

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

| Economic & Development Service Area | Budget @ Month 9 | Budget Revision Virements | Budget @ Outturn | Actual Outturn | Variance @ Outturn | Variance @ Month 9 | Variance @ Month 6 | Variance @ Month 2 | Actual Movement Months 9 to Outturn |
|--|-------------------------|----------------------------------|-------------------------|-----------------------|---------------------------|---------------------------|---------------------------|---------------------------|--|
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| 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 |
| ENT Select | 10,140 | 0 | 10,140 | 10,070 | (70) | 22 | 601 | 338 | (92) |

1.2 The most significant over and underspends are:

| E&D Service Area | Overspend £000's | Underspend £000's | Actual Movement Mth's 9 to Outturn (Positive)/ Negative £000's | Commentary on Outturn |
|------------------------------|----------------------------|-----------------------------|--|--|
| 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 |
| TOTAL | 1,038 | 1,108 | (92) | Net Total (70) |

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.


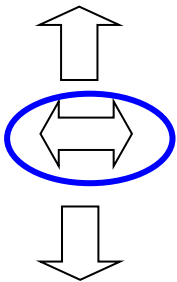
| Man. No. | Mandate Description | Target Savings £'s | Actual Savings Achieved £'s | Delayed Till 2016/17 £'s | Unachievable £'s | Actual Savings Variance Since Month 9 £'s |
|----------|---------------------------------------|-----------------------|--------------------------------|-----------------------------|---------------------|--|
| | ECONOMY & DEVELOPEMNT | | | | | |
| 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 |
| | TOTAL ENTERPRISE | 1,392,983 | 1,046,728 | 125,000 | 221,255 | 31,745 |

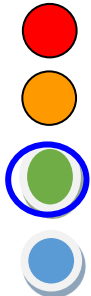
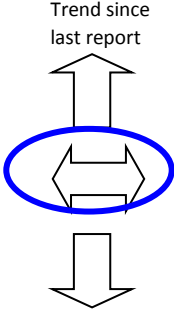
1.3 Further detailed analysis of Savings mandates are contained with Appendix SM

Budget Mandates

Progress and Next Steps at Outturn

(including Recovery Plan actions agreed by Cabinet 2nd December 2015)

| Mandate RAG | Outturn position | Next Steps | Type | Year-end target | Achieved at outturn | Variance | Owner | |
|--|---|---|---|---|--|--|--|--------------------|
| Mandate 1 | | | | | | | | |
| Leisure. | | | | | | | | |
| <p>Current status</p>  | <p>Trend since last report</p>  | <p>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.</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>20,000</p> <p>15,000</p> <p>35,000</p> | <p>Ian Sanders</p> |

| | | | | | | | |
|--|--|--|---|---|---|----------------------------|---------------------|
| | <p>Alternative Delivery Plan (agreed by cabinet 2nd Dec) - £35K achievable from the variance reported at Month 6.</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>Alternative Delivery Plan based on variance reported against original mandate at Month 6</p> | <p>Total</p> | <p>35,000</p> | <p>5,000</p> | <p>30,000</p> | |
| <p>Mandate 2</p> <p>Housing</p> <p>Current status</p>  <p>Trend since last report</p>  | <ul style="list-style-type: none"> <p>Commercialisation of the care line service.</p> <p>The number of clients at 1st 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> <p>Joint housing solutions service with TCBC.</p> <p>Year 1 and current position is currently being reviewed and evaluated. Report scheduled for Adult's Select committee on the 21st June</p> <p>Expansion of shared housing scheme & B&B reduction.</p> | <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 21st April, there are 55 units. B&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">• Management restructure. The staffing restructure took place in line with planned timeline. | <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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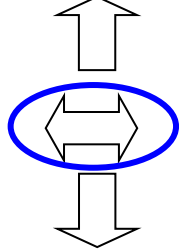
Mandate 6

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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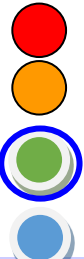
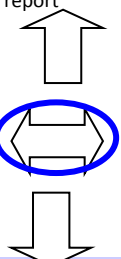
Museums – 30k of savings will not be achieved. Green Screen income of 10k and 20k conservation income. The Green Screens have yet to be utilised. The conservation income in the mandate was higher than agreed the total income from conservation was initially agreed as 30k not 50k, the museums are looking at other ways to raise this income but the additional 20k will not be achieved this year.

