

**Economy & Development Select Committee
Portfolio Position Statement Month 9 (2015-16)**

APPENDIX 3

DIRECTOR'S COMMENTARY

The current position of an over spend of 22k is increased by reserve cover being delayed into the next financial year such as the LDP and reduced by the use of reserves to cover redundancies. This results in a net overspending of 217k.

This reflects continued pressures on income targets. In areas such as markets, leisure, museums and culture, we are generating more income than ever - but it is insufficient to meet annually uplifted targets. This reflects some of the issues we're experiencing whereby the current service formats, mean we have saturated the markets available to us and without considerable capital investment - it is not feasible to charge premium rates. This position which will not change as things currently stand, this is now part of the reason behind why we are having to explore alternative delivery vehicles which provide different freedoms and flexibilities & access to new investment.

Reflecting on the other huge changes in the section, Community Learning has undergone a large-scale restructure following the franchise changes, Community Hubs are going live and Housing is undergoing further transformation with the introduction of significant legislation and Planning changes are also in the melting pot.

Despite this - many areas are showing signs of strength and potential. The job of work continues to mitigate these pressures through holding vacant posts open, freezing non-essential spend, closing winter season TIC and continuing work to optimise income potential in the few areas where we believe some potential still exists.

1.1 The combined budget and outturn forecast for this portfolio is

| E&D Service Area | Budget @ Month 6 | Budget Revision Virements | Budget @ Month 9 | Forecast Outturn | Variance @ Month 9 | Variance @ Month 6 | Variance @ Month 2 | Forecast Movement Months 6 to 9 |
|-----------------------------------|-----------------------------|--|-----------------------------|-----------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--|
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| Community led Delivery | 1,813 | 575 | 2,388 | 2,485 | 97 | 340 | 138 | (243) |
| Commercial and People Development | 3,674 | 358 | 4,032 | 3,914 | (117) | 127 | 100 | (244) |
| Enterprise Management | 397 | 0 | 397 | 402 | 5 | 10 | 0 | (5) |
| Development Planning | 911 | 0 | 911 | 761 | (150) | (150) | 0 | 0 |
| Tourism, life and Culture | 2,504 | (92) | 2,412 | 2,600 | 187 | 274 | 100 | (87) |
| ENT Select | 9,299 | 841 | 10,140 | 10,162 | 22 | 601 | 338 | (579) |

1.2 The most significant over and underspends are:

| E&D Service Area | Overspend Predicted £000's | Underspend Predicted £000's | Forecast Movement Mth's 6 to 9 (Positive) / Negative £000's | Commentary on forecasted outturn |
|-------------------------------|--|---|--|---|
| Asset Management | 96 | | (12) | Redundancy costs of 28k, inability to achieve income targets for PV schemes 98k, inability to meet increased income targets for Markets 140k offset by increased Cemeteries income 76k and savings on reduced maintenance, professional fees and vacancies of 94k |
| Community Education | 178 | | 88 | Redundancy costs of 96k, additional costs to the delay in implementing the restructure of 82k |
| Community Hubs | 386 | | 71 | Redundancy costs of 386k |
| Eisteddfod | | 430 | (430) | Reserve funding not required until 2016/17 financial year |
| Housing | | 113 | 18 | Savings from one off grant funding, a reduction in expenditure against B&B accommodation and through increasing occupancy levels |
| Whole Place | | 20 | 22 | Redundancy costs of 31k offset by vacancies |
| BusinessGrowth & Enterprise | | 23 | (23) | 20k reserve funding for Broadband will not be used in 2015/16 and other minor savings |
| Innovation | | 154 | (154) | 130k reserve funding will not be called on in 15/16 and vacancy savings |
| People Services | | 24 | (24) | 23k reserve funding will not be called on in 15/16 |
| ICT Technology | 84 | | (43) | 49k reserve funding will not be called on in 15/16 offset by Inability to achieve 100k savings that were to be achieved through in-house software development and the sale of products and other minor overspend on software contracts. |
| Enterprise Management | 4 | | (5) | Inability to find vacancy factor and full year impact of 15/16 pay award |
| Development Plans | | 150 | 0 | Additional income 50k, reduced call on reserves £100k |
| Museums and Cultural services | 33 | | 4 | Green screen savings will not occur and the additional budget mandate for savings of 20k from conservation income will not occur. |

