



1. PURPOSE

- 1.1 The purpose of this report is to provide Select Committee Members with information on the forecast revenue outturn position of the Authority at the end of reporting period 2 which represents month 6 financial information for the 2015/16 financial year.
- 1.2 This report will also be considered by Select Committees as part of their responsibility to,
 - assess whether effective budget monitoring is taking place,
 - monitor the extent to which budgets are spent in accordance with agreed budget and policy framework,
 - challenge the reasonableness of projected over or underspends, and
 - monitor the achievement of predicted efficiency gains or progress in relation to savings proposals.

2. RECOMMENDATIONS PROPOSED TO CABINET

- 2.1 That Members consider the position concerning the second period of revenue monitoring in 2015/16 (£1.066 million deficit) and seek a further report back to the next Cabinet outlining the Recovery Plans to be put in place to address the overspends in service areas
- 2.2 That Members note the forecast use of earmarked reserves and, in order to ensure adequacy of reserves for the MTFP, approve the following change in practice:
 - Increase workforce planning and redeployment to reduce the need for reserves to cover redundancies

- Any request for reserve funding must first explore whether existing budgets, or external funding sources can be used for the proposal accepting this may require a change in priorities if existing budget are used
- Use of reserves to implement budget savings must use the saving first to repay the reserve
- IT investment bids will need to be considered in the core capital programme when the IT investment reserve is extinguished, this may necessitate displacing some of the core capital programme allocations depending on the priorities agreed

2.3 Members consider the position concerning period 2 Capital Monitoring with a revised budget of £60.496 million for the 2015/16 financial year.

3. MONITORING ANALYSIS

3.1 Revenue Position

3.1.1 Revenue budget monitoring information for each directorate's directly managed budgets is provided together with information on corporate areas.

3.1.2 Responsible Financial Officer's Summary of Overall Position Period 2

Table 1: Council Fund 2015/16 Outturn Forecast Summary Statement at Period 2 (Month 6)	Annual Forecast @ Month 6	Revised Annual Budget @ Month 6	Forecast Over/(Under) Spend @ Month 6	Forecast Over/(Under) Spend @ Month 2	Forecast Variance Month 2 to Month 6
	£'000	£'000	£'000	£'000	£'000
Social Care & Health	39,237	38,136	1,101	519	582
Children & Young People	51,427	51,230	197	274	(77)
Enterprise	9,900	9,299	601	338	263
Operations	16,723	16,384	339	634	(295)
Chief Executives Unit	6,825	6,856	(31)	(120)	89
Corporate Costs & Levies	18,190	18,251	(61)	63	(124)
Net Cost of Services	142,302	140,156	2,146	1,708	438

Attributable Costs – Fixed Asset Disposal	182	233	(51)	0	(51)
Interest & Investment Income	(84)	(51)	(33)	(30)	(3)
Interest Payable & Similar Charges	3,279	3,661	(382)	(202)	(180)
Charges Required Under Regulation	5,752	5,722	30	74	(44)
Contributions to Reserves	90	90	0	0	0
Contributions from Reserves	(1,287)	(1,395)	108	(90)	198
Amounts to be met from Government Grants and Local Taxation	150,234	148,416	1,818	1,460	358
General Government Grants	(67,642)	(67,642)	0	0	0
Non-Domestic Rates	(26,737)	(26,737)	0	0	0
Council Tax	(60,694)	(60,094)	(600)	(500)	(100)
Council Tax Benefits Support	5,945	6,097	(152)	(93)	(59)
Net Council Fund (Surplus) / Deficit	1,106	40	1,066	867	199
Budgeted contribution from Council Fund	0	(40)	0	0	0
	1,106	0	1,066	867	199

3.1.3 The bottom line situation, a £1,066,000 potential overspend, has continued to be mitigated significantly by anticipated net Council Tax receipts and favourable treasury considerations. The net cost of services pressure is £2,146,000, with the main overspending areas being:

- Children’s social services (£1.1 million overspend),
- Enterprise Directorate (£601K overspend), relating to markets, community education, community hubs, IT, Leisure and Museums
- Operations Directorate (£339k overspend) relating to Home to School transport, and Property services
- CYP Directorate (£196k overspend) relating to the Youth Service

3.1.5 As part of the outturn report presentation to Cabinet and Selects it was explained that a review would be done of adhoc savings made during the year in more detail to assess those that could be of a permanent or long term nature that could be considered by members as replacing the mandated savings not made in 2014-15 totalling £571,000. This work is still on going.

3.1.10 Given the financial challenges that will continue to face the Authority for the foreseeable future, Chief Officers continue to be tasked with ensuring that services live within the budgets and savings targets set for the current financial year. Monitoring reports will seek to contain the information on what is being done to manage the over spends identified and the positive action that is required to ensure that the budget is not breached.

