

CORPORATE PERFORMANCE AND RESOURCES SCRUTINY COMMITTEE

Minutes of a meeting held on 26th July, 2016.

Present: Councillor M.R. Wilson (Chairman); Councillor G. Roberts (Vice-Chairman); Councillors Mrs. P. Drake, H.C. Hamilton, K. Hatton, H.J.W. James, R.A. Penrose and A.C. Williams.

237 APOLOGIES FOR ABSENCE –

These were received from Councillors Mrs. A. Moore and E. Williams.

238 MINUTES –

RECOMMENDED – T H A T the minutes of the meeting held on 14th June, 2016 be approved as a correct record.

239 DECLARATIONS OF INTEREST –

The following Members declared an interest in the Agenda Item numbers shown:

Councillor Mrs. P. Drake	Agenda Item No. 4 – Reshaping Services Programme Update – Member of Barry Town Council
Councillor H.C. Hamilton	Agenda Item No. 4 – Reshaping Services Programme Update – Member of Barry Town Council
Councillor K. Hatton	Agenda Item No. 4 – Reshaping Services Programme Update – Member of Dinas Powys Community Council
Councillor G. Roberts	Agenda Item No. 4 – Reshaping Services Programme Update – Member of Penarth Town Council involved with alternative service delivery
Councillor A.C. Williams	Agenda Item No. 7 – Revenue Monitoring for the Period 1 st April to 31 st May, 2016 (Paget Road Open Space) – Member of Penarth Town Council
Councillor M.R. Wilson	Agenda Item No. 4 – Reshaping Services Programme Update – Member of Penarth Town Council

240 RESHAPING SERVICES PROGRAMME UPDATE (REF) –

The Cabinet, at its meeting held on 4th July (Cabinet Minute No. C3227) received a report which provided an update on the progress of the Programme as a whole. Paragraphs 16 to 98 of the original Cabinet report described the progress on the following areas that had been made by each of the projects to date. The Programme Board which had oversight of the Programme allocated a Red, Amber or Green (RAG) status for each project at each meeting. The status (RAG) showed the Board's holistic assessment of the project in terms of its overall ability to achieve on time and to target. In reaching this status, the Board considered the complexity of Reshaping Services projects and the impact from a range of risks and issues. Each project's most recent status was shown against each project heading. As projects developed business cases and other forms of proposals for change, these would be reported to Cabinet, Scrutiny Committees and Council for consideration and approval as appropriate.

Service specific workstream projects relating to the following:

Tranche 1

- Additional Learning Needs (ALN) and Inclusion (Amber)
- Catering (Amber)
- Library Services (Green)
- Transportation (Amber)
- Building Maintenance (Amber)
- Visible Services (Amber)
- Planning (Green – Completed)
- Regulatory Services (Green – Completed)
- ICT (Amber)
- Property Projects – Corporate Office Building Rationalisation and Cleaning and Security (Amber)
- Social Services Budget and Collaborative Working Programmes (Red)

Tranche 2

- Learning and Skills: Strategy and Resources (Amber)
- Housing Services – Landlord Responsibility (Amber)
- Building Services – Cleaning and Security Services (Amber)
- Corporate Services (Red).

In terms of future tranches of service review projects, it was proposed that the challenge process be run again during 2016, in order to identify future tranches of projects. The Programme Board had discussed the process to be followed. In order to learn lessons from the first round of the challenge process, the Council's Heads of Service Group were currently developing proposes for how this could work and proposals would be reported to Cabinet in due course.

In regard to Corporate Workstream Projects, the Challenge Group identified a series of opportunities that would benefit from a corporate-wide response and these were

being progressed as Corporate Workstream Projects. The following areas described the progress being made in regard to these initiatives:

- Town and Community Councils (TCCs) and the Voluntary Sector (Amber)
- Demand Management (Amber)
- Effectiveness of Spend (Economic Development – Green; Grants – Amber)
- Income Generation (Amber)
- Digital Vale (Amber).

The third element of the Reshaping Services Programme (Programme Activity) incorporated arrangements that had been put in place to manage the Programme and to ensure its efficient delivery. The activity undertaken in supporting the Programme related to the following areas:

- Programme Management (Green)
- Organisational Development (Green)
- Communication and Engagement (Green).

A summary of the savings targets that had been set for the Reshaping Services Programme to date was set out below. This summary followed the re-profiling of some of the savings as part of the Council's Final Revenue Budget Proposals for the financial year 2016/17, which had been referenced in the background papers information to the report:

Directorate	Service	2016/17	2017/18	2018/19	TOTAL
		£000s	£000s	£000s	£000s
Managing Director & Resources	Effectiveness of Spend (Economic Development)	50	0	0	50
Managing Director & Resources	Effectiveness of Spend (Grants and Policy Review)	350	350	0	700
Managing Director & Resources	Income Generation	60	50	50	160
Managing Director & Resources	Planning	100	0	0	100
Managing Director & Resources	ICT	0	550	0	550
Managing Director & Resources	Other Corporate Services	0	1,400	0	1,400
Learning & Skills	Additional Learning Needs	292	271	60	623
Learning & Skills	Catering	347	0	0	347

Learning & Skills	Strategy and Resources	0	400	0	400
Environment & Housing	Building Maintenance	0	0	0	0
Environment & Housing	Visible Services	300	1,900	0	2,200
Environment & Housing	Housing Services – Landlord Responsibilities	0	0	0	0
Environment & Housing	Building Cleaning and Security	0	200	0	200
Social Services	Social Services Reshaping Services Projects	0	320	320	640
TOTAL		1,499	5,441	430	7,370

Those savings where were General Policy and Council wide were included in the Managing Director and Resources Directorate savings above. The above table illustrated that no specific savings have been attributed to the Demand Management, Digital Vale and Town and Community Councils corporate projects to date. As indicated above, alternative savings had been identified by the Building Maintenance service as a means of meeting the target for 2016/17. Following completion of a value for money review, consideration as to the setting of any further appropriate targets would be given at that time.

