

BRIDGEND COUNTY BOROUGH COUNCIL

INFORMATION REPORT TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE

5 OCTOBER 2017

REPORT OF THE HEAD OF FINANCE

BUDGET MONITORING 2017-18 – QUARTER 1 FORECAST

1.0 Purpose of this report

- 1.1 The purpose of this report is to provide Cabinet with an update on the Council's financial position as at 30th June 2017.

2.0 Connections to Corporate Improvement Objectives and Other Corporate Priorities

- 2.1 The budget monitoring report provides an overview of the current financial position and projected outturn for the year against the budget approved by Council in March 2017. The allocation of budget determines the extent to which the Council's corporate improvement priorities can be delivered.

3.0 Background

- 3.1 On 1st March 2017, Council approved a net revenue budget of £258.093 million for 2017-18, along with a capital programme for the year of £63.854 million, which has since been updated to £67.579 million taking into account new approvals. As part of the Performance Management Framework, budget projections are reviewed regularly and reported to Cabinet on a quarterly basis. The delivery of agreed budget reductions is also kept under review and reported to Cabinet as part of this process.

4.0 Current Situation

4.1 Summary financial position at 30th June 2017.

- 4.1.1 The Council's net revenue budget and projected outturn for 2017-18 is shown in Table 1 below.

Table 1- Comparison of budget against projected outturn at 30th June 2017

| Directorate/Budget Area | Original Budget 2017-18 £'000 | Revised Budget 2017-18 £'000 | Projected Outturn 2017-18 £'000 | Projected Over / (Under) Spend Qtr 1 2017-18 £'000 |
|------------------------------------|----------------------------------|---------------------------------|------------------------------------|---|
| Directorate | | | | |
| Education & Family Support | 108,448 | 108,452 | 108,284 | (168) |
| Social Services & Wellbeing | 64,683 | 64,762 | 66,768 | 2,006 |
| Communities | 23,858 | 23,791 | 23,866 | 75 |
| Operational & Partnership Services | 15,249 | 15,249 | 13,935 | (1,314) |
| Chief Executives and Finance | 3,886 | 3,886 | 3,579 | (307) |
| Total Directorate Budgets | 216,124 | 216,140 | 216,432 | 292 |
| Council Wide Budgets | | | | |
| Capital Financing | 10,184 | 10,184 | 10,184 | 0 |
| Levies | 7,020 | 6,940 | 6,956 | 16 |
| Apprenticeship Levy | 700 | 700 | 602 | (98) |
| Council Tax Reduction Scheme | 14,254 | 14,254 | 13,768 | (486) |
| Insurance Premiums | 1,559 | 1,559 | 1,559 | 0 |
| Building Maintenance | 900 | 900 | 900 | 0 |
| Pension Related Costs | 1,258 | 1,258 | 432 | (826) |
| Other Council Wide Budgets | 6,094 | 6,158 | 6,051 | (107) |
| Total Council Wide Budgets | 41,969 | 41,953 | 40,452 | (1,501) |
| | | | | |
| Total | 258,093 | 258,093 | 256,884 | (1,209) |

4.1.2 The overall projected position at 30th June 2017 is a net under spend of £1.209 million, comprising £292,000 net over spend on directorates and £1.501 million net under spend on corporate budgets. A detailed analysis of the more significant projected under and over spends is set out in section 4.3.

4.1.3 There have been a number of virements between budgets since the Medium Term Financial Strategy (MTFS) was approved by Council in March 2017. These include:

- Transfers of small amounts of corporately held funding to directorates in respect of the implementation of Welsh Language Standards.
- Transfer of corporately held funding for National Living Wage and Sleep-ins to the Social Services and Wellbeing directorate.
- Inflationary increases in respect of contractual arrangements, which had not been agreed at the time the MTFS was approved.
- Transfer of £68,000 MTFS budget pressure in respect of the Environment and Sustainable Development Grant from the Communities directorate budget to corporate budgets, following receipt of actual allocation for the financial year. The budget pressure had been allocated based on an estimate of likely grant to be received.

