

## **Appendix 2 – The details and assumptions underpinning service projections remain largely as reported last month and are reported below**

**Customers, Communications and Marketing** is currently projected to overspend by £116k. The pressure is largely due to higher than anticipated relief costs and additional IT costs.

**Business Improvement and Modernisation** is now projected to underspend by £48k. The service hopes to carry forward this underspend into 2018/19 to fund cover for maternity leave (£12k), the extension of the contracts for the EDRMs scanning officers (£28k) and training costs (£8k).

**Community Support Services** is still projected to break-even. However as indicated in previous reports this is after additional budget of £750k being allocated during the 17/18 budget process, £1m additional Welsh Government funding (which now includes an additional £367k funding for winter care pressures), £500k additional one-off income relating to deferred income and £0.6m use of service reserves. Overspends within the Mental Health Service and In-House Provider Services are greater than anticipated and remain an area of concern for 18/19 and beyond. These pressures were considered as part of the 18/19 budget process and funding pressures were agreed at Council on the 30<sup>th</sup> January. Further work is ongoing to assess the financial implications of these pressures on the Medium Term Financial Plan.

**Education and Children's Service** is currently projected to overspend by £486k. Each individual placement can be extremely expensive so any increase in numbers can have a large effect on the budget. The total overspend against Children's Services base budget is currently £1,140k (£1,166k last month), however as in previous reports this is partly offset by a planned use of the Placement Reserve which was put aside from Corporate resources at year end last year (£522k) and a further cash contribution from Corporate Contingencies of £132k for a particularly expensive and sensitive case involving children in remand centres. The pressures in this area were considered as part of the 18/19 budget process and funding pressures were agreed at Council on the 30<sup>th</sup> January. Further work is ongoing to assess the financial implications of these pressures on the Medium Term Financial Plan.

**Facilities, Assets and Housing** is projected to underspend by £215k (£95k last month). The variance is due to a number of factors including:

- £58k is due to back-dated windfall income relating to a mobile phone mast on the Skytower in Rhyl.
- £40k relates to a delay in incurring expenditure on modernising the IT systems within Property Services.
- £80k relates to the severe weather in March which resulted in a delay in planned maintenance works, particularly relating to Industrial Units.
- The remaining underspend is due to the early achievement of 2018/19 saving commitments.

The service hopes to be able to carry forward the underspend to help fund replacement works within Leisure facilities.

**Legal, HR and Democratic Services** is showing an underspend of £19k due to a number of small variances and vacancy savings across the.

**Highways and Environment** is currently projected to overspend by £253k.

The majority of the overspend (£165k) relates to a projected shortfall in income for the Major Projects team. This has been issue over recent years (£45k overspend last year) but has been contained within the service's budget allocation. The main reason for the income shortfall relates to the amount of work and re-imburement coming from the North and Mid Wales Trunk Road Agency (NMWTRA).

Although a pressure of £300k was included in the budget for School Transport for 2017/18, it has always been accepted that the effects of the implementation of the new policy would need to be monitored carefully throughout the year. The School Transport budget is currently projected to overspend by £75k following a full review of the contracts agreed for the new school year.

It is currently projected that the effects of the recent winter weather on the winter maintenance budget can be contained within existing resources including the use of the severe weather reserve, although as ever this remains a volatile budget which continues to be monitored closely. The council, along with most other Welsh Local Authorities, have requested financial help from Welsh Government in order to help pay for the impact of the severe weather. Any funds forthcoming will mean that reserves will be able to be maintained at more sustainable levels going forward. Minor overspends across the service account for the residual variance.

**Schools** – Although schools received protection of 1.85% (£1.173m) for 2016/17 they also had to find efficiency savings to fund inflationary pressures of approximately £2.5m. Schools had a net deficit balance of £1.056m last financial year which represented a reduction of £2.618m on the balances brought forward from 2015/16 (£1.562m). At the end of March the projection for school balances is a net deficit balance of £0.844m, which is an improvement of £0.212m on the balances brought forward from 2016/17. Schools continue to work closely with Education Finance colleagues on detailed financial plans for the new academic year and over the following two years to deliver long term balanced budgets.

Schools received total additional funding of £2.1m for 2017/18 which is more than both inflation and demographic growth. The position will be monitored closely and continue to be reported to Members on a monthly basis. Non-delegated school budgets are currently underspending by £146k (£79k last month) due to the reduction in historic pension liabilities relating to the period of Clwyd County Council.

The **Housing Revenue Account (HRA)**. The latest revenue position assumes a decrease in balances at year end of £997k which is £682k more than the budgeted decrease of £315k which is largely due to an increase in investment in Repairs and Maintenance. HRA balances are therefore forecast to be £1.551m at the end of the year. The Capital Budget of £10.15m is allocated between planned improvements to existing housings stock (£6m) and acquisitions and new build developments (£4m).