

**CYNGOR SIR POWYS COUNTY COUNCIL.
CABINET EXECUTIVE
4th October 2016**

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Portfolio Holder for Finance

SUBJECT: Financial Overview and Forecast as at 31st July 2016

REPORT FOR: Decision / Discussion / Information

1. Summary

1.1 This report provides an update on the Revenue and Capital Budgets as at 31st July 2016 and provides an early indication of the 2016/17 financial performance. It is important to note that savings will only be built in when they have been delivered. It is prudent to maintain this approach as it gives an accurate position.

1.2 Revenue

1.2.1 The projected forecast for the revenue budget is to overspend by £5.725m, an increase of £297k on the position reported at the end of June. This includes the undelivered 2015/16 savings that are in the budget. The position excludes the Housing Revenue Account (HRA) and Schools Delegated Budgets. The overall position is a projected 3.43% overspend of the working budget. This projection is provided after considering all known factors. This includes savings that have been achieved but as indicated in the paragraph above does not make allowance of savings yet to be identified or achieved.

1.2.2 A summary by Directorate is provided below.

Summary Forecast by Directorate	Original Budget	Total Working budget	Approved Contribution to / (Use) of Reserves	Forecast Spend	Variance (Over) / Under spend	Variance (Over) / Under spend
	£'000	£'000	£'000	£'000	£'000	%
People	71,546	72,534	4	77,550	(5,016)	-6.92%
Place	38,792	39,714	(3,766)	40,755	(1,041)	-2.62%
Schools	29,029	29,210	1,112	29,741	(531)	-1.82%
Resources	6,456	7,334	(747)	7,337	(3)	-0.04%
Central Activities	21,317	18,335	1,709	17,469	866	4.72%
Total	167,140	167,127	(1,688)	172,852	(5,725)	-3.43%

1.3 Capital

1.3.1 Actual expenditure on the Capital budget and committed expenditure is £16.35m which represents 28% of the full year revised budget, it includes approved and required virements.

1.4 Efficiency savings

1.4.1 Revenue savings of £10.004m were agreed as part of the 2016/17 budget and there were also £51k and £2.545m of savings brought forward from 2014/15 and 2015/16 respectively, which are in the base budget and need to be delivered, bringing the total savings to be delivered for 2016/17 to £12.600m. Achievement of the savings to the end of July amount to £7.879m representing 63% of the total to be found in the year.

1.5 Reserves

1.5.1 The revenue reserves held at the beginning of the year totalled £42m, with £10.230m held in the General Reserve. The forecast use of reserves to support the revenue budget during the year is £4.093m. Unless the agreed budget savings are delivered a further draw on the general reserve will be required, this is currently projected at £5.381m.

2. Revenue Forecast

2.1 The table below provides the revised projected forecast to the 31st July 2016.

<u>Forecast to 31st July 2016</u>						
Service Area	Original Budget	Total Working budget	Use of Reserves	Forecast Spend	Variance (Over) / Under spend	%
	£	£	£	£	£	%
People						
Adult & Commissioning	54,944	55,428	4	59,956	(4,528)	-8.2%
Children Services	15,774	16,247	0	16,738	(491)	-3.0%
Housing General Fund	828	859	0	856	3	0.3%
Place						
Leisure & Recreation	11,380	11,857	(165)	11,836	21	0.2%
Regeneration, Property & Commissioning	7,308	7,539	(1,314)	7,459	80	1.1%
Highways, Transport & Recycling	20,104	20,318	(2,287)	21,460	(1,142)	-5.6%
Schools						
Schools Service	29,029	29,210	1,112	29,741	(531)	-1.8%
Resources						
Professional Services	1,004	1,018	(150)	1,018	0	0.0%
Information Services	234	188	(151)	248	(60)	31.9%
Business Services	1,091	1,813	(395)	1,795	18	1.0%
Chief Executive	4,127	4,315	(51)	4,276	39	0.9%
Service Area Totals	145,823	148,792	(3,397)	155,383	(6,591)	-4.4%
Central Activities	21,317	18,335	1,709	17,469	866	4.7%
Total	167,140	167,127	(1,688)	172,852	(5,725)	-3.4%

Housing Revenue Account (HRA)	0	0	0	(108)	108	0.0%
Schools Delegated	69,979	76,180	(2,435)	76,113	67	0.1%
Schools Delegated - Other		(6,188)	30	(6,173)	(15)	0.2%
Total including HRA	237,119	237,119	(4,093)	242,684	(5,565)	-2.3%

2.2 The forecast over or underspends in the table above are projected against the approved working budget, the 'working budget' includes budgeted transfers to or from reserves which are also provided in the table. The forecast is therefore in addition to the budgeted requirement on reserves.

2.3 The revenue outturn performance indicator target is to be within 0.5% of net budget. The forecast outturn for the year excluding Schools delegated and the HRA is a net overspend of £5.725m or 3% of the working budget.

