

REPORT

SUBJECT	REVENUE & CAPITAL MONITORING 2016/17 PERIOD 2 OUTTURN FORECAST STATEMENT
DIRECTORATE	Chief Executive's Unit
MEETING	Adults Select
DATE	8th November 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 period 2 which represents month 6 financial information for the 2016/17 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 Cabinet notes the extent of forecast revenue overspend at period 2 of £839,000, an improvement of £529,000 on previous reported position at period 1.
- 2.2 That Cabinet expects Chief officers to continue to review the levels of over and underspends and reallocate budgets to reduce the extent of compensatory positions needing to be reported from month 6 onwards.
- 2.3 That Cabinet appreciates the extent of predicted schools reserve usage and an anticipation that a further 4 schools will be in a deficit position by end of 2016-17.
- 2.3 That Cabinet approves a caveated use of reserves to finance £318,000 employment tribunal costs if the Council's budget is not able to absorb the effect of this extraordinary expenditure over the remaining 6 months of financial year.
- 2.4 That Cabinet considers the capital monitoring, specific over and underspends, and importantly that Cabinet recognises the risk associated with having to rely on a use of capital receipts in the year of sale and the potential for this to have significant revenue pressures should receipts be delayed and temporary borrowing be required.

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 2 (Month 6)

Given the extent of service movement since period 1 and the creation of the Resources Directorate, a change from previous reporting has been implemented to highlight to Members where particular services now reside. The following more detailed table is also anticipated to reduce the need for subsequent tables.

Table 1: Council Fund 2016/17 Outturn Forecast Summary Statement at Period 2 (Month 6)	Original Budget	Budget Virements & Revisions Period 1	Budget Virements & Revisions Period 2	Revised Annual Budget @ Month 6	Annual Forecast @ Month 6	Forecast Over/ (Under) spend @ month 6	Equivalent Forecast Over/ (Under) spend @ month 2	Variance in Forecast since month 2
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Services	6,925	0	0	6,925	6,740	(185)	20	(205)
Children Services	9,687	26	125	9,839	10,295	456	660	(203)
Community Care	20,121	39	464	20,624	21,512	888	483	405
Commissioning	2,008	0	(465)	1,543	1,497	(46)	(22)	(24)
Partnerships	347	0	0	347	347	0	0	0
Public Protection	1,486	(26)	0	1,460	1,437	(23)	0	(23)
Resources & Performance	928	(17)	0	911	891	(20)	(19)	(1)
Total Social Care & Health	41,502	22	124	41,649	42,719	1,070	1,121	(51)
Individual School Budget	43,298	10	0	43,308	43,308	0	0	0
Resources	1,508	0	0	1,508	1,499	(9)	0	(9)
Standards	5,066	0	0	5,066	5,116	50	209	(159)
Total Children & Young People	49,872	10	0	49,882	49,923	41	209	(168)
Business Growth & Enterprise	592	491	281	1,365	1,381	16	(5)	21
Planning & Housing	1,370	91	0	1,462	1,229	(233)	(10)	(223)
Tourism Life & Culture	2,342	51	600	2,993	3,389	396	398	(2)
Youth	600	0	(600)	0	0	0	0	0
Total Enterprise	4,905	633	281	5,819	5,999	180	383	(203)
Governance, Engagement & Improvement	4,233	206	0	4,439	4,411	(28)	(5)	(23)
Legal & Land Charges	516	(69)	0	448	418	(30)	0	(30)
Operations	17,120	(198)	0	16,922	16,988	66	41	25
Total Chief Executives Unit	21,869	(61)	0	21,808	21,817	8	36	(28)
Finance	2,063	214	0	2,277	2,248	(29)	(8)	(21)
Information Communication Technology	2,058	253	0	2,310	2,378	68	100	(32)
People	1,533	(107)	0	1,425	1,525	100	0	100
Place	(652)	6	0	(646)	(501)	145	217	(72)
Total Resources	5,002	365	0	5,367	5,651	284	309	(25)

**Table 1: Council Fund 2016/17
Outturn Forecast Summary
Statement at
Period 2 (Month 6)**

	Original Budget	Budget Virements & Revisions Period 1	Budget Virements & Revisions Period 2	Revised Annual Budget @ Month 6	Annual Forecast @ Month 6	Forecast Over/ (Under) spend @ month 6	Equivalent Forecast Over/ (Under) spend @ month 2	Variance in Forecast since month 2
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Precepts and Levies	16,484	0	0	16,484	16,488	4	0	4
Coroners	80	0	0	80	100	20	0	20
Gwent Joint Records	183	0	0	183	182	(0)	0	(0)
Corporate Management (CM)	361	(175)	0	186	505	319	0	319
Non Distributed Costs (NDC)	726	0	0	726	824	98	72	27
Strategic Initiatives	634	0	0	634	634	0	0	0
Office furniture & equipment	110	(110)	0	(0)	0	0	0	0
Insurance	1,218	0	0	1,218	1,159	(59)	0	(59)
Total Corporate Costs & Levies	19,796	(285)	0	19,511	19,892	381	72	309
Net Cost of Services	142,945	685	405	144,035	146,001	1,966	2,099	(133)
Attributable Costs – Fixed Asset Disposal	0	95	0	95	149	54	54	0
Interest & Investment Income	(55)	0	0	(55)	(61)	(6)	0	(6)
Interest Payable & Similar Charges	3,490	5	0	3,496	2,956	(540)	0	(540)
Charges Required Under Regulation	3,356	71	0	3,427	3,410	(17)	0	(17)
Contributions to Reserves	103	2	0	105	105	0	0	0
Contributions from Reserves	(1,139)	(860)	(405)	(2,404)	(2,141)	263	80	183
Appropriations	5,755	(686)	(405)	4,664	4,418	(245)	134	(379)
General Government Grants	(63,567)	0	0	(63,567)	(63,567)	0	0	0
Non-Domestic Rates	(27,981)	0	0	(27,981)	(27,981)	0	0	0
Council Tax	(63,411)	0	0	(63,411)	(63,941)	(530)	(550)	20
Council Tax Benefits Support	6,258	0	0	6,258	5,909	(349)	(313)	(36)
Financing	(148,701)	0	0	(148,701)	(149,580)	(879)	(863)	(16)
Budgeted contribution from Council Fund	2	0	0	2	0	(2)	(2)	0
Net Council Fund (Surplus) / Deficit	1	(1)	0	(0)	839	839	1,368	(529)

