

## REPORT

<b>SUBJECT</b>	<b>REVENUE &amp; CAPITAL MONITORING 2016/17 PERIOD 3 OUTTURN FORECAST STATEMENT</b>
<b>DIRECTORATE</b>	<b>Resources</b>
<b>MEETING</b>	<b>Cabinet</b>
<b>DATE</b>	<b>1<sup>st</sup> February 2017</b>
<b>DIVISIONS/WARD AFFECTED</b>	<b>All Authority</b>

### 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 3 which represents month 9 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 underspend using period 3 data of £79,000, an improvement of £919,000 on previous reported position at period 2.
- 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 at quarterly cycles.
- 2.3 That Cabinet appreciates the extent of predicted schools reserve usage, its effect of forecast outturn reserve levels and the related anticipation that a further 6 schools will be in a deficit position by end of 2016-17.
- 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.
- 2.5 That Cabinet approves an additional investment of £30,000 into the Disabled Facilities Grant capital budget in order to respond to demands being placed on the current programme, funded by a virement from existing Highways Maintenance and Access for All budgets.
- 2.6 That Cabinet approves a £30k increase to Woodstock Way linkage scheme afforded by an equivalent underspend to another area improvement scheme (Abergavenny).

### 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 3 (Month 9)

Given the positive feedback received at month 6, the revised format has been retained. There has been a further change to the reporting of reserve funded expenditure that Directorate advocate will not be incurred in the current year. So traditionally where a Directorate is proposing a slippage in reserve funded expenditure this has been shown as a saving to their Directorate and a cost to Appropriations. Having reserve funded underspends in Directorates can reduce the visibility of real overspends. So in order to improve transparency, the budgets in Directorates have been adjusted downwards together with the funding from reserve budget, and will instead be added back next year. This does provide a clearer position for management teams, SLT and Members but will show unfavourably against month 6 position which was forecast using the traditional approach.

<b>Table 1: Council Fund 2016/17 Outturn Forecast Summary Statement at Period 3 (Month 9)</b>	<b>Budget Reported @ month 6</b>	<b>Budget Virements &amp; Revisions made during Period 3</b>	<b>Revised Annual Budget @ Month 9</b>	<b>Annual Forecast @ Month 9</b>	<b>Equivalent Forecast Over/ (Under) spend @ month 9</b>	<b>Forecast Over/ (Under) spend @ month 6</b>	<b>Variance in Forecast since month 6</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Adult Services	6,925	91	<b>7,016</b>	6,916	(100)	(185)	85
Children Services	9,839	(35)	<b>9,804</b>	10,388	584	456	128
Community Care	20,624	0	<b>20,624</b>	21,218	594	888	(294)
Commissioning	1,543	0	<b>1,543</b>	1,450	(93)	(46)	(47)
Partnerships	347	0	<b>347</b>	347	0	0	0
Public Protection	1,460	0	<b>1,460</b>	1,457	(3)	(23)	20
Resources & Performance	911	0	<b>911</b>	914	3	(20)	23
<b>Total Social Care &amp; Health</b>	<b>41,649</b>	<b>56</b>	<b>41,705</b>	<b>42,690</b>	<b>985</b>	<b>1,070</b>	<b>(85)</b>
Individual School Budget	43,308	(84)	<b>43,224</b>	43,258	34	0	34
Resources	1,508	0	<b>1,508</b>	1,504	(4)	309	(313)
Standards	5,066	0	<b>5,066</b>	5,206	140	50	90
<b>Total Children &amp; Young People</b>	<b>49,882</b>	<b>(84)</b>	<b>49,798</b>	<b>49,968</b>	<b>170</b>	<b>360</b>	<b>(189)</b>
Business Growth & Enterprise	1,365	(337)	<b>1,028</b>	1,053	25	16	9
Planning & Housing	1,462	(100)	<b>1,362</b>	1,182	(180)	(233)	53
Tourism Life & Culture	2,993	(91)	<b>2,902</b>	3,350	448	396	52
Youth	0	0	<b>0</b>	0	0	0	0
<b>Total Enterprise</b>	<b>5,819</b>	<b>(528)</b>	<b>5,291</b>	<b>5,585</b>	<b>294</b>	<b>180</b>	<b>114</b>
Governance, Engagement & Improvement	4,439	181	<b>4,620</b>	4,642	22	(28)	50
Legal & Land Charges	448	0	<b>448</b>	418	(30)	(30)	0
Operations	16,922	0	<b>16,922</b>	16,770	(152)	66	(218)
<b>Total Chief Executives Unit</b>	<b>21,808</b>	<b>181</b>	<b>21,989</b>	<b>21,830</b>	<b>(160)</b>	<b>8</b>	<b>(168)</b>

**Table 1: Council Fund  
2016/17 Outturn Forecast  
Summary Statement at  
Period 3 (Month 9)**

	Budget Reported @ month 6	Budget Virements & Revisions made during Period 3	Revised Annual Budget @ Month 9	Annual Forecast @ Month 9	Equivalent Forecast Over/ (Under) spend @ month 9	Forecast Over/ (Under) spend @ month 6	Variance in Forecast since month 6
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Finance	2,277	(35)	2,242	2,141	(101)	(29)	(72)
Information Communication Technology	2,310	61	2,371	2,370	(1)	69	(70)
People	1,425	38	1,463	1,563	100	100	0
Place	(646)	(76)	(722)	(512)	210	145	65
<b>Total Resources</b>	<b>5,367</b>	<b>(12)</b>	<b>5,355</b>	<b>5,562</b>	<b>207</b>	<b>284</b>	<b>(77)</b>
Precepts and Levies	16,484	0	16,484	16,488	4	4	0
Coroners	80	0	80	100	20	20	0
Gwent Joint Records	183	0	183	182	(0)	(0)	0
Corporate Management (CM)	186	0	186	661	475	1	474
Non Distributed Costs (NDC)	726	0	726	834	108	98	10
Strategic Initiatives	634	0	634	194	(440)	0	(440)
Office furniture & equipment	(0)	0	(0)	0	0	0	0
Insurance	1,218	0	1,218	1,144	(74)	(59)	(15)
<b>Total Corporate Costs &amp; Levies</b>	<b>19,511</b>	<b>0</b>	<b>19,511</b>	<b>19,603</b>	<b>92</b>	<b>63</b>	<b>29</b>
<b>Net Cost of Services</b>	<b>144,035</b>	<b>(387)</b>	<b>143,648</b>	<b>145,238</b>	<b>1,590</b>	<b>1,966</b>	<b>(376)</b>
Attributable Costs – Fixed Asset Disposal	95	0	95	111	16	54	(38)
Interest & Investment Income	(55)	0	(55)	(73)	(18)	(6)	(12)
Interest Payable & Similar Charges	3,496	0	3,496	2,941	(555)	(540)	(15)
Charges Required Under Regulation	3,427	0	3,427	3,373	(54)	(17)	(37)
Contributions to Reserves	105	0	105	108	3	0	3
Contributions from Reserves	(2,404)	387	(2,017)	(2,017)	(0)	263	(263)
<b>Appropriations</b>	<b>4,664</b>	<b>387</b>	<b>5,051</b>	<b>4,443</b>	<b>(608)</b>	<b>(245)</b>	<b>(362)</b>
General Government Grants	(63,567)	0	(63,567)	(63,567)	0	0	0
Non-Domestic Rates	(27,981)	0	(27,981)	(27,981)	0	0	0
Council Tax	(63,411)	0	(63,411)	(64,061)	(650)	(530)	(120)
Council Tax Benefits Support	6,258	0	6,258	5,849	(409)	(349)	(60)
<b>Financing</b>	<b>(148,701)</b>	<b>0</b>	<b>(148,701)</b>	<b>(149,760)</b>	<b>(1,059)</b>	<b>(879)</b>	<b>(180)</b>
Budgeted contribution from Council Fund	2	0	2	0	(2)	(2)	0
<b>Net Council Fund (Surplus) / Deficit</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>(79)</b>	<b>(79)</b>	<b>840</b>	<b>(919)</b>

