



## **POLICY AND RESOURCES SCRUTINY COMMITTEE – 1ST OCTOBER 2019**

**SUBJECT: CORPORATE SERVICES & MISCELLANEOUS FINANCE 2019/20  
BUDGET MONITORING REPORT (PERIOD 4)**

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND 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 2019/20 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 four months of the financial year.

### **3. RECOMMENDATIONS**

3.1 Members are requested to note the contents of the report.

### **4. REASONS FOR THE RECOMMENDATIONS**

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

### **5. THE REPORT**

#### **5.1 Corporate Services**

5.1.1 The Directorate of Corporate Services is currently forecasting an underspend of £1,515k for the 2019/20 financial year, full details of which are provided in Appendix 1.

5.1.2 Members are advised that the projected outturn for Education & Lifelong Learning is a net overspend of £162k, consequently overall the projected outturn position for Education and Corporate Services is an underspend of £1,353k. The full details with regards to the Education & Lifelong Learning position will be reported to Education for Life scrutiny committee on 24<sup>th</sup> September 2019.

5.1.3 There is an anticipated underspend on Chief Executive and Director of Education & Corporate Services of £43k, due in the main to the budget being held at a Deputy Chief Executive scale pending the outcome of the ongoing Senior pay disciplinary process.

5.1.4 The anticipated net underspend of £256k in Corporate Finance relates in the main to delays in

appointing to vacant posts together with savings from maternity leave after taking into account the funding from reserves for an apprentice.

5.1.5 There is an anticipated net underspend of £703k in Digital Services, after taking into account the agreed use of reserves. This consists of:-

- A projected underspend of £54k 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.
- Customer First – a net £163k underspend, after agreed use of reserves for Thoughtonomy and apprentices. This is due in the main to vacancies still to be filled pending a revised structure.
- IT Services - £444k underspend which is due in the main to vacancies still to be filled pending a revised structure.
- Central Services - £42k underspend due in the main to vacancies still to be filled pending a revised structure.
- Once the various restructures within Digital Services have been finalised the outturn forecast will be reviewed and updates will be provided in future budget monitoring reports.

5.1.6 Legal & Governance is projecting a net underspend of £113k after allowing for the following to be ring-fenced and transferred to earmarked reserves: -

- Projected underspend on Members related expenditure of £41k. This is due in the main to underspend on Members related Allowances which is partly off-set by increased costs on Members' superannuation costs.
- Projected underspend of £75k on Electoral Services. The Electoral Services underspends in non-election years are ring-fenced to fund overspends in election years.
- Agreed funding from reserves to fund an apprentice for a fixed term.

The net underspend of £113k for Legal & Governance is due in the main to delays in filling vacant posts.

5.1.7 There is an anticipated underspend of £62k in Business Improvement Services consisting of the following:-

- Management – Projected underspend of £14k.
- Projected small underspend in the Policy Team
- Projected underspend of £48k in the Equalities and Welsh Language Team due in the main to delays in appointing to Translator posts and reduced external translation costs.
- Projected small overspend in the Performance Management Unit.
- The budget responsibilities of the Community Safety Partnership budget has transferred to Public Protection.

5.1.8 There is a projected net underspend of £231k for People Services mainly consisting of:-

- Human Resources projected net underspend of £68k due in the main to staff on maternity and career break offset with reduced income levels, after taking into account the agreed use of reserves for a member of staff.
- CMT Support underspend of £14k due in the main to staff not being at the top of their grades after a revised grading structure was agreed.
- Communications Unit is projecting a small net underspend of £1k, after taking into account the agreed use of reserves for an apprentice. Income levels will be closely monitored in year.
- A projected net underspend of £148k for Health & Safety, which includes:-
  - Occupational Health underspend of £34k due in the main to salary savings due to delays in recruitment to the revised structure.

- Health & Safety £114k due in the main to salary savings due to delays in recruitment to the revised structure after taking into account the agreed use of reserves for fire officer and an apprentice. There is also a forecast saving on food audits, which are managed by procurement, together with potential vehicle hire savings.

