

**CYNGOR SIR POWYS COUNTY COUNCIL.
CABINET EXECUTIVE
5th July 2016**

REPORT AUTHOR: County Councillor Wynne Jones
Portfolio Holder for Finance

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

REPORT FOR: Decision / Discussion / Information

1. Summary

1.1 This report provides an update on the Revenue and Capital Budgets as at 31st May 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 savings 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 £3.753m. 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 2.25% 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	72,078		73,649	(1,571)	-2%
Place	38,839	39,459	(1,217)	40,892	(1,433)	-4%
Schools	29,029	29,210	(1,082)	29,939	(729)	-2%
Resources	6,409	7,248	(15)	7,471	(223)	-3%
Central Activities	21,317	19,132	1,795	18,929	203	1%
Total	167,140	167,127	(519)	170,880	(3,753)	-2%

1.3 Capital

1.3.1 Actual expenditure on the Capital budget and committed expenditure is £11.72m which represents 21% 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 May amount to £7.063m representing 56% 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 £9.7m held in the General Reserve. The forecast contribution to reserves during the year is £3.136m. Unless the agreed budget savings are delivered a draw on the general reserve will be required, this is currently projected at £3.779m.

2. Revenue Forecast

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

Forecast to 31st May 2016						
Service Area	Original Budget	Total Working budget	Budgeted Use of Reserves	Forecast Spend	Variance (Over) / Under spend	
	£	£	£	£	£	%
People						
Adult & Commissioning	54,944	55,329		56,335	(1,006)	-2%
Children Services	15,774	15,890		16,474	(584)	-4%
Housing General Fund	828	859		840	19	2%
Place						
Leisure & Recreation	11,380	11,823	(3)	11,936	(113)	-1%
Regeneration, Property & Commissioning	7,355	7,570	(868)	7,660	(90)	-1%
Highways, Transport & Recycling	20,104	20,066	(346)	21,296	(1,230)	-6%
Schools						
Schools Service	29,029	29,210	(1,082)	29,939	(729)	-2%
Resources						
Professional Services	957	988		1,001	(13)	-1%
Information Services	234	188		317	(129)	-69%
Business Services	1,091	1,814	(15)	1,913	(99)	-5%
Chief Executive	4,127	4,258		4,240	18	0%
Service Area Totals	145,823	147,995	(2,314)	151,951	(3,956)	-3%
Central Activities	21,317	19,132	1,795	18,929	203	1%
Total	167,140	167,127	(519)	170,880	(3,753)	-2%

Housing Revenue Account (HRA)	0	0	5,580	(46)	46	0%
Schools Delegated	0	76,162	(1,925)	75,933	229	0%
Schools Delegated - Other	69,979	(6,170)		(6,144)	(26)	0%
Total including HRA	237,119	237,119	3,136	240,623	(3,504)	-2%

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 £3.753m or 2.2% of the working budget.

2.4 People Directorate

2.4.1 Adult Social Care is currently forecast to overspend by £1.007m. However, this needs to be viewed with caution, as there are a number of unresolved issues in relation to the commitment accounting process, where the process is being reviewed.

2.4.2 The service overspent by £1.862m in 2015/16 and there are additional pressures for 16/17 of £450k in relation to day time opportunities for older people. Funding of £400k is no longer received from Welsh Government for the Intermediate Care Fund. These are on top of the impact of the National Living Wage increase, general demographics and cost pressures associated with the new legislative requirements on the service.

2.4.3 Children's services forecast an overspend of £584k, due to undelivered savings opportunities for third party brought forward of £109k and £447k of savings profiled to be delivered later in the year.

2.4.4 The Looked After Children (LAC) service area is forecasting an overspend of £300k. The potential increase in Looked after Children (LAC) is a risk and difficult to predict in such a volatile budget area, due to the increasing complexity of demand. This is in part offset by slippage in staff costs due to recruitment issues and the strategic review. There are additional cost pressures in this area due to changes made to the payments for children remanded into Local Authority care, this cost is no longer met by the Youth Justice Board .

