

The Vale of Glamorgan Council

Cabinet Meeting: 8 February, 2016

Report of the Leader

Revenue Monitoring for the period 1st April to 31st December 2015

Purpose of the Report

1. To advise Cabinet of the progress relating to revenue expenditure for the period 1st April to 31st December 2015.

Recommendation

It is recommended that :-

1. The position with regard to the Authority's 2015/16 Revenue Budget be noted.

Reason for the Recommendation

1. That Members are aware of the projected revenue outturn for 2015/16.

Background

2. On 16th November 2015, Cabinet approved the Amended Revenue and Housing Revenue Account Budgets for 2015/16 (minute no C2975 and C2976 respectively).

Relevant Issues and Options

3. The forecast for the 2015/16 revenue budget is for a favourable variance of £492k as shown in the following table. The Housing Revenue Account (HRA) budget for 2015/16 is also forecast to outturn on target.

Directorate/Service	2015/16 Amended Budget £'000	2015/16 Projected Outturn £'000	Variance (+) Fav (-) Adv £'000
Learning and Skills			
Education and Schools	92,524	92,524	0
Libraries	2,311	2,311	0
Adult Community Learning	263	263	0
Youth Service	1,030	1,030	0
Catering	1,788	1,788	0
Arts Development	150	150	0
Social Services			
Children and Young People	14,540	14,090	+450
Adult Services	37,579	38,129	-550
Business Management & Innovation	304	304	0
Youth Offending Service	679	679	0
Environment & Housing			
Visible Services	21,707	21,707	0
Transportation	5,178	5,178	0
Building Services	0	0	0
Regulatory Services	2,107	2,107	0
Council Fund Housing	1,116	1,116	0
Public Sector Housing (HRA)	1,265	1,265	0
Managing Director & Resources			
Resources	558	558	0
Regeneration	2,562	2,562	0
Development Management	1,063	1,063	0
Private Housing	11,308	11,308	0
General Policy	18,088	17,496	+592
Total	216,120	215,628	+492
Met from General Reserve	-2,500	-2,500	0
Grand Total	213,620	213,128	+492

Learning and Skills

4. There are significant pressures within the Inclusion Service in relation to inter authority recoupment, however, it is now anticipated that the Learning and Skills Directorate could outturn within budget at year end.
5. Schools - The delegated budget relating to schools is expected to balance as any under/over spend is carried forward by schools.
6. School Improvement & Inclusion - This service is projecting an adverse variance of around £565k, however, this amount can be offset by £67k funded from the Excluded Pupils reserves and therefore an adverse variance of £498k is currently projected at year end. The adverse variance on alternative curriculum placements of £67k is projected due to increased demand for the service, however, this will be funded from the Excluded Pupils reserve. An adverse variance of £456k is anticipated on inter authority recoupment income. Increased demand for Vale pupils requiring placements in Ysgol Y Deri has resulted in fewer placements available for other authorities to purchase. An adverse variance of £136k is projected on pupil placements in independent schools and other authorities due to an increase in the number of pupils with significant needs that are unable to be met at Ysgol Y Deri. An adverse variance of £17k is due to increased numbers of pupils accessing the Pupil Referral Unit. These overspends will be offset by a favourable variance of £61k on staffing costs and other income and £50k on Additional Learning Needs resource units. The Directorate is seeking ways to mitigate this overspend as part of the longer term Reshaping Services agenda.
7. Service Strategy and Regulation - It is anticipated that this service will outturn with a £14k favourable variance due to efficiencies within the Business Support section.
8. Strategy & Resources - This service is now anticipating a favourable variance at year end of £476k. A favourable variance of £263k has arisen as a result of a rates refund due to the revaluation of school buildings, which has been backdated up to five years. This underspend has been offset by the increased rates bill for St Cyres of £161k. There continues to be favourable variances on the transport budget of £216k, £35k on salaries due to part year vacancies, £48k due to payments to private nurseries as a result of a reduction in non-maintained nursery settings and other variances totalling £75k. There are however significant pressures in relation to the Schools Long Term Supply scheme with an adverse variance of £216k anticipated and the Early Retirement and Voluntary Redundancy scheme also projecting an adverse variance of £200k. Both these overspends will be funded from the respective reserves.
9. Children and Young Peoples Partnership - It is anticipated that this service will outturn at a favourable variance of £8k due to a part year vacancy in the team.
10. Provision has been made within the budget to make unsupported borrowing debt repayments in relation to the Schools Investment Strategy of £698k per annum; any favourable variance on debt repayments will be directed into the Schools Investment Strategy.
11. Libraries - This service is projecting to outturn within budget after a transfer from the Libraries reserve of £178k to fund one off costs in relation to the implementation of the Libraries Review.