5.1.9 For Property Services (who report to the Communities Director) there is a net projected underspend of £89k, consisting of the following: -

- Management - £2k overspend due to various non salary related items.
- Energy - £8k underspend due mainly to a temporary reduction in hours of a member of staff.
- Estates - £40k overspend due mainly to a reduction in the anticipated level of fee income, which has been partially offset by staff vacancies/reduced hours. This is after taking into account the agreed use of reserves for a member of staff. The income levels will be monitored closely in year to try to mitigate the anticipated overspend.
- Non – operational Properties - £5k underspend mainly due to reduced utility costs being incurred.
- Corporate Facilities - £4k underspend mainly due to savings on NNDR, cleaning and income received, partially offset by additional maintenance costs. The additional income relates to MTFP savings in advance for 2020-21
- Maintenance – Projected £7k underspend mainly due to the cost of delays in filling vacant posts and increased fee income, partially offset by additional maintenance costs. 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 £107k underspend due in the main to delays in filling vacant posts together with increased fee income. These will be monitored closely in year.

5.1.10 There is a projected underspend of £18k on Housing Services which consists of the following:-

- General Fund Housing is expected to show a £1k underspend at this stage, although there are some offsetting over and underspends contributing to this position which includes an increase in Bed & Breakfast accommodation offset by staff turnover variations.
- 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 evidenced by the increase in B&B accommodation
- The service, however, has received growth in the RSG settlement of £560k during 2017/18 & 2018/19 as a driver from Welsh Government to prevent homelessness however, about £220k (40%) of this growth is committed to pay Housing Benefits charges where some of our temporary accommodation does not meet full Housing Benefit eligibility unlike other housing providers. This commitment is likely to increase as B&B placements continue to increase and clients are staying longer. The remaining allocation will be utilised throughout the year as resources are identified to meet our statutory duty. Any underspend will be requested to be carried forward and retained for this service although MTFP requirements could affect this.
- 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. A renewal fund for Ty Croeso also exists for future repairs and maintenance.
- Private Sector Housing is expected to show a £17k underspend at this stage. The main concern for this budget is the Agency Income Fee 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 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 showed a slow take up

last year which could mean a further reduction on this fee income this year if the pattern remains the same. 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 long term sickness and a HRA contribution for WHQS work.

5.1.11 The following table provides a summary of progress in delivering agreed 2019/20 savings for the Directorate of Corporate Services :-

Section	Agreed MTFP Savings £'000	Progress against Savings £'000	Variance £'000
<b>Corporate Services.</b>			
Corporate Finance	193.00	193.00	0.00
Corporate Policy	190.00	190.00	0.00
Health and Safety	83.00	83.00	0.00
Human Resources and Communications	120.00	120.00	0.00
Information Technology	358.00	349.50	8.50
Procurement and Customer Services	134.00	65.50	68.50
	1,078.00	1,001.00	77.00
<b>Non-Corporate Services.</b>			
Housing Services	133.00	133.00	0.00
Property Services	855.00	752.00	103.00
	988.00	885.00	103.00
<b>Grand Total</b>	<b>2,066.00</b>	<b>1,886.00</b>	<b>180.00</b>

5.1.12 The variance of £8.5k for Information Technology is due to a proposed reduction in rented vans and agenda distribution to members not being achieved. This shortfall will be met by other in-year savings within Digital Services.

5.1.13 The variance of £68.5k for Procurement & Customer Services is due to these savings not being achieved in year. Savings were found within the rest of Digital Services where workforce planning could be utilised.

5.1.14 The variance of £103k for Property Services, is due in the main to the savings on the one-off reduction in maintenance not being achieved and the income for Ty Duffryn being slightly lower than anticipated. These shortfalls will be met by other in-year savings in the service area.

## 5.2 Miscellaneous Finance

5.2.1 There is an overall projected underspend of £465k in Miscellaneous Finance.

5.2.2 There is a projected net underspend of £400k on Capital Financing budgets which is due to the following:-

- £460k underspend due to assumed General Fund borrowing in 2019/20 being deferred to 2020/21, this includes the 21<sup>st</sup> Century Schools LGBI and prudential borrowing; and £20m of supported borrowing allocations.