1.2 Further analysis of Economic and Development Select Expenditure can be found in Appendix 8

| | | | | |
|------------------|------------|------------|--------------|---|
| Leisure Services | 10 | | (85) | Budget included pressure arising from closure of Monmouth Pool of 150k which will not be required in 15/16 offset by 20k budget vired to children's service but could not be found, caretaking costs of 15k, 3G pitch issues of 45k income on 3G pitch of 30k, loss of free swimming grant of 30k and additional staff costs of 30k |
| Tourism | 144 | | (6) | 100k historic underfunding of Caldicot castle, overspend due to staff costs of 34k. Efforts are being made to reduce this further by use of volunteers. Budget included additional income from the Town Council of 15k but only 5k secured |
| TOTAL | 935 | 914 | (579) | Net Total 21 |

2015-16 Savings Progress

The savings required by the 2015-16 have not yet been secured.

Enterprise budgeted savings were £1,392,983 and at month 9, £1,015,983 have been identified. Of the remaining savings £125,000 are delayed and currently £253,000 are deemed to be unachievable.

| Man. No. | Mandate Description | Target Savings £'s | Forecast Savings Identified £'s | Delayed Till 2016/17 £'s | Unachievable £'s | Forecasted Savings Variance Since Month 6 £'s |
|----------|-----------------------------------|-----------------------|------------------------------------|-----------------------------|---------------------|--|
| | ECONOMY & DEVELOPEMNT | | | | | |
| 1 | Dev of Leisure & Outdoor services | 420,983 | 390,983 | 0 | 30,000 | (5,000) |

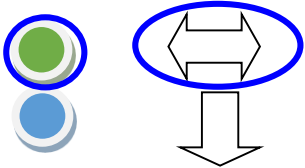

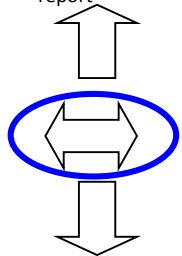
| | | | | | | |
|-----|---------------------------------------|------------------|------------------|----------------|----------------|-----------------|
| 2 | Collaboration of Housing services | 55,000 | 55,000 | 0 | 0 | 0 |
| 5 | Sustainable Energy Initiatives | 33,000 | 0 | 0 | 33,000 | 0 |
| 6 | Museums, Shirehall, Castles & Tourism | 190,000 | 145,000 | 0 | 45,000 | 0 |
| 26 | Property Review | 100,000 | 100,000 | 0 | 0 | 0 |
| 28 | Community Hubs & Contact Centre | 250,000 | 125,000 | 125,000 | 0 | 0 |
| 31 | ICT Savings | 250,000 | 138,000 | 0 | 112,000 | (2,000) |
| 40 | Planning income | 24,000 | 24,000 | 0 | 0 | 0 |
| 41a | Market Income | 70,000 | 37,000 | 0 | 33,000 | (37,000) |
| | TOTAL ENTERPRISE | 1,392,983 | 1,015,983 | 125,000 | 253,000 | (42,000) |


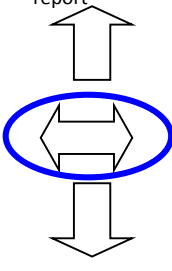
1.3 Further detailed analysis of Savings mandates are contained with Appendix SM

