

POLICY & RESOURCES CABINET BOARD

24th JULY 2008

REPORT OF THE CORPORATE DIRECTORS GROUP

INDEX OF REPORT ITEMS

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ITEM 1

BUDGET MONITORING REPORT TO 30th JUNE 2008

1. Purpose of Report

- 1.1 This report provides information relating to the Council's Budget position for the period April to June 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 30th June 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 A.
- 2.2 At this stage in the budget monitoring process, there are no material issues to report. Some issues that are being actively managed have been identified and these are detailed below.
- 2.3 **Social Services, Health and Housing**
 - 2.3.1 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 planned Reserve Transfers.
 - 2.3.2 However there is concern that the strategies identified to achieve the savings targets built into the budget are not risk free and will be subject to rigorous management control and scrutiny throughout 2008/09.
 - 2.3.3 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 managed.

2.3.4 Social Care, Health and Housing Board

Continuing Health Care

The Welsh Assembly Government made an announcement, during the budget process, that an additional £100m would be made available across Wales to address pressures arising in respect of Continuing Health Care.

As a consequence the budget strategy assumed that £2.033m of care costs currently funded by the Authority could be transferred to Health.

It was acknowledged at the time however that there were risks attached to the strategy since the transfer of responsibility and costs is dependent on assessments undertaken by Health staff.

The Authority have made available resources to actively assess existing service users and to systematically refer cases that meet the criteria to Health. Representations have also been made to Health regarding the need to expedite the process. We currently await the outcome of all referrals made to date.

There is therefore concern that the savings target will not be achieved in full.

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 (RSL’s) and private sector companies.

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

2.4 **Environment**

2.4.1 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.

2.4.2 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.

2.4.3 Environment and Highways Board

Waste Disposal

The Original Budget for 2008/09 includes an efficiency saving of £545,000, ring-fenced for this service area, in addition, due to retail price index (RPI) increases being linked to inflation the costs for one contract have increased in price per tonne by more than anticipated adding an additional budget pressure. Conversely, the company that operates the Waste Disposal Facility at Crymlyn Burrows has recently entered into contracts which will reduce the percentage of the Council's waste that is put to landfill and subsequently reduce costs. However, there is still much uncertainty as to whether all the savings will be achieved and this budget area is currently being closely monitored.

Local Transport Services Grant

We are still awaiting confirmation from the Welsh Assembly Government, that the £515,000 anticipated grant will be received. All Welsh Local Authorities are concerned at the delay.

The main service area supported by the grant is a Local Bus Subsidy budget of £345,000. If this grant is cancelled, we will need to give three months notice to the bus operators to terminate all the routes which in spend terms could amount to £170,000 being unfunded.

Transport – Fuel Price Increase

The Trading Accounts are reporting a significant increase in fuel charges to date. The increase between April and June 2008 already stands at 11.6% and, it is anticipated that the price per litre will continue to rise during the year. The budget received a 5% guideline for the year. The full extent of this problem will develop throughout the year, but, at present, assuming that the position remains unchanged, then there is a potential shortfall of around £150,000.

In addition to the above, the Community Services Transport Unit is experiencing the same increases. The potential shortfall is estimated at £25,000.

2.5 **Education, Leisure and Lifelong Learning, Finance and Corporate Services and Chief Executive's**

2.5.1 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 There are no proposed budget virements to be considered at this stage. However, following the outcomes of the Central Services Review as approved by Personnel Committee last March, work is progressing in disaggregating budgets between relevant services, which include:

- Human Resources
- Change Management and Innovation
- Committee and Member Services
- Communications and Marketing.

The outcome of the work and the detailed virements will be reported in the next monitoring report.

4. **Reserves**

4.1 There were a range of reserve movements approved as part of the closure of accounts exercise. These are included in Appendix B.

4.2 The following reserve movements have also been requested to update the reserve positions.

4.2.1 Environment

The following reserve adjustments are required to reflect the use of reserves required in 2008/09.