- £60k overspend due to temporary loans raised in 2019-20 to cover cashflow as a result of deferring the borrowing.

5.2.3 There is a projected overspend of £382k on the IT replacement strategy. This will be funded from the IT replacement reserve.

5.2.4 There is a projected overspend of £61k on the Trade Union budget. We are currently in discussions with Trade Union colleagues to review and update our Facilities Agreement to ensure that equitable support arrangements are in place.

5.2.5 There is a projected overspend of £9k on the Class 1A NI savings, this is due in the main to a reduced take-up of the GASS car scheme.

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

- Subscriptions - £9k
- Careline - £1.6k
- Carbon Management Scheme - £3.8k
- Miscellaneous Items - £120k – in the main due to a rebate from the “Cremation Services Joint Committee”.

5.2.7 The following table provides a summary of progress in delivering agreed 2019/20 savings for Miscellaneous Finance:-

Section	Agreed MTFP Savings £'000	Progress against Savings £'000	Variance £'000
Miscellaneous Finance	1,027.00	889.00	138.00
Grand Total	1,027.00	889.00	138.00

5.2.8 The variance of £138k is due to the following:-

- £9k due to a reduced take-up of GASS cars.
- £129k on the IT replacement Strategy – This will be funded by the IT replacement reserve.

### 5.3 Use of Reserves

Members will recall that at its meeting on the 30<sup>th</sup> July 2019, Council was informed that a further financial provision of £31k was required to fund the salary costs of the substantive Chief Executive Officer for August and September 2019. This additional provision has been funded from Corporate Services Reserves and is required to allow the Senior Officer Pay investigation process to be concluded.

## 6. ASSUMPTIONS

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

6.2 The projected outturn position is based on actual income and expenditure details to the end of July 2019, together with data used to forecast future income and expenditure, following discussions with Managers.

## **7. LINKS TO RELEVANT COUNCIL POLICIES**

7.1 The contents of this report are in accordance with the Budget Strategy agreed by Council at its meeting on 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 of 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 detailed throughout the report.

## **11. PERSONNEL IMPLICATIONS**

11.1 There are no direct personnel implications arising from this report.

## **12. CONSULTATIONS**

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

## **13. STATUTORY POWER.**

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

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M. Eedy – Finance Manager

R Tranter – Head of Legal Services  
L Donovan – Head of People Services  
L Lucas – Head of Customer & Digital Services  
C HARRY, 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  
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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

Appendices:  
Appendix 1

Corporate Services & Miscellaneous Finance 2019/20 Budget Monitoring Report  
(Period 4)