2.4.5 Forecast underspends within the service area relate to Child Protection £17k, Preventative Work £23k and Leaving Care £49k. Again a difficult area to predict due to the nature of the service and the necessity to react to the needs of service users, however, the budget against which costs are monitored is profiled as expected.

2.4.6 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 be understated.

2.4.7 The Housing General Fund forecast an underspend of £19k; mainly due to predicted underspends on the maintenance of Gypsy sites and rental costs for homelessness.

2.5 Place Directorate

2.5.1 The forecast outturn for Place reported at the end of period 2, is an over spend of £1.434m. The over spend is mainly as a result of savings that are unachieved at this point in the year.

2.5.2 Regeneration, Property and Commissioning are reporting an over spend of £90k to the year end, mainly in relation to the income target for charging carbon reduction tax to Schools of £109k, which is expected to be charged to the Schools in July this year.

2.5.3 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 £174k as a result of the variable nature of the fixed electrical.

2.5.4 Building Control and Development Management are both forecasting significant underspends of £70k and £83k respectively due to an increase in income achieved against profiled budget.

2.5.5 Highways, Transport and Recycling are reporting a forecast outturn over spend of £836k, the majority of which relates to savings not achieved at this point in the year.

2.5.6 Leisure and Recreation forecast outturn overspend is £113k. The savings target for this financial year in this area amounted to £438k, not taking into consideration savings brought forward from 2015/16, which are an additional £52k and all, except for Catering and Cleaning, was dealt with at budget setting.

2.5.7 Cleaning has a saving of £61k that is reported as unachieved currently, work has been undertaken to place cleaning staff within schools or to externalise the service where the schools have requested. This work has not yet concluded and the savings that will be achieved have not yet been calculated.

2.5.8 Catering also has an unachieved saving of £20k and an unresolved budget pressure of £44k, these are both reported as unachieved currently. School Meal prices have been increased to achieve the £20k savings target. The service and finance are currently looking at how the £44k budget pressure can be resolved.

2.5.9 A forecast outturn over spend of £395k is reported at the end of May within the Director budget. The third party spend saving for the whole of the Place Directorate is held within this area and is forecast not to be achieved. There is the opportunity of achieving £114k against identified projects that are in progress in this financial year (a full year saving against these projects if successful would be £300k, but due to timing issues this will not all be achieved in the current financial year).

2.6 Schools Service (excluding Schools Delegated)

- 2.6.1 The Schools service are forecasting an overspend of £755k to the year end as at the end of May. School central budget is forecast to be overspent by £35k due to unachieved savings which at the beginning of the year were £51k and have since reduced to £35k, due to the reduction in the match funding requirement of the Education Improvement Grant (EIG). Since the closure of Period 2 accounts the Head of Service has identified further savings to the value of £35k and this will be updated and reported within the Period 3 report.
- 2.6.2 The projected outturn for School Improvement is a balanced budget. Permanent slippage within the Peripatetic Welsh Language Service of £8k will be used to offset the remaining £35k savings target. There is currently temporary slippage within the School Improvement Team which will be filled from September 2016.
- 2.6.3 EIG and Pupil Deprivation grants are forecast to be fully utilised during 2016/17, the authority received a 4.75% reduction in the EIG grant for 2016/17.
- 2.6.4 School Operational Costs is forecasting an overspend of £470k.
- 2.6.5 The projected outturn position for Home to school/college transport is a £440k overspend. Of this, £396k is in relation to route costs that exceed the budget available and the remaining overspend due to unachieved income for contributions to transport costs. Finance continue to hold regular meetings with Schools Service and Transport lead in order to update the position on a monthly basis. Further analysis is being carried out in conjunction with the Schools service and Transport department to review the budget and forecast.
- 2.6.6 School meals outturn position is a £30k overspend this is due to savings to be found in relation to the cashless project.
- 2.6.7 The projected overspend for the Schools Pupil Inclusion budget is £225k.
- 2.6.8 The forecast overspend in relation to the Special Other budget totals £222k. Savings equating to £80k are still to be found, but it is anticipated that these will be achieved during the last quarter of the year. There are further savings to be found of £41k in relation to specialist provision, an update will be provided on this at Period 3 and the revised savings to be found updated.
- 2.6.9 Independent out of county is predicting an overspend of £188k. At budget setting there were 14 confirmed placements which was within the budget available, this has now increased by 5 placements which has led to a projected overspend. There are also another possible 3 placements.

