



**POLICY AND RESOURCES SCRUTINY COMMITTEE –  
22ND JANUARY 2013  
(RESCHEDULED TO 30TH JANUARY 2013)**

**SUBJECT: WHOLE AUTHORITY BUDGET MONITORING 2012-2013**

**REPORT BY: DEPUTY CHIEF EXECUTIVE**

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**1. PURPOSE OF REPORT**

- 1.1 This report provides information on the position of the whole authority in respect of budget monitoring for 2012/13. Detailed reports have been presented to Scrutiny Committees throughout the financial year. Consideration has been given to the expenditure and income trends in the first 8 months of the financial year. A projection has then been made of the likely outturn and where significant variations from budget have been identified these are commented upon below.

**2. LINKS TO STRATEGY**

- 2.1 The Council has a number of corporate strategies and this report deals with the use of resources in the achievement of those strategies.

**3. FINANCIAL IMPLICATIONS**

- 3.1 The table makes a comparison between the original estimate, a revised estimate (where approved changes have been made in year) and the anticipated outturn. It is a high level budget review as budget monitoring reports for Scrutiny Committees are the subject of detailed reports by the appropriate Director. Members need to take into account that the underspends are in most cases advanced savings as part of the Medium Term Financial Plan and Budget Strategy agreed by Council in February 2012.
- 3.2 In summary the total projected savings/underspends for the Authority for 2012/13 are estimated to be £2,046k.

	2012-13 Original Estimate	2012-13 Revised Estimate	2012-13 Anticipated Outturn	(Overspend) /Underspend
Education and Lifelong Learning	127,111	122,000	120,929	1,071
Social Services	70,578	70,624	70,603	21
Environment	51,284	56,200	56,175	25
Corporate Services	23,355	23,920	23,534	386
Miscellaneous Finance	43,256	42,970	42,567	403
DLO/DSO Efficiency	-346	-346	-486	140
Use of Earmarked Service Reserves for one off spend	0	-130	-130	0
<b>Total Controllable Budget</b>	<b>315,238</b>	<b>315,238</b>	<b>313,192</b>	<b>2,046</b>
<b><u>Education and Life Long Learning (£1,071k savings/underspends)</u></b>				

3.3 The details of the significant variances for Education and Life Long Learning are as follows:

	£'000
Early Retirement Pension Costs – School Based Staff	150
Home to School / College Transport	140
ALN Advisory Support Service	127
SEN Out of County Placements	174
Active Pathways	54
Education Achievement Service	(77)
Music Service	191
Community Education	70
Libraries	148
Net Other	94
<b>Total</b>	<b>1,071</b>

- 3.4 The projected variance on the Early Retirement Costs for School Based Staff is based on the receipt of information for 2012-13 from Torfaen Borough Council. An estimate is included for charges from Rhondda Cynon Taff Borough Council based on 2011-12 figures plus an inflationary increase.
- 3.5 To advise Members, an underspend of £400k was originally projected in relation to the Home to School/College Transport budget (managed by the Engineering Division, Directorate of the Environment). However, following a Report to Council 23<sup>rd</sup> October 2012, regarding the temporary relocation of Cwmcarn High School, this variance is now ring fenced towards the additional transport costs in relation to the School. It is anticipated that the underspend on transport is now reduced to £140k due to the additional costs to March 2013. In addition an amount of £200k has been made available from Local Management of Schools contingencies, towards the additional Cwmcarn High School costs.
- 3.6 The variance with regards to the Advisory Support Service relates primarily to the secondment of 2 senior members of staff to Schools, consequently this is a one off saving.
- 3.7 There is currently a projected underspend of £174k on the cost of Out of County Recoupment. As Members are aware the cost of this provision is very high for each child and there remains some uncertainty with regards to any potential new provision requirements.
- 3.8 The projected variance in relation to Active Pathways is the direct consequence of a reduced need for one course being delivered from Ystrad Mynach College, for this group of pupils.
- 3.9 The variance of £77k in relation to the new Education Achievement Service relates to the part year effect (September to March) of a contribution towards administration, building rental and human resource support costs. These cost pressures are being reviewed as part of the medium term financial planning for 2013-14.

