



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

**SUBJECT: CORPORATE SERVICES AND MISCELLANEOUS FINANCE 2018/19  
BUDGET MONITORING REPORT (PERIOD 7)**

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION & CORPORATE SERVICES**

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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 2018/19 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 2018.
- 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 £1,091k for the 2018/19 financial year, full details of which are provided in Appendix 1.
- 4.1.2 Members are advised that the projected outturn for Education & Lifelong Learning is a net overspend of £518k, consequently overall the projected outturn position for Education and Corporate Services is an underspend of £573k. The net in year overspend for Education &

Lifelong Learning of £518k does not include an increase in the projected deficit position at closure for Cwmcarn High School. The full details with regards to the Education & Lifelong Learning position will be reported to Education for Life scrutiny committee in January.

4.1.3 The anticipated underspend of £103k 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 2019/20 and some additional income.

4.1.4 The anticipated net overspend of £7k in Customer & Digital Services consists of:-

- A projected underspend of £143k on Procurement which relates in the main to vacancies still to be filled pending a revised structure being developed offset by reduced levels of income and a one-off refund.
- Customer First - £58k underspend which is due in the main to vacancies being held to support the Medium-Term Financial Plan savings requirement for 2019/20 offset by increased printing costs.
- IT Services - £217k underspend which is due in the main to vacancies being held to support the Medium-Term Financial Plan savings requirement for 2019/20.
- Central Services - £75k underspend due in main to vacancies being held to support the Medium-Term Financial Plan savings requirement for 2019/20.
- Agreement by Cabinet on 31<sup>st</sup> October 2018 requires a transfer from underspends to a earmarked reserve of £500k to cover the investment in Digital Technology.

4.1.5 Legal & Governance is projecting a net underspend of £199k after allowing for the following to be ring-fenced and transferred to earmarked reserves: -

- Projected underspend on Members related expenditure of £10k. This is due in the main to underspend on Members Allowances which is partly off-set by costs on new equipment for the Members to facilitate a reduction in printing/photocopying costs.
- Projected underspend of £73k on Electoral Services. The Electoral Service underspends in non-election years are ring-fenced to fund overspends in election years.
- Agreed one-off funding from reserves to fund staff for a fixed term.

The net underspend of £199k for Legal & Governance is due in the main to vacant posts being held pending a review of the structure after the appointment of a new Head of Service.

4.1.6 There is an anticipated underspend of £176k in Business Improvement Services consisting of the following:-

- Management - £41k due to a delay in appointing to the vacant post of Interim Head of Business Improvement Services.
- Projected underspend of £44k in the Policy Team due in the main to staff reducing their working hours.
- Projected underspend of £72k in the Equalities and Welsh Language Team due in the main to delays in appointing to Translator posts.
- Projected small overspend in the Performance Management Unit.
- Projected underspend of £19k on the Community Safety budget due to a delay in filling a post.

4.1.7 There is a projected net underspend of £324k for Peoples Services mainly consisting of:-

- Human Resources projected net underspend of £182k due in the main to vacancies being held to support the Medium-Term Financial Plan savings requirement for 2019/20, after taking into account the agreed use of reserves for staff.
- CMT Support overspend of £6k due in the main to budget transferred not being sufficient to cover the new staffing structure. This is being monitored closely during the year.

- Trade Union Facilities project a small net underspend of £2k after taking into account the agreed one-off use of reserves to fund staff.
- Communications Unit - £10k underspend due in the main to an increased income on design and print work. This will be closely monitored in year.
- A projected underspend of £136k for Health & Safety, due in the main to salary savings due to delays in recruitment pending a revised structure being implemented to support the Medium Term Financial Plan savings requirement for 2019-20.

4.1.8 For Corporate Property (which forms part of the Communities Directorate) there is a net projected underspend of £263k, consisting of the following: -

- Management - £15k underspend due to various non salary related underspends.
- Energy - £12k underspend due mainly to a temporary reduction in hours of a member of staff.
- Estates - £48k overspend due mainly to a reduction in the anticipated level of fee income, which has been partially offset by staff vacancies. These will be monitored closely in year to try to mitigate the anticipated overspend.
- Non – operational Properties - £17k underspend mainly due to reduced utility costs being incurred.
- Corporate Facilities - £367k underspend mainly due to anticipated savings on various corporate properties. This also includes an anticipated £279k on Ty Duffryn which includes £197k of lease income for 2018-19, this aims to support the Medium Term Financial Plan savings requirement for 2019-20.
- Maintenance – Projected £185k overspend mainly due to the cost of clearing backlog statutory maintenance remedials. These will be monitored closely in year to try to mitigate the anticipated overspend. Many of these costs are one offs and once the backlog is cleared the rate of expenditure should reduce significantly.
- Building Consultancy – Projected £85k underspend due in the main to anticipated increased workload and associated fee income. These will be monitored closely in year.