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	79 surplus	162 deficit	144 deficit
Outturn		579 surplus	327 surplus

3.1.4 Overall this is a considerably improved position is anticipated against month 6, and interestingly the deficit level at month 9 monitoring is marginally better than the equivalent positions in previous years, despite it feeling increasingly harder to positively influence forecast outturn. The improvements continue to significantly be affected by council tax receipts and treasury improvements, and net cost of services still shows a £1.6m financial deficit largely from the longstanding social care challenge, although this does exhibit an improving trend during the year but which is highly influence by additional external and health based awards.

3.1.5 In providing a balanced perspective, there are tangible improvements in net cost of services deficit of £376k since month 6, which is encouraging given the changed approach towards reserve funded slippage which has reduced Directorate budgets by £387k. Had that been taken out at month 6 (so comparing like with like), the net cost of services exhibited a favourable £763k swing between month 6 and 9. Directorates continue to report reviewing the levels of over and underspends and reallocate budgets to reduce the extent of compensatory positions needing to be reported from month 9 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 (£1,528k net underspend)**

- Chief Executives Unit (£160k underspend)

Legal division exhibit the same level of underspend as month 6 of £30k. Governance, engagement and improvement forecast a deficit of £22k, which is worsening of £50k on month 6 largely symptomatic of a worsening position with community Education, caused by further decline in franchise income. Conversely Operations exhibits £218k improvement on month 6 and is now a predicted £152k surplus, largely through the reduction in SWTRA deficit by £100k, procurement savings of £15k and increase in waste/streetscene surplus. The position for each of main Operations areas is as follows, Highways £150k deficit (all SWTRA related), Property and Procurement £80k surplus (importantly the service has resolved the large deficit in schools catering it received from CYP Directorate when the service moved), Passenger Transport £25k deficit (despite presuming to bill Eisteddfod £104k worth of costs), Transport administration breakeven, Waste and Streetscene £241k surplus..

- Resources Directorate (£207k overspend)

An underspend in Finance Division costs of £101k, predominantly predicted savings in housing benefit and council tax administration. IT shows a significantly improved position since month 6, now effectively forecasting to breakeven with reduction in equipment costs compensating for the delay in commercialising and selling our developed Social Care application. People division continue to forecast an overspend of £100k, due to the delays with implementing the Training budget mandate (£50k) and take up of Flexible benefits being negligible against a target saving mandate of £50k. Place division forecast an overspend of £210k, £135k of which is the result of delays in meeting previously agreed income targets in the sustainability budget (£84k), and £62k overspend in respect of Markets, a mixture of increased costs in association with Borough Theatre, and a shortfall in income against income targets. The remainder £75k is a result of an unachievable mandate for the commercialisation/optimising of Enterprise Assets that has recently transferred to

the new Directorate. This pressure has been identified and built into 2017-18 budget proposals going forward.

- Corporate (£92k overspend)

There is an excess of net pension strain costs (£108k) caused by past and current redundancy decisions. Corporate management exhibits a £475k overspend caused predominantly by a shortfall in reimbursement in rating appeals forecast as £140k deficit, miscellaneous write off of unrecoverable debts £47k, £318k of employment tribunal settlement costs against which a caveated use of reserves was agreed by Cabinet at month 6, Coroner costs being higher than budgeted (£20k overspend), offset by Insurance underspend of £74k. Strategic initiatives evidences an underspend of circa £440k. This budget relates to living wage uplift (£184k) and our creation of redundancy budget (£450k). The actual resulting costs sit in individual Directorates through the year, to be absorbed/mitigated in first instance. However to avoid double counting of such costs and appreciating ultimately they may fall to the corporate budget, the corporate budget is artificially adjusted so that it is self-balancing with Directorate costs. Excluding schools the Council has incurred £256k redundancy costs to date, and monitoring assumption for living wage uplift remains at budgeted level.

- Appropriations (£608k underspend)

Caused predominantly by a net £627k 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 £25m has been incurred at month 9), and using receipts as more cost effective temporary internal borrowing.

- Financing (£1,059k underspend)

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

## **RESOURCES DIRECTOR CONTEXT & COMMENTARY**

The Directorate is carrying a number of significant in-year pressures brought about by budget mandates that had been further developed but that have not been able to deliver the intended level of savings. Whilst many of these pressures have now removed as part of the 2017-18 budget proposals the Directorate continues to place downward pressure on expenditure and has been successful in further reducing the over spend to £207k. This is aided by an improved housing benefit subsidy position which in itself remains volatile. Further efforts will continue to be made to across the Directorate to reduce the over spend going into year-end.

## **HEAD OF OPERATIONS CONTEXT & COMMENTARY**

The third quarter shows a move from a half year projected overspend of £69,999 to an underspend of £152,076. Obviously this is a welcome trend in support of achieving a corporate balanced, or ideally underspend, position.

The main contributors towards the underspend are discussed below:

Waste and Street Services – although the employer's funding is budgeted for some employees (both waste and grounds staff) continue to decline to take up the option of an occupational (superannuation) pension resulting in a saving on the employer's contribution. The Project Gwyrdd annuity offers a saving in early years although this will reverse in future years and additional budget provision will be required. Grounds trading has increased, particularly for play equipment installation so income has improved accordingly.

