



POLICY AND RESOURCES SCRUTINY COMMITTEE – 20TH JANUARY 2015

SUBJECT: CORPORATE SERVICES, MISCELLANEOUS FINANCE AND HOUSING REVENUE ACCOUNT (HRA) 2014/15 BUDGET MONITORING REPORT (PERIOD 7)

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER

1. PURPOSE OF REPORT

1.1 To inform Members of projected revenue expenditure for the Directorate of Corporate Services, Miscellaneous Finance and the Housing Revenue Account (HRA) for the 2014/15 financial year.

2. SUMMARY

2.1 The report projects the anticipated final outturn for the Directorate of Corporate Services, Miscellaneous Finance and the HRA based upon expenditure and income trends for the first seven 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 26th February 2014.

4. THE REPORT

4.1 Corporate Services

4.1.1 The Directorate of Corporate Services is currently forecasting an underspend of £693k for the 2014/15 financial year, full details of which are provided in Appendix 1.

4.1.2 The anticipated underspend of £19k in the Chief Executive and Secretariat budget is due in the main to the savings generated by the part time costs of the former Interim Head of Paid Service.

4.1.3 The anticipated underspend of £437k in Corporate Finance and Procurement 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 2015-16.

4.1.4 Legal & Governance is projecting a net underspend of £69k which is due to a delay in the backfilling of posts following the appointment of the Interim Head of Legal Services.

- 4.1.5 There is a projected underspend of £23k on Housing services, which is due in the main to an early retirement.
- 4.1.6 There is a small underspend of £2k projected for Information and Citizens Engagement.
- 4.1.7 For Performance and Property there is a projected underspend of £119k, which is due to reduced energy costs, maternity leave and increased fees for Building Consultancy.
- 4.1.8 There is a projected small overspend of £3k for Human Resources.
- 4.1.9 There is a projected £27k underspend identified for the Health & Safety budget mainly due to one off increased income.
- 4.1.10 The following table provides a summary of progress in delivering agreed 2014/15 savings for the Directorate of Corporate Services:-

Matrix	Agreed MTFP Savings £'000	Progress against Savings £'000	Variance £'000
Corporate Health And Safety	98.20	98.20	0.00
Financial Services	367.00	365.00	(2.00)
General Fund Housing	151.75	127.75	(24.00)
Human Resources	223.00	223.00	0.00
Information and Citizen Engagement	723.00	525.38	(197.62)
Internal Audit	47.70	47.70	0.00
Legal and Governance	92.00	84.00	(8.00)
Performance and Property	527.60	527.60	0.00
Procurement Services	10.00	10.00	0.00
Grand Total	2,240.25	2,008.63	(231.62)

4.1.11 The main reasons for the variances in the above table are:-

- Financial services – Anticipated savings from re-negotiating the Housing Advance contract is lower than budgeted.
- Housing services – Due to delays in implementing the “Furniture Strategy” but other budget savings will be achieved to balance the budget in 2014-15.
- Information & Citizen Engagement –
 - Central Services – £72k - Delays in vacancy management savings.
 - IT Services - £125.6k – This arises from the need to finalise Service Level Agreement adjustments with schools.
 - Other one-off savings are being achieved to balance the budget in 2014-15.
- Legal & Governance – Savings proposals could only be implemented after the Members AGM in June, other savings will be achieved to offset this in 2014-15.

4.2 Miscellaneous Finance

4.2.1 There is a projected underspend of £1,046k in Miscellaneous Finance of which £436k is due to the following currently uncommitted budgets:-

- 21st Century Schools Funding - £106k
- Budget Pressures - £227k
- NNDR Empty Properties - £60k
- Unapplied Growth – Living Wage - £43k

- 4.2.2 There is a projected overspend of £16k on Statutory Benefit Schemes relating to Discretionary Housing Payments.
- 4.2.3 There is a projected net underspend of £666k on the Welsh Housing Quality Standards Capital Financing budget after the utilisation of £272k as a Revenue Contribution to Capital Outlay (RCCO), as agreed by Cabinet on the 1st October 2014.
- 4.2.4 There is a projected net overspend of £40k on Bank Charges relating to the ongoing tender process for banking services.
- 4.2.5 No other variations against budgets within Miscellaneous Finance have been identified at this time.

4.3 Housing Revenue Account (HRA)

- 4.3.1 The HRA is projecting an underspend of £4.7m as detailed in Appendix 2.
- 4.3.2 Direct salary costs are expected to underspend by circa £250k due to staff turnover, subsequent delays in filling posts, and some staff opting out of the pension scheme. The underspend represents a circa 2% saving on the overall salary budget of £13.3m. A further saving is expected on other pay related expenditure e.g. mileage of £135k. These savings are offset by an overspend of £248k on agency staff within response maintenance to support our trade operatives, which in turn has led to a reduction in the use of external contractors. Agency costs within the WHQS delivery team have also increased by £392k in order to support our workforce in the delivery of the Programme.
- 4.3.3 HRA Subsidy is expected to be £1.3m lower than originally budgeted. This is due to the guideline rent given by Welsh Government (WG) being lower than estimated resulting in a lower notional rent being clawed back from WG.
- 4.3.4 The Revenue Contribution to Capital Outlay (RCCO) of £12.2m which funds the majority of the WHQS Capital Programme will not be fully utilised this year. Major slippage during the 2014/15 financial year has necessitated a review of the investment strategy over the remaining 5 years of the Programme, and has resulted in a large number of sequence changes, mainly affecting external works. An underspend on the WHQS Programme is therefore anticipated at approximately £12m which means that not all of the RCCO is required from the HRA. The underspend on the RCCO budget is currently projected to be some £3.7m and this will be used to support the Programme in future years.

5. EQUALITIES IMPLICATIONS

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

6. FINANCIAL IMPLICATIONS

- 6.1 As detailed throughout the report.

7. PERSONNEL IMPLICATIONS

- 7.1 There are no direct personnel implications arising from this report.

8. CONSULTATIONS

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

9. RECOMMENDATIONS

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

10. REASONS FOR THE RECOMMENDATIONS

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

11. STATUTORY POWER

11.1 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 Tel: 01443 863342

Consultees: Chris Burns, Interim Chief Executive
Nicole Scammell, Acting Director of Corporate Services & S151 Officer
Stephen Harris, Interim Head of Corporate Finance
Gail Williams, Interim Head of Legal & Governance
Gareth Hardacre, Head of People Management & Development
Lynton Jones, Acting Head of Information, Communications & Technology Services
Colin Jones, Head of Performance & Property Services
Shaun Couzens, Chief Housing Officer
Phil Davy, Head of Programmes
Andrew Southcombe, Finance Manager, Corporate Finance
Lesley Allen, Principal Accountant, Housing
Nadeem Akhtar, Group Accountant, Revenue Advice & Support
Cheryl Jeremic, Acting Group Accountant, Environment Finance
Cllr Barbara Jones, Deputy Leader/Cabinet Member for Corporate Services
Cllr Gerald Jones, Deputy Leader/Cabinet Member for Housing

Appendices:

Appendix 1 Corporate Services & Miscellaneous Finance 2014/15 Budget Monitoring Report (Period 7).

Appendix 2 Housing Revenue Account 2014/15 Budget Monitoring Report (Period 7).