4.1.9 There is a projected overspend of £38k on Housing Services which consists of the following:-

- General Fund Housing is expected to show a £5k overspend at this stage, although there are some offsetting over and underspends contributing to this position which includes an increase in spend for the Allocations Team as a result of managing the new Common Housing Register, additional spend for preventing homeless for the newly acquired short term accommodation at Clos Ceirw, against a projected underspend in Housing Advice.
- This service area includes a statutory duty for Temporary Accommodation which is demand led and difficult to predict but trends are showing an annual increase in the need for this service. 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 service, however, has received growth in the RSG settlement of a further £282k this year for homeless prevention of which about £160k 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 throughout the year as resources are being identified to meet our statutory duty, to include support for increased house sharing options for young homeless care leavers. Therefore this budget is currently anticipating a full spend at this stage pending commitments being identified in year. Any underspend will be requested to be carried forward.
- 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.
- The projected overspend can be funded from service balances.

- Private Sector Housing is expected to show a £32k overspend at this stage. The main concern for this budget is the Agency Income Fee which has under-recovered in previous years. Budget reductions to assist with the MTFP programme have increased the concern. 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, but this is only received on completion of the works, and is unlikely to be sustainable once the WHQS has been achieved in 2020. Furthermore, a recent review of Home Repair Grants and the newly introduced loan scheme has shown a slow take up this year meaning the fee income has had to be reduced accordingly by some £70k. Again this is an area that is difficult to predict, although it is anticipated that access to the scheme will increase as it becomes more widely known. There is a projected underspend in salaries which will offset this overspend due to a restructure from the previous managers retirement. The projected overspend can be funded from service balances.

4.1.10 The following table provides a summary of progress in delivering agreed 2018/19 savings, all of these will be achieved in the current financial year: -

Section	Agreed MTFP Savings £'000	Progress against Savings £'000	Variance £'000
Corporate Finance	80.00	80.00	0.00
Corporate Property	197.00	197.00	0.00
Human Resources, Communication & Health & Safety	210.00	210.00	0.00
Information Technology	340.00	340.00	0.00
Policy	93.00	93.00	0.00
Private Housing	65.00	65.00	0.00
Procurement & Customer Services	165.00	165.00	0.00
Grand Total	1,150.00	1,150.00	0.00

## 4.2 Miscellaneous Finance

4.2.1 There is an overall projected underspend of £1,008k in Miscellaneous Finance.

4.2.2 There is a projected net underspend of £486k on Capital Financing budgets which is due to the following:-

- Temporary loans raised in 2018-19 to cover cashflow, offset by assumed borrowing in 2018/19 being deferred to 2019/20, this includes the 21<sup>st</sup> Century Schools and HRA, partly offset by a reduced contribution from HRA for the debt costs due to the deferred borrowing.
- Provision of £242k to fund the ongoing liability of the Senior Officer, as agreed by Council on 13<sup>th</sup> December 2018.

4.2.3 There is a projected underspend of £216k on Miscellaneous Items due to a one off rebate from the "Cremation Services Joint Committee".

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

- War Widows Concessions - £10k
- Audit Fees - £60k net of recharges
- Subscriptions - £9k
- NNDR Authority Empty Properties - £131k.
- Class 1A NI - £42k
- Welsh Language - £53k

- 4.2.5 The projected overspend on the “Counsel fees” budget will be met from its earmarked reserve. The overspend is primarily due to costs incurred on childcare cases.

## **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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L Donovan – Head of Peoples Services  
L Lucas – Head of Customer & Digital Services  
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Mark Williams, Interim Head of Property  
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Jane Southcombe, Finance Manager, Education, Lifelong Learning and Schools  
Cllr B. Jones, Deputy Leader/Cabinet Member for Finance, Performance &  
Governance.  
Cllr C. Gordon, Cabinet Member for Corporate Services.  
Cllr L. Phipps, Cabinet Member for Homes & Places.

Appendices:  
Appendix 1

Corporate Services & Miscellaneous Finance 2018/19 Budget Monitoring Report  
(Period 7).

