

REPORT

SUBJECT	REVENUE & CAPITAL MONITORING 2015/16 OUTTURN STATEMENT
DIRECTORATE	Chief Executive's Unit
MEETING	Economy & Development Select Committee
DATE	9th June 2016
DIVISIONS/ WARD AFFECTED	All Authority

1. PURPOSE

- 1.1 The purpose of this report is to provide Members with information on the forecast revenue outturn position of the Authority at the end of reporting period 4 which represents the financial outturn position 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 a net revenue outturn underspend of £676,000, an improvement of £878,000 on quarter 3 outturn predictions.
- 2.2 Members consider a capital outturn spend of £18.3m against a revised budget of £18.8million, after proposed slippage of £43.7 million, resulting in a net underspend of £508k, of which circa £433k is available for recycling onto other projects/priorities which it is recommended will be held pending review of the additional pressures identified in paragraph 3.6.3.

- 2.3 Consider and approve the £43.7m capital slippage recommended, paying attention to those schemes included in paragraph 3.5.4 where slippage has been requested by the service manager but is not being recommended to slip (£170k), and notes the significant level of slippage required at outturn not manifest earlier in the year highlighting a concern in managers capital forecasting going forward.
- 2.4 Considers the use of reserves proposed and notes the significant decline on earmarked reserve levels at end of 2015-16 and the likely indication at end of 2016-17.
- 2.5 Approves the reallocation of reserve balances, as per paragraph 3.9.5 following the actuarial review of the insurance reserve and review of other small reserve balances, in order to address reserve pressures and the apportionment of general underspend in supplementing reserve levels as follows:
- £1,037 million to Redundancy and Pensions reserve
 - £419k to IT reserves
 - £350k to Invest to Redesign reserve
- 2.6 Approves the use of the Invest to Redesign reserve during 2016-17 totalling £30,835 as MCC's additional contribution to enable the work on the City Deal initiative to continue.

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 4 : Final outturn

Table 1: Council Fund 2015/16 Outturn Forecast Summary Statement at Period 4 (Month 12)	Actuals at Outturn	Revised Annual Budget @ Outturn	Over/ (Under) Spend @ Outturn	Variance Over/ (Under) Outturn to Month 9	Forecast Over/ (Under) Spend @ Month 9	Forecast Over/ (Under) Spend @ Month 6	Forecast Over/ (Under) Spend @ Month 2
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social Care & Health	39,530	38,247	1,283	55	1,228	1,101	519
Children & Young People	51,265	51,351	(86)	(226)	140	197	274
Enterprise	10,070	10,140	(70)	(92)	22	601	338
Operations	15,818	16,216	(398)	(238)	(160)	339	634
Chief Executives Unit	6,634	7,001	(367)	(175)	(192)	(31)	(120)
Corporate Costs & Levies	18,020	18,215	(195)	(95)	(100)	(61)	63
Net Cost of Services	141,337	141,171	166	(771)	938	2,146	1,708
Attributable Costs – Fixed Asset Disposal	138	233	(95)	(13)	(82)	(51)	0
Interest & Investment Income / losses	(165)	(51)	(114)	(65)	(49)	(33)	(30)
Interest Payable & Similar Charges	3,295	3,663	(368)	19	(387)	(382)	(202)
Charges Required Under Regulation	5,566	5,806	(240)	1	(241)	30	74
Contributions to Reserves	389	95	294	299	(5)	0	0
Contributions from Reserves	(2,031)	(2,773)	742	(169)	911	108	(90)

Capital Expenditure financed from reserves	272	272	0	0	0	0	0
Amounts to be met from Government Grants and Local Taxation	148,800	148,416	384	(700)	1,084	1,818	1,460
General Government Grants	(67,642)	(67,642)	0	0	0	0	0
Non-Domestic Rates	(26,737)	(26,737)	0	0	0	0	0
Council Tax	(61,003)	(60,094)	(909)	(159)	(750)	(600)	(500)
Council Tax Benefits Support	5,906	6,097	(191)	(19)	(172)	(152)	(93)
Net Council Fund (Surplus) / Deficit	(676)	40	(716)	(878)	162	1,066	867
Budgeted contribution from Council Fund	0	(40)	40	0	0	0	0
	(676)	0	(676)	(878)	162	1,066	867

3.1.3 The bottom line underspend situation of £676k requires further analysis to understand the underlying net cost of services position which is artificially benefitted by a reduced draw on reserves, and compromised by net redundancy costs not funded by reserves that the services have had to accommodate, as these wouldn't normally be budgeted transactions.

3.1.4 The net cost of services overspend position of £166k reported above includes £702k of reserve funded projects which are now going to be deferred to 2016/17, and also a net £209k additional contributions to reserves which were unbudgeted. Whilst this has no effect on the outturn position overall, it artificially improves the net cost of services by this amount and for transparency taking this into account results in an overspend of circa £1.077m. This is still a good result for services considering the financial challenges that have been absorbed in relation to a £1.4 million overspend in Social Care Children's Services, accommodating £717k in redundancy costs as well as making ad hoc saving to compensate for mandate pressures that were unachievable or delayed (in para 3.3 below) of £537k. However the need to make such considerable ad hoc savings per annum will continue to introduce an unhelpful volatility to service budget monitoring, and compromise robust and sustainable service re-engineering

3.1.5 The analysis in the table below takes the “simple” outturn for services and adjusts for the level of redundancy costs incurred by Directorates this year, includes the effect of replenishment to reserves that are accounted for within Appropriations rather than service Directorates and adjusts for budgeted expenditure to be funded from reserves where costs have not been incurred during 2015-16 and instead a request has been received to transfer such spending to 2016-17, that have the effect of introducing artificial underspends.

Directorate Cost	Reported Outturn Variance	Redundancy costs (excl schools) absorbed by Directorates unbudgeted for	Unbudgeted Contributions to Reserves recorded in Appropriations	Reserve funded expenditure requested deferred	Revised Services Outturn
Social Care & health	1,283	(11)		48	1,320
Children and young people	(86)	(43)	104	49	24
Enterprise	(70)	(562)	63	586	17
Operations	(398)	(76)			(474)
Chief Executives	(367)	(25)	42	19	(331)
Corporate Costs & levies	(195)				(195)
Net Cost of Services	166	(717)	209	702	361

3.1.6 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 and deliver on the periodic recovery plan agreed by Cabinet.

