

## **The Vale of Glamorgan Council**

### **Cabinet Meeting: 5 September, 2016**

#### **Report of the Leader**

### **Revenue Monitoring for the period 1st April to 31st July 2016**

#### **Purpose of the Report**

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

#### **Recommendations**

It is recommended that:-

1. The position with regard to the Authority's 2016/17 Revenue Budget be noted.
2. Up to £1 million from the Social Services Legislative Changes reserve is used to assist the Adult Services budget with its projected adverse variance.
3. The Director of Social Services makes every effort to mitigate the adverse position and reports back any measures that can be taken.

#### **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 £672k at year end and the Social Services Directorate is anticipated to outturn with an adverse variance of around £1m. 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.

<b>Directorate/Service</b>	<b>2016/17 Original Budget £'000</b>	<b>2016/17 Projected Outturn £'000</b>	<b>Variance (+) Fav (-) Adv £'000</b>
<b>Learning and Skills</b>			
Education and Schools	94,346	95,071	(725)
Use of Reserves/Identified Savings	0	(672)	672
Libraries	2,051	2,051	0
Adult Community Learning	277	277	0
Youth Service	1,081	1,032	49
Catering	1,489	1,489	0
Arts Development	115	111	4
<b>Social Services</b>			
Children and Young People	14,858	14,858	0
Adult Services	39,906	40,906	(1,000)
Use of Reserves/Identified Savings	0	(1,000)	1,000
Business Management & Innovation	295	295	0
Youth Offending Service	696	696	0
<b>Environment &amp; Housing</b>			
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
<b>Managing Director &amp; Resources</b>			
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
<b>Total</b>	<b>214,766</b>	<b>214,766</b>	<b>0</b>
Met from General Reserve	-1,500	-1,500	0
<b>Grand Total</b>	<b>213,266</b>	<b>213,266</b>	<b>0</b>

## Learning and Skills

4. The Directorate is projecting to outturn with an adverse variance of £672k at year end as detailed below. £500k has been set aside in the Schools Placements reserve to be 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.
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 £885k, which is as a result of an adverse variance of £817k on the recoupment income budget and an adverse variance on pupil placements of £245k. This position can be partly offset by projected salary underspends of £177k 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. The main reason for this reduction in out of county pupils is due to other local authorities seeking to educate their children within county and to source cheaper alternatives due to budget reductions. However the school is still operating near to capacity due to an increase in demand from Vale pupils requiring placements. Whilst the Directorate has been successful in identifying reshaping savings for the Inclusion Service, the Directorate has been unable, to date, to identify further savings to cover this gap on 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. £500k has been set aside in a Schools Placements reserve. This sum will be 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. If this shortfall cannot be mitigated further in the year, further reserves could be utilised to balance the shortfall made up of £50k from the Excluded Pupils reserve, £44k from the Youth Service reserve and £78k from the Adult Community Learning reserve.
7. Service Strategy and Regulation - This service is currently projecting a favourable variance at year end of £21k, 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 £116k as a result of vacant posts, an increase in ICT support packages purchased by schools and a reduction in the number of supported non-maintained nursery settings. These favourable variances have been partly offset by a number of redundancy costs within schools.
9. Children and Young Peoples Partnership - It is anticipated that this service will outturn with a favourable variance of £23k as savings have been identified in running costs.
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. Adult Community Learning (ACL) - It is anticipated that the Adult and Community Learning Service will outturn at budget after a £45k 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.
13. Youth Service - It is currently anticipated that the Youth Service will outturn with a favourable variance of £49k due to part year vacancies within the service.
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. A clearer projection will be available after the September intake.
15. Arts Development - It is currently anticipated that the service will outturn with a favourable variance of £4k.

## **Social Services**

16. The Directorate is projecting to outturn with an adverse variance of £1 million at year end as detailed below.
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 - It is projected that the Community Care Package budget could outturn with a variance of up to £1 million by year end. This budget is extremely volatile and has been adversely affected this year by the increase in the cost of packages commissioned as a result of the introduction of the National Living Wage, the continued pressure of the budget from demographic growth and clients having increasingly complex needs. The final outturn is, however, difficult to predict. Final negotiations regarding fee levels are being concluded with service providers but proposed increases are already above the level of inflation provided for within the budget.
19. The annual deferred income budget for 2016/17 has been set at £747k and, as at 31st July 2016, income received to date was £145k over-recovered. It is currently being projected that this budget will outturn at £100k under budget by year-end and this favourable variance is included as part of the projected overspend for care packages.
20. The service will strive to manage growing demand and try to mitigate this position and some initiatives may be funded via regional grants in the current financial year. It is proposed that up to £1 million is used this year from the Social Services Legislative Changes fund to cover the shortfall. Cabinet will be provided with further details during the course of the year.

