

THE VALE OF GLAMORGAN COUNCIL

CABINET: 4TH SEPTEMBER, 2017

REFERENCE FROM CORPORATE PERFORMANCE AND RESOURCES
SCRUTINY COMMITTEE: 20TH JULY, 2017

“177 REVENUE MONITORING FOR THE PERIOD 1ST APRIL TO 31ST MAY 2017
(MD) –

The Scrutiny Committee was updated by the Head of Finance of progress relating to revenue expenditure for the above period. Progress in respect of specific budgets was set out below.

Learning and Skills

The Directorate was projecting a balanced budget with an anticipated use of resources. However, the Head of Finance indicated that there would still be pressure on the service in the coming year.

Schools – The delegated budget relating to schools was expected to balance as any under / over spend was carried forward by schools.

Achievement for All – This service was anticipated to outturn at budget after drawing down £200,000 from the School Placement reserve. The recoupment income budget continued to be under significant pressure and would be monitored carefully over the coming months.

Other Services – At this early stage in the financial year, all other services were anticipated to outturn within budget.

The Directorate had requested to vire budget between service headings. A virement of £520,000 was required from the Achievement for All budget to the overall Schools budget in respect of the transfer of the out of county income budget for enhanced placements at Ysgol Y Deri.

Due to the senior management restructure and the allocation of savings, there were a number of virements required within the Directorate. These are summarised as follows:

	Virement £'000
School Improvement	-1
Strategy and Regulation	-8
Strategy, Community Learning and Resources	-62
Achievement for All	+71
TOTAL	0

The Committee noted that the virements in respect of certain services anticipating drawing down funding from reserves was set out in the table of information at paragraph 3 in the report.

Provision had also been made within the budget to make unsupported borrowing debt repayments in relation to the Schools Investment Strategy of £598,000 per annum and any favourable variance on debt repayments would be directed into the Schools Investment Strategy.

Social Services

As it was very early in the financial year, the forecast for Social Services was shown as a balanced budget. However, there would be great pressure on the service in the coming year and this position may not be achieved.

Children and Young People Services – The major issue concerning this service for the coming year would be the pressure on the children’s placements budget given the complexities of the children currently being supported. Work continued to ensure that children were 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 and / or the complexity of need. This budget would be closely monitored during the year.

Adult Services – The major issue concerning this service for the coming year would continue to be the pressure on the Community Care Packages budget. This budget was extremely volatile and was influenced by legislative changes such as the National Living Wage. At this early stage of the year, the outturn position was difficult to predict. Final negotiations regarding fee levels had yet to be concluded with service providers. The service also continued to be affected by the pressures of continued demographic growth and the Community Care Packages budget would have to achieve further savings this year. The service would strive to manage growing demand and would develop savings initiatives which may be funded via regional grants. Welsh Government had 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 was not guaranteed on an ongoing basis. Additional funding had been announced by Welsh Government recently. The Social Care Workforce Grant which totalled £10m across Wales had provided additional funding of £371,000 to the Council. A further £20m had also been announced by Welsh Government, however details as to the exact use and allocation to the Council had yet to be received.

Environment and Housing

It was early in the financial year, however, it was currently projected that this service would outturn within target at year end with an anticipated use of reserves.

Highways and Engineering – There was currently a £61,000 favourable variance against the profiled budget. The main reason was due to vacant posts currently

within the department, however, key posts had recently been filled by Agency staff therefore it was currently projected that the budget would outturn on target.

Waste Management – There was currently an adverse variance of £16,000 to the profiled budget. The variance to date was due to overspends on staffing and transportation costs. The Waste Management budget had been reduced in 2017/18 for further vehicle savings however the department was unlikely to be able to achieve these in the short term due to the increased distance that had to be travelled as all waste disposal points were now situated in Cardiff. Due to this, £200,000 was set aside in the Visible Services Reserve at the end of 2016/17 to offset these pressures in 2017/18. It was currently anticipated that the budget would outturn on target.

Leisure – There was currently an adverse variance of £15,000 to the profiled budget. The main reason was due to the high costs for vehicles during the start of the Grounds Maintenance season. It was anticipated that this would reduce over the winter months and therefore it was currently projected that the overall budget would outturn on target.

Transportation – There was currently a favourable variance of £11,000 against the profiled budget. Staffing costs within the division were lower than budgeted to date. There was also a slight underspend within the supported buses budget which was assisting the current favourable position. As it was early in the year, it was currently anticipated that this service would outturn on budget for 2017/18.

Visible Services Reshaping Services Savings Target – In 2017/18 there was a savings target of £525,000 allocated to Visible Services from the current Reshaping Services programme. The proposed means of achieving this saving had been approved by Cabinet on 24th April, 2017 and was through the introduction of a new target operating model for the service. This savings target had yet to be allocated to specific services and was being held centrally within the Visible Services budget pending the implementation of the new service model which was anticipated to commence from September 2017 onwards.

Regulatory Services – The allocation of £2.1666m represented the Vale of Glamorgan's budget for its share of the Shared Regulatory Service (SRS). A separate set of accounts was maintained for the SRS and periodically reported to the Shared Regulatory Service Joint Committee. At this stage in the year it was anticipated that the SRS would outturn on target.