The Property Projects, Library Project and Transportation Programme were all subject to the Reshaping Services Programme governance arrangements. The savings targets for these projects were established independently of Reshaping Services as work was underway prior to the Reshaping Service Programme being approved. The targets for these areas were set out in the below table and were monitored as part of the Reshaping Services Programme governance arrangements.

Project	2016/17	2017/18	2018/19	TOTAL
	£000s	£000s	£000s	£000s
Property Projects	209	363	0	572
Library Project	275	0	0	275
Transportation Programme	1,069	325	0	1,394
TOTAL	1,553	688	0	2,241

As such, the overall savings associated with the Reshaping Services Programme were £3.052m (2016/17), £6.129m (2017/18) and £430,000 (2018/19). The below table illustrated the contribution Reshaping Services was making to the Council's overall financial savings by Directorate. This table included an allocation of the savings associated with the Transportation Programme across all Directorates.

Directorate	2016/17	2017/18	2018/19	TOTAL
	£000s	£000s	£000s	£000s
Managing Director and Resources (including General Policy and Council wide savings)	4,110	3,204	257	7,571
Reshaping Services	864	2,750	50	3,664
Other Savings	3,246	454	207	3,907
Learning and Skills	1,164	796	60	2,020
Reshaping Services	957	678	60	1,695
Other Savings	207	118	0	325
Environment and Housing	3,008	2,416	125	5,549
Reshaping Services	1,074	2,366	0	3,440
Other Savings	1,934	50	125	2,109
Social Services	1,007	605	320	1,932
Reshaping Services	157	335	320	812
Other Savings	850	270	0	1,120
Total Council	9,289	7,021	762	17,072
Total Reshaping Services	3,052	6,129	430	9,611
Total Other Savings	6,237	892	332	7,461

The targets above were subject to change as part of the Programme and would be informed by the Medium Term Financial Plan and developing funding environment in which the Council operated. It was intended that savings in excess of the targets set out in the Cabinet report would be identified as the Programme progressed and would feed into future tranches of service reviews.

General discussion ensued with the Head of Performance and Development providing further clarification to the two projects identified within the original Cabinet report as being Red. In referring to the Social Services Budget and Collaborative Work Programme, he highlighted the level of risk relating to the service resulting from the increasing level of demand and reducing budgets, which together presented a significant challenge. In regard to Corporate Services, it was proposed to commission external assistance to assess how Corporate Services were currently being undertaken with a view to developing a clear picture initially of the current level and nature of the services and subsequently to identify potential opportunities for savings and for developing alternative models of services delivery.

In response, a number of Members expressed their view in relation to the potential options available to the Council including a collaborative approach with other Local Authorities and preparing the ground to enable the Council to do this based on its existing expertise and lessons learned from establishing the Shared Regulatory Services. The options going forward should not discount partners within the private sector.

A Member expressed disquiet in that there appeared to be too much procrastination with the timelines being alluded to as not sufficiently challenging. In response, the Head of Performance and Development referred the Member to the report which clearly indicated that savings were constantly being made and that work was progressing on how to deliver the very substantial savings required in the future. The scale of savings would require a different approach by services, which necessitated a longer led-in time. Another Member agreed that alternative service delivery models tended to be complex, which may provide an explanation as to why on the surface progress appeared to be slow. The Chairman in addition, reminded the Committee that progress in regard to Corporate Services savings may have been hampered as a consequence of the uncertainty regarding Local Government reorganisation.

The Head of Finance echoed the comments of the Head of Performance and Development and intimated that it was necessary to engage external assistance to assist in reviewing Corporate Services. She considered that it was likely that the Council would need to take a different view of new challenges posed for the Authority and therefore, it was necessary to look at services and how these provided support to other areas of the Council. She felt that as services changed the support from Corporate Services may also need to change and referred to the Finance Division's services and how they made a contribution to supporting new business models such as the Shared Regulatory Service. She also indicated that there was also likely a need for an assessment of the Council's current arrangements surrounding business planning, risk analysis and an assessment of appropriate business models to allow the Council to move forward in the future.

The Chairman referred to paragraph 54 of the original Cabinet report and in particular to day services and respite services and referred to his personal knowledge of the Penarth Live At Home Scheme which had been a success and enquired if similar arrangements could be rolled out across the County. In response, the Head of Adult Services / Locality Manager acknowledged that the above scheme was very good and also referred to the requirements of the Social Services and Well-being (Wales) Act 2014 which required Local Authorities to look at preventative initiatives. He also referred to the Council's current use of the Intermediate Care Fund to support the delivery of preventative services and to work of a similar nature undertaken by a number of other organisations who provided similar services to those provided under the Penarth Live At Home Scheme. He acknowledged that it is important to fully utilise the support provided by these services. He also drew the Committee's attention to the "Dewis" portal which provided information about these types of services for individuals and services to access. He also reminded the Committee that the Social Services Budget Programme had been in place for a number of years and many of the savings requirements under this programme had been incorporated into the Council's Reshaping Services Programme. He also indicated that as the service went forward in the future, demands would be ever increasing and cited recent increases in care costs as a result of the introduction of the Living Wage.

A Member referred to paragraph 19 of the report and to the budget overspend in relation to Ysgol y Deri and suggested that a report into the reasons why an overspend had occurred should be presented to the Scrutiny Committee. The Head

of Finance, in referring to the request for the report into this matter, indicated that she was aware of work currently being undertaken during the summer in relation to the financial costings at the school. At this point, the Chairman suggested that any report prepared should be submitted to the relevant Scrutiny Committee and that relevant Scrutiny Committee be requested to refer the matter on to the Corporate Performance and Resources Scrutiny Committee for further regeneration if deemed appropriate to do so.

RECOMMENDED – T H A T the Cabinet resolution of 4th July, 2016 be noted.

Reason for recommendation

In acknowledgement of progress made to date.