<b>CORPORATE SERVICES DIRECTORATE</b>	<b>Original Estimate 2019-20</b>	<b>Revised Estimate 2019-20</b>	<b>Anticipated Outturn 2019-20</b>	<b>Anticipated Variance 2019-20</b>
<b>SUMMARY</b>				
<b>CHIEF EXECUTIVE</b>	202,343	202,343	196,548	5,795
<b>DEPUTY CHIEF EXECUTIVE/DIRECTOR CORPORATE SERVICES &amp; EDUCATION</b>	168,129	168,129	129,959	38,170
<b>CHIEF EXECUTIVE &amp; DIRECTOR OF EDUCATION &amp; CORPORATE SERVICES</b>	370,472	370,472	326,507	43,965
<b>CORPORATE FINANCE</b>				
Financial services & Internal Audit	2,079,893	2,079,893	1,822,553	257,340
Approved Use of Reserves - Apprentice	(27,728)	(27,728)	(26,552)	(1,176)
	2,052,165	2,052,165	1,796,001	256,164
<b>DIGITAL SERVICES</b>				
IT Services	3,786,891	3,786,891	3,342,702	444,189
Central Services	382,239	382,239	340,289	41,950
Procurement	289,665	289,665	236,236	53,429
Customer First	1,263,132	1,263,132	1,197,592	65,540
Approved Use of Reserves - Apprentice	(62,994)	(62,994)	(60,646)	(2,348)
Agreed Use of Reserves for Customer First			(100,000)	100,000
	5,658,933	5,658,933	4,956,173	702,760
<b>LEGAL &amp; GOVERNANCE SUPPORT</b>				
Legal & Democratic Services	1,140,124	1,140,124	999,131	140,993
Approved Use of Reserves - Apprentice	(27,728)	(27,728)	0	(27,728)
Members Allowances	1,724,937	1,724,937	1,683,995	40,942
Ringfenced to Earmarked Reserves			40,942	(40,942)
Electoral Services	333,543	333,543	258,811	74,732
Ringfenced to Earmarked Reserves			74,732	(74,732)
	3,170,876	3,170,876	3,057,611	113,265
<b>BUSINESS IMPROVEMENT SERVICES</b>				
Management	127,611	127,611	113,959	13,652
Policy	558,024	558,024	557,328	696
Equalities	413,128	413,128	364,961	48,167
PMU	221,127	221,127	221,964	(837)
Community Safety Partnership	45,653	0	0	0
	1,365,543	1,319,890	1,258,212	61,678
<b>PEOPLES SERVICES</b>				
Human Resources	1,471,511	1,471,511	1,403,466	68,045
Approved Use of Reserves - Managing Attendance Officer	(31,225)	(31,225)	(31,225)	0
Health & Safety	945,331	945,331	779,481	165,850
Approved Use of Reserves - Apprentice/Fire Officer	(90,668)	(90,668)	(72,782)	(17,886)
Communications Unit	360,572	360,572	357,494	3,078
Approved Use of Reserves - Apprentice	(24,138)	(24,138)	(22,038)	(2,100)
CMT Support	131,823	131,823	117,576	14,247
	2,763,206	2,763,206	2,531,972	231,234
<b>TOTAL CORPORATE SERVICES</b>	15,381,195	15,335,542	13,926,476	1,409,066
<b>PROPERTY SERVICES</b>				
Management	320,073	363,293	365,329	(2,036)
Energy	140,325	140,325	132,449	7,876
Estates	133,058	133,058	173,382	(40,324)
Approved Use of Reserves - Asset Manager	(29,749)	(29,749)	(29,712)	(37)
Non Operational Properties	114,856	114,856	109,383	5,473
Facilities	2,263,151	2,250,551	2,246,619	3,932
Maintenance	1,984,349	1,956,862	1,950,390	6,472
Building Consultancy	(198,506)	(201,639)	(308,795)	107,156
	4,727,557	4,727,557	4,639,045	88,512
<b>HOUSING SERVICES</b>				
General Fund Housing	1,289,212	1,289,212	1,288,161	1,051
Private Housing	323,376	323,376	306,582	16,794
	1,612,588	1,612,588	1,594,743	17,845
<b>TOTAL NON- CORPORATE SERVICES</b>	6,340,145	6,340,145	6,233,788	106,357
<b>TOTAL SERVICES</b>	21,721,340	21,675,687	20,160,264	1,515,423