- 4.1.4 When the budget for 2017-18 was set, directorates were provided with funding for known pay and price inflation. The remaining provision was retained centrally within corporate budgets, to be allocated as further information was known about specific contractual price increases e.g. for energy. We are currently in the process of gathering information about increased energy prices for 2017-18, and early indications are that the cost could increase by up to 29%. In April 2017 gas prices increased as a result of volatility experienced by wholesale markets over the previous 6 months as prices reacted to factors as diverse as problems with gas storage, surging coal prices and changing weather conditions – cold weather from December to early February increased prices, whilst milder weather thereafter saw prices fall back again. Electricity prices also increased in April 2017 as a result of moving to renewable energy, the impact of changing suppliers and general market increases.
- 4.1.5 The total impact of these factors could be an increase in energy costs of between £750,000 and £1 million. We are working with the National Procurement Service to ascertain the impact on establishments and will amend budgets accordingly during the year.
- 4.1.6 The level of increase is such that there is a risk that there may not be sufficient funding available within corporate budgets for any other major price inflation increases, particularly as inflation rates are gradually increasing (CPI was 2.7% in May 2017 compared to 1.8% in January 2017), so the budget will need to be monitored closely during the remainder of the year.
- 4.1.7 The net budget for the financial year has been set assuming full implementation of the current year budget reduction requirements across the Council's budget, which amount to £5.852 million. Where proposals to meet this requirement have been delayed or are not achievable directorates have been tasked with identifying alternative proposals to meet their requirements such as vacancy management, or bringing forward alternative budget reduction proposals.
- 4.1.8 In March 2017 Council approved the Medium Term Financial Strategy for 2017-18 to 2020-21. This identified the need to develop recurrent budget reduction proposals, based on the most likely scenario, amounting to around £32.8 million over the next four years. Against that background it is essential that expenditure is kept within the overall approved budget and that longer term proposals continue to be developed so that the Council has as much flexibility as possible to meet the challenges which lie ahead.
- 4.1.9 At year end consideration will be given to requests from directors to carry forward any planned directorate under spends for specific purposes into the following year, in line with the Council's Reserves and Balances Protocol, as long as these can be met from within the Council's cash limited budget for 2017-18. This is in line with the reports to Cabinet and Council on the MTFs, and the Council's Financial Procedure Rules. Similarly, consideration will be given to any over spends to determine whether these should be carried forward as a first call on the directorate budget for the following year. Finally, outstanding prudential borrowing will be repaid, where possible, to reduce future capital financing charges. However, a decision will not be made until towards the end of the financial year when the overall outturn position is more definite.

4.2 Monitoring of Budget Reduction Proposals

Budget Reductions 2016-17

4.2.1 A report was presented to Cabinet on 27th June 2017 on Financial Performance 2016-17. In the report it was highlighted that, of the £7.477 million budget reduction proposals for 2016-17, £2.385 million were not met in full, with a shortfall in the financial year of £1.845 million. The report stated that these proposals would continue to be monitored alongside current year proposals, with mitigating action to achieve them to be identified. A summary of the latest position is attached as Appendix 1, which shows that while positive progress has been made, there remains an ongoing projected shortfall of £755,000 in 2017-18 against these specific proposals. This comprises the following budget reduction proposals set out in Table 2 below:

Table 2 – Monitoring of Budget Reductions 2016-17

| Ref | Budget Reduction Proposal | Target Saving £000 | Current Shortfall £000 |
|--------------|--|-------------------------------|-----------------------------------|
| RES40 | Change Out of Hours Service provided by Built Environment | 22 | 22 |
| ASC19 | Develop a Delivery Model for the Bridgend Resource Centre | 108 | 100 |
| CH25 | Reduction in Safeguarding LAC numbers and related reduction in costs | 357 | 357 |
| ASC6 | Management, Admin and Training Implement measures to achieve 7% and 5% across the 2 years | 76 | 26 |
| ASC23 | Changes in Workforce | 100 | 100 |
| CH22 | Remodelling of Children's Respite and Residential Care | 200 | 150 |
| Total | | 863 | 755 |

4.2.2 As outlined in the MTFs reports to Cabinet and Council, MTFs Principle 12 states that *“Resources are allocated to deliver the Bridgend Change Programme based on clear strategic plans that are kept under review by Corporate Directors to maintain alignment with the MTFs and a MTFs Budget Reduction Contingency will be maintained”*. A Budget Reduction Contingency was established in 2016-17 and used to partly mitigate shortfalls on a number of budget reduction proposals. This reserve was increased at the end of 2016-17 to provide capacity to support shortfalls on budget reduction proposals in 2017-18.