3.1.3 A comparison of the Net Council fund line against previous years activity indicates the following,

Net Council Fund Surplus	2016-17	2015-16	2014-15
	£'000	£'000	£'000
Period 1	1,511 deficit	867 deficit	219 deficit
Period 2	839 deficit	1,066 deficit	116 deficit
Period 3		162 deficit	144 deficit
Outturn		579 surplus	327 surplus

3.1.4 Overall an improved position is anticipated against month 2. The deficit at month 6 monitoring is also an improvement on the equivalent position last year. This is significantly affected by council tax receipts and treasury improvements, although the net cost of services still exhibits £2million

variance. Directorates are continuing to review the levels of over and underspends and reallocate budgets to reduce the extent of compensatory positions needing to be reported from month 6 onwards.

3.1.5 A summary of main pressures and under spends within the Net Cost of Services Directorates include,

3.1.6 Stronger Communities Select Portfolio (£401k net underspend)

- Chief Executives Unit (£8k overspend)

Governance and Legal division exhibit underspends of £28k and £30k respectively. Operations exhibits an overspend, whose net effect is predominantly the effect of the Highways Trunk Road Agency contract being renegotiated on more of a cost recovery basis (£250k), overspend of £38k in passenger transport, compensated in part by underspends in waste (£140k) and Property Services (£82k).

- Resources Directorate (£284k overspend)

An underspend in Finance Division costs (£29k) compensates in part for overspends in IT (£68k) as a result of delays in commercialising and selling our developed Social Care application. People division forecast an overspend of £100k, due to the delays with implementing the Training budget mandate (£50k) and take of Flexible benefits being less than the target saving mandate (£50k). Place division forecast an overspend of £145k, the result of delays in meet previously agreed income targets in the sustainability budget, and £70k overspend in respect of Markets, a mixture of increased costs in association with Borough Theatre, and a shortfall in income against income targets.

- Corporate (£381k overspend)

This is caused predominantly by an excess of net pension strain costs (£98k), and Coroner costs being higher than budgeted (£20k overspend), offset by Insurance underspend of £59k. In addition a recent decision in an Employment Tribunal will cost £318k which is currently unbudgeted and will require one off reserve funding if the Council's budget is unable to absorb the effect of this over the remaining few months of the year.

- Appropriations (£245k underspend)

Caused predominantly by a net £509k saving in treasury/borrowing costs from active treasury management and utilising recurrent short term borrowing as an alternative to taking out more expensive long term borrowing. Net borrowing costs are also favourably affected by any delay in the timing of expenditure that has not already been factored into the budget calculations e.g. capital (of net £42.5m capital budget only net £12m has been incurred at month 6), and using receipts as more cost effective temporary internal borrowing. The extent of this saving is moderated by the net anticipated use of reserves which is £264k less than predicted and should have a directly compensating underspend within services as they are not incurring that reserve funded expenditure.

- Financing (£879k underspend)

The net effect from an excess of Council tax receipts and less than anticipated Council tax benefit payments

3.1.7 Economy & development Select Portfolio (£157k net overspend)

- Enterprise Directorate (£180k net overspend)

Commercial and people development (£17k overspend) - Business growth and enterprise is incurring a forecast overspend of £97k, compensated in part by underspend in Eisteddfod spending of £80k, which reduces the approved call upon reserves in Appropriations.

Planning & Housing (£232k underspend) – a £225k underspend is forecast in planning. The service is using £100k from reserves to assist with LDP work that is not anticipated to be drawn upon, and the 2016/17 budget reflects a further £125k that will not be incurred this year. Housing also anticipate an underspend, totalling £8k and the net effect of additional grant funding to afford homeless inclusion officer position, and increased income from the Council's lodging scheme through heightened occupation rates.

Tourism, leisure & culture (£396k overspend) - Countryside exhibit an underspend of £12k from part vacancy and extra grant funding. There is a £119k overspend in respect of Cultural services, of which the main pressure is Caldicot Castle, and Museums experiencing £37k as a result of unmet mandate savings. Leisure services anticipate £81k overspend, partly due to reduced grants to afford summer play schemes, but mainly due to redundancy costs of circa £40k, a shortfall in mandated savings £25k and reduced income. Tourist Information Centres indicate a £61k overspend due to savings not yet being achieved. Youth services are a recent addition to Enterprise Directorate, it has been received with an inherent pressure (£147k) as previous mandates presumed additional grant funding that has not been achieved.

