

THE VALE OF GLAMORGAN COUNCIL

CABINET: 17TH OCTOBER, 2016

REFERENCE FROM CORPORATE PERFORMANCE AND RESOURCES
SCRUTINY COMMITTEE: 20TH SEPTEMBER, 2016

“344 REVENUE MONITORING FOR THE PERIOD 1ST APRIL TO 31ST JULY 2016
(MD) –

The Scrutiny Committee was apprised of the progress relating to revenue expenditure for the above period. The progress in respect of specific budgets was set out below:

- **Learning and Skills**

The Directorate was projecting to outturn with an adverse variance of £672,000 at year end. £500,000 had been set aside in the Schools Placements reserve to use as a one off contribution in 2016/17, to mitigate part of the shortfall while further Reshaping Services work was being undertaken by the Directorate.

Schools – the delegated budget relating to schools was expecting to balance as any under / over spend was carried forward by schools.

School Improvement and Inclusion – this service was projected to outturn with an adverse variance of £885,000, which was as a result of an adverse variance of £817,000 on the recoupment income and an adverse variance on pupil placements of £245,000. This position could be partly offset by projected salary underspends of £177,000 which had resulted from vacant posts in the service. The service had a £2.4m recoupment income budget in respect of out of county pupil placements purchased at Ysgol y Deri. The position with regard to placements had not changed to the information previously reported at the last meeting of the Committee. It was noted that the school was still operating near capacity due to an increase in demand from Vale pupils requiring placements. £500,000 had been set aside in a Schools Placements reserve. It was noted that this sum would be used as a one off contribution in 2016/17 to mitigate part of the shortfall. If the shortfall could not be mitigated further in the year, further reserves could be utilised to balance the shortfall made up of £50,000 from the Excluded Pupils reserve, £44,000 from the Youth Service reserve and £78,000 from the Adult Community Learning reserve.

Service Strategy and regulation – this was currently projecting a favourable variance at year end of £21,000.

Strategic and Resources – this budget was currently projecting to outturn with a favourable variance of £116,000.

Children and Young People's Partnership – it was anticipated that this service would outturn with a favourable variance of £23,000.

Provision had been made within the budget to make unsupported borrowing debt repayments in relation to the Schools Investment Strategy of £698,000 per annum and any favourable variance on debt repayments would be directed into the Schools Investment Strategy.

Libraries – this service was currently projecting to outturn on budget after transferring any legal costs and costs relating to the implementation of the service review out of the Libraries reserve. The position in regard to the judicial review and the implementation of Community Libraries had not changed to that position previously reported at the last meeting of the Committee.

Adult Community Learning (ACL) – it was anticipated that the service would outturn at budget after a £45,000 transfer from the ACL reserve.

Youth Service – this service was currently anticipated to outturn with a favourable variance of £49,000.

Catering – it was currently anticipated that this service would outturn at budget, however, variations in school meal income would affect this position. A clearer projection would be available after the September intake in regard to meal update.

Arts Development – it was currently anticipated that this service would outturn with a favourable variance of £4,000.

A Member referred to the anticipated overspend in regard to School Improvement and Inclusion and specifically relating to the budget in respect of out of county pupil placements at Ysgol y Deri, Penarth. Given the ongoing nature of the forecasted overspend proposed that a joint Scrutiny Task and Finish Group of the Scrutiny Committees Corporate Performance Resources and Learning and Culture be established to investigate the ongoing financial issues experienced at the school. In particular, he considered that it was appropriate for the Task and Finish Group to look further into the detail of the school's business plan and the operation of the same. A number of Members concurred with the sentiments expressed; the Chairman enquired if the preference of the Members was indeed to establish a joint Scrutiny Task and Finish Group or to receive a joint report. The Committee expressed the view that it was preferential for a joint Scrutiny Task and Finish Group to be established as soon as practicable and the Chairman therefore indicated that the proposal should be referred to the next meeting of the Scrutiny Committee Chairmen and Vice-Chairmen Group for further consideration.

