

Executive Board

16th March 2020

Council's Revenue Budget Monitoring Report

Recommendations / key decisions required:

That the Executive Board receives the Budget Monitoring report and considers the budgetary position and appropriate corrective action.

In light of the current forecast of a potential significant overspend at departmental level, Chief Officers and Heads of Service continue to critically review their budgetary positions and implement appropriate mitigating actions to deliver their services within their allocated budgets as a matter of urgency.

Reasons:

To provide the Executive Board with an update on the latest budgetary position as at 31st December 2019, in respect of 2019/2020.

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 Director:
Chris Moore

Report Author:
Randal Hemingway

Designations:

Director of Corporate Services

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EXECUTIVE SUMMARY

Executive Board

16th March 2020

The revenue budget monitoring reports for the period to 31st December 2019 are attached and indicate that:

COUNCIL FUND REVENUE ACCOUNT (Appendix A)

Overall, the monitoring report forecasts an end of year overspend of £2,750k on the Authority's net revenue budget with an overspend at departmental level of £4,055k. The most significant pressure points are within Education and Children's Services and the department needs to critically examine the current forecasted position.

Chief Executive's Department

The Chief Executive Department is anticipating an underspend of £298k for the year. This is made up of a £339k overspend relating to non-delivery of Corporate Savings and a £637k net underspend on operational budgets.

Corporate Savings: £290k Non-delivery of the efficiency proposal in relation to Health & Safety and a £49k shortfall in Standby efficiency delivery.

Operational budgets (£637k underspend):

The Chief Executive's section is anticipating an underspend of £3k due to a small saving on supplies and services.

There is an anticipated £100k underspend in the People Management section. £46k of this relates to posts that have been temporarily vacant during the year along with savings on supplies and services costs of £50k. There is also an underspend on DBS checks of £23k as less checks have needed to be processed during the year. This is offset by a £16k overspend on assessment centre credits which have to be bought in advance.

The ICT & Corporate Policy section are anticipating a £165k underspend largely due to part year vacant posts within the division.

Admin and Law are anticipating an underspend of £79k. This includes a £22k overspend on Land Charges due to a decline in demand for searches, and a £24k overspend in Legal services, as a result of an additional responsibility allowance and a regrading not being budgeted for. There were also small overspends on Democratic Services Support and Civic Ceremonial. This is offset by a £124k underspend in Democratic services on printing, Members allowances and an increase in Members time charged to the HRA.

The Marketing and Media section are anticipating a £25k net underspend. This is largely due to an overspend of £108k within Marketing and Media on salary costs pending a staffing review within the whole division, and also a loss of income streams from external partners (e.g. £80k from ERW). Potential alternative income streams are currently being sought. There is also a £23k overspend anticipated on events. This is offset by an underspend on staffing costs in the Customer Services centres of £92k, £28k underspend within the Translation unit, and £15k within Marketing Tourism Development all due to vacant posts. These will all form part of the divisional staffing review due to be completed in the near future.

The Electoral Services section is anticipating a £105k underspend for this financial year. This is due to £11k of additional income within Registrars following a statutory increase in fees, a £37k underspend in Electoral Services due to vacant posts and a £28k underspend on Coroners fees which fluctuates according to demand for the service. There is also an anticipated £29k underspend on Registration of Electors following receipt of a contribution from the Cabinet Office towards the costs of Individual electoral registration.

The Regeneration division is anticipating a £159k underspend for the year. This is made up of an overspend of £23k due to costs associated with meeting the Authority's objective to reduce carbon emissions in the forthcoming years; a net £9k overspend on admin buildings mainly due to a proposed rental income efficiency for Ty'r Nant no longer being achievable as the building is in the process of being sold; a £149k overspend at Nantyci Livestock market due to an anticipated shortfall in rental income and a £62k overspend on Provision Markets due to a reduction in lettings income as a result of market forces dictating that lettings rates are unable to keep up with budgeted income targets. This is offset by additional income of £104k in commercial properties and £135k in Industrial Premises due to high occupancy levels. County Farms is also expected to underspend by £62k due to high occupancy and very little need for Repair & Maintenance during the year. There is also an anticipated £35k underspend on Regeneration Management due to staff time being charged to the City Deal project and a vacant post in Property resulting in a £69k underspend.

Department for Communities

The Department for Communities is projecting an £679k overspend for the year

Performance data shows increased demographic pressure on demand in line with national information that shows a year on year increase in Older People of 3.4%. Cost of agency staff at residential homes is expected to be £73k overspent. This is a reduction from previous reported figures of £228k due to the application of recent Winter Pressures Funding. There has been a significant increase in demand for domiciliary care that has only been partly offset by a fall in residential care placements, £143k overspend. Integrated Care Fund initiatives such as Releasing Time to Care resulting in lower demand e.g. for double handed care packages are being applied to try to reduce these costs. Private sector homes are also feeling the impact of greater demand predicting £207k overspend.

Physical Disabilities services hold several vacancies (mainly occupational therapists) resulting in £77k savings. Performance data shows pressure on demand for Direct Payments with this client group which will result in an overspend of £152k.

In Learning Disability services there is an overspend in Employment & Training re slower than anticipated delivery of savings of £73k; staff vacancies across the Division of -£86k, and pressures on packages of care of £57k resulting in the LD net overspend of £44k.

Professional fees relating to increased number of Deprivation of Liberty Standards (DoLS) referrals will result in an overspend of £9k.

Leisure Services are predicting a nil variance.