2.7 Resources Directorate

- 2.7.1 Professional services are reporting a forecast year end under spend of £13k, including a forecast contribution from reserves in respect of Business Intelligence of £149k. Savings in this area equate to £258k of which £78k relates to third party. There has been service reviews in both Insurance services and Audit, but there are still savings to be achieved of £43k and £20k respectively.
- 2.7.2 Information Services are currently forecasting an overspend at year end of £130k due to a savings target of £210k of which £68k relates to third party spend. Some

of these have already been found and it is anticipated that a plan to meet the remaining savings will be available by Quarter 2.

- 2.7.3 Business Services are reporting a forecast overspend of £99K at the year-end. Savings in this area equate to £648k and there is a forecast contribution from specific reserves of £223k in respect of Job Evaluation.
- 2.7.4 Business Support, Employment Service and Income and Awards are all forecasting underspends to the year end of £12k, £4k and £11k respectively. A management restructure in Employment Services achieved £85k in the latter part of 15/16 and there is currently a service re-design being carried out within Income and Awards, due to be completed by the end of September, which is predicted to achieve their saving target of £118k.
- 2.7.5 Access to Services are reporting a forecast over-spend of £135k at year end, despite a re-organisation in 15/16 which achieved £69k to meet their savings target. Nevertheless, this area is faced with a large increase in its contracted commitments with Carmarthen County Council which will have to be addressed.
- 2.7.6 The Chief Executive's service which now incorporates legal and democratic services, member's services and communications is forecast to be under spent by £18k at year end including savings targets of £434k. The forecast contribution to Reserves is £50k in respect of County Council elections in order to standardise the level of spend each year. There is also a budgeted contribution from Reserves of £101k to fund the Trade Union Partnership.
- 2.7.7 The Members budget shows a projected underspend of £16k by year end. As last year, there is a small budget saving as some members are not claiming their full entitlement and there is an unfilled cabinet post. Corporate Legal and Democratic Service are also predicting an underspend of £23k, in relation to staffing.
- 2.7.8 Workforce and Development Planning is currently projecting an overspend of £43k, mainly due to a savings target of £54k.

2.8 Corporate Activities

- 2.8.1 An underspend of £203k is forecast at the year end. A small increase in the amount of interest received is anticipated.
- 2.8.2 It has been forecast that the Council Tax surplus will be zero at present. This is a prudent approach but historically this has exceeded target and further detail will be available in following months.

2.9 Schools Delegated

- 2.9.1 All schools have submitted budget positions for Cabinet to consider on the 5th July. As part of the Scheme for Financing schools Secondary Schools are required to submit monthly forecast end of year projections. Of the 12 Schools, no forecast information was received for Period 2. This will be followed up with Secondary Headteachers at their next meeting.
- 2.9.2 Growth monies allocated to the service and additional monies agreed by corporate management team have increased the budget currently in place to provide support to the Schools Transformation manager over the next few years. Current projections indicate that budget is fully committed.

2.10 Housing Revenue Account

2.10.1 An underspend of £45k is forecast for the Housing Revenue Account, due to staff slippage and an assumption that maintenance costs will come within budget, however, this has an element of risk attached based on commitments at the end of period 2.