- **Social Services**

This Directorate was projecting to outturn with an adverse variance of £1m at year end as detailed below:

Children and Young People Services – the position remained unchanged to this service as reported to the last meeting of the Committee.

Adult Services – it was projected that the Community Care Package budget could outturn with a variance of up to £1m by the year end.

The annual deferred income budget for 2016/17 had been set at £747,000 and, as at 31st July, 2016, income received to date was £145,000 over-recovered. It was currently being projected that this budget would outturn at £100,000 under budget by year end and this favourable variance was included as part of the projected overspend for care packages.

The Chairman, in referring to care packages, enquired of the Head of Finance when these were reviewed. In addition, he also enquired if benchmarking information existed for Welsh Local Authorities. In response, the Head of Finance indicated that care packages were reviewed at least once on an annual basis. In regard to benchmarking data with other Welsh Local Authorities, this had become more difficult to compile since the introduction of the Social Services and Well-being Act. However, she was aware of difficulties that were currently being experienced by other Local Authorities in regard to related budgets.

Discussion ensued regarding the budget management arrangements in relation to care packages, including the principle of “direct payments” being made to individuals to encourage them to enter into their own care arrangements as opposed to the Council contracting services on individuals’ behalf.

A Member enquired of the financial penalties in regard to Delayed Transfers and the Head of Finance responded by indicating that the Council had fared favourably in this area in relation to its performance for Delayed Transfer of Care. However, she alluded to the domiciliary care market which was experiencing capacity issues and in relation to individual care packages it was likely that there were in existence a number of high funded care packages in the Authority’s area that were higher than residential care packages. The Chairman at this juncture enquired whether it was appropriate to raise the performance of the Council with the Welsh Government with the view to incentivising the Council’s future funding that linked to its performance. He also referred to paragraph 22 of the report and sought clarification in regard to matters relating to Deferred Income. In response, the Head of Finance indicated that this related to individuals’ homes and the capital value of the same where the Council funded the cost of the care in advance of an agreement between the home owner to recover the funding once the property was sold. Currently there was a capital limit of £24,000 but Welsh Government consultation was currently ongoing relating to increasing the cap to £50,000. The Chairman indicated that the Council should be proactive in promoting and signposting the public to appropriate insurance

policies that would assist individuals in later life when they would be most in need of care provision. In response the Head of Finance indicated that officers had looked previously at introducing such a scheme, however due to potential liabilities for the Council in regard to signposting individuals to independent advice, it was decided not to pursue the initiative any further. Responding to the comments of the Head of Finance, the Chairman considered that the Council should investigate the feasibility of introducing such a scheme, subject to the Council having adequate safeguards in place to protect the Council's interests.

- **Environment and Housing**

It was currently projected that this service would outturn within target at year end and the following was noted:

Highways and Engineering – there was a currently a £101,000 favourable variance against the profiled budget.

Waste Management – there was currently an adverse variance of £208,000 to the profiled budget.

Leisure Services – there was currently an adverse variance of £41,000 to the profiled budget.

Transportation – there was currently a favourable variance of £44,000 against the profiled budget.

Regulatory Services – the allocation of £2.056m represented the Council's budget for its share of the Shared Regulatory Services (SRS). A separate set of accounts was maintained for the SRS and was periodically reported to the Shared Regulatory Services Joint Committee. At this stage in the year, it was anticipated that the SRS budget would outturn on target.

Council Fund Housing – it was anticipated that this budget would outturn on target.

Public Sector Housing (HRA) – the HRA was expected to outturn on target and any underspends in the year would be offset by additional contributions to Capital Expenditure thus reducing the reliance on Unsupported Borrowing.

- **Managing Director and Resources**

It was currently projected that this service would outturn within target at year end and the following was noted:

Resources – it was anticipated that this service would outturn within budget.

