



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

**SUBJECT: CORPORATE SERVICES & MISCELLANEOUS FINANCE 2018/19  
BUDGET MONITORING REPORT (PERIOD 4)**

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND 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 2018/19 financial year.

### **2. SUMMARY**

2.1 The report projects the anticipated final outturn for the Directorate of Corporate Services and Miscellaneous Finance based upon expenditure and income trends for the first four months of the financial year.

### **3. LINKS TO STRATEGY**

3.1 The contents of this report are in accordance with the Budget Strategy agreed by Council at its meeting on 22nd February 2018.

3.2 Effective financial planning and financial control contribute to the following Well-being Goals within the Well-being of Future Generations (Wales) Act 2015: -

- A prosperous Wales.
- A resilient Wales.
- A healthier Wales.
- A more equal Wales.
- A Wales of cohesive communities.
- A Wales of vibrant culture and thriving Welsh Language.
- A globally responsible Wales.

### **4. THE REPORT**

#### **4.1 Corporate Services**

4.1.1 The Directorate of Corporate Services is currently forecasting an underspend of £1,475k for the 2018/19 financial year, full details of which are provided in Appendix 1.

4.1.2 Members are advised that the projected outturn for Education & Lifelong Learning is an overspend of £438k, consequently overall the projected outturn position for Education and Corporate Services is an underspend of £1,037k. The details with regards to the Education & Lifelong Learning will be reported to Education for Life scrutiny committee in September.

- 4.1.3 The anticipated underspend of £143k in Corporate Finance relates in the main to delays in appointing to vacant posts together with vacancies which are being held to support the Medium-Term Financial Plan (MTFP) savings requirements for 2019/20 and some one-off additional income.
- 4.1.4 The anticipated underspend of £497k in Customer & Digital Services consists of:-
- A projected underspend of £146k on Procurement which relates in the main to vacancies still to be filled pending a revised structure being developed offset by reduced levels of income and a one-off refund.
  - Customer First - £93k underspend which is due in the main to vacancies being held to support the Medium-Term Financial Plan savings requirement for 2019/20 offset by increased printing costs.
  - IT Services - £187k underspend which is due in the main to vacancies being held to support the Medium-Term Financial Plan savings requirement for 2019/20.
  - Central Services - £71k underspend due in main to vacancies being held to support the Medium-Term Financial Plan savings requirement for 2019/20.

- 4.1.5 Legal & Governance is projecting a net underspend of £191k after allowing for the following to be ring-fenced and transferred to earmarked reserves: -
- Projected underspend on Members related expenditure of £2k. This is due in the main to underspend on Members Allowances which is partly off-set by costs on new equipment for the Members to facilitate a reduction in printing/photocopying costs.
  - Projected underspend of £59k on Electoral Services. The Electoral Service underspends in non-election years are ring-fenced to fund overspends in election years.

The net underspend of £191k for Legal & Governance is due in the main to vacant posts being held pending a review of the structure after the appointment of a new Head of Service

- 4.1.6 There is an anticipated underspend of £168k in Business Improvement Services consisting of the following:-
- Management - £63k due to a delay in appointing to the vacant post of Interim Head of Business Improvement Services.
  - Projected underspend of £41k in the Policy Team due in the main to staff reducing their working hours.
  - Projected underspend of £61k in the Equalities and Welsh Language Team due in the main to delays in appointing to translator posts to cope with the additional workload arising from the new Welsh Language Standards, together with more translation being able to be achieved in house with increased staffing.
  - Projected small underspend in the Performance Management Unit of £1k
  - Projected underspend of £2k on the Community Safety budget.

- 4.1.7 For Corporate Property (which forms part of the Communities Directorate) there is a net projected underspend of £165k, consisting of the following: -
- Management - £4k underspend.
  - Energy - £11k underspend due mainly to a temporary reduction in hours of a member of staff.
  - Estates - £18k overspend due mainly to a reduction in the anticipated level of fee income. These will be monitored closely in year to try to mitigate the anticipated overspend.
  - Non – operational Properties - £12k underspend mainly due to reduced utility costs being incurred.
  - Corporate Facilities - £337k underspend mainly due to anticipated savings on various corporate properties. This also includes an anticipated £207k on Ty Duffryn which includes £120k of lease income for 2018-19.

