



POLICY & RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION

**SUBJECT: WHOLE AUTHORITY REVENUE BUDGET MONITORING REPORT
 2019/20**

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

1. PURPOSE OF REPORT

- 1.1 To provide details of projected whole-authority revenue budget expenditure for the 2019/20 financial year.
- 1.2 To provide an update on progress in delivering approved savings for 2019/20.

2. SUMMARY

- 2.1 This report provides information on the position of the whole-authority in respect of revenue budget monitoring for 2019/20. Detailed budget monitoring reports are prepared for Scrutiny Committees throughout the financial year. Consideration has been given to actual expenditure and income trends and projections have been made of the likely year-end outturn position. Where variations from budget have been identified these are commented upon throughout the report.
- 2.2 The report also provides details of progress in delivering approved revenue budget savings for the 2019/20 financial year and highlights those areas where savings are not currently progressing as originally planned.

3. RECOMMENDATIONS

- 3.1 It is recommended that Members continue to request Directors and Heads of Service to review expenditure and income levels in order to ensure that annual budgets and in-year savings are achieved.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 The Council budget is based upon the achievement of both expenditure targets and income targets. In order to ensure these are met and that the Council's financial integrity is maintained, Members are required to review expenditure and income trends included in budget monitoring reports.

5. THE REPORT

- 5.1 Members will be aware of the ongoing challenging financial outlook for Local Government and the need to identify significant savings to support the Council's Medium-Term Financial Plan (MTFP). Officers have been mindful of this and consequently expenditure has been curtailed in a number of areas in recent years with the aim of identifying savings in advance to support the MTFP. This prudent approach has resulted in a trend of reported year-end underspends for all Directorates.
- 5.2 The table below makes a comparison between the original 2019/20 estimate, a revised estimate (where approved changes have been made in year) and the projected outturn. The total projected revenue budget underspend for the Authority for 2019/20 is £2,111k. This does not include the Housing Revenue Account (HRA), details of which are provided separately in paragraphs 5.8.1 to 5.8.8.

	Original Estimate 2019/20 £000's	Revised Estimate 2019/20 £000's	Projected Outturn 2019/20 £000's	Projected (Overspend) /Underspend £000's
Education & Lifelong Learning	130,205	130,396	130,603	(207)
Social Services & Housing	91,946	91,755	91,190	565
Communities	48,549	48,595	49,035	(440)
Corporate Services	20,109	20,063	18,315	1,748
Miscellaneous Finance	46,936	46,936	46,491	445
Totals: -	337,745	337,745	335,634	2,111

5.3 Education & Lifelong Learning (Projected Overspend of £207k)

- 5.3.1 A net overspend of £207k is currently projected for Education & Lifelong Learning. The main variances in excess of £40k relate to the following: -

Budget Area	Under/ (Over) £000's
Relief Supply Cover (SRB's / Maternity)	(50)
Early Years (Rising 3's)	(43)
Management & Support Services	(42)
Education Welfare Service	50
Safeguarding	66
Language Support Primary	45
EOTAS, Addn Support & Out of County	(657)
Early Years Central Team	205
School Improvement	(59)
Music Service	89
Net Other (Details in Appendix 1)	189
Total: -	(207)

- 5.3.2 Due to the unpredictability of sickness in our Special Resource Bases and maternity absences across all school sectors, the relief supply cover spend on school based staff is always very closely monitored. Whilst it is very difficult to be able to forecast an outturn position, current data identifies a predicted overspend of £50k for the year.
- 5.3.3 The spend on Early Years – Rising 3's is very much demand led, as it is driven by the number of age 3 pupils who access nursery provision in the term following their 3rd birthday. This can

vary from year to year, with spend based on the birth rate and parental choice with regards to accessing this “early” provision. Current spend and projections indicate an increase in uptake in 2019/20, consequently based on recent trends the current projection is a projected overspend of £43k.

