

## BRIDGEND COUNTY BOROUGH COUNCIL

### REPORT TO THE CORPORATE OVERVIEW AND SCRUTINY COMMITTEE

25 SEPTEMBER 2019

#### REPORT OF THE INTERIM HEAD OF FINANCE

#### BUDGET MONITORING 2019-20 – QUARTER 1 REVENUE FORECAST

##### 1.0 Purpose of this report

1.1 The purpose of this report is to provide the committee with an update on the Council's revenue financial position as at 30th June 2019 and virements over £100,000, which was approved by Council on the 24<sup>th</sup> July 2019.

##### 2.0 Connections to Corporate Improvement Objectives / Other Corporate Priorities

2.1 This report assists in the achievement of the following corporate priorities:-

1. **Supporting a successful economy** – taking steps to make the county a good place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions of all people in the county.
2. **Helping people to be more self-reliant** – taking early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.
3. **Smarter use of resources** – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

2.2 The allocation of budget determines the extent to which the Council's corporate priorities can be delivered.

##### 3.0 Background

3.1 On 20th February 2019, Council approved a net revenue budget of £270.809 million for 2019-20, along with a capital programme for the year of £36.157 million. Council also approved a new Capital Strategy, which demonstrates that the Authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. Given the importance of this, and the level of investment the Council makes in capital schemes, from 2019-20 onwards a separate quarterly report to Cabinet will be provided on capital expenditure, including monitoring of spend, and performance indicators, to provide more detailed information on schemes and how the Council spends its capital funding. This report will therefore focus specifically on the revenue budget.

3.2 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 / Proposal

#### 4.1 Summary financial position at 30th June 2019

4.1.1 The Council's net revenue budget and projected outturn for 2019-20 is shown in Table 1 below.

**Table 1- Comparison of budget against projected outturn at 30th June 2019**

Directorate/Budget Area	Original Budget 2019-20 £'000	Revised Budget 2019-20 £'000	Projected Outturn Q1 2019-20 £'000	Projected Over / (Under) Spend 2019-20 £'000	Projected Over / (Under) Spend Q1 2018-19 £'000
<b>Directorate</b>					
Education and Family Support	116,208	113,858	114,406	548	(168)
Social Services and Wellbeing Communities	70,834	70,916	71,190	274	2,006
Chief Executive's	25,331	25,511	26,070	559	75
	18,609	18,579	17,961	(618)	(1,621)
<b>Total Directorate Budgets</b>	<b>230,982</b>	<b>228,864</b>	<b>229,627</b>	<b>763</b>	<b>292</b>
<b>Council Wide Budgets</b>					
Capital Financing	7,430	7,329	7,329	0	0
Levies	7,376	7,134	7,134	0	16
Apprenticeship Levy	700	700	620	(80)	(98)
Council Tax Reduction Scheme	14,854	14,854	14,692	(162)	(486)
Insurance Premiums	1,588	1,588	1,331	(257)	0
Repairs & Maintenance	870	870	870	0	0
Pension Related Costs	430	430	430	0	(826)
Other Corporate Budgets	6,579	9,040	9,040	0	(107)
<b>Total Council Wide Budgets</b>	<b>39,827</b>	<b>41,945</b>	<b>41,446</b>	<b>(499)</b>	<b>(1,501)</b>
<b>Total</b>	<b>270,809</b>	<b>270,809</b>	<b>271,073</b>	<b>264</b>	<b>(1,209)</b>

4.1.2 The overall projected position at 30th June 2019 is a net over spend of £264,000, comprising £763,000 net over spend on directorates and £499,000 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 Since the Medium Term Financial Strategy (MTFS) was approved in February, Welsh Government has advised Local Authorities that additional grant funding has now been made available during 2019-20 to meet the increased cost of teachers' pensions and fire service pensions, both of which were funded in full

through the MTFs, along with additional grant funding of £343,701 towards teachers' pay increases. The actual allocation for teachers' pensions is £2,006,096, which will enable us to release funding that was previously allocated for this purpose, for 2019-20 at least. In respect of the South Wales Fire and Rescue Authority, this means that the levy will now be reduced by £272,405, compared to the original budgeted provision. In the absence of any further information from Welsh Government on the recurrence of this funding in future years, the total funding released from these allocations of £2.622 million is available to meet the costs of one-off schemes, capital or revenue, in this financial year. Cabinet has proposed that the majority of this funding is used to undertake capital works as part of an 'Investing in Communities Fund', the details and criteria for which are to be determined. This proposal will be included in the next capital report to Council. The balance of funding will be held for unknown pay awards later in the year, including teachers' pay from September 2019.

