



POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION

**SUBJECT: CORPORATE SERVICES AND MISCELLANEOUS FINANCE 2017/18
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 2017/18 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 22nd February 2017.

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 £1,316k for the 2017/18 financial year, full details of which are provided in Appendix 1.

4.1.2 The anticipated underspend of £369k in Corporate Finance relates in the main to delays in appointing to vacant posts together with vacancies which are being held to support the Medium-Term Financial Plan (MTFP) savings requirements for 2018/19 and some one-off additional income.

4.1.3 The anticipated underspend of £52k in Procurement and Customer Services consists of:-

- A small projected underspend of £2k on Procurement which relates to one-off costs being incurred in year to support the Medium-Term Financial Plan savings requirement for 2018/19 offset with some in-year staff vacancies.
- Customer First - £50k underspend which is due in the main to vacancies being held to support the Medium-Term Financial Plan savings requirement for 2018/19 offset by a reduction in income.

4.1.4 Legal & Governance is projecting a net underspend of £67k after allowing for the following to be ring-fenced and transferred to earmarked reserves: -

- Projected underspend on Members related expenditure of £60k. This is due in the main to underspends on Members Allowances which is partly off-set by costs on printing/webcasting and new equipment for the new Members.
- Projected overspend of £194k on Electoral Services due to the local elections. The Electoral Service underspends in non-election years are ringfenced to fund the overspends in election years.

The net underspend of £67k for Legal & Governance is due to vacant posts.

4.1.5 There is an anticipated underspend of £374k in Information and Technology, consisting of the following:-

- IT Services - £352k underspend which is due in the main to vacancies being held to support the Medium-Term Financial Plan savings requirement for 2018/19 partly offset by additional one off costs needed to facilitate ongoing MTFP savings in future years
- Central Services - £22k underspend due in the main to some staff not being in the pension scheme.

4.1.6 For Corporate Property Services there is a net projected underspend of £57k, consisting of the following: -

- Estates - £99k underspend due mainly to vacant posts and a member of staff on maternity leave.
- Corporate Facilities - £34k underspend mainly due to anticipated savings on various corporate properties partially offset by costs being incurred for Ty Pontllanfraith (£177k) pending demolition of the buildings and disposal of the site.
- Maintenance – Projected £92k overspend mainly due to increased maintenance and rental costs together with one off costs incurred for the floodlighting. These will be monitored closely in year to try to mitigate the anticipated overspend.
- Building Consultancy – Projected £16k underspend due in the main to anticipated increased fee income.

4.1.7 There is a projected underspend of £174k for Human Resources mainly consisting of:-

- Human Resources projected underspend of £105k due in the main to vacancies being held to support the Medium-Term Financial Plan savings requirement for 2018/19.
- Communications Unit - £9k overspend due in the main to reduced printing works partially offset by additional income received from a Service Level Agreement (SLA) with schools.
- A projected underspend of £78k for Health & Safety, due in the main to salary savings due to delays in recruitment and additional SLA income from schools.

4.1.8 Corporate Policy is projecting an underspend of £122k after taking account of: -

- Projected underspend of £35k in the Policy Team due to various small in year savings. This is after the transfer of earmarked reserve.

- Projected underspend of £82k in the Equalities and Welsh Language Team due to delays in appointing to translator posts to cope with the additional workload arising from the new Welsh Language Standards, together with more translation being able to be achieved in house with increased staffing.
- Projected small overspend in the Performance Management Unit of £1k
- Projected underspend of £6k on the Community Safety budget.

4.1.9 There is a projected underspend of £60k on Housing services which consists of the following:-

- General Fund Housing is expected to show a £30k underspend at this stage, although there are some offsetting over and underspends contributing to the expected position. These include an increase in spend for the Allocations Team as a result of gearing up for the new Common Housing Register and an underspend in Housing Advice due to the application of transitional funding for preventing homelessness. 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. The temporary accommodation for families at Ty Fesen is assumed to be fully financed but this includes a £20k renewal fund that will be transferred to earmarked balances at year end. This year the budget received its first allocation from the RSG settlement of £282k for homeless prevention of which about £122k is committed for the management fee recently deducted from the Local Housing Allowance formula but is still claimed via Housing Benefits. The remaining allocation is assumed to be utilised this year and officers are in the process of identifying suitable commitments.
- Private Housing is anticipating an underspend of £30k, mainly due to delays in filling vacant posts. The Private Sector Housing Manager has recently retired which could result in further savings pending a management restructure by the Chief Housing Officer. The main concern for this budget is Agency Fee Income which has under-recovered in previous years. The fee income has historically been generated from the private housing capital programme which has reduced substantially over the years. This has recently been supplemented by additional fee income expected from the allocation of WHQS works to leasehold properties, which if achieved should manage any potential shortfall.

