

**CYNGOR SIR POWYS COUNTY COUNCIL.
CABINET EXECUTIVE
13th September 2016**

REPORT AUTHOR: County Councillor Wynne Jones
Portfolio Holder for Finance

SUBJECT: Financial Overview and Forecast as at 30th June 2016

REPORT FOR: Decision / Discussion / Information

1. **Summary**

1.1 This report provides an update on the Revenue and Capital Budgets as at 30th June 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 £5.428m, an increase of £1.675m on the position reported at the end of May. 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 3.25% 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	72,262	(4)	76,560	(4,298)	-5.95%
Place	38,792	39,444	(3,463)	40,717	(1,273)	-3.23%
Schools	29,029	29,210	898	29,833	(623)	-2.13%
Resources	6,456	7,338	(970)	7,379	(41)	-0.56%
Central Activities	21,317	18,872	1,709	18,065	807	4.28%
Total	167,140	167,126	(1,830)	172,554	(5,428)	-3.25%

1.3 Capital

1.3.1 Actual expenditure on the Capital budget and committed expenditure is £14.85m which represents 26% 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 June amount to £7.561m representing 60% 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 £12m held in the General Reserve. The forecast use of reserves during the year is £4.021m. Unless the agreed budget savings are delivered a draw on the general reserve will be required, this is currently projected at £5.085m.

2. Revenue Forecast

2.1 The table below provides the revised projected forecast to the 30th June 2016.

Forecast to 30th June 2016						
Service Area	Original Budget	Total Working budget	Use of Reserves	Forecast Spend	Variance (Over) / Under spend	
	£'000	£'000	£'000	£'000	£'000	%
People						
Adult & Commissioning	54,944	55,380	(4)	58,977	(3,597)	-6%
Children Services	15,774	16,023	0	16,728	(705)	-4%
Housing General Fund	828	859	0	855	4	0%
Place						
Leisure & Recreation	11,380	11,825	(165)	11,900	(75)	-1%
Regeneration, Property & Commissioning	7,308	7,467	(911)	7,435	32	0%
Highways, Transport & Recycling	20,104	20,152	(2,387)	21,382	(1,230)	-6%
Schools						
Schools Service	29,029	29,210	898	29,833	(623)	-2%
Resources						
Professional Services	1,004	1,028	(150)	1,031	(3)	0%
Information Services	234	188	(374)	265	(77)	-41%
Business Services	1,091	1,814	(395)	1,798	16	1%
Chief Executive	4,127	4,308	(51)	4,285	23	1%
Service Area Totals	145,823	148,254	(3,539)	154,489	(6,235)	-4%
Central Activities	21,317	18,872	1,709	18,065	807	4%
Total	167,140	167,126	(1,830)	172,554	(5,428)	-3%

Housing Revenue Account (HRA)	0	0	0	54	(54)	0%
Schools Delegated	69,979	76,169	(2,221)	76,194	(25)	0%
Schools Delegated - Other		(6,177)	30	(6,161)	(16)	0%
Total including HRA	237,119	237,118	(4,021)	242,641	(5,523)	-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 £5.428m or 3% of the working budget.

2.4 People Directorate

Net Working Budget: £ 72,262k

Net Forecast Expenditure: £ 76,560k

Variance (Over)/Under Spend: £ (4,298)k

2.4.1 **Adult Social Care** is currently forecast to overspend by £3.598m, 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 £2.75m 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 £1.865m. This is in addition to the continuing pressure of bringing back in-house contract hours from the South which is forecast to be overspent by £730k this year.

2.4.3 The above is offset by a projected underspend on staffing of £367k 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

2.4.4 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.

2.4.5 **Children's services** forecast an overspend of £705k, mainly due to undelivered savings opportunities of £522k, of which £109k relates to third party savings.

2.4.6 The Looked After Children (LAC) service area is forecasting an overspend of £258k, 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. However there are a number of workstreams underway to minimise this risk including building the skills and resilience of foster carers to manage complexity, developing packages to bring identified children back to Powys from external placements and more effective commissioning and

brokerage to ensure best value is achieved. Some court ordered placements will be reduced through improved practice and oversight which will be delivered through the planned transformation.

