



## **POLICY AND RESOURCES SCRUTINY COMMITTEE – INFORMATION ITEM**

**SUBJECT: CORPORATE SERVICES AND MISCELLANEOUS FINANCE 2016/17  
BUDGET MONITORING REPORT (PERIOD 4)**

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

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### **1. PURPOSE OF REPORT**

- 1.1 To inform Members of projected revenue expenditure for the Directorate of Corporate Services and Miscellaneous Finance for the 2016/17 financial year.

### **2. SUMMARY**

- 2.1 The report projects the anticipated final outturn for the Directorate of Corporate Services and Miscellaneous Finance based upon expenditure and income trends for the first four months of the financial year.

### **3. LINKS TO STRATEGY**

- 3.1 The contents of this report are in accordance with the Budget Strategy agreed by Council at its meeting on 24<sup>th</sup> February 2016.

### **4. THE REPORT**

#### **4.1 Corporate Services**

- 4.1.1 The Directorate of Corporate Services is currently forecasting an underspend of £808k for the 2016/17 financial year, full details of which are provided in Appendix 1.

- 4.1.2 The anticipated underspend of £191k in Corporate Finance relates in the main to delays in appointing to vacant posts, vacancies which are being held to support the Medium-Term Financial Plan (MTFP) savings requirements for 2017/18 and some one-off additional income.

- 4.1.3 The anticipated underspend of £145k in Procurement and Customer Services consists of:-

- Projected underspend of £54k on Procurement which relates in the main to delays in appointing to vacant posts.
- Customer First - £91k underspend which is also due in the main to vacancies being held to support the Medium-Term Financial Plan savings requirement for 2017/18 together with some-one off savings due to a member of staff being on a career-break.

4.1.4 Legal & Governance is projecting a net underspend of £80k after allowing for the following to be ring-fenced and transferred to earmarked reserves: -

- Projected underspend on Members related expenditure of £113k. This is due in the main to underspends on Members Allowances which is partly off-set by costs on printing/webcasting.
- Projected underspend of £45k on Electoral Services.

The net underspend of £80k for Legal and Governance is due to vacancies.

4.1.5 Corporate Policy is projecting an overall breakeven position after taking account of: -

- Projected overspend of £59k in the Equalities and Welsh Language Team due to increased external translation costs and the need to appoint a temporary translator post to cope with workload caused by the new Welsh Language Standards.
- Projected breakeven budget in the Policy Team. This is after the one-off transfer of earmarked reserve.
- Projected underspend in the Performance Management Unit of £22k due to a vacancy being held to support the Medium-Term Financial Plan savings requirement for 2017/18.
- Projected net underspend of £37k on other Corporate Policy budgets.

4.1.6 There is a projected underspend of £7k on Housing services which consists of the following:-

- General Fund Housing is expected to show a nominal underspend at this stage, although there are some offsetting over and underspends contributing to the expected position which includes an increase in spend for the Allocations Team as a result of gearing up for the Common Housing Register. This service area includes a statutory duty for Temporary Accommodation which is demand led and difficult to predict. This year the budget has had to rely on the income received for leasing out Ty Croeso which has normally been set aside as a renewal fund for future building maintenance works..
- Private Housing is anticipating an underspend of £6k, mainly due to numerous small under and over spends which make up this anticipated position. The main concern for this budget is the Agency Income Fee which was under-recovered last year by some £196k. However, there is an expectation that the allocation of WHQS works to leasehold properties will ensure the shortfall experienced last year is not repeated, although this is dependent on the work itself. Therefore no variance is reported at this stage.

4.1.7 There is an anticipated underspend of £129k in Information and Citizens Engagement, consisting of the following:-

- IT Services - £107k underspend which is due in the main to vacancies being held to support the Medium-Term Financial Plan savings requirement for 2017/18.
- Central Services – £22k underspend mainly due to a vacancy being held to support the Medium-Term Financial Plan savings requirement for 2017/18.

4.1.8 For Performance and Property there is a net projected underspend of £22k, consisting of the following: -

- Corporate Property - £46k overspend due to an agreed delay in a planned retirement offset by vacancy management savings.
- Corporate Buildings - £22k underspend due to NNDR and standby/relief cover and underspends on energy costs. However energy contract prices are due to be reviewed in October. So this will need to be kept under review.
- Asset Management and Facilities – Projected £46k underspend mainly due to some reduced hours on salaries and increased income recharges to schools/other services for maintenance management.
- Building Consultancy – Projected break even to date.