- Maintenance – Projected £285k overspend mainly due to the cost of clearing backlog statutory maintenance remedials. These will be monitored closely in year to try to mitigate the anticipated overspend. Many of these costs are one offs and once the backlog is cleared the rate of expenditure should reduce significantly.
- Building Consultancy – Projected £104k underspend due in the main to anticipated increased workload and associated fee income. These will be monitored closely in year.

4.1.8 There is a projected underspend of £193k for Peoples Services mainly consisting of:-

- Human Resources projected underspend of £142k due in the main to vacancies being held to support the Medium-Term Financial Plan savings requirement for 2019/20.
- Communications Unit - £44k overspend due in the main to reduced printing works. This will be closely monitored in year.
- A projected underspend of £105k for Health & Safety, due in the main to salary savings due to delays in recruitment pending a revised structure being implemented to support the Medium Term Financial Plan savings requirement for 2019-20.
- CMT Support overspend of £10k due in the main to budget transferred not being sufficient to cover the new staffing structure. This is being monitoring closely during the year.

4.1.9 There is a projected underspend of £22k on Housing services which consists of the following:-

- General Fund Housing is expected to show a £6k underspend at this stage, although there are some offsetting over and underspends contributing to this position which includes an increase in spend for the Allocations Team as a result of managing the new Common Housing Register, additional spend for preventing homeless for the newly acquired short term accommodation at Clos Ceirw, against a projected underspend in Housing Advice due to a pension opt out and reduced hours for a member of staff. This service area includes a statutory duty for Temporary Accommodation which is demand led and difficult to predict. This year the budget has had to rely on the income received for leasing out Ty Croeso which has normally been set aside as a renewal fund for future building maintenance works. However, the service has received growth in the RSG settlement of a further £282k this year for homeless prevention of which about £160k is committed for the management fee recently deducted from the Local Housing Allowance formula but is still claimed via Housing Benefits. The remaining allocation is assumed to be utilised throughout the year as resources are identified to meet our statutory duty. Therefore this budget is currently anticipating a full spend at this stage pending commitments being identified in year. Any underspend will be requested to be carried forward. The temporary accommodation for families at Ty Fesen is assumed to be fully financed but this includes a £20k renewal fund that will be transferred to earmarked balances at year end.
- Private Sector Housing is expected to show a £16k underspend at this stage. The main concern for this budget is the Agency Income Fee which has under-recovered in previous years. Budget reductions to assist with the MTFP programme have increased the concern. The fee income has historically been generated from the private housing capital programme which has reduced substantially over the years. This has recently been supplemented by additional fee income expected from the allocation of WHQS works to leasehold properties, which if achieved should manage any potential shortfall, but will not be sustainable once the WHQS has been achieved in 2020. There is a projected underspend in salaries due to a restructure from the previous managers retirement.

4.1.10 The following table provides a summary of progress in delivering agreed 2018/19 savings: -

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

## 4.2 Miscellaneous Finance

4.2.1 There is an overall projected underspend of £521k in Miscellaneous Finance.

4.2.2 There is no projected underspend on Capital Financing budgets at present but this will be reviewed prior to the next monitoring report.

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

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

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

## 5. WELL-BEING OF FUTURE GENERATIONS

5.1 Effective financial management including the effective utilisation of external grant funding is a key element in ensuring that the Well-being Goals within the Well-Being of Future Generations (Wales) Act 2015 are met.

## 6. EQUALITIES IMPLICATIONS

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

## 7. FINANCIAL IMPLICATIONS

7.1 As detailed throughout the report.

## **8. PERSONNEL IMPLICATIONS**

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

## **9. CONSULTATIONS**

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

## **10. RECOMMENDATIONS**

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

## **11. REASONS FOR THE RECOMMENDATIONS**

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

## **12. STATUTORY POWER.**

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

Author: D. Roberts, Principal Group Accountant, Financial Advice & Support  
[roberda@caerphilly.gov.uk](mailto:roberda@caerphilly.gov.uk) Tel: 01443 863342

Consultees: Corporate Services Senior Management Team.  
R. Edmunds – Corporate Director for Education & Corporate Services.  
N. Scammell – Head of Corporate Finance & S151 Officer.  
S. Harris – Interim Head of Business Improvement Services & Deputy S151 Officer.  
M. Eedy – Finance Manager.  
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  
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.

Appendices:

Appendix 1 Corporate Services & Miscellaneous Finance 2018/19 Budget Monitoring Report (Period 4).

