

Economy & Development Select Committee Portfolio Position Statement Month 2 (2016-17)

APPENDIX 3

DIRECTOR'S COMMENTARY

The Directorate continues to respond to significant upheaval during the year with regard to increasing previous and current year mandated saving delivery and re-engineering of services. All of this is happening in tandem with lead responsibility for Future Monmouthshire and so balancing resources to manage today, whilst preparing for tomorrow is a challenge, but equally an opportunity we must continue to vigorously pursue.

Commonly outturn forecasts improve during the year, and efforts will continue to be made to that end. But 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 a driver underpinning exploration of alternative delivery vehicles and the Future Monmouthshire programme.

1. Revenue Outturn Forecast

1.1 The combined budget and outturn forecast for this portfolio is

Service Area	Original Budget £000's	Budget Virements £000's	Budget at Month 2 £000's	Forecast Outturn £000's	Variance at Month 2 £000's
Community led Delivery	1,512	242	1,754	1,873	119
Commercial and People Development	3,398	190	3,589	3,754	165
Enterprise Management	409	0	409	409	0
Development Planning	935	100	1,035	1,035	0
Tourism, life and Culture	2,342	51	2,393	2,584	191

Total	8,596	583	9,179	9,655	475
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1.2 The most significant over and underspends are

Service	Overspend Predicted £000's	Underspend Predicted £000's	Commentary on forecasted outturn
Markets	130		Inability to achieve the expected income target by £121k and unbudgeted employee costs from Borough Theatre
Sustainability	85		Due to the sections inability to achieve the expected income target along with sustainable energy mandate A5
Property Management	78		Overspend by £78k is due in part to the inability to achieve mandate saving B18
Cemeteries		(54)	50k this mainly relates to higher income
County Farms		(19)	lower than anticipated revenue maintenance
Eisteddfod		(80)	£80k to be returned to the reserve the local communities have raised £210k of the £300k underwritten by MCC
Community Hubs	21		unbudgeted supply staff along with the sections inability to achieve the full mandate saving B21
Whole Place		(18)	underspend by £18k on supplies and services
Economic Development	90		Delay in Commercialisation of assets mandate B5
Training	40		Alternative delivery plan being formulated as restructured training organisation cannot sustain proposed cut to funding
ICT Technology	100		A £100k overspend is due to budget for software sales that has not yet been achieved
Museums	0		Whilst there are £40k pressures inherent within the service at the moment i.e. 20k relates to the additional Town Council Savings. 10k relates to Green

			screen savings carried forward from 2015-16 and 10k relates to the conservation service. The service is forecasting a breakeven position by end of year due to revised service levels.
Leisure	74		relates to a learning co-ordinator post which has been grant funded in the past, £20k relates to mandate B5 which is unachievable and £40k unbudgeted redundancy costs
Tourism	117		£80k over spend at Caldicot relating to staff costs and historical budget pressures. £37k relates to TICS staff costs
Other		(89)	See Appendix 8
TOTAL	735	(260)	Net Total 475

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

2016-17 Savings Progress

The savings required by the 2016-17 have not yet been fully secured.

Enterprise budgeted savings were £799,000 and at month 2, £510,000 have been identified. Of the remaining savings £289,000 are deemed to be unachievable.

Man. No.	Description	Target Savings £'s	Forecast Savings Identified £'s	Delayed Till 2017/18 £'s	Unachievable £'s
	ECONOMY & DEVELOPEMNT				
A5	Sustainable Energy Initiatives	34,000	0	0	34,000
A28	Community Hubs	25,000	25,000	0	0

B1	Leisure Services Income Generation	120,000	120,000	0	0
B3	Training Services Consolidation	50,000	10,000	0	40,000
B5	Community Asset Transfer / / Income Generation	160,000	45,000	0	115,000
B9	Planning Services / Income Generation	40,000	40,000	0	0
B10	Extension Shared Lodgings Housing Scheme	50,000	50,000	0	0
B12	Second Phase Review of subsidies to 3rd Sector	75,000	75,000	0	0
B16	Flexible Employment Options	50,000	50,000	0	0
B18	Strategic Property Review	60,000	30,000	0	30,000
B21	Town and Community Councils	135,000	95,000	0	40,000
	TOTAL ENTERPRISE	799,000	540,000	0	259,000

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

Mandate Reference Key

A – Mandates that originated in the financial year 2015/16 or earlier but also impact in the current financial year, 2016/17.