Property and Facilities Management – property and office maintenance are being managed to provide an underspend and it is pleasing to see that schools catering and cleaning are both balancing in this year having struggled to do so in recent years.

Public and schools transport - forecasting a small overspend of £25,000 which will be managed in the Operations out turn overall.

County Highways and SWTRA – The month 6 position suggested a £250,000 budget pressure due to the new SWTRA agreement changing dramatically the financial forecast from the underspends in previous years. As the new agreement unfolds the position is becoming clearer which, along with works for other local authorities indicates that the overspend for this area may be revised to £150,000. The winter so far has seen pre-salting runs being undertaken but no major response to poor weather. Nevertheless it is worth noting that the risk remains that bad weather would see extra costs being incurred.

### **3.1.7 Economy & development Select Portfolio (£291k net overspend)**

- Enterprise Directorate (£294k net overspend)

Business growth and enterprise is incurring a forecast overspend of £25k, predominantly reflective of the net deficit in Youth Services that has moved from CYP Directorate within the year.

Planning & Housing (£180k underspend) – Development control exhibits a deficit of £43k through reduced development and income activity, conversely development plans area exhibits £201k surplus, which is rather artificial as the saving is largely resultant from Local development plan (LDP) costs being deferred which will instead crystallise next year in addition to next years annual budget. Currently these savings are presupposed to assist with overall Enterprise Directorate bottom line. Housing exhibits a £21k underspend which is a mixture of net one off grant received in homelessness and an excess of income in lodging scheme being above occupation assumptions.

Tourism, leisure & culture (£448k overspend) - Countryside exhibit an underspend of £30k from part vacancy and extra grant funding. There is a £221k overspend in respect of Cultural services, of which the main pressure is Caldicot Castle (£122k), Old Station (56k) and Museums (43k) as a result of unmet mandate savings. Leisure services anticipate £81k overspend, largely the consequence of forecast imbalance in the Events function (£67k) caused in part by costs of Events team in facilitating Eisteddfod exceeding the agreed recharge, the remainder reflects a redundancy in Leisure which is anticipated to be picked up by the Council's corporate reserve budget. Tourist Information Centres indicate a £79k overspend due the service being run above the level presumed by saving levels volunteered by the Directorate for this service. Youth services are a recent addition to Enterprise Directorate, and have been absorbed in part between Business Growth and Enterprise sub division and Tourism Leisure and Culture subdivision. It was received from CYP with a significant inherent deficit and whilst this deficit is still £96k deficit, this is an improvement of £51k on month 6 position.

- Social Care & Health (£3k underspend)

Public Protection (£3k underspend) – miscellaneous minor underspends on £1.5million expenditure budget

### **ENTERPRISE DIRECTOR'S CONTEXT & COMMENTARY (in absentia)**

The Directorate continues to drive a progressive agenda of change brought about by the need to re-engineer services and put them on a more sustainable footing whilst continuing to deliver ambitious mandated savings. 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.

Continuing cost pressures remain around planning, 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 in its current form 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.

Whilst the Eisteddfod was a tremendous success, showcasing our county and delivering huge benefits it also took considerable time and focus of teams which as a consequence and as a one off has resulted in additional costs being incurred and notably by the Events function. I am pleased to see that the Youth Service, whilst still exhibiting an over spend continues to drive towards a more sustainable model of delivery.

The directorate continues to explore opportunities to drive further savings and remains hopeful that the forecast position will improve further in assisting the Authority's current over spend position.

### **3.1.8 Adult Select Portfolio (net £398k overspend)**

- Social Care & Health

Adult Services (£100k underspent) – the net effect of secondments and intermediate care funding sustaining services, a saving of £53k has resulted from the My Day review, which compensates in part for a short term staffing pressure at Severn View of £80k, and redundancy costs of circa £73k in respect of Mardy Park.

Community Care (£594k overspend) – this area has now overtaken Children's Services as the most significant financial challenge affecting Social Care Directorate. The net pressure is caused by £110k flip in Community Learning Disability Costs since month 6 to now be £83k deficit, adding to continued care package demands predominantly within the Chepstow team and Mental Health Care team, collectively £1.2 million. These are compensated in part by savings within the other 2 teams (£254k), reported Frailty partnership cost underspends (£52k) and net Independent Living and Intermediate Care funding total collectively £100k.

Commissioning (£93k 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, and a return of historic un-utilised funding from a third party.

Resources (net £3k overspend) – a mix of Finance team and Facilities management savings have compensated in part for addition IT and service strategy costs.

During the report writing process, SCH colleagues volunteered an additional collective £189k improvement cause by adoption of the following monitoring assumptions across Adult and Children Services. There is an additional degree of risk that such savings will be manifest hence wishing to keep separate from the original forecast provided, but they have been reflected in the summary table figures in para 3.1.2 in modelling the consequence.

- 100% Health funding for two Children's cases of £49K
- Not accounting for £30K of LAC panel cases of 12<sup>th</sup> January which came to light after M9 deadline
- Taking a brave move to assume Health will agree to us retaining the £129.5K new year ICF slippage which we have been trying to get agreement on
- £9K refund from capital for Mardy Park carpark scheme to fund Mardy Park transition work which has yet to be actioned.

### **SCH DIRECTOR'S CONTEXT & COMMENTARY**

There is a projected overspend of £403,000 in Adult Social Care. This is an improving position from the month 6 position by £233,000. There remain significant pressures as a consequence of the demographics, particularly in older adult mental health and the integrated team in the South

Monmouthshire. These pressures were contained within the service in previous years but the practice change mandate of £628,000 for 2016/17 means that underspends elsewhere are not able to offset the pressures. There are a combination of factors that are causing particular challenges; the complexity of need of people who are very old and frail, an increase in placement numbers as people who are already in residential care placements become the responsibility of the Local Authority when their savings fall below the £24,000 threshold and fragility of both the care home and domiciliary sectors. Intermediate Care Fund investment is being used to partially address pressures; however some of this investment is not yet confirmed as recurring for Monmouthshire. Since the introduction from 1st April 2016 of the new charging regulations issued to Local Authorities under the Social Services and Wellbeing Act, we have an income loss pressure resulting from respite care charges being capped at £60 per week. Recovery plans are in place across adult services and a range of actions are being pursued to accelerate practice change. A detailed service and financial plan is being developed for the next 3 years.

