Strong Communities Select Committee Portfolio Position Statement Month 9 (2015/16)

Head of Operations Commentary

Obviously as the report moves into the second half of the financial year we become increasingly confident in the forecasting. The forecast at the 3rd quarter indicates the Operations department overall moving to a small underspend of £10,000. The recovery plan included various actions of which major items such as SWTRA and external trading (grounds/landscaping) are improving and the generic benefit of lower fuel prices is now making a material difference to the out turn. Waste modelling is now benefiting from clarity on recycling costs (post tender) and again fuel savings are contributing. The PTU position has also improved as the outcome of tendering in September is reflected in the out turn rather than the estimates used previously. County Highways is on budget and with the exception of gales and flooding over Christmas and new year the winter weather has been quite mild. However we will respond to bad weather and floods so the potential for extra spending remains. Overall officers are increasingly confident that Operations will return a balanced budget in 2016/17

1. Revenue Outturn Forecast

1.1 The combined budget and outturn forecast for this portfolio is

Strong Communities Service Area	Budget @ Month 6	Budget Revision Virements £000's	Budget @ Month 9	Forecast Outturn £000's	Variance @ Month 9 £000's	Variance @ Month 6	Variance @ Month 2 £000's	Forecast Movement Months 6 to 9 £000's
Chief	2000						2000	
Executive's	6,856	146	7,002	6,810	(192)	(31)	(120)	(160)
Operations	16,384	(76)	16,308	16,148	(160)	339	634	(499)
Corporate	18,251	(36)	18,215	18,115	(100)	(61)	63	(39)
Appropriation	8,260	(1,108)	7,152	7,352	200	(328)	(248)	618
Financing	(148,376)	0	(148,376)	(149,298)	(922)	(752)	(593)	(170)
Total Strong Communities Select	(98,625)	(1,074)	(99,699)	(100,873)	(1,174)	(833)	(264)	(251)

1.2 The most significant over and under spends are

Strong Communities Service Area	Overspend Predicted	Underspend Predicted	Forecast Movement Mth's 6 to 9 (Positive)/ Negative	Commentary on forecasted outturn
	£000's	£000's	£000's	
CEO				
Benefits		67	37	The underspend is a combination of a £37,000 saving against the HB budget plus a £30,000 in year saving for administration costs
Council Tax	48		12	Shortfall in income from court fees and potential redundancy costs
Systems and Exchequer		24	10	Staff vacancies of 50k offset by increase in annual card fees of 15k
Audit		10	10	Savings from vacancies
Democracy and Regulatory Services		84	82	Savings from vacancies and from spending restrictions to assist with the recovery plan
Policy & Partnerships		55	29	19k of the underspend relates to reserve funding for a Communications post as the appointment was delayed and additional one off grants from LSB and Home Office offset by unbudgeted additional staff

OPERATIONS	Output and	Hadanan az d	Formout	Commonton
Service	Overspend Predicted £000's	Underspend Predicted £000's	Forecast Movement Mth's 6 to 9 (Positive)/ Negative £000's	Commentary on forecasted outturn
Operations – Highways		310	295	Restrictions placed on essential spend to meet the target set by the departmental recovery plan, additional income from SWTRA for non-scheduled works and increased income from fixed penalty notices on street works
Operations – Fleet Transport		19	14	Additional car parking income through increased usage
Operations – Passenger Transport Unit	187		106	Assumed ALN transport savings have proven unachievable (335k) 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.Offsetting savings have been achieved through holding vacancies, reduction in transportation costs and season tickets.
Operations – Building Cleaning	27		7	Delayed implementation of mandate saving of transferring public conveniences to Town Councils.
Operations – School Catering	42		7	Increased costs to comply with Healthy Eating in Schools Agenda and a reduction in budgeted meals

Operations – Property Services	101		6	A reduction in fee income generated from capital projects. The change from month 6 relates to increase in fees that are chargeable to the 21 st Century schools programme offset by a reduction in third party expenditure on procurement
Operations – Accommodation costs		159	9	Maintenance costs for Magor and Usk are underspent mainly due to reduced costs as buildings are relatively new.
Operations – Waste and street scene		29	95	46k over spend in Raglan Training Centre, where there has been a fall in demand, Grounds maintenance is forecasting a 75k under spend because income expectations, as listed in the recovery plan have now materialised. Waste is forecasting a balanced budget, but the pressures on Waste are still real as they have been mitigated by a reduction in fuel costs and a reduction in superannuation costs as about 20 staff have opted out of the Council provided pension (96k).