3.1.7 Slippage on Reserve funded projects

The following table indicates the extent of budgeted reserve funding utilised by Directorates and that element of approved expenditure they request to be deferred. These include,

Directorate	Project	Reserve Source	Reserve funding utilised in 2015-16	Reserve funding deferred to 2016-17
Enterprise	Superfast Broadband facilitation	IT transformation	73,200	0
	Centre of Innovation funding was £130k no longer required, compensates for £110k Circuit of Wales expenditure	Invest to Redesign/Priority Investment	110,500	0
	Reserve funding to facilitate 14-15 mandates	Invest to Redesign	0	49,000
	Eisteddfod	Priority Investment	72,700	372,300
	Local development plan	Priority Investment	0	100,000
	HR restructure	Invest to Redesign	22,500	0
	Innovation and marketing assistance to deliver mandates	Invest to Redesign	51,300	13,700
	Informing the future of Cultural services	Invest to Redesign	24,000	0
	City Deal Contribution	Priority Investment	30,300	
	CMC2 shortfall 14-15	Priority Investment	140,000	
	Alternate Deliver model consideration		9,300	50,700
	Museums Acquisitions	Museum acquisitions	3,000	
Sub Total Enterprise			536,800	585,700
Social Care & Health	Service Transformation Adult Social Care	Invest to Redesign	111,900	48,200
	Children's Services Temporary Staff	Priority Investment	153,300	
	Youth Offending Team Partnership	Trading Account	57,200	
Sub Total Social Care			322,400	48,200

Children & Young People	Innovation and marketing assistance to deliver mandates	Invest to Redesign	10,600	49,400
	CYP development fund	Priority Investment	273,400	
	Restorative Approaches	Priority Investment	61,000	
	Raising Education standards	Priority Investment	56,000	
Sub Total Children & Young People			401,000	49,400
Sub Total Operations	Bus lease repayments	Grass Routes Buses	25,900	0
Chief Executives	Council Tax Recovery	Invest to Redesign	28,800	0
	Innovation and marketing assistance to deliver mandates	Invest to Redesign	66,200	18,800
	Reserve funding to facilitate 14-15 mandates	Invest to Redesign	13,000	0
	NNDR hardship case	Priority Investment	18,750	
Sub Total Chief Executive's			126,750	18,800
Sub Total Corporate	Redundancy Strain Costs	Redundancy & pension	325,400	0
Appropriations	Fixed asset disposal	Capital receipts generation reserve	138,000	95,400
	Vehicle leasing	Invest to Save Advances	69,300	
	Prudentially borrowed vehicle repayments	Invest to Redesign	0	0
Sub Total Appropriations			207,300	95,400
Total			1,945,550	797,500

3.1.8 Redundancy costs

In support of the summary table redundancy column included in para 3.1.5 above, the following provides greater detail for members of the redundancy costs incurred by Sections during the year.

Directorate	Service	Redundancy Costs 2015-16
Enterprise	Strategic Management	85,279
	Strategic Property	17,136
	Community Hubs	289,709
	Community Education	96,317
	Leisure	18,081
	Markets	24,519
	Whole Place	31,392
	Sub total	562,443
Operations	Transport	9,131
	Building Cleaning	1,091
	Resources	7,271
	Grounds	54,154
	Highways	3,978
	Sub total	75,625
Social Care & Health	Supporting People	1,932
	My Day	8,783
	Sub total	10,715
Chief Executives	Revenues	24,918
	Sub total	716,647
Children & Young People	Schools	465,728
Total		1,085,241

3.1.9 When managers initially highlight the re-engineering of services, there is often a potential for redundancy payments, but it is not possible to quantify the extent of these costs without prejudicing the outcome of the interview process or the success of redeployment. A second report is required to quantify these costs prior to being incurred for member approval. Ignoring the schools aspect which is either funded by the CYP revenue budget, or proportionate

schools contribution, it is commonplace for managers to make requests for reserve funding to afford redundancy costs caveated on services looking to afford such costs in the first instance. Given the revenue account's net underspend, it is not necessary to utilise reserves to afford such costs in 2015-16, which is a fantastic and welcome achievement by services.

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

Directorate / Service area	Outturn Position exclusive of savings not achieved £'000	Targeted 2015-16 Savings not realised £'000	Outturn Position <u>net</u> of savings not realised £'000	Movement since Period 3 Red= Adverse (Green) = Favourable	Headline Comment
Social Care & Health (SCH)					
ADULT SERVICES					
Severn View DC & My Day DC	(35)	0	(35)	(12)	Underspend due to low Superannuation take up, manager temporarily reduced to a three day week
Mardy Park Rehabilitation Unit	(10)	0	(10)	(12)	Section 33 income increased throughout the year
Mardy Park	74	0	74	14	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 in 2016-17.
Severn View Residential	112	0	112	19	Overspend mainly in salaries & wages due to sickness cover and backfilling of posts due to ICF schemes. Supplies & Services budget also overspent by £27k.
Direct Care	(110)	0	(110)	(39)	Reflects increased income from client referrals and Management vacancy
Transition Co-operative	(24)	0	(24)	0	Relates to income from staff seconded to an external agency.
Adult Services Man/Support	(124)	0	(124)	(21)	Current Disabilities team manager vacancy plus ICF grant meeting costs of the Direct Care team manager.
Other Adult Services	(8)	0	(8)	(18)	See Appendix 6
CHILDREN SERVICES					
Fostering Allowances and Payments For Skills	150	0	150	6	Reflects financial support to the current number and age mix of children in foster care and skills payments to carers with SGO's
Younger People's Accommodation	(72)	0	(72)	(6)	This budget is prone to volatility and since month 9 further work has been undertaken to control costs.

Directorate / Service area	Outturn Position exclusive of savings not achieved £'000	Targeted 2015-16 Savings not realised £'000	Outturn Position <u>net</u> of savings not realised £'000	Movement since Period 3 Red= Adverse (Green) = Favourable	Headline Comment
Ty'r Enfys	(52)	0	(52)	0	This facility with now remain closed for the entire year.
Counsel Costs	111	0	111	93	Increased legal costs in regard to Solicitor / Barrister fees not expected to crystallise within 2015-16 at M9
Therapeutic Service	(26)	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	1,038	0	1,038	(56)	Outturn activity resulted in 71 placements compared to 70 at month 9. 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	(96)	0	(96)	0	This cost centre is generally used to fund the over spend within S026 – External Placements LAC.
GWICES (Gwent Wide Integrated Community Equip Services	(24)	0	(24)	(2)	Based on the costs associated with the GWICES costs incurred from the hosts -Torfaen
Other Children's Services –appendix 6	(10)	0	(10)	(8)	See Appendix 6 Children's Services
SCYP - Placement & Support Team	150	0	150	28	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	(32)	0	(32)	(5)	Under spend relates to a vacant part time Independent Reviewing Officer post not expected to be filled until 2016/17.
SCYP - Supporting Children & Young People Team	250	0	250	17	Overspend relates to the employment of 7 agency workers to cover staff sickness and capacity issues and a 77% increase in transport costs since last year.
Disabled Children	84	0	84	(7)	Large part of overspend relates to the continued use of agency staff to cover sickness and the employment of a Student Placement Social Worker, improved since M9.
FRS – Family Support Team	(8)	0	(8)	(50)	This budget is currently employing the services of social workers to cover for various staff absences.
Bus Cases / Temp Funding - Cabinet 06/05/15	(45)	0	(45)	22	Underspend relates to delayed appointment to social worker posts connected with approved business cases