### **3.1.9 Children & Young People Select Portfolio (net £754k overspend)**

- Social Care & Health

Children's Services (net £584k overspend) – whilst this is now no longer the greatest financial challenge within Social care, its pressure has exhibited an upward trend since month 6 of £177k. There are a variety of large value under and overspends within the service, but the volatility can largely be attributed to a forecast increase in external placement costs of £299k, £93k increase in Younger People's accommodation costs with a partly compensatory effect from a reduction in fostering allowances and costs (£180k benefit). Whilst the external placement outturn forecast is breakeven with budget and fostering costs exhibit £39k underspend, Members may wish to keep a close eye on quarterly movement between Fostering and external placements and their interrelationship going forward as any increasing trend of rising external placement costs and reducing foster costs appears a less resilient and sustainable prospect. However individual care package costs and utilisation of appropriate care options will tend to skew financial analysis when viewed in short timeframes so need to be viewed over a more protracted period. Court costs exhibit no activity variance on month 6 and still forecast a net deficit of £118k against budget. Team costs (overspend of £498k) continue to be significantly affected by the extent and use of temporary and agency staff 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.

During the report writing process, SCH colleagues volunteered a collective additional £189k improvement cause by adoption of the following monitoring assumptions across Adult and Children Services. There is an additional degree of risk that such savings will be manifest hence wishing to keep separate from the original forecast provided, but they have been reflected in the summary table figures in para 3.1.2 in modelling the consequence.

- 100% Health funding for two Children's cases of £49K
  - Not accounting for £30K of LAC panel cases of 12<sup>th</sup> January which came to light after M9 deadline
  - Taking a brave move to assume Health will agree to us retaining the £129.5K new year ICF slippage which we have been trying to get agreement on
  - £9K refund from capital for Mardy Park carpark scheme to fund Mardy Park transition work which has yet to be actioned.
- 
- Children and Young People (net £170k overspend)



Resources delegated to schools exhibit £34k overspend against budget due to additional support provided by LEA in respect of staffing and IT charges. There is a small underspend of £4k within the Finance team, which compensates in part for the net overspend of £140k in Additional Learning Needs costs reflective of decisions to support pupils within MCC school system (£120k) over budgeted levels and out of County placement costs exceeding budget by £50k. There are £18k redundancy costs with Flying Start provision which will be picked up from Council corporate redundancy pot rather than the grant, with net ALN costs mitigated by vacancy and management savings and a reduction in grant match funding requirements relating to current and previous year.

### **SOCIAL CARE & HEALTH DIRECTOR'S CONTEXT & COMMENTARY**

There is a projected overspend of £584,000 in Children's Services. The main causes of the overspend are workforce (agency staff remaining in post whilst new staff are recruited), legal fees (representing the level and complexity of court activity) and care leavers accommodation costs. There is positive movement in the placement budget, as the number of looked after children have reduced and a number of control mechanisms have been established such as a Looked After Children admissions panel. This budget remains volatile and could see significant fluctuations if there is an increase in looked after children numbers. Cabinet approved a 3 year service and financial plan for improving Children's Services in July 2016 which includes a financial model that will support Children's Services in managing within its means as practice and commissioning improves.

### **INTERIM CHILDREN & YOUNG PEOPLE DIRECTOR'S CONTEXT & COMMENTARY**

The Children and Young People Directorate's Month 9 position is a forecasted overspend of £171,000. This is an increased overspend position compared with that of Month 6. The ALN budget continues to remain under significant pressure due to the requirement to support more of our pupils with complex needs out of county, which has led to a further pressure of £25,000 leading to a year end overspend of £50,000. There have been additional costs of £43,000 in the School Resource Action Fund and this area forms a significant percentage of the Directorate's forecasted overspend (expected to be £120,000 at year end). Alongside these overspends recoupment forecasts are lower than expected but it is expected that there will be greater recovery prior to year-end.

Due to the current interim arrangement within the management team of CYP, additional costs have been incurred, resulting in an overspend of £61,000 in this area. Vacancies have been carried to minimise the impact of this cost. We are continuing to work across all areas of spend to reduce the overspend position with a particular focus on managing our Additional Learning Needs budget. This is also a focus of a longer term strategic review which will allow us to meet the needs of children earlier and at a lower cost.

The Directorate will work across all areas of activity to bring down the level of overspend by the end of year.

## **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 9 projections.

**Month 9 movement on reserves**

	Opening reserves 2016-17 (Surplus)/Deficit	In Year forecast at Month 6 (Surplus)/Deficit	Difference reported from Month 9 to Month 6 (Surplus)/Deficit	In Year forecast at Month 9 (Surplus)/Deficit	Projected carry forward at year end 2016-17 (Surplus)/Deficit	Notes
<b>Abergavenny cluster</b>						
E003 King Henry VIII Comprehensive	(107,369)	204,459	12,910	217,369	110,000	Significant increase in supply costs due to long term absences and exam fees are considerably higher than budgeted amount.
E073 Cantref Primary	(41,987)	10,113	1,159	11,272	(30,715)	
E072 Deri View Primary	(86,054)	75,037	(15,963)	59,074	(26,980)	Position has improved since Q2 as a result of realignment of grant expenditure.
E035 Gilwern Jnr & Inf	(41,298)	18,238	(1,756)	16,482	(24,816)	
E037 Goytre Fawr Jnr & Inf	(53,920)	22,310	11,009	33,319	(20,601)	IT investment has resulted in an increased in-year spend.
E041 Llanfair Kilgeddin CV Jnr & Inf	(66,824)	66,824	0	66,824	0	
E093 Llanfoist Fawr	(93,790)	62,181	3,397	65,578	(28,212)	
E044 Llantillio Pertholey Jnr & Inf	(37,176)	36,557	(2,955)	33,602	(3,574)	
E045 Llanvihangel Crocorney Jnr & Inf	23,605	5,152	2,219	7,371	30,976	
E090 Our Lady and St Michael's RC Primary School	(30,654)	5,363	(336)	5,027	(25,627)	
E067 Ysgol Gymraeg Y Fenni	(58,741)	23,163	(381)	22,782	(35,959)	
Successful Futures Grant Funding from EAS	0	0	(13,050)	(13,050)	(13,050)	
<b>Caldicot cluster</b>						
E001 Caldicot Comprehensive	(208,860)	203,597	(27,046)	176,551	(32,309)	Improved forecasted position due to anticipated savings against utilities and building maintenance costs due to new school build.
E068 Archbishop Rowan Williams Primary	(84,488)	68,794	(10,949)	57,845	(26,643)	
E094 Castle Park	21,447	26,109	0	26,109	47,556	
E075 Dewstow Primary School	(112,597)	72,219	(195)	72,024	(40,573)	
E034 Durand Jnr & Inf	(60,520)	18,293	(5,688)	12,605	(47,915)	
E048 Magor Vol Aided Jnr & Inf	(56,008)	7,667	21,986	29,653	(26,355)	A number of absences have resulted in increased costs of supply cover.
E056 Rogiet Jnr & Inf	(59,614)	51,948	(20,339)	31,609	(28,005)	Improved position as a result of additional ALN funding being received to support a post already in place. Also donations received to offset premises expenditure which had not previously been forecasted.
E063 Undy Jnr & Inf	(16,641)	(11,102)	26,101	14,999	(1,642)	In-year overspend now being reported as a result of a number of illnesses at the school which have resulted in increased costs of supply cover.
E069 Ysgol Gymraeg Y Ffin	(13,168)	55,697	11,426	67,123	53,955	Staff changes have resulted in an increased overspend position. Class structures have been revisited as part of recovery plan in order to reduce the deficit going forward.
Successful Futures Grant Funding from EAS	0	0	(10,150)	(10,150)	(10,150)	