2.4 **People Directorate**

Net Working Budget: £ 72,534k

Net Forecast Expenditure: £ 77,550k

Variance (Over)/Under Spend: £ (5,016)k

2.4.1 **Adult Social Care** is currently forecast to overspend by £4.528m, this includes the brought forward and current year savings of £1.318m yet to be achieved. This forecast is subject to an intensive review to ensure the methodology is robust.

2.4.2 Home care Independent sector costs are showing an increase in cost of £2.9m compared with 15/16. This has been adjusted to reflect trends between planned and delivered hours of care, reducing the projected overspend in this area to £2.013m. The increases in packages of care from 1st April forecasted to year end is an additional £970k, £312k relating to the change of 15/20 minute calls to 30 minute calls to ensure safe delivery of care and £215k increase in unit cost per hour to address the effect of the National Living Wage (NLW). Further analysis is being undertaken to substantiate this figure. This is in addition to the £730k pressure already identified in previous reports relating to the transfer of staff from the failed provider to in-house provision.

2.4.3 Expenditure has increased significantly on residential and nursing placements for learning disabilities and older by £700k and £197k respectively. Further analysis will be undertaken to establish if this is in relation to demography and transitions.

2.4.4 The above is offset by a projected underspend on staffing of £460k due to recruitment issues, some of which have been addressed by the use of agency staff. However since the commencement of the agency framework, eProcurement has not been used and therefore the costs in relation to agency maybe understated as commitments are not held within the financial ledger

2.4.5 The forecast outturn does not allow for any future demography, nor any future contract uplifts agreed with the independent sector, including some of the Care Home fee uplifts agreed by Cabinet in September 2013 for the Care Homes still to undergo the 'Open Book' exercise.

- 2.4.6 **Children's services** forecast an overspend of £491k, mainly due to undelivered savings opportunities of £435k, of which £109k relates to third party savings.
- 2.4.7 The Looked After Children (LAC) service area is forecasting an overspend of £224k, due to additional residential placements. The potential increase in Looked after Children (LAC) is a risk and difficult to predict due to the increase in demand and complexity of user needs.
- 2.4.8 There is a projected underspend on staffing of £161k due to staff vacancies/slippage, owing to recruitment issues and staff turnover. This does not consist of permanent vacancies in any one team, but due to natural turnover of workforce. In addition given the geography of Powys we are unable to utilise solutions such as supernumery posts to manage staff turnover and prevent underspend, but in some instances agency staff have been utilised to bridge the gap in order to meet the statutory requirements of the service.
- 2.4.9 Forecast underspends within the service area relate to Children with disabilities £10k, Preventative Work £23k and Leaving Care £51k. Again a difficult area to predict due to the nature of the service and the necessity to react to the needs of service users.
- 2.5 **Housing General Fund (HGF)** is forecast to be £2.7k under spent at year end, due to the additional income for Fire Risk Assessments in Private Sector Housing in the region of £15k. These additional monies have been used to offset the outstanding 15/16 efficiency target relating to a staff restructure and third party opportunities.

2.6 Place Directorate

Net Working Budget:	£ 39,714k
Net Forecast Expenditure:	£ 40,755k
Variance (Over)/Under Spend:	£ (1,042)k

- 2.6.1 The forecast outturn for Place, is an over spend of £1.042m. The over spend is mainly due to savings that are unachieved at this point in the year.
- 2.6.2 **Regeneration, Property and Commissioning** are reporting an underspend of £80k to the year end. The improvement from £32k underspend predicted at period 3, is due to additional income in planning and office accommodation service charges.
- 2.6.3 An over spend of £317k is reported on the Building Design Team, this has previously been highlighted as not achievable. Statutory Testing is forecast to be underspent by £166k as a result of the variable nature of the fixed electrical testing.
- 2.6.4 Building Control and Development Management are both forecasting significant underspends of £88k and £118k respectively due to an increase in income achieved at this point in the year against profiled budget.
- 2.6.5 **Highways, Transport and Recycling** are reporting a forecast outturn over spend of £784k, the majority of which relates to savings not achieved at this point in the

year. This is a reduction of £86k compared to Junes forecast due to staff savings and vacant posts within waste contracts.

2.6.6 There are concerns that the £250k saving from the logistics project will not be fully achieved in this financial year, due to delays in the route optimisation required to deliver the saving.

2.6.7 Detailed analysis of trade waste customers has now been carried out and a reduction in the customer base has been identified. Therefore it will not be possible to achieve existing income targets and the service is looking to reduce costs to mitigate this loss of revenue.

2.6.8 Leisure and Recreation are forecasting an outturn underspend of £20k as at the end of July compared to £75k overspend at June 2016. The change in forecast is due to the achievement of savings in both Catering and Cleaning and the resolution of the budget pressure in Catering.