CORPORATE SERVICES DIRECTORATE	Original Estimate 2018/19	Revised Estimate 2018/19	Anticipated Outturn 2018/19	Anticipated Variance 2018/19
<b>SUMMARY</b>				
<b>CHIEF EXECUTIVE &amp; DIRECTOR OF EDUCATION &amp; CORPORATE SERVICES</b>	<b>460,085</b>	<b>367,177</b>	<b>282,912</b>	<b>84,265</b>
<b>CORPORATE FINANCE</b>				
Financial services & Internal Audit	2,124,090	2,124,090	1,980,741	143,349
	2,124,090	2,124,090	1,980,741	143,349
<b>BUSINESS IMPROVEMENT SERVICES</b>				
Management		124,160	60,816	63,344
Policy	648,395	648,395	606,974	41,421
Equalities	384,562	384,562	323,821	60,741
PMU	223,534	226,888	226,082	806
Community Safety Partnership	82,093	82,093	80,231	1,862
	1,338,584	1,466,098	1,297,924	168,174
<b>LEGAL &amp; GOVERNANCE SUPPORT</b>				
Legal & Democratic Services	1,090,282	1,090,282	898,674	191,608
Member Services	1,681,273	1,683,880	1,681,738	2,142
Ringfenced to Earmarked Reserves		0	2,142	(2,142)
Electoral Services	323,524	323,524	264,891	58,633
Ringfenced to Earmarked Reserves			58,633	(58,633)
	3,095,079	3,097,686	2,906,078	191,608
<b>CUSTOMER &amp; DIGITAL SERVICES</b>				
IT Services	4,085,463	4,042,386	3,855,809	186,577
Central Services	403,398	400,791	329,975	70,816
Procurement	314,726	314,726	168,290	146,436
Customer First	1,187,491	1,187,491	1,094,640	92,851
	5,991,078	5,945,394	5,448,714	496,680
<b>PEOPLES SERVICES</b>				
Human Resources	1,505,946	1,505,946	1,364,329	141,617
CMT Support	0	108,135	117,999	(9,864)
Trade Union Facilities	88,151	88,151	88,151	0
Communications Unit	308,953	352,030	396,112	(44,082)
Health & Safety	902,518	902,518	797,291	105,227
	2,805,568	2,956,780	2,763,882	192,898
<b>TOTAL CORPORATE SERVICES</b>	<b>15,814,484</b>	<b>15,957,225</b>	<b>14,680,251</b>	<b>1,276,974</b>
<b>CORPORATE PROPERTY SERVICES</b>				
Management	312,809	312,809	308,862	3,947
Energy	135,870	135,870	125,101	10,769
Estates	57,357	100,434	119,032	(18,598)
Non Operational Properties	130,051	130,051	117,780	12,271
Facilities	2,746,018	2,772,722	2,435,715	337,007
Maintenance	2,176,038	2,176,038	2,460,915	(284,877)
Building Consultancy	(201,931)	(201,931)	(306,455)	104,524
	5,356,212	5,425,993	5,260,950	165,043
<b>HOUSING SERVICES</b>				
General Fund Housing	1,317,617	1,317,617	1,311,258	6,359
Private Housing	326,020	326,020	309,385	16,635
Building Maintenance	0	0	0	0
	1,643,637	1,643,637	1,620,643	22,994
<b>TOTAL NON-CORPORATE SERVICES</b>	<b>6,999,849</b>	<b>7,069,630</b>	<b>6,881,593</b>	<b>188,037</b>
<b>RESERVES</b>				
Social Services	(29,514)	(29,514)	(20,218)	9,296
Corporate Services	(91,492)	(91,492)	(91,180)	312
<b>TOTAL RESERVES</b>	<b>(121,006)</b>	<b>(121,006)</b>	<b>(111,398)</b>	<b>9,608</b>
<b>TOTAL SERVICES</b>	<b>22,693,327</b>	<b>22,905,849</b>	<b>21,450,446</b>	<b>1,474,619</b>