	Opening reserves 2016-17 (Surplus)/Deficit	In Year forecast at Month 6 (Surplus)/Deficit	Difference reported from Month 9 to Month 6 (Surplus)/Deficit	In Year forecast at Month 9 (Surplus)/Deficit	Projected carry forward at year end 2016-17 (Surplus)/Deficit	Notes
<b>Chepstow cluster</b>						
E002 Chepstow Comprehensive	414,067	(253,758)	7,666	(246,092)	167,975	Small negative variance in comparison to Q2 as a result of increased costs of supply
E091 New Pembroke Primary School	(36,201)	33,497	10,504	44,001	7,800	Position has worsened since Q2 due to increased supply costs to cover a staff absence.
E057 Shirenewton Jnr &	(81,560)	(5,396)	3,770	(1,626)	(83,186)	
E058 St Mary's Chepstow RC Jnr & Inf	(25,386)	32,628	(971)	31,657	6,271	
E060 The Dell Jnr & Inf	(50,266)	35,976	(4,284)	31,692	(18,574)	
E061 Thornwell Jnr & Inf	(2,252)	13,196	28,025	41,221	38,969	Two members of teaching staff on long term absence have led to an increased spend on supply cover. Contract cleaning cost also higher than anticipated - this is being queried with DSO Cleaning. Additional support also required for two ALN pupils and a decision on whether funding will follow is pending.
Successful Futures Grant Funding from EAS	0	0	(8,700)	(8,700)	(8,700)	
<b>Monmouth cluster</b>						
E004 Monmouth Comprehensive	(45,772)	45,772	0	45,772	0	
E032 Cross Ash Jnr & Inf	(51,269)	26,955	(7,257)	19,698	(31,571)	
E092 Kymin View	(18,774)	24,547	2,799	27,346	8,572	
E039 Llandogo Jnr & Inf	11,446	(3,904)	12,027	8,123	19,569	Sickness absences at the school have resulted in increased costs of supply cover.
E074 Osbaston Church In Wales Primary	(37,344)	25,874	3,145	29,019	(8,325)	
E051 Overmonnow Jnr & Inf	19,101	(21,182)	13,886	(7,296)	11,805	Additional supplies and services and costs of increased necessary supply cover have resulted in a deficit now being forecasted - recovery plan meeting will scheduled.
E055 Raglan Jnr & Inf	(18,369)	17,573	499	18,072	(297)	
E062 Trellech Jnr & Inf	(86,281)	23,026	(3,226)	19,800	(66,481)	
E064 Usk CV Jnr & Inf	(71,295)	38,402	1,550	39,952	(31,343)	
Successful Futures Grant Funding from EAS	0	0	(16,600)	(16,600)	(16,600)	
<b>Special Schools</b>						
E020 Mouton House	154,854	0	0	0	154,854	
E095 PRU	(46,208)	0	0	0	(46,208)	
	(1,156,166)	1,055,825	24,232	1,080,057	(76,109)	

3.2.2 6 schools exhibited a deficit position at the start of 2016/17. This is anticipated to rise to 12 by end of 2016-17. 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 they will provide enhanced confidence that they will be able to 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 £76,000 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	(76)

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.

3.2.6 As part of periodic monitoring engagement with CYP Select, the future provision of Recovery plan targets for those in deficit was volunteered, for members to get a better appreciation of whether individual schools were on track with their improvements or otherwise. CYP colleagues have supplied such details in draft, but would like the opportunity to amend in light of recent EAS awards, so as an interim step for month 9 a narrative note has been supplied in relation to significant variance which will for outturn and future be replaced by the revised recovery plan targets agreed with individual schools.

## 3.2 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	Savings reported achieved month 2	Savings reported achieved month 6	Savings reported achieved month 9	Percentage progress in achieving savings	Delayed savings	Savings not achievable
	£'000	£'000	£'000	£'000	%	£'000	£'000
Children & Young People	600	600	600	600	100%	0	0
Social Care & Health	640	640	12	12	2%	628	0
Enterprise	310	285	285	245	79%	40	25
Resources	544	318	299	260	48%	75	209
Chief Executive's	1,565	1,442	1,442	1,437	92%	85	43
<b>Total Mandated Service Savings 2016-17</b>	<b>3,659</b>	<b>3,285</b>	<b>2,638</b>	<b>2,554</b>	<b>70%</b>	<b>828</b>	<b>277</b>

3.3.2 Forecasted mandated savings are currently running at 70%, down from 72% at period 2, with currently £277,000 being deemed unachievable at the end of month 9, and a further £828,000 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 B5b: Optimisation/commercialisation of assets within Enterprise Division. This mandate was originally wholly with Enterprise Directorate. Responsibility for £75k of £100k was transferred to Resources Directorate recently, but is unlikely to be achieved this close to year end. The mandate has been regarded as unachievable longer term and alongside others is an element of pressures to be accommodated as part of 2017-18 budget process
- 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 £60,000 short of the £400,000 in regard to the service collaboration for Tourism (£20k), Museums (£20k), and Public Conveniences (£20k) .
- Mandate A28: Community Hubs: In a change from month 6, the original saving proposal £25,000 will not be achieved in the fashion original presumed by Contact Centre but the Community Hub service overall is still anticipated to break even against budget.

### **3.3.6 Economy & Development Select Portfolio**

#### Enterprise (ENT) Directorate

- Mandate B5 b and c: Community Asset Transfer / Income Generation £25,000 of the original £100,000 relates to revised Leisure income targets. The remaining improvements from optimisation of assets has transferred to Resources Directorate. Neither element is forecast

to be achieved this year, and has been added to the pressures for consideration as part of 2017-18 budget process.

