

## **The Vale of Glamorgan Council**

### **Corporate Performance and Resources Scrutiny Committee: 21st March 2017**

#### **Report of the Managing Director**

#### **Revenue Monitoring for the period 1st April 2016 to 31st January 2017**

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

1. To advise Scrutiny Committee of the progress relating to revenue expenditure for the period 1st April 2016 to 31st January 2017.

##### **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**

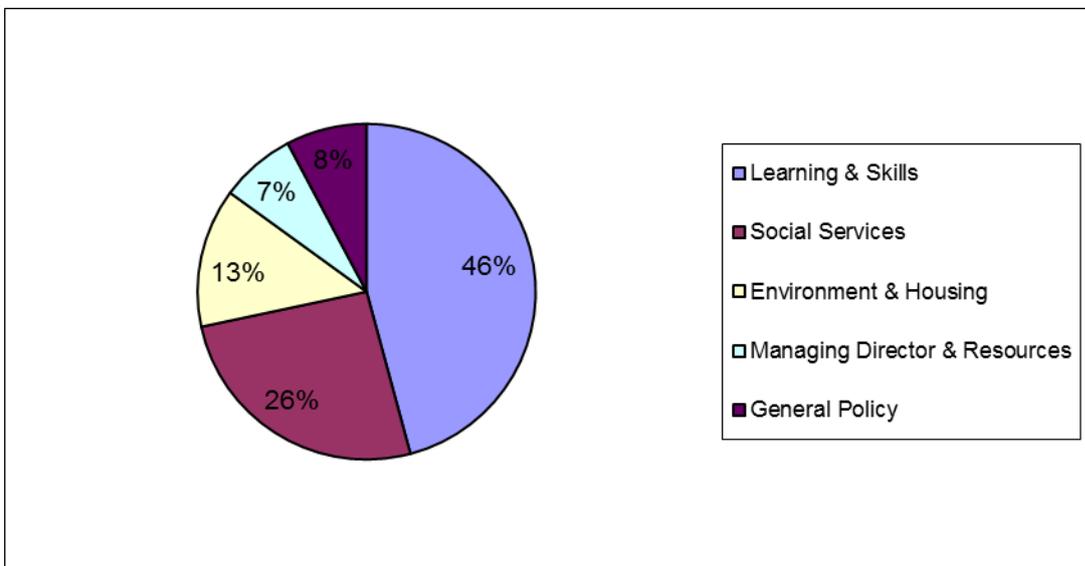
3. The Learning and Skills Directorate is projecting an adverse variance of £672k at year end and the Social Services Directorate is anticipated to outturn with an adverse variance of around £300k. Proposals to mitigate this position are outlined in the report. The HRA budget is projecting an outturn within target. The position by service is shown in the following table.

<b>Directorate/Service</b>	<b>2016/17 Original Budget £'000</b>	<b>2016/17 Revised Budget £'000</b>	<b>2016/17 Projected Outturn £'000</b>	<b>Variance (+) Fav (-) Adv £'000</b>
<b>Learning and Skills</b>				
Schools		81,009	81,009	0
Strategy, Culture, Community Learning & Resources		13,233	12,947	286
Strategy and Regulation		250	208	42
Achievement for All		3,573	4,525	-952
Net transfer from Reserve		0	(672)	672
School Improvement		1,241	1,289	-48
Prior to Reorganisation	99,359			
<b>Social Services</b>				
Children and Young People	14,858	14,913	14,513	400
Adult Services	39,906	40,096	40,796	(700)
Use of Reserves	0	0	(300)	300
Business Management & Innovation	295	276	276	0
Youth Offending Service	696	701	701	0
<b>Environment &amp; Housing</b>				
Visible Services	20,068	20,335	20,405	(70)
Transportation	4,834	4,836	4,766	70
Building Services	0	0	0	0
Regulatory Services	2,056	2,218	2,218	0
Council Fund Housing	744	988	988	0
Public Sector Housing (HRA)	(22)	768	768	0
<b>Managing Director &amp; Resources</b>				
Resources	982	269	269	0
Regeneration	2,172	2,123	2,123	0
Development Management	896	962	962	0
Private Housing	11,262	11,021	11,021	0
General Policy	16,660	16,744	16,744	0
<b>Total</b>	<b>214,766</b>	<b>215,556</b>	<b>215,556</b>	<b>0</b>
Met from General Reserve	-1,500	-1,500	-1,500	0
<b>Grand Total</b>	<b>213,266</b>	<b>214,056</b>	<b>214,056</b>	<b>0</b>

