

## REPORT

<b>SUBJECT</b>	<b>REVENUE &amp; CAPITAL MONITORING 2018/19 OUTTURN STATEMENT</b>
<b>DIRECTORATE</b>	<b>Resources</b>
<b>MEETING</b>	<b>Economy &amp; Development Select Committee</b>
<b>DATE</b>	<b>27<sup>th</sup> September 2018</b>
<b>DIVISIONS/ WARD AFFECTED</b>	<b>All Authority</b>

### 1. PURPOSE

- 1.1 The purpose of this report is to provide Members with information on the revenue and capital outturn position of the Authority at the end of reporting period 1 which represents the financial outturn position for the 2018/19 financial year based on May inclusive activities.
- 1.2 This report will also be considered by Select Committees as part of their responsibility to,
- assess whether effective budget monitoring is taking place,
  - monitor the extent to which budgets are spent in accordance with agreed budget and policy framework,
  - challenge the reasonableness of projected over or underspends, and
  - monitor the achievement of predicted efficiency gains or progress in relation to savings proposals.

### 2. RECOMMENDATIONS PROPOSED TO CABINET

- 2.1 That Members consider a net revenue forecast of £471,000 overspend.
- 2.2 Members consider a capital outturn spend of £35.7m, which accords with budget provision for the year, after proposed slippage of £75,000. This describes a breakeven position not uncommon for this early in the year, although there is a potential for additional 21c schools costs in respect of additional asbestos removal and treatment costs not anticipated, which colleagues indicate could be the order of £350,000.
- 2.3 Considers the use of reserves proposed in para 3.8.1,
- 2.4 Members note that the low level of earmarked reserves will notably reduce the flexibility the Council has in meeting the challenges of scarce resources going forward.
- 2.5 Members note the extent of movements in individual budgeted draws on school balances, and acknowledge a reported net forecast deficit of £622k resulting, and support the amendments to MCC's Fairer Funding Regulations as described in para 3.8.13 for onward engagement with schools forum and governing bodies

### 3. MONITORING ANALYSIS

#### 3.1 Revenue Position

3.1.1 Revenue budget monitoring information for each directorate's directly managed budgets is provided together with information on corporate areas.

#### 3.1.2 Responsible Financial Officer's Summary of Overall Position Period 1

Table 1: Council Fund 2018/19 Outturn Forecast Summary Statement at Outturn

Service Area	Initial 2018-19 Annual Budget	Virements to budget	Period 2 Annual Budget	Revised Forecast Outturn	Forecast Over/ (Under) @ Month 2	Forecast Over/ (Under) @ Outturn
	£'000			£'000	£'000	£'000
Adult Services	7,501	0	7,501	7,573	72	242
Children Services	11,373	0	11,373	11,655	282	1,578
Community Care	22,704	0	22,704	22,572	-132	-1,020
Commissioning	1,631	0	1,631	1,583	-48	-156
Partnerships	366	0	366	366	0	25
Public Protection	1,417	0	1,417	1,435	18	-58
Resources & Performance	676	0	676	660	-16	-25
<b>Total Social Care &amp; Health</b>	<b>45,668</b>	<b>0</b>	<b>45,668</b>	<b>45,844</b>	<b>176</b>	<b>586</b>
Individual School Budget	43,620	0	43,620	43,620	0	169
Resources	1,440	0	1,440	1,440	0	-85
Standards	5,113	0	5,113	5,495	382	93
<b>Total Children &amp; Young People</b>	<b>50,173</b>	<b>0</b>	<b>50,173</b>	<b>50,555</b>	<b>382</b>	<b>177</b>
Business Growth & Enterprise	1,456	0	1,456	1,464	8	7
Governance, Democracy and Support	3,893	0	3,893	3,882	-11	-75
Planning & Housing	1,815	0	1,815	1,815	0	54
Tourism Life & Culture	3,445	0	3,445	3,503	58	289
<b>Total Enterprise</b>	<b>10,609</b>	<b>0</b>	<b>10,609</b>	<b>10,664</b>	<b>55</b>	<b>275</b>
Legal & Land Charges	458		458	455	-3	-23
Operations	15,394	47	15,441	15,652	221	615
<b>Total Chief Executives Unit</b>	<b>15,852</b>	<b>47</b>	<b>15,899</b>	<b>16,117</b>	<b>218</b>	<b>592</b>
Finance	2,486	0	2,486	2,439	-47	-231
Information Communication Technology	2,679	0	2,679	2,733	54	4
People	1,680	-47	1,633	1,667	34	-9

