

POLICY & RESOURCES CABINET BOARD

8th OCTOBER 2009

REPORT OF THE CORPORATE DIRECTORS GROUP

INDEX OF REPORT ITEMS

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ITEM 1

BUDGET MONITORING REPORT TO 30TH SEPTEMBER 2009

1. Purpose of Report

- 1.1 This report provides information relating to the Council's Budget position for the period April to September 2009.
- 1.2 It provides particulars of major variances from the agreed budget position, together with an explanation of the action to be taken to manage these variances. This information includes details of any potential impact on reserves and identifies any virements required or commitments into future years arising as a result of changes to the budget position.
- 1.3 The report is one element of the monitoring process of the Council's Forward Financial Plan.

2. Budget Issues to 30th September 2009

- 2.1 The Council's resources are limited and it is essential that each Service is delivered within the allocated cash limit; otherwise undue pressure is transferred to other areas of the Authority's finances. Details of the Council's budget position can be found at Appendix 1.
- 2.2 At this stage in the budget monitoring process, some budget pressures have been identified and every effort is being made, through strict management control and scrutiny, to contain expenditure within the cash limit. Some of the issues currently being considered include:

2.3 Education, Leisure and Lifelong Learning

- 2.3.1 At this stage in the budget monitoring process, it is anticipated that the Education, Leisure and Lifelong Learning's expenditure will be within the overall cash limit after planned Reserve Transfers. The following issues will need careful management.

2.3.2 Children, Young People and Education Board

Special Educational Needs – Out of County Independent Sector Placements

A decision has been made by the Authority to place a child with exceptionally severe complex educational, psychiatric and social needs into an Independent Sector residential placement. This will result in a budget pressure of £60,000. The Service is actively seeking tri-partite funding from the NHS and Social Services, the outcome of which will be reported in the Quarter 3 Budget monitoring report.

GENESIS 2 Project

Genesis 2 is a European Social Fund (ESF) project administered by the Welsh Assembly Government. WAG have yet to finalise Collaborative Agreements with its local authority partners and consequently each local authority is incurring expenditure on the project without any legally binding confirmation of reimbursement. To date £121,000 has been spent on this project. The Director is confident that the signing of a Collaborative Agreement is a timing issues and the Service will be reimbursed in full for the £121,000 incurred.

2.4 Social Services, Health and Housing

2.4.1 At this stage in the budget monitoring process, there is concern that pressures continue to exist as a result of the increasing demand for services. Rigorous management control and scrutiny will therefore be required throughout 2009/10 in order to contain expenditure within the cash limit.

2.4.2 The following paragraphs provide details of variances from the agreed budget for 2009/10, together with details of the ways in which these variances will be managed.

2.4.3 Children, Young People and Education Board

Placements

Pressures continue to exist within the service as a consequence of an increase in the number and cost of placements for children and young people with complex needs, particularly during the latter part of 2008/09. The total number of Looked after placements (excluding respite) increased from 291 at 31/3/09 to 327 at 31/7/09.

The admission of children to care, in many instances is accompanied by legal care proceedings based on concerns, by professionals, of significant risks to the children concerned.

The variability of the circumstances surrounding placements makes it difficult to accurately quantify the financial effect of any emergency or unexpected new placements. However, based on information available to date regarding the anticipated duration and cost of existing placements, the budget is projected to overspend by £1,100,000. However, it is likely that additional new placements will be necessary which could further increase the projected overspend.

The increasing number of looked after placements also places pressure on other budgets such as taxi costs, legal fees and inter agency adoption fees which are also now projected to overspend by £80,000, £22,000 and £60,000 respectively.

There is £318,000 available within the Social Care Equalisation reserve which can be utilised to partly off set the pressures and the following measures have been identified in an attempt to contain or reduce expenditure wherever possible.

- ongoing review of current placements to determine if there is any potential to reduce current or projected costs
- submission of a spend to save bid to WAG to further develop the fostering strategy to increase internal capacity and thereby reduce reliance on more expensive external placements.
- submission of a further spend to save bid to WAG to fund the costs of undertaking a systems review of children and young people social work services, and the necessary cost of backfilling staff assigned to the review.
- review the potential to secure continuing health care funding in respect specific child placements, particularly where health are currently contributing towards the cost of placements
- ensure that resource pressures within community care services are managed within the service
- determine the potential for additional savings to be realised through continuing health care assessments within adult services which can be used to offset the pressures identified within children and young people services.
- utilise one off savings arising from the provision within the budget for the 2nd extra care scheme
- identify additional income sources across the Directorate
- further restrict the number of elderly placements available each month
- actively manage staff vacancies
- place an embargo on all non urgent expenditure

2.4.4 Social Care Health and Housing Board

Independent Living fund (ILF) savings target

The budget strategy for 2009/10 includes a savings target of £200,000.

