



CABINET – 16TH NOVEMBER 2016

SUBJECT: WHOLE AUTHORITY MID-YEAR REVENUE BUDGET MONITORING REPORT 2016/17

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

1. PURPOSE OF REPORT

- 1.1 To provide Cabinet with details of projected whole-authority revenue budget expenditure for the 2016/17 financial year.
- 1.2 To provide an update on progress in delivering approved savings for 2016/17.

2. SUMMARY

- 2.1 This report provides information on the position of the whole-authority in respect of revenue budget monitoring for 2016/17. Detailed budget monitoring reports are prepared for Scrutiny Committees throughout the financial year. Consideration has been given to the expenditure and income trends in the first half of the financial year and projections have been made of the likely year-end outturn position. Where variations from budget have been identified these are commented upon throughout the report.
- 2.2 The report also provides details on progress in delivering approved revenue budget savings for the 2016/17 financial year and highlights those areas where savings are not currently progressing as originally planned.

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.
- 3.2 Effective financial planning and financial control contribute to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2016: -
 - A prosperous Wales.
 - A resilient Wales.
 - A healthier Wales.
 - A more equal Wales.
 - A Wales of cohesive communities.
 - A Wales of vibrant culture and thriving Welsh Language.
 - A globally responsible Wales.

4. THE REPORT

4.1 Cabinet will be aware of the ongoing challenging financial outlook for Local Government and the need to identify significant savings to support the Council's Medium-Term Financial Plan (MTFP). Officers have been mindful of this and consequently expenditure has been curtailed in a number of areas in recent years with the aim of identifying savings in advance to support the MTFP. This prudent approach has resulted in a trend of reported year-end underspends for all Directorates.

4.2 However, the position is now becoming more challenging with a number of cost pressures emerging across some service areas, in particular, Social Services and Waste Management. The table below makes a comparison between the original 2016/17 estimate, a revised estimate (where approved changes have been made in year) and the projected outturn. A more detailed summary by service area is provided in Appendix 1. The total projected revenue budget underspend for the Authority for 2016/17 is £2.802m. This does not include the Housing Revenue Account (HRA), details of which are provided separately in paragraphs 4.8.1 to 4.8.5.

| | Original Estimate 2016/17 £000's | Revised Estimate 2016/17 £000's | Projected Outturn 2016/17 £000's | Projected (Overspend) /Underspend £000's |
|-------------------------------|---|--|---|---|
| Education & Lifelong Learning | 124,790 | 124,790 | 124,831 | (41) |
| Social Services | 73,404 | 75,900 | 75,903 | (3) |
| Environment | 48,915 | 49,944 | 49,812 | 132 |
| Corporate Services | 22,087 | 21,862 | 21,054 | 808 |
| Miscellaneous Finance | 55,195 | 51,895 | 49,989 | 1,906 |
| Totals: - | 324,391 | 324,391 | 321,589 | 2,802 |

4.3 Education & Lifelong Learning (Projected Overspend of £41k)

4.3.1 A net overspend of £41k is currently forecast for the Directorate as summarised in the table below: -

| | Projected (Overspend)/ Underspend £000's |
|---|---|
| Home to School/College Transport | (34) |
| Management and Support Service Costs | 87 |
| Behaviour Support Training | (84) |
| Additional Support and Out-of-County Recoupment | (56) |
| Visually Impaired Service | 61 |
| Education Other Than At Schools (EOTAS) | (280) |
| Music Service | (79) |
| Education Achievement Contract | 91 |
| Regional Grant Match Funding | 61 |
| Libraries | 32 |
| Other | 160 |
| Total: - | (41) |

4.3.2 The Home to School/College Transport budget is managed by the Engineering Division in the Environment Directorate (with any variances ring-fenced to Education). There is a projected overspend of £87k which relates in the main to the fact that in the 2016/17 financial year there

are 3 additional school days due to the timing of the Easter Holidays. The projected overspend reduces to £34k after releasing one-off funding of £53k from the Transport Equalisation Reserve.

