

Executive Board
26th June 2017

| Council's Revenue Budget Monitoring Report | | |
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| Recommendations / key decisions required: That the Board receives the Budget Monitoring report. | | |
| Reasons: To provide the Executive Board with an end of year financial position in respect of 2016/17. | | |
| Relevant scrutiny committee to be consulted: NA | | |
| Exec Board Decision Required | YES | |
| Council Decision Required | NO | |
| EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:- Cllr. David Jenkins | | |
| Directorate: Corporate Services Name of Head of Service: Owen Bowen Report Author: Owen Bowen | Designations: Head of Financial Services | Tel No. 01267 224886 E Mail Addresses: OBowen@carmarthenshire.gov.uk |

EXECUTIVE SUMMARY

Executive Board

26th June 2017

Council's Revenue Budget Monitoring Report

The year end financial position for the financial year 2016/2017 is attached.

COUNCIL FUND REVENUE ACCOUNT(Appendix A)

The final outturn figures indicate an overspend for the year at departmental level of £1,093k. This has been offset by an underspend of £5,286k on capital charges and the resultant outturn means that the Authority forecasts a transfer of £523k to its general reserves.

Chief Executive's Department

The Chief Executive Department is showing an underspend at year end of £162k. In relation to the application of Standby, part year savings have already been identified and work is ongoing with the TIC teams in relation to delivering the full efficiencies identified.

The Regeneration, Policy and Property Division is underspent by £234k at year end. There are overspends of £20k on the Parry Thomas Centre following essential R&M work and Un Sir Gar of £37k due to a shortfall in income. There is a £21k overspend on Business Support as a result of a prior year premises efficiency based upon the intended sale of the Nant Y Ci offices. This has not taken place. The Policy division is overspent by £126k due to an unfunded post and an unachievable income target. There is also an unachieved efficiency within marketing and media of £32k until an ongoing service realignment is implemented . There is an overspend on Coroners due to increased salary and storage costs of £45k. These overspends are offset by £332k of staff vacancies in the division, backdated lease income received by tourism development of £30k and an underspend of £85k in the Property division due to increased rental income from commercial properties. A decrease in the anticipated Carbon Reduction Tax liability resulted in £33k underspend for that budget. Other planned underspends on Business Services of £46k were generated to offset the known Un Sir Gar overspend.

The Admin & Law division is showing a £230k underspend despite a Local Duplicating Centre overspend of £31k due to the decrease in printing across the authority and the corresponding income generation potential being lost. The division has staff vacancies totalling £130k, a £93k saving on Democratic due to supplies & services savings and members vacancies. There is also a £22k saving on franking machine leases following a rationalisation project.

The People Management & Performance Division is underspent by £161k. This is due to £71k of vacant posts in year along with a saving on Supplies & Services costs of £92k.

Department for Education and Children

The Department for Education and Children is returning a net overspend of £1,531k at year end.

The main adverse budget variations relate to: new school based EVR and redundancy costs £867k; additional Special Educational Needs statements £376k; increasing age profile (15-25 year olds) of Looked after Children requiring more costly support for longer £314k; Special Guardianship Orders to keep children with their families and Boarded Out Allowances £200k, rurality impact on Fostering staff and client travel £65k; School Modernisation property decommissioning and cost of sales £267k (which includes £149k NNDR); Out of County residential care placements £121k; Respite Units not achieving contribution from LHB £107k and the Music Service not achieving forecasted SLA income from schools £71k.

These are partially offset by under-spends across the department in: staff vacancies, secondments and maximisation of grants -£709k; ending of a Special Educational Needs out of County placement -£118k

Corporate Services

The Corporate Services Department is underspent at year end by £249k.

Both the Financial Services and the Audit, Risk and Procurement Divisions are reflecting underspends due largely to vacant posts of £230k and £74k respectively. The finance division is underspent on supplies and services by £28k and ICT is breaking even. Corporate Services Training is also under budget by £62k.

There is a £57k saving on audit fees due to a reduction in the number of grants being audited.

There is a large underspend on Council Tax Benefits of £360k and Rent Allowances of £437k due to changes in the number of claimants and a high rate of recovery on overpayments.

There is an overspend of £998k on Misc Expenditure despite a £26k underspend on subscriptions and a £50k reduction in ongoing pre LGR pension costs. This is due to an increase in the Authority's bad debt provision, along with financial support for Llanelly House, £350k, and the 3G pitch at Richmond Park, £150k, as approved by Exec Board on 13th March.

Department for Communities

The Department for Communities is forecasting an underspend of £65k for the year.

Older people/ PD is forecasting an underspend of £1,124k - this reflects the excellent work that has been undertaken to put in budgetary controls and effectively manage demand through improved assessment and preventative practice.

Residential and domiciliary care is broadly within budget, although because of recruitment challenges in this sector we have relied on the independent sector to deliver packages the in house service has been unable to deliver. The net reduction in this area is -£487k. Recruitment difficulties in social work and OT posts has led to a -£242k underspend. Plans are in place to address this.

A full Day service review is underway but implementation has been slower than expected and this has led to slower than anticipated reductions in spend with an overspend of £41k.