- 2.4.7 Forecast underspends within the service area relate to Children with disabilities £13k, Preventative Work £17k 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 Place Directorate

Net Working Budget:	£ 39,444k
Net Forecast Expenditure:	£ 40,717k
Variance (Over)/Under Spend:	£ (1,273)k

- 2.5.1 The forecast outturn for Place, is an over spend of £1.273m. The over spend is mainly due to savings that are unachieved at this point in the year.
- 2.5.2 **Regeneration, Property and Commissioning** are reporting an underspend of £32k to the year end. The improvement from £90k overspend predicted at period 2, is due to the income target for charging carbon reduction tax to Schools, being funded from the budget management reserve.
- 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 £209k as a result of the variable nature of the fixed electrical testing.
- 2.5.4 Building Control and Development Management are both forecasting significant underspends of £92k and £97k 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 £870k, the majority of which relates to savings not achieved at this point in the year.
- 2.5.6 Other notable variances relate to an over spend of £60k on Llandegley HWRC as a result of delays in moving to the new HWRC in Llandrindod and implementation of the new contract and a forecast over spend of £60k in Highways Technical Services mainly as a result of unachievable income targets in Highways Design and Network Management.
- 2.5.7 **Leisure and Recreation** are forecasting an outturn over spend of £75k as at the end of June compared to £113k overspend at May 2016. The reduction in overspend relates to budget savings within the Catering service.
- 2.5.8 A forecast outturn over spend of £360k is reported at the end of June compared to a forecast over spend of £395k at the end of May within the Directors budget. The improvement in the position reported is as a result of the £29k 'Grants to Voluntary Organisations' being achieved through a

reduction to the budget of the Regeneration Service and the achievement of a saving of £4k which has been attributed to the 'Third Party Spend' saving as a result of the Lakeside lease.

2.6 **Schools Service (excluding Schools Delegated)**

Net Working Budget: £29,210k

Net Forecast Expenditure: £29,833k

Variance (Over)/Under Spend: £ (623)k

2.6.1 The Schools service are forecasting an overspend of £623k to the year end as at the end of June. The unachieved savings of £51k within the Schools central budget has now been achieved mainly through a reduction in the match funding requirement of the Education Improvement Grant (EIG).

2.6.2 The projected outturn for School Improvement is an underspend of £23k due to permanent slippage on various headings within Peripatetic Welsh Language Service and temporary staff slippage within the Improvement team.

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 £521k;

2.6.5 The projected outturn position for Home to school/college transport is a £493k overspend, of this £446k is in relation to route costs 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.

2.6.6 School meals outturn position is a £32k overspend. This is due to unachieved savings yet to be found from the cashless project and the associated additional bank charges being incurred.

2.6.7 The projected overspend for the Schools Pupil Inclusion budget is £129k. 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.

2.6.8 Independent out of county is predicting an overspend of £156k, 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 £111k.

2.7 **Resources Directorate**

Net Working Budget: £ 7,338k

Net Forecast Expenditure: £ 7,379k

Variance (Over)/Under Spend: £ (41)k

2.7.1 The resources directorate which includes Professional, Information and Business Services along with the Chief Executive budget have a forecast overspend to year end of £41k, mainly due to unachieved savings at this point in the year.

- 2.7.2 Savings have been achieved in Employment Services and Access to Services through re-organisation and management restructures with a further £118k expected from the service re-design of Income and Awards, the full impact of which should be known by the end of quarter 2.
- 2.7.3 Communications have also achieved savings of £81k in respect of a review of the Executive and a reduction in the events budget. Further savings have been realised through the removal of communications staff from the emergency rota.
- 2.7.4 Forecast contribution from reserves in this area equates to £529k and are in relation to Business Intelligence, Job Evaluation and the additional costs of the childcare line provided by Carmarthen County Council.
- 2.7.5 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 £36k. Corporate Legal and Democratic Services are also predicting an underspend of £42k, in relation to staffing.