4.2.3 Directorates are seeking to identify mitigating actions to meet the balance of the 2016-17 budget reduction shortfalls in this financial year. In the longer term, these proposals must be realised or must be met through alternative budget reduction proposals in order to deliver a balanced budget position. These will continue to be closely monitored and draw down from the MTFs Budget Reduction Contingency will be made as part of the overall review of earmarked reserves during quarter 2.

Budget Reductions 2017-18

4.2.4 The budget approved for 2017-18 included budget reduction proposals totalling £5.852 million, which is broken down in Appendix 2 and summarised in Table 3 below. The current position is a projected shortfall on the savings target of £1.770 million, or 30% of the overall reduction target.

Table 3 – Monitoring of Budget Reductions 2017-18

| | Total Budget Reductions Required | Total Reductions Likely to be Achieved | Shortfall |
|--------------------------------------|---|---|------------------|
| DIRECTORATE /BUDGET AREA | £'000 | £'000 | £'000 |
| Education and Family Support | 577 | 485 | 92 |
| Schools | 869 | 869 | 0 |
| Social Services and Wellbeing | 2,244 | 1,029 | 1,215 |
| Communities | 806 | 452 | 354 |
| Operational and Partnership Services | 535 | 535 | 0 |
| Chief Executive | 414 | 305 | 109 |
| Council Wide Budgets | 407 | 407 | 0 |
| TOTAL | 5,852 | 4,082 | 1,770 |

A comparison of the RAG position against quarter 1 in 2016-17 is provided below:

| | 2017-18 | | 2016-17 | |
|--------------|----------------|-------------|----------------|-------------|
| | £000 | % | £000 | % |
| Green | 2,388 | 41% | 5,355 | 72% |
| Amber | 1,973 | 34% | 1,115 | 15% |
| Red | 1,491 | 25% | 1,007 | 13% |
| Total | 5,852 | 100% | 7,477 | 100% |

Whilst the overall budget reduction requirement for 2017-18 is less than in 2016-17, the overall value and percentage of reductions classed as RED is higher in 2017-18. In contrast, the number and percentage of reductions classed as GREEN is a lot lower, with fewer budget reduction proposals certain of being achieved. Any non-achievement will have a significant impact on the outturn position.

4.2.5 The most significant budget reduction proposals unlikely to be achieved include:

- EFS25 Collaboration of Education Psychology Service (£75,000);
- ASC17 Managed Service Reductions Residential and Respite Care (£414,000);
- CH25 Reduction in Safeguarding Looked After Children (LAC) numbers (£260,000);
- SSW1 Impact of the Prevention and Wellbeing agenda (£668,000);
- COM18 Reductions to the budget for the Materials Recovery and Energy Centre (MREC) (£200,000);

- o CEX3 To put Council Tax and some aspects of benefits online and to collaborate with others (£150,000)

The Education and Family Support Directorate has provided alternative recurrent budget reduction proposals from within the Inclusion Service to replace EFS25 as it will no longer be achieved. A SWOT analysis was completed and the Central South Consortium decided not to progress any further at this stage. The new proposals include removing vacant posts and reducing the equipment budget.

Appendix 2 identifies the projected amount of saving against these proposals and action to be taken by the directorate to mitigate the shortfall. Directors continue to work with their staff to deliver their proposals or alternatives and this is reflected in the forecast outturn for the year. During the financial year the Head of Finance will also consider applications from directorates to the MTFs Budget Reduction Contingency Reserve to mitigate some of the shortfalls.

4.3 Commentary on the financial position as at 30th June 2017

A summary of the financial position for each main service area is attached as Appendix 3 to this report and comments on the most significant variances are provided below. A further review will be undertaken of the projected outturn at quarter 2 and any draw down from earmarked reserves will be undertaken at that time.