2.6.9 Cleaning have achieved their savings through a reduction in the cost of materials and Catering through an increase in the School meal prices. Both services are now expected to breakeven at year end.

2.7 A forecast outturn over spend of £358k is reported at the end of July within the Directors budget.

The 'Third Party Spend' saving for the whole of the Place Directorate sit's within this area and is forecast not to be achieved. However, there is the opportunity to achieve £114k against identified projects that are in progress in this financial year. If they are successful, a full year saving against these projects would be £300k, but due to timing issues this will not all be achieved in the current financial year. This matter is also currently being considered by the Commissioning and Procurement Board.

2.8 Schools Service (excluding Schools Delegated)

Net Working Budget: £29,210k

Net Forecast Expenditure: £29,741k

Variance (Over)/Under Spend: £ (531)k

2.8.1 The Schools service are forecasting an overspend of £531k to the year end as at the end of July a reduction of £92k from the forecast at the end of June.

2.8.2 The projected outturn for School Improvement is an underspend of £33k due to staff slippage and vacant posts within Peripatetic Welsh Language Service, the Improvement team and Early Years. Along with a reduction in the required match funding for the EIG and Pupil Deprivation grants due to a 4.75% reduction in grant received for 2016/17.

2.8.3 School Operational Costs is forecasting an overspend of £471k;

2.8.4 The projected outturn position for Home to school/college transport has reduced to a £449k overspend at the end of July compared with is a £493k overspend forecast at the end of June. The reduction is due to the identification of duplicate

commitments for home to college routes of £56k offset by the cost of new routes equating to £13k. The service is currently analysing each route to identify further efficiencies.

2.8.5 School meals outturn position is a £40k overspend. This is due to unachieved savings yet to be found from the cashless project and the associated additional bank charges being incurred.

2.8.6 The projected overspend for the Schools Pupil Inclusion budget is £100k. Savings equating to £104k are still to be found, but it is anticipated that these will be achieved during the last 2 quarters of the year.

2.8.7 Independent out of county is predicting an overspend of £189k, due to an increase in placements compared with those confirmed at budget setting, with further additional placements possible. This is offset by the net-effect of inter-authority recoupment equating to a potential underspend of £98k.

2.8.8 The pupil referral service are currently forecasting an underspend of £64k due to staff slippage and is being monitored

2.9 **Resources Directorate**

Net Working Budget: £ 7,334k

Net Forecast Expenditure: £ 7,337k

Variance (Over)/Under Spend: £ (3)k

2.9.1 The resources directorate which includes Professional, Information and Business Services along with the Chief Executive budget have a forecast overspend to year end of £3k, mainly due to unachieved savings at this point in the year.

2.9.2 Business Services and Chief Executives are expected to achieve underspends of £18k and £39k respectively, with Professional Services expected to come in on budget by year end. These are offset by a projected overspend of £60k in Information Services, due to savings targets, a plan for which should be identified by the end of quarter 2.

2.9.3 Communications have achieved savings in respect of a review of the Executive a reduction in the events budget and through the removal of communications staff from the emergency rota. The forecast outturn is an underspend of £8k.

2.9.4 Forecast use of reserves as at the end of July in this area equates to £747k and are mainly in relation to Business Intelligence, Job Evaluation and the additional costs of the childcare line provided by Carmarthen County Council.

2.9.5 There is a small budget saving within the members budget due to an unfilled cabinet post and anticipated underspend on members entitlements resulting in a projected underspend of £17k. Corporate Legal and Democratic Services are also predicting an underspend of £71k, in relation to staffing.

3 **Central Activities**

Net Working Budget: £ 18,335k

Net Forecast Expenditure: £ 17,469k

Variance (Over)/Under Spend: £ 866k

- 3.1 An underspend of £866k is forecast at the year end, excluding the Council Tax surplus, forecast to be £359k at present. The remaining underspend mainly relates to Capital charges due to an increase in the valuation of assets under construction.

4 Schools Delegated

- 4.1 The individual Schools Delegated budgets are forecasting a net £67k underspend against the planned budget at year end. The figures from the High Schools and the All Through School have been incorporated where available, in accordance with the Scheme for Financing Schools.
- 4.2 The budgeted and forecast use of Schools Reserves is shown in the table below, with Schools budgeting to use £2.209m of their reserves. However, the current forecasted information projects a £2.142m (£2.209m-£67k from table below) forecast use of reserves. The forecast outturn is dependent on the accuracy of underlying processes.