2.8 Central Activities

Net Working Budget:	£ 18,872k
Net Forecast Expenditure:	£ 18,065k
Variance (Over)/Under Spend:	£ 807k

- 2.8.1 An underspend of £807k is forecast at the year end, excluding the Council Tax surplus, forecast to be £329k at present. The remaining underspend mainly relates to Capital charges due to an increase in the valuation of assets under construction.

2.9 Schools Delegated

- 2.9.1 All schools submitted budget positions, which Cabinet considered on the 5th July.

Position	Cabinet Position 2016/17
Primary	£1,091,419
Secondary	(£414,293)
Special	(£381,837)
Total	£295,289

- 2.9.2 Of the 98 schools 71 have planned surpluses, and 27 have planned deficits. Of the 27, 8 are unlicensed as they did not have a plan in place that complies with the Scheme for Financing Schools. The 8 Unlicensed schools must submit a deficit recovery plan to the authority by the 16th September, a further report will be considered by Cabinet on the 27th September.
- 2.9.3 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. 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.

2.10 Housing Revenue Account

2.10.1 The Housing Revenue account is forecast to overspend by £54k mainly due to under estimated costs in relation to the change in contract for the Heating Programme equating to £180k, this has been partly offset by underspends in other areas along with over-achieved income.

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 30 June 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	(1,187)	9,043
Projected Overspend		(5,069)	(5,069)
Projected Overspend - Schools Delegated		(16)	(16)
Other			
	10,230	(6,272)	3,958
Ringfenced & Specific Reserves			
Budget Managers 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	(678)	7,995
Insurance Reserve	1,965	0	1,965
Transport & Equipment Funding Reserve	5,054	(265)	4,789
Sub-Total	28,291	(2,832)	25,459
Schools Delegated Reserves	2,823	(2,218)	605
School Loans & Other Items	(417)	55	(362)
Projected Underspend		(25)	(25)
Net School Delegated Reserves	2,406	(2,188)	218
Total Ringfenced & Specific Reserves	30,697	(5,020)	25,677
Housing Revenue Account	1,384	0	1,384
Projected Underspend		(54)	(54)
	1,384	(54)	1,330
Total Revenue Reserves	42,311	(11,346)	30,965

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 use of Specific and Ring Fenced Reserves (including the HRA) is significant at £5.074m, however, these reserves have been set aside for 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 1.66% 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
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	%
Place							
Highways Transport & Recycling	0	675	1,733	2,407	1,302	1,105	54%
Regeneration, Property & Commissioning	0	14	528	542	299	243	55%
Leisure & Recreation	0	52	438	491	259	231	53%
Place	0	398	0	398	33	365	8%
Place	0	1,139	2,699	3,838	1,893	1,945	49%
Schools							
Schools	51	158	1,846	2,055	1,558	497	76%
Schools	51	158	1,846	2,055	1,558	497	76%
People							
Adult	0	868	450	1,318	0	1,318	0%
Children Services	0	110	511	621	98	522	16%
Housing	0	7	0	7	7	0	100%
People	0	984	961	1,945	105	1,840	5%
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	7,562	5,039	60%

4.2 Savings of £7.562m have been achieved to date representing 60% of the total required. This leaves £5.039m yet to be achieved, £2.948m relating to 16/17 targets and £2.090m brought forward from 15/16, mainly in relation to third party opportunities. The £51k savings from 14/15 within the Schools Service has now been achieved in full. 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 after virements approved and required has increased to £57.3m.

5.2 Actual and committed spend as at 30th June is £14.9m (May £11.7m) which represents 26% of the working budget. The table below summarises the position

Service	Original Budget 2015/16	Virements Approved	Virements Required by Cabinet	Virements Required by Council	Revised Working Budget 2016/17 as at 30 June 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	172	0	0	2,120	679	1,441	68.0%
Schools and Inclusion	4,872	2,415	0	0	7,287	245	7,042	96.6%
Chief Executive	0	98	0	0	98	-20	118	120.4%
Resources								
Business Services	87	445	0	0	532	77	455	85.5%
Professional Services	532	-66	0	0	466	0	466	100.0%
Information Services	820	260	0	0	1,080	172	908	84.1%
Corporate Activities	0	0	0	0	0	0	0	
Place								
Highways, Transport & Recycling	7,696	2,340	360	1,476	11,872	2,632	9,240	77.8%
Leisure & Recreation	8,445	1,345	0	0	9,790	1,383	8,407	85.9%
Regeneration, Property & Commissioning	4,284	479	0	0	4,763	90	4,673	98.1%
Total Capital	29,127	7,519	360	1,476	38,482	5,258	33,224	86.3%
Housing Revenue Account	18,550	300	0	0	18,850	9,593	9,257	49.1%
TOTAL	47,677	7,819	360	1,476	57,332	14,851	42,481	74.1%

for each directorate.