Corporate Services	Overspend Predicted £000's	Underspend Predicted £000's	Forecast Movement Mth's 6 to 9 (Positive) / Negative	Commentary on forecasted outturn
	£000 S	2000 5	£000's	
CORPORATE				
Audit Commission Fees (Certification Grant Claims)	(Certification			Forecasted saving in relation to the auditing of grant claims
HMRC Reimbursements		(29)		MCC Vat rebates exercise

Early Retirement Pension Costs	161		Additional cost of redundancies notified in latter part of 2014/15 & during 2015/16
Indirect revenue Gains		(97)	Rate rebates on MCC properties
Insurance Settlement Expenditure		(65)	Insurance settlement claims predicted to be lower due to reduced claims activity
Insurance Premium Payment(Direct)		(67)	Based on reduction in premium costs as a result of the tender completed in September 2015.
APPROPRIATIONS			
Attributable Costs - Fixed Asset Disposal		(82)	12 Schemes delayed mainly due to a rethink of disposal strategy to optimise receipts
Interest Payable and Similar Charges		(387)	saving against budget due to long term debt not being taken out and temporary borrowing being at a lower rate than budgeted
Charges Required Under Regulation		(241)	A planned set aside of £6m of capital receipts in 2016/17 will be brought forward a year from 16/17 as there is a balance of receipts available to do this and this will achieve a saving on MRP payments due.
Interest and Investment Income		(49)	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.
Net Contribution from Reserves	906		£911k of budgeted spend expected to be slipped to 1617; compensated by small reimbursement
FINANCING			
Council Tax		(750)	Surplus due to projected actual CT Collection rate of 99.3% over budgeted 98% and increased CT recovery

Benefit Support	(170)	Forecast extrapolated from CT Benefits system based upon benefits awarded to date. Caseloads continue to reduce, a trend that is expected to
		continue through to year end

1.2 Please see Appendix 9,10,11,12 and 13 for further analysis of the directorate expenditure at month 9.

2. 2015-16 Savings Progress

2.1 The savings required by the 2015-16 budget mandates have not yet been fully secured.

Operations Budgeted savings were £1,513,000 and at month 9, £1,438,000 have been identified. Of the remaining savings, £50,000 are delayed until the 2016/17 financial year and currently £25,000 are deemed to be unachievable.

Chief Executives budgeted savings were £85,000. These have all been achieved.

Man. No.	Mandate Description	Target Savings	Forecast Savings Identified	Delayed Till 2016/17	Unachievable	Forecasted Savings Variance Since Month 6
		£'s	£'s	£'s	£'s	£'s
	STRONG COMMUNITIES					
14	Home to School Policy Changes	101,000	101,000	0	0	(29,000)
15	Facilities - Transfer functions to other providers	100,000	100,000	0	0	(90,000)
25	Transport Review and Rationalisation	62,000	62,000	0	0	0

36	Cost Neutral Waste Service	270,000	270,000	0	0	(86,000)
37	Project Gwyrdd	250,000	250,000	0	0	0
37a	Waste Mgt - Efficiency & Realignment	50,000	50,000	0	0	0
37b	Waste Mgt - Modernising Trade Waste Services	50,000	25,000	0	25,000	0
37c	Waste Mgt - Collection changes, Grey bags and nappies	180,000	180,000	0	0	0
41	Highways	450,000	425,000	50,000	0	0
	Total Operations	1,513,000	1,438,000	50,000	25,000	205,000
	CHIEF EXECUTIVES'					
40a	Democracy & Regulation	85,000	85,000	0	0	0
	Total CEO	85,000	85,000	0	0	0

2.1.1 Please see Savings Mandate Appendix SM for further details on savings

Budget Mandates								
	Progress and Next Steps at Month 9							
Mandate RAG	Progress up to month 9	Next Steps	Туре	Year-end target	Forecasted to achieve	Variance	Owner	

Mandate 14

Home to School **Transport**

Trend since last Current status report

Continuation of 2014-15 mandate. Fundamental policy review to nearest school, and more zealous application of free school travel criteria.

Post 16 travel grant removed. - Green Removal of the non-statutory element of travel grants to post 16 students by July - Green

Increase in post 16 charging – achieved increase in costs in 14/15 and will sustain however the 29k target for 15/16 will not be delivered as already realised.

Transport Policy on hold.

There is currently no progress on change of policy on statutory distances and pick up points due to members exploring other options.

Alternative Delivery Plan (agreed by cabinet 2nd Dec) - £30k achievable A reduction in the fuel budget to reflect reduced diesel prices.

The savings are on target to been realised in line with the alternative delivery plan as at month 9.

Consultation on the transport policy is currently on hold and consequently the current budget was insufficient to operate the current 'home to school transport policy'.

A pressure mandate has been submitted to address current underfunded budget for 16/17.

Alternative Delivery Plan revised budget based on variance reported mandate at month 6.

