

## **Economy & Development Select Committee Portfolio Position Statement Outturn (2015-16)**

### **APPENDIX 3**

#### **DIRECTOR'S COMMENTARY**

The service exhibited a £70k underspend prior to consideration of deferred reserve funding and additional contributions made to reserves. The most significant aspect of reserve funding deferred reflects Eisteddfod facilitation. It has always planned to be a multi-year funding consideration with more significant expenditure elements being incurred in the year the Eisteddfod takes place. Also the extent of community fundraising in relation to Eisteddfod is such to allow a review of reserve funding demands and £130,000 previously caveated reserve funding will not be required going forward into 2016/17. Similarly an underspend of £130k reserve funding to support people and organisational development work, has effectively enabled the absorption of the net cost of our contribution to due diligence works required for the Circuit of Wales scheme, without additional pressure on reserve levels.

The Directorate has also responded to significant upheaval during the year with regard to significant mandated saving delivery and re-engineering of services, having incurred and pleasingly absorbed in full the effect of £562,000 redundancy costs without any additional call on reserve funding being necessary. This is especially important given the scale and nature of the demands placed on the service – both in terms of increased cost efficiency and additional income generation – and the implementation of significant service redesign in Community Hubs and Community Learning and introduction of significant legislation in Planning and Housing.

Looking forward, continuing cost pressures remain around markets, leisure, museums and culture, and whilst we are generating more income than ever – it remains insufficient in meeting 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, is now of the rationale underpinning exploration of alternative delivery vehicles and the Future Monmouthshire programme.

Achieving this outturn against a very unstable backdrop and increasingly challenging targets is very pleasing. It is entirely down to the exceptional abilities, willingness and efforts of the many brilliant teams and individuals who work so tirelessly and enterprisingly to maintain local services in our county.

1.1 The combined budget and outturn forecast for this portfolio is

<b>Economic &amp; Development Service Area</b>	<b>Budget @ Month 9</b>	<b>Budget Revision Virements</b>	<b>Budget @ Outturn</b>	<b>Actual Outturn</b>	<b>Variance @ Outturn</b>	<b>Variance @ Month 9</b>	<b>Variance @ Month 6</b>	<b>Variance @ Month 2</b>	<b>Actual Movement Months 9 to Outturn</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Community led Delivery	2,388	0	2,388	2,266	(122)	97	340	138	(219)
Commercial and People Development	4,032	0	4,032	3,980	(52)	(117)	127	100	65
Enterprise Management	397	0	397	412	15	5	10	0	10
Development Planning	911	0	911	691	(220)	(150)	(150)	0	(70)
Tourism, life and Culture	2,412	0	2,412	2,721	309	187	274	100	122
<b>ENT Select</b>	<b>10,140</b>	<b>0</b>	<b>10,140</b>	<b>10,070</b>	<b>(70)</b>	<b>22</b>	<b>601</b>	<b>338</b>	<b>(92)</b>

1.2 The most significant over and underspends are:

<b>E&amp;D Service Area</b>	<b>Overspend</b> £000's	<b>Underspend</b> £000's	<b>Actual Movement Mth's 9 to Outturn (Positive)/ Negative</b> £000's	<b>Commentary on Outturn</b>
Asset Management	54		(42)	Redundancy costs of 25k, inability to achieve income targets for PV schemes 83k, inability to meet increased income targets for Markets of 108k offset by increased Cemeteries income 76k and savings on reduced maintenance, professional fees and vacancies of 85k
Community Education	147		(31)	Redundancy costs of 96k, additional costs of 65k arising from the delay in implementing the restructure.
Community Hubs	381		(6)	Redundancy costs of 374k and reduced supplies and services spending of 6k to mitigate overspending
Eisteddfod		502	(72)	Reserve funding not required until 2016/17 financial year
Housing		184	(70)	Savings from one off grant funding, a reduction in expenditure against B&B accommodation and through increasing occupancy levels in Lodging Schemes
Whole Place		18	2	Savings from vacancies
Business Growth & Enterprise	21		44	Costs of 110k for Circuit of Wales which is reserve funded offset by 62k underspending on RDP which is to be carried forward, 14k reserve funding for Innovation and marketing which will not be used in 2015/16 and other minor savings
Innovation		184	(31)	130k reserve funding will not be called on in 15/16 and savings of premises costs of 27k and restricted expenditure on supplies and services giving further savings of 27k
People Services	86		111	45k additional software costs, 11k agency fees and 30k termination agreement
ICT Technology	25		(59)	Inability to achieve 100k savings that were to be achieved through in-house software development offset by 49k reserve funding which will not be called on in 15/16 but needed in 16/17 and 26k savings from restricting expenditure on supplies and services