- 5.3.4 Management & Support Service costs are showing a projected net overspend of £42k.
- 5.3.5 The projected underspend in the Education Welfare Service relates to a recent restructure, which is contributing £28k to on-going savings for the Directorate, plus a one-off in year vacancy gap saving. Similarly the variance within the Language Support Team links largely to an in year vacancy (£33k), which is part of savings proposals for future years.
- 5.3.6 The significant cost pressure within the Directorate continues to be in relation to the EOTAS (Education Other Than at School) provision. The provision accommodates learners who are unable to attend and learn in a mainstream school setting. In reviewing the continuum of additional support provided to pupils, our alternative EOTAS provision and Out of County Placements, the projected overspend against this budget heading, for our most vulnerable learners, is currently estimated at £657k. A review of demand, costs and structures is on-going. This area of service has been a significant budget pressure in recent years and this was recognised as part of the Authority’s Budget Strategy for 2019/20 with budgetary growth of £800k. Despite this budgetary growth the current projection indicates an on-going budgetary pressure. In 2018/19, this area of the budget reported an overspend of £1.2m.
- 5.3.7 The projected underspend against the Early Years Central Team is due to the success of the team in accessing specific grant funding to support staff related costs. This grant funding relates to a number of Welsh Government grants (Flying Start / Early Implementer Childcare / Childcare & Healthy Schools). At this point the continuation of some of this grant funding remains uncertain for future years.
- 5.3.8 The projected overspend in school improvement relates to targeted English & Mathematics support (in Secondary Schools) which ended at the end of academic year 2018/19.
- 5.3.9 The projected underspend against the Music Service budget relates primarily to vacant posts, which form part of future MTFP savings proposals.
- 5.3.10 There is a projected net underspend of £189k for all other budgets within Education & Lifelong Learning.

Progress Made Against the 2019/20 Revenue Budget Savings Targets

- 5.3.11 The 2019/20 revenue budget settlement for Education and Lifelong Learning included a specific savings target of £3,354k (including Schools). Excluding specific direct savings against the Schools formula budget, the target for the Directorate was circa £1,007k.
- 5.3.12 Managers have progressed implementation of the targets set and whilst there are a few concerns linked to a £29k income target; an increased pressure in year against the budget for Rising 3’s provision; a short term pressure linked to a school improvement initiative and a £50k staff related saving linked to the Library Service staffing model there are currently no significant issues causing concern. The impact of all these budget pressures has been referenced in the narrative of this report and the projected outturn position for 2019/20.

5.4 Social Services and Housing (Projected Underspend of £516k)

- 5.4.1 A net underspend of £516k is currently projected as summarised in the following table: -

Service Area	2019/20 Revised Budget £000's	2019/20 Projection/ Commitment £000's	Projected (Overspend)/ Underspend £000's
Social Services: -			
- Children's Services	23,502	24,585	(1,083)
- Adult Services	64,531	62,972	1,559
- Service Strategy/Business Support	2,109	2,078	31
Social Services Sub-Total: -	90,142	89,635	507
Transport Costs	1,434	1,484	(50)
Housing Services	1,613	1,554	59
Total: -	93,189	92,673	516

Children's Services

- 5.4.2 The Children's Services Division is currently projected to overspend its budget by £1,083k as summarised in the following table: -

	Revised Budget (£000's)	Projection/ Commitment (£000's)	(Over)/Under Spend (£000's)
Management, Fieldwork & Administration	8,727	8,466	261
Residential Care Including Secure Accommodation	4,671	6,130	(1,459)
Fostering & Adoption	8,313	8,125	188
Youth Offending	395	395	0
Families First	47	4	43
After Care Support	658	778	(120)
Other Costs	691	687	4
Totals: -	23,502	24,585	(1,083)

Management, Fieldwork and Administration

- 5.4.3 Social Worker vacancies that were experienced early in the year have now been filled but many of these appointments have been made towards the bottom end of the grade resulting in a projected underspend in respect of these post. This has been compounded by delays in backfilling secondments to fixed term, grant aided posts, increasing the potential underspend in respect of management, fieldwork and administrative posts within the Children's Services Division to £261k.

Residential Care Including Secure Accommodation

- 5.4.4 The Children's Services Division has achieved a saving of around £250k in respect of residential placements for children since the month 3 position was reported to the Social Services Scrutiny Committee. This has been through a combination of a net reduction in placements by 1 child, delays in appointing staff at the Ty Isaf Residential Home and identifying a more cost effective placement for 1 other child. Unfortunately, these savings have been largely offset by an increase of around £243k due to a net increase of 2 parent and baby placements. As a result, the forecasted overspend in this area remains similar to the position reported in month 3, at £1,459k.