- 4.3.3 The underspend in relation to Management and Support costs relates in part to a £30k vacant post (MTFP saving moving forward), plus 2 lengthy in-year vacancies, one of which has recently been recruited to and one which has recently been short-listed for interviews.
- 4.3.4 Investment in Behaviour Support Training across all primary and secondary schools is essential to address behavioural issues that are giving rise to increasing cost pressures across Additional Support, EOTAS (Education Other Than At Schools) and an increase in potential Tribunal cases. This investment strategy commenced in 2014/15 and is essential to assist in addressing existing financial pressures and MTFP savings targets moving forward.
- 4.3.5 In the 2016/17 Financial Plan the 2 budget headings of Additional Support (Primary and Secondary) and Out-of-County Recoupment (Special Educational Needs and Looked After Children) have been amalgamated. Additional Support costs have risen significantly over the last 2 years and this is closely linked to an increase in Statements around ASD (Autistic Spectrum Disorder), which is a national trend. 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. The current projected overspend of £56k is based on current additional support in our schools, current placements and an estimate for potential additional needs. Due to the uncertain nature of this spend this budget will continue to be closely monitored to the end of the financial year.
- 4.3.6 In recent years the Visually Impaired Service has reported an underspend. This is expected to continue throughout 2016/17.
- 4.3.7 Education Other Than At Schools (EOTAS) provision is currently under review, both internally and with regards to procured activity. This provision, which accommodates learners who are unable to attend and learn through mainstream school, has seen a recent increase in referrals for children with challenging behaviour. In the short-term this provision is continuing to project an overspend, currently up to the value of £280k. In part this includes some additional one-off costs from September 2016 as we look to develop and invest in our own in-house provisions to better meet the needs of our pupils and in part address increasing cost pressures.
- 4.3.8 In 2016/17 there has been a further MTFP budget reduction of £100k against the Authority's Music Service. A Working Group has been set up to consider delivery options to achieve this saving. In the short-term there is a projected overspend of £79k, in part due to a reduced uptake from schools (circa £20k), however Managers remain confident that this savings target is achievable.
- 4.3.9 The charge on the main contract with the Education Achievement Service is £91k less than current budget provision. In addition, the reduced level of the Regional Education Improvement Grant (EIG) has led to a reduction of £61k in the match-funding requirement from the Authority.
- 4.3.10 There is a net projected underspend of £160k on other budgets within Education and Lifelong Learning.

4.4 Social Services (Projected Overspend of £3k)

- 4.4.1 The 2016/17 projected outturn for the Social Services Directorate is an overspend of £3k. However, Cabinet will recall that the 2016/17 budget approved by Council on the 24th February 2016 included a contingency of £2.5m for Social Services cost pressures. This contingency was initially held corporately but in June 2016 £1.4m was permanently transferred from the contingency into the Social Services base budget. This transfer was necessary in order to fund the impact of fee increases awarded to providers of adult social care due in the main to the introduction of the National Living Wage from April 2016. At the

same time, a further £250k was released from this contingency to address demographic pressures experienced within Children's Services since the start of the financial year.

- 4.4.2 The remaining contingency sum of £850k has since been permanently transferred into the Social Services base budget to address demographic pressures experienced within Adult Services since the start of the financial year. It is important to stress that there is no further contingency funding available to meet any additional demographic pressures that may arise during the remainder of the financial year. The additional demand will also be an important consideration in determining the budget for 2017/18 as the full-year financial impact of actual increases in demand and the potential for further increases will need to be funded.
- 4.4.3 The projected position (after the release of the £2.5m into the Social Services base budget) is summarised below: -

| Division | 2016/17 Revised Budget £000's | 2016/17 Projection/ Commitment £000's | Projected (Overspend)/ Underspend £000's |
|-------------------------------------|--------------------------------------|--|---|
| Children's Services | 19,769 | 20,187 | (418) |
| Adult Services | 53,606 | 53,298 | 308 |
| Service Strategy & Business Support | 2,525 | 2,418 | 107 |
| Totals: - | 75,900 | 75,903 | (3) |

Children's Services (Projected Overspend of £418k)

- 4.4.4 In response to the anticipated reductions in Welsh Government funding over the forthcoming financial years, a prudent approach to vacancy management has been adopted. This has led to a projected underspend of £406k against Management, Fieldwork and Administration posts within the Division.
- 4.4.5 An overall overspend of £818k is projected in respect of residential placements, fostering and adoption support. This reflects the demographic changes and additional cost pressures experienced within the financial year with more children presenting with more complex and challenging behaviour than in previous years. This pressure has grown steadily throughout the financial year to date and could continue to grow through the remainder of the year. The full year effect of these pressures will have implications for 2017/18 and this will be considered as part of ongoing work on the Authority's Medium Term Financial Plan.
- 4.4.6 There is a £57k projected underspend in respect of Families First due to temporary staffing vacancies that are expected to be filled in the near future.
- 4.4.7 An overspend of £90k is projected in respect of Aftercare Services. This relates to increased numbers of 16 to 18 year olds in receipt of leaving care services and a growth in "When I'm Ready" placements for young adults who were previously fostered.
- 4.4.8 There is a projected £27k underspend for 'Other Costs' that can largely be attributed to the renegotiation of contracts with voluntary sector organisations.

Adult Services (Projected Underspend of £308k)

- 4.4.9 There is a projected underspend of £372k in Management, Fieldwork and Administration. This projection anticipates that Social Services service reserves totalling £248k will be used to fund a number of temporary posts involved in transformational projects. Cabinet is asked to consider and approve this proposed use of reserves.
- 4.4.10 There is a projected underspend of £194k in relation to in-house provision of Residential Care and Supported Living. This is due to a combination of increasing client contributions and short-term staffing vacancies arising from delays in recruitment.