## **Environment and Housing**

21. It is currently projected that this service will outturn within target at year end.
22. Highways & Engineering - There is currently a £101k 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.
23. Waste Management - There is currently an adverse variance of £208k to the profiled budget. This variance is due to overspends on staffing and transportation costs. The 2016/17 budget included a savings target of £253k for a review of transport costs. Round changes within waste collections were implemented on 1st August 2016 and will contribute towards the required savings. It is anticipated that this change will therefore reduce the current overspends position by year end.
24. Leisure Services - There is currently an adverse variance of £41k to the profiled budgets as a result of high repair costs for vehicles during the start of the Grounds Maintenance season. It is however anticipated that this will reduce over the winter months and therefore it is currently projected that the overall budget will outturn on target.
25. Transportation - There is currently a favourable variance of £44k against the profiled budget. Staffing costs within the division are lower than budgeted and income received for supported bus services is also ahead of the profiled budget. It is anticipated that this service will outturn on budget at year end.
26. 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.
27. Council Fund Housing - It is anticipated that this budget will outturn on target, although there is a slight underspend to date as a result of staff vacancies.
28. 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**

29. It is currently projected that this service will outturn within target at year end.
30. Resources - It is anticipated that this service will outturn within budget.
31. Regeneration - This budget covers the Countryside, Economic Development and Tourism & Events functions. Although income is lower than profile as the 2015/16 savings target of £60k proposed by introducing parking charges at Country Parks remains unachieved, this is offset by a favourable variance 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.
32. Development Management - There is an adverse variance relating to the Local Development Plan (LDP) as expenditure was delayed from 2015/16, however, funding was set aside in reserves for this purpose in the last financial year and will therefore be drawn down to offset this position. At this stage it is anticipated that this service will outturn on target.

33. 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. It is still anticipated that this service will outturn on target by year end.
34. General Policy - It is anticipated that this service will outturn within budget.

### **2016/17 Savings Targets**

35. As part of the Final Revenue Budget Proposals for 2016/17, a savings target of £9.289m was set for the Authority. Attached at [Appendix 1](#) is a statement detailing all savings targets for 2016/17 and the projected outturn. Services are working towards fully achieving their savings targets however at this stage of the year it is anticipated that not all the savings will be made and there could be a shortfall of £586k.
36. Learning and Skills - There is a saving target of £292k to be found from the Inclusion Service budget. It is anticipated that this level of saving can be achieved during the year, however, there are further pressures on the budget which will result in an overspend as already detailed above
37. Social Services - Within Adult Services, £100k of the full year saving generated from the Hafod homes transfer has been offset against the £300k saving for Residential Services. Currently, there are no other formalised plans in place to find the remaining £200k of this saving. Further consideration will have to be given to the way in which this saving can be fully achieved during the year. With regard to the Care Package Budget Reduction, while there is significant pressure on this budget and it is anticipated to overspend, schemes have 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.
38. Environment and Housing - While progress has been made towards achieving the savings, there has been a delay in commencing some of the schemes and therefore the full year target is not anticipated this financial year. £1.2m has been included in the capital programme for the installation of LED lighting. Installation will be undertaken this year however a full year saving will not be achieved until 2017/18. Also as previously stated, waste collection rounds have been revised from 1st August 2016 with the aim of reducing the resources required. However it is unlikely that the full saving will be made in 2016/17. Where savings will not be achieved in year, services will seek to cover the shortfall on a one off basis from other areas.
39. Managing Director and Resources - There has been a delay in the exit from the JobFit contract which has resulted in a predicted shortfall against the savings target for Regeneration. Human Resources and Performance and Development currently have a small level of further savings to achieve however the shortfall will be accommodated from within other budgets this year.

### **Resource Implications (Financial and Employment)**

40. As detailed in the body of the report.

### **Sustainability and Climate Change Implications**

41. As detailed in the body of the report.

## **Legal Implications (to Include Human Rights Implications)**

42. There are no legal implications.

## **Crime and Disorder Implications**

43. There are no crime and disorder implications.

## **Equal Opportunities Implications (to include Welsh Language issues)**

44. There are no equal opportunity implications.

## **Corporate/Service Objectives**

45. 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**

46. This is a matter for Executive decision.

## **Consultation (including Ward Member Consultation)**

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

## **Relevant Scrutiny Committee**

48. All

## **Background Papers - None**

## **Contact Officer**

Carolyn Michael  
Operational Manager - Accountancy

## **Officers Consulted**

All Directors

## **Responsible Officer:**

Carys Lord  
Section 151 Officer