Fostering and Adoption

- 5.4.5 The Division has continued to experience an increase in demand for foster care placements. However, with the success of the ongoing foster care recruitment campaign it has been possible to accommodate a greater proportion of these placements with Caerphilly's in-house foster carers. These placements are less expensive than placements made through independent fostering agencies and as a result an underspend of £188k is forecast, despite the overall increase in services provided.

Families First

- 5.4.6 Following a cut in specific grant funding in 2018/19, the Children's Services budget has been used to underwrite a funding shortfall of £47k across the Families First Programme. However, a number of projects have reported potential underspends at the end of the first quarter of 2019/20 so it is expected that only £4k will need to be underwritten by Children's Services. The resultant underspend of £43k would not reduce the amount of Welsh Government grant funding claimable.

Aftercare

- 5.4.7 Three more care leavers currently receive support to live independently than when the month 3 position was reported to the Social Services Scrutiny Committee in September 2019. These additional arrangements are expected to cost over £200k within the current financial year resulting in a projected overspend of £120k.

Adult Services

- 5.4.8 The Adult Services Division is currently projected to underspend its budget by £1,559k as summarised in the following table: -

	Revised Budget (£000's)	Projection/ Commitment (£000's)	(Over)/Under Spend (£000's)
Management, Fieldwork & Administration	8,130	8,185	(55)
Own Residential Care and Supported Living	6,594	6,142	452
Own Day Care	3,996	3,946	50
Supported Employment	69	69	0
Aid and Adaptations	772	783	(11)
Gwent Frailty Programme	2,367	2,283	84
Supporting People (net of grant funding)	0	0	0
External Residential Care	15,432	14,835	597
External Day Care	1,409	1,497	(88)
Home Care (In-House and Independent Sector)	11,428	11,034	394
Other Domiciliary Care	13,149	12,901	248
Resettlement	(1,020)	(1,020)	0
Services for Children with Disabilities	1,312	1,384	(72)
Other Costs	893	933	(40)
Totals: -	64,531	62,972	1,559

Management, Fieldwork and Administration

- 5.4.9 The Adult Services budget for 2019/20 included a savings target of £550k to be achieved through a review of staffing across the Division. As of 30th June 2019, 7.69 full time equivalent posts had been removed from the Division delivering savings of £349k. Since then a further 6.17 full time posts have been earmarked for deletion which will ensure the full savings target will be achieved in preparation for the 2020/21 financial year. However as these savings will only be achieved in part during the current financial year, a net overspend of around £55k is projected in 2019/20 in respect of management, fieldwork and administrative posts.

Own Residential Care and Supported Living

- 5.4.10 An underspend of £452k is projected within this service area. This can largely be attributed to an increase in income received from service users. The level of this income is subject to individual financial assessments of each service user which can be significantly influenced by the value of property owned by the service users accommodated within our care homes at any point in time. As a result this forecast can fluctuate significantly over time depending on

the relative wealth of service users at the time that forecasts are made.

Own Day Care

- 5.4.11 The underspend of £50k forecast against our own day care services assumes staffing vacancy levels and replacement costs will be maintained at existing levels throughout the financial year

Aids and Adaptations

- 5.4.12 Forecasts provided by the Gwent Wide Integrated Community Equipment Service (GWICES) suggest that Caerphilly CBC could overspend by around £11k during 2019/20 based on demand for aids to daily living experienced between April and August 2019.

Gwent Frailty Programme

- 5.4.13 The underspend of £84k in respect of the Gwent Frailty Programme is attributable to a combination of Reablement Support Worker vacancies within Caerphilly and centrally held pooled budget underspends.

Supporting People

- 5.4.14 A review of supporting people contracts has been undertaken since the month 3 position identified a potential overspend of £96k. Following that review it is anticipated that Supporting People Services will be delivered within budget during 2019/20.

External Residential Care

- 5.4.15 The Adult Services Division has experienced a large drop-off in demand for residential care since the budget for 2019/20 was set. This has resulted in a potential underspend of £597k for all adult residential and nursing care provision.

External Day Care

- 5.4.16 The Adult Services budget for 2019/20 included a savings target of £205k to be achieved through a review of external day care provision. An overspend of £88k is currently forecast in this service area which would indicate that savings of £117k have been achieved to date. Work is ongoing to identify more cost effective services for a number of existing service users that could deliver the savings target in full by the end of the financial year.