### 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 particularly with Community Care arm of Social Care of £888,000 currently, makes it unlikely to conclude that the practice change mandate of £628,000 is deliverable 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 9 is as follows

<b>MCC CAPITAL BUDGET MONITORING 2016-17 AT MONTH 9 by SELECT COMMITTEE</b>						
<b>SELECT PORTFOLIO</b>	<b>Annual Forecast</b>	<b>Slippage Brought Forward</b>	<b>Total Approved Budget 2016/17</b>	<b>Provisional Capital Slippage to 2017/18</b>	<b>Revised Capital Budget 2016/17</b>	<b>Forecasted Capital Expenditure Variance</b>
	£000	£000	£000	£000	£000	£000
<b>Children &amp; Young People</b>	31,626	39,731	43,243	(11,617)	31,626	0
<b>Adult</b>	95	30	95	0	95	0
<b>Economic &amp; Development</b>	5,224	680	5,280	(50)	5,230	(6)
<b>Strong Communities</b>	8,689	3,243	9,464	(770)	8,693	(4)
<b>Capital Schemes Total</b>	45,634	43,684	58,082	(12,437)	45,644	(10)

### 3.5 Proposed Slippage to 2017-18

3.5.1 Proposed slippage volunteered at month 9 of £12.4 million mainly relates to Future Schools (£10,303k), The Welsh Medium School (£1,000k), £415k within S106 schemes, £296k in Schools ICT and a further £160k in relation to Granville Street / Wyebridge Street car parks.

### 3.6 Capital Outturn

3.6.1 Major revisions to the capital programme since month 6 include Cabinet approvals for the Solar Farm at Oak Grove (£4,455K). This expenditure will be incurred in full between month 10 and outturn but does skew somewhat the significance of spending necessary between now and year to manage a forecast in accordance to budget. This report does not yet reflect the sc106 deliberations and revisions to the budget agreed in relation to Caldicot 3g pitch and related play scheme refurbishment schemes made immediately prior to Christmas. This work has been actioned during month 10 and as a result will feature at the next monitoring cycle.

3.6.2 A collective forecast spend of £45.6million by budget holders by year end does require converting commitments and aspirations of £25m over next 3 months into actual spend when collectively they have only spent £21m in the first 9 months. As mentioned above £4.5m of this relates to solar farm expenditure and a significant element relates to Future schools costs, particularly in relation to Monmouth that can now be accelerated following Member decision to increase funding envelope to afford the their preferred design.

3.6.3 However based on monitoring experience, and pragmatism around past practice it is anticipated that budget holders will continue to overestimate their ability to progress projects and struggle to incur the full extent of necessary expense to suspect that month 9 forecast will prove the reality. Slippage requests tend to increase as the year progresses, and in common with previous years an in-depth analysis of such will be taken at outturn to evaluate whether requests are reasonable or whether instead the outturn variance is more accurately categorised as an underspend to be volunteered to members to be recycled into other capital priorities as part of the usual year end monitoring report.

3.6.4 Pressures apparent between month 6 and 9 include an extra £30k on Woodstock Way linkage scheme, proposed to be funded from an abortive area improvement scheme proposed in Abergavenny. Members have been keen to facilitate additional small scale adaptation work to relieve some pressure upon the general DFG budget, proposing to fund £30k worth of works from £15k Highways capital works budget and £15k from Access for all budget.

### 3.7 Capital Financing and Receipts

3.7.1 Given the anticipated capital spending profile reported in para 3.4.1, the following financing mechanisms are expected to be utilised.

<b>MCC CAPITAL FINANCING BUDGET MONITORING 2016-17 AT MONTH 9 By FINANCING CATEGORY</b>						
<b>CAPITAL FINANCING SCHEME</b>	<b>Annual Forecast Financing</b>	<b>Slippage Brought Forward</b>	<b>Total Approved Financing Budget 2016/17</b>	<b>Provisional Budget Slippage to 2017/18</b>	<b>Revised Financing Budget 2016/17</b>	<b>Forecast Capital Financing Variance 2016/17</b>

	£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	16,000	16,050	17,853	(1,853)	16,000	0
S106 Contributions	842	880	1,256	(415)	842	0
Unsupported borrowing	16,404	11,553	25,605	(9,201)	16,404	0
Earmarked reserve & Revenue Funding	888	590	1,100	(212)	888	0
Capital Receipts	7,501	14,500	8,292	(755)	7,536	(35)
Low cost home ownership receipts	113	113	113	0	113	0
Unfinanced	25	0	0	0	0	25
<b>Capital Financing Total</b>	<b>45,634</b>	<b>43,684</b>	<b>58,081</b>	<b>(12,437)</b>	<b>45,644</b>	<b>(10)</b>

### 3.8 Useable Capital Receipts Available

3.8.1 In the table below, the effect of the changes to the forecast capital receipts on the useable capital receipts balances available to meet future capital commitments is shown. This is also compared to the balances forecast within the 2016/20 MTFP capital budget proposals.

Movement in Available Useable Capital Receipts Forecast

<b>TOTAL RECEIPTS</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance b/f 1 <sup>st</sup> April	5,311	8,971	0	1,093
ADD				
Receipts received in YTD	16,467	0	0	0
Receipts forecast received	685	9,951	5,560	5,660
Deferred capital receipts	4	4	4	4
LESS				
Receipts to be applied	(7,501)	(18,926)	(4,471)	(509)
Set aside	(5,995)	0	0	0
<b>Predicted Year end receipts balance</b>	<b>8,971</b>	<b>0</b>	<b>1,093</b>	<b>6,248</b>
<b>Financial Planning Assumption 2016/20 MTFP Capital Budget</b>	<b>18,151</b>	<b>6,452</b>	<b>3,985</b>	<b>3,481</b>
<b>Increase / (Decrease) compared to MTFP Capital Receipts Forecast</b>	<b>(9,180)</b>	<b>(6,452)</b>	<b>(2,892)</b>	<b>2,767</b>



- 3.8.2 The balances forecast to be held at the 31<sup>st</sup> 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. The table above is artificial in evidencing negative receipts, this wouldn't be the reality, alternative funding sources would need to be utilised when a positive level of receipts expires, and commonly this will involve reviewing levels of set aside which has a potential to affect the Council's revenue budget as not reducing capital financing requirement as anticipated would increase minimum revenue provision which is a product of that financing requirement. There is scope to do that without adversely affecting Appropriations budget, but the saving on Appropriations is commonly used to assist in driving to a balanced bottom line by year end.
- 3.8.3 The forecast / received receipt figure above for 2016/17 includes receipts from the old Abergavenny cattle market site and the Coed Glas site. The receipt still outstanding for 2016-17 relates to a Farm sale. There is an increasingly significant risk to the Council 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 would necessitate compensatory temporary borrowing which is more costly than utilising capital receipts and would necessitate additional revenue savings annually to afford.

