

The Vale of Glamorgan Council

Corporate Performance and Resources Scrutiny Committee: 14th November 2018

Report of the Managing Director

Revenue Monitoring for the period 1st April to 31st August 2018

Purpose of the Report

1. To advise Scrutiny Committee of the position relating to the revenue budget for the period 1st April to 31st August 2018.

Recommendations

1. That the position with regard to the Authority's 2018/19 Revenue Budget be noted.
2. That the virement of £20k to the Regeneration budget with £16k being transferred from the Development Management budget and £4k from the Private Housing budget be noted.

Reasons for the Recommendations

1. That Members are aware of the projected revenue outturn for 2018/19.
2. To allocate savings targets for the year.

Background

2. On 28th February 2018, Council approved the Revenue and Housing Revenue Account (HRA) Budgets for 2018/19 (minute no 746 and 744 respectively). There is no planned drawdown from the Council Fund in 2018/19.

Relevant Issues and Options

3. The forecast for the 2018/19 Revenue and HRA budgets is for an outturn within target, however, there will be some unplanned drawdown from reserves in order to cover elements of overspending in addition to the planned use of reserves. At the time of writing, it is possible that some services will not achieve their savings target in full this year.

Directorate/Service	2018/19 Budget	2018/19 Projected Outturn	Variance Fav (+) Adv (-)
	£000	£000	£000
Learning and Skills			
Schools	84,458	84,458	0
Strategy, Culture, Community Learning & Resources	11,530	11,488	+42
Directors Office	232	205	+27
Achievement for All	4,650	5,071	(421)
School Improvement	1,058	1,013	+45
Unplanned use of reserves to fund overspend	0	(107)	+107
Additional savings to be found	0	(200)	+200
Social Services			
Children and Young People	15,235	15,235	0
Adult Services	46,644	46,644	0
Resource Mgt & Safeguarding	201	201	0
Youth Offending Service	728	728	0
Environment & Housing			
Neighbourhood Services & Transport	26,842	27,157	(315)
Unplanned use of reserves to fund overspend	0	(315)	+315
Building Services	0	0	0
Regulatory Services	2,239	2,239	0
Council Fund Housing	1,383	1,383	0
Public Sector Housing (HRA)	(21)	(21)	0
Managing Director & Resources			
Resources	497	497	0
Regeneration	2,055	2,055	0
Development Management	1,076	1,076	0
Private Housing	11,007	11,007	0
General Policy	12,218	12,218	0
Total	222,032	222,032	0

Learning and Skills

4. The forecast is showing an overspend of £200k after an anticipated use of reserves however the Directorate has been requested to look at ways of mitigating this position to deliver an outturn within budget at year end.
5. Schools - The delegated budget relating to schools is expected to balance as any under/over spend is carried forward by schools.
6. Strategy, Culture, Community Learning & Resources - It is anticipated that this budget will outturn with a favourable variance of £42k. There are favourable variances of £73k on staffing, £43k on Libraries, £10k on independent nursery placement costs, £20k relating to school repairs and £29k on the reversing of a commitment from a historic grant. Against this, there is an anticipated overspend of £133k on mainstream transport. This is mainly due to the increased price in certain contracts since a contractor's licence was revoked. These routes had to be retendered and there has been a general increase in prices. There will be a planned transfer from reserves of £552k. £312k will be required from the Schools Rationalisation reserve to fund one off costs in relation to the transformation of secondary schools in Barry, £187k of the Catering reserve will be used to invest in Catering equipment and update the service's ICT infrastructure, £28k will be transferred from the School Deferred Pension reserve to fund in year pension strain costs of early retirement and £25k will be transferred from the Schools Invest to Save reserve to fund redundancy costs in schools.
7. Directors Office - It is anticipated that this budget will outturn with a favourable variance of £27k due to a post being held vacant to partly mitigate the overspend elsewhere in the Directorate.
8. Achievement for All - It is anticipated that this service will overspend by £421k at year end before a transfer of £107k from reserves to fund overspends. The complex needs Out of County placements, independent placements and Looked After Children residential placements budget will overspend in total by £315k. There is an overspend of £99k relating to the resource bases and outreach teams. There is an overspend of £82k on the provision for pupils not educated at schools (EOTAS) and £25k in the Youth service due to one off restructuring costs, with both these overspends totalling £107k being funded from the Youth Service reserve. This adverse position will be offset by a favourable variance of £100k relating to recoupment income.
9. School Improvement - It is anticipated that this budget will outturn with a favourable variance of £45k due to a senior post being held vacant to partly mitigate the overspend elsewhere in the Directorate.

