



POLICY & RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION

**SUBJECT: CORPORATE SERVICES & MISCELLANEOUS FINANCE 2019/20
BUDGET MONITORING REPORT (PERIOD 7)**

REPORT BY: DIRECTOR OF EDUCATION & CORPORATE SERVICES

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 seven 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 £1,806k 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 £207k, consequently overall the projected outturn position for Education and Corporate Services is an underspend of £1,599k. Cabinet on 13th November 2019 agreed to fund £228k adjustments to the formula funding to YG Cwm Rhymni from the projected underspends. This will result in a revised projected outturn position of £1,371k. The full details with regards to the Education & Lifelong Learning position will be reported to Education for Life Scrutiny Committee on 13th January 2020.
- 5.1.3 There is an anticipated underspend on Chief Executive and Director of Education & Corporate Services of £49k. This is due in the main to an underspend on the budget currently held to fund an additional payment in respect of the role of Deputy Chief Executive. At its meeting on 19th November 2019 Council approved a recommendation that this budget should be removed

with effect from the 1st April 2020.

5.1.4 The anticipated net underspend of £292k 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 £784k in Digital Services, after taking into account the agreed use of reserves. This consists of:-

- A projected underspend of £36k 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 £160k 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 - £546k 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 £149k after allowing for the following to be ring-fenced and transferred to earmarked reserves: -

- Projected underspend on Members related expenditure of £14k. This is due in the main to underspend on Members related Allowances which is partly off-set by increased costs on Members' superannuation costs and anticipated upgraded IT equipment.
- Projected underspend of £46k 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 £149k for Legal & Governance is due in the main to delays in filling vacant posts some of which will be used to support the 2020/21 Medium Term Financial Plan savings, offset by the additional costs of the part time scrutiny officer which was agreed by Council.

5.1.7 There is an anticipated underspend of £23k in Business Improvement Services consisting of the following:-

- Management – Projected net underspend of £11k after taking into account the agreed use of reserves for leadership training for a number of staff.
- Projected overspend of £15k in the Policy Team due to the cost of unbudgeted whole authority VAWDASV training.
- Projected underspend of £31k in the Equalities and Welsh Language Team due in the main to delays in appointing to Translator posts and reduced external translation costs.
- Projected net overspend of £4k 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 £310k for People Services mainly consisting of:-

- Human Resources projected net underspend of £108k due in the main to staff on maternity and career break offset with reduced income levels and the cost of a unbudgeted whole authority DBS system license. The net underspend is 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 net underspend of £28k, due in the main to anticipated increased levels of income, 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 £160k for Health & Safety, which includes:-
 - Occupational Health underspend of £52k due in the main to salary savings due to delays in recruitment to the revised structure.
 - Health & Safety £108k 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 officers 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 £140k, consisting of the following: -

- Management - £5k overspend due to various non salary related items.
- Energy - £5k underspend due mainly to a temporary reduction in hours of a member of staff.
- Estates - £28k 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 - £15k underspend mainly due to reduced utility costs being incurred.
- Corporate Facilities - £54k underspend mainly due to savings on NNDR, utilities, cleaning and additional income, partially offset by additional maintenance costs. The additional income relates to MTFP savings in advance for 2020-21
- Maintenance – Projected £11k underspend mainly due to delays in filling vacant posts and increased fee income, partially offset by additional maintenance costs. These additional maintenance costs will be monitored closely in year to try to mitigate the anticipated overspend. Many of these costs are one offs and once the maintenance backlog is cleared the rate of expenditure should reduce significantly.
- Building Consultancy – Projected £88k 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 £58k on Housing Services which consists of the following:-

- General Fund Housing is expected to show a £4k overspend 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.
- This service area includes a statutory duty for Temporary Accommodation and reducing homelessness which is demand led and difficult to predict. Currently there is an increase on the demand for this service which appears to be a national trend, with B&B placements continuing to increase and clients staying longer.
- The service, however, has received growth in the Revenue Support Grant (RSG) settlement of £560k during 2017/18 & 2018/19 as a driver from Welsh Government to prevent homelessness. However, circa £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. However, we are currently in discussions with the Department of Works and Pensions (DWP) to review the eligibility criteria with the aim of redirecting this funding back into the budget to assist in preventing homelessness. 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. Any

significant increase on this service can in the short term be met from current revenue balances.

- 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 £62k 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 Welsh Housing Quality Standard (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 Housing Revenue Account (HRA) contribution for WHQS work. Any under-recovery in fee income can be met from current revenue balances in the short term.

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
<u>Corporate Services.</u>			
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
<u>Non-Corporate Services.</u>			
Housing Services	133.00	133.00	0.00
Property Services	855.00	752.00	103.00
	988.00	885.00	103.00
Grand Total	2,066.00	1,886.00	180.00

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 temporary saving 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 £445k in Miscellaneous Finance.

5.2.2 There is a projected net underspend of £406k on Capital Financing budgets which is due to the following:-

- £456k underspend due to assumed General Fund borrowing in 2019/20 being deferred to 2020/21, this includes the 21st Century Schools LGBI and prudential borrowing; and £20m of supported borrowing allocations.
- £50k 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 is due in the main to the transition to Microsoft Office 365 and 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 The remaining projected overspend in Miscellaneous Finance consist of the following:-

- £9k on the Class 1A NI savings, this is due in the main to a reduced take-up of the Tusker GASS car scheme.
- £8k on Coroner levy payments due to additional costs of the service.
- £16k on General Fund Discretionary Housing Payments (DHP) due to a high demand in cases.

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

- Subscriptions - £9k
- 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.

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. RELEVANT LINKS TO 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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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 7).