School Deficit / Surplus	Opening Balance	Budgeted Contribution/ (Use)	Forecast Underspend/ (Overspend)	Projected Closing Balance
	£'000	£'000	£'000	£'000
Total Deficits	(940)	(70)	34	(976)
Total Surplus	3,809	(2,139)	33	1,703
Total Balance	2,869	(2,209)	67	727

- 4.3 This is analysed into the different categories of schools as follows:-

Type of School	Opening Balance	Budgeted Contribution/ (Use)	Forecast Underspend/ (Overspend)	Forecast Closing Balance
	£'000	£'000	£'000	£'000
Primary	2,556	(1,008)	103	1,651
Special	(164)	(241)	51	(354)
Secondary	477	(960)	(87)	(570)
Total	2,869	(2,209)	67	727

- 4.4 The table below shows the breakdown of schools in deficit and surplus positions:-

Type of School	Number of Schools Projected to be in Deficit at 31 March 17	Cumulative forecasted deficit	Cumulative forecasted surpluses	Total	Deficit to surplus
		£000	£000	£000	%
Primary	29	(376)	2,027	1,651	(19%)
Special	2	(471)	117	(354)	(403%)
Secondary	8	(930)	359	(570)	(259%)

Total	39	(1,777)	2,501	727	(71%)
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- 4.5 The number of deficits projected at the end of March 2017 has risen from 27 to 39, this position will be picked up with individual schools at finance meetings and a review carried out to ensure that all schools are in line with plans submitted to Cabinet.
- 4.6 Schools forecasting cumulative deficits at the end of 2017/18, have been reminded of the requirement to submit a recovery plan by the 30th September, detailing how the deficit would be recovered. Schools must also consider the 2018/19 position and plan timely action to recover any projected deficit. Finance meetings are taking place during September to provide the appropriate support and challenge, to ensure schools meet these requirements, as well as reviewing the current financial year position. A further report will be taken back to Cabinet during the autumn term on all school balances.
- 4.7 All Primary schools received updated funding projections for 2017/18 and 2018/19 in relation to the implementation of the Change of Admission from September 2017.

5 Housing Revenue Account

- 5.1 The Housing Revenue Account is forecast to be £107.8k underspent at year end. The material reason for the outturn forecast change from a £54k over spend at end of Quarter 1, is due to the Grounds Maintenance saving of £102k made through the recommissioning of the service in 2016/17.
- 5.2 Cyclical, Voids & Responsive Maintenance at the end of period 4 is forecasting an over spend of £70k. This is due to an under estimated budget need in 2016/17 for the Heating programme (this is due to the change in contract following the tender). However the service are currently looking at other committed spends to try and ensure the Maintenance costs for 2016/17 come within budget. This is offset in part by underspends in other areas and over-achieved income on garage rents.

6. Reserves

- 6.1 The total revenue reserves held at 1 April 2016, together with the forecast addition/ (use) of reserves during the year and the projected year end balances at 31st July 2016, are set out in the table below.

Summary	Reserves 01/04/16 Surplus/ (Deficit) £'000	Forecast Addition / (Use) of reserves £'000	Projected 31/3/17 Surplus/ (Deficit) £'000
General Fund	10,230	(1,590)	8,640
Projected Overspend		(5,366)	(5,366)
Projected Overspend - Schools Delegated		(15)	(15)
Other			
	10,230	(6,971)	3,259
Ringfenced & Specific Reserves			
Budget Management Reserve	3,984	0	3,984
Specific Reserves	1,881	(197)	1,684

21st Century Schools Reserve	6,734	(1,692)	5,042
Invest to Save & Corporate Initiatives (inc JE)	8,673	(571)	8,102
Insurance Reserve	1,965	0	1,965
Transport & Equipment Funding Reserve	5,054	(42)	5,012
Sub-Total	28,291	(2,502)	25,789
Schools Delegated Reserves	2,823	(2,432)	391
School Loans & Other Items	(417)	55	(362)
Projected Underspend		67	67
Net School Delegated Reserves	2,406	(2,310)	96
Total Ringfenced & Specific Reserves	30,697	(4,812)	25,885
Housing Revenue Account	1,384	0	1,384
Projected Underspend		108	108
	1,384	108	1,492
Total Revenue Reserves	42,311	(11,675)	30,636

6.2 The forecast addition/ (use) of reserves includes actuals to date as well as expectations of movement in remainder of year.

6.3 Underspends and overspends recorded in the revenue table in section 2.1 have been included in the forecast above. The delivery of savings is essential to reduce the projected overspend. Any overspend will have to be met from the General Fund Reserve and will have a significant impact on the level of the reserves held.

6.4 The use of Specific and Ring Fenced Reserves (including the HRA) is significant at £4.704m, however, these reserves have been set aside for planned purposes, including delivery of the Welsh Housing Quality Standard and the 21st Century Schools Programme.

6.5 After considering the projected overspend the revised forecast level of General Fund reserves at 31 March 2017 is 1.37% of total net revenue budget. This excludes all specific and ring fenced reserves in the table above.