Revised Total* (101k +1k)

Income

Savings

Total

0

101,000

101,000

102,000

29,000	Roger Hoggins
29,000	Richard Cope
	·

0

0

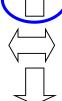
102,000 0

Mandate 15 *

Facilities - transfer functions to other providers

Current status





2014/15 mandate*

Building Cleaning / Community Services Engaging with town and community councils, 'friends of' and clubs to take on service related costs. Considerable work has already been undertaken e.g Linda Vista, Bailey Park, public conveniences.

15/16

Activities during 2015/16 have been challenging. We will not achieve full year savings on this for 2015/16.

PC Cleaning - Overspend mainly due to delayed implementation of the mandate saving - transferring public conveniences to town councils".

Alternative Delivery Plan (agreed by cabinet 2nd Dec) - £90k achievable A reduction in grounds and highways, fuel and manpower budget (45k/45k split respectively)

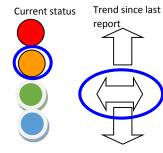
The alternative delivery plan is forecast to achieve the mandate budget shortfalls at month 9 within the service. against original

mandate at month 6.

	Mandate B21 has been	Income	100,000	10,000	90,000	Roger
	included in the budget proposals for the financial year 2016/17.	Savings	0	0	0	Hoggins
	mandar your 2010/11.	Total	100,000	10,000	90,000	
	Engagement with the community and town councils commenced on October 2015 and further consultation is scheduled.		ŕ	,	, ,	
j I	Will remain red with the limited savings until end of the year.					
	Alternative Delivery Plan –based on variance reported	Total	100,000	100,000	0	

Mandate 25

Fleet Rationalisation



The savings for this mandate were being achieved from the reduction of fleet vehicles across the authority.

This fleet reduction has been achieved therefore the budget mandate is on target to be achieved by year end.

The restructure element due to protection of employment policy did not achieve 100% however shortfalls will be made from other savings within the service.

There are other operational opportunities currently being considered :-

ICT 22 – the connected worker has made progress, this is at the trailing stage,

ICT 13– the pool car booking system – this has not progressed due to no funding for the ICT project.

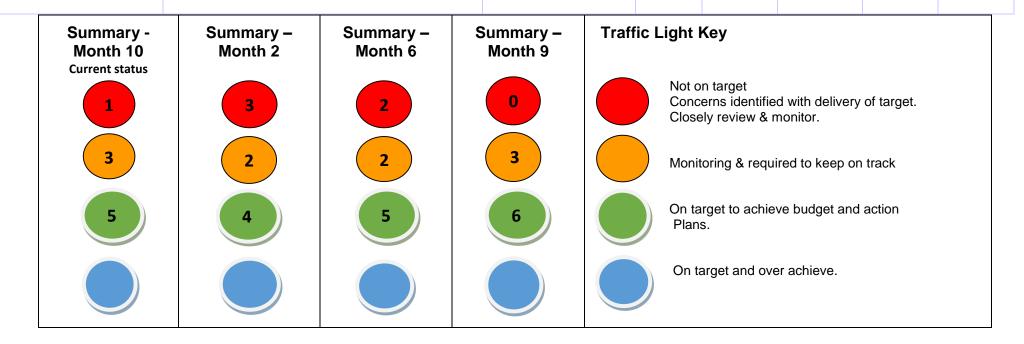
No next steps for fleet reduction as complete.	Income	0	0	0	Debbie Jackson
·	Savings	62,000	62,000	0	Jackson
Continue to review the 2 ICT projects and report progress.	Total	62,000	62,000	0	
The shortfall in restructure savings are met within service area.					

Mandate 36 * Mandate from 2014/15 Review the on-going **Route Optimisation** operation and budgets 0 0 0 Rachel Income Due to the changing to routes the mandate and re-align in line with **Jowitt** Trend since last Current status Savings related to the reduction in fleet and staff. service needs. 270,000 184,000 86,000 The pressure from this 270,000 mandate has been Total 184,000 86,000 mitigated by supressed £86k of the £250K will not be achieved on this mandate. Leasing costs were built into the saving fuel process and yet the vehicles to be removed from the fleet were savings in superann owned and therefore no revenue savings from (pension) within the leasing could be delivered. In addition the project department and this is established that the £250 was too ambitious and reflected in the month we were unable to release the number of vehicles 6 and 9 financial and staff as initially projected. monitoring reports. The route optimisation pressure will not be carried into 2016-17 as the pressure mandate 270,000 270,000 rectifies this position. Total 0 Alternative Delivery Plan (agreed by cabinet 2nd **Alternative Delivery** Dec) - 86k achievable Plan -based on Reduced fuel and labour budget to reflect variance reported reduced diesel prices and staff not joining the against original Local Government Pension Scheme. The mandate at month 6 alternative plan is on target to achieve revised savings at month 9.

