

The Vale of Glamorgan Council

Cabinet Meeting: 11 July, 2016

Report of the Leader

Revenue Monitoring for the period 1st April to 31st May 2016

Purpose of the Report

1. To advise Cabinet of the progress relating to revenue expenditure for the period 1st April to 31st May 2016.

Recommendations

It is recommended that :-

1. The position with regard to the Authority's 2016/17 Revenue Budget be noted.
2. £500k from the Schools Placement reserve is used to assist the Learning and Skills Directorate budget with its adverse variance.
3. The Director of Learning and Skills identifies savings within the Directorate to meet the estimated shortfall of £253k, following the use of the reserve above and reports back to Committee on progress.

Reasons for the Recommendations

1. That the members are aware of the projected revenue outturn for 2016/17.
2. To assist the service with its adverse variance.
3. To identify the savings to meet the estimated shortfall.

Background

2. On 2nd March 2016, Council approved the Revenue and Housing Revenue Account (HRA) Budgets for 2016/17 (minute no 885 and 883 respectively).

Relevant Issues and Options

3. The Learning and Skills Directorate is projecting an adverse variance of £753k at year end, however, proposals to mitigate this position are outlined in the report. The HRA budget is projecting an outturn within target. This position by service is shown in the following table.

Directorate/Service	2016/17 Original Budget £'000	2016/17 Projected Outturn £'000	Variance (+) Fav (-) Adv £'000
Learning and Skills			
Education and Schools	94,346	95,099	(753)
Use of Reserves/Identified Savings		(753)	753
Libraries	2,051	2,051	0
Adult Community Learning	277	277	0
Youth Service	1,081	1,081	0
Catering	1,489	1,489	0
Arts Development	115	115	0
Social Services			
Children and Young People	14,858	14,858	0
Adult Services	39,906	39,906	0
Business Management & Innovation	295	295	0
Youth Offending Service	696	696	0
Environment & Housing			
Visible Services	20,068	20,068	0
Transportation	4,834	4,834	0
Building Services	0	0	0
Regulatory Services	2,056	2,056	0
Council Fund Housing	744	744	0
Public Sector Housing (HRA)	(22)	(22)	0
Managing Director & Resources			
Resources	982	982	0
Regeneration	2,172	2,172	0
Development Management	896	896	0
Private Housing	11,262	11,262	0
General Policy	16,660	16,660	0
Total	214,766	214,766	0
Met from General Reserve	-1,500	-1,500	0
Grand Total	213,266	213,266	0

Learning and Skills

4. The Directorate is projecting to outturn with an adverse variance of £753k at year end as detailed below. As part of the Closure of Accounts report for 2015/16, £500k has been set aside in the Schools Placements reserve. It is proposed that this sum is used as a one off contribution in 2016/17 to mitigate part of the shortfall while further Reshaping Services work is undertaken by the Directorate. The Director of Learning and Skills is requested to review options for achieving the remaining £253k shortfall before year end and report ongoing progress to Cabinet.
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 - The service is projected to outturn with an adverse variance of £951k, which is as a result of an adverse variance of £861k on the recoupment income budget and an adverse variance on pupil placements of £218k. This position can be partly offset by projected salary underspends of £128k which have resulted from vacant posts in the service. The service has a £2.4m recoupment income budget in respect of out of county pupil placements purchased at Ysgol y Deri. Over the last few years a trend has occurred where more out of county pupils have left Ysgol y Deri than new pupils have enrolled. In the current financial year it is anticipated that 15 out of county pupils will leave the school and only 4 new starters will enrol. In the previous financial year there were 17 leavers and 3 new out of county enrolments. There are two main reasons for this reduction in out of county pupils, firstly, there has been an increased demand in Vale pupils requiring a placement at Ysgol Y Deri, which has resulted in a reduction in the number of places available for other local authorities to purchase and secondly that other local authorities are seeking cheaper alternatives due to budget reductions. Whilst the Directorate has been successful in identifying reshaping savings for the Inclusion Service, the Directorate has, to date, been unable to identify further savings to cover the gap in recoupment income. This adverse variance could reduce if there are new out of county enrolments in September 2016. The pupil placements budget is a volatile budget that can be significantly impacted with changes to packages of one or two pupils. The proposals to mitigate this position are outlined above.
7. Service Strategy and Regulation - This service is currently projecting a favourable variance at year end of £5k, due to reductions in office expense for the Directorate.
8. Strategic and Resources - This budget is currently projecting to outturn with a favourable variance of £175k as a result of vacant posts and staff not being at the top of their incremental scale as budgeted. There has also been an increase in ICT support packages purchased by schools.
9. Children and Young Peoples Partnership - It is anticipated that this service will outturn with a favourable variance of £5k.
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 and any favourable variance on debt repayments will be directed into the Schools Investment Strategy.
11. Libraries - This service is 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. A judicial review has delayed the implementation of the Community Libraries. This delay in implementation will have an impact on the

service's ability to achieve budget savings in 2016/17, however, any shortfall will be funded from the Libraries Reserve.