4.1.10 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	74.75	74.75	0.00
Corporate Property Services	166.00	166.00	0.00
Human Resources	220.00	220.00	0.00
Information Technology	301.00	298.00	(3.00)
Legal & Governance Support	10.00	10.00	0.00
Procurement & Customer Services	38.00	38.00	0.00
Grand Total	809.75	806.75	(3.00)

4.1.11 The variance of £3K for Information Technology is due to a proposed reduction in rented vans not being achieved. This shortfall will be met by other in-year savings.

4.2 Miscellaneous Finance

4.2.1 There is an overall projected underspend of £1,186k in Miscellaneous Finance.

4.2.2 There is a projected net underspend of £1,078k on Capital Financing budgets which is due to the following: -

- Assumed borrowing in 2017/18 being deferred to 2018/19, this includes the 21st Century Schools and HRA, partly offset by a reduced contribution from HRA for the debt costs due to the deferred borrowing.
- Improved returns on investments.

4.2.3 There is a projected overspend of £33k on City Deal programme management costs due to a reduction in the anticipated underspends brought forward from 2016/17.

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

- Subscriptions - £9k
- Budget Pressures - £72k
- NNDR Authority Empty Properties - £8k.
- Welsh Language - £52k

5. WELL-BEING OF FUTURE GENERATIONS

5.1 Effective financial management including the effective utilisation of external grant funding 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 2017/18 Budget Monitoring Report (Period 7).

CORPORATE SERVICES DIRECTORATE	Original Estimate 2017/18	Revised Estimate 2017/18	Anticipated Outturn 2017/18	Anticipated Variance 2017/18
SUMMARY				
CHIEF EXECUTIVE, DEPUTY CHIEF EXECUTIVE AND SECRETARIAT	450,128	450,128	409,671	40,457
CORPORATE FINANCE				
Financial services	2,069,794	2,103,458	1,734,320	369,138
	2,069,794	2,103,458	1,734,320	369,138
PROCUREMENT & CUSTOMER SERVICES				
Procurement	438,467	390,108	387,737	2,371
Customer First	1,182,248	1,230,607	1,180,733	49,874
	1,620,715	1,620,715	1,568,470	52,245
LEGAL & GOVERNANCE SUPPORT				
Legal & Democratic Services	1,032,569	1,032,569	965,951	66,618
Member Services	1,648,122	1,648,122	1,587,806	60,316
Ringfenced to Earmarked Reserves		0	60,316	(60,316)
Electoral Services	315,411	315,411	509,559	(194,148)
Ringfenced from Earmarked Reserves			(194,148)	194,148
	2,996,102	2,996,102	2,929,484	66,618
INFORMATION AND TECHNOLOGY				
IT Services	4,316,066	4,316,066	3,964,044	352,022
Central Services	386,915	386,915	364,791	22,124
	4,702,981	4,702,981	4,328,835	374,146
CORPORATE PROPERTY SERVICES				
Estates	519,199	509,656	410,533	99,123
Corporate Facilities	2,380,113	2,355,992	2,322,339	33,653
Maintenance	2,190,006	2,190,006	2,281,886	(91,880)
Building Consultancy	(57,146)	(57,146)	(72,853)	15,707
	5,032,172	4,998,508	4,941,905	56,603
HUMAN RESOURCES				
Human Resources	1,563,174	1,563,174	1,457,879	105,295
Communications Unit	286,527	286,527	295,323	(8,796)
Health & Safety	943,894	943,894	865,618	78,276
	2,793,595	2,793,595	2,618,820	174,775
TOTAL CORPORATE SERVICES	19,665,487	19,665,487	18,531,505	1,133,982
CORPORATE POLICY				
Policy	703,212	703,212	685,772	17,440
Use of Earmarked Reserves		0	(17,107)	17,107
Equalities	382,832	382,832	300,394	82,438
PMU	207,917	207,917	208,342	(425)
Community Safety	95,887	95,887	90,011	5,876
	1,389,848	1,389,848	1,267,412	122,436