Commercial and Corporate Landlord Services	844	0	844	1,002	158	-79
<b>Total Resources</b>	<b>7,689</b>	<b>-47</b>	<b>7,642</b>	<b>7,841</b>	<b>199</b>	<b>-315</b>
Precepts and Levies	18,467	0	18,467	18,467	0	-4
Corporate Management (CM)	120	0	120	61	-59	-135
Non Distributed Costs (NDC)	669	0	669	669	0	-21
Strategic Initiatives	493	0	493	43	-450	-318
Insurance	1,333	0	1,333	1,333	0	-173
<b>Total Corporate Costs &amp; Levies</b>	<b>21,082</b>	<b>0</b>	<b>21,082</b>	<b>20,573</b>	<b>-509</b>	<b>-632</b>
<b>Net Cost of Services</b>	<b>151,073</b>	<b>0</b>	<b>151,073</b>	<b>151,594</b>	<b>521</b>	<b>683</b>
Fixed Asset disposal costs	153	0	153	153	0	0
Interest and Investment Income	-56	0	-56	-61	-5	-136
Interest payable & Similar Charges	3,326	0	3,326	3,331	5	-729
Charges required under regulation	4,500	0	4,500	4,500	0	-117
Contributions to Reserves	224	0	224	224	0	-221
Contributions from Reserves	-1,408	0	-1,408	-1,408	0	349
Capital Expenditure funded by revenue contribution			0	0	0	0
<b>Appropriations</b>	<b>6,739</b>	<b>0</b>	<b>6,739</b>	<b>6,739</b>	<b>0</b>	<b>-854</b>
General Government Grants	-63,091		-63,091	-63,091	0	0
Non Domestic rates	-30,177		-30,177	-30,177	0	0
Council Tax	-70,838	0	-70,838	-70,838	0	-270
Council Tax Benefits Support	6,294		6,294	6,244	-50	-211
<b>Financing</b>	<b>-157,812</b>	<b>0</b>	<b>-157,812</b>	<b>-157,862</b>	<b>-50</b>	<b>-481</b>
<b>Net Council Fund (Surplus) / Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>471</b>	<b>471</b>	<b>-652</b>

3.1.3 The outturn variances reported by way of last year's surplus and this year's forecast deficit may seem a significant amount, but putting such variances in context, they both equate to less than 0.5% variation against the net cost budget before financing. This is an incredibly close correlation given the volume of budget holders involved in the process, the volatility in pressures and savings proposals experienced during the year and the need to secure compensatory savings to mitigate adverse positions highlighted earlier in the year. Clearly a surplus is more attractive to the Council than an equivalent deficit, so the use of periodic monitoring as a tool for change during the year should not be underestimated.

3.1.4 A comparison of the Net Council fund line against previous years activity indicates the following,

Net Council Fund Surplus	2018-19	2017-18	2016-17	2015-16	2014-15
	£'000	£'000	£'000	£'000	£'000
Period 1	471 deficit	164 deficit	1,511 deficit	867 deficit	219 deficit
Period 2		62 deficit	839 deficit	1,066 deficit	116 deficit
Period 3			79 surplus	162 deficit	144 deficit
Outturn		652 surplus	884 Surplus	579 surplus	327 surplus

3.2 A summary of main pressures and under spends within the Net Cost of Services Directorates include,

### **3.2.1 Stronger Communities Select Portfolio (£142k net underspend)**

- Chief Executives Unit (£218k overspend)

**Legal division** exhibited a small **£3k surplus**, due to staff and service savings exceeding loss in reported income. **Operations anticipates a collective £221k deficit**. The position for each of main Operations areas is as follows, Highways £39k surplus, catering £42k deficit, cleaning and transport administration breakeven, Passenger Transport £100k deficit, Waste and Streetscene £118k deficit.

- Resources Directorate (£199k overspend)

**Finance Division predict an underspend of £47k**, predominantly predicted savings in Revenues and Exchequer sub division and saving in management cost. **IT predicts an £54k overspend**, due to overestimation of SRS reserve returned to MCC at year end, and a degree of salary savings not yet delivered within SRS. **People services predicts £34k deficit**, mainly the result of sickness and maternity cover within the division. **Landlord division anticipates a £158k deficit**, predominantly the effect of procurement gateway review savings not yet delivered.

- Corporate (£509k underspend)

The net effect of the unutilised redundancy budget (£450k), together with rate refund receipts (£59k) in respect of Council's buildings.

- Appropriations (breakeven)

Net use of reserves is currently predicted as budgeted. The usual annual beneficial treasury position has been forecast as being on budget, as an explicit saving was agreed as part of 2018-19 budget process. The actual outturn will be influenced by progress with the capital programme spends, any need for temporary borrowing in advance of capital receipts funding being available, and the interest rates experienced. Treasury consultants predict an increase in such rates starting in autumn 2018.