CORPORATE SERVICES DIRECTORATE	Original Estimate 2018/19	Revised Estimate 2018/19	Anticipated Outturn 2018/19	Anticipated Variance 2018/19
<b>SUMMARY</b>				
<b>CHIEF EXECUTIVE &amp; DIRECTOR OF EDUCATION &amp; CORPORATE SERVICES</b>	460,085	367,177	296,243	70,934
<b>CORPORATE FINANCE</b>				
Financial services & Internal Audit	2,124,090	2,124,090	2,021,369	102,721
	2,124,090	2,124,090	2,021,369	102,721
<b>BUSINESS IMPROVEMENT SERVICES</b>				
Management		124,160	83,215	40,945
Policy	648,395	691,472	647,052	44,420
Equalities	384,562	384,562	312,319	72,243
PMU	223,534	226,888	227,185	(297)
Community Safety Partnership	82,093	82,093	63,215	18,878
	1,338,584	1,509,175	1,332,986	176,189
<b>LEGAL &amp; GOVERNANCE SUPPORT</b>				
Legal & Democratic Services	1,090,282	1,090,282	882,066	208,216
Agreed Use of One Off Reserves for Legal Services	(29,514)	(29,514)	(20,218)	(9,296)
Member Services	1,681,273	1,683,880	1,673,685	10,195
Ringfenced to Earmarked Reserves		0	10,195	(10,195)
Electoral Services	323,524	323,524	250,123	73,401
Ringfenced to Earmarked Reserves			73,401	(73,401)
	3,065,565	3,068,172	2,869,252	198,920
<b>CUSTOMER &amp; DIGITAL SERVICES</b>				
IT Services	4,085,463	4,042,386	3,825,289	217,097
Central Services	403,398	400,791	326,184	74,607
Procurement	314,726	314,726	171,375	143,351
Customer First	1,187,491	1,187,491	1,129,560	57,931
Earmarked Transfer to Reserves (Cabinet 31/10/18)			500,000	(500,000)
	5,991,078	5,945,394	5,952,408	(7,014)
<b>PEOPLES SERVICES</b>				
Human Resources	1,505,946	1,505,946	1,294,356	211,590
Agreed Use of One Off Reserves for Human Resources	(30,045)	(30,045)	0	(30,045)
CMT Support	0	108,135	114,158	(6,023)
Trade Union Facilities	88,151	88,151	87,115	1,036
Agreed Use of One Off Reserves for Trade Union Facilities	(61,447)	(61,447)	(62,497)	1,050
Communications Unit	308,953	308,953	298,567	10,386
Health & Safety	902,518	902,518	766,584	135,934
	2,714,076	2,822,211	2,498,283	323,928
<b>TOTAL CORPORATE SERVICES</b>	15,693,478	15,836,219	14,970,541	865,678
<b>CORPORATE PROPERTY SERVICES</b>				
Management	312,809	312,809	298,136	14,673
Energy	135,870	135,870	123,480	12,390
Estates	57,357	100,434	148,401	(47,967)
Non Operational Properties	130,051	130,051	112,627	17,424
Facilities	2,746,018	2,772,722	2,405,235	367,487
Maintenance	2,176,038	2,176,038	2,361,570	(185,532)
Building Consultancy	(201,931)	(201,931)	(286,788)	84,857
	5,356,212	5,425,993	5,162,661	263,332
<b>HOUSING SERVICES</b>				
General Fund Housing	1,317,617	1,317,617	1,323,006	(5,389)
Private Housing	326,020	326,020	358,470	(32,450)
Building Maintenance	0	0		0
	1,643,637	1,643,637	1,681,476	(37,839)
<b>TOTAL NON- CORPORATE SERVICES</b>	6,999,849	7,069,630	6,844,137	225,493
<b>TOTAL SERVICES</b>	22,693,327	22,905,849	21,814,678	1,091,171