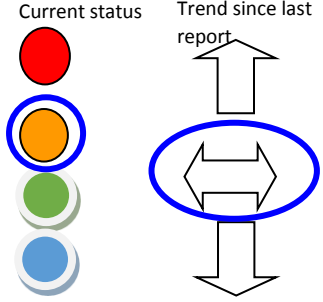
Castle - Achieving in year savings of 9k but reporting total overspend of 100k due to historic budget assumptions and savings from 14-15 of 20k.

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>Alternative Delivery Plan (agreed by cabinet 2nd Dec*) - £30k achievable</p> <p>Winter closure of Chepstow TIC and application of museums acquisition reserve for purchases made in year.</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>Alternative Delivery Plan</p> | <p>Total</p> | <p>45,000</p> | <p>0</p> | <p>45,000</p> | |
| <p>Mandate 26</p> <p>Property rationalisation</p> <p>Current status</p>  <p>Trend since last report</p>  | <p>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.</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> |

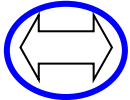
| | | | | | | | |
|--|--|--|---|--|--|--|-----------------------------|
| | <p>Rates Savings on vacant buildings - Green Rental Grant reductions – Dedicated member of staff now responsible for this.</p> | <p>the potential reduction in office accommodation requirements. The overall Service area has fully achieved the mandate target at outturn.</p> | | | | | |
| <p>Mandate 28</p> <p>Community Hubs</p>  | <p>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.</p> <p>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.</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 5th October 2015." Delays in opening earlier were as a result of in internal processes.</p> | <p>15/16 No next steps</p> <p>16/17 – (50K) 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>125,000</p> <p>125,000</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 2nd Dec*) – £110k achievable

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

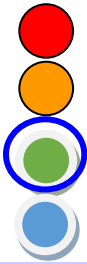
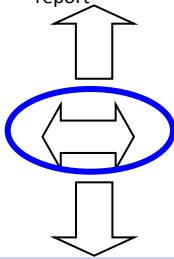
Alternative Delivery Plan – based on variance reported against original mandate at month 6.

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

| | | | |
|---------|---------|---------|---------|
| Income | 0 | 0 | 0 |
| Savings | 250,000 | 150,000 | 100,000 |
| Total | 250,000 | 150,000 | 100,000 |

Peter Davies

| | | | |
|-------|---------|---|---------|
| 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>Mandate 40a</p> <p>Democracy</p> <p>Current status</p>  <p>Trend since last report</p>  | <p>This mandate purpose was to reduce the budget requirement in a number of areas through a range of actions including :- Management restructure – Green. Increased income generation – Green Removal of a vacant post – Green Reduction in mileage budget – Green</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>0</p> | <p>Tracy Harry</p> |

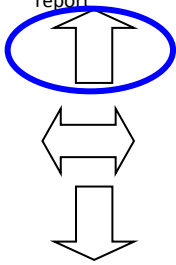
Mandate 41a

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 2nd Dec) – 50k achievable from the variance reported at Month 6

Cease all repair and maintenance work to asset portfolio.

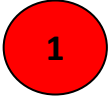



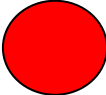















The service achieved £41,855 at outturn.





































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 | 70,000 |
| Savings | 0 | 0 | 0 |
| Total | 70,000 | 0 | 70,000 |
| Total | 70,000 | 41,855 | 28,145 |

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: -

| Economic & Development | Actual Spend @ Outturn | Original Budget | Slippage from 2014/15 | Budget Virement or Revision | Slippage to 2016/17 | Total Approved Budget @ Outturn | Actual Variance To Budget @ Outturn | Forecast Over / (Under) Outturn @ Month 9 | Variance Since Month 9 |
|-----------------------------------|-------------------------------|------------------------|------------------------------|------------------------------------|----------------------------|--|--|--|-------------------------------|
| | £000's | £000's | £000's | £000's | £000's | £000's | £,000's | £000's | £000's |
| 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 |
| Grand Total E&D | 88 | 0 | 531 | 228 | (681) | 79 | 9 | 0 | 9 |