- 4.4.11 An underspend of £348k is anticipated in relation to the in-house provision of day care services. This is due to a combination of short-term vacancies and efficiency savings delivered in advance of MTFP requirements.
- 4.4.12 There is a projected underspend of £109k on Aids and Adaptations budgets due to a refund from the Gwent-Wide Integrated Community Equipment Service (GWICES) in respect of unspent funding from 2015/16.
- 4.4.13 Underspending across the Gwent Frailty Programme largely resulting from short-term vacancies is likely to result in a £59k reduction in the contribution required from Caerphilly Social Services.
- 4.4.14 An overspend of £176k is currently projected against the Supporting People budget. This over commitment has been reduced by £21k over the last 2 months and the Supporting People Manager will continue to review existing contracts in order to further reduce expenditure.
- 4.4.15 Financial information in respect of External Residential Care, External Day Care, Home Assistance & Reablement and Other Domiciliary Care is captured separately for each service area. However, demand for these services is inter-dependent as it is difficult to predict the exact needs of future service users. If these services are considered as a whole then a projected overspend of £635k is anticipated as summarised below: -

| Service | 2016/17 Revised Budget £000's | 2016/17 Projection/ Commitment £000's | Projected (Overspend)/ Underspend £000's |
|--------------------------------|--------------------------------------|--|---|
| External Residential Care | 12,008 | 12,039 | (31) |
| External Day Care | 885 | 987 | (102) |
| Home Assistance and Reablement | 10,551 | 10,264 | 287 |
| Other Domiciliary Care | 9,398 | 10,187 | (789) |
| Totals: - | 32,842 | 33,477 | (635) |

- 4.4.16 The pressures highlighted in the table above have occurred due to demographic changes experienced within Adult Services since the beginning of the current financial year. The full year effect of these changes will have financial implications for 2017/18 and will need to be considered further as part of ongoing work on the Authority's MTFP.
- 4.4.17 A £37k underspend is projected against other Adult Services budgets largely as a result of the maximisation of the Wales Independent Living Grant.

Service Strategy & Business Support (Projected Underspend of £107k)

- 4.4.18 This service area is currently projected to underspend by £107k due in the main to structural savings delivered in advance of MTFP requirements and an anticipated underspend on transport costs.

4.5 Environment (Projected Underspend of £132k)

- 4.5.1 The projected outturn for Environment is an underspend of £132k. However, this projection includes a transfer of £800k into Community & Leisure Services from the one-off £1.6m waste management contingency approved by Council in February 2016.

Regeneration and Planning Division (Projected Underspend of £120K)

- 4.5.2 Overall an underspend of £120k is projected for the Regeneration and Planning Division consisting of an overspend of £124k for Planning Services and an underspend of £244k for Economic Development and Tourism.
- 4.5.3 Countryside Services are reporting a small underspend of £5k. This consists of a £27k shortfall in income from car park charges which is offset by underspends in operational costs.
- 4.5.4 Planning application fee income is projected to be £50k short of the £566k budget target but this is offset by an underspend in staffing due to the delayed filling of vacant posts and MTFP savings in advance for 2017/2018. There is a projected overspend of £64k in Building Control, where income is projected to be £76k below the £302k budget. Search fee income is also projected to be £11k below the £112k budget. Planning application fee, building control fee and search fee income is dependent on the number of applications received and this can be variable.
- 4.5.5 Strategic Planning budgets are presently projected to be £60k overspent due to a shortfall in rechargeable fee income, partly offset by staffing underspends due to staff on reduced working hour contracts.
- 4.5.6 Business Development has a projected underspend of £218k which is due to vacant posts, including the vacant Head of Service post. This underspend is partly offset by a temporary contract extension to a previously grant funded post. There is also a projected underspend in other operational non-staff budgets and an underspend of £128k in the Community Regeneration Fund due to an anticipated reduction in the number of applicants for grant match-funding support.
- 4.5.7 Business Urban Renewal is currently projected to overspend by £141k. This is primarily due to a projected overspend of £129k in relation to the Bargoed retail shop units arising from under-occupancy of the units.
- 4.5.8 There is a projected £75k underspend in relation to Industrial Properties due to vacant posts from voluntary early retirements, partly offset by a £20k shortfall in income. Income budgets for 2016/2017 were increased by £100k as part of MTFP requirements, so this increased target is at present not being fully achieved. There will be a further review of this service and initiatives will be identified to increase Industrial Property rent income in order to ensure budget targets are achieved in the future.
- 4.5.9 A net underspend of £8k is projected for Tourism Events, with additional income generated from pitch fees and concessions from the various events, particularly the Big Cheese. At present the Tourism Venues are reporting an overall underspend of £28k primarily due to vacant posts at a number of venues. Income generation at the various venues is overall close to budget, although Cwmcarn Visitor centre is under achieving income targets by £30k as a result of reduced visitor numbers due to the closure of the Scenic Drive for ongoing tree felling works. The Caerphilly Visitor Centre is exceeding income targets due to the continuing success of the coffee shop facilities.
- 4.5.10 There is a projected underspend of £56k for Community Regeneration. This is mainly due to additional recharge income from support provided to the grant funded Community First programme.