2.10.2A budgeted contribution to reserves of £5.580m has already being completed, generated from the increase in rent throughout 2010-2016, based on Welsh government guidelines. This in turn is being used to help finance the cost of reaching the Welsh Housing Quality Standards by March 2018.

3. Reserves

3.1 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 31 May 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	(469)	9,761
Projected Overspend		(3,753)	(3,753)
Projected Overspend - Schools		(26)	(26)
Delegated Other			
	10,230	(4,248)	5,982
<u>Ringfenced & Specific Reserves</u>			
Budget Management Reserve	3,984	0	3,984
Specific Reserves	1,881	(314)	1,567
21st Century Schools Reserve	6,734	(1,510)	5,224
Invest to Save & Corporate Initiatives (inc JE)	8,673	(322)	8,351
Insurance Reserve	1,965	0	1,965
Transport & Equipment Funding Reserve	5,054	2,066	7,120
Sub-Total	28,291	(80)	28,211
Schools Delegated Reserves	2,823	(1,896)	927
School Loans & Other Items	(417)	55	(362)
Projected Underspend		229	229
Net School Delegated Reserves	2,406	(1,612)	794
Total Ringfenced & Specific Reserves	30,697	(1,692)	29,005
Housing Revenue Account	1,384	5,580	6,964
Projected Underspend		46	46
	1,384	5,626	7,010
Total Revenue Reserves	42,311	(314)	41,997

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

3.3 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.

3.4 The net contribution to Specific and Ring Fenced Reserves (including the HRA) is significant at £3.934m, however, these reserves have been set aside for these planned purposes including delivery of the Welsh Housing Quality Standard and the 21st Century Schools Programme.

3.5 After considering the projected overspend the revised forecast level of General Fund reserves at 31 March 2017 is 2.47% of total net revenue budget. This excludes all specific and ring fenced reserves in the table above.

4. Efficiency Savings

4.1 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
	£'s	£'s	£'s	£'s	£'s	£'s	%
Place							
Highways Transport & Recycling	0	674,699	1,732,780	2,407,479	1,148,950	1,258,529	48%
Regeneration, Property & Commissioning	0	14,250	527,690	541,940	279,920	262,020	52%
Leisure & Recreation	0	52,140	438,468	490,608	207,268	283,340	42%
Place	0	398,134	0	398,134	0	398,134	0%
Total Place	0	1,139,223	2,698,938	3,838,161	1,636,138	2,202,023	43%
Schools							
Schools	51,000	158,000	1,845,979	2,054,979	1,508,108	546,871	73%
Total Schools	51,000	158,000	1,845,979	2,054,979	1,508,108	546,871	73%
People							
Adult	0	867,900	450,000	1,317,900	0	1,317,900	0%
Children Services	0	109,820	511,000	620,820	34,400	586,420	6%
Housing	0	6,690	0	6,690	0	6,690	0%
Total People	0	984,410	961,000	1,945,410	34,400	1,911,010	2%
Chief Executives							
Chief Executives	0	610	183,000	183,610	129,000	54,610	70%
Legal	0	0	250,704	250,704	181,820	68,884	73%
Total Chief Execs	0	610	433,704	434,314	310,820	123,494	72%
Resources							
Business Services	0	117,275	530,590	647,865	331,526	316,339	51%
Information Services	0	67,915	142,500	210,415	34,000	176,415	16%
Professional Services	0	78,183	180,000	258,183	117,000	141,183	45%
Corporate Activities	0	0	3,211,000	3,211,000	3,091,000	120,000	96%
Total Resources	0	263,373	4,064,090	4,327,463	3,573,526	753,937	83%
Grand Total	51,000	2,545,616	10,003,711	12,600,327	7,062,992	5,537,335	56%

4.2 Savings of £7.06m have been achieved to date representing 56% of the total required, which includes un-achieved savings from 14/15 and 15/16 of £51k and £2.5m respectively. This leaves £5.54m yet to be achieved. The savings are depicted graphically in Appendices 1, 2 and 3 attached.