It was assumed that the target could be achieved by identifying existing and new service users eligible to receive ILF funding which could contribute toward the costs of their care, and thereby reduce the costs borne by the Local Authority.

However, the rules governing ILF eligibility changed with effect from April 2009 and as a consequence it is no longer possible to reduce the contribution the Authority is making toward existing packages of care. Further opportunities to realise savings are being explored, in respect of the adult family placement scheme and it will be necessary to strictly monitor new packages of care in order to maximise savings wherever possible.

Continuing Health Care

The base budget includes a savings target of £2,033,000 which assumes that placement costs currently incurred by the Local Authority will be transferred to Health in accordance with continuing Health Care criteria and guidance.

To date £379,000 has been recovered in respect of 2008/09, and £659,000 was made available from corporate reserves. Work is currently progressing to secure the balance of £995,000 required to achieve the savings target for 2008/09.

For 2009/10 the full year effect of placements secured during 08/09 and the new cases identified during 09/10 amounts to £413,000, therefore further savings of £1,620,000 need to be secured to achieve the target for 2009/10.

Priority is now being given to identifying and resolving the outstanding issues regarding service users already identified and subject to the agreed process of Multi Disciplinary Team assessment. If all these cases could be transferred, savings of £1,225,000 could be realised, but there is still uncertainty on the cases to be transferred. Achievement of the savings target would therefore require the identification and transfer of new cases amounting to £808,000. There is concern therefore that there remains a risk that the target will not be achieved.

Housing Services

The “credit crunch” continues to have an impact on the residential housing market, producing difficult trading conditions for the Limited Company which was set up in 2007. The Company has continued to pick up work from Registered Social Landlords (RSL’s) and private sector companies. It recently won the contract with Merthyr Tydfil Council.

The Grants Section has recently undergone a System Review process, with the consequences and implications reported to the Director of Social

Services, Health and Housing in July. These results will be reported to Council in due course.

Housing Revenue Account

Right to buy sales continue to stagnate. The original estimate for sales in 2009/10 was 15 but is now likely to be 12. The reduction in interest rates will reduce the interest on revenue reserves by £200,000. The net shortfall will be absorbed from the Revenue reserve.

2.5 Environment

2.5.1 At this stage in the budget monitoring process, it is anticipated that Environment's expenditure will be within the overall cash limit after planned Reserve Transfers.

2.5.2 The following paragraphs provide details of variances from the agreed budget for 2009/10, together with details of the ways in which these variances will be managed.

2.5.3 Environment and Highways Board

Waste Disposal

The waste disposal budget has been reviewed since the last report and a budget deficit of £300,000 is currently anticipated. Measures are currently being reviewed to reduce the deficit, which is too large to be funded from savings elsewhere within the Directorate. It is therefore proposed that the actual deficit reported at the year end is funded out of the Corporate Waste Reserve.

2.5.4 Economic and Community Regeneration Board

There are no new issues to report.

2.6 Finance and Corporate Services

2.6.1 At this stage in the budget monitoring process, it is anticipated that Finance and Corporate Services expenditure will be within the overall cash limit after planned Reserve Transfers.

2.6.2 The Directorate anticipates that there may be some underspendings arising from increased income within the Housing Benefits, which will be used to contribute to financial pressures experienced within Childcare Services.

2.7 Chief Executive's

- 2.7.1 At this stage in the budget monitoring process, it is anticipated that the Chief Executive's Office will be within the overall cash limit after planned Reserve Transfers.

3. Virements between Budget Guidelines

- 3.1 The Council's Constitution requires the prior approval of the Council for any virement with a value greater than £500,000 of the net service budget. Other virements that do not involve a significant variation in the level or nature of the delivery of the service agreed by Council in the Revenue Budget can be approved as follows:

- Corporate Directors can approve virements up to a limit of £100,000, Virements to this level that impact on the budget guideline of another Corporate Director may be implemented only after agreement with the relevant Corporate Director and the Director of Finance and Corporate Services.
- Cabinet can approve virements within a budget guideline between £100,000 and £500,000.

- 3.2 Corporate Directors have approved a virement of £35,000 from Education, Leisure and Lifelong Learning to the Chief Executive's Office to reflect the transfer of an education worker post to the Youth Offending Team.

