

EXECUTIVE BOARD
23rd September 2019

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 30th June 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

Head of Financial Services

Tel No. 01267 224886
E Mail Addresses:

CMoore@carmarthenshire.gov.uk

Rhemingway@carmarthenshire.gov.uk

EXECUTIVE SUMMARY

EXECUTIVE BOARD

23rd September 2019

The revenue budget monitoring reports for the period to 30th June 2019 are attached and indicate that:

COUNCIL FUND REVENUE ACCOUNT(Appendix A)

Overall, the monitoring report forecasts an end of year overspend of £3,702k on the Authority's net revenue budget with an overspend at departmental level of £5,172k.

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 overspend of £397k for the year. This is made up of a £339k overspend relating to non-delivery of Corporate Savings and £58k overspend 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 (£58k overspend):

Chief Executive's section are anticipating an underspend of £14k due to a temporary part year vacant post within the business support unit.

There is an anticipated £54k overspend in People Management. This is predominantly due to a proposed efficiency within the Employee Well Being section not yet achieved in 2019-20. (£38k income generation from Pembs for the OH service)

ICT & Corporate Policy are anticipating a £33k underspend due to a staff vacancy within the Welsh Language section pending a team review.

Admin and Law are anticipating an overspend of £67k, this includes a £25k overspend on Land Charges due to a decline in demand for searches and a £38k overspend in Legal services as a result of an additional responsibility allowance and a regrading not budgeted for.

The Marketing and Media section are anticipating a £117k net underspend. This is due to an underspend on staffing costs in the Customer Services centres and Translation unit but an overspend in the Marketing and Media unit due to staffing. There is a review of staffing within the division currently being undertaken.

Electoral Services is anticipating breaking even for the year.

The Regeneration division is anticipating a £98k overspend for the year. This is largely due to £100k of costs associated with meeting the Authority's objective to reduce carbon emissions in the forthcoming years; a £50k overspend on admin buildings due to a proposed rental income efficiency of £50k for Ty'r Nant no longer achievable as the building is in the process of being sold; a £87k overspend at Nantyci Livestock market due to an anticipated shortfall in rental income and a £37k overspend on Provision Markets due to essential work at both sites. This is offset by £92k underspend on commercial properties and an £80k underspend in Industrial Premises due to high occupancy levels.

Department for Communities

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 £176k overspent due to workforce recruitment issues in parts of the county. There has been a significant increase in demand for domiciliary care that has only been partly offset by a fall in residential care placements (+£212k). 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 £90k overspend.

Physical Disabilities services hold several vacancies (mainly occupational therapists) resulting in £71k savings. Performance data shows pressure on demand as complexity of placement increases with this client group will result in an overspend of £158k.

In Learning Disability services there is an overspend on staffing in Coleshill Day Centre (£30k) due to complexity of clients overall for LD the net overspend will be £139k.

Professional fees relating to increased number of Deprivation of Liberty Standards (DoLS) referrals will result in an overspend of £45k.

Leisure Services are predicting a nil variance.

Housing & Public Protection Services are predicting a nil variance.

Corporate Services

The Corporate Services Department is projecting a £623k underspend for the year.

This is due to £478k of vacant posts, a £151k underspend in pre LGR pension costs, a £17k underspend on grant audit fees and a £9k reduction in our new bank contract costs,. There is also £27k of net additional income from a new S151 support arrangement with M&WWFA. This is offset by maternity cover costs of £36k and a £29k overspend in Revenues due to a credit card charges efficiency no longer being implemented due to a change in legislation.

Department for Education and Children (excluding Schools Delegated)

The Department for Education and Children is forecasting a net overspend of £659k at year end.

The main adverse budget variations relate to: increased demand for Special Educational Needs provision £106k; school based EVR and redundancy costs £78k; Education Other Than At School £235k; School Modernisation property decommissioning costs £77k; One off net balances of closed schools transferring back to the department £59k; School Meals service sickness cover and kitchens' maintenance £92k; Music Service running costs (mainly staff) exceeding the SLA income from schools by £142k; Legal costs within Childrens' Services £86k based on year to date demand.

This is partially offset by staff vacancies and the utilisation of additional grants to support core spend -£111k, along with -£103k for Childrens' Services Out of County placements based on existing placements.

Schools Delegated Budgets

Schools working budgets are predicting a net overspend in year of approximately £3m. 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, and a further report with corrective actions will be presented at the earliest opportunity.

Environment

The department is anticipating an overspend of £984k for the financial year, largely due to pressures within Planning, School Transport and Waste Services.

The Waste and Environmental Services division is projecting a £312k overspend. The Trade Waste transfer is not yet fully completed which has resulted in a £29k overspend, in addition, Clinical waste is showing a £43k overspend as a result of the service transfer postponement, due to complexity of ensuring appropriate service for all users. There has also been increased operational costs within refuse collection of £93k – temporary additional resource was required to service the new routes whilst they were being implemented. 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. We did not anticipate breaking even this financial year, as per the original business plan, but we are on track with growing the service as anticipated, with a view to being break even in future years. The cleansing service is overspent by £54k. Service reviews have commenced to look at ways to reduce costs within the service. There is also an anticipated overspend of £31k within Urban Parks for the year, the level of works is to be reviewed.

Highways and Transportation are anticipating a £250k overspend for the year. This is down to a projected £214k overspend on school transport due to increases in the number of pupils with additional learning needs being transported, a number of successful appeals along with increased contractor costs and an increased minimum wage. There is also a £26k anticipated overspend in car parks due to the temporary loss of spaces in St Peters car park

Planning Division is anticipating a £452k overspend for the year. There is a projected £493k shortfall in development management income, but this overspend is partially offset by additional income generated from running training courses at the Tywi centre.

The Property division is anticipating to broadly break even for the year.

The Business Support Division is expecting to be £46k underspent due to a few short term vacant posts during the year.

HOUSING REVENUE ACCOUNT (Appendix B)

The HRA is predicting to be underspent by £172k for 2019/20. Repairs and Maintenance is likely to be overspent by £25k mainly due to additional responsive repairs. Capital financing charges will be £212k less than budgeted due to a slight reduction in interest rates.

Income (inclusive of rents) will be underachieved by approximately £15k.

Lists of the main variances are attached to this report.

DETAILED REPORT ATTACHED ?

YES

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
--	----------------------	-----------------------	--------------------	---------------------------------------	--------------------------------------	--------------------------------

1. Finance

Council Fund

Overall, the Authority is forecasting an overspend of £3,702k.

HRA

The HRA is predicting to be underspent by £172k 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