Budget Mandates

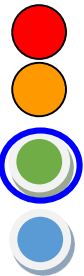
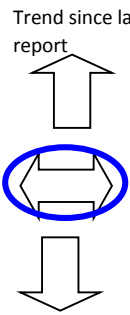
Progress and Next Steps at Month 9

| Mandate RAG | Progress up to month 9 | Next Steps | Type | Year-end target | Forecasted to achieve | Variance | Owner |
|-------------|------------------------|------------|------|-----------------|-----------------------|----------|-------|
|-------------|------------------------|------------|------|-----------------|-----------------------|----------|-------|

| | | | | | | | |
|--|---|--|--|--|-------------------------------------|--|-----------------------|
|  | <p>Detailed plans in place for all projects to ensure they remain on track. The long term average trend continues to be reversed up to month 9 and the trend is definitely positive and if maintained would result in us hitting our target of 800 clients. Projections indicate the service will generate the income necessary to meet the budget.</p> | <p>forums; legislation. Continue to work with Social Care teams to raise awareness of care line's benefits and functionality. Continue to work with TCBC to develop joint Solutions Service. Interim review and evaluation valuation work undertaken during Q3 to inform development and clarify benefits. Joint review of pilot scheduled for March/April</p> | | | | | |
| <p>Mandate 5 *</p> <p>Sustainable Energy Initiatives</p> <p>Current status  Trend since last report </p> | <p>2014/15 & 2015/16 – savings*</p> <p>Investing in biomass boilers, solar farms and reduction in Carbon Commitment.</p> <p>Expected income targets not achieved.</p> <p>Solar Farm Cabinet report approved 15 July 2015</p> <ul style="list-style-type: none"> - New Rooftop solar projects have generated additional revenue in line with our projections. - Government policy changes to the tariff render further rooftop installations unlikely. - Impact of Tariff changes upon Solar Farm project is being reviewed. - Biomass installed at Cross Ash operational and generating heat. <p>Alternative Delivery Plan (agreed by cabinet 2nd Dec) - £33K achievable</p> | <p>Additional revenue streams for 2015/16 are lower than forecast due to a combination of delays and changes to funding. FIT and RHI tariff reductions will affect existing installations yet to be completed and / or registered, while impending cuts have rendered new projects unviable until further review.</p> <p>Review on going expenditure on repairs and maintenance.</p> | <p>Income</p> <p>Savings</p> <p>Total</p> <p>Total</p> | <p>0</p> <p>33,000</p> <p>33,000</p> <p>33,000</p> | <p>0</p> <p>0</p> <p>0</p> <p>0</p> | <p>0</p> <p>33,000</p> <p>33,000</p> <p>33,000</p> | <p>Ben Winstanley</p> |

| | | | | | | | |
|--|---|---|---|---|--|--|---------------------|
| | <p>Aim to increase income target on rental portfolio and reduce expenditure on repairs and maintenance. At month 9 these savings have not been realised and therefore the £33,000 budget pressure remains.</p> | <p>Alternative Delivery Plan – based on variance reported against original mandate at month 6.</p> | | | | | |
| <p>Mandate 6</p> <p>Museums & Castles</p> <p>Current status</p>  <p>Trend since last report</p>  | <p>Fully integrate cultural services, tourism services and attractions within tourism, leisure and culture section. Maximise synergies & achieve a sustainable long term business footing.</p> <p>Income generation target for 15/16 10K shortfall. Weddings – Amber Countryside savings – Green Savings from Volunteers – Red Income made by fundraiser – Green. Fundraiser in place. Income from learning – Green.</p> | <p>Museums - 30,000 of savings will not be achieved. Green Screen income of 10,000 and 20,000 conservation income. The Green Screens have yet to be utilised. The conservation income in the mandate was higher than agreed the total income from conservation was initially agreed as 30,000 not 50,000, the museums are looking at other ways to raise this income but the additional 20,000 will not be achieved</p> | <p>Income</p> <p>Savings</p> <p>Total</p> | <p>81,000</p> <p>109,000</p> <p>190,000</p> | <p>51,000</p> <p>94,000</p> <p>145,000</p> | <p>30,000</p> <p>15,000</p> <p>45,000</p> | <p>Ian Saunders</p> |

