

Meeting of:	<b>Environment and Regeneration Scrutiny Committee</b>
Date of Meeting:	<b>Tuesday, 18 July 2023</b>
Relevant Scrutiny Committee:	Environment and Regeneration
Report Title:	Closure of Accounts 2022/23
Purpose of Report:	The accounts are complete and this report is to inform Committee of the provisional financial position of the Council for the 2022/23 financial year.
Report Owner:	Director of Environment and Housing
Responsible Officer:	Matt Bowmer Head of Finance/Section 151 Officer
Elected Member and Officer Consultation:	This report does not require Ward Member consultation
Policy Framework:	This is a matter for Executive decision by Cabinet.

Executive Summary:

- The Council encountered significant revenue pressures during 2022/23, particular pressures were in respect of the ongoing impact of the Covid-19 pandemic, inflationary pressures particularly in respect of contracts and pay pressures. The Council also continued to experience significant demand pressures for supporting Children’s services, Homelessness and pupils with Additional Learning Needs. Steps were taken to address the inability to commission care in Social Services with an additional fee uplift that was awarded in the last quarter of the financial year, the impact of this alongside other initiatives has seen a reduction in the waiting list for care.
- The Council benefitted from a one off adjustment in how social care income is reflected in the accounts which enabled a transfer to reserves of £2m. The Council also received additional investment income as a result of investing its cash balances in year due to the increased bank rate and continued to benefit from utilising reserve balances to finance borrowing in the context of current rising interest rates, minimising borrowing costs for the Council.
- The Council continued to deliver a number of schemes during 2022/23 such as the Discretionary Cost of Living scheme, Winter Fuel allowances and the Ukrainian Resettlement scheme.
- The year end revenue position was a breakeven position after net transfers from reserves of £17.029m, made up of £987k transferred from Council Fund, £953k from the Housing Revenue Account, £11.785m transferred into specific reserves from revenue and £15.554m transferred from specific reserves to provide one off funding for projects and £12.307m drawdown from reserves to

fund the capital programme and for displacement required by capital grants. The Council Fund now stands at £11.523m as at 31st March, 2023.

- A revenue savings target of £500K was set for 2022/23 and an outstanding balance for 2021/22 of £170k was also monitored throughout the year. Whilst some savings have been identified on from underspends in year such as vacant posts services have moved to identify these on a more sustainable basis for 2023/24.

Directorate	Revised Budget 2022/23 £000's	Outturn 2022/23 £000's	Transfer to/(from) reserves £000's	Favourable / (Adverse) Variance £000's
Learning and Skills	122,578	129,175	-6,548	-49
Social Services	80,742	78,091	1,511	1,140
Environment and Housing	31,674	31,376	1,185	-887
Corporate Resources	2,208	5,920	-2,263	-1,449
Place	4,088	4,323	-195	-40
Policy	33,764	28,364	1,638	3,762
Use of Reserves	-996	0	-987	-9
Council Tax Surplus	-1,500	-922	0	-578
Favourable Variance Transferred to Reserves	0	0	1,890	-1,890
Total	272,558	276,327	-3,769	0

- After taking account of Directorate movements to and from reserves the revenue outturn showed a surplus of £1,890k which it is proposed is transferred to reserves to be utilised as follows.
  - £200k transfer to Education Pressures and Improvements Reserve to provide additional support to schools in special measures.
  - £850k to Education Pressures and Improvements Reserve to support ALN in mainstream schools.
  - £20k to Neighbourhood Services Reserve for repairs in single use sports facilities
  - £350k to Neighbourhood Services Reserve for micro asphalt schemes to address the condition of roads within the Council area.
  - £150k to Neighbourhood Services Reserve to support the delivery of health and safety works in leisure centres.
  - £200k to Reshaping Risk and Investment Reserve to provide additional support to Children and Young people.

- £120k to Neighbourhood Services Reserve to support the implementation of A48 Scheme to improve Road Safety.

- The Housing Revenue Account had a smaller than projected draw down on the ringfenced reserve of £953k to reducing the level of its ringfenced reserve to £16.486m.
- The level of Useable Reserves reduced in year although by less that has been projected. The Council undertook a reserve reallocation exercise in year and this is reflected in the outturn position.

As at	Balance 01/04/2022	Capital Funding	Planned Transfer (from) reserves	Planned Transfer to reserves	Reallocation of Reserves	Estimated Balance 31/03/2023
	£'000	£'000	£'000	£'000	£'000	£'000
General Fund	12,510	-	- 987	-	-	11,523
Insurance	4,529	-	-	348	-	4,877
Service Reserves	30,824	- 886	- 4,610	5,052	- 7,859	22,521
Risk and Smoothing Reserves	21,345	- 1,594	- 3,358	4,047	9,362	29,802
Capital	27,426	- 9,828	- 77	1,708	- 1,503	17,726
Schools	13,145	-	- 6,522	630	-	7,254
Housing Revenue Account	17,439	- 953	-	-	-	16,486
<b>Total</b>	<b>127,218</b>	<b>-13,260</b>	<b>-15,554</b>	<b>11,785</b>	<b>0</b>	<b>110,189</b>

## **Recommendations**

1. That the report and the financial measures taken and proposed be noted.
2. That the allocation of overall Council surplus be noted.

## **Reasons for Recommendations**

1. To inform Committee of the outturn and the financial measures taken and proposed.
2. To note the allocation of the 2022/23 surplus to support the delivery of schemes supporting key priorities identified by the Council.

## **1. Background**

- 1.1 Following the end of the financial year, Committee is provided with provisional outturn figures for the Council. It is anticipated that the Statement of Accounts will be approved by Council in November 2023, which will follow the external audit by Audit Wales.
- 1.2 This report is now referred to Environment and Regeneration Scrutiny and the key paragraphs for this Committee are paragraphs 2.25 to 2.27 for Environment and paragraphs 2.31 to 2.33 for Regeneration with the supporting appendices 1 and 2.