7. Efficiency Savings

7.1 The table below summarises the current position for the 2016/17 savings.

Efficiency / Saving	2014/15	2015/16	2016/17	Total to be Achieved 16/17	Total Achieved to Date	Remainder to find	Achieved
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	%
Place							
Highways Transport & Recycling	0	675	1,733	2,407	1,442	965	60%
Regeneration, Property & Commissioning	0	14	528	542	312	230	58%
Leisure & Recreation	0	52	438	491	341	150	69%
Place	0	398	0	398	33	365	8%
Place	0	1,139	2,699	3,838	2,127	1,711	55%

Schools								
Schools	51	158	1,846	2,055	1,561	494	76%	
Schools	51	158	1,846	2,055	1,561	494	76%	
People								
Adult	0	868	450	1,318	0	1,318	0%	
Children Services	0	110	511	621	179	442	29%	
Housing	0	7	0	7	7	0	100%	
People	0	984	961	1,945	186	1,760	10%	
Chief Executives								
Chief Executives	0	1	183	184	130	54	71%	
Legal	0	0	251	251	182	69	73%	
Chief Executives	0	1	434	434	311	123	72%	
Resources								
Business Services	0	117	531	648	382	266	59%	
Information Services	0	68	143	210	34	176	16%	
Professional Services	0	78	180	258	117	141	45%	
Corporate Activities	0	0	3,211	3,211	3,161	50	98%	
Resources	0	263	4,064	4,327	3,694	633	85%	
Grand Total	51	2,546	10,004	12,600	7,879	4,721	63%	

7.2 Savings of £7.879m have been achieved to date representing 63% of the total required. This leaves £4.721m yet to be achieved. The savings are depicted graphically in Appendices 1, 2 and 3 attached.

7.3 A prudent approach is adopted and only when savings are delivered are they built into the projections as achieved. Heads of Service have recently been challenged around the delivery of the savings expected and Cabinet will be updated on the outcome of this shortly.

8. Capital Programme

8.1 The revised Capital programme after virements approved and required has increased to £58.3m.

Service	Original Budget 2015/16	Virements Approved	Virements Required by Cabinet	Virements Required by Council	Revised Working Budget 2016/17 as at 31 st July 2016 (after virements approved and required)	Actuals & Commitments	Remaining Budget	
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	%
People								

Adult Services & Commissioning	443	67	0	0	510	0	510	100.0%
Childrens Services	0	0	0	0	0	0	0	
Housing	1,948	476	0	0	2,424	909	1,515	62.5%
Schools and Inclusion	4,872	2,415	0	0	7,287	571	6,716	92.2%
Chief Executive	0	98	0	0	98	-20	118	120.4%
Resources								
Business Services	87	445	0	0	532	89	443	83.3%
Professional Services	532	-124	-171	0	237	0	237	100.0%
Information Services	820	319	0	0	1,139	254	885	77.7%
Corporate Activities	0	0	0	0	0	0	0	
Place								
Highways, Transport & Recycling	7,696	4,320	171	700	12,887	3,114	9,773	75.8%
Leisure & Recreation	8,445	1,383	0	0	9,828	1,441	8,387	85.3%
Regeneration, Property & Commissioning	4,284	479	0	0	4,763	115	4,648	97.6%
Total Capital	29,127	9,878	0	700	39,705	6,473	33,232	83.7%
Housing Revenue Account	18,550	298	-200	0	18,648	9,875	8,773	47.0%
TOTAL	47,677	10,176	-200	700	58,353	16,348	42,005	72.0%

8.2 Actual and committed spend as at 31st July is £16.3m (June £14.9m) which represents 28% of the working budget. The table below summarises the position for each directorate.

8.3 There were £200k of virements proposed for approval in July 2016 and £1.254m of Capital grants received as follows:-.

**CAPITAL PROGRAMME - VIREMENTS REQUIRED AS AT
31 JULY 2016**

**Amount
£000**

Highways Transport and Recycling

The Pay and Display Car Park Machines range from 34 to 25 years old and need to be replaced. Some will not be able to take the new £1 coin when it is introduced in 2017. This virement recommends that £171k is moved from Professional Services to finance the replacement and installation of machines, upgrade 24 machines to take the new coins, introduce new handheld computers for Civil Enforcement staff. There is a savings in the MTFs of £200k which will be facilitated by this capital investment.

171

171

Corporate Activities

This virement recommends that £171k is moved to Highways, Transport and Recycling to finance the replacement and installation of machines, upgrade 24 machines to take the new coins, introduce new handheld computers for Civil Enforcement staff.

-171

-171

Housing

The project to introduce Mobile working has been delayed and will now be implemented in 2016/17. This virement recommends rolling forward the budget to 2017/18.

-200

-200

-200

Grants Accepted as at 31 July 2016

Highways Transport and Recycling

Welsh Government have awarded funding for several small scale flood risk management schemes. A total of £57.5k for three schemes that will be 85% grant funded with the remainder of the schemes being 100% funded by Welsh Government.