12. Youth Service - It is currently anticipated that the Youth Service will outturn with a favourable variance of £13k due to part year vacancies within the service.
13. Adult Community Learning (ACL) - It is anticipated that the Adult and Community Learning Service will outturn at budget after a £47k transfer from the ACL reserve. This transfer is required to assist with new Welsh for Adults contract and a previous years funding reduction in Schedule 2/Cardiff and Vale College Franchise.
14. Catering - It is currently anticipated that this service will outturn at budget, however, variations in school meal income will affect this position. School meal uptake will be carefully monitored throughout the year.
15. Other Services - At this early stage in the financial year, all other services are anticipated to outturn within budget.

Social Services

16. As it is very early in the financial year, the forecast for Social Services is shown as a balanced budget. However, there will be significant pressure on this service in the coming year and this position may not be achieved.
17. Children and Young People Services - The major issue concerning this service for the current year will be the continued pressure on the children's placements budget. Work continues 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. This budget will be closely monitored during the year.
18. Adult Services - The major issue concerning this service for the current year will continue to be the pressure on the Community Care Packages budget. This budget is extremely volatile and is influenced by legislative changes such as the National Living Wage and the Social Services and Wellbeing (Wales) Act 2014, which both came into force in April 2016. It is considered that this budget will overspend by year end but, at this early stage of the year, the level is difficult to predict. Final negotiations regarding fee levels have yet to be concluded with some service providers but proposed increases are already above the level of inflation provided for within the budget. The service also continues to be affected by the pressures of continued demographic growth and the Community Care Packages budget will have to achieve further savings this year of £300k. Further details regarding the potential overspend will be assessed and provided to Committee in the next monitoring report. The service will strive to manage growing demand and some of these initiatives may be funded via regional grants in the current financial year. However, the level of grant funding for the year has yet to be fully determined and it is not necessarily guaranteed on an ongoing basis. Committee will be provided with further details as they become clearer through the year.

Environment and Housing

19. It is early in the financial year, however, it is currently projected that this service will outturn within target at year end.
20. Highways & Engineering - There is currently a £96k favourable variance against the profiled budget. The main reason is the vacant posts currently within the department,

however, as it is early in the financial year it is projected that the budget will out-turn on target.

21. Waste Management - There is currently an adverse variance of £76k to the profiled budget. The variance to date is due to overspends on staffing and transportation. The 2016/17 budget includes a further saving target of £253k for a review on transport. Plans are in place to shortly implement round changes within waste collection, which will reduce the resources required and therefore reduce the overspend. In view of this, it is currently projected that the budget will outturn on target.
22. Leisure Services - It is early in the financial year and it is projected that this service will outturn within budget at year end.
23. Transportation - There is currently a favourable variance of £8k against the profiled budget. Staffing costs within the division are lower than budget to date and it is anticipated that this service will outturn on budget.
24. Regulatory Services - The allocation of £2.056m represents the Vale of Glamorgan's budget for its share of the Shared Regulatory Service (SRS). A separate set of accounts is maintained for the SRS and is periodically reported to the Shared Regulatory Service Joint Committee. At this stage in the year it is anticipated that the SRS will outturn on target.
25. Council Fund Housing - At this early stage of the year, it is anticipated that this budget will outturn on target, although there is a slight underspend to date as a result of staff vacancies.
26. Public Sector Housing (HRA) - The HRA is expected to outturn on target and any underspends in year will be offset by additional contributions to Capital Expenditure thus reducing the reliance on Unsupported Borrowing.

Managing Director and Resources

27. It is early in the financial year, however, it is currently projected that this service will outturn within target at year end.
28. Resources - It is anticipated that this service will outturn within budget.
29. Regeneration - This budget covers the Countryside, Economic Development and Tourism & Events functions. There is currently a favourable variance of £24k against the profiled budget for May, due in the main to staff vacancy savings being made whilst re-appointments are being pursued. At this stage it is anticipated that this service will outturn on target.
30. Development Management - Cabinet on 6th June 2016 approved a £62k budget transfer for the Drawing Office in Development Management to Resources and this is duly reflected in the above table. As it is very early in the financial year there is very little variance to the profiled budget and it is anticipated that this service will outturn on target.
31. Private Housing - There is currently a small adverse variance as the favourable variance relating to additional Disabled Facility Grant fee income is slightly outweighed by the adverse variance on Renewal Area fee income. As it is early in the financial year it is anticipated that this service will outturn on target.
32. General Policy - It is anticipated that this service will outturn within budget.

Resource Implications (Financial and Employment)

33. As detailed in the body of the report.

Sustainability and Climate Change Implications

34. As detailed in the body of the report.

Legal Implications (to Include Human Rights Implications)

35. There are no legal implications.

Crime and Disorder Implications

36. There are no crime and disorder implications.

Equal Opportunities Implications (to include Welsh Language issues)

37. There are no equal opportunity implications.

Corporate/Service Objectives

38. 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

39. This is a matter for Executive decision.

Consultation (including Ward Member Consultation)

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

Relevant Scrutiny Committee

41. All

Background Papers - None

Contact Officer

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Operational Manager - Accountancy

Officers Consulted

All Directors

Responsible Officer:

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Section 151 Officer