

Report to	Performance Scrutiny Committee
Date of meeting	18th July 2024
Lead Member / Officer	Councillor Elen Heaton, Lead Member for Health & Social Care/Ann Lloyd, Head of Adult Social Care & Homelessness Service
Head of Service	Ann Lloyd, Head of Adult Social Care & Homelessness Service
Report author	Ann Lloyd, Head of Adult Social Care & Homelessness Service/Nick Bowles, Operational Service Manager
Title	Cefndy Year End Report 2023/2024

1. What is the report about?

1.1. This report details Cefndy's performance during 2023 /2024, including progress against financial, business, and social well-being objectives.

2. What is the reason for making this report?

2.1. To provide an update report on Cefndy's full financial year performance for 2023 / 2024.

3. What are the Recommendations?

3.1. That the Committee analyses the performance of Cefndy in relation to its financial, business and social well-being objectives during 2023 / 2024 and scrutinise as necessary.

4. Report details.

Financial Performance

- 4.1. Cefndy's total income for the financial year was £3,286,718. This is made up of sales income £3,054,694, Department of Work and Pensions funding £122,915 and the GWICES' (Gwent Wide Integrated Community Equipment Service) management fee of £109,109; total income increased from 2022 /2023 by £38,654 or 1.2%.
- 4.2. Cefndy had a total net revenue budget of £88,977 (£79,000 standstill budget + £9,977 in-year virement from Property Services to fund various building maintenance works). The in-year net expenditure was £2,312 and led to an £86,665 underspend which was transferred to the Cefndy Reserve to mitigate against future pressures and fund other maintenance costs.
- 4.3. Cefndy's operating costs were broadly in line with expectation. Year on year we have seen the cost of sales against the number of staff improve. Back in 2011/12 the staff team was 60 and cost of sales per FTE (Full time Equivalent) was £60K in 2022/2023 the staff FTE was 33 and cost of sales per FTE has increased to £90K.
- 4.4. In-year costs resulting from now-concluded HR processes were circa £90k. We should not incur such costs moving forward.

Business Performance

- 4.5. 2023 /2024 saw the Aids to Daily Living market settle following the volatile Covid period. However, Cefndy started to feel the impact of financial social care pressures with UK wide Local Authorities. Where we work directly with Local Authority run community equipment services orders slowed down and others moved to call off orders.
- 4.6. We have seen a reduction in the cost of imported goods from the Far East since Covid, this is likely to cause price pressure in the medium term which is being mitigated against with continuous improvement activities.
- 4.7. During the year Cefndy have built on their brand of being a Welsh manufacturer and their social value of being a supported business employing disabled

people. This was based on feedback from one of their biggest customers who felt that this was a missed opportunity by Cefndy, to date it is difficult to tell the impact it has had, but this is being monitored through engagement with our customers and suppliers.

- 4.8. Due to the significant challenges Cefndy was facing from late 2019 throughout Covid their International Organisation for Standardisation (ISO) accreditation lapsed. Much work has been done to streamline processes, utilise the FactoryMaster system and improve quality and continuous improvement processes which has allowed for the reinstatement of the ISO9001 accreditation.

Social Well-Being Performance

- 4.9. This year we have seen two long-serving members of the Cefndy team leave through the Council's voluntary exit scheme and this has provided opportunity for development. One member of staff who joined Cefndy at the age of 21 as a Grade 1, 17 years later is now a Grade 8 with significant responsibility. There is also another opportunity which is currently being progressed which will allow for someone to progress to a Team Leader post.
- 4.10. The service is also looking at succession planning, and we are considering how we grow our own welders. A conversation will be taking place with the college who recently opened a new engineering department next door to Cefndy.
- 4.11. Cefndy continues to support the wider workforce with additional support being provided to the disabled staff as part of the supported business. Even although staff numbers have decreased 73% of the staff group have a disability and 3 of the staff have over 40 years' service.

5. How does the decision contribute to the Corporate Plan 2022 to 2027: The Denbighshire We Want?

- 5.1. Cefndy contributes to a Prosperous Denbighshire by providing supported employment opportunities for local disabled people who would otherwise struggle to find employment.

- 5.2. For the disabled staff in Cefndy there is additional support and reasonable adjustments made to allow them to carry out their roles. By being a supportive employer Cefndy contributes to A Healthier, Happy, Caring Denbighshire, developing resilience, maintaining well-being, and giving people real work opportunities.
- 5.3. We support the development of the staff and look to promote from within wherever possible to retain the skills, knowledge and experience that has been provided to the team. Many of our management team have been supported to learn and grow within their roles, allowing them to apply for higher graded posts, thus contributing to A Learning and Growing Denbighshire

6. What will it cost and how will it affect other services?

- 6.1. Cefndy's net expenditure for the 2023/24 financial year was £2,312 against a net revenue budget of £88,977, which resulted in a £86,665 underspend, which was transferred to the Cefndy reserve.
- 6.2. The operational costs for the financial year also include circa £90k because of HR processes, indicating the potential for Cefndy to run on a cost neutral basis, without a revenue budget.
- 6.3. Cefndy is currently undergoing refurbishment of its internal lighting system which will have a positive impact on carbon emissions.

7. What are the main conclusions of the Well-being Impact Assessment?

- 7.1. A well-being impact assessment is not required for this report.

8. What consultations have been carried out with Scrutiny and others?

- 8.1. No consultation has been carried out.

9. Chief Finance Officer Statement

- 9.1. There is no direct financial impact to this report. Good progress has been made to streamline processes and reduce operational costs. The in-year surplus in 2023/24 is set-aside in an earmarked reserve to mitigate against future pressures and fund other maintenance costs.

10. What risks are there and is there anything we can do to reduce them?

10.1. Market condition remain volatile; however, sales have remained stable over a 3-year period at circa £3 million and operational costs have reduced and are expected to reduce further in 24/25.

10.2. Risks include Cefndy's core customer base (Local Authorities either directly or indirectly) remains under financial pressure in the medium term and shipping costs remain volatile due to global challenges impacting on supply chain costs and lead-times.

11. Power to make the decision

11.1. Scrutiny powers with respect to this matter are set out in Section 21 of the Local Government Act 2000 and Section 7.4.2(b) of the Council's Constitution.