| | | | | | | | |
|--|--|---|--------------|----------------|----------------|----------------------|--|
| | <p>Savings from shared service model at Chepstow TIC – Red, Income from green screen – Red Income from rental of Abergavenny Red Square window - Green TIC at Chepstow has had considerable lone working pressure which is why the budget is overspent.</p> <p>Alternative Delivery Plan (agreed by cabinet 2nd Dec*) - £30k achievable Winter closure of Chepstow TIC and application of museums acquisition reserve for purchases made in year. The current staffing budget runs until the end of October 2015, the TIC has been closed for December and planned for January. Income amounting to £5k has been secured from the Town Council. Following legal advice the acquisition reserve can only be used to fund the purchase of artefacts and not to off-set operational expenditure.</p> | <p>this year. Castle - Achieving in year savings of 9k but reporting total overspend of 100k due to historic budget assumptions and savings from 14-15 of 20,000. Tourism - 15,000 savings not achievable. The use of volunteers is not available at the moment. The current staffing budget only runs until the end of October but as a decision has not been made on the future of the TIC has been closed in December and January. 5,000 has been secured from the Town Council.</p> <p>Alternative Delivery Plan</p> | <p>Total</p> | <p>190,000</p> | <p>145,000</p> | <p>45,000</p> | |
|--|--|---|--------------|----------------|----------------|----------------------|--|

| | | | | | | | |
|--|--|--|---|--|--|----------------------------|-----------------------|
| | <p>At month 9 these savings have not been realised and therefore the £30,000 budget pressure remains.</p> | | | | | | |
| <p>Mandate 26</p> <p>Property rationalisation</p> <p>Current status</p>  <p>Trend since last report</p>  | <p>These savings are predicted on the need to reduce our operational portfolio and maximise revenue streams from our investment holdings. Revenue savings are largely accrued through the reduction in utilities costs, rates, repairs and maintenance. The Accommodation Working Group is charged with reviewing all property usage with the aim of minimising the costs and releasing any property that can be made surplus.</p> <p>Rental of buildings – Green Rates Savings on vacant buildings - Green Rental Grant reductions – Dedicated member of staff now responsible for this.</p> | <p>The Accommodation Working Group continues to review all property usage and the delivery of the rationalisation plan. Permissions for any disposal will continue through the usual council process. Work alongside agile working policy owner to explore further opportunities for greater agile working. The overall Service area has achieved its target at month 9 and is tracking to Green for year end on its overall financials.</p> | <p>Income</p> <p>Savings</p> <p>Total</p> | <p>20,000</p> <p>80,000</p> <p>100,000</p> | <p>20,000</p> <p>80,000</p> <p>100,000</p> | <p>0</p> <p>0</p> <p>0</p> | <p>Ben Winstanley</p> |

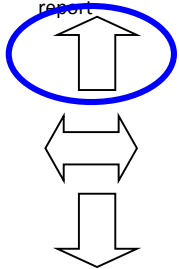
Mandate 28

Community Hubs

Current status



Trend since last report



It's about delivering services in a different way and aligning them with the Whole Place philosophy. This will introduce major changes to how the library and one stop shop services are delivered. We will create a hub in each town where face to face services will be delivered. The contact centre will sustain a reliable and informed first point of contact for people contacting us other than face to face.

Increase staffing costs are due to the delayed implementation of the of the Community Hubs restructure. The mandate savings of £250k related to a full year saving and it was only possible to achieve 6 months of reduced costs as the community Hubs opened on the 5th October 2015." Delays were as a result of in internal processes.

This outturn includes £125k of mitigating underspends including keeping a post vacant until April 2016 to help offsets the delayed mandate saving.