4.3 A prudent approach is adopted and only when savings are delivered are they built into the projections as achieved.

5. Capital Programme

5.1 The revised Capital programme following the approval of virements has increased to £55.8m from an original budget of £47.7m.

5.2 Actual and committed spend as at 31st May 2016 is £11.7m which represents 21% of the working budget. The table below summaries the position for each directorate.

Service	Original Budget 2015/16	Virements Approved	Virements Required by Cabinet	Virements Required by Council	Revised Working Budget 2016/17 as at 31 May 2016 (after virements approved and required)	Actuals & Commitments	Remaining Budget	
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	%
People								
Adult Services & Commissioning	443	31	0	0	474	0	474	100.0%
Childrens Services	0	0	0	0	0	0	0	
Housing	1,948	0	172	0	2,120	597	1,523	71.8%
Schools and Inclusion	4,872	2,285	130	0	7,287	99	7,188	98.6%
Chief Executive	0	98	0	0	98	-24	122	124.5%
Resources								
Business Services	87	341	104	0	532	45	487	91.5%
Professional Services	532	-402	288	0	418	0	418	100.0%
Information Services	820	260	0	0	1,080	168	912	84.4%
Corporate Activities	0	0	0	0	0	0	0	
Place								
Highways, Transport & Recycling	7,696	2,108	440	776	11,020	1,943	9,077	82.4%
Leisure & Recreation	8,445	1,044	0	0	9,489	1,328	8,161	86.0%
Regeneration, Property & Commissioning	4,284	415	0	0	4,699	50	4,649	98.9%
Total Capital	29,127	6,180	1,134	776	37,217	4,206	33,011	88.7%

Housing Revenue Account	18,550	0	0	0	18,550	7,510	11,040	59.5%
TOTAL	47,677	6,180	1,134	776	55,767	11,716	44,051	79.0%

- 5.3 There were £1.137m virements proposed for approval in May 2016 and £792k of Capital grants received as follows:-.

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

	Amount £000
Highways Transport and Recycling	
In order to achieve the revenue savings in 2017/18 the Street Lighting programme needs to be accelerated in 2016/17. This virement recommends moving £776k from the 2017/18 programme into 2016/17. This will be funded from Capital Receipts.	776
The Rhayader Waste Transfer Station tenders were more than estimated. This virement therefore recommends reducing the Newtown Transfer Station by £360k in 2017/18 to fund this increase in budget in 2016/17.	360
	1,137

Grants Accepted as at 31 May 2016

Highways Transport and Recycling	
New increased grant sum of £25k for Afon Dulais small scale flood scheme received from Welsh Government. £856 already claimed so budget created for balance.	21
Welsh Government have awarded capital grants for Transport and Road Safety as follows: £420k to improve the infrastructure for the TrawsCymru bus service, £199k for Road Safety Schemes, £146.5k for Safe Routes in Communities and £5k for the preparation of Integrated Network Maps.	771
	792

5.4 PLACE

- 5.4.1 A spend of £3.319m against a total budget of £25.208m is reported at the end of May 2016. 93% of the capital budget remains unspent at the end of May.

5.5 RESOURCES

- 5.5.1 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 budget of £313k for this financial year to continue the roll out.
- 5.5.2 The ICT programme includes a number of ongoing projects; Voice and UC, server infrastructure and desktop ICT refresh as at the end of May only £19k has been spent.
- 5.5.3 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.

5.6 SCHOOLS

5.6.1 Actual Expenditure represents 1.4% of total budget as at the 31st May, the capital programme for Schools consists of:-

5.6.2 Major improvement programme has 52 schemes in 2016/17, including schemes carried forward from 2015/16. There are 5 new schemes commissioned, 26 schemes at the design stage, 7 are out to tender, 3 are under construction and 11 schemes have been handed over to the end user. Any uncommitted funding within 2015/16 projects will be carried forward to the programme in financial year 2016/17.