Regeneration – this budget covered the Countryside, Economic Development and Tourism and Events functions with it being noted that income was lower than profiled as the 2015/16 savings target of £60,000 proposed by introducing parking charges at

Country Parks remained unachieved, this was offset by a favourable variance due to staff vacancies. At this stage it was anticipated that this service would outturn on target.

Development Management – there was an adverse variance relating to the Local Development Plan as expenditure was delayed from 2015/16, however, funding had been set aside in reserves for this purpose in the last financial year and would therefore be drawn down to offset this position. Therefore it was anticipated that this service would outturn on target.

Private Housing – there was currently a small adverse variance as the favourable variance relating to additional Disabled Facilities Grant fee income was slightly outweighed by the adverse variance on Renewal Area fee income. This service was anticipated to outturn on target by the year end.

General Policy – it was anticipated that this service would outturn within budget.

In terms of 2016/17 savings targets, attached at Appendix 1 was a statement detailing all savings targets for 2016/17 and the projected outturn. Services were working towards fully achieving their savings targets however, at this stage of the year it was anticipated that not all the savings would be made and there could be a shortfall of £586,000. In the main, the shortfalls related to the following matters:

- Learning and Skills – There was a saving target of £292,000 to be found from the Inclusion Service budget. It was anticipated that this level of saving could be achieved during the year, however, there were further pressures on the budget which would result in an overspend as already detailed above;
- Social Services – Within Adult Services, £100,000 of the full year saving generated from the Hafod homes transfer had been offset against the £300,000 saving for Residential Services. Currently, there were no other formalised plans in place to find the remaining £200,000 of this saving. Further consideration would have to be given to the way in which this saving could be fully achieved during the year. With regard to the Care Package Budget Reduction, while there was significant pressure on this budget and it was anticipated to overspend, schemes had been put in place to deliver savings in this area by transferring domiciliary care clients to direct payments, by putting in place additional reablement capacity and by establishing a review team.
- Environment and Housing – While progress had been made towards achieving the savings, there had been a delay in commencing some of the schemes and therefore the full year target was not anticipated this financial year. £1.2m had been included in the Capital Programme for the installation of LED lighting. Installation would be undertaken this year however a full year saving would not be achieved until 2017/18. Also as previously stated, waste collection rounds had been revised from 1st August, 2016 with the aim of reducing the resources required. However it was unlikely that the full saving would be made in 2016/17. Where savings would not be achieved in year, services would seek to cover the shortfall on a one off basis from other areas.

- Managing Director and Resources – There had been a delay in the exit from the JobFit contract which had resulted in a predicted shortfall against the savings target for Regeneration. Human Resources and Performance and Development currently had a small level of further savings to achieve however the shortfall would be accommodated from within other budgets this year.

RECOMMENDED –

- (1) T H A T the position with regard to the Authority's 2016/17 Revenue Budget be noted.
- (2) T H A T further consideration of the establishment of a joint Scrutiny Task and Finish Group of the Scrutiny Committees Corporate Performance and Resources and Learning and Culture, be referred to the next meeting of the Scrutiny Committee Chairmen and Vice-Chairmen Group.
- (3) T H A T the Cabinet be requested to consider establishing an advice service regarding financial and insurance protection information in relation to care provision.
- (4) T H A T the Cabinet consider writing to the Welsh Government with a view to seeking additional funding from the Welsh Government Intermediate Care Fund linked to the Council's performance in regard to Delayed Transfer of Care.

Reasons for recommendations

- (1) To ensure that the Committee was aware of the projected revenue outturn for 2016/17.
- (2) To allow the feasibility of establishing a joint Scrutiny Task and Finish Group to be considered.
- (3) To mitigate future demands on Council services and to provide appropriate support to the public.
- (4) Exploration of funding from the Welsh Government.”

Attached as Appendix – [Report to Corporate Performance and Resources Scrutiny Committee: 20th September, 2016](#)