### 3.9 Reserve Usage

3.9.1 Revenue and Capital monitoring reflects an approved use of reserves. At month 9, reserve call budgets have been adjusted to show a clean position in regard to contributions from / to reserves at the year-end. Budgets have been adjusted to reflect the delay in the reserve call due to operational requirements and any reserves that are no longer required. At month 9 these are;

#### Reduced call upon reserves

- Innovations & marketing officer contribution £44k (deferral)
- Innovations & marketing CYP £60k (deferral)
- Eisteddfod Community fundraising backstop £72.3k (no longer required)
- LDP expenditure contribution £100k (deferral)
- RDP expenditure contribution £62.7k (deferral)
- Social Care & health Leadership review £35k (deferral)
- Elections expenditure contribution £100k (deferral )

Total £474k

#### Increased call upon reserves

- Digital Programme Officer (£60.5K)
- Payroll / Human Resources Restructure (£25k)

Total £85.5k

Net £387k

In addition the following 2 items are a caveated use of reserves. The distinction between caveated use of reserves and approved use of reserves is that an approved use of reserves is included in the reserve forecast below where as a caveated use wouldn't be. This is because a caveated use merely means that there may be an additional reserve call at outturn depending upon whether the bottom line position has been sufficient to absorb such. At the moment with only £108k deficit, which includes these costs, this is looking promising.

- Pension strain costs (£108k) reflection increased redundancies
- Industrial Tribunal Costs (£318k) is forecasted to be drawn if costs cannot be contained within overall annual budget

3.9.2 The following predicted position reflects capital and revenue presumptions evident in period 3 monitoring.

<b>Summary Earmarked Reserves Forecast 2016-17</b>					
<b>Earmarked Reserves</b>	<b>2015-16</b>	<b>Revenue Approved Usage</b>		<b>Capital Usage</b>	<b>2016-17</b>
	<b>C/FWD</b>	<b>Replenishment of Reserves</b>	<b>Draw on Reserves</b>		<b>c/fwd</b>
Invest to Redesign	-1,298,155	-72,508	459,644	62,797	-848,222
IT Transformation	-826,835		60,500	238,862	-527,473
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		693,521		-580,735
Capital Investments	-1,264,599			586,168	-678,431
Priority Investments	-1,120,069		1,126,861		6,792
Museum Acquisitions	-56,760				-56,760
Elections	-108,183	-25,000			-133,183
Grass Routes Buses	-139,703	-5,000			-144,703
<b>Sub Total</b>	<b>-8,637,341</b>	<b>-102,508</b>	<b>2,435,902</b>	<b>887,827</b>	<b>-5,416,120</b>
<b>Restricted Use Reserves</b>					<b>0</b>
Youth Offending Team	-325,000				-325,000
Building Control Trading	-12,008				-12,008
Outdoor Education Centres	-190,280		2,753		-187,527
CYP Maternity	-104,000				-104,000
<b>Total Earmarked Reserves</b>	<b>-9,268,629</b>	<b>-102,508</b>	<b>2,433,149</b>	<b>887,827</b>	<b>-6,044,655</b>

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. Current predicted use of the Priority investment reserve means it will go into deficit by the end of the year. Replenishment of earmarked reserves will be considered at year end, subject to a favourable outturn position and if necessary redistribution of reserves will ensure positive balances are available to meet the following years requirement.

#### **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 9 (period 3) monitoring reports, as per the hyperlink provided

<http://corphub/initiatives/Budgetmon/20162017/Forms/Q3.aspx>

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### **Appendices**

Appendix 1 Mandated Savings Progress Report



**Appendix 1**

**Budgeted Service Savings Mandates Progress 2016/17**



<b>DIRECTORATE</b>	<b>Saving included in 2016/17 Budget</b>	<b>Savings reported achieved month 2</b>	<b>Savings reported achieved month 6</b>	<b>Savings reported achieved month 9</b>	<b>Percentage progress in achieving savings</b>	<b>Delayed savings</b>	<b>Savings not achievable</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>	<b>£'000</b>	<b>£'000</b>
<b>Children &amp; Young People</b>	600	600	600	600	100%	0	0
<b>Social Care &amp; Health</b>	640	640	12	12	2%	628	0
<b>Enterprise</b>	310	285	285	245	79%	40	25
<b>Resources</b>	544	318	299	260	48%	75	209
<b>Chief Executive's</b>	1,565	1,442	1,442	1,437	92%	85	43
<b>Total Mandated Service Savings 2016-17</b>	<b>3,659</b>	<b>3,285</b>	<b>2,638</b>	<b>2,554</b>	<b>70%</b>	<b>828</b>	<b>277</b>

2016/17 Budgeted Service Savings Mandates Progress






**CHILDREN & YOUNG PEOPLE**

Budget Proposals 2016/17	Mandate No.	Savings Mandate Narrative	Saving included in 2016/17 Budget £'s	Value of Saving Forecast at Month 2 £s	Value of Saving Forecast at Month 6 £'s	Value of Saving Forecast at Month 9 £'s	Value of Saving achieved at Outturn £'s	Delayed savings £'s	Savings not achievable £'s	Assessment of progress	Progress Indicator
<b>Gwent Music</b> (Nicki Wellington)	<b>A20</b>	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	50,000	-	-	-	On track and expected to be fully met	
<b>Phase 3 of Additional Learning Needs Review</b> (Sharon Randall-Smith)	<b>B20</b>	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	550,000	-	-	-	On track and expected to be fully met	
			<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>0</b>	<b>0</b>	<b>0</b>		

2016/17 Budgeted Service Savings Mandates Progress










SOCIAL CARE & HEALTH											
Budget Proposals 2016/17	Mandate No.	Savings Mandate Narrative	Saving included in 2016/17 Budget £'s	Value of Saving Forecast at Month 2 £s	Value of Saving Forecast at Month 6 £'s	Value of Saving Forecast at Month 9 £'s	Value of Saving achieved at Outturn £'s	Delayed savings £'s	Savings not achievable £'s	Assessment of progress	Progress Indicator
Transition - Bright New Futures (SCH) (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	12,000	0	0	0	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	0	0	628,000	0	With an £822k Adults overspend identified at month 5, we are reviewing alternative courses of action to pursue alternative opinions to deliver the savings.	
			<b>640,000</b>	<b>640,000</b>	<b>12,000</b>	<b>12,000</b>	<b>0</b>	<b>628,000</b>	<b>0</b>		