Social Services

10. As it is still early in the financial year, the forecast for Social Services is shown as a balanced budget. However, there will be considerable pressure on this service in the coming year and this position may not be achieved.
11. Children and Young People Services - The major issue concerning this service for the coming year will be the pressure on the children's placements budget given the complexities of the children currently being supported and the high cost placements some of these children require to meet their needs. Work continues to ensure that children are placed in the most appropriate and cost effective placements, however

in the context of this complexity of need and the national challenges in identifying placements, it is currently anticipated that this budget will overspend. 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 children looked after and/or the complexity of need. The service holds a reserve that could be accessed at year end to fund high cost placements if required.

12. Adult Services - The major issue concerning this service for the coming 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. At this early stage of the year, the outturn position is difficult to predict. The service also continues to be affected by the pressures of continued demographic growth, an increase in the cost of service provision, the Community Care Packages budget will have to achieve further savings this year. The service will strive to manage growing demand and will develop savings initiatives which may be funded via regional grants. Welsh Government has continued to provide Intermediate Care Fund (ICF) grant to Cardiff and Vale University Health Board to allow collaborative working between Health and Cardiff and the Vale Councils however the level of grant funding is not guaranteed on an ongoing basis.

Environment and Housing

13. Neighbourhood Services & Transport is currently projected to out-turn on budget, however, there are some areas of concern to highlight and reserves will be utilised.
14. Within the Waste Collection Service there is still pressure on employee and transport budgets due to downtime involved in travelling to Cardiff to dispose of waste. There has recently been a change to the use of a site within Cowbridge for some elements of waste which is anticipated to decrease the level of downtime currently experienced. £200k had been set aside for 2018/19 within the Neighbourhood Services Reserve with an aim to offset this budget pressure. Due to an increase in treatment charges within the recycling market, primarily as a result of China's decision to reject elements of mixed recycling, there is also a pressure within the recycling treatment budget. Again funding had been set aside in reserves for 2018/19 to cover this pressure however this is only a one-off funding stream and there will be a cost pressure on the budget in 2019/20 of approximately £430k.
15. The Reshaping Services savings target for Neighbourhood Services for 2018/19 is £951k. £375k of this saving relates to the remaining balance to be found from the recent restructure within Neighbourhood Services. The restructure has been effective from 1st April 2018 however due to the timescales and notice periods required, some staff have remained in post longer than anticipated. This may have some effect on the level of savings achievable. It is envisaged that the full £951k saving will not be made in this financial year and a shortfall of £315k is being reported. Plans for the remainder of the savings are currently being developed and will be reported to Cabinet in due course however the Neighbourhood Services Reserve will be required to meet any remaining shortfall in savings at year end.
16. Regulatory Services - The allocation of £2.239m 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 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.

17. Council Fund Housing - At this stage of the year, it is anticipated that this budget will outturn on target.
18. 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

19. It is early in the financial year, however, it is currently projected that this service will outturn within target at year end.
20. The initial savings target for the year relating to the Reshaping Tranche 3 Establishment Review has been re-apportioned across the directorate and therefore the following budget virement, which has not been included in the table above, is requested :-

	Virement £'000
Regeneration	+20
Development Management	-16
Private Housing	-4
TOTAL	0

21. Resources - A corporate savings target of £700k has been set for the year. Currently savings of £600k have been actioned. There are various small underspends in the division that will be used to ensure the service outturns within budget at year end.
22. Regeneration - This budget covers the Countryside, Economic Development and Tourism & Events functions. Although the forecast is again shown as a balanced budget, there remains concern over the income targets for car parking charges and commercial opportunities within the Countryside Division, where historic savings targets are unlikely to be achieved this year. Efforts will however be made to maintain a balanced budget by year-end.
23. Development Management - Planning application fee income has fallen behind target as at 31st August so, as in previous years, the position will be monitored closely. To mitigate any potential shortfall, the Section will continue to pursue the use of Planning Performance Agreements and other income generation such as pre-planning application advice to help support this regulatory process.
24. Private Housing - The income from Disabled Facility Grants (DFG) fees is behind profile at this point in the year and the reason for this is currently being investigated, however, it is anticipated that the service will outturn within budget by year end.
25. General Policy - It is anticipated that this service will outturn within budget.