## **2. Key Issues for Consideration**

### **2.1 Council Fund**

- 2.2 Council on 28th February, 2022 agreed the Council's budget requirement for 2022/23. This represented budgeted net expenditure for the Authority of £272.558M. Total expenditure was to be financed by Revenue Support Grant (£138.065M), National Non-Domestic Rates contribution (£47.950M) and Council Taxpayers (£86.543M). The Standard Spending Assessment (SSA) for the year was £278.715M.
- 2.3 The directorate revenue budgets have been amended and approved by Cabinet during the financial year. An additional budget allocation of £1.5M has been made to Schools in 2022/23 as a contribution to the additional costs of the 2022/23 pay award. This has been funded from additional Council Tax Income projected to be received in 2022/23 and therefore the Base Budget was increased to reflect this projected income.
- 2.4 At year end there was a £1.890M favourable variance which has been allocated as set out in paragraph 2.35.

**2.5** Total transfers from reserves of £17.029M were made up of a £987K budgeted contribution from the Council Fund and £2.782M transferred from specific reserves to support the revenue budget, a £953K drawdown from the Housing Revenue Account Reserve and £12.307M drawdown from reserves to fund the capital programme and displacement arrangements. As part of the preparation for the 2023/24 a review of reserves has been undertaken and reserves are reported including these adjustments.

**2.6** The following table compares the amended budget and the actual expenditure, including transfers to and from reserves, for the Council. The final column shows the net transfers to specific reserves for each directorate which has been included within the actual expenditure figures.

**Table 1 – Summary Outturn**

Service Year – 2022/23	Original Revenue Budget	Amended Revenue Budget	Total Provisional Actual	Variance +Favourable ( ) Adverse	Net Transfer to /(From) Reserve
	£000	£000	£000	£000	£000
<b>Learning and Skills</b>					
Schools	104,953	106,453	106,453	0	-5,997
<b>Learning and Skills Excluding Schools</b>	16,079	16,125	16,174	-49	-551
<b>Social Services</b>	80,869	80,742	79,601	1,141	1,511
<b>Environment and Housing Place</b>	31,737	31,674	32,561	-887	1,185
<b>Corporate Resources</b>	4,132	4,088	4,128	-40	-195
General Policy	1,675	2,208	3,657	-1,449	-2,263
Use of Council Fund	34,109	33,764	30,003	3,761	1,638
	-996	-996	-987	-9	-987
<b>Total Net Budget</b>	<b>272,558</b>	<b>274,058</b>	<b>271,590</b>	<b>2,468</b>	<b>-5,659</b>
Council Tax Surplus	0	-1,500	-922	-578	0
Allocation of Surplus to Reserves	0	0	1,890	-1,890	1,890
<b>TOTAL</b>	<b>272,558</b>	<b>272,558</b>	<b>272,558</b>	<b>0</b>	<b>3,769</b>

**2.7** The overall position of the Council is included for context however only the appendices relevant to this Scrutiny Committee are included for detail the key paragraphs for this Committee are paragraphs 2.25 to 2.27 for Environment and paragraphs 2.31 to 2.33 for Regeneration with the supporting appendices 1 and 2.

## Learning and Skills

- 2.8** Table 2 below provides detail of the outturn for the Learning & Skills Directorate. The outturn was an adverse variance of £49K after the transfer into the budget of £6.547M from reserves.

**Table 2 – Learning & Skills Outturn**

Service					
Year - 2022/23	Amended Revenue Budget 2022/23	Total Provisional Actual - Prior to transfers from reserve	Variance +Favourable/ (Adverse)	Net Transfer to /(From) Reserve - Revenue	Variance +Favourable/ (Adverse) - after transfers from reserve
	£'000	£'000	£'000	£'000	£000
<b>Learning and Skills</b>					
Schools	106,453	112,449	-5,996	-5,996	0
Strategy, Culture, Community Learning & Resources	9,002	9,472	-470	48	-518
Directors Office	242	243	-1		-1
Additional Learning Needs & Wellbeing	3,334	3,468	-134	-367	233
Standards and Provision	3,547	3,542	5	-232	237
<b>Total</b>	<b>122,578</b>	<b>129,174</b>	<b>-6,596</b>	<b>-6,547</b>	<b>-49</b>

## Schools

- 2.9** Schools are permitted to carry forward any revenue variances through school balances. At the start of the 2022/23 financial year, school balances totalled £12.771M, with no schools in a deficit position. By the end of 2022/23 year, school balances have decreased by £6.094M to £6.667M.
- 2.10** Nine schools ended the 2022/23 financial year in a deficit position compared to no schools in a deficit position at the end of 2021/22.
- 2.11** Any school that has a deficit outturn position, will be requested to prepare a balanced recovery plan eradicating the deficit over a three to five year period.

Schools are currently working on budgets and recovery plans to the statutory deadline of June 30th 2023.

- 2.12** Other transfers to and from reserves have also taken place in year such as repayment to the energy management fund for Salix schemes £75K, repayment of ICT loans £23K.

### **Central Learning and Skills**

- 2.13** The Central Learning and Skills Directorate budget closed with an overspend of £49K after transferring £551K from reserves.

- 2.14** Key pressures during the year are outlined below.

- 2.15** Directors Office – Adverse Variance £1K

- 2.16** Strategy, Culture, Community Learning & Resources - £518K adverse variance
- Total adverse variances £1.687M most significantly School Transport (£702K)
  - Favourable variances £1.217M relating to staff costs, private nurseries and pension payments and the early retirement and voluntary redundancy scheme
  - Contributions from reserves totalling £796K have been made in respect of the provision of temporary demountable accommodation at Ysgol Y Deri, Transition costs associated with Sustainable Communities for Learning
  - Some ringfenced sums have also been transferred into reserves totalling £844K e.g. transfers for ICT Hwb end user replacement fund (£352K), School Investment Strategy (£306K) and Schools Decarbonisation schemes (£25K).

- 2.17** Additional Learning Needs & Wellbeing – Favourable Variance £233K

- Total adverse variance in the service of £532K including against Children’s Placements and pooled placements fund £282K. The service also experienced a shortfall in Recoupment Income £189K
- Favourable variances have been reported totalling £398K most significantly in respect of Prevention and Partnership and Early Years provision.
- A contribution of £367K was made from Education reserves towards these costs.

