

The Vale of Glamorgan Council

Cabinet Meeting: 3 October, 2016

Report of the Leader

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

Purpose of the Report

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

Recommendations

It is recommended that:-

1. The position with regard to the Authority's 2016/17 Revenue Budget be noted.

Reasons for the Recommendations

1. That the members are aware of the projected revenue outturn for 2016/17.

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 circa £1m. Proposals to mitigate this position are outlined in the report. The HRA budget is projecting an outturn within target. This position by service area 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	95,062	(716)
Use of Reserves/Identified Savings	0	(672)	672
Libraries	2,051	2,051	0
Adult Community Learning	277	277	0
Youth Service	1,081	1,039	42
Catering	1,489	1,489	0
Arts Development	115	113	2
Social Services			
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
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 £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 £948k. This is as a result of an adverse variance of £814k on the recoupment income budget and an adverse variance on pupil placements of £246k. There will also be expenditure of £131k on redundancy and pension strain costs as a result of restructuring. This position can be partly offset by projected salary underspends of £243k which are due to vacant posts in the service as a result of early implementation of 2017/18 Reshaping Services savings. 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. 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 to outturn at a favourable variance of £31,000 due to salary underspends and reductions in office expenses for the Directorate.
8. Strategic and Resources - This service is currently projecting a favourable variance at year end of £178k. This underspend is as a result of the early implementation of 2017/18 savings, a reduction in the number of supported non-maintained nursery settings, a number of vacancies throughout the department and an increase in ICT support packages purchased by schools. There will also be a requirement to transfer £152k from the Early Retirement and Voluntary Redundancy Reserve.
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 £44k 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 £42k 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 £2k.

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 August 2016, income received to date was £115k 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 £55k favourable variance against the profiled budget. The main reason is the vacant posts currently within the department. This underspend could be used to contribute towards overspends elsewhere within the Directorate if required and therefore it is shown as achieving a balanced budget at year end.
23. Waste Management - There is currently an adverse variance of £209k 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 overspend position by year end however if it cannot be fully achieved, provision will be made elsewhere within the Directorate.
24. Leisure Services - There is currently an adverse variance of £48k 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 £53k against the profiled budget. Staffing costs within the division are lower than budget to date and also income received for producing bus passes is higher than budget. This underspend could be used to contribute towards overspends elsewhere within the Directorate if required and therefore it is shown as achieving a balanced 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 Economic Development, Countryside and Tourism & Events functions. The budget to date is currently on target. The income received from the VEC workshops is currently below budget and an exercise is

underway to maximise income. It is considered that essential refurbishment works to the vacant units will be required in order to improve occupancy rates, however, funding for such works will need to be identified. The Service has identified some additional income streams available to them this year which are anticipated to mitigate this loss of income and at this stage it is still considered 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. Planning fee income is less than the anticipated profile for August. This is considered to be due to uncertainty in the construction market as a result of the referendum for the United Kingdom's exit from the European Union, however, the Service is hoping that the situation will improve by year-end. As such, at this stage it is anticipated that this service will outturn on target though Members will be kept updated on the situation.
33. Private Housing - There is currently a small favourable variance as a staff vacancy is aiding the adverse variance on Renewal Area fee income. Disabled Facility Grant fee income however remains above profile to assist the overall position. It is therefore anticipated that this service will outturn on target.
34. General Policy - It is anticipated that this service will outturn within budget.

Resource Implications (Financial and Employment)

35. As detailed in the body of the report.

Sustainability and Climate Change Implications

36. No specific implications.

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