415

Welsh Government have awarded funding of £500k in relation to the Collaborative Change Programme for the provision of a bulking and baling facility in Brecon.

500

915

Adult Services & Commissioning

Award of Funding in relation to the purchase of IT equipment for Kaleidoscope Substance Misuse Services across Powys during 2016/17

36

36

Housing

Welsh Government have awarded a Gypsy and Traveller grant for the additional units at Kings Meadow, Brecon

304

304

1,254

8.4 PLACE

8.4.1 A spend of £4.670m (June £4.105m) against a total budget of £27.478m (June £26.427m) is reported at the end of July 2016, 83% (June 84%) of the capital budget remains unspent at the end of July.

8.5 RESOURCES

8.5.1 The Access to Services capital programme has a budget of £115k for the Channel Shift project brought forward from 15/16. The Cashless System has a revised budget of £417k for this financial year to continue the roll out. Capital spend plus commitments to date over the 2 projects equates to £89k.

8.5.2 The ICT programme includes a number of ongoing projects; Voice and UC, server infrastructure and desktop ICT refresh. As at the end of July actuals plus commitments equate to £254k.

8.5.3 The only capital scheme within Democratic Services relates to the Audio/Visual system. It is not complete as the system had some major issues that required it to be shipped back to the manufacturers. The monies therefore were rolled forward into this financial year.

9 SCHOOLS

9.1 Actual Expenditure represents 7.8% of total budget as at the 31st July, the capital programme for Schools consists of:-

9.2 Major improvement programme has 56 schemes in 2016/17, including schemes carried forward from 2015/16. There is 1 scheme awaiting approval, 1 new schemes commissioned, 7 schemes at the design stage, 5 are out to tender, 30 are under construction and 12 schemes have been handed over to the end user.

9.3 Any uncommitted funding within projects will be reallocated back to the programme contingency to cover for emergencies, unforeseeable and legislative requirements and budget fluctuations over the course of the year and to ensure school service continuity

9.4 21st Century schools has 6 programmes of which each are at varying levels of progress:-

9.4.1 The Gwernyfed Catchment Primary schools

Welsh Government approved the OBC on 29/9/2015 to build 5 new schools within one procurement. A procurement exercise was held, and the contract has been awarded to Wilmott Dixon. Officers have been working closely with the contractor and the schools to agree the designs - all five schools have welcomed the designs, which will now be submitted for Planning Permission at the end of July. The design for Hay CP School includes maintaining the swimming pool and officers are in discussion with the school about a Community Asset Transfer.

Following consultation and statutory objection period, Cabinet have approved the closure of Talgarth and Bronllys – work has started to establish the shadow governing body.

9.4.2 Ysgol Dafydd Llwyd

School has now been officially opened and all remaining works are nearly completed.

9.4.3 Beacons Campus

Outline Business Case (OBC) submitted on February 29th 2016, without prejudice to the outcome of consultation. Work is ongoing on clarifying some issues with WG. Analysis of consultation responses underway.

9.4.4 Welshpool

Current preferred option: 2 new schools (one English medium, one Welsh medium). Total project cost: £13m. PCC contribution: £6.5m. SOC has been approved by WG. Work is now progressing on the OBC and formal consultation is planned for September. It is planned to submit the OBC in September.

9.4.5 Ysgol Bro Hyddgen

Work on joint SOC/OBC underway, due for completion 31 August 2016. Dates for project completion and spend profile will be identified as part of the SOC process.

9.4.6 Ysgol Glantwymyn/Carno

Discussion have now been held with Carno about the possibility of including the Community Group's plans to build a new school within a 'Federation' BJC to run concurrently with the improvements to Glantwymyn. WG officers have indicated that they would need to see Carno coming out of condition D before this could be considered. WG have confirmed that this is acceptable to use third party funding as 50% match funding. It has been agreed with the Carno Community Group that the BJC will be re-drafted and sent to WG for their informal comments in the first place. The original plans for improvements at Glantwymyn need to be reconsidered in light of discussions with the Headteacher. As a consequence of the inclusion of Carno and expanded plans for Glantwymyn, cost for the scheme may escalate. Officers currently working on the costs.

9.5 PEOPLE

- 9.5.1 The 2016/17 capital allocation for Adult Services relates to the following projects:
- £443k Mobile working and transformation
 - £31k rolled forward from 2015/16, £17k re electrical works Castell –y-dial and
 - £14k Staffplan/ECM

To date there is no actual spend or commitments.