- 2.18** Standards and Provision– Favourable variance £237K

- Adverse variances of £289K relating to Educated Other than At School and Alternative curriculum arrangements and Liaison and Engagement posts.

- Favourable variances total £294K most significantly against out of school tuition and school improvement budgets.
- Additional contributions from reserves of £232K have been made to offset cost including Liaison and Engagement temporary posts in year (£146K).

## Social Services

**Table 3 – Social Services Outturn**

Year - 2022/23	Amended Revenue Budget 22/23	Total Provisional Actual - Prior to transfers from reserve	Variance +Favourable/ (Adverse)	Net Transfer to /(From) Reserve - Revenue	Variance +Favourable/ (Adverse) - after transfers from reserve
	£'000	£'000	£'000	£'000	£000
<b>Social Services</b>					
Childrens Services	18,536	19,486	-950	-673	-277
Adults Services	53,754	49,785	3,969	2,180	1,789
Resource Management and Safeguarding	7,728	8,264	-536	3	-539
Youth Offending Service	724	556	168	1	167
<b>Total</b>	<b>80,742</b>	<b>78,091</b>	<b>2,651</b>	<b>1,511</b>	<b>1,140</b>

**2.19** Table 3 above provides detail of the outturn for the Social Services Directorate. The outturn was a favourable variance of £1.140M after the transfer into reserves of £1.511M.

**2.20** The outturn position in 2022/23 has been distorted by a one off favourable accounting adjustment of £4.164M to more accurately reflect the Council's collection of deferred income associated with care arrangements. After also allowing for additional cost of the pay award in 2022/23, an uplift given to Community Care Providers in February 2023 to support commissioning in the sector and some of the one off funding received in Children's Services from the Regional Integration Fund the underlying position would have been closer to a net overspend of around £1m.



### **2.21 Childrens Services – Adverse Variance £277k**

- Total adverse variances £1.722M, mainly associated with Legal Costs of Complex cases £369K, the cost of external placements £730K and the cost of additional posts and market forces payments of £376K
- Favourable Variances totalled £772K, the largest of which was additional funding through the Regional Integration Fund of £638K.
- Contributions from reserves totalling £677K towards legal costs and the additional posts and market forces payments.

### **2.22 Adult Services – Favourable Variance £1.789M**

- Total adverse variances £2.290M mainly as result of Community Care budgets having an adverse variance of £1.884M. Around half of this was due to an uplift in rates given to providers in February 2023 in order to support the pressures within the sector such as recruitment of staff and inflationary costs.
- Favourable Variances totalled £6.259M mainly due to the variance on deferred payment income of £4.858M and a £1.033M underspend on staffing costs as a result of additional grant funding and some vacant posts throughout the year.
- Contributions to reserves totalled £2.180M. This was made up of a £2m transfer into the Social Services Reserve and £180k into the Telecare Reserve.

### **2.23 Resource Management and Safeguarding Adverse Variance £539k**

- The total adverse variance within RMS was £1.824M. This was due to additional staffing costs of £667K associated with the enhanced pay award and also additional staff within residential care homes. There were also additional payments made on grants of £1.132M, however these were covered through additional grant income.
- Favourable Variances have been reported totalling £1.288M. The majority of this due to additional grant income received into the service.
- A contribution of £3k was made to the Energy Management reserve.

### **2.24 Youth Offending Service Favourable Variance £167k**

- Favourable Variances have been reported totalling £167K due to a rebate of non domestic rates and a saving on staff costs due to vacant posts in year.

## Environment and Housing

**Table 4 – Environment and Housing Outturn**

Service					
Year - 2022/23	Amended Revenue Budget 22/23	Total Provisional Actual - Prior to transfers from reserve	Variance +Favourable/ (Adverse)	Net Transfer to /(From) Reserve - Revenue	Variance +Favourable/ (Adverse) - after transfers from reserve
	£'000	£'000	£'000	£'000	£000
<b>Environment &amp; Housing</b>					
Neighbourhood Services & Transport	28,147	30,449	-2,302	-1,415	-887
Building/ Cleaning Services	0	-100	100	100	0
Regulatory Services	2,102	2,044	58	58	0
Council Fund Housing	1,425	-1,017	2,442	2,442	0
<b>Total</b>	<b>31,674</b>	<b>31,376</b>	<b>298</b>	<b>1,185</b>	<b>-887</b>

**2.25** The Environment and Housing budget outturn was an adverse variance of £887k after a net transfer to reserve of £1.185M including some ringfenced sums for resettlement. The outturn is detailed in Appendix 1.

**2.26** The remaining adverse variance is being offset by an underspend within the Policy budget as reported in the revenue monitoring report to Cabinet on 16th March, 2023.

### **2.27 Neighbourhood Services and Transportation - £887k adverse variance**

- Total Adverse variances £3.642M most significantly £800K associated with the enhanced pay award and market forces uplift for waste drivers and £715K on additional pothole and patching works. In addition, £230K was incurred to support Winter Maintenance costs and £727K additional costs were incurred on the Leisure Contract with Parkwood.
- Favourable Variances £1.340M including £294K reduced costs of street lighting, £279K additional car park income and £767K additional reimbursement from capital schemes and internal departments.

- Contributions from reserves totalling £1.415M including £200K towards the costs of tackling Ash Die Back, £450K towards the pothole and patching works and £727K to fund the Leisure centre contract overspend.

## 2.28 Regulatory Services – breakeven

- Favourable variances £58K on the regulatory services base budget mainly due to the payment to the Council of the 2021/22 SRS underspend for the relevant share of the budget.
- £58K has therefore been transferred into the Neighbourhood Services reserve.

## 2.29 Council Fund Housing – Breakeven

- Adverse variances totalling £51K including £25K on Cadoxton House.
- Favourable variances of £2.493M across the service mainly due to additional income for supporting people and refugee resettlement schemes which will be carried forward in a supporting people reserve and also towards the costs of the Rapid Housing Response programme and Resettlement demands in the medium term.
- Contributions to reserve totalling £2.442M into the Homelessness & Housing Strategy Reserve including £1.492M ringfenced for Refugee resettlement.