4.3.1 Education and Family Support Directorate

The net budget for the Directorate for 2017-18 is £108.452 million. Current projections indicate an under spend of £168,000 at year end. The main variances are:

| EDUCATION & FAMILY SUPPORT DIRECTORATE | Net Budget | Projected Outturn | Projected Variance Over/(under) budget | % Variance |
|---|-----------------------|------------------------------|---|-----------------------|
| | £'000 | £'000 | £'000 | |
| Built Environment | 1,078 | 994 | (84) | -7.8% |
| Emotional Health and Behaviour | 1,397 | 1,350 | (47) | -3.4% |
| Catering Services | 718 | 619 | (99) | -13.8% |

Schools' Delegated Budgets

The schools' delegated budget is reported as balanced as any under or over spend is automatically carried forward into the new financial year before being considered by the Director of Education and Family Support in line with the 'Guidance on Managing School Surplus Balances'. Total school balances reduced by £1.288 million during 2016-17, down to £866,000, and for 2017-18 currently there are 21 primary schools, 3 secondary schools and 1 special school (48% of all schools) that are projecting a deficit balance at year end. In total the quarter 1 projections indicate an overall deficit balance for school delegated budgets of £1.186 million at year end.

Central Education and Family Support Budgets

Built Environment

- There are two MTFS budget reductions in respect of the Built Environment service which have been put on hold pending the Corporate Landlord Review. These relate to the out of hours service (£22,000 from 2016-17 MTFS) and the service level agreement with schools (£31,000 from 2017-18 MTFS). These proposals will be offset by savings generated from vacancy management within the service until the outcome of the review is known. There is an overall net under spend on the service of £84,000 arising from vacant posts held pending the outcome of the review.

Emotional Health and Behaviour

- The under spend of £47,000 is a combination of staff vacancy management on the Behaviour Support Service and education otherwise.

Catering Services

- The under spend of £99,000 has arisen as a result of higher demand for meals than anticipated when the budget was set. Close monitoring will be required to see if there is any impact on take-up from the increase in school meal prices by 10 pence in September 2017.

4.3.2 Social Services and Wellbeing Directorate

The Directorate's net budget for 2017-18 is £64.762 million. Current projections indicate an over spend of £2.006 million at year end prior to any draw down from earmarked reserves. The main variances are:

| SOCIAL SERVICES AND WELLBEING DIRECTORATE | Net Budget | Projected Outturn | Projected Variance Over/(under) budget | % Variance |
|---|-------------------|--------------------------|---|-------------------|
| | £'000 | £'000 | £'000 | |
| Older People Home Care | 8,487 | 8,253 | (234) | -2.8% |
| Other Services to Older People | (315) | 35 | 350 | -111.1% |
| Assessment & Care Management (adult services) | 4,692 | 4,341 | (351) | -7.5% |
| Learning Disabilities Home Care | 5,714 | 6,005 | 291 | 5.1% |
| Other Services to Adults with Learning Disabilities | (166) | 135 | 301 | -181.3% |
| Mental Health Supported & Other Accommodation | 69 | 161 | 92 | 133.3% |
| Looked After Children (LAC) | 10,690 | 11,578 | 888 | 8.3% |

Older People Home Care

- There is a projected under spend of £234,000 as a result of staffing vacancies and increased client contributions. The budget will be monitored during the year to determine whether or not this additional income is a permanent increase which could result in realignment of budgets.

Other Services to Older People

- There is a projected over spend of £350,000 across budgets for older people in general as a result of projected non-achievement of MTFS budget reductions in respect of the implementation of the prevention and wellbeing agenda

(£668,000 for 2017-18 across all services). The budget reduction proposal included development of the Community Resource and Reablement services, the increased use of Assistive Technology to enable people to stay independent and the development of a Local Community Co-ordination plan and the Ageing Well Strategy. It was anticipated that these proposals would lead to cost avoidance, lower demand and increased value for money.

Assessment and Care Management

- There is a projected under spend of £351,000 on all assessment and care management budgets, including £225,000 on assessment and care management for people with physical disabilities, arising mainly from staff vacancies, although the directorate is hoping to fill some of these posts during the year.

Learning Disabilities Home Care

- There is a projected over spend of £291,000 as a result of additional staffing costs arising from increased needs of residents and the complex nature of their requirements.