241 ANNUAL SICKNESS ABSENCE REPORT – APRIL 2015 TO MARCH 2016 – (REF) –

The Cabinet, at its meeting held on 4th July, 2016, considered the above matter (Minute No. C3228 refers).

The report set out the sickness absence information for the period 1st April, 2015 to 31st March, 2016 across all Directorates / Services, including corporate and schools' employees. It also included details of sickness absence figures for the previous financial year (2014/15) for comparative purposes.

The management of attendance and the levels of sickness absence were reported to Cabinet every six months. An action plan was outlined in the report to Cabinet on 27th July, 2015 to address the issue of sickness absence given the increase in absence levels in the previous 12 months. An update on progress in respect of the action plan was set out in detail in Appendix B to the report.

The overall sickness absence rates (working time lost per full time equivalent employee) for the current financial year, in comparison to the previous financial year, was set out in the table below:

	April 2014 - March 2015	April 2015 - March 2016	Target
Average days / shifts lost (per FTE)	9.44	9.56	8.9

The Head of Human Resources indicated the total absence figures for the period April 2015 to March 2016 indicated an increase on last year's figures, from 9.44 to 9.56 days lost per FTE. This represented an increase in absence of 0.12 days lost per FTE employee. This was disappointing given the intensive work programme that had taken place as outlined in the Management of Attendance Action Plan.

He referred to Appendix A of the report which provided a summary of the absence within each Directorate.

He also referred to the improvement actions which were set out in Appendix B to the report and to the associated performance management arrangements which were detailed in paragraph 24 of the original Cabinet report. He drew the Committee's attention to the development of action plans within Directorates focusing on particular issues within discreet service areas; the reporting and consideration of absence levels on a monthly basis; the development of priority case reports to help focus on ways to support and resolve long-standing issues; the strengthening of the collective intervention process between managers, Occupational Health employees and the Human Resources teams and the development of sickness absence monitoring reports. He also referred to matters contained in paragraphs 26 and 27 of the original Cabinet report in relation to the Employee Assistance Programme and to paragraph 28 of the said report in regard to positive health promotion. His attention then turned to the revised Managing Attendance at Work Policy which had recently been approved by the Cabinet in May 2016, the Policy's intention to increase the focus on the management of long term absence, which accounted for nearly 70% of all sickness absence whilst continuing to support the Council's performance management approach to this issue. He also referred to a programme of training for managers on the revised Policy which would take place between July and September 2016 and prior to the formal launch of the new Policy in October 2016. He also reminded the Scrutiny Committee that the new Policy arrangements had been consulted upon with the recognised Trade Unions and had subsequently agreed the same. Latterly, he referred to paragraphs 35 to 38 of the report, which dealt with arrangements in regard to Employee Engagement Strategy. In summing up he highlighted paragraph 25 of the original Cabinet report, indicating that there were early indications within the current financial year (April, May, June) that the new interventions identified within the Action Plan were now taking effect. Overall sickness absence rates for the period April to May 2016 in comparison to the same period in 2015, were below the pro rata target which was encouraging.

Discussion ensued regarding causations of stress sickness absence, with various Members commenting on this issue. A number of Members also referred to the causation of muscular skeletal injuries.

A Member referred to the Care First contract which was launched in June 2016 and enquired if there had been any indication of a difference since the contract was initiated. In response, the Head of Human Resources indicated that given the service had been recently launched, it was difficult to assess any emerging picture. However, the Council would receive quarterly management reports from the provider which would identify general areas in terms of enquiries and matters of causation. He intimated that a report on such matters could be reported to the Scrutiny Committee in the future. In response the Chairman indicated that the provision of such information to the Scrutiny Committee in future would be useful, however, he enquired as to why stress levels were high in certain Directorates. In response the Head of Human Resources referred to Environment and Housing where there had been an overall downward reduction of 1.5 days FTE in relation to stress, in referring to muscular skeletal injuries he reassured the Committee that measures were in place to emphasise the importance of health and safety arrangements and that the new monthly management reporting regime was necessary and important to ensure sickness was reviewed in an appropriate and timely manner. In referring to the Care First contract, the Member alluded to his personal knowledge of Cardiff and Vale

Health Authority who were promoting “a mindfulness programme” for their employees and enquired if similar arrangements could be provided for Council employees. The Chairman at this point also asked if those employees who were suffering stress could be referred to the Barry Leisure Centre which was run in partnership with the Council. In response, the Head of Service referred to the Leadership Café programme which would include in the future a session relating to mindfulness; he would also look into the feasibility of a referral system. He reminded the Scrutiny Committee that the Council was in the top quartile for managing sickness absence in Wales and it was not just this Council who were experiencing increasing sickness levels. Latterly, he referred to a recent national award in relation to the Council’s Leadership Café.

A Member referred to the fact that Members of the Council were concerned about employees’ welfare and reminded the Head of Human Resources that managers themselves had a responsibility to ensure employees’ welfare was managed appropriately.

Having regard to the above and related issues, it was

RECOMMENDED –

(1) T H A T the associated resolutions of the Cabinet made at its meeting on 4th July, 2016 in respect of the above matter be noted.

(2) T H A T the sickness absence outturn as set out in Appendix A to the Cabinet report of 4th July, 2016 and the progress of the Action Plan as set out in Appendix B of the same report, be noted.

Reason for recommendations

(1&2) In acknowledgement of the sickness absence outturn for the Council for the above period and in regard to progress in relation to the agreed Management of Attendance Action Plan.

242 OUTCOME AGREEMENT 2013-2016: END OF YEAR REPORT FOR 2015/16 (MD) –

The Outcome Agreement was an agreement with the Welsh Government for a three year period that required the Authority to deliver on performance activity and associated targets in line with the national Programme for Government in return for an incentive grant of c£1.2m. The current Agreement covered the period from 2013 to 2016. In the summer of 2015, Welsh Government announced that this third and final year of funding would not be tied into the level of performance achieved; instead, the funding would be automatically directed into the Authority's Revenue Support Grant (RSG) for 2016/17. This meant that payment for performance against targets in 2015/16 was assured and the Outcome Agreement did not carry the same level of financial risk associated with previous years. However, the activities were still crucial to improvements set by the Council and so it was nonetheless important to monitor and report on the performance against the Agreement for its final year.

