

THE VALE OF GLAMORGAN COUNCIL

CABINET: 6TH NOVEMBER, 2017

REFERENCE FROM CORPORATE PERFORMANCE AND RESOURCES
SCRUTINY COMMITTEE: 19TH OCTOBER, 2017

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

The forecast for the 2017/18 Revenue and HRA budgets was for an outturn within target, however, some services were anticipating drawing down funding from reserves and details were provided in the report, details of which were outlined as below:

Learning and Skills

The forecast was showing an overspend of £86,000 after an anticipated use of reserves however, the Directorate was requested to look at ways of mitigating this position to deliver an outturn within budget at year end.

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

Strategy, Culture, Community Learning and Resources – It was projected that the service would outturn at a favourable variance of £73,000 after drawing down £105,000 from reserves.

Strategy and Regulation – It was anticipated that this service would breakeven at year end.

Achievement for All – This service was currently predicted to outturn with an adverse variance of £448,000 which would be partially met by transfers from reserves of £241,000 resulting in an adverse variance at year end of £207,000.

School Improvement – It was anticipated that this service would underspend by £48,000 due to a part year vacant senior post.

Provision had 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

The forecast for Social Services at year end was a potential overspend of around £1m due to pressure on the Community Care budget.

It was proposed that up to £1m be used this year from the Social Services Legislative Changes reserve to cover the shortfall. Cabinet would be provided with further details during the course of the year.

Environment and Housing

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 £129,000 favourable variance against the profiled budget.

Waste Management – There was currently an adverse variance of £132,000 to the profiled budget. The variance to date was due to overspends on staffing and transportation costs.

Leisure – There was currently an adverse variance of £28,000 to the profiled budget.

Transportation – There was currently a favourable variance of £16,000 against the profiled budget.

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.

Regulatory Services – The allocation of £2.166m represented the Vale of Glamorgan's budget for its share of the Shared Regulatory Service (SRS). At this stage in the year it was anticipated that the SRS would outturn on target.

Council Fund Housing – It was anticipated that this budget would outturn on target, however, this was after a planned transfer from reserves of £56,000 to fund specific posts and issues arising as a result of the introduction of the Housing Act.

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 currently projected that this service would outturn within target at year end.

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

Regeneration – There was currently a favourable variance of £23,000 against the profiled budget for August. All non-urgent repair works at the Council's Countryside sites were on hold as a consequence in order to achieve a balanced budget at year end.

Development Management – There was currently a favourable variance against the profiled budget for August, it was forecast that this service would outturn on target at year end.

Private Housing – There was currently a small favourable variance due to staff vacancies within the division.

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 had been set for the Authority. Attached at Appendix 1 to the report was a statement detailing each savings targets with an update of progress. Currently it was projected that there would be a shortfall of £584,000.

Medium Term Financial Plan (MTFP)

The matter had been considered earlier in the agenda under a separate agenda item.

The current MTFP assumed a reduction in WG funding of 3% for the years 2018/19, 2019/20 and 2020/21. This resulted in the requirement to find savings of £20.941m over this period, with £9.326m currently being identified. There were therefore further savings to be identified of £11.615m over the three year period. The latest Plan factored in a managed level of cost pressures, a notional increase in Council Tax of 2.6% each year, price inflation of 0.5% and annual pay awards of 1.6% each year from 2018/19.

A number of Members expressed concern regarding the intention to use circa £1m from the Social Services Legislative Change reserve. Members considered that it was premature to do so given that Social Services in the past in respect of the Community Care budget had successfully reduced the anticipated overspend by the financial year end. Members were also concerned that this reserve would be called upon to fund other overspends within the Service and to reduce the reserve by £1m would pose significant risk for the Council given that the reserve fund totalled £3.4m.

A Member referred to paragraph 8 of the report and indicated that the variance in regard to the Achievement for All service should be £166,000. In response, the Head of Finance indicated that she would check the figures. In addition, the Member also referred to his disappointment that the renewal area had yet to be established for Windsor Road, Penarth and separately, that the Committee should receive an update report in regard to the progress of the Transport Review. He also expressed

further concern at the likely cost implications for the Council should it need to implement the WG proposals for kerbside recycling sorting. In response to the Member's comment regarding kerbside recycling sorting, the Head of Finance indicated that discussions were still ongoing with the WG regarding the Council's circumstances.

Another Member referred to the Adult Services Community Care budget and also sought clarification regarding what funding had already been drawn down from the Social Services Legislative Change reserve and what further demands would be placed on the same from the Service. In response, the Head of Finance indicated that the Directorate was assessing measures to mitigate further budgetary pressures by commissioning services through different methods. Additional funding had also been drawn down from the Intermediate Care Fund, however, she shared the Committee's concern. She alluded to the WG cap on what Local Authorities could charge in terms of Community Care packages and reminded the Committee that WG had recently increased the capital allowance that could be retained by those entering into residential care.

Another Member referred to the delay in implementing the new Target Operating Model for service delivery for Visible Services and expressed his disappointment. In addition, he also queried the variance in respect of the Additional Savings to be found within the Learning and Skills Directorate in the amount of £86,000 being a favourable variance. In response, the Head of Finance indicated that the amount reflected an overspend and therefore should be reflected in the report as an adverse variance.

Another Member referred to the budget set for recoupment income from other Local Authorities that purchased placements at Ysgol y Deri and whether it would be likely that the situation would improve. In response, the Head of Finance indicated that it was unlikely given the increase in the number of pupils presenting with complex needs in the county, which had the knock on effect of reducing placements available for other Authorities to purchase. The Member's attention then turned to the projected overspend of £1m in respect of the Community Care budget and asked the Head of Finance at which point would the Council indicate that the budget was spent and there was no more funding available. In response, the Head of Finance indicated that the environment that Adult Services operated within was very difficult given the funding cap in place, which did not reflect the actual cost of providing care packages to individuals. Once an individual had presented themselves to the Council and had been assessed as requiring support, there was a statutory obligation to provide that care package. At this juncture another Member referred to the "graph of doom" and suggested that the graph be circulated to the Committee Members.

In summing up, the Chairman expressed similar views to those already expressed by the Committee and, in particular, shared the Committee's concern regarding the potential for a (£1m) to be drawn down from the Social Services Legislative Change reserve and considered that the matter should be drawn to the attention of the Cabinet.

Having regard to the above discussion, it was

RECOMMENDED –

(1) T H A T the Cabinet's attention be drawn to the Committee's concern regarding the proposal to draw down £1m from the Social Services Legislative Change reserve to fund the overspend in the Community Care budget, including the historical and ongoing overspend in the service area.

(2) T H A T the Head of Finance provide further clarification in regard to those matters raised by the Committee in relation to Cosmeston Country Park car park and country parks and Windsor Road Renewal Area, Penarth.

(3) T H A T the Head of Finance be requested to amend the report to reflect the additional savings to be found in regard to Learning and Skills (£86,000) as an adverse variance.

Reasons for recommendations

(1) To make the Cabinet aware of the Scrutiny Committee's concerns.

(2) To provide an update to Members on the areas of clarification referred to.

(3) To reflect accurately the information contained within the report.

Attached as Appendix – [Report to Corporate Performance and Resources Scrutiny Committee: 19th October, 2017](#)