9.6 HOUSING REVENUE ACCOUNT

- 9.6.1 The Housing Revenue Account (HRA) Capital budget is for the Capital Programme of the Housing Stock, which is funded by £3.71m Major Repairs Allowance from Welsh Government (WG), Housing reserves, receipts & prudential borrowing.
- 9.6.2 Housing Revenue Account (HRA) Capital includes the Welsh Housing Quality Standards (WHQS) plan of £15.21m for 2016/17 as set at budget time, to enable the council to achieve WHQS by March 2018. At the end of Period 4 the actual and commitments are £9.88m or 65% of the planned sum.
- 9.6.3 Other capital works total £3.44m only £270k has been spent and committed to the end of July leaving just under 92% of the budget to be utilised. As agreed at the Service Management meeting the £0.2m previously allocated for IT mobile working has been requested to be rolled forward in to 2017/18, a budget virement has been completed and will be presented at council to be agreed.
- 9.6.4 The Housing General Fund (HGF), non Revenue Expenditure Funded from Capital Under Statute REFCUS Capital budget is £504k, of which £31k has been spent

and committed. This is to fund the search for a new Gypsy site in Machyllneth, following the Gypsy Traveller Accommodation Assessment in accordance with the Housing (Wales) Act 2014. Once planning permission is granted a bid for Welsh Government Grant will be submitted with a view for work to begin in 2017/18.

- 9.6.5 The REFCUS budget is £1.920m funded through General Capital receipts and supported borrowings. Actuals and commitments to date are £879k. Schemes included are; Safe Warm and Secure (SWS), Landlord loans, Co2 Emissions and Disabled Adaptations in general properties non HRA.

10. **Issues affecting the Forecasts**

- 10.1 Eprocurement, ROCC and any other feeder systems, need to be maintained and administered following the correct procedures and processes, in a timely manner to ensure data used for forecasting is as accurate as possible. There are also delays in timesheet entry and invoicing in some areas.
- 10.2 Since the commencement of the 'corporately agreed agency framework', the use of the commitment system, eProcurement, has not been utilised, so the forecast for agency staff could contain errors and there is a risk of it being understated in the forecast outturn.
- 10.3 There are a number of budget areas, such as Additional Learning Needs (ALN) and Looked After Children (LAC) where there is an increase in demand and complexity of service user needs. It is therefore extremely difficult to predict spend accurately in such volatile budget areas.
- 10.4 Income levels can be difficult to predict if based on demand for services or arrangements with a third party, which can be open to challenge. Therefore, there is an inherent risk that income built into the forecast may not be realised. However, forecasts have, where possible, been based on previous trends where more accurate information is not available.
- 10.5 We must ensure that all spend is coded correctly, especially in relation to grant monies, and any errors identified and corrected as soon as possible during the year, to ensure maximisation of resources and accuracy of accounting records.

11 **Options Considered/Available**

No alternative options are considered appropriate as a result of this report.

12 **Preferred Choice and Reasons**

None to consider.

13 **Sustainability and Environmental Issues/Equalities/Crime and Disorder, /Welsh Language/Other Policies etc.**

The proper management and control of the Council's finances together with the associated delivery of services will have an impact across all Council services. It is not sustainable to allow service areas to overspend without a plan to address the underlying cause of the overspending.

14 **Children and Young People's Impact Statement - Safeguarding and Wellbeing**

This report presents the financial position for Children’s services and forecasts a near balanced budget for the year. The budgets must continue to be monitored to ensure the allocated resources meet service need.

15. **Local Member(s)**

This report relates to all service areas across the whole County.

16. **Other Front Line Services**

This report relates to all service areas across the whole County.

17. **Support Services (Legal, Finance, HR, ICT, BPU)**

This report has no specific impact on support services other than reporting on those service areas financial outturns. Financial Services work closely with all service areas in monitoring financial performance against budgets.

18. **Local Service Board/Partnerships/Stakeholders etc.**

This report presents financial information which will help inform the future medium term financial plan and therefore has implications for any related organisation.

19. **Communications**

This report has no specific communication considerations. Detailed finance reports are presented to Heads of Service, Cabinet and the Audit Committee. These reports are public and are part of a range of statutory and non-statutory financial information documents including the Statement of Accounts.

20. **Statutory Officers**

The Strategic Director, Resources (Section 151 Officer) notes the overall financial position. It is essential that agreed savings are delivered in order to safeguard the council’s financial position. The savings that were not delivered in 2015/16 will need to be delivered in 2016/17 because they remain in the base budget.

If not addressed the projected outturn will have an impact on the council’s reserves. It is important to note that there is unlikely to be any one-off adjustments available as in financial year 2015/16 that had a considerable positive impact on the end of year position.

The main area of concern is Adult Services and the Strategic Director People is bringing forward a recovery plan to mitigate the position.

The Monitoring Officer has no specific concerns with this report.