- Social Care & Health (£23k underspend)

Public Protection (£23k underspend) – miscellaneous minor underspends on £1.5million expenditure budget

3.1.8 Adult Select Portfolio (net £637k overspend)

- Social Care & Health

Adult Services (£185k underspent) – the net effect of secondments and intermediate care funding sustaining services, a saving of £45k has resulted from the My Day review, which compensates in part for a short term staffing pressure at Severn View of £70k.

Community Care (£887k overspend) – this area is now the most significant financial challenge affecting Social Care Directorate. The net pressure is caused by care package demands predominantly within the Chepstow team and Mental Health Care team, collectively £1.1 million. These are compensated in part by savings within the other 2 teams (£152k), reported Frailty partnership cost underspends (£52k) and net community learning disability team savings of £27k.

Commissioning (£46k underspend) – predominantly a savings within Drybridge Gardens service area caused by a refund on the last 3 years management agreement and a vacant unit at the site.

Resources (net £19k underspend) – a mix of Finance team and Facilities management savings

Whilst the work around Changing Practice and the associated budget saving mandate of £628k is continuing, the service is facing increasing demand which is offsetting some of the progress that has been made.

3.1.9 Children & Young People Select Portfolio (net £497k overspend)

- Social Care & Health

Children's Services (net £456k overspend) – there are a variety of large value under and overspends within the service. Assessment and contact costs introduce a £140k cost pressure, consideration is being given to the most appropriate cost centre for these costs. As in previous years, Counsel/legal costs introduce a net pressure, this year of £118k. Encouragingly external placement costs exhibit a £300k underspend, which even with increased costs in fostering payments (£141k) still provides a net financial underspend for the service. There are continuing agency staff costs of £458k whilst the team seek to recruit and train new directly employed staff.

Youth offending team partnership (breakeven) – whilst it is unusual to highlight a service that is anticipated to have a neutral year end effect. As part of the Select Committee's work programme, Members may wish to understand the considerable effort made by the service to accommodate significantly declining government funding in 2016/17 and into future and how it could foreseeably impact upon sustainability of the service.

- Children and Young People (net £41k overspend)

Resources delegated to schools exhibit no variance to budgeted levels. There is a small underspend of £9k within the Finance team, which compensates in part for the net overspend in Additional Learning Needs costs.

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 outturn forecast Schools' balances position based on month 6 projections.

Month 6 movement on school reserves

Reserve b/fwd (Surplus)/ Deficit	In Year forecast at Month 2 (Surplus)/ Deficit	Difference reported from Month 6 to Month 2 (Surplus)/ Deficit	In Year forecast at Month 6 (Surplus)/ Deficit	Projected c/fwd at year end (Surplus)/ Deficit
£'000	£'000	£'000	£'000	£'000

Abergavenny cluster

King Henry VIII Comprehensive	(107)	241	(37)	204	97
Cantref Primary	(42)	13	(3)	10	(32)
Deri View Primary	(86)	62	13	75	(11)
Gilwern Jnr & Infants	(41)	14	4	18	(23)
Goytre Fawr Jnr & Infants	(54)	34	(11)	22	(32)
Llanfair Kilgeddin CV Jnr & Infants	(67)	67	0	67	0
Llanfoist Fawr Primary	(94)	45	18	62	(32)
Llantillio Pertholey Jnr & Infants	(37)	42	(6)	37	(1)
Llanvihangel Crocorney Jnr & Infants	24	6	(0)	5	29
Our Lady and St Michael's RC Primary School	(31)	19	(14)	5	(25)
Ysgol Gymraeg Y Fenni Primary	(59)	21	2	23	(36)

Reserve b/fwd (Surplus)/ Deficit	In Year forecast at Month 2 (Surplus)/ Deficit	Difference reported from Month 6 to Month 2 (Surplus)/ Deficit	In Year forecast at Month 6 (Surplus)/ Deficit	Projected c/fwd at year end (Surplus)/ Deficit	
£'000	£'000	£'000	£'000	£'000	
Caldicot cluster					
Caldicot Comprehensive	(209)	204	0	204	(5)
Archbishop Rowan Williams Primary	(84)	69	0	69	(16)
Castle Park Primary	21	23	3	26	48
Dewstow Primary	(113)	113	(41)	72	(40)
Durand Jnr & Infants	(61)	25	(6)	18	(42)
Magor Vol Aided Jnr & Infants	(56)	6	2	8	(48)
Rogiet Jnr & Infants	(60)	63	(11)	52	(8)
Undy Jnr & Infants	(17)	(33)	22	(11)	(28)
Ysgol Gymraeg Y Ffin Primary	(13)	60	(4)	56	43
Chepstow cluster					
Chepstow Comprehensive	414	(257)	3	(254)	160
New Pembroke Primary	(36)	33	1	33	(3)
Shirenewton Jnr & Infants	(82)	6	(12)	(5)	(87)
St Mary's Chepstow RC Jnr & Infants	(25)	39	(6)	33	7
The Dell Jnr & Infants	(50)	45	(9)	36	(14)
Thornwell Jnr & Infants	(2)	24	(11)	13	11
Monmouth cluster					
Monmouth Comprehensive	(46)	46	0	46	0
Cross Ash Jnr & Infants	(51)	26	1	27	(24)
Kymin View Primary	(19)	32	(8)	25	6
Llandogo Jnr & Infants	11	(1)	3	(4)	7
Osbaston Church In Wales Primary	(37)	8	18	26	(11)
Overmonnow Jnr & Infants	19	(39)	18	(21)	(2)
Raglan Jnr & Infants	(18)	14	4	18	0
Trellech Jnr & Infants	(86)	20	3	23	(63)
Usk CV Jnr & Infants	(71)	41	(3)	38	(33)
	(1,265)	1,130	(74)	1,055	(209)
Special Schools					
Mounton House	155	(50)	50	0	155
Pupil Referral Unit	(46)	0	0	0	(46)
	109	(50)	50	0	109
	(1,156)	1,080	(24)	1,056	(100)

