

Meeting of:	Corporate Performance and Resources Scrutiny Committee
Date of Meeting:	Wednesday, 24 July 2019
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Revenue Monitoring for the Period 1st April to 31st May 2019
Purpose of Report:	To advise Scrutiny Committee of the Progress relating to revenue expenditure for the period 1st April to 31st May 2019
Report Owner:	Report of the Managing Director
Responsible Officer:	Carys Lord Head of Finance/ Section 151 officer
Elected Member and Officer Consultation:	Each Scrutiny Committee will receive a monitoring report on their respective areas. This report does not require Ward Member consultation
Policy Framework:	This report is for executive decision by the Cabinet
Executive Summary:	<ul style="list-style-type: none"> • The revenue position for 2019/20 is challenging with a savings target for the year being set at £3.020m. • Even though it is early in the financial year, adverse variances are being projected for a number of services this year.

Recommendations

1. That Scrutiny Committee consider the position with regard to the 2019/20 revenue and capital budgets.
2. That the virements required in the Learning and Skills directorate as a result of the management reorganisation be noted.

Reasons for Recommendations

1. That Members are aware of the projected revenue outturn for 2019/20.
2. To align the budget with the new management structure with the Learning and Skills directorate.

1. Background

- 1.1** On 8th March 2019, Council approved the Revenue Budget for 2019/20, minute no 835 and the Housing Revenue Account budget was approved on 27th February 2019, minute number 779. There is an approved drawdown from the Council Fund during 2019/20 of £2m.

2. Key Issues for Consideration

- 2.1** Even though it is early in the financial year, some services are anticipating adverse variances by year end and will not achieve their savings target in full this year.

Directorate/Service	2019/20 Original Budget £000	2019/20 Projected £000	Variance (+)Favourable (-) Adverse £000
Learning and Skills			
Schools	87,896	87,896	0
Strategy, Culture, Community Learning & Resources	11,110	11,110	0
Directors Office	234	234	0
Achievement for All	5,339	5,549	-210
Additional Savings to be Found	0	(210)	+210
School Improvement	1,030	1,030	0
Social Services			
Children and Young People	16,098	17,598	-1,500
Unplanned use of reserves to fund overspend	0	(1,500)	+1,500
Adult Services	47,957	47,957	0
Resource Management & Safeguarding	272	272	0
Youth Offending Service	741	741	0
Environment and Housing			
Neighbourhood Services & Transport	26,792	27,792	(1,000)
Unplanned use of reserves to fund overspend	0	(1,000)	+1,000
Building Services	0	0	0
Regulatory Services	2,041	2,041	0
Council Fund Housing	1,309	1,309	0
Public Sector Housing (HRA)	(21)	(21)	0
Managing Director & Resources			
Resources	14	14	0
Regeneration	2,057	2,057	0
Development Management	967	967	0
Private Housing	1,209	1,209	0
General Policy	23,032	23,032	0
Planned Use of Council Fund	(2,000)	(2,000)	0
Total	226,077	226,077	0

Learning and Skills

- 2.2** The Learning and Skills Directorate have a planned draw down from reserves for the year. The Directorate has been requested to look at ways of mitigating a projected overspend of £210k relating to Additional Learning Needs.
- 2.3** The Directorate has undergone a senior management restructure as reported to Cabinet on 17th December 2018, resulting in the establishment of a new Head of Standards and Provision and the re-designation of the Head of Achievement for All to Head of Additional Learning Needs and Well-being. The budget headings need to be re-aligned to reflect the new responsibilities as outlined in the Cabinet report and corresponding budget virements are identified in the table below. In addition, a £90,000 budget virement was made from the delegated Schools budget to the central education budget to fund the increase in pupils requiring hospital and home tuition for medical reasons. These virements have not been included in the table above.

	Original Budget £000	Virement £000	Amended Budget £000
Schools	87,896	(90)	87,806
Strategy Community Learning and Resources	11,110	18	11,128
Directors Office	234	(9)	225
Achievement for All	5,339	(5,339)	0
School Improvement	1,030	(1,030)	0
Additional Learning Needs and Wellbeing	0	2,380	2,380
Standards and Provision	0	4,070	4,070
TOTAL	105,609	0	105,609

- 2.4** Schools - The delegated budget relating to schools is expected to balance as any under/over spend is carried forward by schools.
- 2.5** Strategy, Culture, Community Learning & Resources - It is anticipated that this area will outturn at budget in the current financial year after a planned transfer from the Schools Rationalisation reserve of £136k to fund on going safeguarding and salary protection costs in relation to the transformation of secondary schools in Barry.
- 2.6** Achievement for All - The Additional Learning Needs and Wellbeing service is facing significant pressures due to the increase in children and young people with complex needs. This is placing huge pressure on current in-county provision which is over capacity. It has been necessary to create additional places by enhancing current provision in order to meet demand, particularly for those children with complex social emotional and mental health difficulties. These children and young people require specialist placements in small groups with very high levels of adult support. The estimated cost of establishing this provision in the current financial year is estimated at £210k, which would be funded from within the schools formula in future years. This is high cost

provision but is cost effective as it minimises the necessity for very high cost out of county placements.

