

The Vale of Glamorgan Council

Corporate Performance and Resources Scrutiny Committee: 24th January 2017

Report of the Managing Director

Revenue Monitoring for the Period 1st April to 30th November 2016

Purpose of the Report

1. To advise Scrutiny Committee of the progress relating to revenue expenditure for the period 1st April to 30th November 2016.

Recommendation

It is recommended that:-

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

Reason for the Recommendation

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

Background

2. On 14th November 2016, Cabinet approved the revised Revenue and Housing Revenue Account (HRA) Budgets for 2016/17 (minute nos. C3362 and C3364 respectively).

Relevant Issues and Options

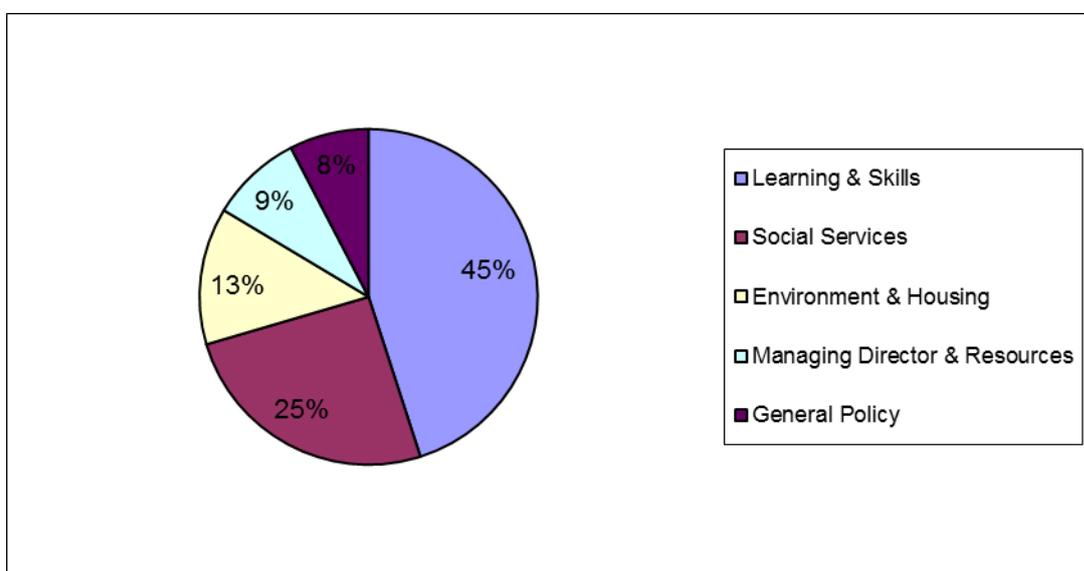
3. The Learning and Skills Directorate is projecting an adverse variance of £716k at year end and the Social Services Directorate is anticipated to outturn with an adverse variance of around £600k. Proposals to mitigate this position are outlined in the report. The HRA budget is projecting an outturn within target. The position by service is shown in the following table.

Directorate/Service	2016/17 Revised Budget £'000	2016/17 Projected Outturn £'000	Variance (+) Fav (-) Adv £'000
Learning and Skills			
Education and Schools	81,009	81,009	0
Strategy, Culture, Community Learning & Resources	13,233	13,029	204
Strategy and Regulation	250	218	32
Achievement for All	3,573	4,403	-830
Use of Reserves/Identified Savings	0	(716)	716
School Improvement	1,241	1,363	-122
Social Services			
Children and Young People	14,913	14,513	400
Adult Services	40,096	41,096	(1,000)
Use of Reserves	0	(600)	600
Business Management & Innovation	276	276	0
Youth Offending Service	701	701	0
Environment & Housing			
Visible Services	20,335	20,405	(70)
Transportation	4,836	4,766	70
Building Services	0	0	0
Regulatory Services	2,218	2,218	0
Council Fund Housing	988	988	0
Public Sector Housing (HRA)	768	768	0
Managing Director & Resources			
Resources	269	269	0
Regeneration	2,123	2,123	0
Development Management	962	962	0
Private Housing	11,021	11,021	0
General Policy	16,744	16,744	0
Total	215,556	215,556	0
Met from General Reserve	-1,500	-1,500	0
Grand Total	214,056	214,056	0

4. Pie charts and tables set out a comparison between the profiled budget and actual expenditure for the year to date.
5. Comparison of Individual Profiled Budget compared to Overall Total Profiled Budget as at 30th November 2016 expressed as %

