



POLICY AND RESOURCES SCRUTINY COMMITTEE – 9TH JULY 2019

SUBJECT: CORPORATE SERVICES & MISCELLANEOUS FINANCE REVENUE BUDGETS 2019-20

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION & CORPORATE SERVICES

1. PURPOSE OF REPORT

1.1 To provide Members with details of the 2019/20 revenue budgets for Corporate Services and Miscellaneous Finance.

2. SUMMARY

2.1 The report provides details of the 2019/20 revenue budgets for Corporate Services and Miscellaneous Finance and briefly outlines the next steps to progress the budget strategy moving forward.

3. RECOMMENDATIONS

3.1 That Scrutiny Committee Members note the content of this report.

4. REASONS FOR THE RECOMMENDATIONS

4.1 To ensure that the Scrutiny Committee is provided with full details of the 2019/20 revenue budgets for Corporate Services and Miscellaneous Finance.

5. THE REPORT

5.1 2019/20 Revenue Budget

5.1.1 The Welsh Government's Revenue Support Grant (RSG) for Caerphilly CBC for the 2019/20 financial year is a net cash increase of £1.37m. However after adjusting for the transfer in of specific grants and new responsibilities this equated to a net cash increase of £0.549m compared to 2018-19 financial year.

5.1.2 Members will recall that as a consequence of the financial settlement a revised package of savings totalling £13.921m was agreed to enable the Council to deliver a balanced budget for the 2019/20 financial year. Savings for Corporate Services and Miscellaneous Finance amount to £3.093m.

5.1.3 The approved 2019/20 budgets for Corporate Services and Miscellaneous Finance total £68.657m and full details are provided in Appendix 1.

5.2 Corporate Services

5.2.1 The 2019/20 budget for Corporate Services is £21.721m, which is net of agreed savings totalling £2.066m.

5.2.2 In line with the budget strategy agreed at Council on the 21st February 2019 the Corporate Services base budget has been uplifted for inflation. An allowance of 2.2% has been made for pay (£466k), allowance for the new agreed Pay and Grading structure (£58k), a 1.0% allowance for Superannuation costs (£166k), living Wage (£1.5K) and 2.4% for non-pay (£204k).

5.2.3 The main budget increases due to new responsibilities/budget-virements are:-

- People Services £20.5k
- Legal & Governance £16k

5.2.4 The budget also includes the agreed use of reserves to fund staff, mainly apprentices, in the following areas:-

- Legal Services
- People Services
- Corporate Finance
- Digital Services
- Corporate Estates

5.3 Miscellaneous Finance

5.3.1 The 2019/20 budget for Miscellaneous Finance is £46.936m, which is net of agreed savings totalling £1.027m.

5.3.2 The main budget increases/reductions, in line with the budget strategy agreed at Council on the 21st February 2019 are:-

- £277k for non-pay budgets headings (2.4%)
- £67k for City Deal.
- £203k for Fire Service Levy
- £26k for other Levies.
- £142.6k Targeted Business Relief.
- £302k Free School Meals Grant
- £-202k Private Finance Initiative in line with the agreed grant profiling.
- £27k Trade Union Facilities – transferred from Corporate Services.

5.3.3 The budget for the Council Tax Reduction Scheme has been increased by £958.3k.

5.3.4 The budget also includes £475.29k MTFP savings in advance, as per the budget strategy.

5.4 Budget Strategy for 2020/2021 to 2021/2022

5.4.1 At its meeting on the 21st February 2019 Council was presented with an updated Medium Term Financial Plan (MTFP) which showed an indicative savings requirement of £44m for the 4 year period 2020/21 to 2023/24, with £15.7m required for 2020/21.

5.4.2 Further detailed work is currently being carried out to identify a range of savings proposals to meet the significant financial challenges that lie ahead.

6. ASSUMPTIONS

- 6.1 Assumptions linked to this report were detailed in the budget report to Council on 21st February 2019.

7. LINKS TO STRATEGY

- 7.1 The contents of this report reflect the budget strategy agreed by Council at its meeting on the 21st February 2019.

- 7.2 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.

8. WELL-BEING OF FUTURE GENERATIONS

- 8.1 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 and Future Generations (Wales) Act 2015 are met.

9. EQUALITIES IMPLICATIONS

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

10. FINANCIAL IMPLICATIONS

- 10.1 As identified throughout the report.