- 3.10 The variance on the Music Service, relates principally to in year staff savings and additional SLA income. Whilst the £70k underspend in relation to Community Education is due to a vacant post which forms part of the Directorates medium term financial plan for 2013-14.
- 3.11 The projected Library Service saving relates primarily to the growth awarded in the 2012-13 budget process for the new Caerphilly Library development. This is a one off full year saving, as it is now anticipated that the new development will not be operational until towards the end of financial year 2013-14.

### **Social Services (£21k underspend)**

- 3.12 Based on the most recent budget monitoring report presented to the Health, Social Care and Wellbeing Scrutiny Committee the Directorate of Social Services is projecting an underspend of £200k. However, there is a projected overspend of £179k on Social Services transport provision through the Integrated Transport Unit (ITU), which is charged directly to service reserves. This results in a net projected overall underspend of £21k.

### **Children's Services (£128k underspend)**

- 3.13 The Children's Services Division is currently projected to underspend by £177k. However, there is a projected overspend of £49k on transport provision through the Integrated Transport Unit (ITU) resulting in a net underspend of £128k.
- 3.14 An underspend of £293k is projected in Management, Fieldwork and Administration, which is mainly due to vacancies being higher than the budgeted level.
- 3.15 There is a projected overspend of £273k in External Residential Care, which reflects committed placements. This is being partially offset by a projected underspend of £137k in Fostering and Adoption, which reflects commitments and includes a contingency to meet anticipated increased demand on placement budgets.
- 3.16 The Youth Offending budget is projected to underspend by £69k, which is due to a one-off release of reserves accumulated from previous years underspends.
- 3.17 The projected position across all other Children's Services budgets including transport provision is a net overspend of £98k.

### **Adult Services (£138k overspend)**

- 3.18 The Adult Services Division is currently projected to overspend by £138k after allowing for a projected overspend of £130k in transport provision.
- 3.19 There has been an increase in external residential placements resulting in a projected overspend of £116k. There is no contingency within Adult Services budgets to meet expected further increases in demand and budgets are being closely monitored during the remainder of the financial year.
- 3.20 Home Assistance and Reablement (HART) is projected to underspend by £219k. This reflects actual hours being paid to in-house carers and committed costs with independent sector providers. However, there is an upward trend in demand on Homecare budgets and this has the potential to increase further during the winter months. Arrangements are in place to monitor activity on a weekly basis to ensure that there is an early warning of peaks in demand.
- 3.21 Other Domiciliary Care is projected to overspend by £268k, the most significant element of which is an overspend of £224k in Supported Living, reflecting both current and imminent new placements.

- 3.22 Projections for Supporting People budgets assume an underspend of £136k. There are a number of emerging pressures on these budgets, which may result in this position being reviewed during the latter part of the financial year.
- 3.23 The projected position across all other Adult Services budgets including transport provision is a net overspend of £109k.

Service Strategy and Business Support (£31k underspend)

- 3.24 Within Service Strategy and Business Support there is a projected underspend of £31k, which is mainly due to a small number of vacancies across Business Support Teams.

Environment (£25k underspend)

Regeneration, Planning and Economic Development (£12k overspend)

- 3.25 Planning is anticipating an overspend of £12k for the year and Economic Development and Tourism a balanced budget, resulting in a net £12k overspend for the Division.
- 3.26 Planning application fee and building control fee income is presently projected to be £160k less than budget but this is offset by an under spend primarily in relation to salaries.
- 3.27 Economic Development and Tourism is presently projecting a balanced budget, anticipated additional expenditure of £55k in relation to the new GO 2 initiative and also events related activities, are offset by under spends in relation to staffing, marketing and administration and an over achievement of income targets at the various visitor centres.

Engineering Division (Net £86k overspend)

- 3.28 Engineering Division is projecting a £86k overspend, this excludes ring fenced projected budget variations in relation to Home to School Transport (£140k underspend) and Social Services Transport (£179k overspend) which will be transferred to the Service Directorates, and have been taken into account in these service area projections. The main over spends relate to car park operating costs (mainly NNDR) £40k, park and ride maintenance £30k, public transport £60k due to reduced grant, these overspends are offset by combined £44k underspend in other areas. The road and street lighting maintenance budget of £9.2million is presently expected to be fully spent.