- 2.7** At this early stage of the year it is anticipated that other areas of the directorate will outturn within budget.

Social Services

- 2.8** The forecast for Social Services is shown as a balanced budget however this is after a potential unplanned transfer from reserves of £1.5m.

- 2.9** Children and Young People Services - The major concern for this service is the continuing 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 the complexity of need and the national challenges in identifying placements, it is projected that this budget could overspend by around £1.5m this year. 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. In previous years Welsh Government have provided additional funding which has assisted the year end position however this cannot be guaranteed and relied upon at this early stage of the financial year. The service holds a reserve that could be accessed at year end to fund high cost placements if required.

- 2.10** Adult Services - This service is currently projecting a breakeven position, however, 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. 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 and 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

- 2.11** Neighbourhood Services & Transport - This service is currently projected to have an adverse variance of £1m against the 2019/20 budget. The savings target for 2019/20 is £932k. Plans for saving this amount are underway and being continually monitored however several of the proposed savings have a long lead in time therefore it is currently projected that only around half of the savings will be found in 2019/20.

- 2.12** Within the Waste Collection Service it is anticipated that there will be an adverse variance of around £450k. There is still pressure on employee and transport budgets due to downtime involved in travelling to Cardiff to dispose of waste. Cowbridge is currently being used as a temporary transfer station for elements of recycling material with the aim of reducing this downtime however additional resource is still being utilised. The planned future service changes to the waste collection service are likely to require further resource in the initial period of service change. There is also pressure on the budget due to the high price currently being paid to treat co-mingled recycling. The price has increased steadily over the last couple of years since China banned elements of recycling such as plastic into the country. Preparations are ongoing to enable the rollout of a kerbside sort method of recycling. It is anticipated that this will reduce the costs currently being spent on treating recycling however the rollout will be phased from around Autumn 2019 therefore the full benefit will not be achieved in 2019/20.
- 2.13** There is also currently a pressure of around £100k on the staffing budget at Barry Island. Due to the popularity of the resort additional resources have been utilised to maintain the expected cleanliness standards of the beach and promenade.
- 2.14** The Directorate is being requested to look at ways of mitigating a projected overspend however, it is anticipated that reserves will have to be utilised to balance this budget in the current financial year.
- 2.15** Regulatory Services - The allocation 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. It is anticipated that the SRS will outturn on target.
- 2.16** Council Fund Housing - It is anticipated that this budget will outturn on target.
- 2.17** 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

- 2.18** It is projected that Managing Director and Resources will outturn on target at year end.
- 2.19** Resources - It is currently anticipated that services under this heading will outturn within budget at year end.
- 2.20** Regeneration - This budget covers the Countryside, Economic Development and Tourism & Events functions. Although the forecast is shown as a balanced budget at year-end, there remains concern over the income targets for car parking charges and commercial opportunities within the Countryside Division, where there are historic savings targets that may not be able to be achieved this year. Efforts will again be made to achieve a balanced budget at year-end, but the situation will be closely monitored.
- 2.21** Development Management - Fee income is currently slightly ahead of target as a number of major applications have recently been received. In addition, staff movement has meant a slight underspend on staff costs. The Division is also

continuing to pursue the use of Planning Performance Agreements and other income generation such as pre-planning application advice to help support the regulatory process. At this early stage of the year it is anticipated that the budget will outturn on target.

- 2.22 Private Housing - The Division is currently on budget but there appears to be a continuing trend of a fall in the demand for Disabled Facilities Grants, which started last year and while the Division is projecting a balanced budget at year-end the situation will be closely monitored over the next quarter.
- 2.23 General Policy - As it is early in the financial year it is currently projected that this area will outturn within budget at year end.

2019/20 Savings Targets

- 2.24 As part of the Final Revenue Budget Proposals for 2019/20, a savings target of £3.020m was set for the Authority, excluding schools. Attached at Appendix 1 is a statement detailing all savings targets for 2019/20. Most services are anticipating achieving their savings target this year, however, Neighbourhood Services and Transport are projecting that they will achieve around half of their saving target. Also the CCTV saving will not be achieved this year.
- 2.25 Updates on progress against the savings targets will be provided to members during the year.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1 The revenue budget has been set in order to support services in the delivery of the Council's Well-being objectives. It is therefore important for expenditure to be monitored to ensure that these objectives are being delivered.
- 3.2 The revenue budget has been set and is monitored to reflect the 5 ways of working.
- 3.3 **Looking to the long term** - The setting of the revenue budget requires planning for the future and takes a strategic approach to ensure services are sustainable and that future need and demand for services is understood.
- 3.4 **Taking an integrated approach** - The revenue budgets include services which work with partners to deliver services e.g. Health via ICF.
- 3.5 **Involving the population in decisions** – As part of the revenue budget setting process there has been engagement with residents, customers and partners.
- 3.6 **Working in a collaborative way** – The revenue budgets include services which operate on a collaborative basis e.g. Shared Regulatory Service, Vale Valleys and Cardiff Adoption Service.
- 3.7 **Understanding the root cause of issues and preventing them** – Monitoring the revenue budget is a proactive way of understanding the financial position of services in order to tackle issue at the source as soon as they arise.