Enterprise Management	15		10	Inability to find vacancy factor, full year impact of 15/16 pay award and other minor increases in supplies and services
Development Management		56	(56)	Underspend on professional fees due to reduced number of public enquiries
Development Plans		164	(14)	Additional income 65k and reduced call on LDP reserve £100k which will need to be carried forward into 16/17
Museums and Cultural services	198		164	122k relates to Outdoor Education which will be fully recovered by reserve funding, Green screen savings of 10k and budget mandate savings of 20k from conservation income have not been achieved, further reductions in income of 39k and additional pension costs of 7k.
Leisure Services	12		1	ADM costs of 9k and redundancy costs 18k which will be reserve funded. 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 15k, loss of free swimming grant of 30k and additional staff costs of 30k
Tourism	99		(45)	87k historic underfunding of Caldicot castle, additional staff costs of 72k offset by staff vacancies in Countryside and Rights of way of 60k
<b>TOTAL</b>	<b>1,038</b>	<b>1,108</b>	<b>(92)</b>	<b>Net Total (70)</b>

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

## 2015-16 Savings Progress

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

Enterprise budgeted savings were £1,046,728 at Outturn. Of the remaining savings £125,000 are delayed and £221,255 were unachievable.

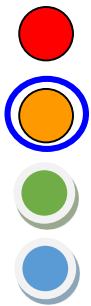
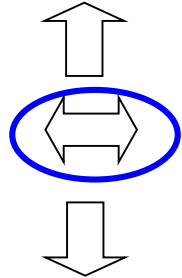
Man. No.	Mandate Description	Target Savings £'s	Actual Savings Achieved £'s	Delayed Till 2016/17 £'s	Unachievable £'s	Actual Savings Variance Since Month 9 £'s
	<b>ECONOMY &amp; DEVELOPEMNT</b>					
1	Dev of Leisure & Outdoor services	420,983	390,983	0	30,000	0
2	Collaboration of Housing services	55,000	55,000	0	0	0
5	Sustainable Energy Initiatives	33,000	14,890	0	18,110	14,890
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	150,000	0	100,000	12,000
40	Planning income	24,000	24,000	0	0	0
41a	Market Income	70,000	41,855	0	28,145	4,855
	<b>TOTAL ENTERPRISE</b>	<b>1,392,983</b>	<b>1,046,728</b>	<b>125,000</b>	<b>221,255</b>	<b>31,745</b>

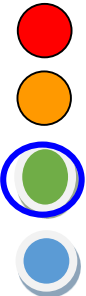
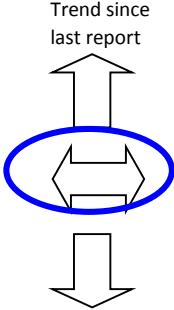
1.3 Further detailed analysis of Savings mandates are contained with Appendix SM

## Budget Mandates

### Progress and Next Steps at Outturn

(including Recovery Plan actions agreed by Cabinet 2<sup>nd</sup> December 2015)