	£'000
Economic Development Fund	(119)
Employment Support	(106)
Operating Account – Vehicle Renewals	(746)
Vehicle Tracking, etc	101
	<hr/> (870) <hr/>

4.2.2 Finance and Corporate Services/Chief Executive's

Development Fund for Modernisation £18,000

This reserve is to be transferred from the Chief Executive's as a consequence of the transfer of Committee and Member Services to Finance and Corporate Services.

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

	£000
Opening Balance 1 April 2008	30,544
Budgeted Movements	(7,894)
Additional movements already agreed at Outturn	2,700
Requested Reserve movements	(870)
Closing Balance	<hr/> 24,480 <hr/>

5. Specific Grants Developments

5.1. The following grant notifications have been received:

5.1.1 Education, Leisure and Lifelong Learning - Foundation Phase Grant Allocations 2008/09 £1.148m

The Welsh Assembly Government has announced the funding due to Neath Port Talbot relating to the Foundation phase. The grant is to be used to:

- provide Foundation Phase Training and support arrangements for delivery of the Foundation Phase National Training Pack and other locally identified training and support;
- fund the appointment of additional classroom assistants to enable schools to meet the Foundation Phase ratios

The indicative grant allocations for this Council are as follows:

2008/09	£1,147,500
2009/10	£1,690,900
2010/11	£1,869,600

5.1.2 Social Services and Health - Independence and Well Being grant £236,905

The grant is awarded to support the independence and wellbeing of older and disabled people and to reduce inappropriate hospital admissions and the occurrence of Delayed Transfers of Care relating to them.

5.1.3 Social Services and Health - Animal Welfare Enhancement Scheme £31,482

The grant is awarded to facilitate local authorities in dealing with animal welfare issues.

5.1.4 Social Services and Health - Early support to vulnerable children and their Families £34,046

The grant is awarded to build on and support families with children on the brink of care proceedings.

5.1.5 Finance and Corporate Services - Revenues Division-Housing Benefits-DWP Grant £53,000

This is a one-off grant in 2008/09 for the funding of the costs associated with the implementation of Employment and Support Allowance.

5.1.6 Finance and Corporate Services - Revenues Division-Council Tax Benefits-WAG Grant £47,500

This grant will fund the cost of increasing council tax benefit take up within the area.

6. Recommendations

6.1. It is recommended that:

- the budget position to June 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.

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REVENUE BUDGET SUMMARY 2008/09

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

Revenue Reserves - Budget Monitoring 2008/09

Description	Reserve Balance at 1 Apr 2008	2008/09 Contributions to reserve	2008/09 Contributions from reserve	Changes agreed at Outturn	Proposed changes in Period	Estimated Reserve Balance at 31 Mar 2009
	£000	£000	£000			£000
EDUCATION, LEISURE & LIFELONG LEARNING						
<i>Delegated Schools Cash Reserves</i>						
Primary Schools Reserve A/C	Cr 2,492	0	500	0	0	Cr 1,992
Secondary Schools Reserve A/C	Cr 304	0	60	0	0	Cr 244
Special Schools Reserve A/c	Cr 626	0	150	0	0	Cr 476
ERVR New Deal Primary	Cr 173	0	30	0	0	Cr 143
	Cr 3,595	0	740	0	0	Cr 2,855
<i>Education, Leisure and Lifelong Learning</i>						
Cleaning & Equipment Reserve	Cr 9	0	0	0	0	Cr 9
Primary Kitchen Refurbishment Reserve	Cr 39	0	0	0	0	Cr 39
Equalisation Account-Education	Cr 656	0	471	Cr 817	0	Cr 1,002
School Transport Reserve	Cr 171	0	168	Cr 137	0	Cr 140
Repair and Maintenance Reserve	Cr 133	0	0	0	0	Cr 133
Upper Afan Valley Sports Reserve	Cr 39	0	0	Cr 10	0	Cr 49
Equalisation Account-Leisure	Cr 55	0	0	Cr 219	0	Cr 274
	Cr 1,102	0	639	Cr 1,183	0	Cr 1,646
Total Education Leisure & Lifelong Learning	Cr 4,697	0	1,379	Cr 1,183	0	Cr 4,501