Other Services to Adults with Learning Disabilities

- There is a projected over spend of £301,000 across budgets for people with Learning Disabilities in general as a result of projected non-achievement of MTFs budget reductions relating to the implementation of the prevention and wellbeing agenda (£668,000 for 2017-18 across all services), as referred to earlier. This is in addition to an outstanding MTFs budget reduction of £100,000 from 2016-17 in respect of remodelling day services provision at Bridgend Resource Centre. The directorate is currently in the process of developing plans to meet outstanding budget reductions.

Adult Mental Supported and Other Accommodation

- A projected over spend of £92,000 is likely as a result of lower income than anticipated and non-achievement of the MTFs budget reduction in respect of the development of income streams for specialist Mental Health placements. The service is considering other areas to achieve the budget reductions.

Looked After Children (LAC)

- There is a projected over spend of £888,000 on LAC. MTFs budget reductions have resulted in the budget being reduced by around £1 million over the last three years. The budget reduction for 2017-18 was £260,000.
- The over spend is partly as a result of the implementation of a new model for residential services which has taken some time to establish due to the need for significant research, consultation and options appraisals, and the slower than anticipated safe reduction of looked after children. Project plans for both of these areas are now in place and the required work has gathered momentum, with significant capital work taking place in 2017-18. The plan to place more children into in-house foster placements is now in place but due to the time taken to put arrangements into place, the full saving is not likely to be realised in 2017-18.
- The number of LAC at the end of May was 389, with 11 children currently in out of county residential placements, with some individual placements costing around £220,000 per annum, and 93 in independent fostering placements

(IFAs). There are 9 children in IFAs who will turn 18 this year and therefore slightly reduce the pressure on the budget.

- The budget is closely monitored to ensure that the current over spend is reduced and that the budget for 2017-18 is effectively managed.

4.3.3 **Communities Directorate**

The net budget for the Directorate for 2017-18 is £23.791 million and the current projection is an anticipated over spend of £75,000. The main variances are:

| COMMUNITIES DIRECTORATE | Net Budget | Projected Outturn | Projected Variance Over/(under) budget | % Variance |
|--------------------------------|-------------------|--------------------------|---|-------------------|
| | £'000 | £'000 | £'000 | |
| Waste Disposal | 4,613 | 4,813 | 200 | 4.3% |
| Highways Service (DSO) | 2,459 | 2,309 | (150) | -6.1% |
| Fleet Services | (47) | 103 | 150 | -319.1% |
| Car Parking | (376) | (116) | 260 | -69.1% |
| Engineering Services | 129 | (71) | (200) | -155.0% |
| Streetscene Support | 304 | 224 | (80) | -26.3% |
| Property Staffing | 834 | 634 | (200) | -24.0% |
| Property Commercial Income | (341) | (211) | 130 | -38.1% |

Waste Disposal

- There is a budget reduction target of £200,000 for 2017-18 in respect of the MREC. The procurement exercise with Neath Port Talbot Council to secure a new operator for the facility is still ongoing, therefore the full MTFs saving is currently projected as an over spend. The directorate will not know whether it will receive any funding from the MTFs Budget Reduction Contingency Reserve towards this until later in the financial year.

Highways Services

- There is a projected under spend of £150,000 as a result of extra work with the South East Wales Trunk Road Agency (SWTRA), as a result of additional requirements in respect of trunk road maintenance from the Council. The projected higher level of income will need monitoring during the financial year to ensure it is achieved.

Fleet Services

- There is a projected over spend across the service, in line with 2016-17, due to a downturn in income arising from reduced spend by directorates. The service will look to mitigate this during the financial year.

Car Parking

- There is a projected over spend across the service of £260,000. Part of this is due to the projected non-achievement of the 2017-18 budget reduction target of £50,000 pending a review of car park charges, including staff and members, and part refers to the outstanding budget reduction proposal from 2015-16 in

respect of charging for parking for blue badge holders. The review was deferred pending further information from the Welsh Government on the Town Centre Free Car Parking Pilot Scheme for 2017-18. Until the review of car parking is complete and a decision made on the way forward the service has identified other mitigating actions to meet the shortfall in 2017-18, including additional energy savings from street lighting, and engineers' income. The car parking review has now been commissioned and the outcomes of the review will be taken forward, but it is unlikely that a full year saving will be realised.