Appendix 1 to the report provided details of the progress made against the actions and performance measures, along with a summary of the Outcomes achieved.

Based on the Council's own self-assessment and the scoring range set out in the below table, it had been concluded:

Outcome Agreement theme 1 has been scored as Fully Successful – 2 points
 Outcome Agreement theme 2 has been scored as Fully Successful – 2 points
 Outcome Agreement theme 3 has been scored as Fully Successful – 2 points
 Outcome Agreement theme 4 has been scored as Partially Successful – 1 point
 Outcome Agreement theme 5 has been scored as Fully Successful – 2 points.

Table 1: Outcome Agreement Scoring	
Definition	Points award
Fully Successful	2
Partially Successful	1
Unsuccessful	0
Previously the Outcome Agreement needed to achieve at least 8 points from a possible 10 across the 5 themes to gain the full annual grant	

In calculating the scores on the Outcome Agreement as a whole, performance across all five themes indicated that the Council had been fully successful in achieving the majority of targets and actions relating to Year 3 of the Agreement and could have attained 9 points out of a possible 10, therefore securing full payment of the grant as previously achieved in the financial years 2013/14 and 2014/15. The Scrutiny Committee was made aware that this would have been subject to agreement by the Minister in previous years.

It was indicated that a small number of targets were not achieved (which were identified by a symbol ☹) and in those instances proactive action was being taken to ensure that they were achieved for 2016/17, as part of the new Performance Management Framework. Quarterly monitoring would ensure performance was achieved.

Paragraphs 10 to 26 of the report provided a summary of the Council's conclusions on the five outcome areas for the Vale of Glamorgan and related to the following outcomes which also included associated achievements:

- Outcome 1: Supporting the local economy
- Outcome 2: Increasing school achievement
- Outcome 3: Improving the lives of older people
- Outcome 4: Improving social housing
- Outcome 5: Reducing landfill.

RECOMMENDED –

(1) T H A T the Council's achievement of Year 3 Outcomes (as set out in Appendix 1 to the report) and as outlined in the Outcome Agreement 2013-16 be noted.

(2) T H A T it be recommended to Cabinet that those areas where the Council had not achieved its targets continue to be monitored by the relevant Scrutiny Committee(s) as part of the new Performance Management Framework.

Reasons for recommendations

(1) In acknowledgement of achievements in regard to the outcomes listed in the Outcome Agreement 2013-16 for the third and final year of the Agreement.

(2) To ensure that the Council achieves the agreed targets and outcomes for 2015/16 as set out in the Outcome Agreement with Welsh Government.

243 REVENUE MONITORING FOR THE PERIOD 1ST APRIL TO 31ST MAY 2016 (MD) –

The Scrutiny Committee was updated by the Head of Finance of progress relating to revenue expenditure for the above period. Progress in respect of specific budgets was set out below.

Learning and Skills

The Directorate was projecting to outturn with an adverse variance of £753,000 at year end as detailed below. As part of the Closure of Accounts report for 2015/16, £500,000 had been set aside in the Schools Placements reserve. It was proposed that this sum be used as a one off contribution in 2016/17 to mitigate part of the shortfall while further Reshaping Services work was undertaken by the Directorate. The Director of Learning and Skills would review options for achieving the remaining £253,000 shortfall before year end and report ongoing progress.

Schools – The delegated budget relating to schools was expected to balance as any under/over spend was carried forward by schools.

School Improvement and Inclusion – The service was projected to outturn with an adverse variance of £951,000, which was as a result of an adverse variance of £861,000 on the recoupment income budget and an adverse variance on pupil placements of £218,000. This position could be partly offset by projected salary underspends of £128,000 which had resulted from vacant posts in the service. The service had a £2.4m recoupment income budget in respect of out of county pupil placements purchased at Ysgol y Deri. Over the last few years a trend has occurred where more out of county pupils have left Ysgol y Deri than new pupils have enrolled. In the current financial year it was anticipated that 15 out of county pupils will leave the school and only 4 new starters would enrol, in the previous financial year there were 17 leavers and 3 new out of county enrolments. There were two

main reasons for this reduction in out of county pupils, firstly due to an increased demand in Vale pupils requiring a placement at Ysgol y Deri which had resulted in a reduction in the number of places available for other Local Authorities to purchase and, secondly, that other Local Authorities are seeking cheaper alternatives due to budget reductions. Whilst the Directorate had been successful in identifying reshaping savings for the Inclusion Service, the Directorate had, to date, been unable to identify further savings to cover the gap in recoupment income. This adverse variance could reduce if there were new out of county enrolments in September 2016. The pupil placements budget was a volatile budget that could be significantly impacted with changes to packages of one or two pupils. The proposals to mitigate this position were outlined above.

Service Strategy and Regulation – This service was currently projecting a favourable variance at year end of £5,000, due to reductions in office expenses for the Directorate.

Strategic and Resources – This budget was currently projecting to outturn with a favourable variance of £175,000 as a result of vacant posts and staff not being at the top of their incremental scale as budgeted. There had also been an increase in ICT support packages purchased by schools.

Children and Young People's Partnership – It was anticipated that this service would outturn with a favourable variance of £5,000.

Provision had been made within the budget to make unsupported borrowing debt repayments in relation to the Schools Investment Strategy of £698,000 per annum and any favourable variance on debt repayments would be directed into the Schools Investment Strategy.

