



**POLICY AND RESOURCES SCRUTINY COMMITTEE –
21ST JANUARY 2014**

**SUBJECT: WHOLE-AUTHORITY REVENUE BUDGET MONITORING REPORT
2013/14**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151
OFFICER**

1. PURPOSE OF REPORT

- 1.1 To inform Members of projected whole-authority revenue budget expenditure for the 2013/14 financial year.

2. SUMMARY

- 2.1 The report provides information on the position of the whole-authority in respect of revenue budget monitoring for 2013/14. 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.

3. LINKS TO STRATEGY

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

4. THE REPORT

- 4.1 Members will be aware of the significant cuts in funding for future years as set out in the 2014/15 Local Government Financial Settlement. Officers have been mindful of this and in anticipation of the poor settlement, expenditure has been curtailed in a number of areas to support Medium Term Financial Plan (MTFP) savings requirements. This prudent approach has resulted in projected underspends being higher than would normally be the case.
- 4.2 The table overleaf makes a comparison between the original estimate, a revised estimate (where approved changes have been made in year) and the projected outturn. It is a high-level budget review as regular detailed budget monitoring reports have been prepared for Scrutiny Committees. The total projected revenue budget savings/underspends for the Authority for 2013/14 are estimated to be £4,446k.

	2013/14 Original Estimate £000's	2013/14 Revised Estimate £000's	2013/14 Anticipated Outturn £000's	2013/14 (Overspend) /Underspend £000's
Education & Lifelong Learning	125,004	125,004	124,571	433
Social Services	75,082	75,542	74,147	1,395
Environment	56,159	56,594	55,976	618
DLO/DSO Efficiency	55	55	-29	84
Corporate Services	25,565	25,565	24,546	1,019
Miscellaneous Finance	55,601	54,854	53,957	897
Use of Earmarked Service Reserves for one off spend	0	-148	-148	0
Totals: -	337,466	337,466	333,020	4,446

Education & Lifelong Learning (£433k underspend)

- 4.3 The following table summarises the projected variations against budget for the Education & Lifelong Learning Directorate: -

	Projected (Overspend)/ Underspend (£000's)
Early Retirement Pension Costs (School Based Staff)	50
Relief Supply Cover (Special Resource Bases)	80
Additional Support (Primary & Secondary)	(374)
Recoupment – Out of County (Special Educational Needs)	220
Music Service	60
Early Years Team	97
Genesis II	90
Additional Income	85
In Year Vacancies (Across Directorate)	150
Net Other	(25)
Total Projected Underspend: -	433

- 4.4 The projected underspend of £50k on the Early Retirement Pension Costs for School Based Staff is consistent with the outturn position for 2012/13. This projection follows a recent update from Torfaen Borough Council on charges for the year.
- 4.5 The Relief/Supply Cover budget funds the school costs of sickness in the Special Resource Bases and maternity. The nature of this budget means that there is a level of uncertainty, however, based on current data the projected underspend of £80k is realistic.
- 4.6 The volume of Additional Support required in both Primary & Secondary Schools (Primary in particular) has increased significantly over the last 12 months. This is closely linked to an increase in Statements around ASD (Autistic Spectrum Disorder), which is a national trend. The projected overspend of £374k is being closely monitored and reviewed. It is recognised that this needs to be addressed as part of the Directorate's financial planning moving forward.
- 4.7 The projected underspend of £220k on the Recoupment budget (Special Educational Needs & Looked After Children) is based on current placements and an estimate for additional need but remains uncertain due to the often emergency nature of placements. Whilst the level of

spend on the Additional Support budget has increased, this cost is significantly less than the cost of a child placed in an Out of County School on either a daily or residential placement.

- 4.8 The underspend of £60k in the Music Service is consistent with the outturn position in 2012/13 and relates principally to savings associated with a shared management arrangement with Rhondda Cynon Taff County Borough Council.
- 4.9 In 2013/14 an element of staff time within the Authority's Early Years Team has been directed towards the priorities of the Flying Start agenda. Consequently, funding for 2.5 full time equivalent posts is eligible to be charged against the Flying Start Grant. This intervention will have a positive impact on the transition for children from early year's provision into schools.
- 4.10 The projected variance of £90k on the Genesis II Project, which ran from October 2008 to September 2013, is a one off saving. This follows clarification from Welsh Government around the eligibility of match funding expenditure included in previous claims. The saving offsets an overspend position in 2012/13.
- 4.11 Additional income of £85k relates principally to grant funding in Education Finance supporting the administration of the School Effectiveness & Welsh in Education Grants and the Psychology Service supporting delivery for the Flying Start agenda.
- 4.12 Across the Directorate there have been a number of in year vacancies resulting in a projected underspend of £150k. These will form part of the Directorate's Medium Term Financial Plan savings in 2014/15. This includes savings in Education Finance, Advisory Support Service, Language Support Service, Library HQ and the Families First Central Team.
- 4.13 Based on current information the projected net outturn position on other budgets within the Directorate is an overspend of £25k.