4. Pie charts and tables set out a comparison between the profiled budget and actual expenditure for the year to date.

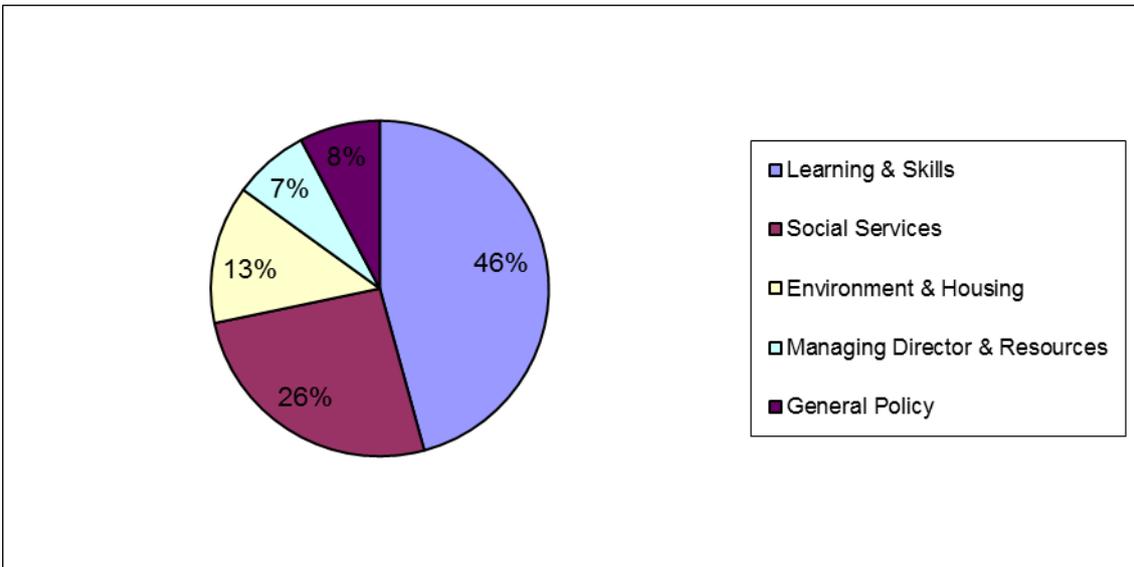
Comparison of Individual Profiled Budget compared to Overall Total Profiled Budget as at 31st January 2017 expressed as %

<b>Directorate</b>	<b>Profile Budget £000</b>
Learning & Skills	82,755
Social Services	46,655
Environment & Housing	24,170
Managing Director & Resources	13,067
General Policy	13,953



Comparison of Individual Actual Spend compared to Overall Total Actual Spend as at 31st January 2017 expressed as %

<b>Directorate</b>	<b>Actual Spent £000</b>
Learning & Skills	82,755
Social Services	46,905
Environment & Housing	24,086
Managing Director & Resources	13,137
General Policy	13,953