Libraries – This service was currently projecting to outturn on budget after transferring any legal costs and costs relating to the implementation of the service review out of the Libraries reserve. A judicial review had delayed the implementation of the Community Libraries. This delay in implementation would have an impact on the service's ability to achieve budget savings in 2016/17, however, any shortfall would be funded from the Libraries Reserve.

Youth Service – It was currently anticipated that the Youth Service would outturn with a favourable variance of £13,000 due to part year vacancies within the service.

Adult Community Learning (ACL) – It was anticipated that the ACL Service would outturn at budget after a £47,000 transfer from the ACL reserve. This transfer was required to assist with new Welsh for Adults contract and a previous year's funding reduction in Schedule 2 / Cardiff and Vale College Franchise.

Catering – It was currently anticipated that this service would outturn at budget, however, variations in school meal income would affect this position. School meal uptake would be carefully monitored throughout the year.

Other Services – At this early stage in the financial year, all other services were anticipated to outturn within budget.

Social Services

As it was very early in the financial year, the forecast for Social Services was shown as a balanced budget. However, there would be great pressure on this service in the coming year and this position may not be achieved.

Children and Young People Services – The major issue concerning this service for the coming year would be the continued pressure on the children’s placements budget. Work continued to ensure that children were placed in the most appropriate and cost effective placements. However, it should be noted that due to the potential high cost of each placement, the outturn position could fluctuate with a change in the number of Looked After Children. This budget would be closely monitored during the year.

Adult Services – The major issue concerning this service for the coming year would continue to be the pressure on the Community Care Packages budget. This budget was extremely volatile and was influenced by legislative changes such as the National Living Wage and the Social Services and Wellbeing (Wales) Act 2014, which both came into force in April 2016. It was considered that this budget would overspend by year end but, at this early stage of the year, the level was difficult to predict. Final negotiations regarding fee levels had yet to be concluded with some service providers but proposed increases were already above the level of inflation provided for within the budget. The service also continued to be affected by the pressures of continued demographic growth and the Community Care Packages budget would have to achieve further savings this year of £300,000. Further details regarding the potential overspend would be assessed and provided to Committee in the next monitoring report. The service would strive to manage growing demand and some of these initiatives may be funded via regional grants in the current financial year. However, the level of grant funding for the year had yet to be fully determined and it was not necessarily guaranteed on an ongoing basis. Committee would be provided with further details as they become clearer through the year.

Environment and Housing

It was early in the financial year, however, it was currently projected that this service would outturn within target at year end.

Highways and Engineering – There was currently a £96,000 favourable variance against the profiled budget. The main reason was the vacant posts currently within the department, however, as it was early in the financial year it was projected that the budget will outturn on target.

Waste Management – There was currently an adverse variance of £76,000 to the profiled budget. The variance to date was due to slight overspends on staffing and transportation. The 2016/17 budget included a further saving target of £253,000 for a review on transport. Plans were in place to shortly implement round changes within waste collection, which would reduce the resources required and therefore reduce the overspend. In view of this, it was currently projected that the budget would outturn on target.

Leisure Services – It was early in the financial year and it was projected that this service would outturn within budget at year end.

Transportation – There was currently a favourable variance of £8,000 against the profiled budget. Staffing costs within the division were lower than budget to date and it was anticipated that this service would outturn on budget.

Regulatory Services – The allocation of £2.056m represented the Vale of Glamorgan's budget for its share of the Shared Regulatory Service (SRS). A separate set of accounts was maintained for the SRS and was periodically reported to the Shared Regulatory Service Joint Committee. At this stage in the year it was anticipated that the SRS would outturn on target.

Council Fund Housing – At this early stage of the year, it was anticipated that this budget would outturn on target, although there was a slight underspend to date as a result of staff vacancies.

Public Sector Housing (HRA) – The HRA was expected to outturn on target and any underspends in year would be offset by additional contributions to Capital Expenditure thus reducing the reliance on Unsupported Borrowing.

Managing Director and Resources

It was early in the financial year, however, it was currently projected that this service would outturn within target at year end.

Resources – It was anticipated that this service would outturn within budget.

Regeneration – This budget covered the Countryside, Economic Development and Tourism and Events functions. There was currently a favourable variance of £24,000 against the profiled budget for May, due in the main to staff vacancy savings being made whilst re-appointments were being pursued. At this stage it was anticipated that this service would outturn on target.

Development Management – Cabinet, on 6th June, 2016, approved a £62,000 budget transfer for the Drawing Office in Development Management to Resources and this was duly reflected in the above table. As it was very early in the financial year there was very little variance to the profiled budget and it was anticipated that this service would outturn on target.

Private Housing – There was currently a small adverse variance as the favourable variance relating to additional Disabled Facility Grant fee income was slightly outweighed by the adverse variance on Renewal Area fee income. As it was early in the financial year it was anticipated that this service would outturn on target.

General Policy – It was anticipated that this service would outturn within budget.

RECOMMENDED – T H A T the position with regard to the Authority's 2016/17 Revenue Budget be noted.

Reason for recommendation

To apprise Members of the projected revenue outturn for 2016/17.

244 CAPITAL MONITORING REPORT FOR THE PERIOD 1ST APRIL TO 31ST MAY 2016 (MD) –

The Head of Finance provided the Scrutiny Committee with an update on the 2016/17 Capital Programme for the above period.

Appendix 1 detailed the financial progress on the Capital Programme, however the Head of Finance indicated that this information did not include requests for unspent committed expenditure to be slipped from 2015/16 into 2016/17. A request for the slippage would be included in the 2015/16 Closure of Accounts report.

Appendix 2 provided non-financial information on capital construction schemes with a budget over £100,000. Where a budget shown in Appendix 1 was more than £100,000, but was made up of several schemes that individually were less than £100,000, this scheme was not included in Appendix 2.