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Other Children's Services	12	0	12	32	See Appendix 6
COMMUNITY CARE					
Aids for Daily Living	44	0	44	22	Based on GWICES report received from the host Torfaen CBC
Adult Transformation	(48)	0	(48)	(56)	Head of Service to make formal reserve slippage request to take underspend into 2016-17 to close off the scheme in June.
Other Community Care / Adult teams	287	n/a	287	274	Chepstow area of the county has suffered from a low framework provider take up of domiciliary care packages resulting in more costly providers being used. Residential numbers have increased in the year with a lack of in house provision in this area. See appendix 6 for detailed explanation on adult care teams. The overspend in this area needs to be read collectively with the underspend to "contingency in the line below.
Contingency	(242)	0	(242)	(242)	To plan for the £1.2m budget mandate saving for Practice Changes, budgets were moved from teams into this cost centre to accelerate developments ready for 2016/17
Frailty	(62)	0	(62)	(62)	Reflects the deferment of the loan repayment until 2016/17
Other Com Care	1	0	1	12	See appendix 6
COMMISSIONING					
Drybridge Gardens	(22)	0	(22)	(9)	Vacancy at unit has led to underspend
Commissioning Strategy	(42)	0	(42)	(26)	Reduction in Contract and Diesel costs for Minibuses
Other Commissioning	4	0	4	20	See appendix 6
PARTNERSHIP	57	0	57	57	Overspend will be funded from the specific Youth Offending Service reserve
RESOURCES	(16)	0	(16)	(18)	See appendix 6
Total SCH at Outturn	1,284	0	1,284	56	Total SCH Outturn at 2015-16 financial year end

Directorate / Service area	Outturn Position exclusive of savings not achieved £'000	Targeted 2015-16 Savings not realised £'000	Outturn Position <u>net</u> of savings not realised £'000	Movement since Period 3 Red= Adverse (Green) = Favourable	Headline Comment
Children & Young People (CYP)					
ISB	129	0	129	14	Additional costs of protection at schools and additional professional fees for legal services
Service Level Agreement	(159)	0	(159)	(149)	Savings in Maternity, Premature Retirement and Supply Compensation
Management	50	n/a	50	26	Professional fees relating to schools moved to ISB and additional recovery board costs
Financial Management Services	36	n/a	36	6	vacancy has been temporarily filled earlier than previously anticipated
Support Services	20	n/a	20	11	Additional Health & Safety assessment costs for pupils
Additional Learning needs	(320)	n/a	(320)	(168)	Additional savings of £140k for out of county placements and an increased level in recoupment income of £68k. These were not known at month 9, due to the decision of a tribunal and the de-statementing of a pupil. In addition, more pupils were admitted to Mounton House, therefore increasing the recoupment income.
ALN Management	42	0	42	42	Cost of redundancy which maybe met from reserves
Community Education Youth General	0	116	116	5	Funding from Torfaen Training has since reduced in 15-16, however the ESF grant will now start in 2016-17. The departmental recovery plan anticipated a further £60,000 in grant income, notification has been received that this has been delayed until 2016-17 financial year.

Directorate / Service area	Outturn Position exclusive of savings not achieved £'000	Targeted 2015-16 Savings not realised £'000	Outturn Position <u>net</u> of savings not realised £'000	Movement since Period 3 Red= Adverse (Green) = Favourable	Headline Comment
Other CYP	0	n/a	0	(13)	See Appendix 7
Total CYP at Outturn	(202)	116	(86)	(226)	Total CYP Outturn at 2015-16 financial year end

Enterprise (ENT)					
Sustainability	65	18	83	(15)	Sections' inability to achieve the expected full income targets. Though increased income from PV schemes
Strategic Property Management	(65)	0	(65)	(15)	Under spend relates partly to a staff vacancy, and a reduction in budgeted professional fee's.
Cemeteries	(76)	n/a	(76)	0	Increase in budgeted income during the financial year along with lower than anticipated expenditure,
County Farms Unit	(16)	n/a	(16)	(1)	Due to a reduction is expected maintenance along with higher than anticipated income.
Markets	105	28	133	(5)	Overspend on employee costs due to delayed implementation of restructure along with unbudgeted overtime. The alternative delivery plan of reducing maintenance work has produced some savings
Community Education	147	0	147	(31)	£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. Educational leisure course income has increased during the final 3 months of the year
Community Hubs	255	125	380	(6)	due to £328k one off redundancy costs which have already been incurred at month 9 and £58k of redundancy costs which will be incurred by year end, Slight reduction since M9 due to savings on restructure
Eisteddfod	(502)	0	(502)	(72)	This year's spend is £73k but there is still uncertainty around the final costs with the remaining £372k needing to be rolled forward into 16-17 as the agreed project runs over two financial years. At present Community fund raising totals circa £130k, which avoids an equivalent underwriting from reserves.
Homelessness	(52)	0	(52)	(7)	Funding of the Financial Inclusion Officer coming from the Implementing the Housing Act Grant £28,000 and a reduction

Directorate / Service area	Outturn Position exclusive of savings not achieved £'000	Targeted 2015-16 Savings not realised £'000	Outturn Position <u>net</u> of savings not realised £'000	Movement since Period 3 Red= Adverse (Green) = Favourable	Headline Comment
					in expenditure against B&B accommodation offset by bad debt write offs since M6 Also £7k saving on professional fees
Renovation Grants	5	0	5	(12)	Overspend relates to unbudgeted overheads on DFG grant income
Lodgings Scheme	(96)	0	(96)	(55)	The under spend is due to occupancy levels being at a high level than predicted/budgeted therefore increasing the amount of rental income and HB benefit.
Spend to Save	(29)	0	(29)	(2)	Saving due to unexpected one-off grant funding
Whole Place	(17)	n/a	(17)	3	Increased event costs since M9
People Services, Innovation & Business	(77)	0	(77)	123	This is mainly the effect of underspends in the Innovation services compensating for overspends in Business Growth and Enterprise, People Services and IT.
General Overheads	(22)	100	78	(35)	The 100k savings that were to be achieved through in-house software development and the sale of products will not occur. This formed part of the departmental recovery plan set at month 6 and it is currently anticipated that none of these savings will be achieved. Movement due to staff savings since M9.
Development Plans, Mgmt and Business Control	(221)	0	(221)	(71)	LDP savings as scheme not implemented in 2015-16 and savings on Professional fees not manifest at M9
Cultural Services, incl. Museums & Shirehall,	168	30	198	163	117k relates to a service assumption to treat significant adhoc expense (replacement of vehicles and equipment) as part of simple trading deficit, when instead that reserve funding should have been subject to a formal request of Members. The museums section overspend relates to 10k green screen savings that couldn't be achieved and 20k conservation income that couldn't be achieved.
Leisure Services	12	30	42	2	20k over spend from Children's Services. 30k relates to a learning Co-ordinator post that is not grant funded anymore, 15k 3G pitch income issues with the lighting and electricity supply. The £35,000 saving built into the departmental