5.6.3 21st Century schools has 6 programmes of which each are at varying levels of progress:-

5.6.4 The Gwernyfed Catchment Primary schools

The design and build contract has been awarded to Wilmott Dixon. Work is ongoing on designs currently and planning applications will be submitted before the end of July. Full Business Case to be submitted no later than November 2016. Planned start on site: February 2017. Planned completion date November 2018. Officers are currently revising these timescales to ensure a shorter completion period.

5.6.5 Ysgol Dafydd Llwyd

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

5.6.6 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.

5.6.7 Welshpool

Current 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 will then progress on the OBC and formal consultation. It is planned to submit the OBC during the Autumn Term.

5.6.8 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.

5.6.9 Ysgol Glantwymyn

The project to extend Glantwymyn School has been delayed. A revised Business Justification Case will be submitted to WG later this year (this has been approved by Council).

5.7 PEOPLE

5.7.1 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.]

5.8 HOUSING REVENUE ACCOUNT

- 5.8.1 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.
- 5.8.2 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 2 the actual and commitments are £7.426m, with £7.783m to utilise.
- 5.8.3 Other capital works total £3.34m including fit for purpose £1.100k, level access bungalows £630k, new build/repurchase £1.150k, adaptations £250k, IT mobile £200k and garage demolitions £10k
- 5.8.4 The REFCUS budget is £1.748m funded through General Capital receipts and supported borrowings. Actuals and commitments to date are £586k. A virement is required for £172k in respect of Landlord Loans brought forward. Schemes included are; Safe Warm and Secure (SWS), Landlord loans, Co2 Emissions and Disabled Adaptations in general properties non HRA.
- 5.8.5 There is a General fund allocation of £200k re Machynlleth Gypsy site, to date the actual spend is £5k.

6. Issues affecting the Forecasts

6.1 The forecast figures take account, where appropriate, of any commitments within the system, i.e. purchase orders raised or items which have been goods receipted. It is noted that even though there is a principle of “no order no pay” in place nevertheless in May 2016, there have been 1,335 invoices with a value of £2.809k paid where the order in the main financial system of E-Financials is dated either on or after the date of invoice. In addition, in this period there has been 2,466 payments with a value of £3.224m with no order. The majority of the £3.224m is broken down as follows:-

- £572k of this has come via ROCC, so no order information is available.
- £831k was against the Schools service. (Only 25 of the schools use e-procurement system, and therefore the other schools would not have electronic orders).
- £1.462m going through the balance sheet for deductions from pay, rent and council tax refunds, high school bank accounts and one bill/utility payments. Orders are not required for these transactions.

6.2 The £3.224m payments without an order can be broken down into the following main departments:-

	E Financials	ROCC	Grand Total
	£000	£000	£000
Resources	3	0	3
Place	389	435	824
Schools	831	81	912

People	-33	-	-33
Corporate and Balance Sheet	326	4	331
Other payments (not supplier invoices)	1136	52	1188
Grand Total	2,652	572	3,224

6.3 The above issues are being taken forward within the recently established budget monitoring review group to improve the level of understanding and use of the Purchase Order system. Whilst considerable improvements have been made this will further enable a more accurate forecasting methodology for budget monitoring. It is important that budget holders support this corporate requirement if only to improve the accuracy of the budget monitoring reports for their service.