2016/17 Budgeted Service Savings Mandates Progress





ENTERPRISE											
Budget Proposals 2016/17	Mandate No.	Savings Mandate Narrative	Saving included in 2016/17 Budget £'s	Value of Saving Forecast at Month 2 £s	Value of Saving Forecast at Month 6 £'s	Value of Saving Forecast at Month 9 £'s	Value of Saving achieved at Outturn £'s	Delayed savings £'s	Savings not achievable £'s	Assessment of progress	Progress Indicator
Leisure Services Income Generation (Ian Saunders)	B1	Income generation/cost savings within the service.	120,000	120,000	120,000	120,000	-	-	-	On track and expected to be fully met	
Optimisation & better commercialism of Assets within Tourism, Leisure and Culture (Ian Saunders)		Income Generation Leisure	25,000	-	-	-			25,000	Won't be achieved this financial year	
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	-	-	40,000	-	Planning has seen a decline in income in recent months, it may struggle to achieve full saving.	
Extension Shared Lodgings Housing Scheme (Ian Bakewell)	B10	Increase the Shared Housing Scheme within Monmouthshire.	50,000	50,000	50,000	50,000	-	-	-	On track and expected to be fully met	
Second Phase Review of subsidies to 3 <sup>rd</sup> Sector (Will Mclean)	B12	Consolidation and reduction of grants to 3rd sector providers.	75,000	75,000	75,000	75,000	-	-	-	On track and expected to be fully met	
			<b>310,000</b>	<b>285,000</b>	<b>285,000</b>	<b>245,000</b>	<b>0</b>	<b>40,000</b>	<b>25,000</b>		















2015/16 Budgeted Service Savings Mandates Progress

RESOURCES											
Budget Proposals 2016/17	Mandate No.	Savings Mandate Narrative	Saving included in 2016/17 Budget £'s	Value of Saving Forecast at Month 2 £s	Value of Saving Forecast at Month 6 £'s	Value of Saving Forecast at Month 9 £'s	Value of Saving achieved at Outturn £'s	Delayed savings £'s	Savings not achievable £'s	Assessment of progress	Progress Indicator
Sustainable Energy Initiatives (Ben Winstanley)	A5	Investing in biomass boilers, solar farms and reduction in Carbon Commitment.	34,000	0	0	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	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	60,000	45,000	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.	
		Optimisation of Assets - PD	75,000	-	-	-			75,000	Unachievable	
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	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	0	0	60,000		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	25,000	-	-	-	Spread across authority, assume it has been achieved.	
<b>TOTAL</b>			<b>544,000</b>	<b>318,000</b>	<b>299,000</b>	<b>260,000</b>	<b>0</b>	<b>75,000</b>	<b>209,000</b>		

## 2016/17 Budgeted Service Savings Mandates Progress

CHIEF EXECUTIVE'S UNIT											
Budget Proposals 2016/17	Mandate No.	Savings Mandate Narrative	Saving included in 2016/17 Budget £'s	Value of Saving Forecast at Month 2 £s	Value of Saving Forecast at Month 6 £'s	Value of Saving Forecast at Month 9 £'s	Value of Saving achieved at Outturn £'s	Delayed savings £'s	Savings not achievable £'s	Assessment of progress	Progress Indicator
<b>Garden Waste</b> (Rachel Jowitt)		Increase in charges for Garden Waste collection service.	40,000	40,000	40,000	40,000				On track	
<b>Home to School Transport</b> (R Hoggins / Richard Cope)	<b>A14</b>	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	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.	
<b>Community Hubs</b> (Will McClean)	<b>A28</b>	It's about delivering services in a different way and aligning them with the Whole Place philosophy. This will introduce major changes to how the library and one stop shop services are delivered. 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.	25,000	25,000	25,000	25,000				Achievable through alternative Delivery Plan	
<b>Community Hubs</b> ( Rachel Jowitt)	<b>A28</b>	It's about delivering services in a different way and aligning them with the Whole Place philosophy. This will introduce major changes to how the library and one stop shop services are delivered. 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.	25,000	25,000	25,000			25,000		Achievable through alternative Delivery Plan. Contact Centre experiencing overspend exceeding mandate target	

<b>Legal Services</b> (Rob Trantor)	<b>B7</b>	Income generation by providing Legal Services to external organisations.	25,000	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. <b>This will not affect outturn in 16-17 as it has been offset by a grant windfall in Land Charges.</b>	
<b>Promoting Business Waste</b> (Rachel Jowitt)	<b>B8</b>	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	80,000				On Track	
<b>Leadership Team Structure Review</b> (Paul Matthews)	<b>B11</b>	Re-alignment of Senior Key Posts and Roles.	315,000	272,300	272,300	272,300			42,700	Waiting for update on the achievability, alternative delivery option	
<b>Highways Infrastructure Income Generation</b> (Roger Hoggins)	<b>B13</b>	Income generation from highway advertisements across Monmouthshire (£50k)	150,000	150,000	150,000	150,000				Planning approval delays means £25,000 relating to advertising income will be delayed. <b>Shortfall will be managed within service budget.</b>	
<b>Grounds – Funding Review</b> (Rachel Jowitt)	<b>B14</b>		75,000	75,000	75,000	75,000				on track	
<b>Highways Maintenance</b> (Roger Hoggins)	<b>B15</b>	Reducing the budgets within the highways section.	200,000	200,000	200,000	200,000				on track	
<b>Property Services and Facilities Management Review</b> (Rob O'Dwyer)	<b>B19</b>	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	100,000				The section is forecast to achieve the full mandate saving, shortfall from purchase rebates will be covered through general expenditure efficiencies.	

<b>Town and Community Councils</b> (Roger Hoggins)	B21	Restructuring of Services in collaboration with Town / Community Councils PCs	110,000	90,000	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	83,500				On Track	
		Waste	71,500	71,500	71,500	71,500				On Track	
<b>Town and Community Councils</b> (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	95,000		40,000		No contribution from Town council for museums. Only £5k received from Chepstow TC for TIC. £90k achieved from Hubs, increased savings of £20k being achieved through alternative delivery model for hubs. So High Risk on Museums, Low Risk on Tourism and Community Hubs	
<b>Collaboration and realigning structures in operations</b> (Roger Hoggins)	B22		100,000	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. <b>Should not impact on outturn position as shortfall will be covered by managed efficiencies in expenditure.</b>	
<b>TOTAL</b>			<b>1,565,000</b>	<b>1,442,300</b>	<b>1,442,300</b>	<b>1,437,300</b>		<b>85,000</b>	<b>42,700</b>		