Home Care (In-House and Independent Sector)

- 5.4.17 Actual costs incurred in the first 5 months of the financial year suggest a reduction of around 300 hours per week paid to in-house carers, contributing to a projected underspend of £342k in respect of the in-house service. This reduction of 300 paid hours per week equates to around 240 hours of contact with service users.
- 5.4.18 The reduction in in-house contact hours has been more than offset by an increase of around 325 hours per week in domiciliary care commissioned through the independent sector at a cost of £270k. This increase in hours has been coupled with an increase in the rates charged by independent providers following a re-tendering of contracts with effect from 1st October 2019 at a cost of £282k. Around £266k of Welsh Government Grant funding had been earmarked in preparation for the impact of the re-tendering exercise resulting in a projected net overspend of £286k in respect of independent sector domiciliary care provision.
- 5.4.19 Welsh Government grant funding had also been earmarked to partially fund an increase in demand for residential care for people with learning disabilities and for the MyST fostering service. However, as underspends are forecast for these services in 2019/20, £338k of Welsh Government Grant will be re-directed to fund the increased demand for independent sector

domiciliary care for older people and adults with disabilities.

5.4.20 The overall impact is a net projected underspend of £394k in respect of home care services.

Other Domiciliary Care

5.4.21 The underspend of £248k projected in respect of other domiciliary care costs can largely be attributed to a combination of reduced take up of direct payments and refunds from direct payment recipients following audits of recipients' accounts.

Children with Disabilities

5.4.22 An overspend of £31k in respect of staff cover at Ty Hapus Resource Centre coupled with an increase in foster care provision for children with disabilities, has resulted in a potential overspend of £72k in this service area.

Other Costs

5.4.23 A net overspend of £40k has been forecast in respect of Other Costs for Adult Services. This includes an overspend of £14k due to an under-provision for unsocial hours enhancements within the Telecare budget and £11k in respect of mental health capacity assessments. The remainder of the overspend is attributable to shared care respite services. The Social Services budget for 2019/20 included a £50k savings target to be achieved through a retendering of the contract for this respite service. Unfortunately, the revised contract did not take effect until 1st October 2019 and therefore, the savings will not be achieved in full within the current financial year. However, the full year impact of the revised contract is expected to achieve the full £50k savings target.

Service Strategy and Business Support

5.4.24 The service area is currently projected to underspend by £31k as summarised in the following table: -

	Revised Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)
Management and Administration	888	889	(1)
Office Accommodation	218	214	4
Office Expenses	169	154	15
Other Costs	834	821	13
Totals: -	2,109	2,078	31

5.4.25 The underspend of £31k in respect of Business Support is attributable to a combination of reduced printing costs, insurance premiums frozen at 2018/19 prices and the end of the national "Making the Connections" project to which the Directorate has previously subscribed.

Transport

5.4.26 The costs of transport for Social Services service users is funded through a budget held by the Integrated Transport Unit within the Directorate of Communities. This budget for transport costs amounts to £1,434,468 and is forecast to be overspent by around £50k. This is due to a Medium Term Financial Plan savings target included in the 2019/20 budget which is unlikely to be delivered in 2019/20.

Housing Services

5.4.27 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.

Progress Made Against the 2019/20 Revenue Budget Savings Targets

- 5.4.28 The 2019/20 budget for Social Services included a savings target of £2,261k. As of 30th June 2019, actions had been implemented which would deliver around 84% of this target. Since that position was reported to the Social Services Scrutiny Committee in September, further actions have been implemented which will deliver a further 12% of the target. Work is ongoing to deliver the remaining 4% (£88k) of the targeted savings to ensure that the £2,261k target will be achieved in full in time for the start of the 2020/21 financial year.
- 5.4.29 The 2019/20 budget for Social Services Transport which is managed by the Integrated Transport Unit within the Directorate of Communities included a further savings target of £50k. No savings have been identified to date and it is possible that any efficiency savings that can be achieved will be negated by increasing demand. Therefore, a comprehensive review of the situation has commenced to determine whether this saving is deliverable.

5.5 Communities (Projected Overspend of £439k)

- 5.5.1 The projected outturn for the Communities Directorate is an overspend of £439k. After adjusting for the previously approved transfer of projected underspends/overspends to ring fenced reserves the net overspend to the Directorate reserve increases to £695k. However £500k of the overspend relates to winter maintenance which, as outlined below, will be funded

from the existing winter maintenance reserve, thus reducing the Directorate overspend to a net figure of £195k.