Directorate	Profiled Budget £'000
Learning & Skills	66,204
Social Services	37,324
Environment & Housing	19,410
Managing Director & Resources	12,890
General Policy	11,163

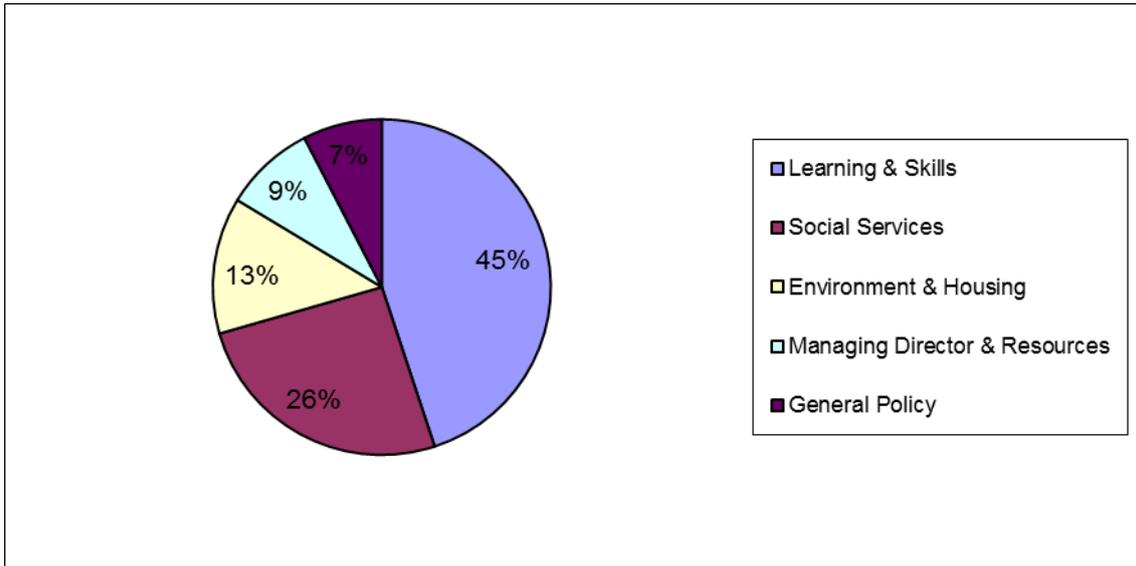
Profiled Budget



6. Comparison of Individual Actual Spend compared to Overall Total Actual Spend as at 30th November 2016 expressed as %

Directorate	Actual Spend £'000
Learning & Skills	66,204
Social Services	37,724
Environment & Housing	19,372
Managing Director & Resources	12,881
General Policy	11,163

Actual Spend



Learning and Skills

7. The Directorate is projecting to outturn with an adverse variance of £716k 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.
8. Schools - The delegated budget relating to schools is expected to balance as any under/over spend is carried forward by schools.
9. Strategy, Culture, Community Learning & Resources - This service is projected to outturn with a favourable variance of £204k after a transfer from reserves of £446k. The net underspend is as a result of early implementation of 2017/18 savings, a reduction in the number of supported non-maintained nursery settings, a number of vacancies throughout the department, an increase in ICT support packages purchased by schools and a projected underspend on the catering service of £71k. This catering underspend is based on projected school meal take up which can change throughout the year. The transfer from reserves will be £251k from the Libraries reserve to cover any legal costs and costs relating to the implementation of the service review, £43k from the Adult Community Learning reserve to assist with the new Welsh for Adults contract and a previous years funding reduction in Schedule 2/Cardiff and Vale College Franchise and £152k from the Early Retirement and Voluntary Redundancy Reserve to fund redundancy and retirement costs in schools.
10. Strategy and Regulation - This service is currently projecting to outturn at a favourable variance of £32k due to salary underspends and reductions in office expenses for the Directorate.
11. Achievement for All - This service is projected to outturn with an adverse variance of £114k after a transfer from reserves of £716k. This is as a result of an adverse variance of £822k on the recoupment income budget and an adverse variance on pupil placements of £268k. This position can be partly offset by projected salary

underspends of £260k 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. Therefore, as an initial measure £500k has already 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. However, if this shortfall of £216k cannot be mitigated further in the year, other reserves could be utilised to balance the shortfall made up of £93k from the Excluded Pupils reserve, £45k from the Youth Service reserve and £78k from the Adult Community Learning reserve.

12. School Improvement - This service is projected to overspend by £122k as a result of redundancy and pension strain costs as a result of restructuring.
13. 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.