3.2.2 6 schools exhibited a deficit position at the start of 2016/17. This is anticipated to rise to 10 by end of 2016-17, so effectively just over quarter of schools is anticipated to be in deficit by end of year. Significant volatility is particularly evident at Comprehensive school level, with Caldicot and Monmouth making significant use of their reserves. Conversely Chepstow exhibits good forecast

progress against their exacting recovery plan targets for the year, and if their trajectory remains constant over the next 6 months, they will provide enhanced confidence that they will resolve their deficit position by end of 2017/18 as agreed between Governing Body and LEA.

3.2.3 Collectively school balances at the beginning of the financial year amounted to £1,156,000. The Schools anticipated draw upon balances is forecasted to be £1,056,000 for 2016/17, leaving £100,000 as forecasted closing reserve balances.

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)
2016-17 Forecast	(100)

3.2.4. Anticipated reserve levels have featured as a concern in previous years monitoring, and this year is really no different. This hasn't yet manifested itself as a problem at past year ends due to the receipt of adhoc grants from Education Advisory Service (EAS) late in the year which mitigated the forecast decline in the year end position.

3.2.5 CYP colleagues continue to work with EAS to improve the communication process to reduce this volatility, but ironically that may have an adverse effect on level of reserves to be carried forward, so reserve levels remain a focus for review.

3.3 2016/17 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 2016/17 financial year as part of the MTFP budgeting process. .

In summary they are as follows,

Budgeted Service Savings Mandates Progress 2016/17						
DIRECTORATE	Saving included in 2016/17 Budget £'000	Savings reported achieved month 2 £'000	Savings reported achieved month 6 £'000	Percentage progress in achieving savings %	Delayed savings £'000	Savings not achievable £'000
Children & Young People	600	600	600	100%	0	0
Social Care & Health	640	640	12	2%	628	0
Enterprise	385	285	285	74%	0	100
Resources	469	318	299	64%	15	155
Chief Executive's	1,565	1,442	1,442	92%	63	60
Total Mandated Service Savings 2016-17	3,659	3,285	2,638	72%	706	315

3.3.2 Forecasted mandated savings are currently running at 72%, down from 92% at period 1, with currently £315,000 being deemed unachievable at the end of month 6, and a further £706,000 unlikely to crystallise in 2016-17.

- 3.3.3 The emphasis of reporting savings has changed from previously where savings were reported when they were manifest, however the judgement is now whether saving is forecast to be achieved.
- 3.3.4 Consequently the savings appendix also has a traffic light system to indicate whether savings are likely to be achieved or have justifiable reasons explaining delayed implementation. The following summary of savings mandates are still reported to be red or amber risk.

3.3.5 Stronger Communities Select Portfolio

Resources Directorate

- Mandate A5: Sustainable Energy Initiatives: Expected income targets of £34,000 are unachievable, alternative delivery plan of increased income on property rental portfolio and reduced expenditure on repairs and maintenance proposed
- Mandate B3: Training Services Consolidation: Consolidation of authorities existing training functions and increased revenue streams of £50,000 are unachievable. Alternative delivery plans are being considered.
- Mandate B5a: Community Asset Transfer £60,000: MCC still in discussions over transfer of Chepstow Drill Hall and Melville Theatre. £45,000 of the £60,000 savings contained within the mandate are forecast to be achieved.
- Mandate B16: Flexible Employment Options £50,000: Scheme exhibits little demand amongst staff.
- Mandate B18: Strategic Property Review: £21,000 shortfall identified as a failure to achieve Residential Letting Income and the Depot Rationalisation Programme which will take longer than expected.

Chief Executive's Office

- Mandate B11: Senior Leadership Structure Review: Currently £42,700 of the £315,000 mandated savings still to be found. Current structures under review in regard to achieving this further saving.
- Mandate 21: Town & Community Councils: The mandate is currently £80,000 short of the £400,000 in regard to the service collaboration for Tourism (£20k), Museums (£20k), Public Conveniences (£20k) and Community Hubs (£20k)

3.3.6 Economy & Development Select Portfolio

Enterprise (ENT) Directorate

- Mandate B5 b and c: Community Asset Transfer / Income Generation £100,000 relates to revised Leisure income targets and the commercialisation of assets. Neither is forecast to be achieved this year.