Service Area	2019/2020 Revised Budget £000	2019/2020 Projection/ Commitment £000	Projected (Overspend)/ Underspend £000
Regeneration & Planning	2,246	2,380	(134)
Infrastructure	17,937	18,504	(567)
Public Protection	7,286	6,888	398
Community & Leisure	20,953	21,097	(144)
Directorate General	173	165	8
Total	48,595	49,034	(439)
Transfer of Home to School Transport projected overspend to Education & Lifelong Learning			(13)
Transfer of Social Services Transport projected overspend to Social Services			(50)
Transfer of Cemeteries projected underspend to Earmarked Reserve			51
Transfer of Environmental Health projected underspend to Earmarked Reserve			268
Winter Maintenance overspend funded from Winter Maintenance Reserve			(500)
Total			(195)

Regeneration & Planning

- 5.5.2 Overall, the Regeneration & Planning Division is reporting a projected overspend of £134k.
- 5.5.3 Development Control has a projected overspend of £77k due to a shortfall in planning application fee income, partly offset by underspends in staffing costs due to the delayed filling of a vacant post. Building Control is reporting an overspend of £65k due to a shortfall in building regulation fee income.
- 5.5.4 Strategic Planning is projecting a £55k underspend due to the delayed filling of a vacant post and staff on reduced hours. Planning administrative and technical support is underspent by £44k also due to the delayed filling of two vacant posts. These underspends are partly offset by an overspend in the Land charge service of £23k due to a shortfall in search fee income.
- 5.5.5 Business Support has a projected underspend of £69k due to delays in filling vacant posts and reductions in some operational costs. Urban Renewal is reporting an underspend of £28k due to additional income generated from staff project fees. These underspends are partly offset by an overspend in relation to Bargoed Unit Shops of £10k, due to under occupancy. Town Centre Management is underspent by £21k due to delayed filling of the vacant Town Centre Manager post (the post is now filled).
- 5.5.6 There is projected £230k overspend in Industrial Properties partly due to a £160k shortfall in property rents from units being unoccupied, albeit rental income is projected to be £2.1million and a £75k overspend in relation to building maintenance works.
- 5.5.7 Overall Tourism Venues are reporting a combined underspend of £5k. Llancaiach Fawr is reporting a projected overspend of £51k due to a shortfall in income offset by reduction in staffing, Cwmcarn Forest Drive is reporting an overspend of £33k due to the need to fund invest to save costs associated with the new Lodges installed. The Winding House has a projected underspend of £40k due to vacant posts partly offset by some essential building maintenance works. Caerphilly Visitor Centre is reporting an underspend of £2k and

Blackwood Miners Institute is projecting an underspend of £43k primarily due to some vacant posts.

- 5.5.8 Tourism events is projecting an underspend of £19k, primarily due to underspend of £20k in relation to the Big Cheese where good weather and changes to the event delivery offer helped increase income generation and reduce operating costs.

Infrastructure Services

- 5.5.9 The Infrastructure Division is currently projecting an overspend of £567k on a £17.937m budget. However, after excluding budgets in relation to Home to School Transport (£13k overspend) and Social Services Transport (£50k overspend), which are ring fenced and appropriated back to the Service Directorates, there is a net projected overspend of £504k.
- 5.5.10 Highway Operations is reporting a projected overspend of £598k. However, £500k of this relates to winter maintenance where there was a one-off MTFP saving in 2019/20 with the option of utilising the existing winter maintenance ring-fenced reserve if expenditure on winter maintenance exceeds the temporarily reduced budget. There is £30k underspend in street lighting energy resulting from the street lighting LED investment initiative. Work in relation to sustainable drainage systems (SUDS) presently has a projected under-recovery of costs of £45k. The income generated finances the staffing and other technical costs associated with CCBC's role as a Suds Approving Body (SAB). At present the £3.1million highway maintenance budget is predicted to overspend by £68k, albeit the expected amount of reactive maintenance required is difficult to predict.
- 5.5.11 EPG (Engineering Projects Group) is reporting an anticipated underspend of £28k with reduced fee income offset by reduced staffing costs from delayed filling of posts
- 5.5.12 Public Transport is projecting an underspend of £82k, due to the delayed filling of posts (£45k), MTFP savings in advance and additional grant income.
- 5.5.13 Network Contracting Services (NCS) is anticipating a surplus of £11k with an underachievement in the income target of £230k being more than offset by reduced operating costs including vacant posts.
- 5.5.14 Home to School Transport is presently projecting an overspend of £13k on a £7.1m budget. This is mainly due to mini retendering for contracts in-year incurring increased costs. This overspend is recharged to the Directorate of Education & Lifelong Learning.
- 5.5.15 Social Services Transport is projecting an overspend of £50k on a £1.4m budget. This is mainly due to an approved saving for 2019/20 not yet being achieved. This overspend is recharged to the Directorate of Social Services.