FALSE

<i>MISCELLANEOUS FINANCE</i>	Original Estimate 2018/19	Revised Estimate 2018/19	Anticipated Outturn 2018/19	Anticipated Variance 2018/19
<b>MISCELLANEOUS FINANCE</b>				
<b>Staff Related Costs</b>				
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
	<b>1,026,060</b>	<b>1,026,060</b>	<b>1,026,060</b>	<b>0</b>
<b>Statutory Benefit Schemes</b>				
Council Tax RS	13,788,308	13,788,308	13,600,000	188,308
Ringfenced to Earmarked Reserves			188,308	(188,308)
DHP Rent allowances	56,808	56,808	56,808	0
DHP Rent Rebates	511,276	511,276	511,276	0
DHP Income	(568,084)	(568,084)	(568,084)	0
General Rent Allowances	28,543,432	28,543,432	28,543,432	0
Rent Rebates	27,456,591	27,456,591	27,456,591	0
Rent Allowance War Widow Concessions	35,000	35,000	25,000	10,000
Housing Benefit Subsidy	(56,000,023)	(56,000,023)	(56,000,023)	0
	<b>13,823,308</b>	<b>13,823,308</b>	<b>13,813,308</b>	<b>10,000</b>
<b>Levies Upon the Council</b>				
Coroner	200,946	200,946	200,946	0
Archives	209,092	209,092	209,092	0
Fire Service Authority	8,475,706	8,475,706	8,475,706	0
	<b>8,885,744</b>	<b>8,885,744</b>	<b>8,885,744</b>	<b>0</b>
<b>Capital Financing</b>				
Debt Charges (Principal Repaid)	2,383,236	2,383,236	2,437,379	(54,143)
Debt Charges (Interest Payments)	8,977,172	8,977,172	8,194,817	782,355
Debt Charges (Debt Management Exp's)	42,285	42,285	42,285	0
Income from External Investments:	(600,000)	(600,000)	(600,000)	0
Rescheduling Discounts	(110,369)	(110,369)	(110,369)	0
Earmarked for specific funds/balances	846,498	846,498	846,498	0
Earmarked additional Provision Snr Officer (Council 13/12/18)			242,000	(242,000)
CERA (Capital Expenditure funded from Revenue Account)	2,604,319	2,604,319	2,604,319	0
	<b>14,143,141</b>	<b>14,143,141</b>	<b>13,656,929</b>	<b>486,212</b>
<b>Corporate and Democratic Core Costs</b>				
Bank Charges	189,698	189,698	189,698	0
Income from HRA	(31,907)	(31,907)	(31,907)	0
Income from DLO/DSO	(13,620)	(13,620)	(13,620)	0
External Audit Fees	484,076	484,076	404,076	80,000
Income from HRA	(81,422)	(81,422)	(67,966)	(13,456)
Income from DLO/DSO	(34,755)	(34,755)	(29,011)	(5,744)
Subscriptions	110,736	110,736	101,520	9,216
	<b>622,806</b>	<b>622,806</b>	<b>552,790</b>	<b>70,016</b>
<b>Grants to Voluntary sector</b>				
Assistance to Voluntary sector	179,333	179,333	179,333	0
	<b>179,333</b>	<b>179,333</b>	<b>179,333</b>	<b>0</b>
<b>Private Finance Initiative</b>				
PFI Schools	2,340,304	2,340,304	2,340,304	0
PFI SEW	3,960,234	3,960,234	3,960,234	0
	<b>6,300,538</b>	<b>6,300,538</b>	<b>6,300,538</b>	<b>0</b>
<b>Other</b>				
NNDR - Authority Empty Properties	130,608	130,608	0	130,608
Counsel Fees	330,720	330,720	500,000	(169,280)
Ringfenced from Earmarked Reserves			(169,208)	169,208
Careline	35,900	35,900	35,900	0
Carbon Management Scheme	28,170	28,170	28,170	0
Carbon Energy Tax	229,884	229,884	229,884	0
IT Replacement Strategy	131,842	131,842	131,842	0
PV Panel Maintenance		2,000	2,000	0
PV Panels Income	(40,600)	(42,600)	(42,600)	0
Risk Management Contribution	(456,511)	(456,511)	(456,505)	(6)
Class 1A NI	(60,000)	(60,000)	(102,000)	42,000
Welsh Language	53,157	53,157	0	53,157
City Deal	239,200	239,200	239,200	0
Matched Funding for Community Schemes	15,908	15,908	15,908	0
Targeted Rate Relief Scheme	77,000	77,000	77,000	0
Miscellaneous Items	4,631	4,630	(211,115)	215,745
	<b>719,909</b>	<b>719,908</b>	<b>278,476</b>	<b>441,432</b>
<b>TOTAL MISCELLANEOUS FINANCE</b>	<b>45,700,839</b>	<b>45,700,838</b>	<b>44,693,178</b>	<b>1,007,660</b>
<b>EXPENDITURE TO DIRECTORATE SUMMARY</b>	<b>68,394,166</b>	<b>68,606,687</b>	<b>66,507,856</b>	<b>2,098,831</b>