Social Services (£1,395k underspend)

Children's Services (£791k underspend)

- 4.14 There is a projected underspend of £635k in Management, Fieldwork and Administration due to vacancies being higher than the budgeted level. All vacant posts have been reviewed in light of savings requirements for future years and specific proposals have been put forward for the 2014/15 financial year.
- 4.15 Placement budgets are currently projected to underspend by £160k. This is a highly volatile budget area and significant variations against budget often occur due to changes in demand and the high cost of some placements.
- 4.16 There is a projected net overspend of £4k on other Children's Services budgets.

Adult Services (£455k underspend)

- 4.17 There is a projected underspend of £176k in Management, Fieldwork and Administration due to vacancies being higher than the budgeted level. Vacant posts have been reviewed and specific savings proposals have been put forward for the 2014/15 financial year.
- 4.18 External Residential and Nursing Care budgets are currently projected to underspend by £507k. There has been a reduction in placements as more people are supported in the community by the Home Assistance & Reablement Team (HART). There have also been a number of placements recently approved for NHS Continuing Healthcare (CHC) funding.
- 4.19 Within Direct Care Establishments operated by the Council there is a projected underspend of £217k, which relates in the main to staffing. These budgets have been reviewed and budget realignment proposals have been put forward as part of the MTFP.

4.20 Some budgets within Adult Services are projected to overspend, the most significant of which are the following:-

- There is a projected overspend of £111k in Supported Living based on current commitments.
- Additional one-off costs of £143k have been incurred to engage Agency workers to back-fill staff who have been dealing with the closure of Mill View Nursing Home (operated by an independent sector provider).
- One-off dilapidations costs for Enterprise House of £96k following Social Services Teams vacating the premises.
- There is a net projected overspend of £95k on all other Adult Services budgets.

Service Strategy & Business Support (£149k underspend)

4.21 There is a projected underspend of £68k in Management & Administration due to a small number of vacancies in Business Support Teams.

4.22 The Directorate has been successful in attracting one-off Association of Directors for Social Services (ADSS) funding of £107k. This relates to costs incurred in 2012/13 on the proposed integration project with Blaenau Gwent CBC.

4.23 There is a projected net overspend of £26k on other Business Support budgets.

Environment and DLO/DSO's (£702k underspend)

Regeneration, Planning and Economic Development (£489k underspend)

4.24 Planning is anticipating an underspend of £299k for the year and Economic Development & Tourism an underspend of £190k, resulting in an overall projected underspend of £489k for the Division.

4.25 The underspend in Planning is primarily due to vacant posts, offset partly by a projected shortfall in Building Control and Land Charge search fee income. The MTFP budget savings proposals for 2014/15 include £183k vacancy management savings in Planning.

4.26 The projected underspend in Economic Development & Tourism is due to a combination of vacant posts, increased income generation at Tourism Venues and Industrial Properties and underspends on some operational costs such as marketing, printing and subscriptions. These underspends are partly offset by a projected overspend of £90k in relation to the GO 2 initiative and a £88k shortfall in funding for Corporate Events, primarily Proms in the Park. The 2014/15 MTFP savings proposals include £36k for vacancy management, £86k increased income generation at Tourism venues, £70k increased industrial property income and £77k savings in relation to marketing and other operational costs.

Engineering Division (£75k overspend)

4.27 The Engineering Division is projecting a £75k overspend. This excludes ring-fenced projected budget variations in relation to Home to School Transport (net break even) and Social Services Transport (£150k overspend), which will be transferred to the Service Directorates. The main overspends are £25k for car park operating costs, bus shelter and park & ride maintenance, £60k in public transport due to grant reductions and a £80k overspend on highway maintenance, primarily relating to surface dressing and patching work. These overspends are partly offset by vacant posts (£90k). The severity of winter weather can have a significant impact on the highway maintenance budget.

Directors General (£194k overspend)

- 4.28 Since the 2009/10 financial year, an element of MTFP vacancy management savings have been held at strategic Directorate level until specific service savings are identified. The unallocated balance is presently £194k, including £121k MTFP savings applied in 2013/2014. Further vacancy management savings need to be identified in year to reduce this unallocated balance.