Public Protection

- 5.5.16 Public Protection is presently projecting an underspend of £398k on an overall revenue budget of £7.286m.
- 5.5.17 Environmental Health is projecting a net underspend of £324k due to a £154k underspend in salaries from staff on reduced hours, delayed filling of vacant posts and vehicle costs. There will also be additional funding of £131k from WG to finance staff time associated with the Hafodyrynys air pollution issues. Cabinet on 16th October 2019 approved ring fencing £268k of Environmental Health projected revenue underspend to support the anticipated shortfall in funding expected from Welsh Government to finance the acquisition of properties at Hafodyrynys.
- 5.5.18 Trading Standards, Licensing, Registrars and CCTV have a projected net underspend of £28k with underspend in staffing costs (£68k) from delayed filling of vacant posts partly offset by agency staff cover. There are also anticipated additional costs of £40k in relation to an animal

welfare investigation. Registrars income is projected to exceed the £246k budget by £11k and licensing fee income is anticipated to be £7k less than the £320k budget.

- 5.5.19 Catering Services are projecting an overall underspend of £46k on a £3.612million budget. This includes a projected underspend in Comprehensive schools (£105k) due to staffing and over achievement in income, and a projected overspend in Primary schools of £5.5k where overspends in staffing are offset by underspends in operating costs. Income generation in the schools will be monitored closely as it can vary depending on pupil take up, school disruptions due to poor weather etc. There are also projected overspends in relation to the staff restaurant & meals direct services based at Ty Penallta of £23.6k and HQ costs of £28.5k.

Community & Leisure Services

- 5.5.20 The Community & Leisure Division is presently projecting an overall net overspend of £144k on a budget of £20.953 million.
- 5.5.21 Waste Management & Cleansing Services is reporting a £261k underspend on a budget of £13.507 million. Anticipated overspends in waste collection costs (£555k) due to additional agency cover, sickness absence cover and vehicle running costs are partly offset by a projected underspend in waste treatment costs (£494k) due to reduced tonnage of waste in relation to organic, dry recyclables and CA sites (due to proof of residency checks). There is a projected overspend in commercial waste due to a shortfall in income of £96k. There is a projected underspend in street cleaning of £289k due to vacant posts, staff covering waste collection rounds and vehicle running costs and also a £91k underspend in the revenue contribution to capital outlay (RCCO) budget.
- 5.5.22 A net overspend of £7k is projected for Parks & Countryside, Outdoor Facilities and Cemeteries. Cemeteries is reporting a £43k underspend due to income in excess of budget and reductions in maintenance expenditure. Any underspend in relation to cemeteries is ring fenced for future investment in cemetery infrastructure. Parks & Countryside combined is reporting an overspend of £50k primarily due to works at Penallta depot and expenditure on replacement equipment and machinery.
- 5.5.23 Leisure Centres are reporting a net projected overspend of £244k, due to a shortfall in income targets of £303k and increases in some operational costs (energy and water) offset by underspends in staffing and tutor pay costs. The Leisure Centres income budget is £3.6million in total but income can vary depending on operational closures due to adverse weather, maintenance & refurbishments and general variations in consumer demand. There is also an anticipated underspend in Leisure HQ of £24k primarily due to a vacant post.
- 5.5.24 Community Centres are at present projecting an underspend of £4.4k on a £364k budget due to reductions in operating costs. Caerphilly Adventures is reporting a large overspend of £147k linked to increased staffing costs and operating costs involved in delivering courses, particularly those linked to Education based alternative curriculum. The service is presently reviewing the pricing structure as there have been no increases in charges to clients for 10 years, which has impacted on the overall financial position.
- 5.5.25 Vehicle Maintenance & Fleet Management is projecting an overspend of £56k but the final outturn position will be dependent on the value of work through the workshop. Building Cleaning is reporting a projected underspend of £21k, due to income greater than budgeted offset by additional staffing hours to cover sickness and holidays, an increase in the living wage and some required equipment investments.