B – New mandates for the financial year 2016/17

Mandate Number	Mandate Summary	RAG Month 2	RAG Month 6	RAG Month 9	RAG Outturn
A5	Sustainable Energy Initiatives				
A28	Community Hubs/Contact Centre				
B1	Income generation – Leisure				
B3	Training Services Consolidation				

B5	Community Asset Transfer/Income Generation			
B9	Planning Services – Income Generation			
B10	Extension shared lodgings housing scheme			
B12	Second Phase Review of subsidies to 3 rd Sector			
B16	Flexible employment options			
B18	Strategic Property Review			
B21	Town and Community Councils (Part)			

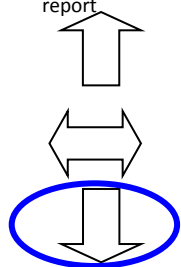
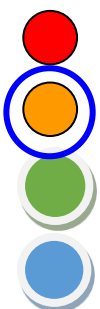
Budget Mandates

Progress and Next Steps at Month 2 (31st May 2016)

Mandate RAG	Progress up to month 2	Next Steps	Type	Year-end target	Forecasted to achieve	Variance	Owner
Mandate A5							
Sustainable Energy Initiatives	<p>Investing in biomass boilers, solar farms and reduction in Carbon Commitment.</p> <p>The solar farm grid connection has now been achieved.</p> <p>A business case for the solar farm is currently being considered by finance colleagues. Following approval it is anticipated that partial income will be generated in the financial year against the mandate target.</p> <p>An alternative plan for any shortfall in budget target will be considered as part of Month 6 reporting.</p>	<p>Establish timeline for approval of business case and Member approval.</p>	<p>Income</p> <p>Savings</p> <p>Total</p>	<p>0</p> <p>34,000</p> <p>34,000</p>	<p>0</p> <p>0</p> <p>0</p>	<p>0</p> <p>34,000</p> <p>34,000</p>	<p>Ben Winstanley</p>

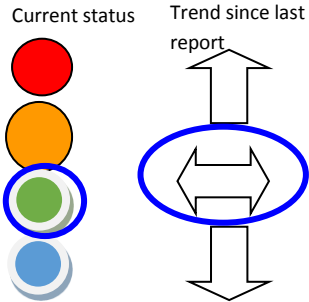
Current status

Trend since last report



Mandate A28

Community Hubs



Community Hubs aim to deliver services in a different way, aligning them with the Whole Place philosophy. This will introduce major changes to how the library, one stop shop, Community Education and citizen advice and support services are delivered. We will create a hub in each town where in person services will be delivered. The contact centre will aim to provide a reliable and informed first point of contact for people contacting us other than in person.

We envisage works to commence on Abergavenny Hub during 2017 following a period of public and Member consultation to agree plans and costs.

Alternative Delivery Plan as at Month 2 (variance on original mandate target)

Due to delayed implementation of the community hub in Abergavenny the service has identified a reduction in the services resources budget along with the savings from staffing budgets due to vacancies.

Commence Member and Public consultation to agree plans and costs.

Income	0	0	0
Savings	50,000	0	50,000
Total	50,000	0	50,000

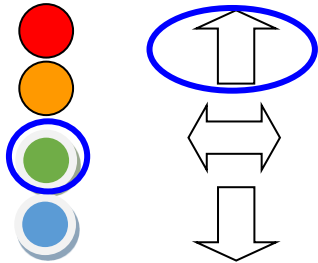
Income	0	0	0
Savings	50,000	50,000	0
Total	50,000	50,000	0

Deborah Hill-Howells/
Rachel Jowitt

Mandate B1

**Leisure Services
Income Generation**

Current status Trend since last report



Income generation/cost savings within the service.