## Corporate Resources

Table 5 – Corporate Resources Outturn

Service	Amended Revenue Budget 22/23	Total Provisional Actual - Prior to transfers from reserve	Variance +Favourable/ (Adverse)	Net Transfer to /(From) Reserve – Revenue	Variance +Favourable/ (Adverse) - after transfers from reserve
Year - 2022/23					
	£'000	£'000	£'000	£'000	£000
Corporate Resources	2,208	5,920	-3,712	-2,263	-1,449

<b>Total</b>	2,208	5,920	<b>-3,712</b>	-2,263	<b>-1,449</b>
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**2.30** The Corporate Resources budget outturn was an adverse variance of £1.449M after a net transfer from reserve of £2.263k.

- Total Adverse variances £5.544M most significantly £414k associated with Legal and Democratic, Policy and Business Transformation £321k, ICT £291k and Oracle Cloud Implementation £3.477M.
- Favourable Variances £1.968M including £1.75M associated with an adjustment for an appeal on the rateable value of a number of the Council's office accommodation.
- Contributions from reserves totalling £3.548M including £2.139M towards the costs of the Oracle Implementation and £825k towards the Discretionary Cost of Living scheme.
- Transfers to reserves total £1.421M and include £1.243M to the Corporate Landlord Reserve towards the costs of the proposed Eich Lie project.

#### Place

**Table 6 – Place Outturn**

Service	Amended Revenue Budget 22/23	Total Provisional Actual - Prior to transfers from reserve	Variance +Favourable/ (Adverse)	Net Transfer to /(From) Reserve - Revenue	Variance +Favourable/ (Adverse) - after transfers from reserve
Year - 2022/23	£'000	£'000	£'000	£'000	£000
<b>Place</b>					
Regeneration	1,660	1,853	<b>-193</b>	-146	-47
Sustainable Development	2,206	2,205	<b>1</b>	-8	9
Private Housing	222	265	<b>-43</b>	-41	-2
<b>Total</b>	<b>4,088</b>	<b>4,323</b>	<b>-235</b>	<b>-195</b>	<b>-40</b>

**2.31** The Place budget outturn was an adverse variance of £40K after a net transfer from reserve of £195k and is detailed in Appendix 2.

### **2.32 Regeneration - £47K Adverse Variance**

- Adverse variances totalled £271K mainly due to the Events programme which is funded from reserves and also an adverse variance on historical pension costs.
- Favourable variances totalled £66K mainly due to additional income.
- Contributions from reserve totalled £158K. Of this figure £109K was for the Events programme, £59K from the regeneration and planning reserve and £198K was put into reserve for 198 Holton Road.

### **2.33 Development Management - £9k Favourable Variance**

- Adverse variances totalled £318K. The main variances were for the Local Development Plan £42K, a shortfall in planning fee income of £164K and a deficit on the Building Control trading account of £43K
- Favourable variances totalled £319K. There was £77K in additional car park income, £229K underspend on staff costs and £13K additional income for the landscape team.
- There was a net transfer of £8K from reserves. £42K drawdown from the LDP reserve, £43K from the Building Control reserve and £77K transferred into a reserve for the car park income at Country Parks which will be re-invested within the Country Parks.

### **2.34 Private Housing - £2K Adverse Variance**

- Total adverse variances of £53K mainly due to an additional occupational therapist post in the Disabled facilities grant section.
- Favourable variances totalled £10K due to an underspend on software and transport budgets.
- There was a £41K drawdown from reserves to cover the occupational therapist post mentioned above.

## General Policy

**Table 7 – General Policy Outturn**

Service	Amended Revenue Budget 22/23	Total Provisional Actual - Prior to transfers from reserve	Variance +Favourable/ (Adverse)	Net Transfer to /(From) Reserve - Revenue	Variance +Favourable/ (Adverse) - after transfers from reserve
Year - 2022/23					
	£'000	£'000	£'000	£'000	£000
Policy	33,764	28,364	5,400	1638	3,762
Council Tax Surplus	-1,500	-922	-578	0	-578
<b>Total</b>	<b>32,264</b>	<b>27,442</b>	<b>4,822</b>	<b>1,638</b>	<b>3,184</b>

**2.35** The General Policy outturn was a £3.184M favourable variance.

**2.36** The Policy budget outturn was a favourable variance of £3.762M after a net transfer to reserves of £1.638M.

- Total Adverse variances £841K most significantly Welsh translation overspend of £68K, Capital schemes funding from revenue of £147K, various contributions to corporate costs such as Employee Counselling, Flu vaccinations and legal costs totalling £458K, Election costs of £197K, property costs of £83K, legacy costs associated with Covid e.g., continued PPE provision £69K.
- Favourable Variances £6.241M including £3.131M against the cost of capital financing for external borrowing as the Council continues to utilise reserve balances in the current high interest environment. Additional investment income of £964K, an underspend against the Members and Corporate Policy budget of £74K and a reduced level of take up against the Council Tax reduction budget of £390K. The Council also received income of £60K related to solar panels which has been ringfenced for Project Zero.
- Contributions from reserves totalling £197k to fund election costs.

- Transfers to reserves total £1.834m which includes £348K additional reserve provision for the Council's Insurance Fund which enables some self insurance. Included in the analysis above is a contribution of £1.232M to the Vehicles renewals fund which has been funded by planned contribution as part of the Council's fleet arrangements towards the replacement of vehicles and proceeds of sale where the sum does not meet the capitalisation threshold.

**2.37** Council Tax Surplus – Adverse Variance £578K

**2.38** To support schools with pay pressures an additional allocation from an assumed Council Tax surplus was made of £1.5M, having analysed arrears at year end an increased contribution to a provision for doubtful debts was required and therefore the surplus in year was reduced to £922K leaving a shortfall of £578K against the revised budget. This shortfall has been offset by additional investment income and a reduced take up against the Council Tax Reduction Scheme in year in the main Policy budget.

### **Allocation of Surplus**

**2.39** Following Directorate specific transfers to and from reserves the Council reported a surplus of £1.890M this was largely due to the continued use of the Council's reserves to minimise external borrowing and the required accounting adjustment for deferred income in social services.