CORPORATE SERVICES & MISCELLANEOUS FINANCE 2017/18 BUDGET MONITORING REPORT (PERIOD 7)**APPENDIX 1**

<i>HOUSING SERVICES</i>				
General Fund Housing	980,955	990,666	960,666	30,000
Private Housing	363,572	363,362	333,362	30,000
Building Maintenance	9,501	0		0
	1,354,028	1,354,028	1,294,028	60,000
<i>TOTAL NON- CORPORATE SERVICES</i>	2,743,876	2,743,876	2,561,440	182,436
<i>TOTAL SERVICES</i>	22,409,363	22,409,363	21,092,945	1,316,418

<i>MISCELLANEOUS FINANCE</i>	Original Estimate 2017/18	Revised Estimate 2017/18	Anticipated Outturn 2017/18	Anticipated Variance 2017/18
MISCELLANEOUS FINANCE				
Staff Related Costs				
Pension Contribution - Former Authorities Ongoing	1,215,689	1,215,689	1,215,689	0
Recharge to Education - Former Authorities	(189,629)	(189,629)	(189,629)	0
	1,026,060	1,026,060	1,026,060	0
Catering				
Subsidy	56,313	56,313	56,313	0
	56,313	56,313	56,313	0
Statutory Benefit Schemes				
Council Tax RS	14,560,178	14,560,178	13,650,000	910,178
Ringfenced to Earmarked Reserves			910,178	(910,178)
General Rent Allowances	28,118,381	28,118,381	28,335,115	(216,734)
Rent Rebates	29,009,587	29,009,587	28,375,398	634,189
Rent Allowance War Widow Concessions	35,000	35,000	35,000	0
Housing Benefit Subsidy	(57,127,968)	(57,127,968)	(56,710,513)	(417,455)
	14,595,178	14,595,178	14,595,178	0
Levies Upon the Council				
Coroner	196,975	196,975	196,975	0
Archives	209,092	209,092	209,092	0
Fire Service Authority	8,378,145	8,378,145	8,378,145	0
	8,784,212	8,784,212	8,784,212	0
Capital Financing				
Debt Charges	14,316,180	11,126,151	10,497,924	628,227
Investment Income net of Recharges	259,960	259,960	(190,040)	450,000
CERA (Capital Expenditure funded from Revenue Account)	217,872	3,407,901	3,407,901	0
	14,794,012	14,794,012	13,715,785	1,078,227
Corporate and Democratic Core Costs				
Bank Charges	185,978	185,978	185,978	0
Income from HRA	(31,281)	(31,281)	(31,281)	0
Income from DLO/DSO	(13,353)	(13,353)	(13,353)	0
External Audit Fees	474,584	474,584	474,584	0
Income from HRA	(79,825)	(79,825)	(79,825)	0
Income from DLO/DSO	(34,074)	(34,074)	(34,074)	0
Subscriptions	110,736	110,736	102,066	8,670
	612,765	612,765	604,095	8,670

MISCELLANEOUS FINANCE	Original Estimate 2017/18	Revised Estimate 2017/18	Anticipated Outturn 2017/18	Anticipated Variance 2017/18
Grants to Voluntary sector				
Assistance to Voluntary sector	175,817	175,817	175,817	0
	175,817	175,817	175,817	0
Private Finance Initiative				
PFI Schools	2,459,038	2,459,038	2,459,038	0
PFI SEW	4,043,023	4,043,023	4,043,023	0
	6,502,061	6,502,061	6,502,061	0
Other				
Budget Pressures	121,166	121,166	48,795	72,371
NNDR - Authority Empty Properties	130,608	130,608	123,064	7,544
Counsel Fees	330,720	330,720	330,720	0
Careline	35,900	35,900	35,900	0
Carbon Management Scheme	27,618	27,618	27,618	0
Carbon Energy Tax	221,856	221,856	221,856	0
IT Replacement Strategy	129,257	129,257	129,257	0
PV Panels Income	(40,600)	(40,600)	(40,600)	0
Risk Management Contribution	(456,511)	(456,511)	(456,511)	0
Class 1A NI	(60,000)	(60,000)	(60,000)	0
Welsh Language	52,115	52,115	0	52,115
City Deal	60,000	60,000	92,670	(32,670)
Trade Union Facilities	26,122	26,122	25,962	160
Matched Funding for Community Schemes	25,400	25,400	25,400	0
	603,651	603,651	504,131	99,520
TOTAL MISCELLANEOUS FINANCE	47,150,069	47,150,069	45,963,652	1,186,417
EXPENDITURE TO DIRECTORATE SUMMARY	69,559,432	69,559,432	67,056,597	2,502,835