



Adnoddau
Corfforaethol | Corporate
Resources

CORPORATE RESOURCES SCRUTINY COMMITTEE DECEMBER 2023

REVENUE 2023-24 Q2 MONITORING

KEY HEADLINES

- Continuing to see a challenging Revenue position for the period to Q2 Monitoring.
- This report sets out an overall unplanned use of reserves of £6.768m and a further £6.5m for schools.
- The report sets out a revised budget which strips out Corporate Recharges for Office Accommodation and services such as HR, Legal, Finance and the Contact Centre.
- The report also sets out some steps that have been taken to mitigate the emerging overspends in year.

Directorate	Amended Budget 2023-24	Projected Outturn 2023-24	Variance	Unplanned Use of Reserves	Residual Variance 2023-24	Use of Reserves 2023-24
	£000's	£000's	£000's	£000's	£000's	£000's
Schools	114,239	114,410	171	171	0	8,921
Learning and Skills	14,050	14,671	621	621	0	1,718
Social Services	85,260	93,529	8,269	5,884	2,385	9,912
Environment and Housing	31,809	33,009	1,200	0	1,200	295
Corporate Resources	17,081	16,781	-300	0	-300	519
Place	3,401	3,493	92	92	0	485
Policy	30,678	27,393	-3,285	0	-3,285	-42
Use of Reserves	-2,096	-2,096	0	0	0	-2,096
Total	294,422	301,190	6,768	6,768	0	19,712
Housing Revenue Account	15,538	15,538	0	0	0	0
Adjusted Total	309,960	316,728	6,768	6,768	0	19,712

KEY HEADLINES

- Across Council have a significant emerging overspend position in Social Services across Adults and Children's and Young People Sectors, this will be funded in year from Reserves.
- School Transport and highways maintenance also contribute to overspends.
- Some mitigation from Policy underspends against borrowing and additional Council Tax Surplus.

COMMITTEE SPECIFIC POSITION – CORPORATE RESOURCES

The Corporate Resources budget was amended to £4.380M for 2023/24 as part of the Q1 Revenue Monitoring Report. It is now proposed that the revised 2023/24 budget is set at £17.081M after a transfer for Corporate Recharges of £12.701M.

The projected outturn for Corporate Resources in 2023/24 is a favourable variance of £300M and largely relates to the Office Accommodation budget

Key pressures

- Delays to the implementation of 2023-24 savings initiatives such as the reorganisation of Council Office space which impacts savings proposals for Docks Office and Contact OneVale.
- Coroner Services Overspend £70K.
- Legal Services Income Shortfall
- Annual Microsoft Licencing Cost

COMMITTEE SPECIFIC POSITION – POLICY

Policy – Revised budget is set at £30.678M reflecting a £2.610M transfer of corporate recharges to the Corporate Resources budget line.

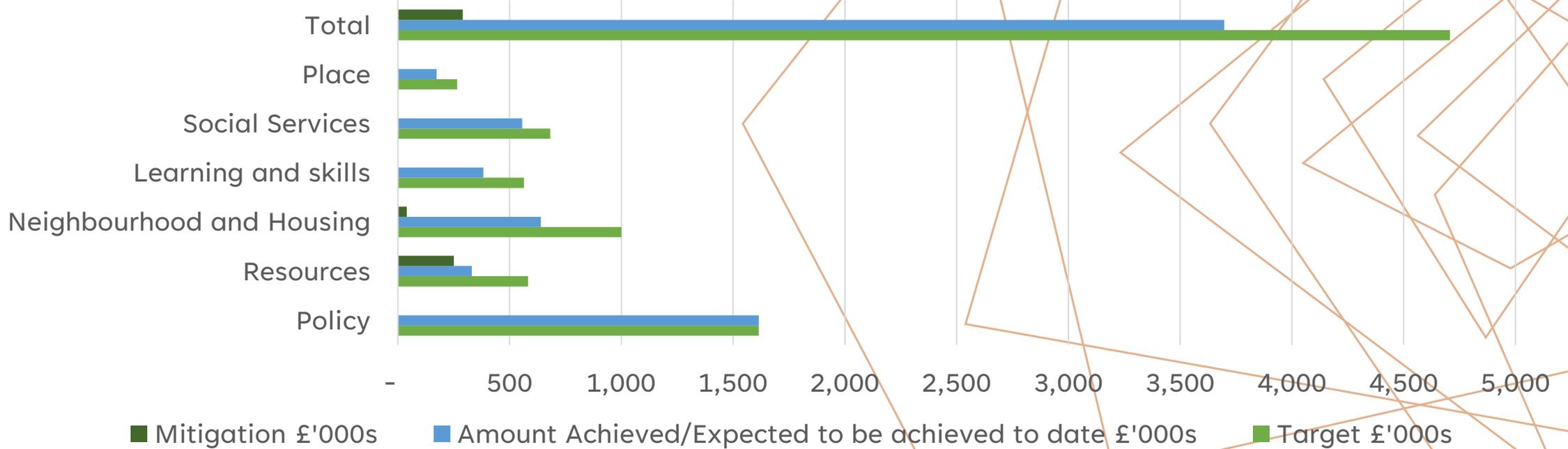
The projected outturn for Policy in 2023-24 is a favourable variance of £3.385M as detailed below. Of this a sum of £2.9M will be utilised to offset the costs of emerging overspends in year, and £385K is allocated to offset the additional costs associated with additional permanent capacity in Children's Services that will be progressed as a priority cost pressure as part of the 2024-25 budget proposals.