<i>MISCELLANEOUS FINANCE</i>	Original Estimate 2019-20	Revised Estimate 2019-20	Anticipated Outturn 2019-20	Anticipated Variance 2019-20
<b>MISCELLANEOUS FINANCE</b>				
<b>Staff Related Costs</b>				
Pension Contribution - Former Authorities Ongoing	1,155,689	1,155,689	1,155,689	0
Recharge to Education - Former Authorities	(179,629)	(179,629)	(179,629)	0
	<b>976,060</b>	<b>976,060</b>	<b>976,060</b>	<b>0</b>
<b>Statutory Benefit Schemes</b>				
Council Tax RS	14,746,611	14,746,611	14,395,000	351,611
Ringfenced to Earmarked Reserves			351,611	(351,611)
DHP Rent allowances	49,301	49,301	49,301	0
DHP Rent Rebates	443,711	443,711	443,711	0
DHP Income	(493,012)	(493,012)	(493,012)	0
General Rent Allowances	23,156,581	23,156,581	23,702,226	(545,645)
Rent Rebates	27,279,064	27,279,064	27,542,526	(263,462)
Rent Allowance War Widow Concessions	25,000	25,000	25,000	0
Housing Benefit Subsidy	(50,435,645)	(50,435,645)	(51,244,752)	809,107
	<b>14,771,611</b>	<b>14,771,611</b>	<b>14,771,611</b>	<b>0</b>
<b>Levies Upon the Council</b>				
Coroner	236,487	236,487	236,487	0
Archives	209,092	209,092	209,092	0
Fire Service Authority	8,882,264	8,882,264	8,882,264	0
	<b>9,327,843</b>	<b>9,327,843</b>	<b>9,327,843</b>	<b>0</b>
<b>Capital Financing</b>				
Debt Charges (Principal Repaid)	2,492,141	2,492,141	2,492,141	0
Debt Charges (Interest Payments)	8,342,451	8,342,451	7,941,784	400,667
Debt Charges (Debt Management Exp's)	45,563	45,563	45,563	0
Income from External Investments:	(800,000)	(800,000)	(800,000)	0
Rescheduling Discounts	0	0	0	0
Earmarked for specific funds/balances	734,912	734,912	734,912	0
CERA (Capital Expenditure funded from Revenue Account)	3,330,436	3,330,436	3,330,436	0
	<b>14,145,503</b>	<b>14,145,503</b>	<b>13,744,836</b>	<b>400,667</b>
<b>Corporate and Democratic Core Costs</b>				
Bank Charges	194,251	194,251	194,251	0
Income from HRA	(32,673)	(32,673)	(32,673)	0
Income from DLO/DSO	(13,947)	(13,947)	(13,947)	0
External Audit Fees	429,903	429,903	429,903	0
Income from HRA	(72,308)	(72,308)	(72,308)	0
Income from DLO/DSO	(30,866)	(30,866)	(30,866)	0
Subscriptions	110,736	110,736	101,520	9,216
	<b>585,096</b>	<b>585,096</b>	<b>575,880</b>	<b>9,216</b>
<b>Grants to Voluntary sector</b>				
Assistance to Voluntary sector	183,637	183,637	183,637	0
	<b>183,637</b>	<b>183,637</b>	<b>183,637</b>	<b>0</b>
<b>Private Finance Initiative</b>				
PFI Schools	2,293,465	2,293,465	2,293,465	0
PFI SEW	3,805,550	3,805,550	3,805,550	0
	<b>6,099,015</b>	<b>6,099,015</b>	<b>6,099,015</b>	<b>0</b>
<b>Other</b>				
NNDR - Authority Empty Properties	0	0	0	0
Welsh Language	0	0	0	0
Free School Meal Grant	302,409	302,409	302,409	0
Counsel Fees	314,720	314,720	314,720	0
Careline	15,900	15,900	14,300	1,600
Carbon Management Scheme	3,846	3,846	0	3,846
Carbon Energy Tax	239,711	239,711	239,711	0
IT Replacement Strategy	6,006	6,006	387,785	(381,779)
IT Replacement Reserve			(381,779)	381,779
PV Panel Maintenance	2,048	2,048	2,048	0
PV Panels Income	(57,600)	(57,600)	(57,600)	0
Risk Management Contribution	(456,511)	(456,511)	(456,505)	(6)
Class 1A NI	(100,000)	(100,000)	(90,840)	(9,160)
City Deal	306,200	306,200	306,200	0
Matched Funding for Community Schemes	15,000	15,000	15,000	0
Targeted Rate Relief Scheme	221,425	221,425	221,425	0
Miscellaneous Items	6,208	6,208	(113,850)	120,058
Trade Union Facilities	27,728	27,728	88,768	(61,040)
	<b>847,090</b>	<b>847,090</b>	<b>791,792</b>	<b>55,298</b>
<b>TOTAL MISCELLANEOUS FINANCE</b>	<b>46,935,855</b>	<b>46,935,855</b>	<b>46,470,674</b>	<b>465,181</b>
<b>EXPENDITURE TO DIRECTORATE SUMMARY</b>	<b>68,657,195</b>	<b>68,611,542</b>	<b>66,630,938</b>	<b>1,980,604</b>