



POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION

**SUBJECT: CORPORATE SERVICES AND MISCELLANEOUS FINANCE 2016/17
BUDGET MONITORING REPORT (PERIOD 7)**

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

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 seven 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 24th February 2016.

3.2 Effective financial planning and financial control contribute to the following Well-being Goals within the Well-being of Future Generations (Wales) Act 2015: -

- 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 Corporate Services

4.1.1 The Directorate of Corporate Services is currently forecasting an underspend of £1,270k for the 2016/17 financial year, full details of which are provided in Appendix 1.

4.1.2 The anticipated underspend of £260k 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 £170k in Procurement and Customer Services consists of:-

- Projected underspend of £86k on Procurement which relates in the main to delays in appointing to vacant posts.
- Customer First - £84k 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 £84k after allowing for the following to be ring-fenced and transferred to earmarked reserves: -

- Projected underspend on Members related expenditure of £126k. This is due in the main to underspends on Members Allowances which is partly off-set by reduced costs on printing/ webcasting.
- Projected underspend of £46k on Electoral Services.

The net underspend of £84k for Legal and Governance is due to vacancies.

4.1.5 Corporate Policy is projecting an overall underspend of £33k after taking account of: -

- Projected overspend of £51k 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 underspend of £25k on budgets in the Policy Team. This is after the one-off transfer of earmarked reserve.
- Projected underspend in the Performance Management Unit of £26k due to a vacancy being held to support the Medium-Term Financial Plan savings requirement for 2017/18.
- Projected net underspend of £33k on other Corporate Policy budgets.

4.1.6 There is a projected breakeven on Housing services which consists of the following:-

- General Fund Housing is anticipated to break-even but this is being achieved through utilising income received for leasing out Ty Croeso, which is normally set aside as a renewals fund for future building maintenance works. This service area includes a statutory duty for Temporary Accommodation which is demand led and difficult to predict.
- Private Housing is anticipating an overspend of £13k. The main concern for this budget is the Agency Income Fee which was under-recovered last year by some £196k. The fee income has historically been generated from the private housing capital programme which has reduced substantially over the years. There is additional fee income expected this year from the allocation of WHQS works to leasehold properties but there is still a projected under recovery on agency income of £43k. This has been partially offset by savings of £30k which is mainly attributable to salaries as a result of staff retirements to support the Medium-Term Financial Plan savings requirement for 2017/18. There are revenue balances available to meet the net projected shortfall of £13K this year.

4.1.7 There is an anticipated underspend of £484k in Information Technology, consisting of the following:-

- IT Services - £428k 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 – £56k underspend mainly due to a vacancy being held to support the Medium-Term Financial Plan savings requirement for 2017/18 along with some one-off income.

Both IT and Central Services underspends may be partially utilised for one-off IT schemes. Business cases are under consideration.

4.1.8 For Performance and Property there is a net projected underspend of £55k, consisting of the following: -

- Corporate Property - £89k overspend due to an agreed delay in a planned retirement offset by vacancy management savings. This will be funded by a one-off transfer of earmarked reserve.
- Corporate Buildings - £34k overspend in respect of spend on Tiryberth Depot, offset by small savings on NNDR and standby/relief cover and underspends on energy costs. However, energy contract prices are due to be reviewed, so this area of spend will need to be kept under review.
- Asset Management and Facilities – Projected £67k underspend mainly due to some reduced hours on salaries, increased recharges to schools/other services for maintenance management and some savings on lease costs on vacant properties.
- Building Consultancy – Projected £22k underspend based on agreed fees to date, these are reviewed on an on-going basis.

4.1.9 There is a projected underspend of £113k for Human Resources and Communications consisting of :-

- Human Resources projected underspend of £110k due in the main to salary savings from staff on Career breaks, some staff not at top of scale point, staff on long term sickness and maternity leave.
- Communications - £3k underspend due in the main to salary costs arising from maternities.