Council Fund Housing – At this early stage of the year, it was anticipated that this budget would outturn on target.

Public Sector Housing (HRA) – The HRA was expected to outturn on target and any underspends in year would be offset by additional contributions to Capital Expenditure thus reducing the reliance on Unsupported Borrowing.

Managing Director and Resources

It was early in the financial year, however, it was currently projected that this service would outturn within target at year end.

Resources – It was anticipated that this service would outturn within budget.

Regeneration – This budget covered the Countryside, Economic Development and Tourism and Events functions. There was currently a favourable variance of £21,000 against the profiled budget due in the main to staff vacancy savings whilst awaiting for re-appointments to be made. At this stage it was anticipated that this service would outturn on target.

Development Management – There was currently a £27,000 favourable variance against the profiled budget for May, mostly due to staff vacancies and higher than anticipated Building Regulation fees to date. As it was early in the financial year it was anticipated that this service would outturn on target.

Private Housing – As it was very early in the financial year there was currently no variance to the profiled budget.

General Policy – It was anticipated that this service would outturn within budget.

2017/18 Savings Targets

As part of the Final Revenue Budget Proposals for 2017/18, a savings target of £4.017m was set for the Authority. Attached at Appendix 1 to the report was a statement detailing all savings targets for 2017/18. Some services were in the process of finalising options prior to full implementation. Updates on progress would be provided to Members during the year.

It was anticipated that the £244,000 Transport Review savings for Visible Services would not be achieved in full this year. As detailed earlier in this report, funding had been ringfenced in the Visible Service Fund to cover the projected shortfall for the service, of which £144,000 related to this savings target.

A Member, in referring to various factors of the report and in particular to Appendix A and savings proposals, expressed disquiet at the ongoing reduction of staff and queried the implications for services. Separately, he was also concerned at the reduction of corporate grants available to various organisations and the resulting impact on those organisations to undertake their various work aspects. In response and referring to savings in particular in Adult Services, she indicated that a Budget Board had been established to have oversight of the various saving requirements to be made by the service and discussions were currently ongoing regarding how these savings could be achieved and she anticipated that a further report would be available in time for the next meeting of the Scrutiny Committee. In regard to the Corporate Budget and in relation to the Corporate Centre savings in the sum of £1.4m were required to be found, she was confident that £800,000 of this amount would be achieved in the current financial year with a further £600,000 to be found in the next financial year. In relation to staff reductions, these related to service establishments' vacant posts and these would now be used to offset the savings required to be found in the current and next financial year.

In regard to grant support to third sector organisations, she referred to a recent report submitted to the Council's Community Liaison Committee with Town and

Community Councils and the Voluntary Sector Joint Liaison Committee following the approval by the Cabinet earlier in the year of new arrangements for grant funding built around drawing together existing funding streams including Section 106 funding and would now be called the “Stronger Communities Grant Fund”.

Another Member referred to the proposed arrangements set out in paragraphs 5 and 8 of the report and acknowledged the issues facing the Achievement for All budget and questioned the virement of £520,000 from the Achievement for All budget to the overall Schools Budget and considered it to be more appropriate to put this virement sum into a reserve whereby schools could draw down additional funding but under the expectation of providing a business case to do so. The Head of Finance indicated that the proposals to vire this amount to the Schools Budget would be closely managed, however once the virement had been made, it would be difficult to claw back the funding at a later date. The Member also referred to paragraph 14 of the report and made reference to the Community Care Budget and requested that an update report be provided on the position in regard to residential fees as soon as practicable. The Member also touched on the savings target required to be made by Visible Services and sought clarification regarding the amount of savings to be achieved relating to the Transport Review savings. The Head of Finance, in responding to this point, clarified the position indicating that Visible Services would be required to find £244,000.

The Chairman, in referring to the Out of County income budget for enhanced placements at Ysgol y Deri, expressed the view that officers should monitor the situation very closely and concurred with the suggestion of the Member regarding the placement of the proposed virement of £520,000 from the Achievement for All budget to the overall Schools Budget would be better managed by creating a reserve fund where schools could draw down additional funding but with the expectation of providing an appropriate business case to receive funding.

Having regard to the contents of the report and the above discussions, it was

RECOMMENDED –

- (1) T H A T the position with regard to the Authority’s 2017/18 Revenue Budget be noted.
- (2) T H A T Cabinet be requested to give consideration to creating a reserve for schools to draw down from for additional funding in regard to the proposed virement of £520,000 from the Achievement for All budget.
- (3) T H A T the virement of £71,000 to the Achievement for All budget with a reduction of £1,000 from the School Improvement budget, £8,000 reduction from the Strategy and Regulation budget and £62,000 from the Strategy, Culture and Community Learning and Resources budget be noted.

Reasons for recommendations

- (1) To apprise Members of the projected revenue outturn for 2017/18.

(2) To request Cabinet to put appropriate arrangements in place regarding the establishment of a reserve to ensure that schools made a business case when drawing down additional funding and to allow the budget spend to be appropriately monitored.

(3) To align the budget with organisational changes.”

Attached as Appendix – [Report to Corporate Performance and Resources Scrutiny Committee: 20th July, 2017](#)