12. Youth Service – It is anticipated that this service will outturn within budget after a transfer of £3k from the Youth Service Reserve. This additional expenditure is being used to fund NEETS and Gateway To Engagement work in schools.
13. Adult Community Learning – It is anticipated that this service will outturn within budget after a £94k transfer from the Adult and Community Learning reserve. The overspend is due to redundancy and notice payments to staff, which have arisen as a result of reductions in funding from Welsh Government and Cardiff and the Vale College.
14. Catering - This service is anticipated to outturn within budget after a transfer of £217k from the Catering reserve. The transfer from the reserve will fund the final payment of the cashless catering system and the conversion of dining centres into kitchens in four primary schools.
15. Arts Development - It is anticipated that this service will outturn within budget at year end.

Social Services

16. The current forecast for Social Services at year end is an overspend of £100k. This is an improved position from the £300k overspend reported last month.
17. Children and Young People's Services - This service is anticipated to outturn £462k under budget at year end. The key issue for this service continues to be managing the demand for the Joint Budget for Residential Placements for Looked After Children, however, currently it is forecast to outturn with a £250k underspend at year end. Work has been ongoing to ensure that children are placed in the most appropriate and cost effective placements, however, it should be noted that due to the potential high cost of each placement, the outturn position could fluctuate with a change in the number of looked after children. There are potential underspends elsewhere in Children's Services of £65k on staffing budgets and £135k on alternative means of provision and accommodation costs required for the current cohort of children. In addition, the Business Management and Innovation division is anticipated to underspend at year end and part of this variance is apportioned to the service areas, therefore, £12k of the underspend will be allocated to Children's Services.
18. Adult Services - This service is currently anticipated to outturn £617k over budget at year end. This overspend is due to a projected overspend on Community Care Packages of £850k as a result of continuing demand for services, particularly for frail older clients. There is continued pressure on this area of the service to manage demand, not only to avoid a further increase in the overspend, but also to reduce the overspend. Whilst every effort will be made to improve this position, it cannot be guaranteed that this position will not deteriorate further by year end as this budget is extremely volatile and there is a continued demand for services, which may increase over the winter months. The annual deferred income budget for 2015/16 has been set at £739k and as at 31st December 2015 income received to date was £155k under-recovered. It is currently being projected that this budget will outturn at £100k over budget by year-end and this adverse variance is included as part of the projected overspend for care packages. It is anticipated that there will be underspends of £200k elsewhere in the budget which can offset part of this overspend with £165k from staffing, £15k from Transport and £20k from premises. In addition, the Business Management and Innovation division is anticipated to

underspend at year end and part of this variance is apportioned to the service areas, therefore, £33k of the underspend will be allocated to Adults Services.

19. Business Management and Innovation - This budget is anticipating an underspend at year end of £100k. This is made up of an underspend on staffing of £80k and £20k on transport. Part of this budget is recharged to Children's and Adult Services, therefore, the underspend on this heading is shown as £55k with the remaining £45k being recharged thus resulting in a reduced internal recharge to Children's and Adults Services.

Environment and Housing

20. It is currently projected that the outturn at year end will be within target.
21. Highways & Engineering - There is currently a £46k favourable variance against the amended profiled budget. The main reason is due to vacant posts currently within the Highways Department. Due to uncertainty around costs which can result from severe weather over the winter months it is currently projected that the budget will out-turn on target.
22. Waste Management - There is currently a favourable variance of £77k to the profiled budget. The early implementation of the Prosiect Gwyrdd contract is providing considerable savings for the waste disposal budget, which has been offset by a slight delay in the implementation of some of the other savings within Waste Management. While the Prosiect Gwyrdd site is currently operational, it is running under test conditions and the Council cannot presently rely on the eventual contractual terms and conditions and the facility could close at any point during the testing period. In view of this, it is projected that the budget will outturn on target.
23. Leisure - Grounds Maintenance currently has a £43k adverse variance against the profiled budget, mainly due to an overspend on employee costs as a result of the recent senior management restructure. Some costs such as transport costs will decrease over the winter months. For Leisure, there is currently a favourable variance of £76k against profiled budget, due mainly to reduced cost of admin cover for the service. Overall, it is anticipated that the budget will outturn on target.
24. Transportation - The Transportation Unit, covers Road Safety, School Crossing Patrols and Passenger Transport, mainly in the form of buses for Education and Supported bus routes. There is currently a favourable variance of £81k against the profiled budget. Staffing costs within the division are £37k lower than budgeted to date. Payments for the supported bus service are also lower than budgeted. The service have plans to undertake a programme of education for drivers and some small infrastructure works are required therefore it is anticipated that this service will outturn on budget.
25. Regulatory Services - The new Shared Service for Bridgend, Cardiff and the Vale of Glamorgan became operational on May 1st and the remaining few staff vacancies within the new structure have been advertised and should be filled shortly. Much work is now needed by the new management team to rationalise current working practices, with the emphasis on agile working across the 3 authorities. It is anticipated that this budget will outturn on target at year-end.
26. Council Fund Housing - The Council Fund Housing budget is likely to outturn at £250k underspent based on current trends. As previously reported, the variance is due to savings being made on the use of temporary accommodation for the