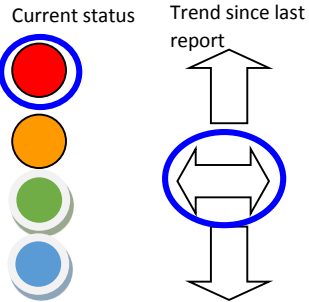
15/16
No next steps

16/17 – (50K)
The Abergavenny Hub Project plan requires continuous monitoring, updating and adjusting to reflect the project developments.

| | | | | |
|---------|---------|---------|---------|----------------------|
| Income | 0 | 0 | 0 | |
| Savings | 250,000 | 125,000 | 125,000 | Deborah Hill-Howells |
| Total | 250,000 | 125,000 | 125,000 | |

Mandate 31

ICT Savings (SRS & custom built software solutions)



The mandate's aim was to :- Drive cost efficiencies and income generation opportunities within the Shared Resource Service (SRS). This will subsequently result in MCC benefiting from reduced budget without any significant impact to service. And generate ongoing savings and user benefit from custom built software solutions being generated, then productised and sold commercially.

SRS have made 138k of their proposed 150k saving - still 20k saving to be found on software contracts however further savings of 20k have been found from vacancies.

The 100k savings that were to be achieved through in-house software development and the sale of products will not occur in 2016/17. Work continues to generate commercial returns from the sale or licencing of FLO, the Authority's social care app, though the app will only be marketable from Q1 in 2016/17 based on the most recent updates.

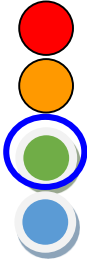
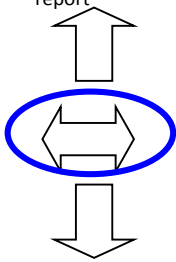

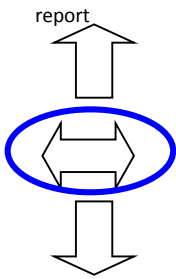
Alternative Delivery Plan (agreed by cabinet 2nd Dec*) – £110k achievable Continue to do work that is required to support the sale/licencing and commercialisation of FLO.

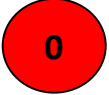



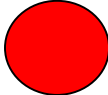




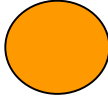










Work continues at month 9. The service is currently reviewing all budget areas and update on savings achievable will be known at Month 11.






















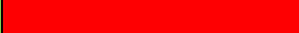
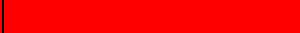
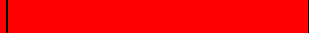

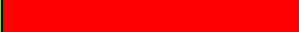
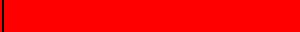
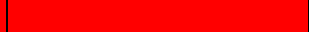








Restriction of non-essential spend across the People and Commercial Development division, together with a further review of ICT capital and revenue budgets, aims to identify scope to mitigate the existing £112k pressure.

Alternative Delivery Plan – based on variance reported against original mandate at month 6.

| | | | | |
|---------|---------|---------|---------|--------------|
| Income | 0 | 0 | 0 | Peter Davies |
| Savings | 250,000 | 138,000 | 112,000 | |
| Total | 250,000 | 138,000 | 112,000 | |
| Total | 250,000 | 138,000 | 112,000 | |