The following matters were noted:

Learning and Skills

Gladstone Primary Boiler Renewal – Tenders for this scheme had been received and the projected cost was now £45,000 over the original budget. Underspends were anticipated elsewhere in the Schools Asset Renewals budget and therefore delegated authority had been used to approve the following virements to this scheme: £5,000 from Holton Primary Structural Repairs, £20,000 from the St. Joseph Primary Drainage Upgrade and £20,000 from Ysgol Gymraeg Bro Morgannwg Renew Sewage Pumps.

Cadoxton Primary Partial Rewire – Tenders for this scheme had been received and the projected cost was now £5,000 over the original budget. Underspends were anticipated elsewhere in the Schools Asset Renewals budget and therefore delegated authority had been used to approve the virement of £5,000 from Holton Primary Structural Repairs to this scheme.

Environment and Housing

Cemetery Approach – Cabinet, on 15th June, 2015, approved this £500,000 scheme, funded by £250,000 from the Council and the other £250,000 from a contribution to be made by Barry Town Council. The Additional Highways / Environmental Improvement scheme was not fully committed and it had been requested that £100,000 be vired to this scheme to allow for new road resurfacing to be undertaken as part of the works. During 2015/16, expenditure of £45,000 was incurred on this scheme therefore the 2016/17 budget would be £555,000 following the virement.

Boverton Flooding – An emergency power was approved on 17th June, 2016 to apply for and accept a Welsh Government grant of £1.79m for this scheme and to amend the Capital Programme once the grant was accepted. The Council now needed to increase its matchfunding budget, which was already included in the Capital Programme, by £166,000. It had therefore been requested that this amount be vired from the Additional Highways / Environmental Improvement scheme which was not currently fully committed. The grant would be included in the Capital Programme once it was formally accepted.

Dimming of Street Lighting / Fitting of LED Lanterns – Cabinet, on 6th June, 2016, approved the inclusion of £1.2m in the 2016/17 Capital Programme, funded from the Visible Services reserve. This amendment also required approval by Council, which would be requested at the next meeting.

Managing Director and Resources

Llandough Sustainable Transport – It had been requested that additional Section 106 funding of £52,000 be included in the Capital Programme for this scheme. It was also considered appropriate that the name of this scheme be amended to "Penlan Cycle / Footway".

Broad Street Crossing – The costs of this scheme were now anticipated to be £10,000 more than currently budgeted, due to the need to modify the surface finishes to comply with residents' requirements. It had therefore been requested that the budget be increased by £10,000 funded from Section 106 monies.

Tackling Poverty – Late additional grant funding was received from Welsh Government which was used to fund schemes at George Street and Cowbridge Street. These schemes were to be funded from Council sources and therefore budget was now available to be used for other purposes. It had been requested that £99,000 be vired to the Barry Regeneration scheme to be utilised for Main Street area improvement works.

A Member referred to the adverse variance in respect of Ysgol y Deri and sought clarification as to the reason for the reducing school roll. In response, the Head of Finance referred to her comments contained within the report relating to vacancies and as she understood it, the Learning and Skills Directorate were currently identifying if existing pupils could be educated in mainstream education and if so, what support schools would need to enable this; if placements costs were too high and not competitive at the school and if the school was appropriately marketing the specialist services that were available. Another Member referred to his earlier comments made when considering a previous report on the agenda and suggested that any report on the matter should include reference to future support for pupils in mainstream education. The Chairman reminded the Member that any report in relation to Ysgol y Deri should be sorted by the Learning and Culture Scrutiny Committee in the first instance given its remit.

RECOMMENDED –T H A T the following changes to the 2016/17 Capital Programme be noted:

- Cemetery Approach – Virement of £100,000 from the Additional Highways / Environmental Improvement scheme to this scheme.
- Boverton Flooding – Virement of £166,000 from the Additional Highways / Environmental Improvement scheme to this scheme.
- Llandough Sustainable Transport – An increase of £52,000 funded from Section 106 monies and to change the name of the scheme to "Penlan Cycle / Footway".
- Broad Street Crossing – An increase of £10,000 funded from Section 106 monies.
- Tackling Poverty – Virement of £99,000 from this scheme to the Barry Regeneration scheme.

Reason for recommendation

To apprise the Members of progress and amendments to the Capital Programme for 2016/17.

245 CLOSURE OF ACCOUNTS 2015/16 (MD) –

Council, on 4th March, 2015 (Minute No. 941), agreed the Authority's budget requirement for 2015/16. This represented budgeted net expenditure for the Authority of £212.355m. Total expenditure was to be financed by Revenue Support Grant (£116.184m), National Non-Domestic Rates contribution (£36.297m) and Council Taxpayers (£59.874m). The Standard Spending Assessment (SSA) for the year was £212.717m.

The revenue budgets had been amended and approved by Cabinet during the financial year, however, they were at the same overall net level as the original budget of £212.355m, which was after the planned use of £2.5m from the Council Fund. The actual expenditure for 2015/16 is £212.355m, which was a breakeven position and followed a transfer of £2.469m from the Council Fund.

Appendix 1 to the report amended the revised budgets to take account of the following adjustments and there was no overall effect on the Authority. The report also referred to explanatory information in regard to IAS 19 Retirement Benefits, Asset Rents, Recharges to services and Carbon Reduction Commitment Scheme.