homeless. Due to uncertain pressures going forward, it is proposed that any underspend at year end be set aside to fund homelessness issues in future years.

27. Public Sector Housing (HRA) - The HRA is expected to outturn on target. Any underspends in year will be offset by additional contributions to Capital Expenditure to reduce the reliance on Unsupported Borrowing.

Managing Director and Resources

28. It is currently projected that overall services under this heading will outturn with a favourable variance of £592k at year end.
29. Resources - Resources is anticipated to outturn within budget although there is a possibility of a shortfall on Council Tax court income. The service will manage any shortfall from within existing resources.
30. Regeneration - There is currently a favourable variance of £92k to the profiled budget. Occupancy levels at workshops remain high and costs are still below budget on the Employment Training Service (ETS) which is nearing the end of its programme term. In addition, costs within the Countryside division are below budget as filming income is higher than anticipated and both staffing and transport costs are lower than expected. There are however, several necessary refurbishment works planned within the Countryside division which are yet to be completed so it is expected that premises costs will increase during the last quarter. It is therefore anticipated that this service will outturn on target.
31. Development Management - There is currently a favourable variance of £189k to profiled budget, mostly due to the planning application fee income being higher than budgeted. No further major planning applications are anticipated before April and temporary additional staffing resources have been employed in order to maintain service levels so these factors will bring the net underspend within the division down by year-end. Income is also high on Building Control, although a proportion of any net underspend will be transferred to the Building Control Trading account for future re-investment into the service.
32. Private Housing - As Members have previously been advised, the fee income on Disabled Facilities Grants (DFG's) is higher than originally anticipated due to the high number of applications received during this year. Income on the Renewal Area however, is continuing to lag behind profile, off-setting the favourable variance on DFG's. It is anticipated that the Renewal Area fees position will improve by year-end so this service is expected to outturn on target.
33. General Policy - It is projected that there will be a favourable variance of £592k relating to capital charges. The use of any available underspend at year end will be assessed in light of the overall final financial position of the Council.

2015/16 Savings Targets

34. As part of the Final Revenue Budget Proposals for 2015/16, a savings target of £6.847m was set for the Authority. Attached at [Appendix 1](#) is a statement showing the progress against these targets. Services are projecting to achieve the majority of their savings and where savings may not be achieved, further information is provided. The appendix shows that currently there is a £142k projected surplus against the target. This is due to the Prosiect Gwyrdd scheme exceeding its target, however, there are other savings which will not be achieved and will therefore offset

this favourable position. In addition, Visible Services also have savings from previous years which have yet to be achieved in full, however, some progress will be made this year in their implementation. The last section of the appendix details the savings identified in previous years and which have yet to be fully achieved and show a shortfall of £650k.

Resource Implications (Financial and Employment)

35. As detailed in the body of the report.

Sustainability and Climate Change Implications

36. As detailed in the body of the report.

Legal Implications (to Include Human Rights Implications)

37. There are no legal implications.

Crime and Disorder Implications

38. There are no crime and disorder implications.

Equal Opportunities Implications (to include Welsh Language issues)

39. There are no equal opportunity implications.

Corporate/Service Objectives

40. Effective monitoring assists in the provision of accurate and timely information to officers and members and in particular allows services to better manage their resources.

Policy Framework and Budget

41. This is a matter for Executive decision.

Consultation (including Ward Member Consultation)

42. Each Scrutiny Committee will receive a monitoring report on their respective areas. This report does not require Ward Member consultation.

Relevant Scrutiny Committee

43. All

Background Papers - None

Contact Officer

Carolyn Michael
Operational Manager - Accountancy

Officers Consulted

All Directors

Responsible Officer:

Carys Lord
Section 151 Officer