### Learning and Skills

5. 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.
6. Schools - The delegated budget relating to schools is expected to balance as any under/over spend is carried forward by schools.
7. Strategy, Culture, Community Learning & Resources - This service is projected to outturn with a favourable variance of £286k after a transfer from reserves of £503k. 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, a projected underspend on the catering service of £61k and a recent rates rebate for school buildings of £135k. The transfer from reserves will be £93k from the Rationalisation reserve to contribute towards school amalgamation costs, £228k from the Libraries reserve to cover any legal costs and costs relating to the implementation of the service review, £30k 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.
8. Strategy and Regulation - This service is currently projecting to outturn at a favourable variance of £42k due to salary underspends and reductions in office expenses for the Directorate.
9. Achievement for All - This service is projected to outturn with an adverse variance of £280k after a transfer from reserves of £672k. This is as a result of an adverse variance of £793k 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 £162k which are due to vacant posts in the service as a result of early implementation of 2017/18 Reshaping Services savings. However £53k will need to be transferred into the Youth Reserve to fund the G2E project in 2017/18 whilst the service undertakes a restructure. 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. 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 £172k cannot be mitigated further in the year, other reserves could be utilised to balance the shortfall made up of £94k from the Excluded Pupils reserve and £78k from the Adult Community Learning reserve.

10. School Improvement - This service is projected to overspend by £48k as a result of redundancy and pension strain costs as a result of restructuring.
11. 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**

12. The Directorate is projecting to outturn with an adverse variance of £300k at year end as detailed below.
13. 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.
14. Adult Services - It is projected that the service will outturn with a £700k overspend at year end. The Community Care Package budget could outturn with a variance of up to £900k by year end. The final outturn is difficult to predict due to a number of factors, however, as at 31st January 2017 deferred income received had exceeded the annual budget for 2016/17 and therefore a favourable variance of £200k has been included as part of the Community Care package heading. It should be noted that this is one off funding and is not guaranteed in future years. It is also anticipated that there will be a £200k underspend elsewhere in the budget due to early implementation of Reshaping Services savings and also by maximising the use of the Intermediate Care Fund (ICF) grant.

15. 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**

16. It is currently projected that this service will outturn within target at year end.
17. 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 and therefore it is currently projected that the budget will outturn on target.
18. Waste Management - There is currently an adverse variance of £29k 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 within Transportation.
19. Leisure Services - There is currently an adverse variance of £2k to the profiled budgets. The main reason is high repair costs for vehicles during the start of the Grounds Maintenance season. It is anticipated that this will reduce over the winter months and therefore it is currently projected that the overall budget will outturn on target.
20. Transportation - There is currently a favourable variance of £77k 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.
21. 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.
22. 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.
23. 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**

24. It is currently projected that this service will outturn within target at year end.

25. Resources - It is anticipated that this service will outturn within budget.
26. 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 been identified and work is currently being undertaken to improve the condition of difficult to let units in order to improve 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 un-achieved. The service has elsewhere held back on non-essential works and identified additional income streams to mitigate the loss of workshop and car parking income and hence, at this stage, it is still anticipated that this service will outturn on target.
27. Development Management - There remains an adverse variance on this budget, as Planning fee income remains down, due to the lack of major planning applications being submitted by developers. This is considered to be due to uncertainty in the development industry caused by the vote to leave the European Union and the recent legislative changes to the planning system which have delayed developers submissions. There has been some sign of improvement in recent months but it is unlikely that the budget will be balanced at year-end. It is very difficult to forecast final Planning fee income expected by March however the service is making all efforts to contain controllable costs to mitigate the situation.
28. Private Housing - There is currently a small favourable variance as Disabled Facility Grant fee income remains above profile. It is still anticipated that this service will outturn on target.
29. 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. However 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". The Final Revenue Proposals 2017/18 were presented to Cabinet on 20th February 2017 and outlined the proposed use of this funding.

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

30. As detailed in the body of the report.

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

31. As detailed in the body of the report.

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

32. There are no legal implications.

### **Crime and Disorder Implications**

33. There are no crime and disorder implications.

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

34. There are no equal opportunity implications.

## **Corporate/Service Objectives**

35. 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**

36. This report is for executive decision by the Cabinet.

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

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

## **Relevant Scrutiny Committee**

38. All

## **Background Papers -**

None

## **Contact Officer**

Carolyn Michael  
Operational Manager - Accountancy

## **Officers Consulted**

All Directors

## **Responsible Officer:**

Rob Thomas, Managing Director