Public Protection (£14k overspend)

- 4.29 The Public Protection Division is presently projecting a small overall overspend of £14k.

Community & Leisure Services (£412k underspend)

- 4.30 Waste management & cleansing is projecting an underspend of £350k. This relates to vacant posts in waste & cleaning frontline operations (some of which have been incorporated into the MTFP) and dry recycling treatment contract savings in the first quarter of the year. These underspends are partly offset by an overspend in Civic Amenity Sites due to increased recyclable waste at the sites. The dry recycling contract is currently in legal dispute and costs have escalated from quarter 2 onwards, which may well impact on the final outturn projection.
- 4.31 Parks and Outdoor Facilities is presently projecting a small underspend of £10k, this excludes a £300k underspend in Cemeteries, which is a ring fenced budget where any in year underspend is used for future asset enhancement in the Council's cemetery provision.
- 4.32 Leisure, Sports Development and Outdoor Education is presently projecting an underspend of £52k, primarily due to lower energy costs in the Leisure Centres, which is included in the 2014/15 MTFP savings proposals.

DLO/DSO Trading Accounts (£84k net surplus)

- 4.33 The Vehicle Maintenance DSO and Network Contracting Services (NCS) are currently projecting a break-even position.
- 4.34 The Building Cleaning DSO is reporting an anticipated trading profit of £84k. A £50k contract efficiency is included in the 2014/15 MTFP savings proposals in relation to Building Cleaning in recognition of current trading surpluses.

Corporate Services (£1,019k underspend)

- 4.35 The Corporate Services Directorate is currently forecasting an underspend of £1,019k for the 2013/14 financial year.
- 4.36 There is a projected underspend of £485k in Corporate Finance and Procurement relating in the main to delays in appointing to vacant posts. Some of these posts have been put forward as proposed savings for the 2014/15 financial year.
- 4.37 Legal & Governance is projecting a net underspend of £34k after allowing for a projected underspend of £30k for Electoral Services being ring-fenced and transferred to an earmarked reserve.
- 4.38 There is a projected underspend of £68k on Housing Services. Within General Fund Housing there is a projected underspend of £27k, which is due in the main to contributions to the Caerphilly Safeguarding Children Board (CSCB) Co-ordinator post no longer being required and some salary savings. Private Housing is anticipated to underspend by £41k due to a reduction in working hours for some staff.

- 4.39 There is an anticipated underspend of £64k in Information and Citizens Engagement, the majority of which is due to a delay in appointing to the new Customer First posts in Caerphilly Library.
- 4.40 For Performance and Property there is a projected underspend of £293k, which is due to vacancies, the part vacation of Enterprise House and reduced energy costs.
- 4.41 There is a small projected overspend of £3k for Human Resources and a projected underspend of £78k for Health & Safety, which is due to in-year vacancy savings.

Miscellaneous Finance (£897k underspend)

- 4.42 There is a projected underspend of £897k in Miscellaneous Finance of which £473k is due to the following currently uncommitted budgets:-
- Additional Pupil Demographic Savings - £105k
 - Budget Pressures - £100k
 - Unapplied Growth (Landfill Tax) – £268k
- 4.43 At its meeting on the 23rd July 2013, Council agreed that the Additional Pupil Demographic Savings budget of £105k should be set-aside to fund borrowing costs for 21st Century Schools. The £100k Budget Pressures and £268k Unapplied Growth (Landfill Tax) budgets have been identified as potential savings for 2014/15.
- 4.44 There is a projected underspend of £424k in Capital Financing, which is due to delayed borrowing requirements.
- 4.45 There is currently a projected Council Tax surplus of £1.2m for 2013/14 but this will be set-aside to support the savings requirement for the 2014/15 financial year.

5. EQUALITIES IMPLICATIONS

- 5.1 This report is for information purposes, so the Council's Equalities Impact Assessment (EqIA) process does not need to be applied.

6. FINANCIAL IMPLICATIONS

- 6.1 As detailed throughout the report.

7. PERSONNEL IMPLICATIONS

- 7.1 The personnel implications of agreed savings for future years will be carefully managed and staff will be fully supported to identify redeployment opportunities wherever possible.

8. CONSULTATIONS

- 8.1 There are no consultation responses that have not been reflected in this report.

9. RECOMMENDATIONS

- 9.1 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.

10. REASONS FOR THE RECOMMENDATIONS

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

11. STATUTORY POWER

- 11.1 Local Government Act 1972 and 2000.

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Background Papers:
Budget Monitoring 2013/14 (contact Acting Head of Corporate Finance - Ext 3022)