

POLICY REVIEW & PERFORMANCE
SCRUTINY COMMITTEE

3 March 2015

**BUDGET MONITORING 2014/15 MONTH 9 REPORT – INFORMATION
REPORT**

Reason for the Report

1. This item will enable the Committee to consider the Council's projected outturn for 2014/15 compared with the budget approved by the Council, based on the first nine months of the financial year. The Budget Monitoring Month 9 report, which was presented to the Cabinet on 19 February 2015, is attached at **Appendix A.**
2. When the Committee set its work programme for 2014/15, Members agreed to consider the Month 6 position and the outturn in depth, but to receive the Month 4 and 9 budget monitoring reports for information, with a view to scheduling more in depth scrutiny of the issues raised at a subsequent meeting should this be required. Earlier on the agenda for this meeting, Members will also have a chance to scrutinise the Council's overall performance for Quarter 3 of 2014/15, which includes the headline budget monitoring position.

Background

3. The Policy Review and Performance Scrutiny Committee has responsibility for scrutinising the overall Council budget from a corporate and strategic point of view. It also has responsibility for scrutinising a number of specific service budgets (with other service budgets being considered by the other four Scrutiny Committees). Those services which fall under this Committee's remit are:
 - Resources Directorate;

- Corporate Management, which includes the Communications and Media budget;
- County Clerk and Monitoring Officer Directorate, including Democratic Services, Scrutiny and the Welsh Language Unit. Savings for the 2014/15 financial year relating to the Equalities Team, which now sits under the County Clerk Directorate, are logged in the Month 9 Budget Monitoring report under their former Directorate, Communities, Housing & Customer Services as part of 'Policy, Partnerships and Citizen Focus';
- Strategic Estates and International Policy within the Economic Development Directorate;
- Customer Services, Corporate Grants and the Third Sector within the Communities, Housing & Customer Services Directorate.

Issues

2014/15 Month 9 budget monitoring position

4. The Budget Monitoring Month 9 report attached at **Appendix A** shows that the Council is currently projecting a balanced position, an improvement of £725,000 compared to the position reported at Month 6. Directorate budgets are currently projecting overspends totalling £8.797 million (compared to £7.505 million reported in Month 6). These overspends are partially offset by the £4 million General Contingency Budget which was allocated as part of the 2014/15 budget, and also by savings on capital financing, NDR refunds on Council properties, additional funding from the Outcome Agreement Grant and a projected surplus on Council Tax collection.
5. An overview of each Directorate revenue budget monitoring projection is included from paragraph 14 in the attached report. Of the specific services which fall under this Committee's remit:
 - i. **Corporate Management budget** (paragraph 22 onwards of Appendix A)
This budget is currently projecting a balanced outturn position. An overspend of £116,000 is projected in Communications and Media

(£115, 000 having been predicted in Month 6), £60,000 of which relates to income shortfalls against the 2014/15 budget savings targets. The Capital Times is projecting an overspend of £73,000 (£68,000 in Month 6) due to a shortfall in advertising income compared to previous years. These overspends are offset by savings elsewhere in the budget, including £109, 000 on general expenses.

ii. County Clerk and Monitoring Officer Directorate (paragraph 26 onwards of Appendix A)

Overall, the Directorate is reporting a saving of £29,000 (£16,000 having been reported in Month 6), with £446,000 anticipated to be achieved against the £494,000 savings target for this year. An overspend of £49,000 is projected for Scrutiny Services, as it was in Month 6, due to a shortfall against income targets; this will be met in the current year from reserves.

iii. Economic Development Directorate (paragraph 28 onwards of Appendix A)

The Economic Development Directorate is projecting an overspend of £97,000, a reduction of £10,000 in the overspend reported at Month 6. Within this Committee's remit, property budgets are reporting a projected overspend of £97,000 (compared to £104,000 at Month 6), which includes a projected shortfall of £87,000 against rental income from non operational properties. The 2014/15 budget included a target of £197,000 savings from rent reviews and property-related income, but currently only £110,000 is expected to be achieved, as it was at Month 6.

iv. Resources Directorate (paragraph 50 onwards of Appendix A)

The Resources Directorate is projecting a saving of £326,000, as against the balanced position projected at Month 6. A shortfall of £515,000 is projected against the service's 2014/15 savings proposals (compared to £421,000 at Month 6).

v. Communities, Housing and Customer Services Directorate

(paragraph 19 onwards of Appendix A).

The Directorate is reporting a saving of £612,000 compared to the saving of £511,000 reported at Month 6.

6. The Committee will note that the Budget Monitoring report includes an appendix detailing progress in achieving the specific Directorate savings which were set as part of the 2014/15 budget. The Wales Audit Office (WAO) Corporate Assessment, which the Committee considered at its 2 September 2014 meeting, concluded that 'there is a high risk that savings targets for 2014-15 will not be achieved and longer-term savings requirements are unlikely to be met if current methods of service delivery are sustained'.¹ When considering the draft Budget Proposals at its February 2014 meeting, this Committee had also expressed concerns that the savings may not be achievable, and commented that Members had not been provided with the delivery plans for savings proposals in order to judge their achievability. Members may note that at Month 9 it is projected that, of total savings of £43.833 million:

- £32.396 million of savings have already been achieved (compared to £27.280 million at Month 6);
- £36.658 in total is currently projected to be achieved by the end of the financial year (compared to £37,847 projected at Month 6 and £38.870 million at Month 4); and
- £7.175 million is currently projected not to be achieved (compared to £5.986 projected at Month 6 and £4.963 million at Month 4).

7. In terms of Capital, the projected outturn for the General Fund Capital Programme at month 9 is £70.1 million (compared to £73.3 million at Month 6), a variance of £54.1 million (compared to £52.4 million at Month 6). This includes a projected underspend of £1.8 million (compared to £1.2 million at Month 6) and estimated slippage of £52.3 million (compared to £51.1 million at Month 6).

Further details can be found from paragraph 70 of **Appendix A**.

¹ Wales Audit Office Corporate Assessment, page 31, available at: <https://www.wao.gov.uk/news/improvements-not-being-made-key-service-areas-cardiff-council>

Scope of the Scrutiny

8. This Committee has the remit to consider the Council's overall budget as well as the budgets of a number of specific directorates, as set out at paragraph 3. As this item is for information only, Members may like to discuss whether to schedule further scrutiny of the issues raised by the report. The Section 151 Officer will also be in attendance earlier on the meeting agenda to discuss the Council's overall performance as at Quarter 3, so Members can raise budgetary issues at that point.

Legal Implications

9. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers of behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

10. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATIONS

11. The Committee is recommended to:

- i. Consider the contents of the report and the information presented at the meeting;
- ii. Decide whether to schedule any further consideration of the issues raised.

MARIE ROSENTHAL

County Clerk and Monitoring Officer

25 February 2015