- 4.1.4 There have been a number of budget virements and technical adjustments between budgets since the MTFs was approved by Council in February 2019. The budget position is reported on the assumption that these virements will be approved. The main virements and technical adjustments are outlined below:

#### Budget Virements

<b>Service vired from / to</b>	<b>Amount</b>
Transfer of funding out of the Schools budget following the announcement by Welsh Government of additional grant funding to meet the additional pension costs and teachers' pay increases in 2019-20. This funding has been returned to corporate budgets until such time as a decision is made on how it is to be utilised.	-£2,349,797
Increase in Coroner's contribution as a result of increased Pathologist fees, Forensic/Toxicology fees, undertaker fees, salaries and rent.	£30,100

#### Technical Adjustments

<b>Service vired from / to</b>	<b>Amount</b>
Transfer of funding out of the Fire Service budget due to budget pressure no longer being required following the announcement by Welsh Government that additional funding has been allocated to Fire and Rescue Authorities to meet the additional pension costs in 2019-20. This funding has been returned to corporate budgets.	-£272,405
Transfer of funding for prudential borrowing from corporate capital financing budgets to Communities directorate in line with the capital programme.	£100,878
Transfer of staff from Business Support (Chief Executive's) to the Communities Directorate	£87,549

- 4.1.5 There have been other technical adjustments for agreed inflationary increases, and recurrent funding for meeting Welsh Language Standards.
- 4.1.6 When the budget for 2019-20 was set, directorates were provided with funding for known pay and price inflation. The remaining provision was retained centrally within Council wide 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 2019-20, and will amend budgets accordingly during the year.
- 4.1.7 Given the large scale reductions on Council wide budgets in previous years, and the significant pay and price pressures already placed on these budgets in 2019-20, coupled with the still unknown pay increase for teachers from September 2019, there is a risk that there may not be sufficient funding available within these budgets for any unexpected major price inflation increases. Inflation rates remain fairly steady (CPI was 1.9% in February 2019 and was 2% in May 2019), but, with the uncertainty around Brexit and possible financial implications arising from that, the budget will need to be monitored closely during the remainder of the year.
- 4.1.8 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 £7.621 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.
- 4.1.9 In February 2019 Council approved the Medium Term Financial Strategy for 2019-20 to 2022-23. This identified the need to develop recurrent budget reduction proposals, based on the most likely scenario, amounting to around £35.2 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.
- 4.1.10 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 2019-20. 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 budget 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

### Prior Year Budget Reductions

- 4.2.1 A report was presented to Cabinet on 18th June 2019 on Financial Performance 2018-19. In the report it was highlighted that, for 2016-17 to 2018-19, there were £2.342 million of budget reduction proposals that were not met in full, with a total outstanding balance to be met of £1.519 million. Directors have been asked to identify if any of these proposals are still not likely to be achieved in full during the 2019-20 financial year, and to identify mitigating action that will be undertaken to achieve them. A summary of the latest position is attached as Appendix 1 with a summary per directorate provided in Table 2.
- 4.2.2 The Social Services and Wellbeing Directorate has developed a Future Service Delivery Plan, which was presented to Corporate Overview and Scrutiny Committee in March 2018, and which outlines the Directorate's response to the financial challenge facing them, not least setting out the planned actions to be undertaken in order to meet the shortfall. This will be monitored continuously throughout 2019-20.