Engineering Division (Projected Overspend of £150k)

- 4.5.11 There is a projected overspend of £150k for the Engineering Division after adjusting for a projected overspend of £34k on Home to School Transport and an underspend of £33k on Social Services Transport. These transport budget variations are ring-fenced to Education & Lifelong Learning and Social Services.

- 4.5.12 Expenditure in relation to highway reactive maintenance repairs is presently projected to be £249k overspent due to ongoing pressures on the highway network accentuated by a backlog of maintenance works carried forward from 2015/2016. The severity of winter weather in relation to snow, gritting and flooding will have an impact on the overall outturn position, albeit that it is currently assumed that the winter maintenance budget of £1.14million will be fully spent. There is also funding in the winter maintenance reserve of £492k which can be accessed if necessary. The Engineering Division is reviewing the highway maintenance programme to identify measures to balance the budget by the end of the financial year
- 4.5.13 There is a projected overspend of £100k in relation to car parks, primarily relating to the ongoing review and asset management plan development for car parks. No specific budget exists for this work but it is anticipated that the overspend will be funded from the use of identified unapplied grant from the Welsh European Funding Office (WEFO) park & ride project (subject to confirmation).
- 4.5.14 An MTFP saving of £126k was applied to Public Transport in 2016/2017, but there is presently an overspend of £40k due to the timing of the implementation of the new bus contracts. This saving is anticipated to be fully achieved in 2017/2018.
- 4.5.15 There is a projected overall underspend of £190k in staffing across the Engineering Division due to vacant posts. Some of these vacant posts are MTFP savings in advance for 2017/2018.
- 4.5.16 A breakeven position is currently projected for Network Contracting Services (NCS).

Public Protection Division (Projected Underspend of £91k)

- 4.5.17 An underspend of £45k is currently projected for Environmental Health. However, this underspend may be partly offset by increased costs associated with monitoring closed landfill sites and costs associated with contamination issues. Costs in relation to closed landfills, pollution and contamination can be volatile and subject to change during the year so they will be monitored closely.
- 4.5.18 There is a projected overall net underspend of £34k for Catering Services. This includes £138k in Primary School catering due to additional school meals income and underspends in staffing and other operational costs. There is also a projected underspend of £29k for Comprehensive School catering. These underspends are partly offset by a projected overspend in relation to Breakfast Clubs of £84k, mainly due to a delay in implementing the agreed MTFP savings in this service area. There is also a £50k projected overspend for meals direct and civic catering due to a shortfall in income targets partly offset by reduced operating costs.

Community & Leisure Services Division (Projected Underspend of £67k)

- 4.5.19 The Community & Leisure Services Division is currently projected to underspend by £67k.
- 4.5.20 Waste Management & Cleansing is presently projecting an overall net overspend of £1.012m. This is mainly due to the higher cost per tonne currently paid for dry recycling treatment, increased waste tonnages and the additional cost of treating materials that cannot be recycled. There are also projected overspends in relation to a general increase in tonnages of waste sent to the Project Gwyrdd plant in Cardiff and an increase in the waste being processed at Civic Amenity Sites.
- 4.5.21 Due to the complexity and current financial position for Waste Management and Cleansing, the Corporate Director will chair a Board consisting of the Cabinet Member, the Acting Director of Corporate Services, the Interim Head of Corporate Finance, the Head of Community & Leisure Services and the Waste Strategy & Operations Manager. The remit of this Board will be to analyse this service area in detail, identify appropriate mitigating measures to balance the budget and to develop a business plan for the service for the medium-term.

- 4.5.22 Cabinet will recall that at its meeting on the 24th February 2016 Council approved a one-off contingency budget of £1.6m in respect of waste management. This temporary funding is available to fund cost pressures in dry recyclable waste in 2016/17 and 2017/18 only whilst alternative waste treatment arrangements are procured. The projected net underspend of £67k for the Community & Leisure Services Division assumes that £800k of this contingency funding has been released in 2016/17 to partially offset the current projected overspend of £1.012m for waste management. Cabinet is asked to endorse the release of this funding and the remaining £800k in the contingency budget will then be carried forward into the 2017/18 financial year.
- 4.5.23 An underspend of £206k is projected for Parks, Outdoor Facilities and Cemeteries. £203k of this underspend relates to Cemeteries where in previous years underspends have been ring-fenced for future planned investments. However, the approved budget for 2016/17 increased the income target for Cemeteries to support MTFP savings requirements. As a consequence of this, additional income above the increased budgeted level was not anticipated. It is recommended to Cabinet that the current projected underspend of £203k for Cemeteries is not ring-fenced and is instead retained within the base budget to partially offset other budget pressures within the Community & Leisure Services Division.
- 4.5.24 Leisure Services is projecting an overall underspend of £95k. Leisure Centres are projected to overspend by £32k mainly due to a projected £40k shortfall in budgeted income. However, the overspend in Leisure Centres is more than offset by an underspend in central leisure of £90k due to vacant posts and an underspend in sports & health development.
- 4.5.25 Vehicle Maintenance & Fleet Management is currently projected to overspend by £8k and Building Cleaning is projected to overspend by £13k.