4.1.9 There is a projected underspend of £133k for Human Resources and Communications consisting of :-

- Human Resources projected underspend of £127k due in the main to salary savings from staff on Career break, some staff not at top of scale point, staff on long term sickness and maternity leave.
- Communications - £6k underspend due in the main to salary costs arising from maternities.

4.1.10 There is a projected underspend of £64k for Health & Safety, mainly due to salary savings arising from delays in recruitment and additional Service Level Agreement (SLA) income received from Cardiff Council.

4.1.11 The following table provides a summary of progress in delivering agreed 2016/17 savings for the Directorate of Corporate Services: -

<b>Section</b>	<b>Agreed MTFP Savings £'000</b>	<b>Progress against Savings £'000</b>	<b>Variance £'000</b>
Corporate Finance	224.75	191.25	33.50
Corporate Health And Safety	161.70	161.70	-
Corporate Policy	85.90	52.50	33.40
General Fund Housing	141.00	141.00	-
Human Resources	235.00	235.00	-
Information and Citizen Engagement	501.00	487.00	14.00
Legal and Governance	129.70	129.70	-
Performance and Property - (Asset Management Facilities)	77.00	77.00	-
Performance and Property - (Property - Corporate Property)	128.00	61.00	67.00
Procurement Services	57.70	57.70	-
(blank)	-	-	-
<b>Grand Total</b>	<b>1,741.75</b>	<b>1,593.85</b>	<b>147.90</b>

4.1.12 The variance of £147.9k consists of

- £33.5k for Corporate Finance is due to the “Increased court fee income” not anticipated to be fully achieved (£20k) along with the anticipated reduction on “Debt Collection” fees not materialising as anticipated (£8.5k) and the savings on “printing costs” not materialising due to staff sickness (£5k). These areas are currently being reviewed.
- £33.4k Corporate Policy is due to a delay in delivering vacancy savings and a delay in reducing in the “Welsh Language Initiative” budget.
- £14k for Information and Governance is due to the proposed reduction in “support vans” not yet being achieved (£7k) along with an element of software contract savings still to be identified.
- £67k for Corporate Property is due to a retirement being agreed for a later date than originally planned.

4.1.13 All the above are expected to be off-set by other savings in the service area’s during the financial year and delivered during 2017/18.

## 4.2 **Miscellaneous Finance**

4.2.1 There is an overall projected underspend of £2,948k in Miscellaneous Finance.

- 4.2.2 There is a projected overspend of £28k on Coroner's Service costs due to changes in the legal rules surrounding the deaths of residents in care homes.
- 4.2.3 There is a projected net underspend of £1,746k on Capital Financing budgets which is due to the following: -
- 2015-16 and 2016-17 supported borrowing has been deferred to future years.
  - A 2.5% reduction in the assumed borrowing rate for 2016-17 previously 5% in line with current Public Works Loans Board (PWLB) rates.
  - Improved returns on investments.
- 4.2.4 The remaining projected underspend for Miscellaneous Finance consists of the following: -
- Prudential Borrowing for Islwyn West being delayed - £188k.
  - Budget Pressures Contingency - £192k.
  - Social Services Contingency – £1.65m of the original approved contingency of £2.5m has been released to the Social Services revenue budget. £850k is still being held corporately at this stage.

## **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 There are no direct personnel implications arising from this report.

## **8. CONSULTATIONS**

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

## **9. RECOMMENDATIONS**

- 9.1 Members are requested to note the contents of the report.

## **10. REASONS FOR THE RECOMMENDATIONS**

- 10.1 To ensure that Members are informed of the projected financial position for the Directorate of Corporate Services and Miscellaneous Finance.

## **11. STATUTORY POWER.**

- 11.1 Local Government Acts 1972 and 2003 and the Council's Financial Regulations.

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Appendices:  
Appendix 1 Corporate Services & Miscellaneous Finance 2016/17 Budget Monitoring Report  
(Period 4).