MISCELLANEOUS FINANCE	Original Estimate 2018/19	Revised Estimate 2018/19	Anticipated Outturn 2018/19	Anticipated Variance 2018/19
<b>MISCELLANEOUS FINANCE</b>				
<b>Staff Related Costs</b>				
Pension Contribution - Former Authorities Ongoing	1,215,689	1,215,689	1,215,689	0
Recharge to Education - Former Authorities	(189,629)	(189,629)	(189,629)	0
	<b>1,026,060</b>	<b>1,026,060</b>	<b>1,026,060</b>	<b>0</b>
<b>Statutory Benefit Schemes</b>				
Council Tax RS	13,788,308	13,788,308	13,600,000	188,308
Ringfenced to Earmarked Reserves			188,308	(188,308)
DHP Rent allowances	56,808	56,808	56,808	0
DHP Rent Rebates	511,276	511,276	511,276	0
DHP Income	(568,084)	(568,084)	(568,084)	0
General Rent Allowances	28,543,432	28,543,432	28,543,432	0
Rent Rebates	27,456,591	27,456,591	27,456,591	0
Rent Allowance War Widow Concessions	35,000	35,000	25,000	10,000
Housing Benefit Subsidy	(56,000,023)	(56,000,023)	(56,000,023)	0
	<b>13,823,308</b>	<b>13,823,308</b>	<b>13,813,308</b>	<b>10,000</b>
<b>Levies Upon the Council</b>				
Coroner	200,946	200,946	200,946	0
Archives	209,092	209,092	209,092	0
Fire Service Authority	8,475,706	8,475,706	8,475,706	0
	<b>8,885,744</b>	<b>8,885,744</b>	<b>8,885,744</b>	<b>0</b>
<b>Capital Financing</b>				
Debt Charges (Principal Repaid)	2,383,236	2,383,236	2,383,236	0
Debt Charges (Interest Payments)	8,977,172	8,977,172	8,977,172	0
Debt Charges (Debt Management Exp's)	42,285	42,285	42,285	0
Income from External Investments:	(600,000)	(600,000)	(600,000)	0
Rescheduling Discounts	(110,369)	(110,369)	(110,369)	0
Earmarked for specific funds/balances	846,498	846,498	846,498	0
CERA (Capital Expenditure funded from Revenue Account)	2,604,319	2,604,319	2,604,319	0
	<b>14,143,141</b>	<b>14,143,141</b>	<b>14,143,141</b>	<b>0</b>
<b>Corporate and Democratic Core Costs</b>				
Bank Charges	189,698	189,698	189,698	0
Income from HRA	(31,907)	(31,907)	(31,907)	0
Income from DLO/DSO	(13,620)	(13,620)	(13,620)	0
External Audit Fees	484,076	484,076	404,076	80,000
Income from HRA	(81,422)	(81,422)	(67,966)	(13,456)
Income from DLO/DSO	(34,755)	(34,755)	(29,011)	(5,744)
Subscriptions	110,736	110,736	101,520	9,216
	<b>622,806</b>	<b>622,806</b>	<b>552,790</b>	<b>70,016</b>
<b>Grants to Voluntary sector</b>				
Assistance to Voluntary sector	179,333	179,333	179,333	0
	<b>179,333</b>	<b>179,333</b>	<b>179,333</b>	<b>0</b>
<b>Private Finance Initiative</b>				
PFI Schools	2,340,304	2,340,304	2,340,304	0
PFI SEW	3,960,234	3,960,234	3,960,234	0
	<b>6,300,538</b>	<b>6,300,538</b>	<b>6,300,538</b>	<b>0</b>
<b>Other</b>				
NNDR - Authority Empty Properties	130,608	130,608	0	130,608
Counsel Fees	330,720	330,720	330,720	0
Careline	35,900	35,900	35,900	0
Carbon Management Scheme	28,170	28,170	28,170	0
Carbon Energy Tax	229,884	229,884	229,884	0
IT Replacement Strategy	131,842	131,842	131,842	0
PV Panel Maintenance		2,000	2,000	0
PV Panels Income	(40,600)	(42,600)	(42,600)	0
Risk Management Contribution	(456,511)	(456,511)	(456,505)	(6)
Class 1A NI	(60,000)	(60,000)	(102,000)	42,000
Welsh Language	53,157	53,157	0	53,157
City Deal	239,200	239,200	239,200	0
Matched Funding for Community Schemes	15,908	15,908	15,908	0
Targeted Rate Relief Scheme	77,000	77,000	77,000	0
Miscellaneous Items	4,631	4,630	(211,115)	215,745
	<b>719,909</b>	<b>719,908</b>	<b>278,404</b>	<b>441,504</b>
	<b>45,700,839</b>	<b>45,700,838</b>	<b>45,179,318</b>	<b>521,520</b>
<b>TOTAL MISCELLANEOUS FINANCE</b>				
<b>EXPENDITURE TO DIRECTORATE SUMMARY</b>	<b>68,394,166</b>	<b>68,606,687</b>	<b>66,629,764</b>	<b>1,996,139</b>