The summer activities have been remodelled to being more commercially focused, 'The Monmouthshire Games'. This new model if proved to be successful will be rolled out across other school holiday periods. The change in delivery method is anticipating to generate an additional £10k across the whole of the financial year

We have re-engaged with Technogym to look at innovative ways to retain members through the 'My Wellbeing System'. We have designed monthly member challenges and introduced KPI's to monitor performance, and designed 3 specific targeted promotions. Retention and increase in new membership anticipates to generate an additional £10k

The current Learn to swim programme is operating very successfully at 95%. Opportunities have been identified in some of our settings to further increase the % take up in swimming to generate an additional £10k.

Events have already been planned for the financial year that include 'Status Quo' at Caldicot Castle this summer. This act along with other events already being planned will generate £25k additional income.

A restructure is scheduled to take place within the next few months, resulting in a reduced budget requirement amounting to £55k.

To continue to develop the new model and provide activities through all other school holiday periods.

Continue to monitor retention rates of members and continue to promote facilities at specific times throughout the year.

Continue to monitor the membership of the programme.

Income	55,000	55,000	0
Savings	65,000	65,000	0
Total	120,000	120,000	0

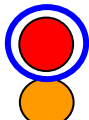
Ian
Saunders

Current external management arrangements for the cleaning contract will be brought back in house resulting in a saving of £10k.

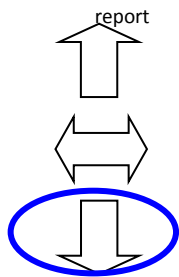
Mandate B3

Training Services consolidation

Current status



Trend since last report



Consolidation of the Authorities existing training functions.

An initial report for the Authorities training provision has been produced outlining some income generating opportunities along with some budget savings through identified efficiencies.

Further work is required across all training leads in the Authority to firm this report up, an update expected to be known at Month 6. Due to the delay in this detailed work the original mandate will not be achieved in the financial year 2016/17.

Alternative Delivery Plan as at Month 2 (variance on original mandate target) - The service has considered alternative plans to deliver savings identified in the original mandate, however this would require a reduction in staffing levels resulting in non-delivery of demand led training needs of the Authority.

Continue to work with training leads to provide greater detail to the initial report, clearly identifying income generation opportunities and efficiencies.

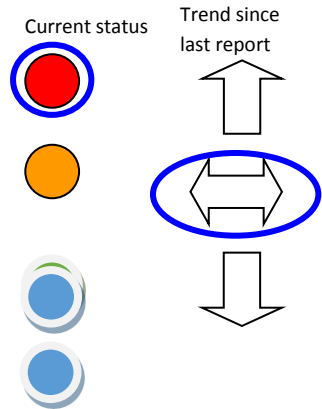
The service to continue to review other opportunities to contribute to original mandate savings identified.

Income	0	0	0
Savings	50,000	0	50,000
Total	50,000	0	50,000

Peter Davies

Mandate B5

Community Asset Transfer/ Income generation



Community Asset Transfer of two properties (£60k)

MCC are still in discussion with Chepstow Town Council over the future usage of the Drill Hall building.

The Estates department are currently requesting expression of interests from the Community groups for transfer of the Melville Theatre.

The savings identified in this mandate will be partially achieved in this financial year - £45k

Optimise Council Assets to Income Generate (£100k)

The savings to be achieved from Mandate B5 had been increased by £100k as a result of opportunities that the Authority wished to explore around working with commercial partners to exploit income generation opportunities around the use of its assets. As a result of initial exploration it is now unlikely that savings will be generated in 2016/17 from opportunities originally identified although these are still being pursued. However, as a result of the emergent Future Monmouthshire programme a specific work stream is being developed that will focus on identifying opportunities to optimise and commercially exploit assets. As this work stream develops there will be an

Continue discussions

Income	100,000	0	100,000
Savings	60,000	45,000	15,000
Total	160,000	0	115,000

Peter Davies

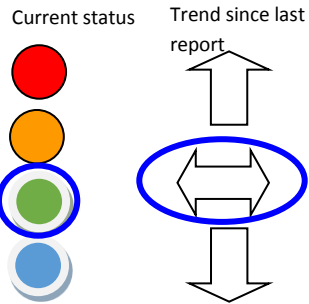
Deb Hill-Howells/

early focus on opportunities that might offer the ability to generating savings in the short-term. A further update will be provided at month 6 where it is hoped that a more optimistic view can be offered on part or all of the savings being achieved.”

