

**POLICY & RESOURCES CABINET BOARD**

**22<sup>ND</sup> JANUARY 2009**

**REPORT OF THE CORPORATE DIRECTORS GROUP**

**INDEX OF REPORT ITEMS**

**Doc. Code: PRB-220109-REP-CDG**

<b>SECTION C – MATTERS FOR MONITORING</b>		
<b>Report Item</b>	<b>Page Nos.</b>	<b>Wards Affected</b>
Budget Monitoring Report to 31 <sup>st</sup> December 2008	2-11	All

## **ITEM 1**

### **BUDGET MONITORING REPORT TO 31<sup>ST</sup> DECEMBER 2008**

#### **1. Purpose of Report**

- 1.1 This report provides information relating to the Council's Budget position for the period April to December 2008.
- 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.

#### **2. Budget Issues to 31<sup>st</sup> December 2008**

- 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 there is a variance from the agreed budget for 2008/09 which relates to the timing of funding relating to the New Learning Network. The Directorate will consider the treatment of this funding as part of its revised budget proposals.

##### **2.4 Social Services, Health and Housing**

- 2.4.1 At this stage in the budget monitoring process, it is anticipated that Social Services, Health and Housing's expenditure will be within the overall cash limit after the additional planned transfer from reserves.

- 2.4.2 Risks have previously been identified in respect of the savings strategies incorporated in the Social Services, Health and Housing Services budget. At this stage in the budget monitoring process there is concern that the full amount of anticipated savings will not be realised although every effort is being made, through strict management control and scrutiny, to contain expenditure wherever possible.
- 2.4.3 The following paragraphs provide details of variances from the agreed budget for 2008/09, together with details of the ways in which these variances will be minimised.
- 2.4.4 Children, Young People and Education Board

#### External placements

Pressures continue to exist within this service as a consequence of an increase in the number and cost of placements for children and young people with complex needs. 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. These pressures are reflected across Wales and work has commenced to support regional commissioning arrangements designed to reduce cost pressures associated with placements.

The Council is currently supporting 317 Looked After Children. Priority has been given to strengthen and recruit in-house foster carers, however it is necessary for some children to be placed with external agencies because their needs cannot be met from within our own internal service provision.

#### Leaving Care

As a consequence of the rise in the number of children being looked after in recent years, there is also now increasing pressure on the leaving care budget which provides financial support to young people, to facilitate their transfer from accommodated to independent living. Based on current commitments the budget is projected to overspend by £100,000.

The Children and Young People budget is therefore currently projected to overspend by £500,000 and it is therefore anticipated that it will be necessary to utilise the Directorate Social Care Equalisation Reserve to balance the budget.

This projection however, does not include any provision for new placements and it is therefore possible that this projected overspend could increase, should additional new placements become necessary.

#### 2.4.5 Social Care, Health and Housing Board

##### Continuing Health care

The budget assumes that £2,053,000 of care costs currently funded by the Authority will be transferred to Health in accordance with Continuing Health Care criteria and guidance. Additional resources have been made available within the Authority to actively assess existing service users and to systematically refer cases to Health. The position is being actively monitored with the aim of ensuring that decisions in respect of individuals with continuing health care needs are expedited.

On 19 December WAG announced the outcome of bids from LHB's (agreed with Local Authorities) for utilising the additional resources made available this year for strategic schemes to tackle continuing health care pressures. Bids totalling £1.69 million for the NPT health and social care community have been agreed, with a further £652k allocated based on the Older Person Distribution formula. The total allocation of £2.351 million must be committed in 2008/09 and are available to offset current pressures in advance of the commencement of the approved strategic schemes.

While the resources are allocated to the LHB, there is a requirement to agree their use with the Local Authority. Discussions to this effect are urgently taking place although resources can only be committed in respect of individuals who have undergone multi disciplinary assessments to establish their eligibility for continuing health care.

##### Homecare

A savings target of £400,000 was included in the budget which it was anticipated could be realised as a consequence of the proposed reconfiguration of the service and changes to eligibility criteria. The establishment of the Homecare Enabling and Assessment Team will be implemented from 19<sup>th</sup> January 2009, and it is anticipated that, as a consequence, the shortfall in the savings target of £150,000 will need to be funded from the Social Care Equalisation reserve.

### Environmental Health & Trading standards

Additional property costs (£47,000) have been incurred by the service as a consequence of the requirement to transfer Environmental Health and Trading standards services to Milland Road, in accordance with the Corporate Accommodation Strategy. However, it is anticipated that these costs will be funded from corporate reserves.