Mandate RAG	Outturn position	Next Steps	Type	Year-end target	Achieved at outturn	Variance	Owner
<p><b>Mandate 1</b></p> <p><b>Leisure.</b></p> <p>Current status</p> 	<p>Trend since last report</p>  <p><b>Leisure centre staffing remodelled £115k, admin and clerical review £66k, support services review £20k, reduction in caretaking provision in Abergavenny £15k, outdoor education reduction £25k, leisure supplies and service £25k, increased income through fitness and sport offer £155k.</b></p> <p>Restructure process complete.</p> <p>All departments have individual service plans.</p> <p>All plans tracked and monitored by the individual service area.</p> <p>Full ownership of delivery by individual teams. 15k Caretaker savings will not be achieved as the school failed to invoice until 15-16. Consequently the full years charge in this year.</p>	<p>Continue to review the 3G pitch project and review its income generation targets.</p> <p>Review business plans for swimming and fitness to ensure mitigating pressures for 16/17 onwards.</p>	<p>Income</p> <p>Savings</p> <p>Total</p>	<p>155,000</p> <p>265,983</p> <p>420,983</p>	<p>135,000</p> <p>250,983</p> <p>385,983</p>	<p><b>20,000</b></p> <p><b>15,000</b></p> <p><b>35,000</b></p>	<p>Ian Sanders</p>

	<p><b>Alternative Delivery Plan (agreed by cabinet 2<sup>nd</sup> Dec) - £35K achievable from the variance reported at Month 6.</b></p> <p>Delayed Lighting installed at the 3G pitch resulted in only partial income being reached against alternative delivery plans amounting to £5K.</p> <p>Increase in swimming income was not achieved.</p>	<p><b>Alternative Delivery Plan based on variance reported against original mandate at Month 6</b></p>	<p>Total</p>	<p>35,000</p>	<p>5,000</p>	<p><b>30,000</b></p>	
<p><b>Mandate 2</b></p> <p><b>Housing</b></p> <p>Current status</p>  <p>Trend since last report</p> 	<ul style="list-style-type: none"> <li> <p><b>Commercialisation of the care line service.</b></p> <p>The number of clients at 1<sup>st</sup> April 2016 was 771. For Q4, the number of new clients was lower than the previous 3 quarters, resulting in a net fall in clients. Nevertheless, the mandate target for the financial year 2015/16 was achieved at outturn.</p> </li> <li> <p><b>Joint housing solutions service with TCBC.</b></p> <p>Year 1 and current position is currently being reviewed and evaluated. Report scheduled for Adult's Select committee on the 21<sup>st</sup> June</p> </li> <li> <p><b>Expansion of shared housing scheme &amp; B&amp;B reduction.</b></p> </li> </ul>	<p>Continue to drive marketing plan and bespoke marketing campaign being developed with Communications Team. Future intentions include to further develop the website and link in with key dates/events eg engagement forums; legislation changes.</p> <p>Investigate new equipment options and re-visit the scope for Careline to support Social Care priorities eg: implementation of 'Canary' assessment tool.</p> <p>Key issue continues to be the typical number of clients</p>	<p>Income</p> <p>Savings</p> <p>Total</p>	<p>25,000</p> <p>30,000</p> <p>55,000</p>	<p>25,000</p> <p>30,000</p> <p>55,000</p>	<p>0</p> <p>0</p> <p>0</p>	<p>Ian Bakewell</p>

	<p>Expansion of the Shared Housing Scheme has continued. As at the 21<sup>st</sup> April, there are 55 units. B&amp;B placements during the financial year have increased, however costs have decreased as a result in average stay times.</p> <ul style="list-style-type: none"><li>• <b>Management restructure.</b> The staffing restructure took place in line with planned timeline.</li></ul>	<p>leaving the service due to age related reasons, however potential younger customers will be attracted into the service with the introduction of new equipment, thus increasing income generating opportunities.</p> <p>Priority going forward into 16/17 is to evaluate the impact and benefit of the Joint Housing approach, engaging with private landlords to facilitate discharging the homeless prevention duty and developing a private leasing model.</p>					
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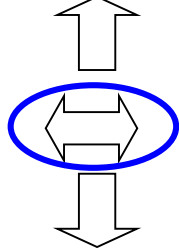
**Mandate 6**

**Museums & Castles**

Current status



Trend since last report



**Fully integrate cultural services, tourism services and attractions within tourism, leisure and culture section. Maximise synergies & achieve a sustainable long term business footing.**