11. PERSONNEL IMPLICATIONS

- 11.1 The personnel implications of agreed savings will be carefully managed and where possible staff will be fully supported to identify appropriate redeployment opportunities.

12. CONSULTATIONS

- 12.1 This report has been sent to the Consultees listed below and all comments received are reflected in this report.

13. STATUTORY POWER

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

Author: D. Roberts – Principal Accountant (Financial Advice and Support)
roberda@caerphilly.gov.uk Tel: 01443 863342

Consultees: R. Edmunds – Corporate Director for Education & Corporate Services.
S. Harris – Interim Head of Business Improvement Services & Deputy S151 Officer
M. Eedy – Finance Manager
R Tranter – Head of Legal Services
L Donovan – Head of People Services
L Lucas – Head of Customer & Digital Services
C Harrhy, Interim Chief Executive
Lesley Allen, Principal Accountant, Housing
Shaun Couzens, Chief Housing Officer
D Street, Corporate Director Social Services
Mark S Williams, Interim Corporate Director Communities
Mark Williams, Interim Head of Property
A. Southcombe, Finance Manager Corporate Services
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
Cllr J Pritchard, Chair of P&R Scrutiny
Cllr G Kirby, Vice Chair of P&R Scrutiny

Background Papers:

- Report to Council 21/2/19 – Budget Proposals 2019/20 and Medium Term Financial Strategy 2019/2023
- Budget working papers – Accountancy Section

Appendices:

Appendix 1 – 2019/20 Revenue Budgets (Corporate Services and Miscellaneous Finance)

CORPORATE SERVICES DIRECTORATE & OTHER	Estimate 2018/19	Revised Estimate 2018/19	Revised Estimate 2019/20
SUMMARY			
CHIEF EXECUTIVE AND SECRETARIAT	255,465	196,967	202,343
DEPUTY CHIEF EXECUTIVE/DIRECTOR CORPORATE SERVICES & EDUCATION	204,620	170,210	168,129
CORPORATE FINANCE			
Financial services & Internal Audit	2,124,090	2,112,065	2,079,893
	2,124,090	2,112,065	2,079,893
LEGAL & GOVERNANCE SUPPORT			
Legal & Democratic Services	1,090,282	1,090,282	1,140,124
Members Allowances	1,681,273	1,683,880	1,724,937
Electoral Services	323,524	323,524	333,543
	3,095,079	3,097,686	3,198,604
DIGITAL SERVICES			
IT Services	4,085,463	4,042,389	3,786,891
Central Services	403,398	400,791	382,239
Procurement	314,726	314,726	289,665
Customer First	1,187,491	1,187,491	1,263,132
	5,991,078	5,945,397	5,721,927
PEOPLE SERVICES			
Human Resources	1,505,946	1,505,946	1,471,511
Health & Safety	902,518	902,518	945,331
Communications Unit	308,953	308,953	360,572
CMT Support	0	108,135	131,823
Trade Union Facilities	88,151	88,151	0
	2,805,568	2,913,703	2,909,237
BUSINESS IMPROVEMENT SERVICES			0
Management		124,160	127,611
Policy	648,395	691,472	558,024
Equalities	384,562	384,562	413,128
Performance Management Unit	223,534	226,888	221,127
Community Safety	82,093	82,093	45,653
	1,338,584	1,509,175	1,365,543
TOTAL CORPORATE SERVICES	15,814,484	15,945,203	15,645,676
CORPORATE PROPERTY SERVICES			
Management	312,809	312,809	320,073
Energy	135,870	135,870	140,325
Estates	57,357	100,434	133,058
Non Operational Properties	130,051	130,051	114,856
Facilities	2,746,018	2,772,722	2,263,151
Maintenance	2,176,038	2,176,038	1,984,349
Building Consultancy	(201,931)	(201,931)	(198,506)
	5,356,212	5,425,993	4,757,306
HOUSING SERVICES			
General Fund Housing	1,317,617	1,317,617	1,289,212
Private Housing	326,020	326,020	323,376
	1,643,637	1,643,637	1,612,588
TOTAL NON-CORPORATE SERVICES	6,999,849	7,069,630	6,369,894
RESERVES			
Social Services	(29,514)	(29,514)	
Corporate Services	(91,492)	(91,492)	(294,230)
TOTAL RESERVES	(121,006)	(121,006)	(294,230)
TOTAL SERVICES	22,693,327	22,893,827	21,721,340