Alternative Delivery Plan as at Month 2 (variance on original mandate target) –
 There is no alternative savings plan being offered forward at this stage as this will be explored as part of the FM strand referred to above.

Mandate B9

**Planning Services-
Income Generation**



Reduce the net cost of planning services with the increase of income from planning applications received.

Planning application fee income for the first 2 months of the year is down on the same period last year, some of which can be explained by the higher than normal number of major applications attracting large fees received in April 2015.

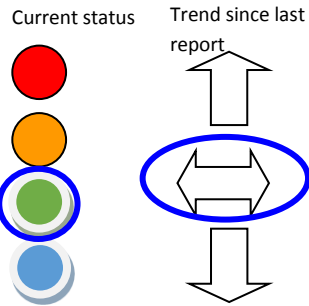
Income within the service can fluctuate significantly from month to month due to the high fees a small number of large applications can make.

Legislative changes from August 2016 may increase application number before implementation, further update on applications will be available at month 6 reporting.

Income	40,000	40,000	0	Mark Hand
Savings	0	0	0	
Total	40,000	40,000	0	

Mandate B10

Extension shared lodgings housing scheme



Increase the Shared Housing Scheme within Monmouthshire. (£40k)

The service is experiencing the on-going challenge of acquiring private accommodation to discharge duty. The service continues to market the scheme and is further developing the web site to attract new landlords.

The service has secured leased properties.

Reduction in B&B costs. (£10k)

B&B placement and in average stay time reductions has resulted in a reduction in costs, however with the on-going challenge on securing private landlords for the Shared Housing Scheme this could result in B&B placements increasing in the future.

A priority for this financial year will be to evaluate the impact and benefit of the Joint Housing approach, engage with private landlords to facilitate discharging the homeless prevention duty and develop a private leasing model.

Continue to monitor the emerging risk of the consideration by Central Government to review the housing benefit regulations which could potentially reduce the housing benefit management charge resulting in a reduction in income to the service in future years.

Income	40,000	40,000	0
Savings	10,000	10,000	0
Total	50,000	50,000	0

Ian Bakewell

Mandate B12
Second Phase
Review of subsidies
to 3rd Sector

Current status

Trend since last
report

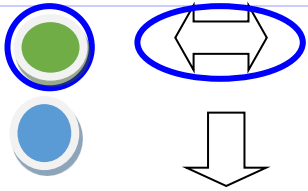
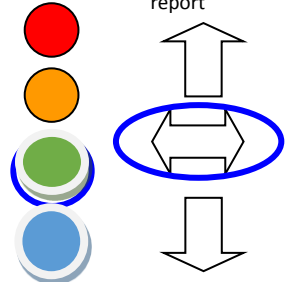


Consolidation and reduction of grants to 3rd sector providers.

Following discussions with 3rd Sector bodies, revenue contributions were reduced in line with the mandate proposals.

Funding has been secured for the Healthy Homes Scheme from another service for a 12 month period which commenced in April 2016, following this timescale the service will cease

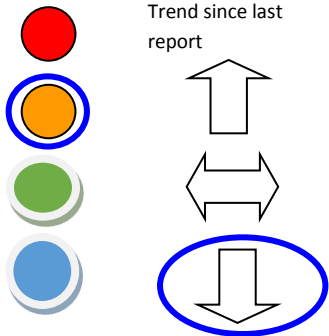
Income	0	0	0	Will McLean
Savings	75,000	75,000	0	
Total	75,000	75,000	0	