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					recovery plan from increased income has not materialised see Appendix 8 for further detailed comments
Tourism, Caldicot Castle & Country Parks	83	15	98	(46)	Most significantly caused by continuing net overspend at Caldicot castle, which has struggled for last 2 years to reconcile activity with budget. Situation compromised still further by separate managers at Old Station and Castle, where service budget presumes a sharing/halving of such resource costs. TIC costs affected by a need to "double man" facility due to threatening and abusive behaviour from a member of the public which has contributed to the total overspend, a cost situation improved by the closure of facilities during winter months.
Other Enterprise	(82)	0	(82)	(10)	See Appendix 8
Total ENT at Outturn	(415)	346	(69)	(92)	Total ENT Outturn at 2015-16 financial year end

Directorate / Service area	Outturn Position exclusive of savings not achieved £'000	Targeted 2015-16 Savings not realised £'000	Outturn Position <u>net</u> of savings not realised £'000	Movement since Period 3 Red= Adverse (Green) = Favourable	Headline Comment
Operations (OPS)					
Transport Policy	(67)	0	(67)	(48)	Increase in income due to favourable winter weather conditions
Green Car Scheme	(12)	0	(12)	(12)	The scheme has produced an under spend due to the increased uptake in staff joining the scheme.
Highways	(405)	50	(355)	(46)	SWTRA and Mechanical infrastructure has underspent by £301,000, an improvement of £51,000 from Month 9. Income activity shows that our Annual Activity programme came in as expected but we had an increase in the last 3 months of the year in Task order and Emergency response work. These are both reactive functions and are difficult to predict and is the reason for the variance from M9.

Directorate / Service area	Outturn Position exclusive of savings not achieved £'000	Targeted 2015-16 Savings not realised £'000	Outturn Position <u>net</u> of savings not realised £'000	Movement since Period 3 Red= Adverse (Green) = Favourable	Headline Comment
Public Transport Subsidy LTSG Grant	59	0	59	22	Un-budgeted staff costs, mainly on salaries and overtime and an increase in transport costs.
Public Transport Subsidy Grant	(39)	0	(39)	5	Administering the Bus Services Support Grant is claimable against the grant £50,000, this has been offset by small over spend on vehicle and transport costs of £11,000 at Outturn.
Home To School Transport	201	0	201	(133)	Similar to Caldicot Castle above, the net budget for these services presumes historic savings endorsed by Council that have not been made, 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. However, the variance from month 9 is due to an increase in forecast private hire income, a decrease in fuel costs and additional income from the collaborative arrangement with NCC on an integrated Transport Unit. This situation has been addressed in setting the 2016-17 budget.
School Transport – External	(112)	0	(112)	(20)	The under spend is due to a saving from a vacant post £9,000 and reductions in transportation costs due to pupils moving and savings made from the retender of some contracts £104,000. The variance from month 9 is due to the value of retendered contracts not being known at month 9.
Special Educational Needs	(61)	0	(61)	(29)	Vacant post £11,000 and reductions in transportation costs and season tickets £21,000 and some retendered contracts.
Passenger transport	63	0	63	72	The over spend primarily relates to overtime.
Procurement	(102)	0	(102)	(102)	Saving due to not needing to fund joint procurement venture
Schools Catering	24	n/a	24	(18)	Variance from month 9 due to increased school meals income, meal number have continued to increase in the last qtr. above expectations leading to an improved outturn position
Resources	213	n/a	213	93	Forecasted deficit position is due to a reduction in income as a result of a shortfall in capital fees.
Accommodation	(125)	n/a	(125)	34	Underspend due to a continued reduction in premises and supplies and services costs on all accommodation though reduced from M9
Grounds Maintenance	(54)	0	(54)	(44)	Variance from month 9 relates to lower than predicted reactive maintenance costs. This partly relates to a reduction on non-

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					essential unnecessary expenditure being incurred along with the profile of expenditure being higher during winter months this winter was particularly mild resulting in reduced costs.
Refuse & Cleansing Operations	(35)	25	(10)	(10)	pressures of the budget mandates are still real, however have been mitigated by a reduction in fuel costs (£80k 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. All of the £30k listed in the departmental recovery plan is expected to be found by year end.
RAG Training	39	0	39	(7)	Has seen demand fall due to both increasing competition from other training providers and Council's facing major budget pressures only undertaking mandatory training.
Grounds Operational Management	(68)	0	(68)	6	Grounds operational management savings
Other Operations	9	0	9	0	See Appendix 9
Total OPS at Outturn	(472)	75	(397)	(237)	Total OPS Outturn at 2015-16 financial year end

Chief Executive's Office (CEO)					
Directorate / Service area	Outturn Position exclusive of savings not achieved £'000	Targeted 2015-16 Savings not realised £'000	Outturn Position <u>net</u> of savings not realised £'000	Movement since Period 3 Red= Adverse (Green) = Favourable	Headline Comment
Customer Relations	10	0	10	(2)	Professional fees incurred during a complaint investigation.

Members Costs	5	0	5	(12)	Improvement from month 9 due to savings realised from the Committee Chair.
Democratic Services	(84)	0	(84)	(24)	Savings in supplies & services and Cabinet office grants
Legal	(19)	0	(19)	(1)	Savings in supplies & services and unfilled staff vacancy
Public Protection	(58)	0	(58)	(23)	Savings in supplies & services and increased income
Audit	(22)	0	(22)	(12)	Savings in supplies & services and unfilled staff vacancy
Benefits	(182)	n/a	(182)	(114)	Savings in Housing Benefit awarded and reduced administration costs.
Council Tax & NNDR Administration	39	0	39	(17)	Overspend due to shortfall in Court summons income and redundancy costs for Officer
Cashiers	9	0	9	(5)	Overspend is largely attributable to increased annual card fees
Revenues Systems Administration	(32)	0	(32)	0	Vacant post, reduced petrol costs and reduced system costs as proportion now charged to Housing Benefits
Policy and Partnership Management	(39)	0	(39)	15	Movement due to contribution to Modern Government project and additional supplies and services costs
Other CEO	6	0	6	19	See Appendix 10
Total CEO at Outturn	(367)	0	(367)	(176)	Total CEO Outturn at 2015-16 financial year end

Directorate / Service area	Outturn Position exclusive of savings not achieved £'000	Targeted 2015-16 Savings not realised £'000	Outturn Position <u>net</u> of savings not realised £'000	Movement since Period 3 Red= Adverse (Green) = Favourable	Headline Comment
Corporate (COL)					
Audit Commission Fees (Certification Grant Claims)	(41)	n/a	(41)	(9)	Mainly savings in relation to the auditing of grant claims and statutory inspection fees
Drainage Levies	10	0	10	0	Drainage Levy original budget insufficient for service cost
Coroner Fees	16	0	16	0	Original budget insufficient for service costs
Gwent Crematorium	(138)	0	(138)	(48)	Increased income from activity at the Gwent Crematorium
Early Retirement Pension Costs	202	n/a	202	35	Additional pension strain cost of notified in latter part of 2015/16