<b>CORPORATE SERVICES DIRECTORATE</b>	<b>Original Estimate 2016/2017</b>	<b>Revised Estimate 2016/2017</b>	<b>Anticipated Outturn 2016/2017</b>	<b>Anticipated Variance 2016/2017</b>
<b><u>SUMMARY</u></b>				
<b>CHIEF EXECUTIVE &amp; ACTING DIRECTOR CORP SERVICES</b>	<b>443,867</b>	<b>443,867</b>	<b>409,054</b>	<b>34,813</b>
<b>CORPORATE FINANCE</b>				
Financial services	2,030,073	<b>2,030,073</b>	1,838,944	<b>191,129</b>
	<b>2,030,073</b>	<b>2,030,073</b>	<b>1,838,944</b>	<b>191,129</b>
<b>PROCUREMENT &amp; CUSTOMER SERVICES</b>				
Procurement	402,416	<b>402,416</b>	347,990	<b>54,426</b>
Customer First	1,196,841	<b>1,196,841</b>	1,105,958	<b>90,883</b>
	<b>1,599,257</b>	<b>1,599,257</b>	<b>1,453,948</b>	<b>145,309</b>
<b>LEGAL &amp; GOVERNANCE</b>				
Legal & Democratic Services	844,518	<b>1,017,961</b>	937,550	<b>80,411</b>
Member Services	1,796,427	<b>1,622,984</b>	1,509,829	<b>113,155</b>
Ringfenced to Earmarked Reserves			113,155	<b>(113,155)</b>
Electoral Services	309,829	<b>309,829</b>	264,320	<b>45,509</b>
Ringfenced to Earmarked Reserves			45,509	<b>(45,509)</b>
	<b>2,950,774</b>	<b>2,950,774</b>	<b>2,870,363</b>	<b>80,411</b>
<b>CORPORATE POLICY</b>				
Policy	900,836	<b>686,424</b>	768,745	<b>(82,321)</b>
Use of Earmarked Reserves			<b>(82,321)</b>	<b>82,321</b>
Equalities	170,355	<b>181,733</b>	240,870	<b>(59,137)</b>
PMU	228,787	<b>228,787</b>	206,433	<b>22,354</b>
Community Safety	115,974	<b>94,596</b>	57,685	<b>36,911</b>
	<b>1,415,952</b>	<b>1,191,540</b>	<b>1,191,412</b>	<b>128</b>
<b>HOUSING SERVICES</b>				
General Fund Housing	674,110	<b>674,110</b>	673,157	<b>953</b>
Private Housing	427,161	<b>427,161</b>	420,648	<b>6,513</b>
Building Maintenance	0	0	0	<b>0</b>
	<b>1,101,271</b>	<b>1,101,271</b>	<b>1,093,805</b>	<b>7,466</b>
<b>INFORMATION AND CITIZENS ENGAGEMENT</b>				
IT Services	4,474,892	<b>4,474,892</b>	4,367,452	<b>107,440</b>
Central Services	417,070	<b>417,070</b>	394,922	<b>22,148</b>
	<b>4,891,962</b>	<b>4,891,962</b>	<b>4,762,374</b>	<b>129,588</b>
<b>PERFORMANCE &amp; PROPERTY</b>				
Corporate Property Services	544,566	<b>544,566</b>	590,670	<b>(46,104)</b>
Corporate Premises	2,169,113	<b>2,169,113</b>	2,123,304	<b>45,809</b>
Asset Management Facilities	2,021,067	<b>2,021,067</b>	1,998,503	<b>22,564</b>
Building Consultancy	3,767	<b>3,767</b>	3,767	<b>0</b>
	<b>4,738,513</b>	<b>4,738,513</b>	<b>4,716,244</b>	<b>22,269</b>
<b>HUMAN RESOURCES</b>				
Human Resources	1,705,549	<b>1,705,549</b>	1,580,408	<b>125,141</b>
Trade Union Facilities	27,844	<b>27,844</b>	25,603	<b>2,241</b>
Communications Unit	268,665	<b>268,665</b>	262,588	<b>6,077</b>
	<b>2,002,058</b>	<b>2,002,058</b>	<b>1,868,599</b>	<b>133,459</b>
<b>HEALTH &amp; SAFETY</b>				
Use of Earmarked Reserves	913,335	<b>913,335</b>	1,036,705	<b>(123,370)</b>
	<b>913,335</b>	<b>913,335</b>	<b>849,705</b>	<b>63,630</b>
<b>TOTAL CORPORATE SERVICES</b>	<b>22,087,062</b>	<b>21,862,650</b>	<b>21,054,448</b>	<b>808,202</b>