2018/19 Savings Targets

26. As part of the Final Revenue Budget Proposals for 2018/19, a savings target of £6.298m was set for the Authority. Attached at Appendix 1 is a statement detailing the projected progress against savings targets for 2018/19. It is currently projected that there will be a shortfall against the savings target of £724k.

27. Each savings target has been given a RAG status. Green indicates that it is anticipated that the target will be achieved in full within the year, amber indicates that it is considered that the saving in the year will be within 20% of the target and red indicates that the saving to be achieved in year will be less than 80% of the target.
28. Neighbourhood Services and Transport - There is a savings target this year of £951k however it is currently anticipated that £636k will be achieved leaving a shortfall of £315k to be identified. Work is continuing to identify schemes to close this gap however any shortfall at year end will need to be funded from the Neighbourhood Services reserve.
29. Managing Director and Resources - As previously stated a saving of £700k has been allocated for 2018/19 however £600k has currently been identified for the year. Further work is being undertaken to identify additional savings and this shortfall may reduce by year end. It is anticipated that any shortfall at year end can be funded from savings elsewhere in the Directorate.
30. Council Wide - It is anticipated that the Commercial Opportunities savings target will have a shortfall of £178k this year. Work continues to explore new ways of generating income. Sponsorship of the summer events programme has yielded income for the first time with follow-up interest expressed in other opportunities. Changes to concessions for bulky item collections is forecast to increase income this year, in addition to the work to increase income within registration services, filming and additional website advertising. The Digital Strategy savings target is anticipated to have a £131k shortfall at year end. Work is underway to deliver digital projects focusing on customer and employee systems. Work to enhance the website and its functionality has commenced in order to shift customers to digital channels. Work is underway within the digital employee project to make efficiencies from digital recruitment and DBS management.

Resource Implications (Financial and Employment)

31. As detailed in the body of the report.

Sustainability and Climate Change Implications

32. As detailed in the body of the report.

Legal Implications (to Include Human Rights Implications)

33. There are no legal implications.

Crime and Disorder Implications

34. There are no crime and disorder implications.

Equal Opportunities Implications (to include Welsh Language issues)

35. There are no equal opportunity implications.

Corporate/Service Objectives

36. 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

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

Consultation (including Ward Member Consultation)

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

Relevant Scrutiny Committee

39. All

Background Papers - None

Contact Officer

Carolyn Michael
Operational Manager - Accountancy

Officers Consulted

All Directors

Responsible Officer:

Carys Lord
Section 151 Officer

Title of Saving	Description of Saving	Target Saving £000	Projected Saving	RAG Status	Update Comments, Issues & Actions	Relevant Scrutiny Committee	Project Manager
LEARNING AND SKILLS							
<u>Schools</u>							
Schools	General saving across all schools	824	824	Green	Allocated to schools via funding formula	Learning & Culture	Trevor Baker
Total Schools		824	824	Green	100%		
<u>Strategy, Culture, Community Learning & Resources</u>							
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	37	37	Green	Savings allocated and will be achieved in-year	Learning & Culture	Trevor Baker
Reshaping Services - Tranche 2	General saving across division	50	50	Green	Savings allocated and will be achieved in-year	Learning & Culture	Trevor Baker
Reshaping Services - Tranche 1	Additional Learning Needs saving reallocated to general service savings	26	26	Green	Savings allocated and will be achieved in-year	Learning & Culture	Trevor Baker
Reshaping Tranche 3 - Establishment Review	Review of various payments to staff and efficient utilisation of staff	22	22	Green	Savings allocated and will be achieved in-year	Learning & Culture	Trevor Baker
Total Strategy, Culture, Community Learning and Resources		135	135	Green	100%		
<u>School Improvement</u>							
Reshaping Services - Tranche 1	Additional Learning Needs saving reallocated to general service savings	77	77	Green	Savings allocated and will be achieved in-year	Learning & Culture	Trevor Baker
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	3	3	Green	Savings allocated and will be achieved in-year	Learning & Culture	Trevor Baker
Total School Improvement		80	80	Green	100%		
<u>Directors Office</u>							
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	8	8	Green	Savings allocated and will be achieved in-year	Learning & Culture	Trevor Baker
Total Directors Office		8	8	Green	100%		