Directorate / Service area	Outturn Position exclusive of savings not achieved £'000	Targeted 2015-16 Savings not realised £'000	Outturn Position <u>net</u> of savings not realised £'000	Movement since Period 3 Red= Adverse (Green) = Favourable	Headline Comment
Insurance Premium Payment(Direct)	(98)	n/a	(98)	(31)	Based on reduction in premium costs as a result of the tender completed in September 2015.
Insurance Settlement Expenditure	(2)	0	(2)	(2)	Insurance settlement claims predicted to be lower due to reduced claims activity
Indirect Revenue Gains Reserve	(138)	0	(138)	(41)	Rate rebates from MCC Properties
Other Corporate	(5)	0	(5)	2	See appendix 11
Total COL at Outturn	(194)	0	(194)	(94)	Total COL Outturn at 2015-16 financial year end

Appropriations (APP)					
Attributable Costs - Fixed Asset Disposal	(95)	0	(95)	(13)	12 Schemes delayed mainly due to a rethink of disposal strategy to optimise receipts. The balance on this budget is requested as slippage into 1617
Interest and Investment Income	(52)	0	(52)	(3)	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	(368)	n/a	(368)	19	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	(240)	n/a	(240)	1	Consistent with recovery plan intentions, 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 has achieved a saving on MRP payments due.
Earmarked Contributions Reserves (Revenue)	1,035	n/a	1,035	130	See separate reserves section
Other Appropriations	(62)	0	(62)	(62)	Other investment income

Directorate / Service area	Outturn Position exclusive of savings not achieved £'000	Targeted 2015-16 Savings not realised £'000	Outturn Position <u>net</u> of savings not realised £'000	Movement since Period 3 Red= Adverse (Green) = Favourable	Headline Comment
Total APP at Outturn	218	0	218	72	App Outturn at 2015-16 financial year end

Financing (FIN)					
Council Tax	(910)	n/a	(910)	(160)	Surplus due to projected better Council Tax Collection rates and an increased Council Tax base.
Benefit Support	(191)	n/a	(191)	(20)	The outturn reflects the current commitments within the system. As caseloads continue to reduce,
Total Financing	(1,101)	0	(1,101)	(180)	
Grand Total @ Outturn	(1,213)	537	(676)	(878)	Total Outturn at 2015-16 Financial Year End

3.1.11 More detailed monitoring information together with a narrative of more significant variance over £25,000 is provided in the Select Appendices 2 to 5.

3.2 SCHOOLS

3.2.1 Each of the Authority's Schools is directly governed by a Board of Governors, which is responsible for managing the school's finances. However, the Authority also holds a key responsibility for monitoring the overall financial performance of schools. Below is a table showing the Schools' balances outturn position for 2015-16.

Council Fund Outturn 2015/16– Schools position (Period 4)	(A) Opening Reserves (Surplus) / Deficit Position 2015/16 £'000	(B) Budgeted Draw on School Balances 2015-16 £'000	(C) Variance on Budgeted Reserve Draw £'000	(D) Draw on School Balances @ Outturn £'000	Reserve Balances at 2015-16 Outturn (A+D) £'000	(D) Draw Forecasted on School Balances @ Month 9 £'000	Variance Month 9 To Outturn £'000	Draw Forecasted on School Balances @ Month 6 £'000	Draw Forecasted on School Balances @ Month 2 £'000
Clusters									
Abergavenny	(412)	124	(305)	(181)	(594)	46	(227)	(19)	100
Caldicot	(426)	275	(439)	(164)	(590)	112	(276)	153	252
Chepstow	98	36	84	120	218	80	40	63	45
Monmouth	(424)	166	(41)	125	(299)	138	(13)	154	193
Special	24	(18)	103	85	109	116	(31)	105	(28)
Total	(1,140)	583	(598)	(15)	(1,156)	491	(507)	457	562

3.2.2 School balances at the beginning of the financial year amounted to £1,140,000. The Schools will contribute a net £15,000 to school balances for 2015/16, therefore leaving £1,156,000 as the closing reserve balances. This is against a declining collective school reserves position both budgeted for and reported in previous 3 quarters. The same volatility in outturn has been experienced as in 2014-15. CYP regard their forecasting compromised by the ad hoc release of funding from Education Achievement Service during the last quarter. By way of illustration, unanticipated grant awards to Monmouthshire schools amounted to £315k in just March 2016 alone. CYP regard pragmatically there is very little structured improvement that can be achieved in such a volatile funding arrangement, and that such awards will tend to compensate for project costs already being progressed, so having a generally beneficial effect on the schools usage of their reserves. It is not an ideal situation, but one that is being addressed with EAS colleagues.

3.2.3 Within these summary figures, of particular note, is the deficit reserve position forecasted for the Chepstow Cluster. Chepstow Comprehensive School does have a recovery plan in place, however it has missed its recovery target by circa £100k for 2015-16. This simplistically is due to the contribution to redundancy costs that the school has incurred and additional water rates demands. The formal school budget submitted for 2016-17 proposes an improvement on reserve levels of £200k. Governors accept a proposition to make a further £56k savings, to keep on track with the reserve improvements supplied and endorsed in their original recovery plan. This would rectify the effect of 2015-16 position in full. They are working through the detail of that at the moment and intend to communicate intentions to CYP colleagues for consideration of their continued support.

- 3.2.4 5 Five schools exhibited a deficit position at the start of 2015/16; Llanvihangel Crucorney, Castle Park, Chepstow Comprehensive, Llandogo and Mounton House Special School. Of these five schools, the following three have seen an increase in their deficit at outturn and their balances are as follows: Chepstow School (£414,067) due to water charges and an increase in exam fees; Llanvihangel Crucorney (£23,605) as a result of having to employ an additional teacher due to increased pupil numbers; and Mounton House Special School (£154,854), due to significant staffing changes and a delay in grant funding through the ESF project. The other two schools have seen a decrease in their deficit balance. One additional school, Overmonnow Primary, is now also exhibiting a deficit (£19,101), taking the total number of schools in a deficit position to six at the end of 2015/16.
- 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	(1,156)

- 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, to the extent that a number of balances now exceed Welsh Government guideline levels of no more than £50,000 for a primary school and £100,000 for a secondary school. CYP colleagues are intent to undertake a more in-depth review into extent of individual balances in conjunction with recent 2016-17 reported reserve usage with a view to ensuring levels do not exceed WG guidance levels. The results of this exercise will be reported alongside 2016/17 qtr1 activity.
- 3.2.7 Further information on Schools is provided in Children & Young People Select Appendix 5. Individual School Balances are available in Appendix 14 CYP School Select.