**2.40** The indicative outturn was reviewed by SLT and following further discussions the following sums have been transferred to reserves to allow schemes to progress in 2023/24.

1. £200K transfer to Education Pressures and Improvements Reserve to provide additional support to schools in special measures.
2. £850K to Education Pressures and Improvements Reserve support ALN support in mainstream schools.
3. £20K to Neighbourhood Services Reserve for repairs to single use sports facilities
4. £350K to Neighbourhood Services Reserve for micro asphalt schemes to address the condition of roads within the Council area.
5. £150K to Neighbourhood Services Reserve to support the delivery of health and safety works in leisure centres.
6. £200K to Reshaping Risk and Investment Reserve to provide additional support to Children and Young people.
7. £120k to Neighbourhood Services Reserve to support the implementation of A48 Scheme to improve Road Safety.

## Housing Revenue Account

- 7.1** Council on 7th March, 2022 (minute no.905) agreed the Authority's 2022/23 Housing Revenue Account (HRA) budget.
- 7.2** The 2022/23 Housing Revenue Account (HRA) has a deficit of £954K compared to the amended budget deficit of £16.516M. The HRA reserve balance opened at £17.439M and closed at £16.483M. This level is higher than the figure projected in the current Housing Business Plan, mainly due to a reduction in the required revenue contribution to capital. The level of this balance will therefore be reviewed as part of the production of the next Housing Business Plan.

## Efficiency Targets

- 7.3** As part of the Final Revenue Budget Proposals for 2022/23, an efficiency target of £500K was set for the Council, which as a result of a positive settlement from WG, was broadly in line with the lower targets set in the past two financial years. No efficiency target was set for schools. A further £170K was outstanding from 2021/22 and so has continued to be monitored during 2022/23. Whilst some savings have been offset by underspends in other areas in 2022/23 steps have been taken by Directorates to identify savings on a sustainable basis from the 2023/24 budget.
- 7.4** Attached at Appendix 3 is a statement detailing all savings targets for 2022/23 and the projection as to whether this saving can be made within the financial year, the position by Directorate is summarised below. The appendix shows a RAG status for the savings to show the potential for being made in 2022/23.

**Table 10 – Efficiency Targets**

Service	Efficiency Target 22/23	Efficiencies and Savings Achieved	Variance
Year – 2022/23	£000	£000	£000
Learning and Skills Excl. Schools	68	68	0
Social Services	106	106	0
Environment and Housing	199	199	0
Place	14	14	0
Corporate Resources	177	177	0
General Policy	106	106	0
<b>Total Savings and Efficiencies</b>	<b>670</b>	<b>670</b>	<b>0</b>
Savings Allocation 22/23	500	500	0
Savings Allocation 21/22	170	170	0
<b>Total Savings and Efficiencies</b>	<b>670</b>	<b>670</b>	



## Reserves

- 7.5** A reserve is an appropriation from a revenue account and does not constitute a cost of service until the expenditure is eventually incurred. A reserve does not cover a present obligation or liability and is a voluntary means of setting aside monies for future requirements either capital or revenue.
- 7.6** As part of the preparation for the 2023/24 budget a full review of the Council's reserves has been undertaken some consolidation has been undertaken and some reallocation to ensure that the reserves are more appropriately matched the Council's key budgetary risks the table below reflects the reallocation of reserves that has taken place.
- 7.7** Table 11 below sets out the use of reserves for a variety of purposes including planned usage to fund Capital Expenditure, planned revenue usage in accordance with the earmarked purpose of the reserve, unplanned usage to fund emerging overspends during 2022/23 and planned transfers to reserves to set aside fund for specific purposes. The use of reserves to support the Capital programme has reduced to £12.3M and reflects slippage on the delivery of schemes in 2022/23. Where schemes have been reprofiled into 2023/24 this drawdown from reserves will now take place in 2023/24 to match expenditure.
- 7.8** Use of reserves includes an allocation of £2.006M to fund the projected Oracle project cost, £450k towards the cost of Potholes and £727k towards the additional costs of the Leisure contract. Transfers into reserves include the rates rebate £1.243M transferred into the Corporate Landlord reserve and the corporate surplus of £1.890M which has been transferred into reserves as detailed in paragraph 2.30. The use of reserves is detailed in the table below.

**Table 11 - Reserves**

As at	Balance 01/04/2022	Capital Funding	Transfer (from) reserves	Transfer to reserves	Reallocation of Reserves	Provisional Balance 31/03/2023
	£000	£000	£000	£000	£000	£000
<b>General Fund</b>	<b>12,510</b>	<b>0</b>	<b>-987</b>	<b>0</b>	<b>0</b>	<b>11,523</b>
<b>Insurance</b>	<b>4,529</b>	<b>0</b>	<b>0</b>	<b>348</b>	<b>0</b>	<b>4,877</b>
<b>Service Reserves</b>						
Learning and Skills	5,082	-68	-1,500	1,580	-963	<b>4,131</b>
Social Services	13,777	0	-786	2,000	-4,979	<b>10,012</b>
Neighbourhood Services	4,407	-741	-1,026	699	-263	<b>3,076</b>
Corporate Resources	1,112	-25	-128	277	-503	<b>733</b>
Place	2,525	-51	-270	105	-209	<b>2,100</b>
Other Service Reserves	2,500	0	-820	341	-392	<b>1,629</b>
Other Corporate	1,421	0	-80	50	-550	<b>841</b>