Title of Saving	Description of Saving	Target Saving £000	Projected Saving	RAG Status	Update Comments, Issues & Actions	Relevant Scrutiny Committee	Project Manager
<u>Achievement for All</u>							
Reshaping Services - Tranche 1	Additional Learning Needs saving reallocated to general service savings	63	63	Green	Savings allocated and will be achieved in-year	Learning & Culture	Trevor Baker
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	22	22	Green	Savings allocated and will be achieved in-year	Learning & Culture	Trevor Baker
Reshaping Tranche 3 - Establishment Review	Review of various payments to staff and efficient utilisation of staff	12	12	Green	Savings allocated and will be achieved in-year	Learning & Culture	Trevor Baker
Total Achievement for All		97	97	Green	100%		
TOTAL LEARNING & SKILLS		1,144	1,144	Green	100%		
SOCIAL SERVICES							
<u>Childrens Services</u>							
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	41	41	Green	Savings allocated and will be achieved in-year	Health Living & Social Care	Rachel Evans
Reshaping Tranche 3 - Establishment Review	Review of various payments to staff and efficient utilisation of staff	61	61	Green	Savings allocated and will be achieved in-year	Health Living & Social Care	Rachel Evans
Total Childrens Services		102	102	Green	100%		
<u>Adult Services</u>							
Reshaping Services	Review of management of adult care packages and day services to be realised through a variety of delivery options	320	320	Green	Various initiative being undertaken	Health Living & Social Care	Suzanne Clifton
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	22	22	Green	Savings allocated and will be achieved in-year	Health Living & Social Care	Suzanne Clifton
Reshaping Tranche 3 - Establishment Review	Review of various payments to staff and efficient utilisation of staff	75	75	Green	Savings allocated and will be achieved in-year	Health Living & Social Care	Suzanne Clifton
Total Adult Services		417	417	Green	100%		
<u>Resource Management &</u>							

Title of Saving	Description of Saving	Target Saving £000	Projected Saving	RAG Status	Update Comments, Issues & Actions	Relevant Scrutiny Committee	Project Manager
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	35	35	Green	Savings allocated and will be achieved in-year	Health Living & Social Care	Amanda Phillips
Reshaping Tranche 3 - Establishment Review	Review of various payments to staff and efficient utilisation of staff	29	29	Green	Savings allocated and will be achieved in-year	Health Living & Social Care	Amanda Phillips
Total Resource Management & Safeguarding		64	64	Green	100%		
<u>Youth Offending Service</u>							
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	1	1	Green	Savings allocated and will be achieved in-year	Homes and Safe Communities	Rachel Evans
Total Youth Offending Service		1	1	Green	100%		
TOTAL SOCIAL SERVICES		584	584	Green	100%		
ENVIRONMENT AND HOUSING							
<u>Neighbourhood and Transport</u>							
Reshaping Services	Completion of the implementation of the new target operating model for service delivery for Visible Services and other service initiatives	775	522	Red	£375k of this saving is the balance of the recent restructure. There is a £147k saving from Regulatory Services. Further savings are in progress however it is unlikely that they will be achieved in 2018/19.	Environment & Regeneration	Emma Reed
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	52	52	Green	Saving pro-rated across all areas	Environment & Regeneration	Emma Reed
Reshaping Tranche 3 - Establishment Review	Review of various payments to staff and efficient utilisation of staff	124	62	Red	Recent restructure within Neighbourhood & Transportation has limited the potential to make additional staff savings.	Environment & Regeneration	Emma Reed
Total Neighbourhood and Transport		951	636	Red	67%		