5.3 There were £700k of virements proposed for approval in June 2016 and £2k of Capital grants received as follows:-.

**CAPITAL PROGRAMME - VIREMENTS REQUIRED
AS AT 30 JUNE 2016**

	Amount £000
Highways Transport and Recycling	
The savings associated with the North Area Household Waste Recycling Centre are in 2017/18, the £700k is required to purchase the site and design fees with possible commencement by the end of the year . This virement recommends moving the budget to 2016/17.	700
	<u>700</u>
Housing	
The amount of reserves held by the HRA were £382k more than anticipated when the accounts were closed in 2015/16. This virement requests that these reserves are used to finance capital expenditure in 2016/17 which in turn will reduced the borrowing.	382
	-382
	<u>0</u>
	<u>700</u>
Grants Accepted as at 30 June 2016	
Housing	
The Major Repairs Allowance has now been received for 2016/17 and is £2k less than anticipated at £3.71m.	-2
	<u>-2</u>
	<u>-2</u>

5.4

PLACE

5.4.1 A spend of £4.105m (May

£3.319m) against a total budget of £26.427m (May £25.208m) is reported at the end of June 2016, 84% (May 87%) of the capital budget remains unspent at the end of June.

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 revised budget of £417k for this financial year to continue the roll out, spend plus commitments to date equates to £77k.

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 June only £19k has been spent with a further £153k committed.

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 3.4% of total budget as at the 30th June, the capital programme for Schools consists of:-

5.6.2 Major improvement programme has 55 schemes in 2016/17, including schemes carried forward from 2015/16. There are 2 new schemes approved, 3 new schemes commissioned, 8 schemes at the design stage, 9 are out to tender, 21 are under construction and 12 schemes have been handed over to the end user.

5.6.3 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

5.6.4 21st Century schools has 6 programmes of which each are at varying levels of progress:-

5.6.4.1 **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. Designs have been agreed and will 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 now starts to establish the shadow governing body.

5.6.4.2 **Ysgol Dafydd Llwyd**

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

5.6.4.3 **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.

5.6.4.4 **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 in September.

5.6.4.5 **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.

5.6.4.6 **Ysgol Glantwymyn**

Discussions 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 it 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.

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 3 the actual and commitments are £9.36m or 61% of the planned sum.
- 5.8.3 Other capital works total £3.64m only £229k has been spent and committed to the end of June leaving just under 94% of the budget to be utilised.
- 5.8.4 The Housing General Fund (HGF), non Revenue Expenditure Funded from Capital Under Statute(REFCUS)Capital budget is £0.2m, of which £0.023m 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.
- 5.8.5 The REFCUS budget is £1.920m funded through General Capital receipts and supported borrowings. Actuals and commitments to date are £657k. Schemes included are; Safe Warm and Secure (SWS), Landlord loans, Co2 Emissions and Disabled Adaptations in general properties non HRA.

6. Issues affecting the Forecasts

- 6.1 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.
- 6.2 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.
- 6.3 It has not yet been decided whether the cost of current year redundancy costs will be funded Corporately and therefore these costs, where applicable, have been built into the forecast at this point.
- 6.4 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.

6.5 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.

6.6 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.

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) comments: Whilst noting this is Quarter 1 it is already evident that the 2016/17 position is concerning. 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 council operates a cash limited approach to budgets and any savings not able to be delivered will need to be met by alternative proposals put forward by directorates so that they stay within their 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.