Engineering Services

- There is a projected under spend across the service of £200,000 as a result of a projected higher than budgeted level of income. This is due to the balance of work on EU/non EU funded projects compared with previous years and the differing chargeable rates allowed.

Streetscene Support

- There is a projected under spend across the service of £80,000 as a result of staffing vacancies and efficiencies on non-staffing budgets pending future MTFS budget reduction targets.

Property Staffing

- There is a projected under spend across the service of £200,000 as a result of staff vacancies in the service. This service is within the scope of the Corporate Landlord review, so may be impacted by the outcome of that review.

Property Commercial Income

- There is a projected over spend of £130,000 as a result of under occupancy of the Innovation Centre, as a result of difficulties in attracting tenants.

4.3.4 Operational and Partnership Services Directorate

The net budget for the Directorate for 2017-18 is £15.249 million and current projections anticipate an under spend against this budget of £1.314 million. The main variances are:

| OPERATIONAL AND PARTNERSHIP SERVICES DIRECTORATE | Net Budget | Projected Outturn | Projected Variance Over/(under) budget | % Variance |
|---|-------------------|--------------------------|---|-------------------|
| | £'000 | £'000 | £'000 | |
| Housing Options and Homelessness | 882 | 716 | (166) | -18.8% |
| Community Safety | 113 | 40 | (73) | -64.6% |
| Legal | 1,922 | 1,751 | (171) | -8.9% |
| Customer Services | 1,322 | 1,075 | (247) | -18.7% |
| ICT | 3,792 | 3,414 | (378) | -10.0% |

Housing Options and Homelessness

- This is mainly as a result of reduced costs on temporary accommodation, but also vacancy savings. A review of budget heads particularly in the use of grant funding is being undertaken, the staffing structure is under review and there is

planned spending on updating facilities for the homeless. Any resultant savings will be put towards the MTFs for next year.

Community Safety

- There is a projected under spend of £73,000 on this area, arising from staffing vacancies pending a restructure of the service.

Legal Services

- The under spend on legal services is partly due to an increase in recovery of legal costs, and an under spend on legal costs and disbursements, totalling £142,000. These will be built into the MTFs as budget reductions for 2018-19.

Customer Services

- The under spend relates partly to posts frozen in preparation for future MTFs savings (£53,000), in addition to savings arising from a temporary secondment to progress digital transformation, which is funded from an earmarked reserve (£62,000), and under spends on superannuation costs (£35,000). The balance relates to current vacancies to be reviewed for future additional MTFs savings.

ICT

- The under spend is as a result of vacancies within the team, along with an under spend of approximately £275,000 on software licences, due to a proactive approach to the rationalisation of software across the Council when the opportunity arises. The majority of the savings on software are ring-fenced for 2018-19 MTFs savings.

4.3.5 Chief Executives and Finance

The net budget for the Directorate for 2017-18 is £3.886 million and current projections anticipate an under spend against this budget of £307,000. The main variances are:

| CHIEF EXECUTIVES AND FINANCE | Net Budget | Projected Outturn | Projected Variance Over/(under) budget | % Variance |
|-------------------------------------|-------------------|--------------------------|---|-------------------|
| | £'000 | £'000 | £'000 | |
| Internal Audit | 310 | 243 | (67) | -21.6% |
| Housing Benefits Administration | 689 | 593 | (96) | -13.9% |
| Taxation and Sundry Debtors | 39 | 197 | 158 | 405.1% |
| Housing Benefits Payments | (7) | (292) | (285) | 4071.4% |

Internal Audit

- The under spend mainly relates to a rebate in respect of a reduced number of audit days received in the 2016-17 financial year as a result of staff vacancies within the service. There is currently a review of the staffing structure in progress.

Housing Benefits Administration

- There is an under spend in respect of the administration of housing benefit arising mainly from staffing vacancies, but also changes in staffing hours and additional annual leave purchases.