Title of Saving	Description of Saving	Target Saving £000	Projected Saving	RAG Status	Update Comments, Issues & Actions	Relevant Scrutiny Committee	Project Manager
<u>Council Fund Housing</u>							
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	12	12	Green	Savings allocated and will be achieved in-year	Homes and Safe Communities	Mike Ingram
Reshaping Tranche 3 - Establishment Review	Review of various payments to staff and efficient utilisation of staff	9	9	Green	Savings allocated and will be achieved in-year	Homes and Safe Communities	Mike Ingram
Total Council Fund Housing		21	21	Green	100%		
TOTAL ENVIRONMENT AND HOUSING		972	657	Red	68%		
MANAGING DIRECTOR & RESOURCES							
<u>Regeneration</u>							
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	44	44	Green	Savings allocated and will be achieved in-year	Environment & Regeneration	Marcus Goldsworthy
Reshaping Tranche 3 - Establishment Review	Review of various payments to staff and efficient utilisation of staff	28	28	Green	Request to vire £16k to Development Services and £4k to Private Housing	Environment & Regeneration	Marcus Goldsworthy
Total Regeneration		72	72	Green	100%		
<u>Development Management</u>							
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	10	10	Green	Savings allocated and will be achieved in-year	Environment & Regeneration	Marcus Goldsworthy
Total Development Management		10	10	Green	100%		
<u>Private Housing</u>							
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	3	3	Green	Savings allocated and will be achieved in-year	Homes and Safe Communities	Marcus Goldsworthy
Total Private Housing		3	3	Green	100%		

Title of Saving	Description of Saving	Target Saving £000	Projected Saving	RAG Status	Update Comments, Issues & Actions	Relevant Scrutiny Committee	Project Manager
<u>Resources</u>							
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	113	113	Green	Savings allocated and will be achieved in-year	Corporate Performance & Resources	Carys Lord
Property Costs	Savings to be achieved through the Space Project, which is currently underway and due for completion in early 2018	303	303	Green	Provincial House lease surrender in November 2017 and full year saving to be achieved this year	Corporate Performance & Resources	Carys Lord
Reshaping Tranche 3 - Establishment Review	Review of various payments to staff and efficient utilisation of staff	62	62	Green	Savings allocated and will be achieved in-year	Corporate Performance & Resources	Carys Lord
Total Resources		478	478	Green	100%		
<u>Performance and Development</u>							
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	35	35	Green	Savings allocated and will be achieved in-year	Corporate Performance & Resources	Carys Lord
Reshaping Tranche 3 - Establishment Review	Review of various payments to staff and efficient utilisation of staff	13	13	Green	Savings allocated and will be achieved in-year	Corporate Performance & Resources	Carys Lord
Total Performance and Development		48	48	Green	100%		
Reshaping Services - Tranche 2	General savings across Corporate Services	700	600	Amber	Range of initiatives implemented however work is ongoing to finalise the remaining savings required	Corporate Performance & Resources	Carys Lord
TOTAL MANAGING DIRECTOR AND RESOURCES		1,311	1,211	Amber	92%		

Title of Saving	Description of Saving	Target Saving £000	Projected Saving	RAG Status	Update Comments, Issues & Actions	Relevant Scrutiny Committee	Project Manager
GENERAL POLICY AND COUNCIL WIDE							
Reshaping Tranche 3 - Commercial Opportunities	Savings resulting from a review of charging and income management. Income Generation and Commercial Opportunities Strategy 2017 - 2020 was presented to Cabinet on 23rd October 2017	275	97	Red	Work continues to explore new ways of generating income, in addition to inflationary increases for some fees and charges. Sponsorship of the summer events programme has yielded income for the first time with follow-up interest expressed in other opportunities. Changes to concessions for bulky item collections is forecast to increase income this year, in addition to the work to increase income within registration services, filming and additional website advertising	Corporate Performance & Resources	Carys Lord
Reshaping Tranche 3 - Digital Strategy	Implementation of savings as a result of the Digital Strategy approved by Cabinet in July 2017	200	69	Red	Work is underway to deliver digital projects focusing on customer and employee systems. Work to enhance the website and its functionality has commenced in order to shift customers to digital channels. Work is underway within the digital employee project to make efficiencies from digital recruitment and DBS management.	Corporate Performance & Resources	Carys Lord
Reshaping Tranche 3 - Procurement	More efficient and effective procurement of goods and services	212	212	Green	Majority of savings achieved from a reduction in the insurance budget	Corporate Performance & Resources	Carys Lord
Minimum Revenue Provision (MRP)	Audit Committee agreed change in methodology for calculating MRP in Jan 18	1,600	1,600	Green	Methodology changed from 1st April 2018	Corporate Performance & Resources	Carys Lord
TOTAL GENERAL POLICY/COUNCIL WIDE		2,287	1,978	Amber	86%		
COUNCIL TOTAL		6,298	5,574	Amber	89%		

Green = on target to achieve in full

Amber = forecast within 20% of target

Red = forecast less than 80% of target

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SHORTFALL