- Financing (£50k underspend)

The net effect from anticipated Council tax benefit payments, however this will need to be closely monitored throughout the year given the significant changes being implemented

around universal credit introducing a potential volatility in demand for other support mechanisms.

## **RESOURCES DIRECTOR CONTEXT & COMMENTARY**

The overspend reported at this early stage of the year signals some early pressures within services and equal risks of certain savings proposals having the potential to not fully deliver. However, a targeted focus on procurement savings together with continued efforts to curtail non essential spend aims to look to improve the forecast position for the directorate as the financial year progresses.

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

Obviously month 2 is early in the financial year and the accuracy of forecasts reflect this. There is a relatively small overspend already being forecast for catering due to increased refuse collection costs and inability to achieve the staff saving inherent in all budget preparation/modelling. The Waste and Street Scene budget incorporated £100k income from BGCBC to offset civic amenity/recycling centre costs in Llanfoist attributable to BGCBC residents using the site. However BGCBC eventually declined to make this contribution to costs, hence an overspend forecast, ideally to be recovered elsewhere within the waste budget during the year although this service will encounter massive change at the end of the year as the new system is rolled out county wide. Such a major investment and change has potential to impact upon the budget. Finally the PTU budget in 18/19 included several income and budget savings assumptions including personal transport budgets, increased 'in house' SEN transport provision, reduced contract costs etc. totalling around £370k in year. A great deal of work has been undertaken to deliver these budget assumptions but the major benefit assumed by tendering will not be known until late July. There is also some volatility as some aspects out perform e.g. personal transport budgets whereas others are not gaining the financial benefit assumed. The situation will be much clearer at month 7 but at this time a forecast that indicates £100k overspend for PTU would seem appropriate until modelling improves during the year."

## **Monitoring Division element of Deputy Chief Executive's Combined Directorate**

The position for DCEO brief at Month 2 is slighter better than in the comparable period in previous years, on account of income targets being met, staffing changes and adjustments bedding in and a small element of 'growth' in the budget to address continual and historic pressures associated with frontline functions.

The impact of changes and improvements will be a continuing theme in year, with advances in customer care, automation and digitisation. I believe the section is off to a strong start and will continue the important work to drive efficiency and effectiveness both within the service and in supporting activity across the wider Council.

### **3.2.2 Economy & development Select Portfolio (£73k net overspend)**

- Enterprise Directorate (£55k net overspend)

**Business growth and enterprise** predict a net **£8k overspend**, being the windfall effect of community partnership grant (58k) funding compensating in part for another net annual deficit introduced by Events function (£60k). A report is currently being prepared for

Cabinet to indicate the future of Events and how it could be made sustainable, recognising it was advocated to members as a way of sustaining the core activities of the council, rather than creating a further pressure.

**Governance, democracy and support** predict a net **£10k underspend**, caused by savings in policy and partnerships (£10k), and £53k savings in democratic services (mainly the effect of windfall funding from Cabinet office) compensating for £51k pressure from Contact Centre costs in the form of extra IT and switchboard costs disputed.

**Planning & Housing (breakeven)** – Development control has historically experienced a significant deficit in income against budget. The extent of some larger sites coming online during the year allows the service to predict higher than usual income levels. The pressure accommodated in respect of lodging scheme as part of 2018-19 budget process, allows the Housing service to predict a breakeven position.

**Tourism, leisure & culture (£58k overspend)** - £40k of overspend is artificial to the MCC bottom line as it relates to the Outdoor Education service which transfers any surpluses or deficit to its trading reserve.

The pressure within Outdoor Education relates to an eroding income base as historic partners look to withdraw their core support. This has been known for the last 3 years with little change being introduced by service, despite prompts.

The net pressure within Tourism, Leisure and Culture is only £18k, and relates to a staffing pressure of £8k within Tourism and Museums, together with £10k job evaluation regrading consequence in Youth. It wouldn't be intuitive that pressures in TLC division were only £18k, given the focus on Trust consideration, and the extra costs being identified to facilitate the resulting outsourcing. The pressure at outturn for this division was £289k, however pressures in the form of reduced income from Monmouth leisure centre (£49k), and £143k extra budget to facilitate Trust creation were accommodated in 2018-19 budget process. It still feels that there ought to be a net pressure within Tourism, Leisure and Culture, and that the service forecast is perhaps understated, so close monitoring of any costs prior to service transfer will be key, so as not to introduce further volatility in forecasting.

- Social Care & Health (£18k overspend)

**Public Protection (£18k overspend)** – predominantly the net effect of overtime anticipated in respect of Registrars services, at a level consistent with previous year.