<b>Risk and Smoothing Reserves</b>						
Homelessness and Housing Reserve	2,065	0	0	2,442	-51	<b>4,456</b>
Cost of Living	1,723	0	-869	0	0	<b>854</b>
Pay Pressures	473	0	0	0	3,695	<b>4,168</b>
Energy Pressures	0	0	0	0	3,885	<b>3,885</b>
Legal	1,870	0	0	0	130	<b>2,000</b>
Project Zero	2,681	-326	-200	170	0	<b>2,325</b>
Investment and Growth Fund	2,353	0	0	0	0	<b>2,353</b>
Reshaping Risk and Investment	1,763	0	-150	200	710	<b>2,523</b>
Corporate Landlord	5,465	-1,267	0	1224	286	<b>5,708</b>
Digital Reshaping	2,952	0	-2,139	11	707	<b>1,531</b>
<b>Capital Reserves</b>		<b>0</b>				<b>0</b>
Capital	27,426	-9,828	-77	1,708	-1,503	<b>17,726</b>
<b>Sub Total</b>	<b>96,634</b>	<b>-12,307</b>	<b>-9,032</b>	<b>11,155</b>	<b>0</b>	<b>86,450</b>
<b>Ring Fenced Reserves</b>						
School Reserves	13,145	0	-6,522	630	0	<b>7,254</b>
Housing Revenue Account	17,439	-953	0	0	0	<b>16,486</b>
<b>Total Reserves</b>	<b>127,218</b>	<b>-13,260</b>	<b>-15,554</b>	<b>11,785</b>	<b>0</b>	<b>110,189</b>

## 8. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

8.1 The Council's revenue budget and therefore its expenditure is incurred in order to achieve its corporate priorities as set out in the Corporate Plan 2020-2025 through the 4 well-being outcomes.

## 9. Climate Change and Nature Implications

9.1 At 31st March, 2023 the Council holds reserves specifically earmarked to support the Council's response to the Climate and Nature Emergency totalling £2.325M with further reserves earmarked within the Capital reserves shown.

## 10. Resources and Legal Considerations

### Financial

#### Revenue (Including Efficiency Targets)

10.1 As part of the Final Revenue Budget Proposals for 2022/23, an efficiency target of £500K was set for the Council, which as a result of a positive settlement from

WG, was greatly reduced from targets set in recent years. No efficiency target was set for schools.

- 10.2** Each efficiency target has been given a RAG status. Green indicates that it is anticipated that the target will be achieved in full within the year, amber indicates that it is considered that the saving in the year will be within 20% of the target and red indicates that the saving to be achieved in year will be less than 80% of the target.
- 10.3** Services were unable to fully achieve their efficiency targets this year on a recurring basis with many met from vacant posts and one off underspends, however steps have been taken to do so as parr of the preparation for the 2023/24 budget.

### **Employment**

- 10.4** There are no employment implications contained in this report.

### **Legal (Including Equalities)**

- 10.5** The provisional outturn figures for the Council have been used in the preparation of the Statements of Accounts. Regulation 10(1) of the Accounts and Audit (Wales) Regulations 2014 (as amended) requires the Responsible Financial Officer to sign and date the Statement of Accounts and certify that they present a true and fair view of the financial position at the end of the year. This means that for 2020/21 the Statement of Accounts should be certified by the Section 151 Officer by 31st May, 2023.
- 10.6** If it is not possible to meet this deadline the Council has to advertise that this has not happened and the reason why. Due to the continued impact of the pressures of the COVID-19 pandemic and Resource pressures in the team it was not possible to produce the Statement of Accounts by 31st May, 2023 and the appropriate advert was placed. The Statement of Accounts was however signed by the S151 Officer on 30th June, 2023.

## **11. Background Papers**

None.

### Environment & Housing Budget Outturn 2022/23

The Environment & Housing Budget had an adverse variance of 887k after transferring £1,185k from reserves. The table below shows the breakdown over the areas within Environment & Housing.

Service	Original Revenue Budget	Amended Revenue Budget	Total Provisional Actual	Variance +Favourable/ (Adverse)	Net Transfer to /(From) Reserve
Year - 2022/23	£'000	£'000	£'000	£'000	£'000
<b>Environment &amp; Housing</b>					
Neighbourhood Services & Transport	28,190	28,147	30,449	-887	-1,415
Building/Cleaning Services	0	0	-100	0	100
Regulatory Services	2,103	2,102	2,044	0	58
Council Fund Housing	1,444	1,425	-1,017	0	2,442
<b>Total</b>	<b>31,737</b>	<b>31,674</b>	<b>31,376</b>	<b>-887</b>	<b>1,185</b>

Further analysis of each area is provided in the paragraphs below:

#### Neighbourhood Services & Transport - £887k adverse variance

Neighbourhood Services and transport had an adverse variance of £887k after transferring £1,415k from reserves. The following table provides a breakdown of the main variances against the budget and also the transfers to/(from) reserves:

Neighbourhood Services & Transport	
<b>Adverse Variances</b>	<b>£000</b>
Enhanced Pay Award	500
Market forces uplift - Waste collections Drivers	300
Transport Costs - increasing cost of fuel/parts/new vehicles	369
Ash Die back - essential tree work (£200k funded from reserve)	278
Additional Pothole/Highways patching works	715
Painting at Barry Island - funded from reserves	76
Winter Maintenance	230
Additional subcontractor work - Parks & Cleansing	200
Leisure contract – Parkwood	727
Technical salary costs	162
Other Adverse Variances	85

<b>Total Adverse Variance</b>	<b>3,642</b>
<b>Favourable Variances</b>	
Street Lighting Energy costs	-294
Car Parking Income	-279
Additional income - Capital schemes/other departments	-767
<b>Total Favourable Variances</b>	<b>1,340</b>
<b>Total Net Adverse Variance</b>	<b>2,302</b>
<b>Contribution to/(from) Reserves</b>	<b>Transfer To/(from) reserves £000</b>
	0
Civil Parking Enforcement - transfer surplus to reserve	26
Ash Die Back - Part fund required works	-200
Painting works at Barry Island	-77
Contribution to Pothole Costs - Enforcement reserve	-150
Contribution to Pothole Costs - NS&T reserve	-300
Leisure contract - Parkwood	-727
Leisure Centre Repairs - transfer underspend to	13
<b>Total Transfer from reserves</b>	<b>-1,415</b>
<b>Net Variance after transfer from reserves</b>	<b>887</b>

The outturn at year end was an adverse variance of £887k.

Adverse variances include £800k due to the enhanced pay award and market forces payments to waste drivers, £715k additional spend on highways potholes & patching and £708k for additional spend on schemes for capital or other departments which will have been offset by additional income. The winter maintenance budget had an adverse variance of £230k and painting costs at Barry Island were £76k and were funded from reserves. There were additional costs of around £200k within Parks and Cleansing for subcontractors to undertake clean up work for areas such as adopted highways lanes behind housing areas.