3.1.11 A summary of main pressures and under spends within the Net Cost of Services Directorates are presented here:

Directorate / Service area	Forecast Outturn Position exclusive of savings not yet achieved £'000	Targeted 2015-16 Savings not yet realised £'000	Forecast Outturn Position <u>net</u> of savings not achieved £'000	Movement since Period 2 Red= Adverse (Green) = Favourable	Headline Comment
Social Care & Health (SCH)					
ADULT SERVICES					

Directorate / Service area	Forecast Outturn Position exclusive of savings not yet achieved £'000	Targeted 2015-16 Savings not yet realised £'000	Forecast Outturn Position <u>net</u> of savings not achieved £'000	Movement since Period 2 Red= Adverse (Green) = Favourable	Headline Comment
Severn View DC & My Day DC	(24)	0	(24)	(9)	Underspend due to low Superannuation take up and manager temporarily reduced to a 3 day week.
MardyPark Rehabilitation Unit	(12)	0	(12)	17	Section 33 income is running ahead of budget but has reduced
MardyPark	48	0	48	(47)	Due to low level of income as a result of falling long term clients. A recently approved transformation model will look to readdress this position.
Severn View Residential	61	0	61	(12)	Combination of mandate savings not being achieved plus lower income charges from less full paying clients.
Direct Care	(80)	0	8	(88)	Reflects increased income from client referrals and Management vacancy
Transition Co-operative	(24)	0	(24)	8	Relates to income from staff seconded to an external agency.
Adult Services Man/Support	(99)	0	(99)	(40)	Current Disabilities team manager vacancy plus ICF grant meeting costs of the Direct Care team manager.
CHILDREN SERVICES					
Fostering Allowances and Payments For Skills	156	0	168	(12)	We are paying for an additional 7 children in foster placements with the age mix of children altering leading to increased payments. Skills payments to foster carers has also risen with the numbers of SGO's supported through this budget increasing by 7 this year.
Younger People's Accommodation	(96)	0	(99)	3	A vast amount of work has been undertaken in this budget over the past two years to deliver, at present, an under spend. This budget is prone to volatility and we will continue to monitor over the year before deciding on viring budget to a different cost centre.
Ty'r Enfys	(52)	0	(52)	(8)	This facility with now remain closed for the entire year.

Directorate / Service area	Forecast Outturn Position exclusive of savings not yet achieved £'000	Targeted 2015-16 Savings not yet realised £'000	Forecast Outturn Position <u>net</u> of savings not achieved £'000	Movement since Period 2 Red= Adverse (Green) = Favourable	Headline Comment
Counsel Costs	18	0	18	(55)	This service has received extra budget provision during the period of reporting
Therapeutic Service	(28)	0	(26)	(2)	Under spend due to vacant Play Therapist post being filled on a part time basis from 07/09/15
External Placements - LAC	920	0	920	508	Current activity is 64 placements and we are seeing a full year effect of placements that only entered the system in the latter part of last year.
External Placement - Non-LAC	(97)	0	(97)	(21)	This cost centre is generally used to fund the over spend within S026.
GWICES (Gwent Wide Integrated Community Equip Services	(26)	0	(26)	(1)	Forecast based on GWICES report for August 2015 received from the host Torfaen CBC
Other Children's Services –appendix 6	(2)	0	(2)	32	
SCYP - Placement & Support Team	128	0	128	43	Over spend due to use of agency staff, contact and assessment costs and home to school transport. More recently this budget has funded building work to create in house contact centres.
Children Services Safeguarding Unit	(21)		(21)	(8)	A vacant part time Independent Reviewing Officer post not expected to be filled until 01/01/16.
SCYP - Supporting Children & Young People Team	198	0	198	130	Overspend relates to the employment of 5 agency workers to cover staff sickness and capacity issues and a 77% increase in transport costs since last year.
Disabled Children	88	0	88	22	Large part of overspend relates to the continued use of agency staff to cover sickness and the employment of a Student Placement Social Worker.

Directorate / Service area	Forecast Outturn Position exclusive of savings not yet achieved £'000	Targeted 2015-16 Savings not yet realised £'000	Forecast Outturn Position <u>net</u> of savings not achieved £'000	Movement since Period 2 Red= Adverse (Green) = Favourable	Headline Comment
FRS – Family Support Team	27	0	27	119	This budget is currently employing the services of 12 social workers to cover for various staff absences.
Bus Cases / Temp Funding - Cabinet 06/05/15	83	0	83	(129)	£68,000 relates to the employment of permanent staff
COMMUNITY CARE					
Aids for Daily Living	(31)	0	(99)	67	Forecast based on GWICES report for August 2015 received from the host Torfaen CBC
Adult Transformation	(57)	0	(57)	(56)	Delay reserve funding by £57K into 2015/16. Head of Service to make formal reserve slippage request.
Other Social Care	32	n/a	32	98	See appendix 6
COMMISSIONING	(7)	0	(3)	(4)	See appendix 6
RESOURCES	(1)	0	(1)	27	See appendix 6
Total SCH at Month 6	1,101	0	1,101	582	Total SCH Outturn at Month 6

Children & Young People (CYP)					
ISB	28	0	28	28	Additional costs of protection at schools and additional teacher
Management	36	n/a	36	(8)	Efficiency savings for the directorate still to be identified
Support Services	37	n/a	37	20	Legal costs incurred by the Authority

Directorate / Service area	Forecast Outturn Position exclusive of savings not yet achieved £'000	Targeted 2015-16 Savings not yet realised £'000	Forecast Outturn Position <u>net</u> of savings not achieved £'000	Movement since Period 2 Red= Adverse (Green) = Favourable	Headline Comment
Additional Learning needs	(102)	n/a	(102)	(134)	Recoupment income is anticipated to be £102k more than budgeted.
Primary Breakfast Initiative Grant	55	n/a	55	(6)	Take up continues to increase and therefore resulting in additional staffing requirements.
Community Education Youth General	0	137	137	23	Progression made towards mandate saving. Additional funding avenues being explored in order to reduce current forecasted overspend.
Other CYP	5	n/a	5	0	See Appendix 7
Total CYP at Month 6	59	137	196	(77)	Total CYP Outturn at Month 6