Staff vacancies have been managed throughout 2008/09 and it is anticipated that savings of £30,000 will be made, which will be needed to fund a major review of Environmental Health in 2009/10 and to meet the Council's commitment to health improvement priorities under the Health Social Care and Wellbeing Strategy.

### Housing

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 last year. The Company has continued to pick up work from Registered Social Landlords (RSLs), private sector companies and other local authorities.

Several posts have been left vacant on a temporary basis to generate savings to counter any loss of revenue.

It is anticipated there will be a surge in demand for our Homelessness service in the New Year. There has already been a 37% increase. The service has been able to deal with this to date due to the innovative practises introduced as part of a five year homelessness strategy. However it is clear that a number of partners including charities such as Shelter are seeing an income reduction at the same time as a corresponding increase in people accessing their service. This is resulting in a reduction in the human resources that they are able to commit to operating that service.

### Housing Revenue Account

Staff turnover has resulted in projected savings in the Salary budget. This will be absorbed by increasing the Heating Systems budget in the Capital Programme by £40,000. Right to Buy sales continue to stagnate, with 11 to date and 16 projected in total. This is the lowest level since the Right to Buy was introduced in 1980.

## 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, with the exception of Waste which is a ring fenced budget.
- 2.5.2 The following paragraphs provide details of variances from the agreed budget for 2008/09, together with details of the ways in which these variances will be managed.
- 2.5.3 Environment and Highways Board

### Waste Disposal

Problems have been identified with the achievement of the landfill diversion targets at Neath Port Talbot (Recycling) Limited which amount to a potential budget overspend of £283,000 after other remedial measures.

In addition, the current economic downturn has resulted in a fall in the unit price receivable for recycled items quantified at approximately £115,000. However this is, fortunately being offset by anticipated running cost savings at Neath Port Talbot (Recycling) Limited.

Council officers are currently investigating whether the loss of this income can be funded out of the Sustainable Waste Grant which, if possible, will assist in reducing the current anticipated budget issue to about £168,000.

## 2.5.4 Economic and Community Regeneration Board

### Planning Income

As a result of the credit crunch and a downturn in building planning and development, the income of both Planning Development Control and Building Control has experienced a marked reduction compared to the original budgets, the total income drop amounts to approximately £430,000. In addition, the Professional Fees budget is estimated to become over spent by about £42,000.

However, staff savings within these budget areas plus the utilisation of the planning service reserve can account for about £200,000, which leaves an unfunded budget issue of £272,000. Work is ongoing to release savings throughout the service to meet this pressure.

## 2.6 Finance and Corporate Services and Chief Executive's

2.6.1 There are no material issues to report within the above mentioned service areas.

## 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 two virements within Education, Leisure and Lifelong Learning which relate to the following items:

### Education Equalisation Reserve - £95,400 from reserve

- £50,000 to facilitate the re-housing of Gwaun Cae Gurwen Workshops.
- £13,400 to fund Cognitive Behaviour Therapy.
- £32,000 to fund an Officer secondment to deal with the Schools Strategic Improvement Programme.

### Leisure Equalisation Reserve - £30,000 from reserve

- £30,000 contribution towards a new Technogym Wellness System at Neath Leisure Centre.

3.3 There are no virements requiring Cabinet or Council approval in the quarter.

## 4. Reserves

4.1 The following movements are requested to update the reserve position.

### 4.1.1 Education, Leisure and Lifelong Learning

The following reserve movements were approved as part of the 2007/08 Closure of Accounts process:

#### Education Equalisation Reserve - £91,276 from reserve

- £14,000 to fund IT/Web Development at Education Library Resources Service (ELRS)
- £30,000 to further roll out electronic catering tills at schools.
- £47,276 to continue the current Inclusive Learning Project.

#### Leisure Equalisation Reserve - £37,000 from reserve

- £37,000 to fund a new tractor at Margam Park.

The following reserve movements are required to reflect the virements approved by Corporate Directors

#### Education Equalisation Reserve - £95,400 from reserve

- £50,000 to facilitate the re-housing of Gwaun Cae Gurwen Workshops.
- £13,400 to fund Cognitive Behaviour Therapy.
- £32,000 to fund an Officer secondment to deal with the Schools Strategic Improvement Programme.

#### Leisure Equalisation Reserve - £30,000 from reserve

- £30,000 contribution towards a new Technogym Wellness System at Neath Leisure Centre.