4.1.10 There is a projected underspend of £34k for Health & Safety, mainly due to salary savings arising from delays in recruitment and additional Service Level Agreement (SLA) income received from Cardiff City Council.

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

Section	Agreed MTFP Savings £'000	Progress against Savings £'000	Variance £'000
Corporate Finance	224.75	202.75	22.00
Corporate Health And Safety	161.70	131.70	30.00
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	497.50	3.50
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)	-	-	-
Grand Total	1,741.75	1,585.85	155.90

4.1.12 The variance of £155.9k consists of

- £22k for Corporate Finance is due to the “Increased court fee income” not anticipated to be fully achieved (£17k) along with the savings on “printing costs” not materialising due to staff sickness (£5k). These areas are currently being reviewed.
- £30K for Health & Safety is due to an anticipated reduction in the expected training/fee income.

- £33.4k Corporate Policy is due to a delay in delivering vacancy savings and a delay in reducing the “Welsh Language Initiative” budget.
- £3.5k for Information and Governance is due to the proposed reduction in “support vans” not yet being achieved.
- £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 areas during the current financial year and the savings will be fully delivered during 2017/18.

4.2 Miscellaneous Finance

4.2.1 There is an overall projected underspend of £1,967k in Miscellaneous Finance.

4.2.2 There is a projected overspend of £14k on Levies Upon the Council due to a predicted overspend on Coroners Services resulting from changes in the legal rules surrounding the deaths of residents in care homes offset by an underspend in the cost of Archiving Services.

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 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.

4.2.4 The main remaining projected underspend for Miscellaneous Finance consists of the following: -

- Prudential Borrowing for Islwyn West being delayed - £188k.
- Pension Contributions for former Authorities - £46k

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 (Wales) Act 2015 are met.

6. EQUALITIES IMPLICATIONS

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

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 Members are requested to note the contents of the report.

11. REASONS FOR THE RECOMMENDATIONS

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

12. STATUTORY POWER

12.1 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 7)

CORPORATE SERVICES DIRECTORATE	Original Estimate 2016/2017	Revised Estimate 2016/2017	Anticipated Outturn 2016/2017	Anticipated Variance 2016/2017
<u>SUMMARY</u>				
CHIEF EXECUTIVE & ACTING DIRECTOR CORP SERVICES	443,867	443,867	407,279	36,588
CORPORATE FINANCE				
Financial services	2,030,073	2,030,073	1,769,708	260,365
	2,030,073	2,030,073	1,769,708	260,365
PROCUREMENT & CUSTOMER SERVICES				
Procurement	402,416	402,416	315,874	86,542
Customer First	1,196,841	1,196,841	1,112,471	84,370
	1,599,257	1,599,257	1,428,345	170,912
LEGAL & GOVERNANCE				
Legal & Democratic Services	844,518	1,017,961	934,203	83,758
Member Services	1,796,427	1,622,984	1,496,985	125,999
Ringfenced to Earmarked Reserves			125,999	(125,999)
Electoral Services	309,829	309,829	264,320	45,509
Ringfenced to Earmarked Reserves			45,509	(45,509)
	2,950,774	2,950,774	2,867,016	83,758
CORPORATE POLICY				
Policy	900,836	686,424	753,784	(67,360)
Use of Earmarked Reserves			(91,895)	91,895
Equalities	170,355	181,733	232,273	(50,540)
PMU	228,787	228,787	203,204	25,583
Community Safety	115,974	94,596	61,273	33,323
	1,415,952	1,191,540	1,158,639	32,901
HOUSING SERVICES				
General Fund Housing	674,110	674,110	674,110	0
Private Housing	427,161	427,161	440,161	(13,000)
Use of Earmarked Reserves			(13,000)	13,000
Building Maintenance	0	0	0	0
	1,101,271	1,101,271	1,101,271	0
INFORMATION AND TECHNOLOGY				
IT Services	4,474,892	4,474,892	4,046,895	427,997
Central Services	417,070	417,070	360,942	56,128
	4,891,962	4,891,962	4,407,837	484,125
PERFORMANCE & PROPERTY				
Corporate Property Services	544,566	544,566	633,711	(89,145)
Use of Earmarked Reserves			(89,145)	89,145
Corporate Premises	2,169,113	2,169,113	2,203,060	(33,947)
Asset Management Facilities	2,021,067	2,021,067	1,953,836	67,231
Building Consultancy	3,767	3,767	(17,875)	21,642
	4,738,513	4,738,513	4,683,587	54,926
HUMAN RESOURCES & COMMUNICATIONS				
Human Resources	1,705,549	1,705,549	1,597,716	107,833
Trade Union Facilities	27,844	27,844	25,603	2,241
Communications Unit	268,665	268,665	265,648	3,017
	2,002,058	2,002,058	1,888,967	113,091
HEALTH & SAFETY				
Use of Earmarked Reserves	913,335	913,335	1,179,646	(266,311)
	913,335	913,335	879,646	33,689
TOTAL CORPORATE SERVICES	22,087,062	21,862,650	20,592,295	1,270,355