Social Services

14. The Directorate is projecting to outturn with an adverse variance of £600k at year end as detailed below.
15. Children and Young People's Services - It is projected that this service will outturn with an underspend of £400k. Work has been ongoing to ensure that children are placed in the most appropriate and cost effective placements. This has included our success in significantly reducing the number of children placed in residential care, from an average of 23 in 2014/15 to a current average of 10. It should however be noted that the number of looked after children has increased during the course of the year, placing considerable pressure on our in-house fostering resources and increasing our reliance on independent fostering placements. Given this pressure and the complexity of some of these children, the outturn position could fluctuate with a change in the number of Looked After Children and/or their need for independent fostering or residential placements.
16. 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 on the budget from demographic growth and clients having increasingly complex needs. The final outturn is, however, difficult to predict. The increase in fee levels is above the level of inflation provided for within the budget.

17. The annual deferred income budget for 2016/17 has been set at £747k and, as at 30th November 2016, income received to date was £211k over-recovered. It is therefore being projected that this budget will outturn at £100k over-recovered by year-end and this favourable variance is included as part of the projected overspend for care packages.
18. 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 any shortfall at year end is funded from the Social Services Legislative Changes fund.

Environment and Housing

19. It is currently projected that this service will outturn within target at year end.
20. Highways & Engineering - There is currently a £36k favourable variance against the profiled amended budget. The main reason is the vacant posts currently within the department, however key posts have recently been filled by Agency staff therefore it is currently projected that the budget will outturn on target.
21. Waste Management - There is currently an adverse variance of £78k to the profiled amended budget. The variance to date is due to overspends on staffing and transportation costs. Round changes within waste collections were implemented on 1st August 2016 in order to reduce the resources required to provide the service. The service has taken several months to become imbedded while staff learn their new rounds however from mid-January it is anticipated that vehicle requirements will reduce by 2. This will also reduce the requirement for 4 agency staff. From March 2017 the Green Waste collection service will be double-shifted and an afternoon shift will commence. This will reduce the requirement for hired vehicles in 2017/18. It is currently anticipated that there will be a £70k adverse variance at year end which will be met from a favourable variance of the same amount within Transportation.
22. Leisure Services - It is anticipated that this service will achieve a breakeven position at year end. Employee costs within Grounds Maintenance are projected to be under budget due to vacant posts, however, this has been offset by increased supplies and services costs. Transport costs are projected to be £80k over budget due to high repair costs early in the financial year, however, Grounds Maintenance are currently reviewing the level of vehicles they require and have identified those that are surplus to requirements.
23. Transportation - There is currently a favourable variance of £75k against the profiled budget. Staffing costs within the division are lower than budgeted to date. The income received for producing bus passes is also higher than budgeted, which has contributed to the underspend to date. It is currently anticipated that this service will outturn with a favourable variance of £70k which will offset the projected overspend within Waste Management.
24. Regulatory Services - The allocation of £2.218m 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 - It is anticipated that this budget will outturn on target, however, this is after a planned transfer from reserves to fund specific posts and issues arising as a result of the introduction of the Housing Act.

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 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 Economic Development, Countryside and Tourism & Events functions. There is currently a small favourable variance on this budget. Rental income at our VEC workshops remains behind target as it is proving difficult to let the persistently vacant units which are in need of some refurbishment. A capital allocation of £100k has however been identified and is included in the current year's Capital Programme in order to invest in the fabric of the buildings to increase the rental income potential at the site. This will not assist the position this year, though it is anticipated that with the investment, the targets could be met next year. The £60k target income for car parking income at Country Parks remains unachieved. The service has identified additional income streams which are anticipated to mitigate both the loss of workshop and car parking income and hence, at this stage, it is still projected that this service will outturn on target.
30. 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 remains below profile, with only 9 major planning applications submitted so far this year compared to 42 over the same period last year. 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. It is very difficult to forecast final Planning fee income expected by March however the service is making every effort to contain controllable costs to mitigate any potential shortfall in income at year-end.
31. 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.
32. General Policy - It was reported to Cabinet on 14th November 2016 that the projected outturn for Policy was a favourable variance of £4m when compared to the amended budget. Cabinet resolved "That the sum of £4 million be set aside to the General Fund and consideration be given for that allocation to be used to offset the shortfall in the revenue budget and/or used for capital schemes, the details of which will be considered by the budget working group before the final revenue proposals are presented to Cabinet and Council for approval".

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 report is for Executive decision by the Cabinet.

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

Carolyn Michael, Operational Manager - Accountancy

Officers Consulted

All Directors

Responsible Officer:

Rob Thomas, Managing Director