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 Outturn

DIRECTORATE	Specific Savings Initiatives 2015/16 £'s	Savings Identified @ Outturn £'s	Percentage of Savings Achieved %	Delayed Savings to 2016/17 £'s	Savings Unachievable in 2015/16 £'s
Children & Young People	1,514,000	1,398,000	92%	0	116,000
Social Care & Health	274,000	274,000	100%	0	0
Enterprise	1,392,983	1,046,728	75%	125,000	221,255
Operations	1,513,000	1,463,000	97%	75,000	0
Chief Executives Office	85,000	85,000	100%	0	0
Total Budgeted Savings	4,778,983	4,266,728	89%	200,000	337,255

3.3.2 Mandated savings of 89% were achieved by outturn, with £337,255 being deemed as unachievable, a further £200,000 is expected to crystallise in 2016-17. This is an improvement on month 9 data which concluded 83% savings being made collectively.

3.3.3 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 against the original and revised delivery recovery plans. The following comments are in regard to savings mandates that have not been met.

Operations (OPS)

- Highways advertising income is forecasting a £50,000 delayed saving due to planning issues in regard to the implementation of the scheme. The saving against budget has been achieved through other means to compensate for these delayed savings.
- Trade Waste cannot reach the extra trade waste re-cycling bags target of £25,000, expectations are that this can be achieved in future periods.

Enterprise (ENT)

- Utility supply issues at the Caldicot 3G sports pitch has resulted in reduced income of £15,000 and £15,000 for caretaker charges at Abergavenny Leisure Centre. Delayed Lighting installed at the 3G pitch resulted in only partial income being reached against alternative delivery plans amounting to £5k since month 6 in total.
- Sustainable Energy Initiatives is reporting £18,110 of unachievable income targets though this has been offset by additional Cemetery income.
- Museums, Shirehall & Castles and Tourism – £15,000 shortfall due extra staffing requirements at Chepstow TIC which was closed for the winter and unattainable green screen savings (£10,000) and conservation income (£20,000). There has been no positive impact as a result of the alternative delivery plan at Outturn.
- In House development of ICT systems and associated income generation through future sales estimated at £100,000 will not occur.
- MCC Markets has reported that the extra income of £28,145 from the Markets has been unachievable due to budget pressures relating to the Borough theatre. The service has achieved £42k against the alternative delivery plan of ceasing all repair and maintenance work to the asset portfolio.
- The delayed implementation of the Community Hubs project to 2016-17 has led to a £125,000 savings shortfall.

Children and Young People (CYP)

- The Youth Service are forecasting to achieve £84,000 of the mandated savings (£200,000) and have identified the shortfall as being two grants that have been delayed until 2016/17 that were also part of the alternative delivery plan agreed in December by Cabinet

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 Outturn is as follows

MCC CAPITAL BUDGET MONITORING 2015-16 AT Outturn by SELECT COMMITTEE						
CAPITAL BUDGET SELECT PORTFOLIO	Actual Outturn	Slippage Brought Forward	Total Approved Budget 2015/16	Provisional Capital Slippage to 2016/17	Revised Capital Budget 2015/16	Capital Expenditure Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Children & Young People	11,276	7,267	51,330	(39,731)	11,599	(323)
Adult	321	35	353	(30)	323	(1)
Economic & Development	88	531	759	(680)	79	9
Strong Communities	6,637	2,940	10,073	(3,243)	6,831	(193)
Capital Schemes Total	18,322	10,773	62,515	(43,684)	18,832	(508)

MCC CAPITAL BUDGET MONITORING 2015-16 AT Outturn BY SCHEME CATEGORY

CAPITAL BUDGET SCHEME	Actual Outturn	Slippage Brought Forward	Total Approved Budget 2015/16	Provisional Capital Slippage to 2016/17	Revised Capital Budget 2015/16	Capital Expenditure Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Asset Management Schemes	2,710	889	3,603	(604)	2,999	(289)
Future Schools	10,022	6,699	48,896	(38,875)	10,022	0
Other School development Schemes	171	219	1,075	(847)	227	(56)
Infrastructure & Transport	3,135	671	4,566	(1,408)	3,158	(23)
Regeneration Schemes	517	947	1,654	(1,096)	558	(41)
Sustainability Schemes	4	81	81	0	81	(77)
County Farm Schemes	208	152	352	(144)	208	0
Inclusion Schemes	1,235	348	1,354	(119)	1,235	0
ICT Schemes	181	188	288	(107)	181	0
Other Schemes	142	580	646	(483)	162	(20)
Capital Schemes Total	18,323	10,773	62,515	(43,684)	18,831	(508)

3.5 Proposed Slippage to 2016-17

3.5.1 Slippage volunteered in relation to Future Schools programme amounted to £38.875m at outturn. Other service managers have volunteered a further £4.809m. This is actually higher than 2014-15 levels which is worrying given the motivations and communications made to reduce in year slippage.

3.5.2 At quarter 3 it was highlighted that service managers had requested far lower slippage levels £2,433,000 and £38,000 for services managers and property services respectively. The risk that managers would struggle to convert the extent of commitments during the last quarter into actual expenditure has been borne out, and raises a concern about the quality of their forecasting.

3.5.3 The same discipline has been applied to the consideration of slippage at outturn as in 2014-15 to recommend appropriate slippage levels to Members, i.e.

- whether there has been little or no progress in previous 12 month,
- the level of expenditure incurred this year has been less than in year budget and slippage b/fwd., to consider any opportunity to realign the budget to more realistic levels or reprofile budget more accurately over multiple years,
- or where there are identified problems/barriers to progress e.g. no agreement over scheme, archaeological considerations, planning considerations not yet satisfied or where the manager hasn't clearly evidenced why this should be slippage in the request made.

3.5.4 The following services have made requests for slippage, which are categorised into those proposed to Members for endorsement and those not.