**Table 2 – Outstanding Prior Year Budget Reductions**

	<b>Total Budget Reductions Required</b>	<b>Total Budget Reductions Likely to be Achieved</b>	<b>Shortfall</b>
<b>DIRECTORATE /BUDGET REDUCTION AREA</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Education and Family Support	222	20	202
Social Services and Wellbeing	918	673	245
Communities	1,202	1,102	100
<b>TOTAL</b>	<b>2,342</b>	<b>1,795</b>	<b>547</b>

- 4.2.3 Table 2 shows that of the £2.342 million outstanding reductions, £1.795 million is likely to be achieved in 2019-20 leaving a shortfall of £547,000. Proposals still not likely to be achieved include:

- Learner Transport Policy and Transport Route efficiencies (£127,000) due to delays in assessments of safe routes.
- Review of Special Schools Home to School Transport (£75,000) as currently out to mini-tender.
- Permitting Scheme for Road Works (£100,000) due to delays in approval process with Welsh Government.

The balance mainly relates to proposals set out in the Social Services and Wellbeing Service Delivery Plan that are profiled over two to three years.

4.2.4 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. This reserve has been used to meet specific budget reduction proposals in previous years on a one-off basis pending alternative measures. During the financial year, the Head of Finance will consider applications from Directorates to the MTFS Budget Reduction Contingency Reserve to mitigate some of the shortfalls.

### **Budget Reductions 2019-20**

4.2.5 The budget approved for 2019-20 included budget reduction proposals totalling £7.621 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 £1.433 million, or 19% of the overall reduction target.

**Table 3 – Monitoring of Budget Reductions 2019-20**

	<b>Total Budget Reductions Required</b>	<b>Total Budget Reductions Likely to be Achieved</b>	<b>Shortfall</b>
<b>DIRECTORATE /BUDGET REDUCTION AREA</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Education and Family Support	596	529	67
Schools	0	0	0
Social Services and Wellbeing	1,235	957	278
Communities	1,938	930	1,008
Chief Executive's	1,464	1,384	80
Council Wide Budgets	2,388	2,388	0
<b>TOTAL</b>	<b>7,621</b>	<b>6,188</b>	<b>1,433</b>

4.2.6 The most significant budget reduction proposals unlikely to be achieved in full include:

- EFS1 - Phased Implementation of Learner Transport Policy (£67,000)
- SSW23 – Further savings from library and cultural facilities (£60,000)
- SSW25 – Review of complex care accommodation across learning disabilities services (£150,000)
- COM52 – Reduction to the budget for the MREC (£1,300,000)

4.2.7 Appendix 2 identifies the projected amount of saving against these proposals in detail 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.

4.2.8 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.

### 4.3 Commentary on the financial position as at 30th June 2019

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. Any draw down from earmarked reserves will be undertaken for the quarter 2 monitoring report. Actions are being taken by those directorates currently reporting a projected over spend to try to resolve issues that led to the current position or alternatively to identify offsetting savings in other areas of the service.

#### 4.3.1 Education and Family Support Directorate

The net budget for the Directorate for 2019-20 is £113.858 million. The Directorate (excluding Schools) contains savings targets of £596,000 for 2019-20. Current projections indicate an over spend of £548,000 at year end. The main variances are:

<b>EDUCATION &amp; FAMILY SUPPORT DIRECTORATE</b>	<b>Net Budget</b>	<b>Projected Outturn</b>	<b>Projected Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Health and Safety	384	314	(70)	-18.2%
Home to School Transport	5,145	5,906	761	14.8%
Inclusion	2,496	2,755	259	10.4%
Catering Services	939	864	(75)	-8.0%
Integrated Working	1,486	1,422	(64)	-4.3%
Strategic Management	1,494	1,365	(129)	-8.6%
Emotional Health & Behaviour	1,644	1,573	(71)	-4.3%

#### 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 increased by £254,000 during 2018-19, up to £614,000 at year end. However, without last minute additional funding from Welsh Government and the Central South Consortium, the overall schools balance would have been a negative figure, -£349,000. For 2019-20 currently there are 24 primary schools and 3 secondary schools (46% 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 £1.129 million at year end.

## **Central Education and Family Support Budgets**

### Health and Safety

- The under spend of £70,000 relates to current staff vacancies within the service. The service area are currently going through a recruitment process to fill these vacancies.