Enterprise (ENT)					
Sustainability	50	33	83	21	Sections' inability to achieve the expected income targets.
Strategic Property Management	(57)	0	(57)	(47)	Under spend relates partly to a staff vacancy, and a reduction in budgeted professional fee's
Cemeteries	(42)	n/a	(42)	(2)	Increase in budgeted income along with lower than anticipated expenditure,
County Farms Unit	9	n/a	9	39	Lower than anticipated maintenance costs
Markets	38	70	108	(2)	Overspend on employee costs due to delayed implementation of restructure along with unbudgeted overtime. The section is also forecasting an inability to meet the increase income target (Mandate £50k Markets Income)

Directorate / Service area	Forecast Outturn Position exclusive of savings not yet achieved £'000	Targeted 2015-16 Savings not yet realised £'000	Forecast Outturn Position <u>net</u> of savings not achieved £'000	Movement since Period 2 Red= Adverse (Green) = Favourable	Headline Comment
Community Education	90	0	90	90	£50,262 relates to one off redundancy costs which the section requests reserve funding. The remaining £40,000 due to the reduction in franchise income
Community Hubs	190	125	315	263	Increase staffing costs are due to the delayed implementation of the Community Hubs restructure and the mandated savings of £250k relating to a full year of savings. The community Hubs are likely to achieve savings of six months from September 2015.
Homelessness	(49)	0	(49)	(49)	Funding of the Financial Inclusion Officer coming from the Implementing the Housing Act Grant £28,000 and a reduction in expenditure against B&B accommodation.
Lodgings Scheme	(45)	0	(45)	(45)	Occupancy levels being forecast at a fairly high level therefore increasing the amount of rental income and HB benefit.
Whole Place	(42)	n/a	(42)	(16)	Staff vacancies - Delayed appointment
ICT General Overheads	0	110	110	10	The 100k savings that were to be achieved through in-house software development and the sale of products will not occur. Other options to look for alternative savings are being actively sought.
Development Plans	(150)	0	(150)	(150)	LDP savings as scheme unlikely to be implemented in 2015-16
Leisure Services	60	35	95	95	20k over spend from Children's Services. 30k relates to a Learning Co-ordinator post that is not grant funded anymore, 20k 3G pitch income issues with the lighting and electricity supply
Museums, Shirehall, Caldicot Castle & Country Parks	105	45	150	70	Budget does not reflect the cost to run the service. Historic budget assumptions along with 24k savings from 13-14 carried forward will not be made. Income on target for 15-16 but spend to achieve this income will be over budget.

Directorate / Service area	Forecast Outturn Position exclusive of savings not yet achieved £'000	Targeted 2015-16 Savings not yet realised £'000	Forecast Outturn Position <u>net</u> of savings not achieved £'000	Movement since Period 2 Red= Adverse (Green) = Favourable	Headline Comment
Other Enterprise	26	0	26	(13)	See Appendix 6
Total ENT at Month 6	183	418	601	263	Total ENT Outturn at Month 6

Directorate / Service area	Forecast Outturn Position exclusive of savings not yet achieved £'000	Targeted 2015-16 Savings not yet realised £'000	Forecast Outturn Position <u>net</u> of savings not achieved £'000	Movement since Period 2 Red= Adverse (Green) = Favourable	Headline Comment
Operations (OPS)					
Public Transport Subsidy Grant	(48)	0	(48)	(48)	Administering the Bus Services Support Grant is claimable against the grant £50,000, this has been off set by small over spends on vehicle costs of £2,000.
Home To School Transport	234	101	335	35	The over spend against budget is due to similar issues to that in 2014-15, in particular the assumed ALN transport savings have proven unachievable, budgeted increased income levels were not made whilst at the same time corporate budget decisions regarding reductions in overtime costs were imposed. A mandate has been put forward to highlight the fact that the service cannot operate within its existing budget and has requested further funding via the MTFP in 2016-17.
Building Cleaning	(70)	90	20	(30)	Overspend due to delayed implementation of the mandate saving - transferring public conveniences to town councils.

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Schools Catering	35	n/a	35	(20)	the section is continuously improving meal numbers and so overspend reduced from M2
Procurement	0	n/a	0	72	Now forecasting a balanced position
Resources	103	n/a	103	(197)	variance from month 2 is partly due to an increase in fee's chargeable to the 21st century schemes in this year's programme A virement from procurement of £79k improved position
Accommodation	(150)	n/a	(150)	(25)	Underspend due to a continued reduction in premises and supplies and services costs on all accommodation
Highways	(65)	50	(15)	(15)	Advertising income will not be fully achieved as Cabinet approval was only granted in May. increased income relating to Fixed Penalty notices on Street works,
Refuse & Cleansing Operations	(66)	86	20	(106)	pressures of the budget mandates are still real, however have been mitigated by a reduction in fuel costs (£60k benefit from budget) and a reduction in Superannuation as about 20 staff have opted out of the Council provided pension (£96k). Managers are to engage with staff to ensure that their decision to opt out of the pension is what they want to do, so this may not be a recurring saving.
RAG Training	46	0	46	46	Has seen demand fall due to both increasing competition from other training providers and Council's facing major budget pressures only undertaking mandatory training.
Other Operations	(7)	0	(7)	(7)	See Appendix 9
Total OPS at Month 6	(2)	341	339	295	Total OPS Outturn at Month 6