Revenue Reserves - Budget Monitoring 2008/09

Description	Reserve Balance at 1 Apr 2008	2008/09 Contributions to reserve	2008/09 Contributions from reserve	Changes agreed at Outturn	Proposed changes in Period	Estimated Reserve Balance at 31 Mar 2009
	£000	£000	£000			£000
SOCIAL SERVICES, HEALTH & HOUSING						
<i>Hillside Secure Unit</i>						
Hillside General Reserve	Cr 1,309	Cr 133	99	0	0	Cr 1,343
	Cr 1,309	Cr 133	99	0	0	Cr 1,343
<i>Other</i>						
ICT Strategy	Cr 16	0	16	0	0	0
Social Services Equalisation	Cr 490	0	0	Cr 181	0	Cr 671
Environmental Health Reserve	Cr 9	0	0	0	0	Cr 9
	Cr 515	0	16	Cr 181	0	Cr 680
<i>Housing - General Fund</i>						
Housing Equalisation Account	Cr 16	0	16	Cr 51	0	Cr 51
Housing - Supporting People Equalisation	Cr 108	0	40	0	0	Cr 68
	Cr 124	0	56	Cr 51	0	Cr 119
Total Social Services, Health and Housing	Cr 1,948	Cr 133	171	Cr 232	0	Cr 2,142

Revenue Reserves - Budget Monitoring 2008/09

Description	Reserve Balance at 1 Apr 2008	2008/09 Contributions to reserve	2008/09 Contributions from reserve	Changes agreed at Outturn	Proposed changes in Period	Estimated Reserve Balance at 31 Mar 2009
	£000	£000	£000			£000
ENVIRONMENT						
<i>Directorate</i>						
Winter Maintenance Reserve	0	0	0	Cr 200	0	Cr 200
Environment Equalisation Reserve	Cr 38	0	15	Cr 100	0	Cr 123
SWTRA Reserve	Cr 174	Cr 55	150	0	0	Cr 79
Income Equalisation Reserve	Cr 34	0	0	0	0	Cr 34
Building Maintenance Reserve	Cr 150	Cr 50	50	0	0	Cr 150
Grounds Mtce Commuted Sums	Cr 33	0	6	0	0	Cr 27
Neath Civic Maintenance	Cr 110	Cr 100	100	0	0	Cr 110
Caegarw	Cr 18	0	10	0	0	Cr 8
Economic Development	Cr 441	Cr 200	429	0	119	Cr 93
European Fund	Cr 81	Cr 90	74	0	0	Cr 97
Briton Ferry Industrial Estate	Cr 29	0	29	0	0	0
Planning Development Control	Cr 30	0	30	0	0	0
Workways Equalisation Reserve	Cr 197	Cr 50	247	0	0	0
Reclamation Investigation Reserve	Cr 66	Cr 30	96	0	0	0
Employment support	Cr 106	0	0	0	106	0
	Cr 1,507	Cr 575	1,236	Cr 300	225	Cr 921