4. Resources and Legal Considerations

Financial

4.1 As detailed in the body of the report

Legal (Including Equalities)

4.2 There are no legal implications

5. Background Papers

None

Service	Title & Description	2019/20
LEARNING AND SKILLS		
Strategy, Culture, Community Learning & Resources		
Third Party Spend	Savings from external procurement	103
Total Strategy, Culture, Community Learning & Resources		103
Achievement for All		
Third Party Spend	Savings from external procurement	30
Total Achievement for All		30
School Improvement		
Consortium	Saving from contribution to Central South Consortium	29
Total School Improvement		29
TOTAL LEARNING AND SKILLS		162
SOCIAL SERVICES		
Childrens Services		
Psychology Support for Foster Carers	Savings from the commissioning of psychology support to offer a therapeutic service to foster carers	60
Digital Employee - Hybrid Mail	Savings from reduced postage due to hybrid mail	1
Third Party Spend	Savings from external procurement	88
Total Childrens Services		149
Adults Services		
Older Persons Day Services	Review of service provision	40
Maximising Reablement	Savings resulted from decreased on-going cost of packages of domiciliary care for people accessing services	100
Direct Payments	Converting existing clients to direct payments	50
Charging & Income Generation/Debt Recovery	Income from introducing charges for services as allowed by legislation	50
Review of Complex Cases		30
Digital Employee - Hybrid Mail	Savings from reduced postage due to hybrid mail	1
Third Party Spend	Savings from external procurement	107
Total Adults Services		378
Resource Management & Safeguarding		
Third Party Spend	Savings from external procurement	18

Service	Title & Description	2019/20
Total Resource Management & Safeguarding		18
TOTAL SOCIAL SERVICES		545
ENVIRONMENT AND HOUSING		
Neighbourhood Services and Transport		
Internal Waste	Review of arrangements for the internal disposal of residual waste	50
Passenger Transport	Review of service provision	36
Reshaping Services	Existing savings target	600
Business Support	Review of service provision	50
Community Buildings	Review of service provision	19
Digital Employee - Hybrid Mail	Savings from reduced postage due to hybrid mail	1
Third Party Spend	Savings from external procurement	176
Total Neighbourhood Services and Transport		932
Regulatory Services		
Shared Regulatory Service	Savings from collaborative service	102
Total Regulatory Services		102
Housing		
CCTV	Review of service provision	76
Third Party Spend	Savings from external procurement	30
Total Housing		106
TOTAL ENVIRONMENT AND HOUSING		1,140
MANAGING DIRECTOR AND RESOURCES		
Finance, ICT and Property		
Accountancy	Review of staffing structure	25
Internal Audit	Review of staffing structure	30
Fraud & Income Recovery	Reduction in fraud and recovery of income	75
Rental Income	Rent of office facilities	32
Discretionary Payments	Reduction in budget provision for discretionary payments	200
Digital Employee - Hybrid Mail	Savings from reduced postage due to hybrid mail	7
Third Party Spend	Savings from external procurement	119

Service	Title & Description	2019/20
Compliance	Review of Compliance arrangements	35
Universal Credit	Review of service provision following the rollout of Universal credit	20
Total Finance and ICT		543
HR		
Staffing Savings	Restructure of senior management	84
Digital Sickness Reporting/E Recruitment	Change of working practice	23
Digital Employee - Hybrid Mail	Savings from reduced postage due to hybrid mail	1
Third Party Spend	Savings from external procurement	6
Total HR		114
Legal and Democratic Services		
Software Savings	Savings from the introduction of new software	5
Members Printing	Reduction in printing	2
Legal Income	Generation of additional income	5
Records Management Unit	Digitisation of records and savings from office accommodation	7
Lease	Review of lease	3
Digital Employee - Hybrid Mail	Savings from reduced postage due to hybrid mail	6
Third Party Spend	Savings from external procurement	12
Fees and Charges	Inflationary uplift across appropriate fees and charges	8
Total Legal and Democratic Services		48
Performance and Development		
Digital Customer - e-Form Integration	Integration of e-forms with Oracle CRM for customer self-service	44
Third Party Spend	Savings from external procurement	22
Fees and Charges	Inflationary uplift across appropriate fees and charges	3
Total Performance and Development		69

Service	Title & Description	2019/20
Regeneration		
Third Party Spend	Savings from external procurement	25
Digital Employee - Hybrid Mail	Savings from reduced postage due to hybrid mail	1
Fees and Charges	Inflationary uplift across appropriate fees and charges	3
Total Regeneration		29
Development Management		
Planning Income	Income from various initiatives in Planning department	44
General Efficiencies	General budget review	60
Third Party Spend	Savings from external procurement	11
Total Development Management		115
Private Housing		
Third Party Spend	Savings from external procurement	3
Total Private Housing		3
TOTAL MANAGING DIRECTOR AND RESOURCES		921
Policy		
Digital Employee - Hybrid Mail	Savings from reduced postage due to hybrid mail	2
Third Party Spend	Insurance saving	250
Total Policy		252
TOTAL		3,020