3.3.7 Adult Select Portfolio

Social Care & Health (SCH) Directorate

- Mandate A34. Whilst current year savings were anticipated to be delivered in full at period 1, a revised overspend of £822,000 within Adult Services at month 6, makes it unlikely that the practice change mandate of £628,000 will be delivered this financial year.

3.3.8 Children and Young People Select Portfolio

Children and Young People (CYP) Directorate

- Current year savings are anticipated to be delivered in full.

3.4 Capital Position

3.4.1 The summary Capital position as at month 6 is as follows

MCC CAPITAL BUDGET MONITORING 2016-17 AT MONTH 6 by SELECT COMMITTEE						
SELECT PORTFOLIO	Annual Forecast	Slippage Brought Forward	Total Approved Budget 2016/17	Provisional Capital Slippage to 2017/18	Revised Capital Budget 2016/17	Forecasted Capital Expenditure Variance
	£000	£000	£000	£000	£000	£000
Children & Young People	32,399	39,731	43,227	(10,829)	32,398	1
Adult	83	30	92	0	92	(9)
Economic & Development	707	680	825	0	825	(119)
Strong Communities	9,264	3,243	9,508	(265)	9,243	21
Capital Schemes Total	42,453	43,684	53,653	(11,094)	42,559	(106)

Proposed Slippage to 2017-18

3.4.2 Proposed slippage at month 6 mainly relates to Future Schools (£10.8 million), £165,000 within S106 schemes, £63,000 in relation to LDP sales at Coed Glas and Crick, £28,000 in respect of Rights of Way work, and £10,000 in respect of Revenues IT system enhancements

3.4.3 Commonly slippage volumes increase into the third quarter and outturn as service managers realise the impracticality of realising commitments by the end of the financial year. Only £12m capital expenditure has been incurred against a working capital budget of £42.5million at month 6.

Capital Outturn

3.4.4 Major revisions to the capital programme since month 2 include Cabinet approvals for the Solar Farm grid connection (£350K) and Linkages at Woodstock Way in Caldicot (£30k). Other changes to General Capital and S106 schemes are reported in the Select Committee appendices.

3.4.5 Whilst many schemes are commonly reported as being at break even with budget this early in the financial year, past year's activity suggests this prediction is unlikely to be the reality at outturn. The Future schools programme, which remains the most significant element of capital programme, has been delayed whilst colleagues have secured additional funding. Following a Council meeting of 20th October it is anticipated the pace of expenditure will pick up.

3.4.6 The capital programme forecast at month 6 results in a minor net underspend of £106,000, most of which relates to settlement of cattle market costs below anticipation and a specific Abergavenny town team initiative that isn't proposed to go ahead.

3.4.7 There is conversely a forecast net overspend amongst section 106 schemes relating predominantly to Caldicot 3g pitch expenditure. Unfortunately this overspend had gone unnoticed due to a mistake in interpreting Committee reports that meant the previous budget addition of £53,000 was double

counted until spotted and removed at month 6. A review is being undertaken to understand the additional costs incurred with the intention of reporting back the position separately to Members if further funding remains advocated.

Capital Financing and Receipts

3.4.8 Given the anticipated capital spending profile reported in para 3.1.1, the following financing mechanisms are expected to be utilised.

MCC CAPITAL FINANCING BUDGET MONITORING 2016-17 AT MONTH 6 By FINANCING CATEGORY						
CAPITAL FINANCING SCHEME	Annual Forecast Financing	Slippage Brought Forward	Total Approved Financing Budget 2016/17	Provisional Budget Slippage to 2017/18	Revised Financing Budget 2016/17	Forecast Capital Financing Variance 2016/17
	£000	£000	£000	£000	£000	£000
Supported Borrowing	2,400	0	2,400	0	2,400	0
General Capital Grant	1,461	0	1,461	0	1,461	0
Grants and Contributions	15,721	16,050	17,832	(2,111)	15,721	0
S106 Contributions	1,113	880	1,305	(165)	1,140	(27)
Unsupported borrowing	13,059	11,553	21,151	(8,092)	13,059	0
Earmarked reserve & Revenue Funding	1,091	590	1,100	(10)	1,091	0
Capital Receipts	7,457	14,500	8,292	(716)	7,576	(119)
Low cost home ownership receipts	112	112	112	0	112	0
Unfinanced	40	0	0	0	0	40
Capital Financing Total	42,453	43,684	53,653	(11,094)	42,559	(106)

Useable Capital Receipts Available

3.4.9 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 2016/20 MTFP capital budget proposals.

Movement in Available Useable Capital Receipts Forecast

TOTAL RECEIPTS	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000
Balance b/f 1 st April	5,311	11,563	0	1,093
ADD				
Receipts received in YTD	14,041	0	0	0
Receipts forecast received	5,625	7,320	5,560	5,660
Deferred capital receipts	4	4	4	4
LESS				
Receipts to be applied	(7,457)	(18,887)	(4,471)	(509)
Set aside	(5,961)	0	0	0
Predicted Year end receipts balance	11,563	0	1,093	6,248
Financial Planning Assumption 2016/20 MTFP Capital Budget	18,151	6,452	3,985	3,481
Increase / (Decrease) compared to MTFP Capital Receipts Forecast	(6,588)	(6,452)	(2,892)	2,767

3.4.10 The above table indicates the anticipated receipts activity, but it should not be interpreted for instance that the Council will have £11.6 million unused receipts its bank account at the end of March 17. The Council utilises an active treasury management strategy, and borrowing decisions are based on daily cashflow considerations, so capital receipts received, together with cash income, grant receipts, and the effect of delayed expenditure will be utilised on a daily basis to avoid unnecessary borrowing. This concept is commonly a feature of Internal Borrowing, and is one of the reasons why interest charges can be favourably influenced to provide a net benefit to the revenue account above in para 3.1.2. Further consideration will be given to the balance of various funding streams at the outturn position to minimise the impact on the revenue account where possible.