Housing & Public Protection Services are predicting a £29k underspend mainly through slippage arising from appointing to vacant posts.

Corporate Services

The Corporate Services Department is projecting a £633k underspend for the year.

This is due to £412k of vacant posts, a £199k underspend in pre LGR pension costs and a £17k underspend on grant audit fees. There is also £26k of net additional income from a new S151 support arrangement with M&WWFA. This is offset by a £21k overspend for forensic analysis software which will be used to save money across the authority as a whole.

Department for Education and Children

The Department for Education and Children is forecasting a net overspend of £737k at year end.

The main adverse budget variations relate to: increased demand for Special Educational Needs provision £437k; school based EVR and redundancy costs £112k; Education Other Than At School £168k; School Modernisation property decommissioning costs £115k; One off net balances of closed schools transferring back to the department £53k; Music Service running costs (mainly staff) exceeding the SLA income from schools by £214k; Part cancellation of outstanding invoices from previous years following dispute with LHB regarding the partnership arrangement for Garreglwyd Residential Unit £94k, together with cost of increased support needed for young people with complex needs within the unit £42k; increased Out of County Placement costs £30k; increased costs associated with running Children's / Family Centre's £53k

This is partially offset by staff vacancies and the utilisation of additional grants and external income to support core spend -£590k.

Schools Delegated Budgets

Schools working budgets are predicting a net overspend in year of approximately £3.2m. This is based on current forecasts and evidence from individual schools budgets submitted, so remains subject to change between now and the end of the financial year as plans develop. The year-end position 2018/19 resulted in a net deficit on school reserves of £373k which is a significant change from the historical situation of holding healthy school reserves within the balance sheet. The position is being considered in detail by the Directors in liaison with Portfolio Members, with many meetings between council departments and schools having taken place. It is recognised that in many cases, it will take time to effect the changes necessary to balance individual school budgets, and therefore deficit recovery plans will be agreed on a school by school basis.

Environment

The department is anticipating an overspend of £369k for the financial year, largely due to pressures within Planning and School Transport. This shows a reduction of £306k from the October report which is as a result of management controls having been introduced to reduce overspends within the department.

The Waste and Environmental Services division is projecting a £19k overspend. There is a £56k anticipated overspend on green waste collection as it is not yet self-financing, and a third vehicle has now been introduced to cater for potential additional customers. The cleansing service is overspent by £56k. Service reviews have commenced to look at ways to reduce costs within this service. The Sustainable Drainage Approval Body Unit is likely to overspend by £88k for the year due to anticipated income not materialising based on current income trends. Landfill sites are also predicted to overspend by £20k due to Pencoed Landfill feasibility study and design costs. This is offset by an anticipated underspend of £117k in Waste Services as a direct result of policies adopted at the kerbside and at the recycling centres, to divert waste from black bags to recycling and food waste streams. There is also an anticipated £71k underspend on public conveniences as a result of the capital repayment element being deducted from the Danfo final quarter cost, due to the end of the contract term.

Highways and Transportation are anticipating a £80k overspend for the year. This is down to a projected £279k overspend on school transport due to increases in the number of pupils with additional learning needs, a number of successful appeals along with increased contractor costs, and an increased minimum wage. There is also a £100k anticipated overspend in car parks due to the temporary loss of spaces in St Peters car park, and also a general reduction in the volume of car parking fees. There has also been vacant Civil Enforcement Officers posts during the year leading to a reduction in penalty charge notices income. This is offset by a £156k underspend on Traffic Management due to an increase in income from Traffic regulation orders, and salary savings on 2 vacant posts during the year. Street Works and Highways adoption are also anticipating a £76k underspend due to additional income from highway adoption agreements. There are also savings on Bridge Maintenance and Road safety of £71k as a result of vacant posts during the year.

Planning Division is anticipating a £324k overspend for the year. There is a projected £438k shortfall in development management income, but this overspend is partially offset by a £40k saving as a result of in-year vacant posts, a £25k underspend in Minerals section as a result of an increase in planning applications, a £28k saving in Conservation due to an Ecologist post being recharged, along with additional income generated from running training courses at the Tywi centre of £14k.

The Property Division is anticipating an £18k underspend largely due to increased income generation within Property Design.

The Business Support Division is expecting to be £37k underspent, largely due to a few short-term vacant posts during the year.

HOUSING REVENUE ACCOUNT (Appendix B)

The HRA is predicting to be underspent by £480k for 2019/20. Repairs and Maintenance is likely to be overspent by £39k mainly due to additional servicing/breakdown costs; Supervision & Management is projecting an underspend of £260k mainly due to staff related costs and supplies. Capital financing charges will be £306k less than budgeted due to a slight reduction in interest rates and an underspend on the capital programme.

Income (inclusive of rents) will be decreased by approximately £47k. Rental income (£162k)/other income (mainly commission £160k) is forecast to be £322k. Rental income underachievement is due to void loss currently forecast as 3.24% compared to a budget of 2.1%. The increased void loss is the result of a greater number of voids than predicted and increased time to turnaround revenue voids. This is offset by additional forecast income in service charges/grant and insurance settlements £276k

Lists of the main variances are attached to this report.

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: **Chris Moore**

Director of Corporate Services

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

Council Fund

Overall, the Authority is forecasting an overspend of £2,750k.

HRA

The HRA is predicting to be underspent by £480k for 2019/20.

CONSULTATIONS

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

Signed: **Chris Moore**

Director of Corporate 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
2019/20 Budget		Corporate Services Department, County Hall, Carmarthen