Chief Executive's Office (CEO)					
Directorate / Service area	Forecast Outturn Position exclusive of savings not yet achieved £'000	Targeted 2015-16 Savings not yet realised £'000	Forecast Outturn Position <u>net</u> of savings not achieved £'000	Movement since Period 2 Red= Adverse (Green) = Favourable	Headline Comment
Customer Relations	12	0	12	12	Professional fees incurred during a complaint investigation.
Benefits	(30)	n/a	(30)	90	Increases in the bad debt provision and a net increase in Housing Benefit expenditure.
Council Tax & NNDR Administration	65	0	65	65	Forecast shortfall in income from court fees, includes potential redundancy costs for Officer
Cashiers	16	0	16	16	Overspend is largely attributable to estimated annual card fees made to Global Payments
Revenues Systems Administration	(43)	0	(43)	(43)	Vacant post, reduced petrol costs due to long term sickness and reduced system costs as proportion now charged to Housing Benefits
Financial Systems Support and VAT	(7)	0	(7)	(7)	additional income from Schools following the renegotiation of contract costs
Communications	30	0	30	30	due to an under recovery of costs for the post of Digital Media Designer
Policy and Partnership Management	(29)	0	(29)	(29)	Mainly £23,000 of one off LSB grant attributable to a post which is currently vacant
Other CEO	(45)	0	(45)	(45)	See Appendix 10
Total CEO at Month 6	(31)	0	(31)	89	Total CEO Outturn at Month 6

Directorate / Service area	Forecast Outturn Position exclusive of savings not yet achieved £'000	Targeted 2015-16 Savings not yet realised £'000	Forecast Outturn Position <u>net</u> of savings not achieved £'000	Movement since Period 2 Red= Adverse (Green) = Favourable	Headline Comment
Corporate (COL)					
Audit Commission Fees (Certification Grant Claims)	(22)	n/a	(22)	4	Forecasted saving in relation to the auditing of grant claims
Coroner Fees	16	0	16	6	Original budget insufficient for service costs
HMRC Rate Reimbursements	(36)	0	(36)	(19)	VAT rebates exercise
Early Retirement Pension Costs	150	n/a	150	16	Additional cost of redundancies notified in latter part of 2014/15& during 2015/16
Insurance Premium Payment(Direct)	(60)	n/a	(60)	(18)	Based on reduction in premium costs as a result of the tender completed in September 2015.
Indirect Revenue Gains Reserve	(114)	0	(114)	(104)	Rate rebates from MCC Properties
Other Corporate	6	0	6	(5)	See appendix 11
Total COL at Month 6	(60)	0	(60)	(124)	Total COL Outturn at Month 6

Directorate / Service area	Forecast Outturn Position exclusive of savings not yet achieved £'000	Targeted 2015-16 Savings not yet realised £'000	Forecast Outturn Position <u>net</u> of savings not achieved £'000	Movement since Period 2 Red= Adverse (Green) = Favourable	Headline Comment
Appropriations (APP)					

Directorate / Service area	Forecast Outturn Position exclusive of savings not yet achieved £'000	Targeted 2015-16 Savings not yet realised £'000	Forecast Outturn Position <u>net</u> of savings not achieved £'000	Movement since Period 2 Red= Adverse (Green) = Favourable	Headline Comment
Attributable Costs - Fixed Asset Disposal	(51)	0	(51)	(51)	Some schemes have underspent as sold without incurring costs; but virements will be made to other schemes now being planned. Underspends on those schemes will be slipped to 16/17 (£102k) to complete schemes
Interest and Investment Income	(33)	0	(33)	(4)	Increased cash income due to increased cash balances - in turn due to temporary borrowing taken out when rates were advantageous to prevent concentrated borrowing at difficult times.
Interest Payable and Similar Charges	(382)	n/a	(382)	(180)	Movement from Month 2 mainly due to long term borrowing now no longer being forecast in year (£9m at month 2); Temporary borrowing has not increased due to slippage on 21C schools programme.
Charges Required Under Regulation	30	n/a	30	(44)	MRP reduction due to 14/15 slippage (-£137k) removed as incorrect - Offset by reduction in MRP relating to annuity funding of 21C schools program - delayed to 18/19 expected date of school opening
Earmarked Contributions From Reserves (Revenue)	108	n/a	108	198	
Other Appropriations	0	0	0	0	
Total APP at Month 6	(328)	0	(328)	(81)	App Outturn at Month 6
Financing (FIN)					
Council Tax	(600)	n/a	(600)	(100)	Surplus due to projected better Council Tax Collection rates.

Clusters							
Abergavenny	(412)	124	(24)	(19)	(431)	(312)	(119)
Caldicot	(426)	275	(23)	153	(273)	(174)	(99)
Chepstow	98	36	9	63	161	143	18
Monmouth	(424)	166	27	154	(270)	(231)	(39)
Special	24	(18)	(10)	105	129	(4)	133
	(1,140)	583	(21)	456	(683)	(578)	105

3.2.2 School balances at the beginning of the financial year amount to £1,140,000. The Schools budgeted draw upon balances is forecasted to be £456,000 for 2015/16, therefore leaving £683,000 as forecasted closing reserve balances.

3.2.3 Within these summary figures, of particular note, is the deficit reserve position forecasted for the Chepstow Cluster, Chepstow Comprehensive school have a recovery plan in place, the latest forecast indicates an increase in the deficit for the school. This is due to the contribution to redundancy costs that the school has incurred. The recovery plan is currently being reviewed and given the number of pupils on roll this deficit will still be met over the duration of the plan.