Service Officer	Project Narrative	Amount Proposed for endorsement £'000	Amounts not proposed for endorsement £'000
S Kneafsey	Future Schools	38,875	
P Mullen	Connected Worker application	38	
	Retaining wall & bridges	30	
	Carriageway resurfacing	196	
	Public Realm improvements	443	
	Rockfield Car Park	265	
	Sub total	972	
R Joy	Energy Efficiency Street Lighting	434	
S Hayward	ICT Schools	827	
	SharePoint/active directory purchase	11	
	Intranet/internet functionality	35	
	EPOS Museums		(10)
	Sub total	873	(10)

L Widenham	Agresso upgrade	10	
	Revenues online facilities	13	
	Sub total	23	
I Bakewell	DFGs	7	
S Wiggam	Low cost home ownership	112	
D Hill Howells	Woodstock Way Linkage (sc106)	177	
	Community Hubs Infrastructure	60	
	Farms Portfolio maintenance	138	
	Area Management	20	
	Caerwent House	300	
	Town Centre partnership	2	
	Sub total	697	
R Rawlings	Abergavenny Town Team	30	
R Hoggins	Granville St & Wyebridge St Car park	185	
R O'Dwyer	Property – combined	207	
	ESR Access for all schools		(49)
	Replacement cattle market	173	
	Provision of gas interlocks school kitchens		(11)
	Asbestos removal		(45)
	Sub total	380	(105)
M Lewis	Caldicot Castle Kitchen improvements	34	
	Public rights of way improvements	40	
	Sub total	74	
M Moran	Monmouth Sports Ground Drainage	23	
	MUGA Byfield Lane (sc106)	5	
	Magor & Undy (sc106)		(32)
	Recreation Croesonen (sc106)	40	
	Caldicot 3g pitch (sc106)	27	
	Combined 3 Monmouth Developments (sc106)	314	
	Caerwent offsite recreation (sc106)	300	
	Sub total	709	(32)
P Keeble	Croesonen Infant Site (sc106)		(23)

M Davies	Pedestrian Improvements land off Sudbrook Way (sc106)	28	
B Winstanley	County Farms disposal	7	
	Non county farms disposal	278	
	Sub total	285	
	TOTAL	43,686	(170)

3.5.5 The section 106 unendorsed slippage provides no net saving to the authority and will be returned to sc106 balances for subsequent recommendation for subsequent reallocation by officers and consideration by Cabinet.

3.5.6 The net underspent funding envelope for Future schools is being slipped forward in full but as yet scheme specific costs identified still fall significantly outside this limit, pending further consideration by Project Board.

3.6 Capital Outturn

3.6.1 After allowing for most of the indicative slippage volunteered by services, the capital programme for 2015-16 is £508k underspent, a significant improvement on £76k reported underspend at month 9, and is predominantly the effect of underspends to Thornwell sewer diversion works £231k, slippage requests proposed to be declined totalling £170k, and £80k underspends in development schemes under £250 (mainly abortive PV schemes). £13k underspend Rogiet carpark and £10k unspent road safety grant expenditure.

3.6.2 Of this £508k underspend, considering the financing sources below, £433k is available to be reallocated to other schemes, with the balance either being returned to Sc106 pot, or resulting in an underspend in grant income which cannot be re-utilised

3.6.3 There are number of capital pressures that are not currently captured in the capital programme:

- The tendered prices on the Future Schools programme are currently being worked through and may result in a capital pressure
- The demand for Disabled Facility Grants is currently running ahead of the annual £600k budget. There is an indicative backlog totalling circa £350k.
- The Community Hub in Abergavenny - the previous decision made by Members in de-committing the Abergavenny Library project recommended that specific capital budgets to develop a Community Hub along with projects to improve the public realm that supports regeneration of the town centre (the Better Bryn Y Cwm Plan) be brought forward to be financed from the funding released.
- There has been a proposal that the Council vacate Innovation House and sell the asset, to generate a capital receipt and generate revenue savings. This necessitates work to J and E block at the Usk HQ to convert to office space and early indications suggest costs of circa £1.2m
- Long list of capital pressures presented at Cabinet and Council when setting the Capital MTFP in January 2016, including considerable backlogs in Infrastructure, property, compliance with DDA, and Public Rights of Way.

3.6.4 It is recommended that Members hold the available balance of circa £433k resources, until there is cost certainty with the Future Schools programme as this remains the Council's top priority.

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 Outturn BY FINANCING CATEGORY								
CAPITAL FINANCING SCHEME	Annual Financing Forecast	Slippage Brought Forward	Original Budget	Budget Revisions	Total Approved Financing Budget 2015/16	Provisional Budget Slippage to 2016/17	Revised Financing Budget 2015/16	Increase / Reduction 2015/16 Capital Financing
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Supported Borrowing	2,420	0	2,420	0	2,420	0	2,420	0
General Capital Grant	1,462	0	1,462	0	1,462	0	1,462	0
Grants and Contributions	5,366	3,952	16,816	672	21,441	(16,050)	5,391	(25)
S106 Contributions	379	690	0	619	1,309	(880)	429	(50)
Unsupported Borrowing	10	1,274	15,311	(5,023)	11,563	(11,553)	10	0
Earmarked Reserve & Revenue Funding	920	409	490	622	1,520	(590)	930	(10)
Capital Receipts	7,689	4,414	11,134	7,062	22,611	(14,500)	8,112	(423)
Low Cost Home Ownership Receipts	77	33	0	156	189	(112)	77	0
Unfinanced	0	0	0	0	0		0	0
Capital Financing Total	18,323	10,773	47,633	4,108	62,515	(43,684)	18,831	(508)

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	2019/20 £'000
Balance b/f 1 st April	17,440	5,312	11,815	(2,684)	(1,751)
Deferred Capital Receipts	4	4	4	4	4
Less: Set aside Capital Receipts	(6,250)	0	0	0	0
Less: Receipts to be applied – General	(2,397)	(2,009)	(509)	(509)	(509)
Less : Receipts to be applied - 21C Schools	(5,292)	(5,918)	(17,662)	(3,962)	0
TOTAL Actual / Estimated balance c/f 31st March	3,501	(2,615)	(6,356)	(7,155)	(2,260)
Receipts forecast to be received in year as 2015/19 MTFP	10,235	25,220	2,150	0	0
Increase / (decrease) in forecast receipts forecast at month 6	(8,428)	(3,520)	3,250	5,400	5,500
Less Set Aside Capital receipts (end of Year)	0	(7,274)	(1,732)	0	0
Anticipated Capital Receipt Levels	5,312	11,815	(2,684)	(1,751)	3,244
TOTAL Estimated balance reported in 2015/19 MTFP Capital Budget proposals	11,660	21,104	11,542	10,388	10,388
Increase / (Decrease) compared to MTFP Capital Receipts Forecast	(6,348)	(9,290)	(14,227)	(12,139)	(7,144)

Points to note:

- The net reduction in the capital receipts forecast in 15/16 is due to the delay in an LDP receipt & the Coed Glas receipt from 15/16 to 16/17 (£8.1m).
- The deposit received against the old Abergavenny cattle market sale is not included in 2015-16 receipts (£1.6m), and has been subsumed alongside the balance of receipt in 2016-17.
- The decrease in receipts in 16/17 is due to a delay in LDP receipts offset by delayed Coed Glas receipt.