Projected Favourable Variances:

- Due to the improved performance on the Council's Treasury Management Investment during 2023-24 as a result of the base rate rises throughout the period there is projected to be a surplus on investment income of approximately £1M.
- As in previous years the Council continues to utilise an approach of maximising internal borrowing. As this approach reduces the external borrowing costs that are met by the Authority it is currently projected that a surplus will be reported against this budget in 2023-24 of £1.385M.
- Council Tax – The current projection is that the Council Tax will report a £1m surplus at year end which takes in to accounts projected reduced arrears, empty homes premiums and new properties and changes in allowances.

EFFICIENCIES

Projected Achievement of Savings by Directorate £000's



RESERVES

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As at	Balance 01/04/2023	Capital Funding	Planned Transfer (from) reserves	Planned Transfer to reserves	Unplanned Drawdown from Reserves	Estimated Balance 31/03/2024
	£'000	£'000	£'000	£'000	£'000	£'000
General Fund	11,523	0	-496	0	-171	10,856
Insurance	4,877	0	0	0	0	4,877
Service Reserves	22,521	-672	-6,329	42	- 6,666	8,896
Risk and Smoothing Reserves	29,802	-3,276	-3,966	0	0	22,560
Capital	17,726	-10,331	0	403	0	7,798
Schools	7,254	0	0	0	-6,500	754
Housing Revenue Account	16,486	-15,537	0	0	0	949
Total	110,190	-29,816	-10,791	445	-13,337	56,690

Significant planned use of reserves for Capital and HRA

The Council uses Reserves for four things....

1. To fund Council Priorities such as the Capital Programme
2. To manage known Risk
3. Invest in service transformation
4. To manage ringfenced budgets such as HRA

CAPITAL PROGRAMME Q2 MONITORING

Q2 CAPITAL MONITORING

- Details progress of the Capital Programme from 1st April to 30th September 2023.
- Approved programme - £129.298M
- Revised forecast outturn projected - £107.653M.
- Spend to end of September 2023 - £25.666M.

Actual Spend to September 2023	Directorate	Approved Programme 2023-24	Forecast Outturn 2023-24	Variance	Slippage Requested
£000		£000	£000	£000	£000
6,549	Learning & Skills	34,725	26,880	(7,845)	7,490
104	Social Services	937	928	(9)	0
13,425	Housing	53,727	49,927	(3,800)	3,800
4,649	Environment	26,269	21,582	(4,687)	4,520
710	Place	7,698	4,886	(2,812)	746
106	Corporate Resources	2,231	1,944	(287)	40
0	City Deal	2,506	301	(2,205)	2,205
123	Pipeline Schemes	1,205	1,205	0	0
25,666	Total	129,298	107,653	(21,645)	18,801

CAPITAL REVIEW

- Capital Programme Review undertaken which will release £5.545M funding back into reserves and other sources of capital funding.

Funding Source	£'000
Reserves	2,174
Capital Receipts	500
General Capital Funding	2,450
Borrowing	400
Revenue Contribution to Capital	21
Total	5,545

- This proposal removes some uncommitted schemes and vires funding to help mitigate future years revenue pressures.

Within the remit of this Scrutiny Committee

- Four requests under the Capital Programme Review:
 - Two requested to remove the ICT Allocation and the Stronger Community Grant Fund from the 2024-25 to 2028-29 Capital Programme.
 - One requested to remove the Civic Offices Toilet Refurbishment from the 2023-24 Capital Programme.
 - One requested to remove £61k of the Eich Lle scheme budget from the 2023-24 Capital Programme but leave £100k in the 2023-24 Capital Programme and £40k in the 2024-25 Capital Programme.
- Two requests under the main body of the report to increase the scheme budget for the Refresh the Network Infrastructure in C1V and to amend the scheme budget for Ash Die Back and Replanting for 2023-24 to 2025-26.

Within the remit of this Scrutiny Committee

- One request under the slippage section of the report which requested to reprofile the City Deal scheme budget in the 2023-24 and future year's Capital Programme. The reprofile ensures that the profile aligns with the reprofile undertaken by UK Government capital funding and likely drawdown of funding for proposed investment schemes.



2024-25 BUDGET AND MTFP

BUDGET PLANNING CYCLE



FINANCIAL STRATEGY

- **Delivering Corporate Plan**
- Focus on supporting the most vulnerable
- Sustainable finances
- Appropriate level of reserves
- Generating local tax revenue
- Fees & charges
- Collective responsibility to manage the finances
- Accessible & transparent finances
- Deliver best value

	2024-25	2025-26	2026-27	2027-28	2028-29
	£K	£K	£K	£K	£K
Additional Funding					
Government Grant	6,084	2,089	2,110	2,131	2,152
Council Tax	4,761	3,937	4,090	4,250	4,416
Reversal of 2022/23 use of reserves	-496	0	0	0	0
Use of smoothing Reserves	-155	-1,700	-500	-445	0
Total Additional Funding	10,194	4,326	5,700	5,936	6,568
Investment	255	1,262	1,000	0	0
Demography	5,165	2,635	2,543	2,543	2,543
Inflation Pay	4,834	5,110	5,075	5,075	5,075
Inflation Non Pay	5,104	3,341	3,408	3,476	3,545
Capital Financing	0	190	224	187	0
Other Pressures	5,409	881	637	252	623
Total Pressures	20,767	13,419	12,887	11,533	11,786
Overall Gap	10,573	9,093	7,187	5,597	5,218

**REVIEW
AND
REFRESH**

**Very
challenging
financial
Position**

Significant
review
necessary
before 16
November
Cabinet Paper

NEXT STEPS

Action	Date
UK Government Budget	22 November 2023
Welsh Government Settlement	19 December 2023
Budget for Consultation (both Revenue and Capital)	January 2024
Draft/Final Budget	February/March 2024

January/February – Key period for members to scrutinise the proposals – not just savings but also the funding and spending assumptions

VALE of GLAMORGAN



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