- 3.3 There is a budget virement requiring Cabinet and Council approval, relating to the restructuring of the Information Technology Service. Funds of £2.445m need to be transferred to Finance and Corporate Services to reflect the new working arrangements for ICT, with £1.964m coming from Education, Leisure and Lifelong Learning and £481,000 from Environment.

4. Reserves

- 4.1 The following movements are required to update the reserve position.

- 4.1.1 Social Services Health and Housing

Social Services Equalisation Reserve - £318,000 from reserve

The reserve movement requested in this quarter reflects the funding proposals outlined earlier in this report.

4.1.2 Finance and Corporate Services

The following Directorate and Corporate reserve movements are proposed.

Waste Reserve £300,000 from reserve

This amount is required to meet the budget pressures experienced within the Environment Waste Disposal Service.

Management of Change Reserve £1,000 from reserves

This transfer reflects costs relating to the early retirement of staff as agreed during 2008/09.

4.2 In summary, the specific reserve position for the Council is as follows:

| | £'000 |
|-------------------------------------|----------------------|
| Estimate 1 st April 2009 | 39,315 |
| Budgeted Movements | (7,655) |
| Changes already agreed | (434) |
| Reserve movements in quarter | (619) |
| Estimated Closing Balance | <u>30,607</u> |

5. Specific Grants Developments

5.1. The following grant notifications have been received:

5.1.1 Social Services Health and Housing

Food Standards Agency £11,000
Grant to enable Environmental Health to carry out food sampling

Department for Business Enterprise & Regulatory Reform Grant £3,000
To be used to fund the production of leaflets and website development in respect of doorstep trading.

Welsh Assembly Government £26,164
Funding to Support the Implementation of Children and Young Persons Act 2008

5.1.2 Environment

Future Jobs Fund £624,000

A bid has been agreed for a £624,000 grant over 6 months to March 2010 from the Department of Works and Pensions, to fund 96 temporary jobs for 18-24 year olds within the Neath Port Talbot Region

5.1.3 Finance and Corporate Services

Housing Benefits – DWP funding for implementation of work processes £8,000

The Authority receives £1.5m from DWP for administering Housing Benefits with Neath & Port Talbot. An additional £8,000 for implementing new work processes has recently been received.

6. Recommendations

6.1. It is recommended that:

- the budget position to September 2009 is noted, along with the measures highlighted by the Director of Social Services, Health and Housing that seek to contain the pressures within the cash limit;
- the reserve proposals be supported and budgets updated to reflect these changes;
- the grant changes be noted and budgets updated to reflect these changes.

Background Papers


Budget working papers 2009/10

Wards Affected

All

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REVENUE BUDGET SUMMARY 2009/10

| | 2009/10 Original Budget £000 | 2009/10 Revised Budget £000 |
|---|---|--|
| Directly Controlled Expenditure | | |
| Education, Leisure and Lifelong Learning | 105,492 | 103,493 |
| Social Services and Health | 62,046 | 62,046 |
| Housing | 1,583 | 1,583 |
| Environment | 36,848 | 36,367 |
| Finance & Corporate Services | 9,686 | 12,131 |
| Chief Executive | 3,889 | 3,924 |
| Total Directly Controlled Expenditure | 219,544 | 219,544 |
| Levies | | |
| Swansea Port Health Authority | 54 | 54 |
| South Wales Sea Fisheries | 74 | 74 |
| Fire Authority | 6,871 | 6,871 |
| Margam Crematorium | 3 | 3 |
| Contributions | | |
| Archive Service | 144 | 144 |
| Magistrates Court | 22 | 22 |
| Other Expenditure | | |
| Capital Financing (net of Interest Receipts) | 13,635 | 13,635 |
| Housing Benefits | -210 | -210 |
| Contingency-Job Evaluation/Management of Change | 6,424 | 6,424 |
| Contingency-Pay arbitration | 400 | 400 |
| Contingency- budget saving to be allocated | -152 | -152 |
| Contributions/Reserves | | |
| Contribution from General Reserves | -585 | -585 |
| Contribution-from Fire Authority Reserve | -107 | -107 |
| NET REVENUE EXPENDITURE | 246,117 | 246,117 |
| Performance Incentive Grant | -1,484 | -1,484 |
| Deprivation Grant | -2,359 | -2,359 |
| BUDGET REQUIREMENT | 242,274 | 242,274 |
| INCOME | | |
| Revenue Support Grant | 154,588 | 154,588 |
| National Non Domestic Rates | 37,232 | 37,232 |
| Discretionary Rate Relief | -133 | -133 |
| Council Tax - Neath Port Talbot | 50,587 | 50,587 |
| TOTAL INCOME | 242,274 | 242,274 |