	<p>unless an alternative funding stream is secured.</p>																		
<p>Mandate B16</p> <p>Flexible Employment Options</p> <p>Current status Trend since last report</p> 	<p>Market to all staff the Authority's flexible benefits and employment packages.</p> <p>The Authority has introduced an additional annual purchase scheme to the other flexible employment benefits already on offer.</p> <p>The new scheme was launched on the 31st May allowing employees the opportunity to buy an additional 10 days leave per year.</p> <p>The service is confident in achieving the savings identified in this mandate based on information received from other Authorities operating similar schemes.</p>	<p>Monitor the number of additional leave purchased in line with the financial reporting timeline.</p> <p>Continue to market all of the flexible employment benefits available to employees.</p>	<table border="1"> <tr> <td>Income</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Savings</td> <td>50,000</td> <td>50,000</td> <td>0</td> </tr> <tr> <td>Total</td> <td>50,000</td> <td>50,000</td> <td>0</td> </tr> </table>	Income	0	0	0	Savings	50,000	50,000	0	Total	50,000	50,000	0				<p>Peter Davies</p>
Income	0	0	0																
Savings	50,000	50,000	0																
Total	50,000	50,000	0																

Mandate B18

Strategic Property Review

Current status



Residential Agency Service (£10k)

The original mandate identified the creation of an Arm's Length Company to provide a residential agency service. Following Legal advice it is highly unlikely that this is now a sound proposition, however discussions are on-going.

Termination of lease (£10k)

Termination of leases to generate efficiencies is on track to achieve the savings identified in the mandate for the financial year 2016/17.

Depot Rationalisation Programme (£20k)

Discussions have commenced around depot rationalisation. The project will require detailed service modelling, along with staff and public consultation. The timeline for this work will span over several financial years. The reduction in costs included in this mandate will not be achieved within this financial year.

Letting Income from renting additional properties (£20k)

Proposed income being delivered from additional property rental in on target to deliver within the financial year.

Income	30,000	20,000	10,000
Savings	30,000	10,000	20,000
Total	60,000	40,000	30,000

Deb Hill-Howells/
Ben Winstanley

Alternative Delivery Plan as at Month 2 (variance on original mandate target) – Due to other pressure within the service an alternative delivery plan has not been possible.

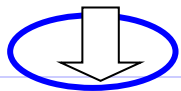
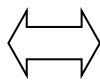
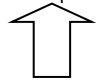
Mandate B21

Town and Community Councils

Current status



Trend since last report



Community Hubs (£90k)

A reduction in resources budgets, and savings from staff vacancies will result in £70k of the identified target being achievable in the financial year.

Public Conveniences (£110k)

Contribution from Town Councils amounting to £80k, and a reduction in maintenance and utilities of £10k. £90k of the identified target is achievable within the financial year.

Tourism (£25k)

Income	0	0	0
Savings	400,000	340,000	60,000
Total	400,000	340,000	60,000

Roger Hoggins



A contribution of £5k to date has been secured from the Town Council for Chepstow TIC.

Museums (£20k)

No contribution from the Town Councils for Museum Services have been secured to date.

Waste (£83.5k)

Contributions received from the Town Councils.

Grounds (£71.5k)

Staff vacancies within the service will achieve the identified target within the financial year.

Alternative Delivery Plan as at Month 2 (variance on original mandate target) – An alternative delivery plan is not available as at Month 2.

2. Capital Outturn Forecast

There was no original budget for capital schemes within this portfolio however capital slippage from 2015/16 of £680,000 has been allowed into 2016/17. The budget is separated under the following headings

ECONOMIC DEVELOPMENT	Annual Forecast	Original Budget	Slippage from 2015/16	Total Approved Budget	Slippage to 2017/18	Adjusted Budget	Annual Overspend / (Underspend) Month 2
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Development Schemes Over £250k	239	0	474	174	0	174	65

Development Schemes under £250k	30	0	30	30	0	30	0
Section 106 Schemes	177	0	177	177	0	177	0
Grand Total	446	0	680	380	0	380	65

Further details of all the schemes are contained in the appendices. The variance relates to the Caerwent House report that obtained Cabinet approval during the June cycle.