Directorate General (Projected Underspend of £3k)

- 4.5.26 There is currently a projected underspend of £3k on the Directorate General budget.

4.6 Corporate Services (Projected Underspend of £808k)

- 4.6.1 The Directorate of Corporate Services is currently forecasting an underspend of £808k for the 2016/17 financial year.
- 4.6.2 There is a projected underspend of £191k in Corporate Finance which relates in the main to delays in appointing to vacant posts, vacancies which are being held to support MTFP savings requirements for 2017/18 and some one-off additional income.
- 4.6.3 There is an anticipated underspend of £145k in Procurement and Customer Services consisting of the following:-
- 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 MTFP savings requirements for 2017/18 together with some one-off savings due to a member of staff being on a career break.
- 4.6.4 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.

4.6.5 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. It is unlikely that the projected overspend will stay at this level in future years as the full financial impact of complying with the Standards becomes clearer. This will be a consideration in determining the budget for 2017/18.
- 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 MTFP savings requirements for 2017/18.
- Projected net underspend of £37k on other Corporate Policy budgets.

4.6.6 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 Agency Fee Income 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.

4.6.7 There is an anticipated underspend of £129k for Information Technology consisting of the following:-

- IT Services - £107k underspend which is due in the main to vacancies being held to support MTFP savings requirements for 2017/18.
- Central Services – £22k underspend also mainly due to a vacancy being held to support MTFP savings requirements for 2017/18.

4.6.8 For Corporate 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. Energy contract prices are due to be reviewed during the autumn 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.

4.6.9 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 breaks, some staff not at the top of scale points, staff on long-term sickness and maternity leave.

- Communications - £6k underspend due in the main to salary costs arising from maternity leave.

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

4.7 Miscellaneous Finance (Projected Underspend of £1.906m)

4.7.1 There is an overall projected underspend of £1.906m in Miscellaneous Finance which consists in the main of a projected underspend of £1.746m on Capital Financing budgets due to the following: -

- 2015/16 and 2016/17 supported borrowing has been deferred to future years as there are cash balances that can be utilised in the short-term.
- A 2.5% reduction in the assumed borrowing rate for 2016/17 (previously 5% in line with current Public Works Loans Board (PWLB) rates). This is a consequence of base rate reductions following the outcome of the EU Referendum.
- Improved returns on investments in accordance with the revised Treasury Management Strategy.

4.7.2 There is a projected net underspend of £160k on other budgets within Miscellaneous Finance.

4.8 Housing Revenue Account (Projected Underspend of £870k)

4.8.1 There is currently a projected year-end underspend of £870k for the Housing Revenue Account (HRA) which represents just under 2% of the total HRA budget.

4.8.2 Salaries and associated costs are expected to overspend by £86k. This is a net position where underspends in Sheltered Housing and Area Housing are offset by overspends expected in the Housing Response Team (as a consequence of increased work to support the WHQS programme) and in Allocations (due to a recent review to address the new Common Housing Register). Non-pay budgets are projected to underspend by £92k. These budgets include office running costs and tenant related expenditure such as Decoration Allowances, Energy Performance Certificates and Security of Void Properties.

4.8.3 Building Maintenance is projecting a £283k overspend due to £1.07m additional expenditure in Housing Response as a result of increased work in supporting the WHQS programme and end of tenancy voids, offset by underspends in Revenue Projects of £393k and Planned Cyclical works of £391k.

4.8.4 Additional Income is expected to be £1.3m higher, mainly as a result of the increased work in supporting the WHQS programme via the Housing Response Team.

4.8.5 The HRA allows for some £13.5m of revenue contributions towards the WHQS programme this year and £2.1m for the delivery team fees. This is expected to be fully utilised this year with the delivery team costs likely to be some £148k higher due to an increase in agency posts.

4.9 Progress Made Against Approved 2016/17 Revenue Budget Savings

4.9.1 The approved budget for 2016/17 included total savings of £11.117m. Appendix 2 provides details of approved 2016/17 savings that are currently not being achieved and details of 2016/17 savings that still may not be achieved in 2017/18.

4.9.2 For 2016/17 there is currently a projected shortfall of £489k against the approved total savings of £11.117m. In the main this shortfall is being covered through one-off in-year underspends largely due to MTFP savings in advance. However, Cabinet will note that £224k of the approved 2016/17 savings still may not be achieved by 2017/18. Heads of Service will be required to identify alternative savings to address any shortfall.