3.2.4 5 schools exhibited a deficit position at the start of 2015/16; Llanvihangel Crocorney (£15,039), Castle Park (£39,730), Chepstow Comprehensive (£388,687) Llandogo (£12,347) and Mounton House Special School (£25,955). Of these five schools the following two have seen an increase in their deficit balance at month 6, Llanvihangel Crocorney (£33,714), this is due to the pupil numbers in the school increasing and therefore an additional teacher needed to be employed and Mounton House Special School (£136,144), due to significant staffing changes and a delay in grant funding through the ESF project. One more school, Overmonnow is now reporting a deficit, (£8,239), this is again due to an increase in pupil numbers resulting in an additional teacher being employed. Overmonnow are in the process of developing a recovery plan.

3.2.5 Schools balances are exhibiting a fluctuating trend with some schools showing a continuing reduction in schools balances which is of concern and others a more balanced trend.

Financial Year-end	Net level of School Balances
2011-12	(965)
2012-13	(1,240)
2013-14	(988)

2014-15	(1,140)
2015-16 (Forecast)	(683)

3.2.6 There has been a significant reliance on reserve balances to supplement school spending plans in the last 4 years across individual schools with a certain amount of replenishment. As a rough guide, prior to 2010, Welsh Government advocated that school balance levels equated to no more than £50,000 for a primary school and £100,000 for a secondary school. Members may wish to seek a comfort that balances aren't being used to subsidise and sustain core costs such as staffing.

3.2.7 Further information on Schools is provided in Children & Young People Select Appendix 5.

3.3 **2015/16 Savings Progress**

3.3.1 This section monitors the specific savings initiatives and the progress made in delivering them in full by the end of 2015/16 financial year as part of the MTFP budgeting process.

In summary they are as follows:

2015/16 Mandated Budgeted Savings Progress at Month 6

DIRECTORATE	Specific Savings Initiatives 2015/16 £'s	Savings Identified @ Month 6 £'s	Percentage Progress In Savings Achieved %	Delayed Savings to 2016/17 £'s	Savings Unachievable in 2015/16 £'s
Children & Young People	1,514,000	1,377,000	91%	137,000	0

Social Care & Health	274,000	274,000	100%	0	0
Enterprise	1,392,983	974,983	70%	125,000	293,000
Operations	1,513,000	1,258,000	83%	50,000	205,000
Chief Executives Office	85,000	85,000	100%	0	0
Total Budgeted Savings	4,779,983	3,969,983	83%	312,000	498,000

3.3.2 Forecasted mandated savings are currently running at 83%, with £498,000 being deemed unachievable at the end of month 6, and a further £312,000 unlikely to crystallise in 2015-16.

3.3.3 The emphasis of reporting savings has changed from previously where savings were reported when they were manifest, however the judgement is now whether saving is forecast to be achieved.

3.3.4 The savings appendix also has a traffic light system to indicate whether savings are likely to be achieved or have reasons explaining the mandates delayed implementation. The following savings mandates are still reported to be high or medium risk.

Operations (OPS)

- Home to School Policy Changes of £29,000 have been deemed to be unachievable due to other budget pressures within the Transport Section, although £72,000 of the total has been achieved.
- The £50,000 saving for the Transfer of Public Conveniences to Town Councils has not been achieved and £40,000 of additional external income has not been achieved within the Waste section.
- Highways advertising income forecasting a £50,000 shortfall due to implementation of the scheme due to planning issues.
- Route Optimisation has £86,000 of unachievable costs due to unattainable savings in regard to leasing costs and delay in restructuring

Enterprise (ENT)

- Museums, Shirehall & Castles and Tourism – £15,000 shortfall due extra staffing requirements at Chepstow TIC and unattainable green screen savings (£10,000) and conservation income (£20,000).
- Utility supply issues at the Caldicot 3G sports pitch has resulted in reduced income (£20,000) and £15,000 for caretaker charges at Abergavenny Leisure Centre.
- The delayed implementation of the Community Hubs project has led to a £125,000 savings shortfall.
- Sustainable Energy Initiatives is reporting £33,000 of unachievable income targets
- In House development of ICT systems and associated income generation estimated at £110,000 will not occur with additional savings of £20,000 still be found from software contracts.
- MCC Markets are indicating that the extra income of £70,000 from the Markets and associated activities is unachievable due to budget pressures relating to the Borough theatre.

Children and Young People (CYP)

- The Youth Service are forecasting to achieve £63,000 of the mandated savings (£200,000) and are trying to identify the shortfall which has been reported as an over spend at month 6.

Social Care & Health (SCH)

- The Mandates for Adult Social Care Service re-design and the transfer of SCH Transition project staff to Bright New Futures are forecast to be fully achieved.

Chief Executive's Office

- All current financial year savings have been identified within the Chief Executive's section of responsibility.

3.4 Capital Position

3.4.1 The summary Capital position as at month 6 is as follows

MCC CAPITAL BUDGET MONITORING 2015-16 AT MONTH 6 by SELECT COMMITTEE						
CAPITAL BUDGET SELECT PORTFOLIO	Annual Forecast	Slippage Brought Forward	Total Approved Budget 2015/16	Provisional Capital Slippage to 2016/17	Revised Capital Budget 2015/16	Forecasted Capital Expenditure Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Children & Young People	13,727	7,267	51,311	(34,566)	16,745	(18)
Adult	353	35	353	0	353	0
Economic & Development	642	531	706	(70)	636	6
Strong Communities	7,588	2,940	8,127	(578)	7,549	40
Capital Schemes Total	25,310	10,773	60,496	(35,214)	25,282	28