### Home to School Transport

- There is a projected over spend of £761,000 on Home to School Transport. There is still significant pressure on the Home to School Transport budget. Although a significant budget reduction of £1.794 million and budget pressure of £427,000 has been applied to the learner transport budget to support the MTFS since 2014-15, the change of policy approved by Cabinet in September 2015 has not delivered significant enough savings to support this large budget reduction. As well as an increase in eligible learners, there is also significant pressure on transport providers with many not tendering for smaller contracts as they do not consider them to be profitable. Limited competition is increasing the costs associated with some contracts, especially where specialist vehicles are required – e.g. those will tail lifts. The requirement for specialist transport provision for pupils with additional learning needs (ALN) is increasing costs in general.
- A report is also being considered by Cabinet on the 23<sup>rd</sup> July 2019 to approve a 12 week public consultation on a number of policy proposals to effect additional savings. This is proposed to start in September 2019.

### Inclusion

- The over spend of £259,000 primarily relates to the shortfall in recoupment income (£162,000) – there are currently 23 out of county placements at Heronsbridge School and Ysgol Bryn Castell compared with 30 in the Summer Term 2018.

### Catering Services

- The under spend of £75,000 has arisen as a result of a 2.86% increase in primary school meal take up compared with when the budgets were set at the start of the financial year. Take up of school meals will require close in-year monitoring.

### Integrated Working

- The under spend of £64,000 relates to current staff vacancies within the service. The vacant posts are expected to be filled in-year.

### Strategic Management

- The under spend of £129,000 is as a result of a review of non-staffing budgets across the directorate, which are being held to mitigate over spends across other directorate service areas. These will be considered as part of future years' MTFS savings.

### Emotional Health & Behaviour

- The under spend of £71,000 is a combination of current staff vacancies, increased use of Ty Lidiard (provision of education to children who are not able to attend school because they are in hospital) by other Local Authorities and the increased level of clawback from schools for the Education outside of school



(EOTAS) provision, i.e recoupment of the pupil funding from the respective schools whilst they are receiving EOTAS.

#### 4.3.2 **Social Services and Wellbeing Directorate**

The Directorate's net budget for 2019-20 is £70.916 million. The Directorate budget contains savings targets of £1,235 million for 2019-20. Current projections indicate an over spend of £274,000 at year end. The main variances are:

<b>SOCIAL SERVICES AND WELLBEING DIRECTORATE</b>	<b>Net Budget</b>	<b>Projected Outturn</b>	<b>Projected Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Older People Residential Care	8,632	8,515	(117)	-1.4%
Care at Home for Older People	8,513	8,660	147	1.7%
Equipment and Adaptations	858	977	119	13.9%
Assessment and Care Management	5,022	4,729	(293)	-5.8%
Care at Home for Learning Disabilities	9,368	9,763	395	4.2%
Learning Disabilities Day Opportunities	2,780	2,913	133	4.8%
Mental Health Residential Care	1,412	1,308	(104)	-7.4%
Looked After Children	11,557	11,690	133	1.2%

##### Older People Residential Care

- There is a projected under spend of £117,000 mainly due to joint health funding being more than originally anticipated and forecast staff savings within the new extra care schemes as recruitment continues.

##### Care at Home for Older People

- Care at home includes domiciliary care services, local authority homecare services and the provision of direct payments. The over spend of £147,000 is a combination of an over spend on the Direct Payments budget due to an increase in the number of cases offset by an under spend on the homecare budget primarily due to staffing vacancies due to a delay in implementing a staffing restructure.

##### Equipment and Adaptations

- There is a projected over spend of £119,000 as a result of increased usage of aids and equipment, along with servicing costs. These costs are seen as a preventative measure to keep service users out of long term care, and therefore reduce pressure on other service area budgets.

##### Assessment and Care Management (ACMT)

- There is a projected under spend of £293,000 on all assessment and care management budgets across the directorate. The directorate manages its staff vacancies stringently in order to achieve cost savings in-year.

##### Care at Home for People with Learning Disabilities

- There is a projected over spend of £395,000 mainly due to the complexity of needs and number of service users receiving direct payments or receiving domiciliary care within a home setting or supported accommodation.

#### Learning Disabilities Day Opportunities

- There is a projected over spend of £133,000 mainly due to the cost of external day service provision. These costs are considerably less than 'one to one' care provision and this therefore reduces pressure on other service areas within the directorate.

#### Mental Health Residential Care

- A projected under spend of £104,000 is based on current placements. Forecasted health contributions to these placements are built in to the forecast under spend.