5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 Effective financial management is a key element in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2016 are met.

6. EQUALITIES IMPLICATIONS

- 6.1 An EIA screening has been completed in accordance with the Council's Strategic Equality Plan and supplementary guidance. No potential for unlawful discrimination and/or low level or minor negative impact has been identified regarding this report; therefore a full EIA has not been carried out.

7. FINANCIAL IMPLICATIONS

- 7.1 As detailed throughout the report.

8. PERSONNEL IMPLICATIONS

- 8.1 There are no direct personnel implications arising from this report.

9. CONSULTATIONS

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

10. RECOMMENDATIONS

- 10.1 Cabinet is asked to: -

10.1.1 Note the information contained in this report.

10.1.2 Approve the proposed use of Social Services service reserves totalling £248k as detailed in paragraph 4.4.9 to fund a number of temporary posts involved in transformational projects.

10.1.3 Endorse the release of £800k from the £1.6m waste management contingency to partially offset cost pressures in 2016/17.

10.1.4 Endorse the recommendation that the current projected underspend of £203k for Cemeteries is not ring-fenced and is instead retained within the base budget to partially offset other budget pressures within the Community & Leisure Services Division.

11. REASONS FOR THE RECOMMENDATIONS

- 11.1 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.

12. STATUTORY POWER

- 12.1 Local Government Act 1972 and 2000.

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Gail Williams, Interim Head of Legal Services & Monitoring Officer
Andrew Southcombe, Finance Manager, Corporate Finance
Dave Roberts, Principal Group Accountant, Corporate Services
Mike Eedy, Finance Manager, Environment
Jane Southcombe, Finance Manager, Education & Lifelong Learning
Mike Jones, Interim Financial Services Manager, Social Services
Lesley Allen, Principal Accountant, Housing
Lianne Dallimore, MTFP Programme Co-ordinator
Cllr Keith Reynolds, Leader
Cllr B Jones, Deputy Leader & Cabinet Member for Corporate Services
Cllr D Poole, Deputy Leader & Cabinet Member for Housing

Background Papers:
Council (24/02/16) - Budget Proposals 2016/17 and Medium-Term Financial Strategy 2016/2021

Appendices:
Appendix 1 Whole Authority Mid-Year Budget Monitoring Report 2016/17 - Summary by
Directorate/Service Division
Appendix 2 2016/17 Savings Not Being Achieved

Whole Authority Mid-Year Budget Monitoring Report 2016/17

Summary by Directorate/Service Division

| Directorate/Service Division | Original Estimate 2016/17 | Revised Estimate 2016/17 | Projected Outturn 2016/17 | Projected (Overspend)/ Underspend |
|---|------------------------------|-----------------------------|------------------------------|--------------------------------------|
| | £ | £ | £ | £ |
| Education & Lifelong Learning | | | | |
| - Planning and Strategy | 104,523,362 | 104,523,362 | 104,424,871 | 98,491 |
| - Learning, Education and Inclusion | 15,193,327 | 15,193,327 | 15,365,997 | (172,670) |
| - Lifelong Learning | 5,073,314 | 5,073,314 | 5,040,559 | 32,755 |
| Sub-Total: - | 124,790,003 | 124,790,003 | 124,831,427 | (41,424) |
| Social Services | | | | |
| - Children's Services | 19,556,040 | 19,769,523 | 20,187,651 | (418,128) |
| - Adult Services | 51,319,073 | 53,605,590 | 53,297,377 | 308,213 |
| - Service Strategy and Business Support | 2,528,896 | 2,524,559 | 2,417,402 | 107,157 |
| Sub-Total: - | 73,404,009 | 75,899,672 | 75,902,430 | (2,758) |
| Environment | | | | |
| - Regeneration and Planning | 3,856,782 | 4,085,531 | 3,965,154 | 120,377 |
| - Engineering | 19,617,987 | 19,617,987 | 19,767,919 | (149,932) |
| - Public Protection | 7,142,706 | 7,142,706 | 7,052,177 | 90,529 |
| - Community and Leisure Services | 18,135,971 | 18,935,971 | 18,868,625 | 67,346 |
| - Directorate General | 161,796 | 161,796 | 158,071 | 3,725 |
| Sub-Total: - | 48,915,242 | 49,943,991 | 49,811,946 | 132,045 |
| Corporate Services | | | | |
| - Interim Chief Executive/Acting Director | 443,867 | 443,867 | 409,054 | 34,813 |
| - Corporate Finance | 2,030,073 | 2,030,073 | 1,838,944 | 191,129 |
| - Procurement and Customer Services | 1,599,257 | 1,599,257 | 1,453,948 | 145,309 |
| - Legal and Governance | 2,950,774 | 2,950,774 | 2,870,363 | 80,411 |
| - Corporate Policy | 1,415,952 | 1,191,540 | 1,191,412 | 128 |
| - Housing Services | 1,101,271 | 1,101,271 | 1,093,805 | 7,466 |
| - Information Technology | 4,891,962 | 4,891,962 | 4,762,374 | 129,588 |
| - Corporate Property | 4,738,513 | 4,738,513 | 4,716,244 | 22,269 |
| - Human Resources and Communications | 2,002,058 | 2,002,058 | 1,868,599 | 133,459 |
| - Health and Safety | 913,335 | 913,335 | 849,705 | 63,630 |
| Sub-Total: - | 22,087,062 | 21,862,650 | 21,054,448 | 808,202 |
| Miscellaneous Finance | 55,195,166 | 51,895,166 | 49,988,757 | 1,906,409 |
| Grand Total: - | 324,391,482 | 324,391,482 | 321,589,008 | 2,802,474 |