The Careline service has achieved higher than forecast income by -£249k and an additional -£369k has been received from the Intermediate Care Fund for intermediate care beds. Direct Payments have increased by more than budgeted by £182k.

The Learning Disability / Mental Health Division and Support Services has a projected overspend of £787k. This is due to increased Direct Payments packages of £245k, placement costs of £701k, a reduction in grant receivable for Workchoice £75k, and the review of grant payments to the voluntary sector which has slippage in 2016-2017 of £90k. These are offset by staff vacancies -£324k.

The overall position for the Housing Services and Public Protection shows an overspend of £98k made up of an underspend on Public Protection of £102k which is primarily from savings on supplies and services of -£57k across the service area and additional Trading Standards income of -£45k. This offsets the £200k overspend of Council Fund Housing which is a result of non-utilisation of reserve funding for Supporting People +£83k, and a Housing Benefit income target not met by +£117k relating to temporary accommodation / homeless activities.

The Leisure Services Division is forecasting an overspend of £174k mainly due to underachievement of income £80k and delay in implementing mobile library services £47k and additional premises costs £47k.

Environment

The department's outturn is a £38k overspend which will be met out of departmental reserves.

The Highways and Transport division produced a £147k underspend for the year due mainly to the vacant posts in the Rights of Way section (-£99k) and tender and service efficiencies in Passenger Transport (-£67k).

The Property Division had an overall underspend of £286k. This was predominantly due to a £261k saving on Administrative buildings' costs as a result of early delivery of 17/18 efficiency savings. The £135k overspend on Building Maintenance due to the reduction in work undertaken by Building Maintenance for the HRA was offset by underspends on Industrial Premises, County Farms and Livestock markets due to increased occupancy and rental income.

The Waste and Environmental Services divisional outturn was a £345k overspend at year end. The main variance was a £229k overspend on Grounds which included provision for all asset transfers completed during the financial year. This will produce efficiencies in the next year or two. Cleansing's overspend was £133k at year-end - a proposed efficiency has not been met due to sustained demands on the service and there was also a £51k overspend on green waste due to the purchase of wheelie bins prior to start of the service in 2017. These were offset by a £66k underspend on closed landfill sites due to the sustained success of the leachate plant.

The Business Support & Performance division was overspent by £135k mainly due to the admin

review not being implemented to date so the proposed efficiencies have yet to be realised along with temporary additional pay costs to support implementation of the business support review.

The Planning Division was £9k underspent at year-end due mainly to staff vacancies.

Capital Charges

£2.9m of the underspend is due to the change in the repayment of the Council's borrowing from a 4% reducing balance basis to a 'straight line' repayment basis of 2.5% approved by Council on 26th April 2017.

£2.3m is due to reduced borrowing/interest savings.

HOUSING REVENUE ACCOUNT (Appendix B)

The HRA is returning a £2k underspent.

Repairs and maintenance is £699k over budget, primarily due to an increase in jobs carried out on previous year (responsive and voids up 10%)

There has also been an additional direct revenue contribution of £376k to fund the capital programme for major void works.

Supervision and Management costs are forecasted to be underspent by -£166k primarily due to lower staffing costs -£202k through vacancies ,premises costs -£160k and travelling expenses - £2k offset by increased spend on supplies and services £308k and reduction in departmental and central recharges £83k.

There is a forecasted underspend on Capital Financing costs -£110k due to opening debt being slightly lower than forecasted therefore giving rise to principal and interest payments being slightly lower than originally estimated.

Reduction in the provision required for debt write-offs , based on arrears levels and age debt analysis at year end -£455k

Small reduction in income from forecast HRA balances,insurance and other income £15k

Rental income is forecasted to be -£278k higher due to lower level of Void loss. There is an increase in Service charge income of -£109k.

Lists of the main variances are attached to this report.

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| DETAILED REPORT ATTACHED ? | YES |
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IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: Owen Bowen

Head of Financial Services

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|---|-------------|------------|-------------|------------------------|-----------------------|-----------------|
| Policy, Crime & Disorder and Equalities | Legal | Finance | ICT | Risk Management Issues | Staffing Implications | Physical Assets |
| NONE | NONE | YES | NONE | NONE | NONE | NONE |

1. Finance

Council Fund

The final outturn figures indicate an overspend for the year at departmental level of £1,093 which has been offset by an underspend of £5,286k on Capital Charges of which £2.9m relates to the change in the Minimum Revenue Policy adopted by Council on 26th April 2017. The resultant outturn has meant that the Authority transferred £523k to its general reserves for the 2016/2017 financial year compared to a budgeted contribution of £65k

HRA

The HRA is forecasting that it will be £2k under its approved budget.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Owen Bowen

Head of Financial Services

1. Scrutiny Committee – Not applicable
2. Local Member(s) – Not applicable
3. Community / Town Council – Not applicable
4. Relevant Partners – Not applicable
5. Staff Side Representatives and other Organisations – Not applicable

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

| Title of Document | File Ref No. | Locations that the papers are available for public inspection |
|-------------------|--------------|---|
| 2016/17 Budget | | Corporate Services Department, County Hall, Carmarthen |