- The increase in forecast receipts in 17/18 is due to slippage of LDP receipts from 16/17 to 17/18.
- 3.8.2 The decrease in the Capital receipts balance of £6.3m compared to the MTFP at 31/3/2016 is due to: the reduction in forecast receipts (£8.4m); an increase in receipts applied to the 21C schools program (£6.2m) and corresponding decrease in borrowing - approved in the 1617 capital mtfp; and a set aside of capital receipts to reduce MRP payments (£6.2m) approved by Cabinet; Offset by slippage of capital receipts funded budgets (mainly 21C schools) to 1617 (£14.6m).
- 3.8.3 The balance of receipts forecast to be available at the end of the mtfp window, 31/3/2019 is reduced against the forecast in the 15/16 MTFP by £7.1m mainly due to the increase in total set aside of capital receipts from £10.5m to £15.2m and an increase in budgets funded by capital receipts, including virements from borrowing within the 21C schools program (£5.0m).
- 3.8.4 It is normal practice to only utilise capital receipt balances received in previous years. Although this was planned in the Capital mtfp, it is necessary to utilise receipts within the year of receipt. This introduces a considerable risk around the impact of delayed receipts.
- 3.8.5 The Council has agreed to the inclusion of Future Schools initiative within the Capital Programme 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. There is increasing concern given the apparent slippage in realising receipts, that the funding of Future schools may be compromised, and necessitate unbudgeted borrowing costs as borrowing replaces receipts, thereby requiring greater revenue savings from Directorates.

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 monitoring 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. It also includes the reserve recommendations being made as part of this report.

SUMMARY EARMARKED RESERVES POSITION 2015-16 AT Outturn

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	(1,483,522)	(399,431)	406,883	177,915	(1,298,155)	(72,508)	507,357	233,363	(639,943)
IT Transformation	(639,840)	(418,674)	73,200	98,479	(886,835)			248,862	(637,974)
Insurance & Risk Management	(2,250,388)	(30,000)	1,043,992		(1,236,396)				(1,236,396)
Capital Receipt Regeneration	(460,342)		137,981		(322,361)		95,376		(226,985)
Treasury Equalisation	(990,024)				(990,024)				(990,024)
Redundancy & Pensions	(599,936)	(1,036,754)	325,434		(1,311,256)		592,521		(718,735)
Capital Investment	(1,620,945)	(15,500)		371,846	(1,264,599)			619,236	(645,363)
Priority Investment	(1,973,294)	(62,717)	915,942		(1,120,069)		703,914		(416,155)
Museums Acquisitions	(59,798)		3,038		(56,760)				(56,760)
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	(10,321,888)	(1,993,076)	2,932,383	648,239	(8,734,342)	(102,508)	1,999,168	1,091,461	(5,936,499)
Restricted Use Reserves									
Chairman's	(36,754)		36,754		0)				0
Youth Offending Team	(382,226)		57,226		(325,000)				(325,000)
Building Control Trading	(490)	(11,518)			(12,008)				(12,008)
Outdoor Education Centres	(190,280)				(190,280)				(190,280)
CYP Maternity	0	(104,000)			(104,000)				(104,000)
I Learn Wales	(48,674)		48,674		0				0
Total Earmarked Reserves	(10,980,311)	(2,108,594)	3,075,037	648,239	(9,365,628)	(102,508)	1,999,168	1,091,461	(6,377,507)

3.9.2 This indicates that by the end of 2016-17 the Council is likely to utilise about 42% of the useable earmarked reserves brought forward from 2014-15, based on approvals to use reserves so far. This is a small improvement on the reported levels at month 9 and is a mixture of revised delayed usage together with the welcome effect from Enterprise Directorate activities. This Directorate's activities no longer necessitates £130k funding for innovation services allowing the effect of MCC's Circuit of Wales costs (£110k) to be absorbed (subject to a separate report for Member approval of this) without

further compromising reserve levels. In addition, the community fundraising levels in relation to Eisteddfod of £130k so far, has the effect of reducing the Council's exposure and obligation to bankrolling the shortfall in community funding targets of £300k. This latter revision is based on the extent of fundraising achieved at the end of 2015-16, it may be possible to reduce this obligation still further during 2016-17 based on further community success.

3.9.3 Given the forecast use of earmarked reserves, Cabinet approved the following change in practice to ensure adequacy of reserves for the MTFP:

- 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 If action is not taken to slow down the use of ear marked reserves through the above mechanisms, consideration will increasingly 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 and the need for a greater extent of revenue savings and upheaval to services.

3.9.5 An actuarial assessment on the Council's insurance provision allows earmarked reserve levels to be realigned largely to part replenish redundancy reserve, invest to redesign and IT reserve. The iLearnWales (£49k) reserve is recommended to be transferred to the IT reserve to help fund schools IT replacement as Raglan underspend hasn't manifested itself to extent proposed. The Chairman's Reserve (£37k) has not been used for several years and therefore it is recommended that it is released to enable replenishment of other reserves. The recommended replenishment of reserves is indicated in the table below:

Sources of Reserve Replenishment	£'000	Proposals	£'000
General underspend	677	Redundancy reserve top up	1,037
Chairman's reserve extinguishment	37	IT reserve top up	419
Ilearn Wales extinguishment	49	Invest to redesign top up	350
Release of 201516 MMI reserve contribution	168		
Reallocation of insurance provision balance	876		
Total	1,806	Total	1,806

- 3.9.6 The extent and nature of reserve replenishment is based on a trend in pressure rather than explicit costs anticipated. The only exception to this being a recent understanding that City Deal considerations will require an additional top up contribution of £500,000 from partner Councils. Our anticipated proportion necessitates a payment of £30,832 which is proposed to be an additional budgeted draw on the invest to redesign reserve.

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 AND CORPORATE PARENTING

- 6.1 The decisions highlighted in this report have no future generations and corporate parenting 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 Outturn monitoring reports, as per the hyperlinks provided in the Appendices

9 AUTHOR

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Appendices (attached below)

- Appendix 1 Mandated Savings Progress Report
- Appendix 2 Strong Communities Select Committee portfolio position statement
- Appendix 3 Economy and Development Select Committee portfolio position statement
- Appendix 4 Adult Select Committee portfolio position statement
- Appendix 5 Children and Young People Select Committee portfolio position statement

Appendix 2C to 5C (click link to reports page on Hub)

[Appendix 2C M9 Capital Monitoring Strong Communities Select 2015-16](#)

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

[Appendix 4C M9 Capital Monitoring Adult Social Care & Health Select 2015-16](#)

[Appendix 5C M9 Capital Monitoring Children & Young People Select 2015-16](#)

Appendix 6 to 14 (click link to reports page on Hub)

[Appendix 6 M9 Social Care & Health Revenue Budget Monitoring 2015-16](#)

[Appendix 7 M9 Children & Young People Revenue Budget Monitoring 2015-16](#)

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

[Appendix 9 M9 Operations Revenue Budget Monitoring 2015-16](#)

[Appendix 10 M9 Chief Executive Office Revenue Budget Monitoring 2015-16](#)

[Appendix 11 M9 Corporate Revenue Budget Monitoring 2015-16](#)

[Appendix 12 M9 Appropriations Revenue Budget Monitoring 2015-16](#)

[Appendix 13 M9 Financing Revenue Budget Monitoring 2015-16](#)

[Appendix 14 M9 School Movement on Reserves 2015-16](#)

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