MCC CAPITAL BUDGET MONITORING 2015-16 AT MONTH 6 By SCHEME CATEGORY						
CAPITAL BUDGET SCHEME	Annual Forecast	Slippage Brought Forward	Total Approved Budget 2015/16	Provisional Capital Slippage to 2016/17	Revised Capital Budget 2015/16	Forecasted Capital Expenditure Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Asset Management Schemes	3,371	889	3,354	0	3,354	18
Future Schools	15,136	6,699	49,702	(34,566)	15,136	0
Other School development Schemes	251	219	269	0	269	(18)
Infrastructure & Transport	3,174	670	3,242	(68)	3,174	0
Regeneration Schemes	972	947	1,208	(247)	960	12
Sustainability Schemes	81	81	81	0	81	0
County Farm Schemes	347	152	352	0	352	0

Inclusion Schemes	1,354	348	1,354	0	1,354	0
ICT Schemes	304	188	288	0	288	16
Other Schemes	318	581	646	(333)	313	0
Capital Schemes Total	25,310	10,773	60,496	(35,214)	25,282	28

3.5 Proposed Slippage to 2016-17

3.5.1 The only major proposed slippage apparent at month 6 relates to 21c schools initiative, and reflects the latest cashflow profile provided by CYP colleagues.

3.6 Capital Outturn

3.6.1 After allowing for the slippage volunteered by services, the capital programme for 2015-16 is forecasting to be £28,000 over spent at Month 6.

3.6.2 This prediction is unlikely to be the reality, because the levels of actual capital expenditure incurred by the end of month 6 doesn't provide a sufficiently robust measure on which to base a greater accuracy of forecast.

3.7 Capital Financing and Receipts

3.7.1 Given the anticipated capital spending profile reported in para 3.4.1, the following financing mechanisms are expected to be utilised.

MCC CAPITAL FINANCING BUDGET MONITORING 2015-16 AT MONTH 6 By FINANCING CATEGORY						
CAPITAL FINANCING SCHEME	Annual Forecast Financing	Slippage Brought Forward	Total Approved Financing Budget 2015/16	Provisional Budget Slippage to 2016/17	Revised Financing Budget 2015/16	Forecasted 2015/16 Capital Financing
	£'000	£'000	£'000	£'000	£'000	£'000

Supported Borrowing	2,420	0	2,420	0	2,420	0
General Capital Grant	1,462	0	1,462	0	1,462	0
Grants and Contributions	13,839	3,953	21,246	(7,406)	13,839	0
S106 Contributions	704	690	946	(247)	698	6
Unsupported borrowing	2,236	1,274	17,091	(14,856)	2,236	0
Earmarked reserve & Revenue Funding	998	409	1,248	(250)	998	0
Capital Receipts	3,421	4,414	15,894	(12,455)	3,439	(18)
Low cost home ownership receipts	189	33	189	0	189	0
Unfinanced	40	0	0	0	0	40
Capital Financing Total	25,310	10,773	60,496	(35,214)	25,282	28

3.8 Useable Capital Receipts Available

3.8.1 In the table below, the effect of the changes to the forecast capital receipts on the useable capital receipts balances available to meet future capital commitments is shown. This is also compared to the balances forecast within the 2015/19 MTFP capital budget proposals.

Movement in Available Useable Capital Receipts Forecast

TOTAL RECEIPTS	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Balance b/f 1 st April	17,440	19,592	19,802	11,100
Receipts forecast to be received in year as 2015/19 MTFP	10,235	25,220	2,150	0
Increase / (decrease) in forecast receipts forecast at month 6	(5,009)	(1,320)	6,050	2,000
Deferred Capital Receipts	4	4	4	4

Less: Set aside Capital Receipts	0	(10,452)	0	0
Less: Receipts to be applied - General	(3,077)	(140)	(509)	(509)
Less : Receipts to be applied - 21C Schools	0	(13,103)	(16,397)	0
TOTAL Actual / Estimated balance c/f 31st March	19,592	19,802	11,100	12,595
TOTAL Estimated balance reported in 2015/19 MTFP Capital Budget proposals	11,660	21,104	11,542	10,388
Increase / (Decrease) compared to MTFP Capital Receipts Forecast	7,932	(1,303)	(443)	2,207

Points to note:

- The reduction in the capital receipts forecast in 2015/16 and increase in 2017/18 is due to the delay in 2 LDP receipts from 2015/16 to 2016/17 (£5.6m) and 2016/17 to 2017/18 (£6.2m).
- The increase in the Capital receipts balance of £7.9m compared to the MTFP at 31/3/2016 is mainly due to forecast slippage of receipts funded budgets (21C schools) to 2016/17 (£12.3m), offset by the reduction in forecast receipts in 2015/16 (£5m). By the end of the MTFP window these slippage effects are largely reversed.

3.8.2 The Council has agreed to the inclusion of 21c schools initiative within the Capital Program and this relies on utilising £29.7 million of capital receipts during this next 4 year MTFP period. Consequently the balance of capital receipts available for other schemes during this MTFP window has considerably reduced.

3.8.3 Despite changes in the timing of individual receipts, which remains a risk to the Council to ensure it has sufficient receipts to fund its expenditure aspirations in the years necessary and to avoid temporary borrowing costs, the balance of capital receipts available to fund capital expenditure, at the end of this next MTFP window has been revised to circa £10.3 million, as a consequence of additional receipts predominantly LDP related.

3.9 Reserve Usage

3.9.1 Revenue and capital monitoring reflects an approved use of reserves. Building upon the inclusion of a reserve summary provided as part of 2014-15 the following table indicates the anticipated position both at the end of 2015-16 but also the predicted position for 2016-17 based on decisions already made.