21. **Members’ Interests**

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation:	Reason for Recommendation:
<p>That:</p> <ol style="list-style-type: none"> 1. the contents of this report are noted by Cabinet; and 2. Cabinet supports appropriate 	<p>To monitor the Council’s financial performance and ensure that spending remains within approved limits and that the 3% minimum</p>

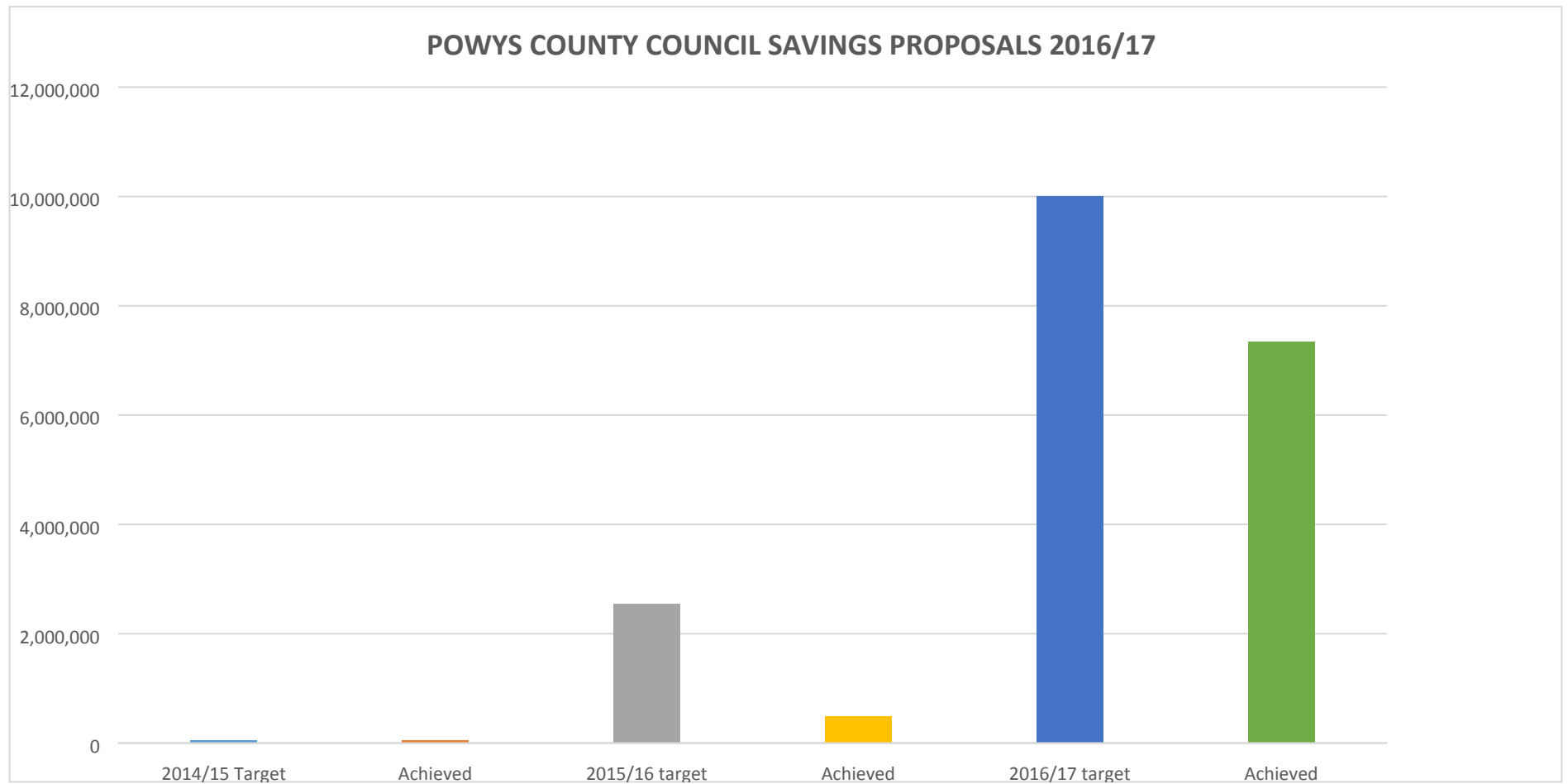
<p>action by services to curtail or reduce the reported forecasted service deficits.</p> <p>3. the Capital virements set out in paragraph 8.3 are approved, and those over £500k be submitted to full council for approval.</p>	<p>general fund reserve is maintained.</p>

<p>Relevant Policy (ies):</p>	<p>Financial Regulations</p>		
<p>Within Policy:</p>	<p>Yes</p>	<p>Within Budget:</p>	<p>n/a</p>

<p>Relevant Local Member(s):</p>	
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<p>Person(s) To Implement Decision:</p>	<p>Jane Thomas</p>
<p>Date By When Decision To Be Implemented:</p>	

<p>Contact Officer Name</p>	<p>Tel</p>	<p>Fax</p>	<p>E mail</p>
<p>Jane Thomas</p>	<p>01597-826341</p>	<p>01597-826290</p>	<p>jane.thomas@powyscc.gov.uk</p>



SAVINGS BY DIRECTORATE FOR 2016/17