#### Looked After Children (LAC)

- There is a projected over spend of £133,000 on LAC at Quarter 1. This only represents 1.2% of the overall budget for LAC which is favourable when it is considered that the budget has been reduced by around £1 million over the last four years.
- 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 2019-20. The plan to place more children into in-house foster placements is now implemented and it is anticipated savings will continue to be realised.
- The average number of LAC this financial year is 379 compared with an average of 376 in 2018-19. This can fluctuate month to month and will require ongoing monitoring in-year.
- The average number of independent fostering placements (IFAs) this financial year is 60 compared to 61 in 2018-19. This can fluctuate month to month and again will require ongoing monitoring in-year.
- The budget is closely monitored to ensure that the current over spend is reduced and that the budget for 2019-20 is effectively managed.

### 4.3.3 Communities Directorate

The net budget for the Directorate for 2019-20 is £25.511 million. The Directorate budget contains savings targets of £1.938 million for 2019-20. The current projection is an anticipated over spend of £559,000. The main variances are:

<b>COMMUNITIES DIRECTORATE</b>	<b>Net Budget</b>	<b>Projected Outturn</b>	<b>Projected Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Waste Disposal	3,325	3,675	350	10.5%
Waste Collection	4,923	5,383	460	9.3%
Highways Services (DSO)	2,756	2,606	(150)	-5.4%
Fleet Services	27	205	178	659.3%
Engineering Services	49	(101)	(150)	-306.1%
Corporate Director - Communities	146	76	(70)	-47.9%

### Waste Disposal and Collection

- There is a combined over spend on the Waste Collection and Waste Disposal budget of £810,000. There has been an ongoing procurement exercise with Neath Port Talbot County Borough Council (NPTCBC) to originally secure a new operator for the facility. Total MTFS Budget Reductions against the Waste budget of £200,000 in 2017-18 and £1,300,000 in 2019-20 were predicated on achieving a price in the region of £135 per tonne from this exercise. NPTCBC will now be running the MREC facility in-house, and whilst savings have been made in 2019-20 they are not at the level to achieve the MTFS savings and discussions are continuing with NPTCBC to continue to negotiate further improvements.

### Highways Services

- There is a projected under spend of £150,000 within Highways Services (DSO). This is primarily due to members of staff working on and hence charging their time to the ongoing SALIX capital scheme to enable the replacement of street lighting to new energy efficient LED units.

### Fleet Services

- Fleet is showing a projected over spend of £178,000. The service has undergone a review and the factors contributing to the over spend have been identified, including the charge out rate being too low to cover costs incurred. In line with a Corporate Management Board (CMB) recommendation, the service area has engaged in a review of productivity before being able to confirm a change to the charge out rate. A report back to CMB will be presented in July. At the start of 2019, technicians moved onto a differing working pattern at the start of 2019, to improve productivity. This was alongside a management restructure remodel, that was finalised in April 2019, and has seen a refocusing on workshop management and scheduling to address the over spend. Further costs saving measures have been undertaken such as improved procurement (e.g. reduced spend on tyres) and the fitting of speed limiters to vehicles to reduce fuel costs.

### Engineering Services

- There is a projected under spend across the service of £150,000 due to a projected increase in the level of fee earning jobs (balance of EU/non EU funded projects and the differing chargeable rates allowed) based on income earned to date compared with 2018-19 outturn.

### Corporate Director - Communities

- There is a projected under spend of £76,000 mainly as a result of staff vacancy management whilst the new senior management structure is being populated.

#### 4.3.4 Chief Executive's

The net budget for the Directorate for 2019-20 is £18.579 million. The Directorate budget contains savings targets of £1.464 million for 2019-20. Current projections anticipate an under spend against this budget of £618,000. The main variances are:

CHIEF EXECUTIVE'S	Net Budget £'000	Projected Outturn £'000	Projected Variance Over/(under) budget £'000	% Variance
Supporting People	95	3	(92)	-96.8%
Housing Benefits – Admin	829	720	(109)	-13.1%
Housing Options & Homelessness	721	644	(77)	-10.7%
HR and Organisational Development	1,622	1,524	(98)	-6.0%
ICT	3,504	3,431	(73)	-2.1%
Legal	1,834	1,738	(96)	-5.2%
Communication & Engagement	1,598	1,454	(144)	-9.0%

##### Supporting People

- The under spend of £92,000 on Supporting People has mainly arisen from staffing vacancies. Housing is currently undergoing restructures which could result in this forecast changing through the year.

