1.1 To accept the report on the end of August 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, Education Department, Highways, Engineering and YGC Department and the Environment Department this year. The specific reasons that affect departments are detailed in section 5 of the report.
- 1.3 In light of the exceptional overspend projection by the Adults, Health and Well-being Department, it is noted that the Chief Executive has already commissioned work to explain the complex details of the adult care picture, to obtain a better understanding of the issues and a clear response programme. The work will be led by the Statutory Director of Social Services.
- 1.4 Approve the transfer of £3,275k of underspend on corporate budgets to the Council's Financial Strategy Reserve.
- 1.5 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.

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 August 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 nine out of ten departments will overspend by the end of the year. Significant overspend is anticipated in the Adults, Health and Well-being Department, Education Department, Highways, Engineering and YGC Department and the Environment 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, it was resolved to erase worth £2 million of savings schemes using a savings risk provision to fund them. The financial position is reported here following the erasure of savings.

4.2 The latest situation in terms of savings is that £39 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

Latest projections suggest £6.6 million of overspend, which is a combination of many factors including a number of new and costly supported accommodation cases in the learning disability service. In community care, higher staffing costs and rates of non-contact hours are high and, therefore, having a negative impact on the income reclaimed. While higher fees by private providers but a reduction in residents' contributions are issues in older people's services. The increasing use of agency staff in various fields also contributes to the overspend reported.

5.2 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 has been the subject of a strategic review to try to control the increase in expenditure, it is suggested that the need for further work continues, so that it is possible to reduce overspending and take advantage of opportunities for efficiencies.

5.3 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 to enable it to maintain its services. The financial support continues this year and the required amount has reduced to £375k.

5.4 Highways, Engineering and YGC Department

An overspend of nearly a million 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. Income losses in ground maintenance and public toilets but higher income by the bereavement services which reduces the overspend reported.

5.5 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.

5.6 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 £1.4m one-off corporate covid provision was allocated to address the additional costs.

5.7 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. The effect of the recent increase in interest rates has led to interest receipts worth an additional £1.8 million. Impact of the current treasury management

policy which has meant that it was possible to avoid external borrowing, thus avoiding the associated costs. However, underspend on other budgets assisting to alleviate the additional pressure anticipated in terms of the national increase to the salaries of Local Government employees, which is yet to be confirmed.

6. Conclusion

6.1 It is anticipated that most 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 £5.9m financial deficit anticipated for 2023/24.

7. Next steps and timetable

7.1 To act on the recommendations submitted and present a follow-up report to the Cabinet on 23 January 2024 following the end of November review.

Appendices:

Appendix 1 - Summary of departmental budgets' net positions

Appendix 2 - Details of budgets and the significant variances