Taxation and Sundry Debtors

- There is a projected shortfall of £106,000 on income from court costs, as well as an over spend on staffing arising from the delay in implementing channel shift, and the subsequent change in staffing required. In addition, the MTFS proposal to implement fines for non-return of Single Person Discounts will not be operational until the end of the financial year so will not generate any savings in 2017-18.

Housing Benefits Payments

- The gross budget is £48.167 million, which is offset by £48.178 million of income, the majority of which is housing benefit subsidy. There is a projected under spend arising from strong performance in recovery of over-payments, totalling £122,000, and £170,000 under spend as there is no longer a requirement to establish a bad debt provision from this budget.

4.3.6 Council Wide budgets

This section includes budgets, provisions and services which are council wide, and not managed by an individual directorate. The budget is £41.953 million and the projected outturn is £40.452 million, resulting in a projected under spend of £1.501 million. The main variances are detailed below:

| COUNCIL WIDE BUDGETS | Net Budget | Projected Outturn | Projected Variance Over/(under) budget | % Variance |
|------------------------------|-------------------|--------------------------|---|-------------------|
| | £'000 | £'000 | £'000 | |
| Council Tax Reduction Scheme | 14,254 | 13,768 | (486) | -3.4% |
| Pension Related Costs | 1,258 | 432 | (826) | -65.7% |
| Other Council Wide Budgets | 6,158 | 6,051 | (107) | -1.7% |

Council Tax Reduction Scheme

- The projected under spend of £486,000 is a result of lower demand than forecast for the Council Tax Reduction Scheme. This a demand led budget which is based on full take up, but actual take up is not known until year end. There was a £300,000 budget reduction in the MTFS for 2017-18 and further reductions are likely for future years.

Pension Related Costs

- The projected under spend of £826,000 is a consequence of low demand on the budget for auto enrolment, as the September 2017 deadline for take-up comes closer, and low demand for funding in respect of other in-year pension or national insurance pressures.

Other Council Wide Budgets

- The under spend of £107,000 is a combination of reduced requirements for funding of budget pressures as well as an under spend on the Glamorgan Records Office, following the repayment of prudential borrowing in 2016-17.

It should be noted that this projection could change significantly during the financial year, depending on inflationary increases referred to in section 4.1, the extent of inclement weather during the winter period and further demands on the Council Tax Reduction Scheme. At this point in the financial year it is prudent to assume that all other budgets will be fully spent by year end.

These budgets are being reviewed as part of the MTFs 2018-19 to 2021-22 and will be subject to significant reductions over the life of the MTFs.

4.4 Capital programme monitoring

4.4.1 This section of the report provides Members with an update on the Council's capital programme for 2017-18. The original budget approved by Council on 1st March 2017 has been further revised and approved by Council during the year to incorporate budgets brought forward from 2016-17 and any new schemes and grant approvals. The revised programme for 2017-18 now totals £67.579 million, of which £47.672 million is met from BCBC resources, including capital receipts and revenue contributions from earmarked reserves, with the remaining £19.907 million coming from external resources.

4.4.2 Appendix 4 provides details of the individual schemes within the capital programme, showing the budget available in 2017-18 compared to the projected spend. Commentary is provided detailing any issues associated with these projects. £11.085 million of funding is to be slipped into 2018-19 for schemes not anticipated to be completed in 2017-18.

4.4.3 At this point in the financial year, and following discussions with directorates, it is assumed that all other projects will be in line with the budget as set out in Appendix 4. However, this will depend upon scheme progress during the financial year and any inclement weather experienced, which may place additional pressure on project timescales.

5.0 Effect upon policy framework & procedural rules

5.1 As required by section 3 (budgetary control) of the Financial Procedure Rules; Chief Officers in consultation with the appropriate Cabinet Member are expected to manage their services within the approved cash limited budget and to provide the Chief Finance Officer with such information as is required to facilitate and monitor budgetary control.

6.0 Equality Impact Assessment

6.1 There are no implications in this report.

7.0 Financial implications

7.1 These are reflected in the body of the report.

8.0 Recommendations

8.1 Cabinet is requested to note the projected revenue and capital outturn position for 2017-18.

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Background Papers

Individual Directorate Monitoring Reports
MTFS Report to Council – 1st March 2017