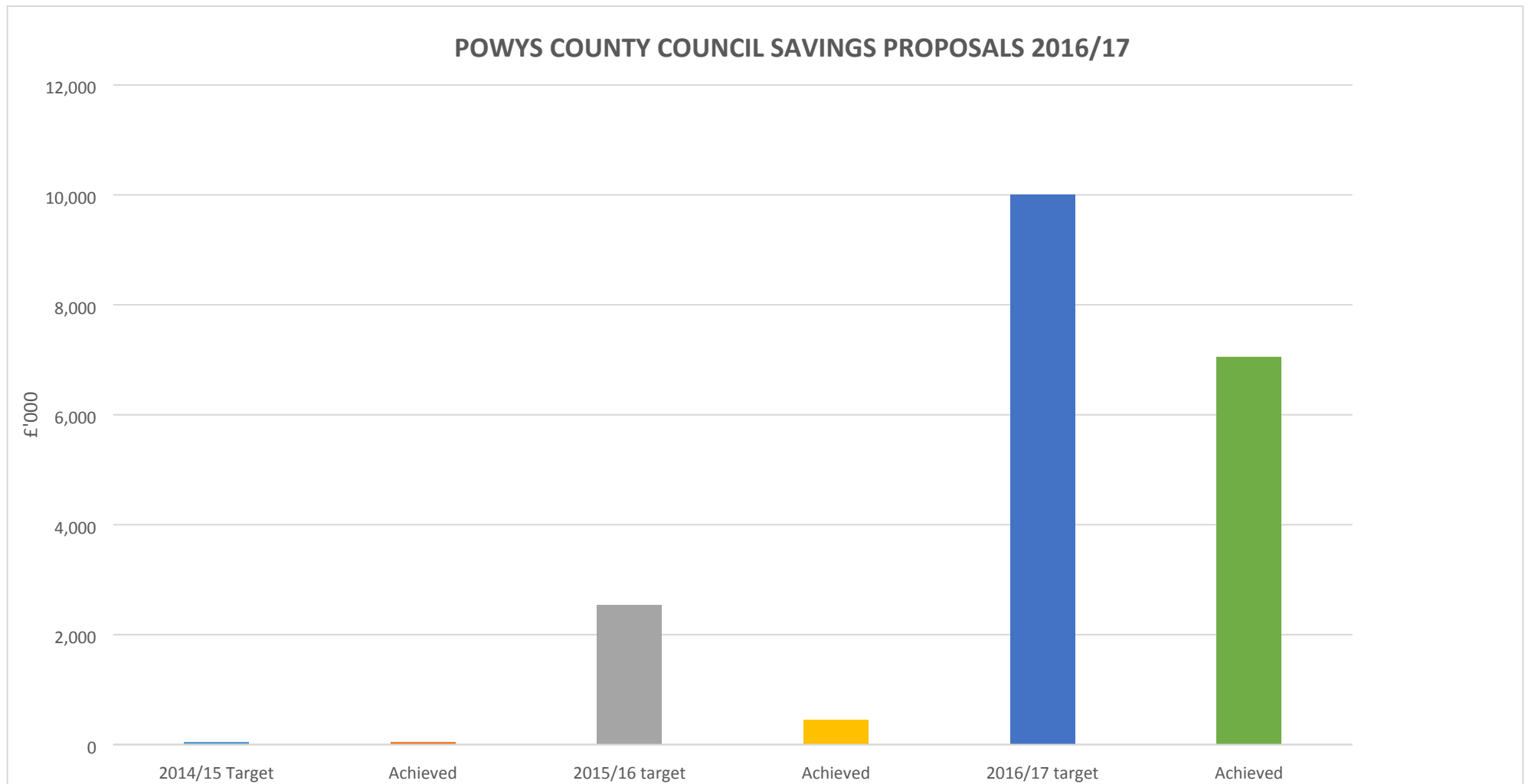
Recommendation:	Reason for Recommendation:
That: <ul style="list-style-type: none"> a. the contents of this report are noted by Cabinet; and b. Cabinet supports appropriate action by services to curtail or reduce the reported forecasted service deficits. c. the Capital virements set out in paragraph 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



SAVINGS BY DIRECTORATE FOR 2016/17

4,500



Directorate	Savings
Directorate 1	4,500