As reported throughout the year there were still pressures on the Leisure contract as a result of Covid 19 and this caused an adverse variance of £727k. The Covid 19 financial support provided to the Council's leisure centre provider ceased from January 2023. A report on the leisure contract was recently presented to Corporate Performance and Resources scrutiny committee on the 24<sup>th</sup> May 2023.

There were favourable variances across the Division, most particularly within additional income which offset some of the adverse variances above. Car park income had a favourable variance of around £279k, there was £767k additional income from undertaking capital schemes and work for other departments. There was also a favourable variance as a result of a reduction in the cost of street lighting energy usage due to the installation of LED

lighting across the majority of the street lighting stock. This saving is unlikely to be maintained into the 2023/24 financial year due to the increasing unit price of electricity.

There were drawdowns from reserve totalling £3,358k as shown in the table above.

**Building Services - breakeven**

	<b>Building Maintenance</b>	<b>Building Cleaning</b>	<b>Caretaking &amp; Security</b>	<b>Courier</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
(Surplus)/deficit	-66	171	-17	33	55
Building Maintenance Twin Hat Underspend					-154
Transfer to Building Services Reserve					99
<b>Total</b>					<b>0</b>

The overall position for Building Services is a breakeven position. The Building Maintenance trading unit had a turnover of £7.699m and made a year end surplus of £66k

The Building Cleaning & Security trading unit had a turnover of £2.805m making a deficit of £154k. Due to the enhanced pay award received by staff during the 2022/23 financial year it was anticipated that the Building Cleaning & Security trading account would make a deficit as a lot of the recharges to clients are agreed at the beginning of the financial year therefore it is difficult to adjust for cost increases during the financial year. For the majority of staff within the service the pay award was the equivalent of between a 10 to 14% increase, whereas charges to clients only increased by 3.5%.

The Building Services Twin Hat function had a favourable variance of £154k at year end. This was mainly due to vacant posts, plus underspends against transport budgets and general supplies & services budgets. The Courier service made a surplus of £33k.

All the above were offset by a £99k transfer to the Building Services Reserve to fund the ongoing costs of apprentices and other business improvements within the area.

**Regulatory Services - £1k adverse variance**

The Vale of Glamorgan Council has acted as host for a Shared Regulatory Service (SRS) since May 1st, 2015. There was a favourable variance of £58k on the Regulatory Services base budget, held by the Vale of Glamorgan Council for its own share of the service. Included within this figure is £39k which relates to the repayment to the Vale of Glamorgan of its apportionment of the underspend from the SRS during 2021/22, which was allocated following approval by the Joint Committee in September 2022.

This underspend allowed a £58k transfer to the Neighbourhood Services reserve.

### **Council Fund Housing**

The outturn at year end was a favourable breakeven after a transfer to reserves of £2,442m. This included transfers for historic grant sums that have been carried forward for a number of years and additional funding for resettlement to be utilised to support the service in 2023/24.

Adverse variances totalling £51k including £25k rental income shortfall on Cadoxton House.

Favourable variances of £2.493m across the service mainly due to additional income for supporting people and refugee resettlement schemes which will be carried forward in a supporting people reserve and also towards the costs of the Rapid Housing Response programme and Resettlement demands in the medium term.

Contributions to reserve totalling £2.442m. Into the Homelessness & Housing Strategy Reserve including £1.492m ringfenced for Refugee resettlement.

**Place Budget Outturn 2022/23**

Overall there was an adverse variance of £40k within the Place directorate after a drawdown from reserves of £207k.

Service	Amended Revenue Budget 22/23	Total Provisional Actual - Prior to transfers from reserve	Variance +Favourable/ (Adverse)	Net Transfer to /(From) Reserve - Revenue	Variance +Favourable/ (Adverse) - after transfers from reserve
Year - 2022/23					
	£'000	£'000	£'000	£'000	£000
<b>Place</b>					
Regeneration	1,660	1,853	-193	-146	-47
Sustainable Development	2,206	2,205	1	-8	9
Private Housing	222	265	-43	-41	-2
<b>Total</b>	<b>4,088</b>	<b>4,323</b>	<b>-235</b>	<b>-195</b>	<b>-40</b>

**Regeneration**

Overall there was a £47k adverse variance after a drawdown of £146k from reserves. The table below shows the main variances to the budget.

Regeneration	
<b>Adverse Variances</b>	<b>£000</b>
Historical Pension costs	79
Planned drawdown from reserve not required	36
Events programme	156
<b>Total Adverse Variance</b>	<b>271</b>
<b>Favourable Variances</b>	
Additional SPF funding	-34
Additional income	-9
Transport cost	-5
Other favourable variances	-30
<b>Total Favourable Variance</b>	<b>-78</b>
<b>Total Net Adverse Variance</b>	<b>193</b>



Contribution to/(from) Reserves	Transfer To/(from) reserves £000
Regeneration and Planning reserve	-59
198 Holton Road Grant	10
Vale wide Events programme	-109
Donations	12
<b>Total Transfer from reserves</b>	<b>-146</b>
<b>Net Variance after transfer from reserves</b>	<b>47</b>

There have been a number of adverse variances totalling £271k. There was an adverse variance of £79k within the division due to additional historical pension costs plus project work agency staffing costs. Planned drawdowns from reserves totalling £36k were not needed as there were underspends elsewhere in the Division, mainly due to the availability of SPF grant funding which freed up revenue budget commitments. The Events programme was over budget by £156k

There were favourable variances totalling £78k. There was a favourable variance of £34k due to additional SPF funding received during the year. Administration of Home Loans during the year yielded £9k income whilst travel costs for the Division were some £5k under budget, due largely to the reduction in pool car use during the year. There were other smaller favourable variances of £30k.

To cover the net adverse variance above there was a contribution of £59k from the Regeneration and Planning reserve.

£10k was transferred into a ring-fenced reserve from the underspend on a property budget at 198 Holton Road which, in agreement with the Welsh Government, can be rolled forward and used to fund future regeneration projects in the area. The budget also included a planned drawdowns from reserves of £109k for the year's Vale-wide events programme.