Set out below is a table comparing the amended budget and the actual expenditure for the Authority:

Service	Amended Revenue Budget £'000	Total Provisional Actual £'000	Variance +Favourable () Adverse £'000
Year - 2015/16			
Learning and Skills			
Education and Schools	94,692	94,692	0
Libraries	2,348	2,348	0
Adult Community Learning	270	270	0

Youth Services	1,038	1,038	0
Catering	1,854	1,854	0
Art Development	151	151	0
Social Services			
Children and Young People	14,631	14,626	+5
Adult Services	37,874	37,875	(1)
Business Mgt & Innovation	361	364	(3)
YOS	688	686	+2
Environment and Housing			
Visible Services	21,980	21,978	+2
Transport Services	5,191	5,190	+1
Building Services	25	17	+8
Regulatory Services	2,103	2,107	(4)
Council Fund Housing	1,174	1,174	0
Managing Director and Resources			
Resources	532	513	+19
Regeneration	2,610	2,617	(7)
Development Management	1,116	1,082	+34
Private Housing	11,324	11,342	(18)
General Policy	14,893	16,887	(1,994)
Total Net Budget	214,855	216,811	(1,956)
Council Tax Surplus	0	(1,987)	+1,987
Use of Reserves	(2,500)	(2,469)	(31)
GRAND TOTAL	212,355	212,355	0

The main reasons for the variances were detailed in paragraphs 8 to 62 of the report and were outlined as follows:

Learning and Skills

- Education and Schools – Breakeven
- School Improvement and Inclusion – Adverse variance of £338,000
- Strategy and Resources – Favourable variance of £253,000
- Service Strategy and Regulation – Favourable variance of £25,000
- Children’s and Young People’s Partnership – Favourable variance of £60,000
- Libraries – Breakeven
- Adult Community Learning – Breakeven
- Youth Service – Breakeven

- Catering – Breakeven
- Art Development – Breakeven.

Social Services

- Children and Young People's Services – Favourable variance of £5,000
- Adult Services – Adverse variance of £1,000
- Business Management and Innovation – Adverse variance of £3,000
- Youth Offending Service – Favourable variance of £2,000.

It was noted that as part of the Social Services Budget Programme, £2.075m was utilised in year from the Social Services Plan reserve. In recognition of the ongoing pressures on the Service from Legislative changes, £341,000 had been transferred to the Social Services Legislative Changes Fund. In addition, £200,000 had also been set aside to provide funding to aid the implementation of new developments within the service and was a contingency for emergency works in Social Services properties.

Environment and Housing

- Visible Services – Favourable variance of £2,000
- Waste Management and Cleansing – Favourable variance of £293,000
- Highways and Engineers – Adverse variance of £92,000
- Civil Protection Unit – Favourable variance of £7,000
- Support – Adverse variance of £2,000
- Leisure – Favourable variance of £156,000
- Transportation – Favourable variance of £1,000
- Building Services – Favourable variance of £8,000
- Regulatory Services – Adverse variance of £4,000
- Council Fund Housing – Breakeven.

Managing Director and Resources

- Resources – Favourable variance of £19,000
- Finance and ICT – Favourable variance of £1,000
- Property and Office Accommodation – Favourable variance of £2,000
- Human Resources – Breakeven position
- Management / Legal Services – Favourable variance of £83,000
- Democratic Services – Adverse variance of £67,000
- Regeneration – Adverse variance of £7,000
- Development Management – Favourable variance of £34,000
- Private Sector Housing – Adverse variance of £27,000
- Rent Allowances / Council Tax Benefits – Favourable variance of £9,000
- General Policy – Adverse variance £1.994m
- Council Tax – Favourable variance of £1.987m.

Housing Revenue Account

The Council, on 4th March, 2015 (Minute No. 939 refers), agreed the Authority's 2015/16 Housing Revenue Account (HRA) budget. The 2015/16 HRA resulted in a deficit of £408,000 compared to the amended budget deficit of £1.265m. A breakdown of this was set out in Appendix 2 to the report and the working balance opened at £1.876m and closed at £1.468m.

The net favourable HRA revenue budget variance of £857,000 was identified over the following areas:

- Supervision and Management General – Favourable variance of £795,000
- Supervision and Management Special Services – Favourable variance of £250,000
- Housing Repairs – Favourable variance of £462,000
- Capital Financing Costs – Favourable variance of £573,000
- Rents, Rates, Taxes and Other Charges – Favourable variance of £159,000
- Increase in Provision for Bad and Doubtful Debts – Adverse variance of £53,000
- Capital Expenditure from Revenue Account – Adverse variance of £1.403m
- Rent Collected on Dwellings – Favourable variance of £56,000
- Non Dwelling Rents – Breakeven
- Interest Received – Favourable variance of £5,000
- Charges for Services and Facilities – Favourable variance of £13,000.

In regard to the Council's Insurance Fund, this comprises of both a provision and a reserve. The provision represented potential liabilities on known claims and the reserve related to claims not yet made. An assessment had been made as to the level of known claims and it was considered that the level of the provision should be reduced and therefore £370,000 was transferred into the reserve to fund unknown potential claims in the future. A breakdown was set out below:

	Provision	Reserve	Total
	£000	£000	£000
Opening Balance	3,232	1,373	4,605
Surplus on Insurance Transactions	15	0	15
Transfers In/(Out)	(370)	370	0
Closing Balance	2,877	1,743	4,620

Trading operations were made up of Building Maintenance, Caretaking and Security, and Building Cleaning and Vale Catering Services.

The provisional figures for the Council's Trading Services showed an overall gross surplus of £168,000 (before repayment of £49,000 to the HRA). Details of which were set out below:

	Building Maintnce £,000	Building Cleaning £,000	Caretaking and Security £,000	Catering £,000	Total £,000
(Surplus) / Deficit	(5)	(57)	(79)	(27)	(168)
			Less: Building Maintenance		49
					(119)

The Council's Capital Budget 2015/16 was approved by Council on 4th March, 2015 (Minute No. 940 refers).

The overall position on the revised 2015/16 Capital Programme was a variance of £11.5m. The statement set out at Appendix 3 to the report detailed the outturn by scheme. In addition, to allow project managers to have fully approved capital budgets, capital slippage from 2015/16 to 2016/17 had been approved via Managing Director's Emergency Powers.

The following was the position in respect of the Council's Directorates.

Learning and Skills

The overall outturn for the Directorate was a variance of £1.5m and the major variances related to the following matters:

- Penarth Learning Community – slippage of £126,000
- Llantwit Learning Community – slippage of £309,000
- Ysgol Bro Morgannwg Kitchen Roof renewal – slippage of £244,000
- Cowbridge Comprehensive 6th Form Expansion – slippage of £179,000
- School Loans Scheme – favourable variance of £281,000.