##### Housing Benefits - Admin

- There is an under spend of £109,000 in respect of the administration of housing benefit arising mainly from staffing vacancies, but also changes in staffing hours and additional annual leave purchases. Vacancies will be closely managed through the year.

##### Housing Options & Homelessness

- The under spend of £77,000 is mainly due to staffing vacancies and additional annual leave purchases. Housing is currently undergoing restructures which could result in this forecast changing through the year.

##### HR & Organisational Development

- The under spend of £98,000 mainly relates to staffing vacancies and changes in staffing hours. Vacancies will be managed throughout the year and could be subject to MTFS savings in 2020-21.

##### ICT

- The under spend of £73,000 is mainly due to staffing vacancies, additional annual leave purchases and a projected under spend on training budgets. Vacancies will be managed throughout the year and could be subject to MTFS savings in 2020-21.

##### Legal

- The under spend of £96,000 is mainly due to staffing vacancies and additional annual leave purchases. Vacancies will be managed throughout the year and could be subject to MTFS savings in 2020-21.

### Communication & Engagement

- The under spend of £144,000 mainly relates to staff vacancy management. Vacancies will be managed throughout the year and could be subject to MTFS savings in 2020-21.

#### 4.3.5 Council Wide budgets

This section includes budgets, provisions and services which are council wide, and not managed by an individual directorate. The budget for 2019-20 is £41.945 million. The Directorate budget contains savings targets of £2.388 million for 2019-20. The projected outturn is £41.446 million, resulting in a projected under spend of £499,000. The main variances are detailed below:

<b>COUNCIL WIDE BUDGETS</b>	<b>Net Budget</b>	<b>Projected Outturn</b>	<b>Projected Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Council Tax Reduction Scheme	14,854	14,692	(162)	-1.1%
Insurance Premiums	1,587	1,330	(257)	-16.2%
Apprenticeship Levy	700	620	(80)	-11.4%

#### Council Tax Reduction Scheme

- There is a projected under spend of £162,000 on the Council Tax Reduction Scheme based on spend to date and comparison against 2018-19 outturn. This is a demand led budget and take-up is difficult to predict. The Welsh Government is working with local authorities and third sector organisations to make people more aware of the range of support available to help people pay their council tax bills, and this could impact on take-up in 2019-20. This budget will therefore require close monitoring during 2019-20.

#### Insurance Premiums

- The projected under spend of £257,000 is mainly as a result of the reduction in the premium for property insurance in 2019-20 following a retendering exercise. This budget heading will be considered as part of future years' MTFS savings.

#### Apprenticeship Levy

- The under spend of £80,000 is based on the monthly charges to date and comparison against the 2018-19 outturn.

As indicated in 4.1.3, funding of £2.622 million has been returned to the central pay and price budget. Cabinet has proposed that the majority of this funding is used to undertake capital works as part of an 'Investing in Communities Fund', the details and criteria for which are to be determined, with the balance of funding being held for unknown pay awards later in the year. At this point in the financial year, it is prudent to assume that this and all other Council wide budgets will be fully spent by the year end.

## 5.0 **Effect upon Policy Framework & Procedure 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 Equalities Impact Assessment**

6.1 There are no implications in this report.

## **7.0 Well-being of Future Generations (Wales) Act 2015 Implications**

7.1 The well-being goals identified in the Act were considered in the preparation of this report. As the report is for information it is considered that there will be no significant or unacceptable impacts upon the achievement of wellbeing goals/objectives as a result of this report.

## **8.0 Financial implications**

8.1 These are reflected in the body of the report.

## **9.0 Recommendation**

9.1 That the Corporate Overview and Scrutiny Committee is requested to:

- note the projected revenue position for 2019-20.

**Gill Lewis**  
**Interim Head of Finance and Section 151 Officer**  
**July 2019**

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**Background documents:** Individual Directorate Monitoring Reports  
MTFS Report to Council – 20 February 2019  
Capital Programme Update – Quarter 1 2019-20 to  
Council – 24<sup>th</sup> July 2019