Directors General (Balanced)

- 3.29 An element of vacancy management savings are held at strategic Directorate level until specific service savings are identified. At the start of 2012/2013 there was £248k of vacancy management savings held at Directorate level including £121k of additional savings as part of the 2012/2013 MTFP targets. This was reduced to £190k as further savings were identified and allocated to service divisions as part of the 2012/2013 original budget. A further, £66k of savings have now been identified, reducing the unallocated savings target to £124k. It is anticipated that these savings will be achieved by the end of the financial year.

Public Protection (£12k overspend)

- 3.30 Environmental Health is currently projecting a small net underspend of £5k. The previously projected overspend in relation to costs of discharge works at the Aberbargoed closed landfill site being reduced from £60k to £32k these costs have been reduced due to successful remedial works, resulting in less reinstatement work. The overspend relating to Aberbargoed closed landfill is more than offset by underspend on sewerage discharge consents due to the ongoing works, savings on salaries due to vacancy management and an increase in miscellaneous and fixed penalty income.

- 3.31 Community Safety is reporting an underspend of £45k primarily relating to salary savings and maintenance costs in relation to CCTV equipment. It is anticipated that planned expenditure on CCTV enhancements and replacements will be completed by the year end.
- 3.32 Trading Standards, Licensing and Registration service group is reporting a small overspend of £16k, mainly due to a shortfall in licensing fee income and additional salary costs for Registration Services, partly offset by underspend in Trading Standards.
- 3.33 Catering Services are projecting overspend of £46k which shows improvement on the £75k over spend, reported earlier in the year. Additional staffing costs in relation to the introduction of the living wage and general food price inflation have contributed to the over spend, but Comprehensive schools have performed better than anticipated during the Autumn period with higher numbers of meals served and income generated which has helped to offset these cost pressures. The meals on wheels service continues to give cause for concern, with ongoing reductions in meals numbers and income generation and a over spend of £62k.

Community and Leisure Services (£135k underspend)

- 3.34 The Community and Leisure Division (formally Public Services Division) is presently projecting an underspend of £135k on a revised budget of £22.1 million. The division now includes Leisure Services transferred to the Directorate this year.
- 3.35 Waste management and cleansing is projecting an overspend of £165k, the overspend primarily relates to increased operating costs for recycling collection and treatment services, which in turn is due to increased tonnage of recycled waste being collected and treated. This overspend, is partly offset by a reduction in residual waste disposal, due to reduced tonnage and also underspend in relation to street cleaning and public conveniences due to reduced agency staff requirements and maintenance costs on the public conveniences. There will be ongoing future budget pressures in waste management as a result of increased landfill tax and the likelihood of reduced SWMG (Sustainable Waste management Grant). The waste management and cleaning financial position assumes at this stage full utilisation of the approved revenue contribution to capital outlay (RCCO) budget for vehicle replacement of £682k, required to provide an efficient and effective front line service.
- 3.36 Parks, Outdoor Facilities and Cemeteries services is presently projecting an underspend of £80k. Of this, £133k under spend relates to cemeteries, this underspend is ring fenced for future planned investment and enhancement to cemeteries provision across the County Borough. Playing fields, playgrounds and outdoor facilities are reporting an overspend of £55k at present although this position may vary due to the cyclical nature of the work.
- 3.37 Leisure, Sports Development and outdoor education is presently projecting an underspend of £220k, a large proportion of this underspend (£173k) is planned savings in advance of medium term financial plan (MTFP) savings targets for 2013/2014 in relation to vacancy management, energy and new initiative loan repayments.