| | | | | | | | |
|---|---|---|--|--|--|--|-----------------------|
| <p>Mandate 40a Democracy</p> <p>Current status </p> <p>Trend since last report </p> | <p>This mandate purpose was to reduce the budget requirement in a number of areas through a range of actions including :- Management restructure – Green. Increased income generation – Green Removal of a vacant post – Green Reduction in mileage budget – Green All action plans delivered in order to achieve the savings.</p> | <p>In relation to budget delivery no next steps</p> <p>Non budget Service improvements.</p> | <p>Income</p> <p>Savings</p> <p>Total</p> | <p>24,000</p> <p>85,000</p> <p>109,000</p> | <p>24,000</p> <p>85,000</p> <p>109,000</p> | <p>0</p> <p>0</p> <p>0</p> | <p>Tracy Harry</p> |
| <p>Mandate 41a Abergavenny Markets</p> <p>Current status </p> <p>Trend since last report </p> | <p>The objective was to run additional market stalls on existing market days in Neville street and St Johns Square, Abergavenny. Expansion of flea markets and boot sales and to hold special markets/events in Cross Street Abergavenny.</p> <p>The service has been unable to generate the additional income. This mainly due to operational, resource and PR challenges. New Structure in place for January 2016.</p> <p>Alternative Delivery Plan (agreed by cabinet 2nd Dec) – 50k achievable Cease all repair and maintenance work to asset portfolio. The service is forecasting achieving 37k against the alternative delivery plan.</p> | <p>To build an income generation plan for future years.</p> <p>Alternative Delivery Plan – based on variance reported on original mandate at month</p> | <p>Income</p> <p>Savings</p> <p>Total</p> <p>Total</p> | <p>70,000</p> <p>0</p> <p>70,000</p> <p>70,000</p> | <p>0</p> <p>0</p> <p>0</p> <p>37,000</p> | <p>70,000</p> <p>0</p> <p>70,000</p> <p>33,000</p> | <p>Ben Winstanley</p> |

| Summary - Month 10 Current status | Summary – Month 2 | Summary – Month 6 | Summary – Month 9 | Key |
|---|---|---|---|--|
|  |  |  |  |  Not on target Concerns identified with delivery of target. Closely review & monitor. |
|  |  |  |  |  Monitoring & required to keep on track |
|  |  |  |  |  On target to achieve budget and action Plans. |
|  |  |  |  |  On target and over achieve. |

| Mandate Summary | RAG Month 10 | RAG Month 2 | RAG Month 6 | RAG Month 9 |
|----------------------------------|--|---|---|---|
| 1 Leisure |  |  |  |  |
| 2 Housing |  |  |  |  |
| 5 Sustainable Energy Initiatives |  |  |  |  |
| 6 Museums & Castles |  |  |  |  |
| 26 Property Rationalisation |  |  |  |  |
| 28 Community Hubs |  |  |  |  |
| 31 ICT savings |  |  |  |  |
| 40a Democracy |  |  |  |  |
| 41a Abergavenny Markets |  |  |  |  |

2. Capital Outturn Forecast

There was no original budget for capital schemes within this portfolio however capital slippage from 2014/15 of £530,735 has been allowed into 2015/16. The budget is separated under the following headings

| Economy & Development | Annual Forecast | Original Budget | Slippage from 2014/15 | Budget | Total Approved Budget | Provisional Slippage carried Forward 2016/17 | Adjusted Budget | Forecast | Variance |
|----------------------------|-----------------|-----------------|-----------------------|----------------------|-----------------------|--|-----------------|----------------------------------|--------------------|
| | | | | Virement or Revision | @ Month 9 | | @ Month 9 | Over / (Under) Outturn @ Month 9 | Reported @ Month 6 |
| | | | | £000's | £000's | £000's | £'000's | £'000's | £000's |
| | £000's | £000's | £000's | £000's | £000's | £000's | £'000's | £'000's | £000's |
| Asset Mgt Schemes | 450 | | 300 | 450 | 750 | (300) | 450 | 0 | 0 |
| Regeneration Schemes | 308 | | 231 | 205 | 436 | (158) | 278 | 30 | 30 |
| | | | | | | | | | |
| Grand Total E&D | 758 | | 531 | 655 | 1,186 | (458) | 728 | 30 | 30 |

Further details of all the schemes are contained in the appendices. Overrun in costs are noted to the replacement cattle market and extra solicitor costs anticipated in regard of Abergavenny regeneration scheme. As is common with minor overspends they will be assessed against underspends apparent at end of year and any net cost borne in the first instance by capital receipts.

Appendices (click link to Hub)

[M9 Enterprise Revenue Budget Monitoring 2015-16 Appendix 8.xls](#)

[Appendix 3C M9 Capital Monitoring Economic and Development Select 2015-16.xlsx](#)

[M9 Savings Mandates Appendix SM 2015-16.xls](#)