### 4.1.2 Social Services, Health and Housing

The latest estimate identifies some budget pressures that will be funded from the Social Services Equalisation reserve. Also, it is proposed that staff savings made in 2008/09 are put into reserves to fund a major review of the service in 2009/10

	<b>£'000</b>
Use of Social Services Equalisation reserve	(650)
Contribution to Environmental Health Equalisation reserve	30
<b>Net use of reserves</b>	<hr/> <b>(620)</b> <hr/>



#### 4.1.3 Finance and Corporate Services

The following Directorate and Corporate reserve movements are proposed.

##### One Stop Shop / Access to Services Strategy Reserve £211,000

It is proposed to make a contribution to this reserve of £232,000 made up of the original budgeted contribution from this reserve of £137,000 together with the budget provision of £95,000 both of which are no longer required in this financial year due to the delay in the set up of the Port Talbot One Stop Shop. A contribution from this reserve of £21,000 is also required in this financial year to offset the costs of the training period for the Corporate Call Centre.

##### Corporate IT Developments Reserve (£100,000)

This contribution is required to meet the estimated costs associated with the Oracle re-implementation project during the current financial year (a further estimated contribution of £162,000 will be required in 2009/10). The contribution is made up of consultancy costs, purchase of hardware, and additional salary costs.

##### Management of Change Reserve (£48,000)

This contribution is required to meet approved redundancy costs.

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

	<b>£000</b>
Opening Balance 1 April 2008	33,244
Budgeted Movements	(7,894)
Additional movements already agreed	(870)
Reserve movements in quarter	(811)
<b>Closing Balance</b>	<b>23,669</b>

### 5. Specific Grants Developments

#### 5.1. The following grant notifications have been received:

### 5.1.1 Social Services and Health

Performance management development grant - £20,000

Additional funding has been allocated to fund the completion of the Children in Need census.

Autistic Spectrum Disorder Strategic Action Plan for Wales - £60,000

Additional funding has been allocated to enable delivery of specific key actions outlined in the Strategic Action Plan.

Residential Rehabilitation and In patient Detoxification - £46,300

Funding is provided to commission inpatient detoxification and residential rehabilitation for individuals who meet the criteria.

### 5.1.2 Chief Executive's

Scrutiny Development Fund Grant 2008/09 - £20,000

The Council has successfully applied for a WAG grant to develop the scrutiny function. The Council has until the 31<sup>st</sup> March 2009 to draw down the grant and it must all be used by 30<sup>th</sup> September 2009.

## 6. **Recommendations**

6.1. It is recommended that:

- the budget position to December 2008 be noted;
- 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 2008/09

### **Wards Affected**

All

### **Officer Contact**

Mrs Janet North, Financial Services Manager

 01639 763635

e-mail: j.north@npt.gov.uk

## REVENUE BUDGET SUMMARY 2008/09

	<b>2008/09 Original Budget £'000</b>	<b>2008/09 Revised Budget £'000</b>
<b>Directly Controlled Expenditure</b>		
Education, Leisure and Lifelong Learning	103,162	103,162
Social Services and Health	60,603	60,530
Housing	1,548	1,548
Environment	36,241	36,241
Finance & Corporate Services	7,992	9,554
Chief Executive	4,903	3,414
<b>Total Directly Controlled Expenditure</b>	<b>214,449</b>	<b>214,449</b>
<b>Other Expenditure</b>		
<b>Levies</b>		
Swansea Port Health Authority	53	53
South Wales Sea Fisheries	72	72
Fire Authority	6,601	6,601
Margam Crematorium	3	3
<b>Contributions</b>		
Archive Service	141	141
Magistrates Court	21	21
<b>Other Expenditure</b>		
Capital Financing (net of Interest Receipts)	13,088	13,088
Housing Benefits	-202	-202
Contingency-Job Evaluation/Back Pay/Management of Change Transformation	5,562	5,562
	250	250
<b>NET REVENUE BUDGET</b>	<b>240,038</b>	<b>240,038</b>
<b>Use of Grant</b>		
Performance Incentive Grant	-1,494	-1,494
Deprivation Grant	-2,359	-2,359
<b>BUDGET REQUIREMENT</b>	<b>236,185</b>	<b>236,185</b>
 <b>INCOME</b>		
Revenue Support Grant	151,611	151,611
National Non Domestic Rates	36,244	36,244
Discretionary Rate Relief	-130	-130
Council Tax - Neath Port Talbot	48,460	48,460
<b>TOTAL INCOME</b>	<b>236,185</b>	<b>236,185</b>