- Income generation target for 15/16
- Weddings – Amber
- Countryside savings – Green
- Savings from Volunteers – Red
- Income made by fundraiser – Green. Fundraiser in place.
- Income from learning – Green.
- Savings from shared service model at Chepstow TIC – Red,
- Income from green screen – Red
- Income from rental of Abergavenny Red Square window - Green
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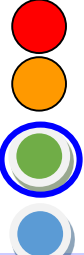
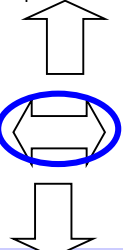
Museums – 30k of savings will not be achieved. Green Screen income of 10k and 20k conservation income. The Green Screens have yet to be utilised. The conservation income in the mandate was higher than agreed the total income from conservation was initially agreed as 30k not 50k, the museums are looking at other ways to raise this income but the additional 20k will not be achieved this year.

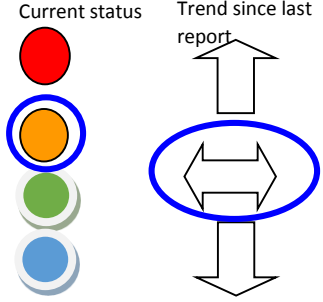
Castle - Achieving in year savings of 9k but reporting total overspend of 100k due to historic budget assumptions and savings from 14-15 of 20k.

Tourism – 15k savings not achievable. The use of volunteers is not available at the moment.

Income	81,000	51,000	30,000
Savings	109,000	94,000	15,000
Total	190,000	145,000	45,000

Ian Saunders

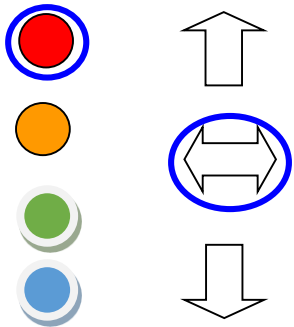
	<p><b>Alternative Delivery Plan ( agreed by cabinet 2<sup>nd</sup> Dec*) - £30k achievable</b></p> <p><b>Winter closure of Chepstow TIC and application of museums acquisition reserve for purchases made in year.</b></p> <p>The TIC closed during the winter months which released some staff savings, however this was offset by additional staffing arrangements required to cover lone working for a period at the centre.</p> <p>Following legal advice it has been advised that the acquisition reserve can only be used to fund the purchase of artefacts and not to off-set operational expenditure.</p> <p>No movement since Month 9 forecast</p>	<p><b>Alternative Delivery Plan</b></p>	<p>Total</p>	<p>45,000</p>	<p>0</p>	<p><b>45,000</b></p>	
<p><b>Mandate 26</b></p> <p><b>Property rationalisation</b></p> <p>Current status</p>  <p>Trend since last report</p> 	<p><b>These savings were predicted on the need to reduce the 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.</b></p> <p>Rental of buildings – Green</p>	<p>The Accommodation Working Group continues to review all property usage and the delivery of the rationalisation plan. Disposal of Authorities Assets will be authorised through the normal Council process. Continue to work alongside agile working policy owner to explore further opportunities for greater agile working, and</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>

	<p>Rates Savings on vacant buildings - Green Rental Grant reductions – Dedicated member of staff now responsible for this.</p>	<p>the potential reduction in office accommodation requirements. The overall Service area has fully achieved the mandate target at outturn.</p>					
<p><b>Mandate 28</b></p> <p><b>Community Hubs</b></p> 	<p><b>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.</b></p> <p><b>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.</b></p> <p>Increase staffing costs are due to the delayed implementation of the Community Hubs restructure. The mandate savings of £250k related to a full year saving, however it was only possible to achieve 6 months of reduced costs as the community Hubs opened on the 5<sup>th</sup> October 2015." Delays in opening earlier were as a result of in internal processes.</p>	<p><b>15/16</b> No next steps</p> <p><b>16/17 – (50K)</b> The Abergavenny Hub Project plan requires continuous monitoring, updating and adjusting to reflect the project developments.</p>	<p>Income</p> <p>Savings</p> <p>Total</p>	<p>0</p> <p>250,000</p> <p>250,000</p>	<p>0</p> <p>125,000</p> <p>125,000</p>	<p>0</p> <p><b>125,000</b></p> <p><b>125,000</b></p>	<p>Deborah Hill-Howells</p>