SUMMARY EARMARKED RESERVES POSITION 2015-16

Earmarked Reserves	2014-15	Revenue Approved Usage		Capital Usage	2015-16	Revenue Approved Usage		Capital Usage	2016-17
	b/fwd	Replenishment of Reserves	Draw on Reserves			Replenishment of Reserves	Draw on Reserves		c/fwd
Invest to Redesign	(1,483,521)	(60,228)	797,362	402,095	(344,292)	(114,827)	270,737		(188,382)
IT Transformation	(639,840)		323,200	103,091	(213,549)				(213,549)
Insurance & Risk Management	(2,250,388)				(2,250,388)				(2,250,388)
Capital Receipt Regeneration	(460,342)		153,845	79,512	(226,985)			135,191	(91,794)
Treasury Equalisation	(990,024)				(990,024)				(990,024)
Redundancy & Pensions	(599,936)		325,434		(274,502)		192,126		(82,376)
Capital Investment	(1,620,945)	(15,500)		528,611	(1,107,834)			518,541	(589,293)
Priority Investment	(1,973,294)		759,050	648,877	(565,367)		169,000		(396,367)
Museums Acquisitions	(59,798)				(59,798)				(59,798)
Elections	(83,183)	(25,000)			(108,183)	(25,000)	100,000		(33,183)
Grass Routes Buses	(160,615)	(5,000)	25,913		(139,702)	(5,000)			(144,702)
Sub Total	(10,321,886)	(105,728)	2,384,804	1,762,186	(6,280,624)	(144,827)	731,863	653,732	(5,039,856)
Restricted Use Reserves									
Chairman's	(36,754)				(36,754)				(36,754)
Youth Offending Team	(382,226)				(382,226)				(382,226)
Building Control Trading	(490)				(490)				(490)
Outdoor Education Centres	(190,280)				(190,280)				(190,280)
I Learn Wales	(48,674)				(48,674)				(48,674)
Total Earmarked Reserves	(10,980,310)	(105,728)	2,384,804	1,762,186	(6,939,048)	(144,827)	731,863	653,732	(5,698,280)

3.9.2 This indicates that by the end of 2016-17 the Council is likely to utilise over 48% of the useable earmarked reserves brought forward from 2014-15, based on approvals to use reserves so far. Further reserve usage is anticipated before the end of the year, in particular this

report refers to redundancy costs in relation to Community Hubs which will need approval (£305k) and is likely to extinguish the Redundancy and Pensions reserve.

3.9.3 Given the forecast use of earmarked reserves, it is proposed that in order to ensure adequacy of reserves for the MTFP, the following change in practice is approved:

- Increase workforce planning and redeployment to reduce the need for reserves to cover redundancies
- Any request for reserve funding must first explore whether existing budgets, or external funding sources can be used for the proposal accepting this may require a change in priorities if existing budget are used
- Use of reserves to implement budget savings must use the saving first to repay the reserve
- IT investment bids will need to be considered in the core capital programme when the IT investment reserve is extinguished, this may necessitate displacing some of the core capital programme allocations depending on the priorities agreed

3.9.4 A revaluation of the insurance reserve requirement is to be commissioned in the third quarter, and the work undertaken in the 4th quarter so that the figures will be current and available for 2015/16 closure. This may give scope to re-designate some of this reserve but this is subject to the outcome of the work outlined.

3.9.5 If action is not taken to slow down the use of ear marked reserves through the above mechanisms, consideration would need to be given to budgeting to replenish reserves or including in the base budget, requests that would normally have been funded by reserves, both of which will increase the resource gap in the MTFP.

4 REASONS

4.1 To improve budget monitoring and forecasting information being provided to Senior Officers and Members.

5 RESOURCE IMPLICATIONS

5.1 The forecast overspend and use of earmarked reserves, requires action to be taken to ensure that the budget is kept on track and earmarked reserves are maintained at an adequate level for the MTFP.

6 WELL BEING OF FUTURE GENERATIONS IMPLICATIONS

6.1 The decisions highlighted in this report have no future generations and sustainability implications.

7 CONSULTEES

Strategic Leadership Team
All Cabinet Members
All Select Committee Chairman
Head of Legal Services
Head of Finance

8 BACKGROUND PAPERS

8.1 Month 6 Adult Select Committee monitoring reports, as per the hyperlinks provided in the Appendices

9 AUTHOR

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10 CONTACT DETAILS

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Adult Select Committee Portfolio Position Statement Month 6 (2015-16)

DIRECTOR'S COMMENTARY

At month 6 Children's Services is predicted to over spend by £1.296m, with £115k of this over spend covered by approved reserve funding. A large element of expenditure is within external residential placements supporting 64 children. The service is experiencing significant staff issues and continued increased demand resulting in the use of agency staff as well as additional capacity. LAC numbers have continued to increase this year from 106 to 121. A number of work streams are being followed in relation to recruitment and cost reductions. For example, we are working to implement in house contact centres, which will reduce costs of renting external facilities for contact and venue costs to host child protection conferences and LAC reviews etc.

Adult Services continues to exhibit good news with a potential £195,000 underspend with Community Care carrying on its journey of practice change. The Adult Services budget has benefited this year from Intermediate Care Funding which has helped support new initiatives and in part has assisted the bottom line position.