3.4.11 The balances forecast to be held at the 31st March each year are lower than forecast in the MTFP, mainly due to the delayed LDP receipts. This difference is eradicated by March 2020 when all the LDP sites are forecast to have been sold.

3.4.12 The forecast / received receipt figure above for 2016/17 includes receipts from the old Abergavenny cattle market site, Coed Glas and the Old County Hall site. However there is an increasingly significant risk resulting from the need to utilise capital receipts in the same year that they come into the Council. This provides no tolerance or flexibility should the receipts be delayed, which isn't uncommon, and will necessitate compensatory temporary borrowing which is more costly than utilising capital receipts and will compromise the treasury team's success in outperforming the appropriations budget for the favourable benefit of the bottom line position.

3.5 Reserve Usage

3.5.1 Revenue and Capital monitoring reflects an approved use of reserves. Whilst commonly at this stage in the year, services assume full reserve usage of amounts previously approved, there are some likely deferrals in use identified together with an increased call upon reserves which account for the net difference in budgeted use of reserves against actuals in Appropriations section of financial monitoring. These variances are,

Reduced call upon reserves

- Innovations & marketing officer contribution £19k (deferral)
- Eisteddfod Community fundraising backstop £80k (no longer required)
- LDP expenditure contribution £100k (deferral)
- RDP expenditure contribution £63k (deferral)
- Elections expenditure contribution £100k (deferral)

Increased call upon reserves

- Pension strain costs (£98k)

3.5.2 The following predicted position reflects capital and revenue presumptions evident in period 2 monitoring.

Summary Earmarked Reserves Forecast 2016-17					
Earmarked Reserves	2015-16	Revenue Approved Usage		Capital Usage	2016-17
	C/FWD	Replenishment of Reserves	Draw on Reserves		c/fwd
Invest to Redesign	-1,298,155	-74,739	519,344	223,363	-630,187
IT Transformation	-826,835			238,862	-587,973
Insurance & Risk Management	-1,236,396				-1,236,396
Capital Receipt Regeneration	-322,361		95,376		-226,985
Treasury Equalisation	-990,024				-990,024
Redundancy & Pensions	-1,274,256		690,521		-583,735
Capital Investments	-1,264,599			628,236	-636,363
Priority Investments	-1,120,069		836,197		-283,872
Museum Acquisitions	-56,760				-56,760
Elections	-108,183	-25,000			-133,183
Grass Routes Buses	-139,702	-5,000			-144,702
Sub Total	-8,637,340	-104,739	2,141,438	1,090,461	-5,510,180
Restricted Use Reserves					0
Youth Offending Team	-325,000				-325,000
Building Control Trading	-12,008				-12,008
Outdoor Education Centres	-190,280				-190,280
CYP Maternity	-104,000				-104,000
Total Earmarked Reserves	-9,268,629	-104,739	2,141,438	1,090,461	-6,141,468

3.5.3 Earmarked reserves remain at limited levels unlikely to provide any material capacity/headroom to meet unanticipated volatility or significantly facilitate future service re-engineering and design.

4 REASONS

- 4.1 To improve budget monitoring and forecasting information being provided to Senior Officers and Members.

5 RESOURCE IMPLICATIONS

- 5.1 As contained in the report.

6 EQUALITY AND SUSTAINABLE DEVELOPMENT IMPLICATIONS

- 6.1 The decisions highlighted in this report have no equality and sustainability 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 Month 6 (period 2) monitoring reports, as per the hyperlinks provided

[Chief Executives Revenue Monitoring Month 6 201617](#)
[Children and Young People Revenue Monitoring Month 6 201617](#)
[Corporate Revenue Monitoring Month 6 201617](#)
[Enterprise Revenue Monitoring Month 6 201617](#)
[Resources Revenue Monitoring Month 6 201617](#)
[Social Care and Health Revenue Monitoring Month 6 201617](#)
[Appropriations Revenue Monitoring Month 6 201617](#)
[Financing Revenue Monitoring Month 6 201617](#)
[Capital Monitoring Month 6 201617](#)

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Appendices





Appendix 1 Mandated Savings Progress Report







Budgeted Service Savings Mandates Progress 2016/17





DIRECTORATE	Saving included in 2016/17 Budget	Savings reported achieved month 2	Savings reported achieved month 6	Percentage progress in achieving savings	Delayed savings	Savings not achievable
	£'000	£'000	£'000	%	£'000	£'000
Children & Young People	600	600	600	100%	0	0
Social Care & Health	640	640	12	2%	628	0
Enterprise	385	285	285	74%	0	100
Resources	469	318	299	64%	15	155
Chief Executive's	1,565	1,442	1,442	92%	63	60
Total Mandated Service Savings 2016-17	3,659	3,285	2,638	72%	706	315