Mandate 37a Waste Services Current status Trend since last report	The mandate is about re-aligning the service in order to be as customer focused and efficient as possible. To reduce duplication of services which provide clarity on responsibility and service delivery. To remove duplication and harmonise working practices. Vacancies have been deleted therefore savings have been achieved.	No relevant Next Steps	Income Savings Total	0 50,000 50,000	0 50,000 50,000	0 0 0	Rachel Jowitt
Mandate 37b Trade Waste Current status Trend since last report	Modernising Trade Waste Services This has 2 elements:- The introduction of trade waste recycling and realignment of 2 schedule changes. To date £10K has been generated through the sale of trade recycling bags yet it is anticipated that further income will be forthcoming as business replenish stock. At month 9 £15K has been forecasted as total income. The £25K has been mitigated through fuel and superann contributions.	Continue to review operational impact.	Income Savings Total	40,000 10,000 50,000	15,000 10,000 25,000	25,000 0 25,000	Rachel Jowitt

Mandate 37c Grey bag & nappy collection. Current status Trend since last report	This mandate relates to the removal of the free supply of grey refuse bags and the removal of the hygiene/ nappy collection. The mandate has been delivered the savings have been achieved.	Continue to review as still early stages. No other next steps relevant.	Income Savings Total	0 180,000 180,000	0 180,000 180,000	0 0 0	Rachel Jowitt
Mandate 40a Democracy Current status Trend since last report	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.	In relation to budget delivery no next steps Non budget Service improvements.	Income Savings Total	24,000 85,000 109,000	24,000 85,000 109,000	0 0 0	Tracy Harry

Mandate 41 This mandate was made up of both savings and Savings - on target to **Highways** be delivered. income generation :-Income 55,000 5,000 50,000 Roger **Income** - Advertising Hoggins Trend since last Current status Employee restructure - Green scheme has been put Savings 395,000 395,000 0 report Material savings - Green on hold whilst a Plant saving – Green. planning issue around 450,000 425,000 50,000 Total Re-negotiating with sub-contractors – Green advertising signs is Additional income from skips & scaffolding - green. resolved so it is Operational fuel, stores & procurement savings assumed that the remaining will not be Green. Commercial advertising - Red. achieved this year.



Mandate Summary	RAG Month 10	RAG Month 2	RAG Month 6	RAG Month 9	
14 Home to School Transport					
15 Facilities					
25 Fleet Rationalisation					
36 Route Optimisation					
37a Waste Services					
37b Trade Waste					
37c Grey Bag & Nappy Collection					
40a Democracy					
41 Highways					

3. Capital Outturn Forecast

The capital budget of £4,485,758 had been increased by slippage from 2014/15 of £2,939,759 to a new total of £7,425,517. The budget is separated under the following headings

	Annual Forecast	Original Budget	Slippage from 2014/15	Budget	Total Approved Budget	Provisional Slippage carried Forward 2016/17	Adjusted Budget	Forecast	Variance
Strong Communities				Virement	@	2010/11	@	Over / (Under)	Reported @ Month 6
				or	Month 9		Month 9	Outturn	
				Revision				@ Month 0	
	£000's	£000's	£000's	£000's	£000's	£000's	£'000's	Month 9 £'000's	£000's
	2000 3	2000 3	20003	2000 3	20003	20003	2 000 3	2 000 3	2000 3
Asset Mgt Schemes	688	365	38	275	678	0	678	10	0
Infrastructure and Transport	3,174	2,112	671	460	3,242	(68)	3,174	0	0
Regeneration Schemes	629	0	717	402	1,119	(486)	632	(4)	0
Sustainability Schemes	94	0	81	45	126	(29)	96	(3)	0
County Farms Schemes	226	201	152	0	352	(123)	230	(4)	0
Inclusion Schemes	1,354	850	348	156	1,354	0	1,354	(0)	0
ICT Schemes	142	0	153	0	153	(11)	142	0	0
Other Schemes	193	65	581	0	646	(457)	189	4	0
Maintenance Schemes – Property	1,030	893	200	(40)	1,053	(23)	1,030	0	0
Total Strong Communities	7,531	4,486	2,940	1,298	8,723	(1,197)	7,527	4	0

Further details of all the schemes are contained in the appendix 2C. A small net variance is indicated on the basis of present activity, caused primarily by the progression of Ifton Common sewerage works despite it being decommitted from the Capital Programme at the end of 2014-15. 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.

Appendix (links to Hub)

Appendix2C M9 Capital Monitoring Strong Communities Select 2015-16.xlsx

M9 Chief Executive Office Revenue Budget Monitoring 2015-16 Appendix 10.xls

M9 Operations Revenue Budget Monitoring 2015-16 Appendix 9.xls

M9 Savings Mandates Appendix SM 2015-16.xls