1. Revenue Outturn Forecast

1.1 The combined budget and outturn forecast for this portfolio is

Adult Service Area	Budget @ Month 2	Budget Revision Virements	Budget @ Month 6	Forecast Outturn	Variance @ Month 6	Variance @ Month 2	Forecast Movement Months 2 to 6
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Adult Services	7,067	(735)	6,332	6,201	(131)	(18)	(113)
Community Care	19,668	702	20,370	20,314	(56)	(107)	51
Commissioning	1,971	13	1,984	1,977	(7)	(4)	(3)
Resources & Performance	946	(40)	906	905	(1)	(28)	27
SCH Directorate	29,652	(60)	29,592	29,397	(195)	(157)	(38)

1.2 The most significant over and underspends are

Adult Select Service Area	Overspend Predicted	Underspend Predicted	Forecast Movement Mth's 2 to 6 (Positive) / Negative	Commentary on forecasted outturn
	£000's	£000's	£000's	
Disability Equipment (GWICES)		(32)	66	Advanced stock purchases in 2014/15 by the Intermediate Care Fund
Adult Transformation		(57)	(57)	This scheme refers to Community co-ordination and subject to reserve budget. A formal slippage request has been made to carry forward into 2016/17.
Management team		(97)	(39)	Current Disabilities team manager vacancy plus ICF grant meeting

				costs of the Direct Care team manager.
Direct Care		(80)	(80)	Team manager vacancy and additional income from client referrals.
Direct Residential Care	97		(42)	Employee efficiency and previous mandate savings not deliverable along with falling client numbers resulting in lower income
Transition co-operative		(24)	(24)	Income from employee secondment
TOTAL ADULT SELECT	97	(290)	(175)	Net Total(195)

Further analysis of the Costs centres contained within the Adult Select Service areas can be obtained in Appendix 6.

1 2015-16 Savings Progress

As at month 6, SCH are on track to meet our mandated savings as illustrated below: -

Man. No.	Mandate Description	Target Savings £'s	Forecast Savings Identified £'s	Delayed Till 2016/17 £'s	Unachievable £'s	Forecasted Savings Variance Since Month 2 £'s
	SOCIAL CARE & HEALTH					
24	Bright new futures	14,000	14,000	0	0	0
33	Sustaining Independent Lives in the Community	260,000	260,000	0	0	0
	TOTAL SCH	274,000	274,000	0	0	0

2.1 Further details on the savings mandates can be found in Appendix SM

2 Capital Outturn Forecast

A summary of this year's capital schemes are shown below: -

Social Care & Health	Annual Forecast	Original Budget	Slippage from 2014/15	Budget Virement or Revision	Total Approved Budget @ Month 6	Forecast Over / (Under) Outturn @ Month 6	Variance Since Month 2
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Development Schemes under £250K	171	0	0	171	171	0	0
IT Schemes – Infrastructure/Hardware	135	0	35	100	135	0	0
Maintenance Schemes - Property	47	47	0	0	47	0	0
Grand Total SCH	353	47	35	271	353	0	0

Further details of all the schemes are contained in the appendix 4C. Currently no variation has been reported and so the budgets are presented here for information only.

APPENDIX (Links to Hub)

[Appendix 4C M6 Capital Monitoring Adult Social Care and Health Select 2015-16](#)

[M6 Social Care and Health Revenue Budget Monitoring 2015-16 Appendix 6](#)

[M6 Savings Mandates Appendix SM 2015-16](#)

ADULT SELECT Budget Mandates

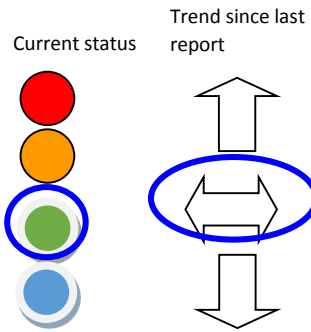
Progress and Next Steps at Month 6

Mandate RAG	Progress for month one and two	Next Steps	Type	Year end target	Forecasted to achieve	Variance	Owner
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A full list of the Savings Mandates are available in Appendix SM

Mandate Summary	RAG Month 10	RAG Month 2	RAG Month 6
24 Transition – Bright New Futures			
33 Adult Social Care (&34)			

**Mandate 24 *
Transition - Bright
New Futures (SC&H)**



2014/15 mandate*

In 2014 we combined our Transitions Project Team within Bright New Futures Project. (based in Bridges)

This has established a shared service model.

No action necessary in relation to the mandate savings.

We continue to deliver savings with this partnership working.

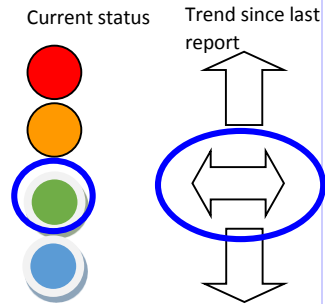
Plan to review near the end of the five year project.
Review to include :-
Budgets
Service
Resource / secondments. Etc...

Income	0	0	0
Savings	14,000	14,000	0
Total	14,000	14,000	0

Julie Boothroyd

Mandate 33 & 34

Adult Social Care



The service is continuing its journey on practice change and restructuring itself to meet future mandate savings with community links and innovative approaches to domiciliary care, coupled with less reliance on admissions to residential care.

The size of the saving is challenging however the service is working together as a whole team in order to continue to review its performance in order to meet the targets.
 Change in practice will need to continue at pace and be significant, this will continue to take time.
 It is still uncertain if following re-assessment savings will be realised due to dependency and acceptance of different solutions available. All targets currently on track to deliver. Dementia care matters training has commenced with vigour and early signs are that it will support the changes in practice required.

Continue to review the structures and workforce to establish the resource, knowledge and skills moving forward.

Service transformation will continue to evolve and approval sought as the programme develops.

Continue to deliver and ongoing evaluation of the training.

Continue to capture and work with savings ideas from the teams.

IT build on target and early indication is very positive and feedback is good.

Income	0	0	0
Savings	260,000	260,000	0
Tota	260,000	260,000	0

Julie Boothroyd