2016/17 SAVINGS NOT BEING ACHIEVED

| SERVICE AREA | MTFP REF. NO. | DESCRIPTION OF AGREED SAVING | AGREED SAVING 2016/17 £000's | AMOUNT ACHIEVED 2016/17 £000's | ANTICIPATED SHORTFALL 2016/17 £000's | WHERE SAVINGS HAVE NOT BEEN ACHIEVED, WHAT PLANS ARE IN PLACE TO ADDRESS THIS? | HAVE THERE BEEN ANY UNEXPECTED CONSEQUENCES AS A RESULT OF THE SAVING? | POTENTIAL SHORTFALL IN 2017/18 £000's |
|------------------------------|----------------------|--|-------------------------------------|---------------------------------------|---|--|---|--|
| Community & Leisure Services | CL03 | Removal of Parks & Outdoor Facilities Manager post. | 60.00 | 14.00 | 46.00 | One off retirement costs £33k funded in 2016/17 and £13k pay due to delay in retirement date. Will be fully achieved in 2017/18. | No | 0.00 |
| Corporate Finance | CF10 | Sundry Debtors - Reduce debt collection agency fees. | 10.00 | 1.50 | 8.50 | This was to be achieved through the Sundry Debtors Team being more proactive in chasing outstanding debts. Due to a vacant post, maternity leave and sickness absence this is not currently progressing as planned. However, the situation is expected to improve. | No | 0.00 |
| Corporate Finance | CF12 | Sundry Debtors - Saving on printing costs. | 5.00 | 0.00 | 5.00 | This is being kept under review but savings are proving difficult to achieve. | No | 5.00 |
| Corporate Finance | CF01 | Council Tax - Increase in court fees. | 75.00 | 55.00 | 20.00 | Additional estimate too high as case load has not increased. | No. Anticipated debtor complaints have not materialised. | 20.00 |

| SERVICE AREA | MTFP REF. NO. | DESCRIPTION OF AGREED SAVING | AGREED SAVING 2016/17 £000's | AMOUNT ACHIEVED 2016/17 £000's | ANTICIPATED SHORTFALL 2016/17 £000's | WHERE SAVINGS HAVE NOT BEEN ACHIEVED, WHAT PLANS ARE IN PLACE TO ADDRESS THIS? | HAVE THERE BEEN ANY UNEXPECTED CONSEQUENCES AS A RESULT OF THE SAVING? | POTENTIAL SHORTFALL IN 2017/18 £000's |
|------------------------------|---------------|-------------------------------|------------------------------|--------------------------------|--------------------------------------|--|--|---------------------------------------|
| Econ Dev, Regen and Planning | ERP02 | Llancaiach Fawr - Income. | 20.00 | 0.00 | 20.00 | A meeting has been arranged to examine the income streams in this area in order to establish whether the savings target can be fully achieved by the end of the financial year. | No | 20.00 |
| Econ Dev, Regen and Planning | ERP03 | Industrial Property Income. | 100.00 | 80.00 | 20.00 | Endeavouring to increase occupancy at Industrial Units and possible rent review. | No | 20.00 |
| Econ Dev, Regen and Planning | ERP04 | Cwmcarn – Income. | 20.00 | 0.00 | 20.00 | Tree felling works at the Cwmcarn Scenic Drive has adversely affected visitor numbers so the income budgets are under achieving. Operations being reviewed to try and increase income to compensate. In the long-term the saving should be achievable. | No | 20.00 |
| Econ Dev, Regen and Planning | ERP11 | Pre-planning Advice – Income. | 5.00 | 0.00 | 5.00 | The level of income is influenced by economic activity. The position will be kept under review. | No | 5.00 |