**Mandate 31**

**ICT Savings (SRS & custom built software solutions)**

Current status      Trend since last report



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 all of the 150k proposed savings. The 100k savings that were to be achieved through in-house software development and the sale of products will not occur in 2016/17. However, and through other savings being achieved as part of the Enterprise recovery plan, the pressure was managed with the Enterprise Directorate reporting a balanced budget position at year end.

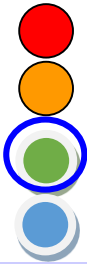
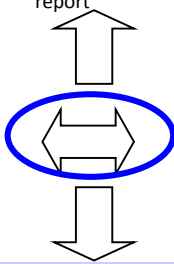
**Alternative Delivery Plan ( agreed by cabinet 2<sup>nd</sup> Dec\*) – £110k achievable**

**Continue to do work that is required to support the sale/licencing and commercialisation of FLO.**

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

Work continues to generate commercial returns from the sale or licencing of FLO, the

Income	0	0	0	Peter Davies
Savings	250,000	150,000	100,000	
Total	250,000	150,000	100,000	
Total	110,000	0	110,000	

	<p>It had been hoped that work would be sufficiently progressed at year-end to realise savings or income from the sale/licencing and commercialisation of FLO. However, delays have been suffered in progressing discussions with a market vendor as a result of a recent takeover of the vendor. As a result no saving has been achieved in 15/16.</p>	<p>Authority's social care app. As stated delays have been suffered in progressing discussions with a market vendor. It is anticipated that progress will be made during Q1 and Q2 of 16/17.</p>					
<p><b>Mandate 40a</b></p> <p><b>Democracy</b></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</p> <p>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><b>0</b></p>	<p>Tracy Harry</p>

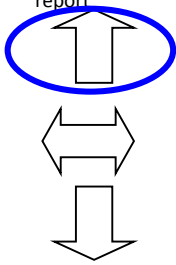
**Mandate 41a**

**Abergavenny Markets**

Current status



Trend since last report



**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.**

The service has been unable to generate the additional income. This mainly due to operational, resource and PR challenges.

A new structure has been established from January 2016, and income generation opportunities around events and increased markets activity are being explored.

**Alternative Delivery Plan ( agreed by cabinet 2<sup>nd</sup> Dec) – 50k achievable from the variance reported at Month 6**

**Cease all repair and maintenance work to asset portfolio.**





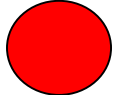




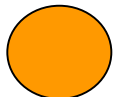










The service achieved £41,855 at outturn.





































To build an income generation plan for future years.

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

Income	70,000	0	<b>70,000</b>
Savings	0	0	0
Total	70,000	0	<b>70,000</b>
Total	70,000	41,855	<b>28,145</b>

Ben Winstanley

Summary – Outturn	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 Outturn	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

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

<b>Economic &amp; Development</b>	<b>Actual Spend @ Outturn</b>	<b>Original Budget</b>	<b>Slippage from 2014/15</b>	<b>Budget Virement or Revision</b>	<b>Slippage to 2016/17</b>	<b>Total Approved Budget @ Outturn</b>	<b>Actual Variance To Budget @ Outturn</b>	<b>Forecast Over / (Under) Outturn @ Month 9</b>	<b>Variance Since Month 9</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£,000's</b>	<b>£000's</b>	<b>£000's</b>
Development Schemes Over £250k	86	0	527	23	(474)	77	9	0	9
Development Schemes Under £250k	0	0	0	30	(30)	0	0	0	0
Section 106	2	0	4	175	(177)	2	0	0	0
<b>Grand Total E&amp;D</b>	<b>88</b>	<b>0</b>	<b>531</b>	<b>228</b>	<b>(681)</b>	<b>79</b>	<b>9</b>	<b>0</b>	<b>9</b>