<i>MISCELLANEOUS FINANCE</i>	Original Estimate 2016/2017	Revised Estimate 2016/2017	Anticipated Outturn 2016/2017	Anticipated Variance 2016/2017
<i>MISCELLANEOUS FINANCE</i>				
<i>Staff Related Costs</i>				
Pension Contribution - Former Authorities Ongoing	1,249,024	1,249,024	1,184,523	64,501
Recharge to Education - Former Authorities	(193,629)	(193,629)	(175,810)	(17,819)
	1,055,395	1,055,395	1,008,713	46,682
<i>Catering</i>				
Subsidy	55,426	55,426	55,426	0
	55,426	55,426	55,426	0
<i>Statutory Benefit Schemes</i>				
Council Tax RS	14,828,941	14,828,941	13,850,000	978,941
Ringfenced to Earmarked Reserves			978,941	(978,941)
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)
	14,863,941	14,863,941	14,863,941	0
<i>Levies Upon the Council</i>				
Coroner	167,707	167,707	195,832	(28,125)
Archives	223,138	223,138	208,862	14,276
Fire Service Authority	8,278,714	8,278,714	8,278,714	0
	8,669,559	8,669,559	8,683,408	(13,849)
<i>Capital Financing</i>				
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
	18,060,267	18,060,267	16,313,745	1,746,522
<i>Corporate and Democratic Core Costs</i>				
Bank Charges	138,758	138,758	157,745	(18,987)
Income from HRA	(23,339)	(23,339)	(26,533)	3,194
Income from DLO/DSO	(9,963)	(9,963)	(11,326)	1,363
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	102,066	6,926
	569,452	569,452	576,956	(7,504)

<i>MISCELLANEOUS FINANCE</i>	Original Estimate 2016/2017	Revised Estimate 2016/2017	Anticipated Outturn 2016/2017	Anticipated Variance 2016/2017
Grants to Voluntary sector				
Assistance to Voluntary sector	173,048	173,048	173,048	0
	173,048	173,048	173,048	0
Private Finance Initiative				
PFI Schools	2,541,828	2,541,828	2,541,828	0
PFI SEW	4,161,756	4,161,756	4,161,756	0
	6,703,584	6,703,584	6,703,584	0
Other				
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	191,952	0
NNDR - Authority Empty Properties	128,551	128,551	121,535	7,016
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	0	0	0
Dry Recycling Waste	1,600,000	800,000	800,000	0
	5,044,494	1,744,494	1,549,466	195,028
TOTAL MISCELLANEOUS FINANCE	55,195,166	51,895,166	49,928,287	1,966,879
EXPENDITURE TO DIRECTORATE SUMMARY	77,282,228	73,757,816	70,520,582	3,237,234