Social Services

The overall outturn for the Directorate of Social Services was a variance of £104,000.

Environment and Housing

The overall outturn for the above Directorate was a variance of £7.699m. This comprised of £3.82m for Housing Services and £3.879m for Visible Services. The major variances related to the following matters:

- Housing Improvement Programme – slippage of £3.814m
- Visible Services Highway Improvements Resurfacing – slippage of £222,000
- Culverhouse Cross to St. Athan – slippage of £355,000
- Ewenny Road Bridge – slippage of £952,000
- Coldbrook Flood Risk Management – slippage of £930,000
- Leisure Centre Refurbishment – slippage of £374,000

- Vehicles Renewal Fund – slippage of £208,000.

Managing Director and Resources

The overall outturn for the Managing Director and Resources was a variance of £2.2m with the major variances relating to the following matters:

- Penarth Heights Highways and Sustainable Transport Projects – slippage of £167,000
- Causeway Improvement Scheme – slippage of £238,000
- Castleland Renewal Area – slippage of £483,000
- Regeneration Fund – favourable variance of £135,000
- Carbon Management Fund – favourable variance of £120,000.

Reserves

A reserve was an appropriation from a revenue account and did not constitute a cost of service until the expenditure was eventually incurred. A reserve did not cover a present obligation or liability and was a voluntary means of setting aside monies for future requirements either capital or revenue.

A provision was a charge to revenue and was included as part of the cost of the relevant service at the point the provision was created. A provision covered a present obligation or liability that had incurred to a past event and was compulsory under accounting regulations.

As part of the 2016/17 revenue budget setting process, each specific reserve had been reviewed and considered in light of the Council's priorities. It was noted that there were considerable commitments which would require funding from reserves in coming years e.g. Band B 21st Century Schools Investment Programme.

Work to several schools had been identified and it was considered necessary to transfer £1.2m into the Schools Investment Strategy reserve to finance the costs. It was also proposed that the Director of Learning and Skills submit a further report to Cabinet which would outline the specific works to be undertaken. A sum of £500,000 had also been transferred into a new reserve for School Placements.

In regard to the Local Government Borrowing Initiative, this provided funding for highways resurfacing of £2.23m per annum for a three year period 2012/13 to 2014/15. In addition, the Council had allocated funding for the Big Fill initiative until 31st March, 2017. There were still further works to be carried out across the County and therefore £760,000 had been transferred into the Visible Services reserve. It was proposed that a sum of £260,000 was included in the Capital Programme, to be spent on highway resurfacing during 2016/17. The remaining £500,000 would be used for the Big Fill initiative in 2017/18, which would be part of the revenue budget.

In relation to Waste Collection, this was a service area that had been allocated several savings targets over the past and future years. It was considered that the possibility of introducing a Waste Transfer Station within the County could lead to long term savings. In view of this, £1.5m had been transferred into the Visible

Service reserve to allow the scheme to be implemented. It was proposed that a further report would be submitted to Cabinet by the Director of Environment and Housing to outline specific plans for this project. Separately, concern had been raised over the deterioration of Council premises and to address this issue, £2.6m had been set aside in the Council Building Fund.

Funds no longer required as reserves may be transferred to the Council Fund to be used for other purposes.

There had been transfers into reserves for reimbursements from services for works where the initial cost was funded from the specific reserve e.g. Computer Renewal Fund, Project Fund, Vehicle Repairs and Renewals, Schools Rationalisation Fund and the Energy Management Fund.

Appendix 4 to the report set out a schedule showing the Council's reserves as at 31st March, 2016. These reserves had been reviewed and were currently considered to be adequate for reported uses, subject to adjustments detailed within the report. The transfers detailed above would be included in the Appendix.

Under the Resource Implications (Financial and Employment) of the report, details of revenue matters (including savings targets) was set out in paragraphs 96 to 100 of the report, similarly, matters relating to the Capital Budget were set out in paragraphs 101 to 107 of the report.

The Head of Finance referred to slippage and to the reasons which were often as a result of late notification of grant offers and due to joint agency inter-working arrangements. Moving forward, arrangements had been put in place and a monitoring board established which would have oversight to ensure project spends were achieved in the relevant financial year. However, given the Capital Programme for the current financial year was significant, she was concerned of the knock on effect on that Programme as a result of slippage from the previous financial year.

A Member referred to the various projects which had slipped and associated reasons which appeared to present a common theme. The Head of Finance referred to the loss of specialist staff who were experienced and subsequent difficulties of recruitment into certain professions. To address this a Framework Agreement was being prepared which would allow the Council to access such specialist professions when capacity required so.

Another Member referred to paragraphs 42 and 47 of the report which identified favourable variances and sought clarification as to the rationale used to transfer for example £1.1m to Visible Services. In response the Head of Finance referred to accounting practices where it was not encouraged to have general provisions / reserves. Any transfer had to be made to a specific service budget heading e.g. where it was considered by the Council to do so given most likely need i.e. Visible Services and Council Tax Surplus. Regarding the latter issue, the Head of Finance referred to comments made within her report regarding the annual impact of Central Government's Welfare Reform. Whilst the Council had a good record for its Council Tax collection rates to date, she anticipated that in future years Council Tax receipts

would need to be factored in for the financial year 2016/17 when preparing provisional estimates.

Another Member referred to the report as a whole as being good, but expressed disquiet with capital project delays and suggested that an appropriate project brief pro forma be developed and required to be completed by officers which set out how each project would be enabled, timelines and completion prior to inclusion in the Council's Capital Programme. The Head of Finance acknowledged that this was a valid point and indicated that she would look into the feasibility of introducing such a mechanism.

Having considered the above and related issues, it was

RECOMMENDED – T H A T the Closure of Accounts for 2015/16, including the financial measures taken and proposed as detailed in the report, be noted.

Reason for recommendation

In acknowledgement of the financial measures taken and proposed.