2015/16 Budgeted Service Savings Mandates Progress







RESOURCES									
Budget proposals 2016/17	Mandate No.	Savings Mandate Narrative	Saving included in 2016/17 Budget	Value of Saving Forecast at Month 2 £s	Value of Saving Forecast at Month 6 £'s	Delayed savings £'s	Savings not achievable £'s	Assessment of progress	
RESOURCES									
Sustainable Energy Initiatives (Ben Winstanley)	A5	Investing in biomass boilers, solar farms and reduction in Carbon Commitment.	34,000	0	0		34,000	Unachievable	
Rationalise Business Support (Tracy Harry)	B2	Review the business support functions across the whole Authority to identify savings.	50,000	28,000	50,000			On track and expected to be fully met	
Training Services Consolidation (Peter Davies)	B3	Consolidation of the Authorities existing training functions.	50,000	-	-		50,000	Unachievable	
Community Asset Transfer/ Income generation (Peter Davies / Deb Hill-Howells)	B5	Community Asset Transfer of two properties, includes optimisation of assets to generate income	60,000	45,000	45,000	15,000	-	£60k of £160 relates to Estates of which £45k has been found. £15k shortfall is due to delayed implementation on Melville theatre and ongoing discussion with Town Council over Drill Hall.	
Flexible Employment Options (Peter Davies)	B16	Market to all staff the Authority's flexible benefits and employment packages.	50,000	50,000	-		50,000	Unachievable	
Business rates evaluation - Appeals (Ruth Donovan)	B17	Rate refunds following Appeals by Cooke & Arkwright	140,000	140,000	140,000			On track and expected to be fully met	
Strategic Property Review (Ben Winstanley - Deb Hill-Howells)	B18	Reduction in Corporate Building Maintenance, Purchase Card rebates , Facility Management Restructure and reductions in Transport Costs and Supplies and Services costs	60,000	30,000	39,000		21,000	Alternative delivery plan has not been possible due to pressures within the service	
Discretionary Fees and Income (Joy Robson)	B23	Increased Discretionary Fees & Charges	25,000	25,000	25,000			Spread across authority, assume it has been achieved.	
TOTAL			469,000	318,000	299,000	15,000	155,000		



CHIEF EXECUTIVE'S UNIT									
Budget proposals 2016/17	Mandate No.	Savings Mandate Narrative	Saving included in 2016/17 Budget	Value of Saving Forecast at Month 2 £s	Value of Saving Forecast at Month 6 £'s	Delayed savings £'s	Savings not achievable £'s	Assessment of progress	
Garden Waste (Rachel Jowitt)		Increase in charges for Garden Waste collection service.	40,000	40,000	40,000			On track	
Home to School Transport (R Hoggins / Richard Cope)	A14	Continuation of 2014-15 mandate. Fundamental policy review to nearest school, and more zealous application of free school travel criteria.	30,000	30,000	30,000			This saving is forecast to be achieved but through the reduction in contract costs for home to school transport rather than the policy review initially included in the original mandate. There is no appetite for the nearest school policy to be reviewed at this moment in time but it is still being looked into.	
Community Hubs (Will McClean)	A28	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. <i>We will create a hub in each</i>	25,000	25,000	25,000			Achievable through alternative Delivery Plan	
Community Hubs (Rachel Jowitt)	A28	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. <i>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.</i>	25,000	25,000	25,000			Achievable through alternative Delivery Plan. Contact Centre experiencing overspend exceeding mandate target	



CHIEF EXECUTIVE'S UNIT									
Budget proposals 2016/17	Mandate No.	Savings Mandate Narrative	Saving included in 2016/17 Budget	Value of Saving Forecast at Month 2 £s	Value of Saving Forecast at Month 6 £'s	Delayed savings £'s	Savings not achievable £'s	Assessment of progress	
Legal Services (Rob Trantor)	B7	Income generation by providing Legal Services to external organisations.	25,000	25,000	25,000			Currently staff resource is totally used up undertaking internal legal work so there is no spare capacity to generate income from outside of the organisation. This will not affect outturn in 16-17 as it has been offset by a grant windfall in Land Charges but will be a pressure from 17-18 onwards.	
Promoting Business Waste (Rachel Jowitt)	B8	Introduction of a new policy to charge for trade waste, and better control over the use of household waste recycling centres.	80,000	80,000	80,000			On Track	
Leadership Team Structure Review (Paul Matthews)	B11	Re-alignment of Senior Key Posts and Roles.	315,000	272,300	272,300	42,700		Waiting for update on the achievability, alternative delivery option	
Highways Infrastructure Income Generation (Roger Hoggins)	B13	Income generation from highway advertisements across Monmouthshire (£50k)	150,000	150,000	150,000			Planning approval delays means £25,000 relating to advertising income will be delayed. Shortfall will be managed within service budget.	
Grounds – Funding Review (Rachel Jowitt)	B14		75,000	75,000	75,000			on track	
Highways Maintenance (Roger Hoggins)	B15	Reducing the budgets within the highways section.	200,000	200,000	200,000			on track	