<i>MISCELLANEOUS FINANCE</i>	Original Estimate 2016/2017	Revised Estimate 2016/2017	Anticipated Outturn 2016/2017	Anticipated Variance 2016/2017
<b>MISCELLANEOUS FINANCE</b>				
<b>Staff Related Costs</b>				
Pension Contribution - Former Authorities Ongoing	1,249,024	1,249,024	1,249,024	0
Recharge to Education - Former Authorities	(193,629)	(193,629)	(193,629)	0
	<b>1,055,395</b>	<b>1,055,395</b>	<b>1,055,395</b>	<b>0</b>
<b>Catering</b>				
Subsidy	55,426	55,426	55,426	0
	<b>55,426</b>	<b>55,426</b>	<b>55,426</b>	<b>0</b>
<b>Statutory Benefit Schemes</b>				
Council Tax RS	14,828,941	14,828,941	13,900,000	928,941
Ringfenced to Earmarked Reserves			928,941	(928,941)
General Rent Allowances	32,359,654	32,359,654	29,908,056	2,451,598
Rent Rebates	29,905,413	29,905,413	29,270,647	634,766
Rent Allowance War Widow Concessions	35,000	35,000	35,000	0
Housing Benefit Subsidy	(62,265,067)	(62,265,067)	(59,178,703)	(3,086,364)
	<b>14,863,941</b>	<b>14,863,941</b>	<b>14,863,941</b>	<b>0</b>
<b>Levies Upon the Council</b>				
Coroner	167,707	167,707	195,832	(28,125)
Archives	223,138	223,138	223,138	0
Fire Service Authority	8,278,714	8,278,714	8,278,714	0
	<b>8,669,559</b>	<b>8,669,559</b>	<b>8,697,684</b>	<b>(28,125)</b>
<b>Capital Financing</b>				
Debt Charges	17,646,367	17,646,367	16,138,647	1,507,720
Investment Income net of Recharges	196,028	196,028	(42,774)	238,802
CERA (Capital Expenditure funded from Revenue Account)	217,872	217,872	217,872	0
	<b>18,060,267</b>	<b>18,060,267</b>	<b>16,313,745</b>	<b>1,746,522</b>
<b>Corporate and Democratic Core Costs</b>				
Bank Charges	138,758	138,758	138,758	0
Income from HRA	(23,339)	(23,339)	(23,339)	0
Income from DLO/DSO	(9,963)	(9,963)	(9,963)	0
External Audit Fees	467,110	467,110	467,110	0
Income from HRA	(78,568)	(78,568)	(78,568)	0
Income from DLO/DSO	(33,538)	(33,538)	(33,538)	0
Subscriptions	108,992	108,992	108,992	0
	<b>569,452</b>	<b>569,452</b>	<b>569,452</b>	<b>0</b>

<i>MISCELLANEOUS FINANCE</i>	Original Estimate 2016/2017	Revised Estimate 2016/2017	Anticipated Outturn 2016/2017	Anticipated Variance 2016/2017
<b>Grants to Voluntary sector</b>				
Assistance to Voluntary sector	173,048	173,048	173,048	0
	<b>173,048</b>	<b>173,048</b>	<b>173,048</b>	<b>0</b>
<b>Private Finance Initiative</b>				
PFI Schools	2,541,828	2,541,828	2,541,828	0
PFI SEW	4,161,756	4,161,756	4,161,756	0
	<b>6,703,584</b>	<b>6,703,584</b>	<b>6,703,584</b>	<b>0</b>
<b>Other</b>				
Miscellaneous Items	15,674	15,674	15,674	0
Prudential Borrowing for Islwyn West Secondary School	188,012	188,012	0	188,012
Budget Pressures	191,952	191,952	0	191,952
NNDR - Authority Empty Properties	128,551	128,551	128,551	0
Counsel Fees	325,512	325,512	325,512	0
Careline	35,335	35,335	35,335	0
Carbon Management Scheme	238,797	238,797	238,797	0
Carbon Energy Tax	218,362	218,362	218,362	0
IT Replacement Strategy	127,221	127,221	127,221	0
PV Panels Income	(40,600)	(40,600)	(40,600)	0
Risk Management Contribution	(449,322)	(449,322)	(449,322)	0
Class 1A NI	(60,000)	(60,000)	(60,000)	0
Matched Funding for Community Schemes	25,000	25,000	25,000	0
Social Services Cost Pressure Contingency	2,500,000	2,500,000	1,650,000	850,000
Dry Recycling Waste	1,600,000	1,600,000	1,600,000	0
	<b>5,044,494</b>	<b>5,044,494</b>	<b>3,814,530</b>	<b>1,229,964</b>
<b>TOTAL MISCELLANEOUS FINANCE</b>	<b>55,195,166</b>	<b>55,195,166</b>	<b>52,246,805</b>	<b>2,948,361</b>
<b>EXPENDITURE TO DIRECTORATE SUMMARY</b>	<b>77,282,228</b>	<b>77,057,816</b>	<b>73,301,253</b>	<b>3,756,563</b>