Revenue Reserves - Budget Monitoring 2008/09

Description	Reserve Balance at 1 Apr 2008	2008/09 Contributions to reserve	2008/09 Contributions from reserve	Changes agreed at Outturn	Proposed changes in Period	Estimated Reserve Balance at 31 Mar 2009
	£000	£000	£000			£000
Operating Accounts						
Operating Accounts - Vehicle Renewals	Cr 1,147	Cr 1,182	1,472	0	746	Cr 111
ETF/25 and Workforce Training	Cr 9	0	119	0	Cr 110	0
Vehicle Tracking	Cr 9	0	0	0	9	0
	Cr 1,165	Cr 1,182	1,591	0	645	Cr 111
Total Environment	Cr 2,672	Cr 1,757	2,827	Cr 300	870	Cr 1,032
FINANCE AND CORPORATE SERVICES						
Council Tax Swipe Cards Renewals Fund	Cr 9	0	0	0	0	Cr 9
Legal Equalisation Account	Cr 131	0	0	Cr 18	0	Cr 149
F&CS I.T. Developments	Cr 252	0	54	0	0	Cr 198
IT Renewals Fund	Cr 668	Cr 133	430	0	0	Cr 371
Efficiency/Equalisation Reserve	Cr 36	0	0	Cr 6	0	Cr 42
One Stop Shop/Access to Strategy	Cr 338	0	137	12	0	Cr 189
Development Fund for Modernisation		0	0	0	Cr 18	Cr 18
Total Finance and Corporate Services	Cr 1,434	Cr 133	621	Cr 12	Cr 18	Cr 976

Revenue Reserves - Budget Monitoring 2008/09

Description	Reserve Balance at 1 Apr 2008	2008/09 Contributions to reserve	2008/09 Contributions from reserve	Changes agreed at Outturn	Proposed changes in Period	Estimated Reserve Balance at 31 Mar 2009
	£000	£000	£000			£000
CORPORATE RESERVES						
Job Evaluation Reserve – Pay Protection	Cr 2,422	0	1,300	0	0	Cr 1,122
Job Evaluation Reserve – New pay and grading structure	Cr 3,800	0	3,200	0	0	Cr 600
Joint Childcare Board Reserve	0	0	0	Cr 35	0	Cr 35
Costing System	Cr 148	0	148	0	0	0
LAWDC	Cr 1,950	Cr 70	0	0	0	Cr 2,020
Spend to Save Fund	Cr 256	0	167	0	0	Cr 89
Energy-Spend to Save	Cr 156	0	100	0	0	Cr 56
Flexible Working Strategy	Cr 43	0	20	0	0	Cr 23
E-Government Initiatives	Cr 160	Cr 61	0	0	0	Cr 221
Community Council Grant Scheme	Cr 119	Cr 55	50	0	0	Cr 124
Management of Change Reserve	Cr 732	Cr 71	0	0	0	Cr 803
Accommodation Strategy Phase ii	Cr 4,363	Cr 940	1,466	0	0	Cr 3,837
Environmental Discovery Centre	Cr 652	0	0	0	0	Cr 652
Interest Equalisation Account	0	Cr 500	0	0	0	Cr 500
Insurance-Risk Management Reserve	Cr 327	Cr 335	331	0	0	Cr 331
Insurance-Claims Reserve	Cr 4,359	0	0	0	0	Cr 4,359
Corporate I.T. Developments	0	0	0	Cr 794	0	Cr 794
Total Corporate Reserves	Cr 19,487	Cr 2,032	6,782	Cr 829	0	Cr 15,566

Revenue Reserves - Budget Monitoring 2008/09

Description	Reserve Balance at 1 Apr 2008	2008/09 Contributions to reserve	2008/09 Contributions from reserve	Changes agreed at Outturn	Proposed changes in Period	Estimated Reserve Balance at 31 Mar 2009 £000
	£000	£000	£000			
CHIEF EXECUTIVE'S						
Elections Equalisation Fund	Cr 180	Cr 25	150	Cr 40	0	Cr 95
Development Fund for Modernisation	Cr 54	Cr 6	42	0	18	0
Youth Offending Team Equalisation Fund	Cr 31	0	0	0	0	Cr 31
Health & Safety/Occupational Health	Cr 36	0	8	0	0	Cr 28
Management Capacity, Development, Advisors etc.	Cr 5	0	0	Cr 104	0	Cr 109
Total Chief Executive's	Cr 306	Cr 31	200	Cr 144	18	Cr 263
TOTAL ALL REVENUE RESERVES	Cr 30,544	Cr 4,086	11,980	Cr 2,700	870	Cr 24,480