5.6 Corporate Services (Projected Underspend of £1,748k)

- 5.6.1 The Directorate of Corporate Services is currently forecasting an underspend of £1,748k for the 2019/20 financial year.
- 5.6.2 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.

- 5.6.3 There is a projected underspend of £292k in Corporate Finance which 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.
- 5.6.4 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.

- 5.6.5 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.

- 5.6.6 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.

- 5.6.7 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 an 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.

- The 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.

5.6.8 For Property Services 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.

5.6.9 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
Property Services	855.00	752.00	103.00
Grand Total	1,933.00	1,753.00	180.00

5.6.10 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.

5.6.11 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.

5.6.12 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.

5.7 **Miscellaneous Finance (Projected Underspend of £445k)**

5.7.1 There is an overall projected underspend of £445k in Miscellaneous Finance.

5.7.2 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.

5.7.3 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.

5.7.4 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.

5.7.5 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.

5.7.6 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”.

5.7.7 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

5.7.8 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.

5.8 Housing Revenue Account (Projected underspend of £3.4m)

5.8.1 The HRA is currently projecting a £3.4m underspend, which represents about 6% of the total HRA budget. The main variances are summarised below.

Salaries & Mileage (£550k underspend)

5.8.2 Salaries and associated costs within the HRA are currently expected to underspend by some £550k against a £12m budget. There are some offsetting over and underspends in this area given the volume of staff which includes sickness cover, request for reduced hours and timing for filling vacant posts.

Non-Pay related (£485k underspend)

5.8.3 The main area of underspend is associated with office related costs of £285k such as stationery, photocopying, postage, office equipment, maintenance and cleaning. A further £200k underspend is attributable to budgets that are service specific such as void security, shop management, and catering & utility charges within our sheltered schemes

5.8.4 Typically there are some budget areas within this category that tend to be quite volatile and therefore could generate further savings throughout the year, such as bad debt provisions, various housing projects and other office costs.

Capital Finance Charges (£1m underspend)

5.8.5 There is a Capital Finance Charges budget of £9.5m which consists of historical debt, debt taken up in 2015 as part of the Buy Out of the Housing Revenue Account Subsidy (HRAS) and more recently borrowing approvals to part fund the WHQS Programme. There is currently a projected underspend of £1m for 2019/20 which is due to the timing of drawing down loans in relation to the WHQS

Building Maintenance (£545k underspend)

5.8.6 This area is currently projecting an underspend of some £545k. This is made up of £835k underspend in cyclical and revenue projects which includes damp proofing, non – DLO works, sheltered & infrastructure projects, gas & electrical servicing, and safety works, offset by a £290k overspend in Response Repairs which includes transport costs and sub contractors.

Income (£155k underspend)

5.8.7 Based on quarter 2 projections the HRA income is likely to increase slightly. Income varies throughout the year especially on rental and service charges due to void fluctuations.

Revenue Contribution to Capital (RCCO) (£625k underspend)

5.8.8 The HRA allows for some £17m of revenue contributions towards the WHQS Programme and an underspend of £624k is currently anticipated for 2019/20.

6. ASSUMPTIONS

6.1 Consideration has been given to actual expenditure and income trends and projections have

been made of the likely year-end outturn position based on a range of assumptions.

6.2 Where variations from budget have been identified these have been commented upon throughout the report.

7. LINKS TO RELEVANT COUNCIL POLICIES

7.1 The Council has a number of corporate strategies and this report deals with the use of resources in the achievement of those strategies.

7.2 Effective financial planning and financial control contribute to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 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 is a key element in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met.

9. EQUALITIES IMPLICATIONS

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

10. FINANCIAL IMPLICATIONS

10.1 As detailed throughout the report.

11. PERSONNEL IMPLICATIONS

11.1 The personnel implications of agreed savings are carefully managed and staff are fully supported to identify redeployment opportunities wherever possible.

12. CONSULTATIONS

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

13. STATUTORY POWER

13.1 Local Government Act 1972 and 2000.

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Lesley Allen, Principal Accountant, Housing
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Background Papers:

Council (21/02/19) - Budget Proposals for 2019/20 and Medium-Term Financial Plan 2019/20 to 2023/24.