CHIEF EXECUTIVE'S UNIT									
Budget proposals 2016/17	Mandate No.	Savings Mandate Narrative	Saving included in 2016/17 Budget	Value of Saving Forecast at Month 2 £s	Value of Saving Forecast at Month 6 £'s	Delayed savings £'s	Savings not achievable £'s	Assessment of progress	
Property Services and Facilities Management Review (Rob O'Dwyer)	B19	Reduction in corporate building maintenance budgets. Purchase rebates from the use of procurement cards. (£15k), Facility Management restructure (£35k)	100,000	100,000	100,000			The section is forecast to achieve the full mandate saving, shortfall from purchase rebates will be covered through general expenditure efficiencies.	
Town and Community Councils (Roger Hoggins)	B21	Restructuring of Services in collaboration with Town / Community Councils PCs	110,000	90,000	90,000	20,000		Public conveniences are forecast to achieve £90,000 of the £110,000k mandate saving due to delayed implementation of which £80k is a contribution from the Town Council.	
		Grounds	83,500	83,500	83,500			On Track	
		Waste	71,500	71,500	71,500			On Track	

CHIEF EXECUTIVE'S UNIT									
Budget proposals 2016/17	Mandate No.	Savings Mandate Narrative	Saving included in 2016/17 Budget	Value of Saving Forecast at Month 2 £s	Value of Saving Forecast at Month 6 £'s	Delayed savings £'s	Savings not achievable £'s	Assessment of progress	
Town and Community Councils (Roger Hoggins)	B21	Restructuring of Services in collaboration with Town / Community Councils (Shortfalls) Museums (£0 out of £20k) Tourism (£5,000 out of £25k) Community Hubs (£70,000 out of £90K))	135,000	75,000	75,000		60,000	No contribution from Town council for museums. Only £5k received from Chepstow TC for TIC. £70k achieved from Hubs. So High Risk on Museums, Low Risk on Tourism and Community Hubs	
Collaboration and realigning structures in operations (Roger Hoggins)	B22		100,000	100,000	100,000			£70k of total saving related to Highways efficiencies from restructure, delay in implementation has meant staff savings have been delayed as well. Should not impact on outturn position as shortfall will be covered by managed efficiencies in expenditure.	
TOTAL			1,565,000	1,442,300	1,442,300	62,700	60,000		

ENTERPRISE									
Budget proposals 2016/17	Mandate No.	Savings Mandate Narrative	Saving included in 2016/17 Budget	Value of Saving Forecast at Month 2 £s	Value of Saving Forecast at Month 6 £'s	Delayed savings £'s	Savings not achievable £'s	Assessment of progress	
Leisure Services Income Generation (Ian Saunders)	B1	Income generation/cost savings within the service.	120,000	120,000	120,000			On track and expected to be fully met	
Planning Services- Income Generation (Mark Hand)	B9	Reduce the net cost of planning services with the increase of income from planning applications received.	40,000	40,000	40,000			On track and expected to be fully met	
Community Asset Transfer/ Income generation (Peter Davies / Deb Hill-Howells)	B5	Income Generation Leisure	25,000	-	-		25,000	Won't be achieved this financial year	
		Optimisation of Assets - PD	75,000	-	-		75,000	Unachievable	
Extension Shared Lodgings Housing Scheme (Ian Bakewell)	B10	Increase the Shared Housing Scheme within Monmouthshire.	50,000	50,000	50,000			On track and expected to be fully met	
Second Phase Review of subsidies to 3rd Sector (Will Mclean)	B12	Consolidation and reduction of grants to 3rd sector providers.	75,000	75,000	75,000			On track and expected to be fully met	
			385,000	285,000	285,000	0	100,000		

SOCIAL CARE & HEALTH									
Budget proposals 2016/17	Mandate No.	Savings Mandate Narrative	Saving included in 2016/17 Budget	Value of Saving Forecast at Month 2 £s	Value of Saving Forecast at Month 6 £'s	Delayed savings £'s	Savings not achievable £'s	Assessment of progress	
Transition - Bright New Futures (SC&H) (Julie Boothroyd)	A24	In 2014 we combined our Transitions Project Team within Bright New Futures Project. (based in Bridges)	12,000	12,000	12,000			On track and expected to be fully met	
Adult Social Care Transformation (Julie Boothroyd)	A34	The service is continuing its journey on practice change and restructuring itself to meet future mandate savings with community links and innovative approaches to domiciliary care, coupled with less reliance on admissions to residential care.	628,000	628,000	0	628,000		With an £822k Adults overspend identified at month 5, we are reviewing alternative courses of action to pursue alternative opinions to deliver the savings.	
			640,000	640,000	12,000	628,000	0		

CHILDREN & YOUNG PEOPLE									
Budget proposals 2016/17	Mandate No.	Savings Mandate Narrative	Saving included in 2016/17 Budget	Value of Saving Forecast at Month 2 £s	Value of Saving Forecast at Month 6 £'s	Delayed savings £'s	Savings not achievable £'s	Assessment of progress	
Gwent Music (Nicki Wellington)	A20	Gwent Music is a joint service hosted by Newport. The plan is to refocus the service to make them more efficient.	50,000	50,000	50,000	-	-	On track and expected to be fully met	
Phase 3 of Additional Learning Needs Review (Sharon Randall-Smith)	B20	Closure off Deri View SNRB (£50k), Placement costs for External pupils attending Mounon House (£250k). Implementation of new funding formula from April 2016. (£250k).	550,000	550,000	550,000	-	-	On track and expected to be fully met	
			600,000	600,000	600,000	0	0		