6.4 The main issues affecting People Directorate are:-

- 6.4.1 Forecast outturn is based on actual expenditure on the general ledger, eProcurement commitments and profiled budgets. Housekeeping of eProcurement needs to be undertaken by the Directorate on a regular basis to ensure accuracy.
- 6.4.2 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.
- 6.4.3 There were interface issues between the Housing System QL & the General Ledger efinancials in 2015/16. The Service Area, Business Services and Corporate Finance have worked together to map the business process and resolve issues. This needs to be monitored on going to ensure accuracy and robustness of data.
- 6.4.4 The Minimum Revenue Provision (MRP) – 2% of HRA debt and the HRA item 8 interest charge relating to debt is assumed in the forecast outturn to be in line with budget at year end. Previously, the actual outturn has shifted significantly on the forecast outturn.
- 6.4.4 The six Section 33 Pooled Budget agreements between Powys County Council and Powys Teaching Health Board are unsigned and the risk share of any over/underspends on the pool not agreed.
- 6.4.5 Looked after children (LAC) - The service is continually subject to unpredictable spend due to changing and complexity of needs/circumstances of current clients/family need, families moving into the authority, secure placements for the safety of the client and remand cases, where the authority has a legal obligation to continue that provision.
- 6.4.6 Legal costs to year end, as commitment system not utilised and outstanding level of invoices not known.

6.5 The main issues within Schools are:-

- 6.5.1 E-procurement & ROCC – The accuracy of the budget forecast across the service area and particularly Home to School Transport, Pupil Referral Units, Out of County placements, and the Repairs and Maintenance budgets are significantly dependent on controlled use of the e-procurement and ROCC property related systems. There have also been instances where officers are putting commitments onto the system when the invoice is received, this makes it extremely difficult to forecast accurately.
- 6.5.2 Severance Pay – The current forecast position assumes that there will be no contribution from Corporate Services towards the cost of current year redundancy costs, this will be confirmed towards year end.
- 6.5.3 ALN - The service is continually subject to unpredictable spend due to learners and/or learners parents moving into the authority with high level of need and associated cost. Where a statement applies the authority has legal obligation to continue that provision which could be placement in a residential school anywhere.
- 6.5.4 Grant utilisation – A large amount of spend in relation to grants was miscoded by schools during the 2015/16 financial and moved during March 2016. Schools and officers must ensure that grant is coded correctly during the year and not left to year end.
- 6.5.5 School Budgets Position – This position will be updated at Period 3 once a report has been considered by Cabinet on the 5th July.
- 6.6 The main issues within the Place Directorate are as follows:-
- 6.6.1 Timesheet entry across Regeneration, Property and Commissioning and Highways, Transport and Recycling are not up to date therefore the forecast assumes estimates for the outstanding timesheets. 291 timesheets were outstanding at the end of May.
- 6.6.2 It is assumed that budgeted income for works will be received from NMWTRA, at this early point in the year the level of reactive work is unknown.
- 6.6.3 NMWTRA income outstanding for 2015-16 is £1.2m.
- 6.6.4 The fleet service have still not caught up with their invoicing from 15-16.
- 6.6.5 Within Regeneration, Property and Commissioning there are a number of areas that earn income, these areas are notoriously difficult to forecast and the forecast currently assumes that the income will follow similar profiles to previous years.
7. **Options Considered/Available**
- No alternative options are considered appropriate as a result of this report.
8. **Preferred Choice and Reasons**
- None to consider.

9. **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.

10. **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.

11. **Local Member(s)**

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

12. **Other Front Line Services**

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

13. **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.

14. **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.

15. **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.

16. **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.

The Monitoring Officer has no specific concerns with this report.

17. **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:
That: <ol style="list-style-type: none"> a. the contents of this report are noted by Cabinet; and b. Cabinet supports appropriate action by services to curtail or reduce the reported forecasted service deficits. c. the Capital virements set out in paragraph 5.3 are approved, and those over £500k be submitted to full council for approval. 	To monitor the Council's financial performance and ensure that spending remains within approved limits and that the 3% minimum general fund reserve is maintained.