### **Sustainable Development**

There was a £9k favourable variance within Sustainable Development after a net drawdown of £8k from reserves. The table below shows the main variances to the budget.

Development Management	
<b>Adverse Variances</b>	<b>£000</b>
Local Development Plan	42
Planning Fee Income	164
Building Control deficit	43

Other adverse variances	23
Net Contribution to Capital	46
<b>Total Adverse Variance</b>	<b>318</b>
<b>Favourable Variances</b>	
Car Parking Fee income	-77
Staff savings	-229
Additional Income - Landscape Team	-13
<b>Total Favourable Variance</b>	<b>-319</b>
<b>Total Net Favourable Variance</b>	<b>-1</b>
<b>Contribution to/(from) Reserves</b>	<b>Transfer To/(from) reserves £000</b>
LDP Reserve	-42
Building Control trading account	-43
Car Parking fees	77
<b>Total Transfer from reserves</b>	<b>-8</b>
<b>Net Variance after transfer from reserves</b>	<b>-9</b>

There was an adverse variance totalling £272k within the division. As work on the Local Development Plan (LDP) progressed well during the year, the expenditure exceeded the budget by some £42k. Planning fee income was £164k below the budget due to lower than projected major applications. Building Control had a deficit of £43k and there were other adverse variances totalling £23k

There have been a number of favourable variances during the year totalling £319k. Additional car parking income fees of £77k were taken in-year within the Countryside service. There were £229k employee-related savings across the division due to vacant posts and delays in recruiting. The Landscape Team exceeded their income target by £13k due to high levels of rechargeable works for the section.

The net drawdown from reserves was £8k. This was made up of a drawdown of £42k from the LDP reserve to cover costs mentioned above. £43k was drawn down to cover the Building Control deficit of £43k and £77k was transferred into reserve for the additional car parking income that was received. This will be earmarked for future re-investment in the Country Parks.

### Private Sector Housing

£2k adverse variance after a drawdown of £41k from reserves.

There were adverse variances totalling £53k. £41k was for an additional occupational therapist post in the Disabled Facility Grants section, £7k as fee income fell short of the target due to on-going issues with lack of contractors on the approved list for Disabled Facilities Grants work. There were also various smaller adverse variances totalling £3k.

There were favourable variances totalling £10k, due to savings on the software budget and travel costs for the Division being some £4k under budget, due largely to the reduction in pool car use during the year.

There was a planned drawdown of £41k from the Private housing reserve to fund the Occupational therapist post in the Disabled Facility Grants section.

**APPROVED EFFICIENCY TARGETS - 2022/23**

**APPENDIX 3**

<b>Service</b>	<b>TARGET 2022/23 £000</b>	<b>PROJECTION 2022/23</b>	<b>RAG STATUS</b>	<b>Comments</b>
<b>LEARNING AND SKILLS</b>				
Strategy, Culture, Community Learning and Resources 22/23	32	32	Green	Saving to be Identified from Historic Pensions Budget
Additional Learning Needs and Wellbeing 22/23	17	17	Green	Savings identified from additional income within the service area
Standards and Provision 22/23	19	19	Green	Work ongoing to identify savings in this service area. One off savings have been found to cover this amount in 22/23.
<b>TOTAL LEARNING AND SKILLS</b>	<b>68</b>	<b>68</b>		
<b>SOCIAL SERVICES</b>				
Children and Young People Services 22/23	27	27	Green	Children and Young People Services – Use of lower tariff placements
Adult Services 22/23	79	79	Green	Review of complex cases in Adult Services
<b>TOTAL SOCIAL SERVICES</b>	<b>106</b>	<b>106</b>		
<b>ENVIRONMENT AND HOUSING</b>				
Neighbourhood Services and Transport 22/23	100	100	Green	Current contracts within the service area are being reviewed to achieve savings in 2022/23. Any shortfall has been met from additional income received during 2022/23
Corporate Recovery and Efficiency Savings 21/22	68	68	Green	Current contracts within the service area are being reviewed to achieve savings in 2022/23. Any shortfall has been met from additional income received during 2022/23
Traffic Surveys	5	5	Green	Current contracts within the service area are being reviewed to achieve savings in 2022/23. Any shortfall has been met from additional income received during 2022/23
Leisure Services	20	20	Green	Current contracts within the service area are being reviewed to achieve savings in 2022/23. Any shortfall has been met from additional income received during 2022/23
General Fund Housing 22/23	6	6	Green	Saving to be realised in full for 2022/23
<b>TOTAL ENVIRONMENT AND HOUSING</b>	<b>199</b>	<b>199</b>		
<b>Corporate Resources</b>				
Coporate Resources 22/23	100	100	Green	This will be covered via vacant posts within the service for 2022/23
Fraud and Income Recovery	50	50	Green	It is expected that this will be recoverable in year
	27	27		This will be covered in 2022/23 via vacant posts within the service
Corporate Recovery and Efficiency Savings 21/22			Green	
<b>Total Resources</b>	<b>177</b>	<b>177</b>		
<b>Place</b>				
Regeneration	9	9	Green	Saving to be realised in full for 2022/23
Development Management	4	4	Green	Saving to be realised in full for 2022/23
Private Housing	1	1	Green	Saving to be realised in full for 2022/23
<b>Total Place</b>	<b>14</b>	<b>14</b>		
<b>Policy</b>				
Policy 22/23	94	94	Green	To be found from additional investment income in year
Pensions Adjustment	12	12	Green	Saving to be Identified from Historic Pensions Budget
<b>TOTAL Policy</b>	<b>106</b>	<b>106</b>		

**APPROVED EFFICIENCY TARGETS - 2022/23**

**APPENDIX 3**

<b>Service</b>	<b>TARGET 2022/23</b>	<b>PROJECTION 2022/23</b>	<b>RAG STATUS</b>	<b>Comments</b>
<b>TOTAL</b>	<b>670</b>	<b>670</b>		
Savings Allocation 2022/23	500	500		
Savings Shortfall 2021/22	170	170		