| SERVICE AREA | MTFP REF. NO. | DESCRIPTION OF AGREED SAVING | AGREED SAVING 2016/17 £000's | AMOUNT ACHIEVED 2016/17 £000's | ANTICIPATED SHORTFALL 2016/17 £000's | WHERE SAVINGS HAVE NOT BEEN ACHIEVED, WHAT PLANS ARE IN PLACE TO ADDRESS THIS? | HAVE THERE BEEN ANY UNEXPECTED CONSEQUENCES AS A RESULT OF THE SAVING? | POTENTIAL SHORTFALL IN 2017/18 £000's |
|-------------------------------|---------------|---|------------------------------|--------------------------------|--------------------------------------|---|--|---------------------------------------|
| Education & Lifelong Learning | EDLL17 | Music Service. | 100.00 | 21.00 | 79.00 | A Working Group has been established to look at options both internally and with the Gwent Music Service. | No | 0.00 |
| Engineering | FY 15/16 | Review of Passenger Transport Services. | 126.00 | 86.00 | 40.00 | New bus contracts have been implemented later than anticipated. Full saving will be achieved in 2017/18. | No | 0.00 |
| Housing | H02 | Retirement of Principal Housing Officer (Grade 12). To be replaced by Grade 8 Technical Officer and existing Team Leaders (2 posts) to be regraded from Grade 10 to Grade 11. | 10.00 | 0.00 | 10.00 | Grade 12 retirement actioned and Grade 8 is being filled via Agency. The business case for the regrading is with CMT where a decision is imminent. Once agreed the net saving of £10k will be achieved. | No | 0.00 |
| ITCE | ICE13 | ICT - Reduction in support vans. | 7.00 | 0.00 | 7.00 | Still under review but saving is expected to be delivered by 2017/18. | No | 0.00 |
| ITCE | ICE28 | I.T. Software contracts - Budget realignment. | 45.00 | 38.00 | 7.00 | Still under review but saving is expected to be delivered by 2017/18. | No | 0.00 |

| SERVICE AREA | MTFP REF. NO. | DESCRIPTION OF AGREED SAVING | AGREED SAVING 2016/17 £000's | AMOUNT ACHIEVED 2016/17 £000's | ANTICIPATED SHORTFALL 2016/17 £000's | WHERE SAVINGS HAVE NOT BEEN ACHIEVED, WHAT PLANS ARE IN PLACE TO ADDRESS THIS? | HAVE THERE BEEN ANY UNEXPECTED CONSEQUENCES AS A RESULT OF THE SAVING? | POTENTIAL SHORTFALL IN 2017/18 £000's |
|----------------------|---------------|--|------------------------------|--------------------------------|--------------------------------------|--|---|---------------------------------------|
| Policy & Performance | LG10 | Equalities - Vacancy management. | 28.40 | 0.00 | 28.40 | Additional staffing resources have been put in place to address the increased demand for Welsh Language translation. It will not be possible to achieve this saving. | Further costs are anticipated to deal with the volume of work arising from the Welsh Language Standards. This will be considered as part of the budget-setting process for 2017/18. | 28.40 |
| Policy & Performance | LG11 | Equalities - Reduce Welsh language initiatives budget. | 5.00 | 0.00 | 5.00 | Additional costs have been incurred in external translation services to address the increased demand for Welsh Language translation. It will not be possible to achieve this saving. | Further costs are anticipated to deal with the volume of work arising from the Welsh Language Standards. This will be considered as part of the budget-setting process for 2017/18. | 5.00 |
| Property | PRP01 | Head of Service retirement. | 67.00 | 0.00 | 67.00 | Delayed retirement of Head of Service. Corporate Services reserves can be used if required. | | 0.00 |

| SERVICE AREA | MTFP REF. NO. | DESCRIPTION OF AGREED SAVING | AGREED SAVING 2016/17 £000's | AMOUNT ACHIEVED 2016/17 £000's | ANTICIPATED SHORTFALL 2016/17 £000's | WHERE SAVINGS HAVE NOT BEEN ACHIEVED, WHAT PLANS ARE IN PLACE TO ADDRESS THIS? | HAVE THERE BEEN ANY UNEXPECTED CONSEQUENCES AS A RESULT OF THE SAVING? | POTENTIAL SHORTFALL IN 2017/18 £000's |
|-------------------|---------------|--|------------------------------|--------------------------------|--------------------------------------|---|--|---------------------------------------|
| Public Protection | PP05 | Increase prices in civic catering by 5%. | 4.90 | 0.00 | 4.90 | The MTFP price increase savings are being offset by lower demand. Initiatives are under consideration to increase the customer base to increase income. | | 4.90 |
| Public Protection | PP08 | Introduce charge to schools for the setting up of sandwich places. | 102.00 | 76.00 | 26.00 | Income of £76k is being achieved from schools that have signed up for this service. The remaining saving will need to be achieved via reduced Catering Service staffing costs. | | 26.00 |
| Public Protection | PP12 | Reduce operational Breakfast Clubs costs by 1 hour of staffing per day | 70.00 | 0.00 | 70.00 | Staffing levels are being reviewed on a site by site basis. Redeployment opportunities are continuing to be explored and any vacant posts are reviewed before being filled. The Corporate Management Team has requested a progress report by the end of December. | | 70.00 |
| | | Total | 860.3 | 371.50 | 488.80 | | | 224.30 |