<i>MISCELLANEOUS FINANCE</i>	Estimate 2018/19	Revised Estimate 2018/19	Revised Estimate 2019/20
<i>MISCELLANEOUS FINANCE</i>			
<i>Staff Related Costs</i>			
Pension Contribution - Former Authorities Ongoing	1,215,689	1,215,689	1,155,689
Recharge to Education - Former Authorities	(189,629)	(189,629)	(179,629)
	1,026,060	1,026,060	976,060
<i>Catering</i>			
Subsidy	0	0	
	0	0	0
<i>Statutory Benefit Schemes</i>			
Council Tax Benefits	13,788,308	13,788,308	14,746,611
DHP Rent allowances	56,808	56,808	49,301
DHP Rent Rebates	511,276	511,276	443,711
DHP Income	(568,084)	(568,084)	(493,012)
General Rent Allowances	28,543,432	28,543,432	23,156,581
Rent Rebates	27,456,591	27,456,591	27,279,064
Rent Allowance War Widow Concessions	35,000	35,000	25,000
Housing Benefit Subsidy	(56,000,023)	(56,000,023)	(50,435,645)
	13,823,308	13,823,308	14,771,611
<i>Levies Upon the Council</i>			
Coroner	200,946	200,946	236,487
Archives	209,092	209,092	209,092
Fire Service Authority	8,475,706	8,475,706	8,882,264
	8,885,744	8,885,744	9,327,843
<i>Capital Financing</i>			
Debt Charges (Principal Repaid)	2,383,236	2,383,236	2,492,141
Debt Charges (Interest Payments)	8,977,172	8,977,172	8,342,451
Debt Charges (Debt Management Exp's)	42,285	42,285	45,563
Income from External Investments:	(600,000)	(600,000)	(800,000)
Rescheduling Discounts	(110,369)	(110,369)	0
Earmarked for specific funds/balances	846,498	846,498	734,912
CERA (Capital Expenditure funded from Revenue Account)	2,604,319	2,604,319	3,330,436
	14,143,141	14,143,141	14,145,503
<i>Corporate and Democratic Core Costs</i>			
Bank Charges	189,698	189,698	194,251
Income from HRA	(31,907)	(31,907)	(32,673)
Income from DLO/DSO	(13,620)	(13,620)	(13,947)
External Audit Fees	484,076	484,076	429,903
Income from HRA	(81,422)	(81,422)	(72,308)
Income from DLO/DSO	(34,755)	(34,755)	(30,866)
Subscriptions	110,736	110,736	110,736
	622,806	622,806	585,096

<i>MISCELLANEOUS FINANCE</i>	Estimate 2018/19	Revised Estimate 2018/19	Revised Estimate 2019/20
Grants to Voluntary sector			
Assistance to Voluntary sector	179,333	179,333	183,637
	179,333	179,333	183,637
Private Finance Initiative			
PFI Schools	2,340,304	2,376,255	2,293,465
PFI SEW	3,960,234	3,924,283	3,805,550
	6,300,538	6,300,538	6,099,015
Other			
Free School Meals Grant	0	0	302,409
Counsel Fees	330,720	330,720	314,720
Careline	35,900	35,900	15,900
Carbon Management Scheme	28,170	28,170	3,846
Carbon Energy Tax	229,884	229,884	239,711
IT Replacement Strategy	131,842	131,842	6,006
PV Panels Income	(40,600)	(40,600)	(55,552)
Risk Management Contribution	(456,511)	(456,511)	(456,511)
Class 1A NI	(60,000)	(60,000)	(100,000)
City Deal	239,200	239,200	306,200
Matched Funding for Community Schemes	15,908	3,908	15,000
Targeted Rate Relief Scheme	77,000	77,000	221,425
Miscellaneous Items	4,631	4,630	6,208
Trade Union Facilities	0	0	27,728
NNDR - Authority Empty Properties	130,608	130,608	0
Welsh Language	53,157	53,157	0
	719,909	707,908	847,090
TOTAL MISCELLANEOUS FINANCE	45,700,839	45,688,838	46,935,855
EXPENDITURE TO DIRECTORATE SUMMARY	68,394,166	68,582,665	68,657,195