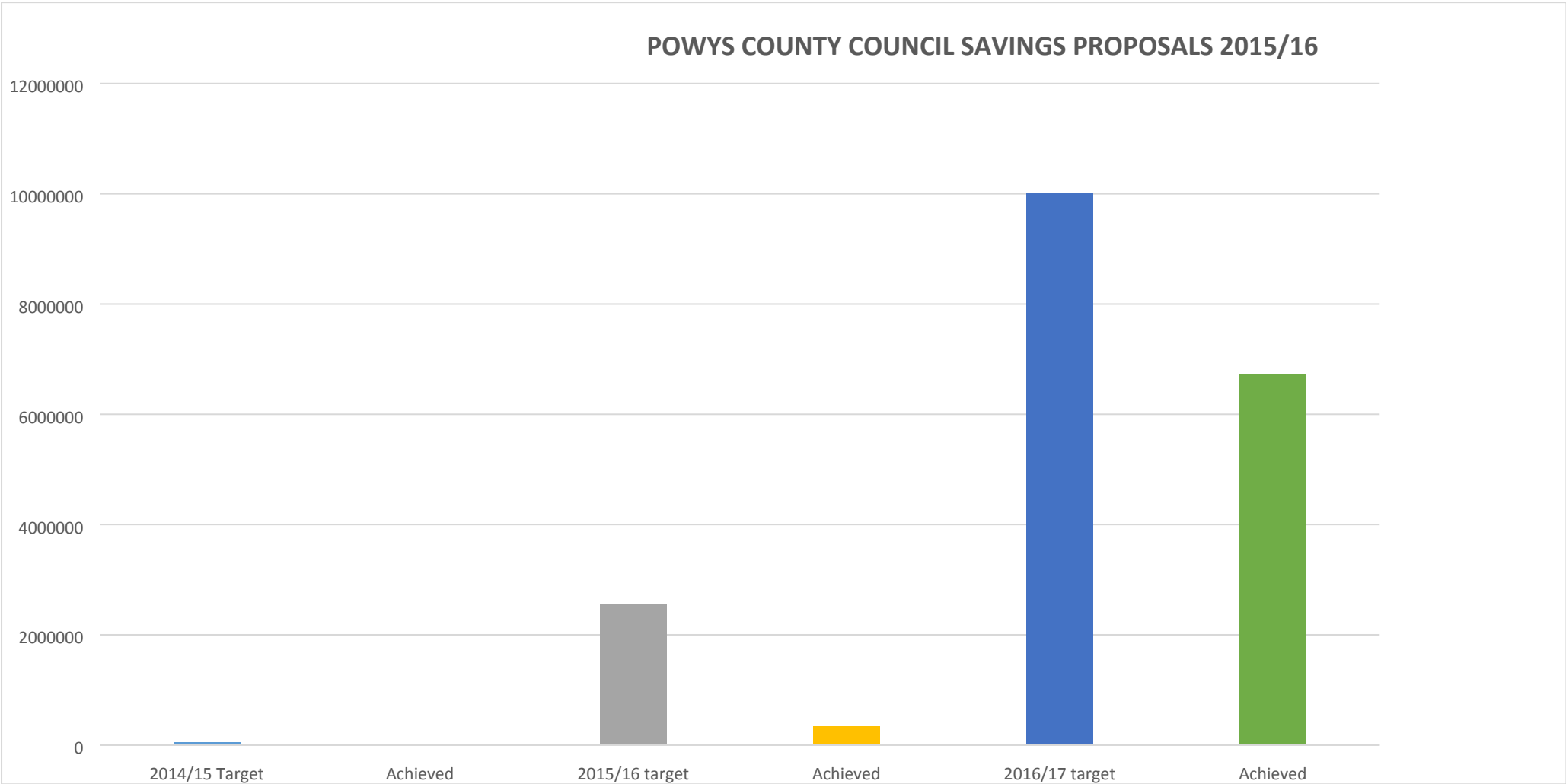
Relevant Policy (ies):	Financial Regulations		
Within Policy:	Yes	Within Budget:	n/a

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

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

POWYS COUNTY COUNCIL SAVINGS PROPOSALS 2015/16



SAVINGS BY DIRECTORATE FOR 2016/17

4,500,000

4,000,000