DLO/DSO Trading Accounts (£140k net surplus, excludes Building Maintenance DLO)

- 3.38 **The Vehicle Maintenance DSO** is presently showing a trading loss of £15k, however, additional operational savings will be generated in the next few months, which should ensure the DSO can generate a financial break even. However, the outturn position is still dependent on the value of work through the workshop and the ability of the DSO to finance fixed overheads. Last year the DSO reported a year- end trading loss of £23k.
- 3.39 **Building Cleaning DSO** is reporting a trading profit of £144k for the first six months this year compared to a profit of £124k last year at the same period. The DSO will incur additional salary related costs for the second half of the year as a result of the recently introduced living wage initiatives, it is anticipated however that these additional costs can be funded from ongoing trading profits and continued operational efficiency savings.

- 3.40 **The Building Maintenance DLO** is reporting a trading profit of £200k, based on the most recent trading account. The Building Maintenance DLO relates predominately to the Housing Revenue Account (HRA).
- 3.41 **Network Contracting Services** is reporting a small trading profit of £11k, which is a reduction on the £92k profit reported for the same period last year. Work and income is presently £400k less than last year, it is anticipated however that the value of work and income will increase during the remainder of the year which should result in an improved financial position. NCS is undertaking the work in relation to the Operation and Maintenance (O&M) sub contract with Sirhowy Enterprise Way Ltd for a further 10 years and this should have a positive impact on the overall financial position, although in order to be compliant with the risk transfer aspects of the PFI procurement, surpluses in relation to this contract will again be ring fenced, as they were in previous financial years.

#### **Corporate Services (£386k underspend)**

- 3.42 The Directorate overall is forecasting to underspend after earmarking Members related and Electoral Services underspends. Main variances are estimated as:-
- An underspend of £130k in Corporate Finance and Procurement which relates in the main to savings due to delays in filling of vacant posts, as staff are promoted, retire and/or leave the Authority. The aim is to fill all vacant posts by the end of the financial year.
  - There is an anticipated underspend of £124k on Information and Citizens Engagement. In the main this relates to savings of £176k predominately due to a delay in appointing to the new Customer First posts in Caerphilly Library as the facility is not yet ready to use.
  - An underspend of £60k is forecast for Housing Services which relates to a reduction in standby callouts and a reduction in working hours of some staff who have requested part time working.
  - Performance and Property Services are projecting a net underspend of £92k which relates predominately to a reduction in energy bills of corporate buildings.

#### **Miscellaneous Finance (£403k savings)**

##### **Treasury Management (£403k savings)**

- 3.43 Due to the level of cash balances that are currently available, mainly in respect of money that has been set aside for 21<sup>st</sup> Century Schools but unspent to date, there has been an opportunity to delay borrowing from the Public Works Loan Board (PWLB). This in addition to the delay in respect of the prudential borrowing agreed for the purchase of Caerphilly Library (the facility has only recently been purchased) has created an underspend against capital financing costs for 2012/13.

##### **Council Tax (£1m surplus)**

- 3.44 In accordance with the recommendation agreed at Cabinet in a report presented on the 10<sup>th</sup> December 2012, the Council Tax surplus for 2012/13 will be set aside to create a provision in respect of any shortfall in the recovery of council tax from those residents who will see a reduction in their council tax benefit from 1<sup>st</sup> April 2013. This position will be reviewed during 2013/14.

## **4. PERSONNEL IMPLICATIONS**

- 4.1 There are none at this time although it is recognised actions will need to be taken to ensure that the Authority delivers a balanced budget.

## **5. EQUALITIES IMPLICATIONS**

- 5.1 There are no potential equalities implications of this report. There is no requirement for an Equalities Impact Assessment Questionnaire to be completed for this report.

## **6. CONSULTATIONS**

- 6.1 There are no consultation responses which have not been reflected in this report.

## **7. RECOMMENDATIONS**

- 7.1 It is recommended that Members continue to request Directors and Heads of Service to review expenditure and income trends in order to ensure annual budgets and in year savings are achieved.

## **8. REASONS FOR THE RECOMMENDATIONS**

- 8.1 The Council budget is based upon the achievement of both expenditure targets and income targets. In order to ensure these are met and the Council's financial integrity maintained, Members are required to review expenditure and income trends included in budget monitoring reports.

## **9. STATUTORY POWER**

- 9.1 Local Government Act 1972 and 2000.

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Background Papers:  
Budget Monitoring 12/13  
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