### **ENTERPRISE element of Deputy Chief Executive's Combined Directorate**

The position for DCEO brief at Month 2 is slighter better than in the comparable period in previous years, on account of income targets being met, staffing changes and adjustments bedding in and a small element of 'growth' in the budget to address continual and historic pressures associated with frontline functions.

The impact of changes and improvements will be a continuing theme in year, with advances in customer care, automation and digitisation. I believe the section is off to a strong start and will continue the important work to drive efficiency and effectiveness both within the service and in supporting activity across the wider Council.

### **3.2.3 Adult Select Portfolio (net £124k underspend)**

- Social Care & Health

**Adult Services (£72k overspend)** – a drop off in community meals income of £14k is anticipated , together with staffing pressures (sickness cover and ERS pension saving not realised) within direct care establishments (Severn View and Mardy Park).

**Community Care (£132k underspend)** – net savings within Mental Health Care team budget compensate for the inherent pressure to external agreement costs as recharge agreements are historic in nature and haven't kept pace with periodic inflation. Standby service and GWICES budgets are subject to new arrangements, so cost burdens have been predicted based on 2017-18 levels whilst limited activity data is available for 2018-19.

**Commissioning (£48k underspend)** – predominantly a part year saving to commissioning staffing, and a continued savings within Drybridge Gardens service area.

**Resources (£16k underspend)** – disposal of vehicle in favour of more cost effective provision.

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

Given the recent vacancy in Director position, no commentary is provided with the report, and members can instead expect a verbal update at meeting from a management representative.

### **3.2.4 Children & Young People Select Portfolio (net £664k overspend)**

- Social Care & Health (£282k overspend)

**Children's Services (net £282k overspend)** – this can be a fairly volatile area to manage budget wise, with individual placements potentially having a significant effect. In comparison to 2017-18 activity which was £1.6m overspend, the 2018-19 forecast indicates a significantly improving position. The service did receive net £534k extra resourcing as part of 2018-19 budget process. The service's forecast assumptions also presume circa £390k funding from Health for 2 continuing care cases, reduced activity in external placements (a reduction of 7 whole time equivalents against 58 placements in 2017-18) and encouragingly by the end of June the service should have only 5 agency staff (with the last one expected to leave on 19<sup>th</sup> August) as numbers having been reducing in recent months due to a planned exit strategy. The M2 position includes a total agency forecast of £145k (part year only due to the expected elimination of agency staff by mid-August). This compares to a 2017/18 outturn on agency staff of over £600k which clearly represents more agency staff in post last year and agency costs having arisen throughout the whole of the year not just for part of it.

**Youth offending team partnership (breakeven)** – this partnership is managed in a similar fashion to Outdoor Education, in so far as surpluses or deficits do not affect MCC outturn position and are instead transferred to their trading account. The Board overseeing the management of the service has agreed to hold the combined surplus at £150k, which means that circa £99k beneficial effect will be redirected back through to partners at year end. It is not recommended to use this windfall in balancing 2018-19 position as it is also understood that should the partnership balance fall below £150k in future years as a result of overspends these will need to be borne by increased partner contributions. It is proposed to give any extraordinary credit off to an MCC specific reserve to mitigate any future volatility.

- Children and Young People (net £382k overspend)

Service colleagues report **School Budget Funding and Resources Divisions** are anticipated to incur a **breakeven position** at end of year. **Standards subdivision** exhibits a **£382k overspend** reported as largely the consequence of reduced residential place numbers at Mouton House as MCC considers the future use for the facility. Also several pupils currently utilising out of county educational placements are anticipated to take up post 16 educational study opportunities.

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

Given the recent vacancy in Director position, no commentary is provided with the report, and members can instead expect a verbal update at meeting from a management representative.

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

The Directorate's Month 2 position is a forecasted overspend of £382,000. This represents a significant concern for the whole directorate. All parts of the directorate are working to reduce those areas of pressure and bring the budget back to a balanced position.

The most significant risk remains the Additional Learning Needs budget which is under significant pressure due to the requirement to support more of our pupils with complex needs. This is a particularly challenging budget given the volatility of children arriving into the area and younger children requiring more complex packages of support. We are continuing to develop a new ALN offer within the County and this will be taken through Cabinet in September 2018. The pressure is currently being experienced in the '*in-county*' element of the budget as we try to ensure that children and young people receive their education as close to home as possible but still receive the support they need.

Schools are facing a challenging financial settlement and have again budgeted to be in a collective deficit by the end of the year. This forecasted position has worsened since budgets were set, in the majority of cases this is due to increasing pupil numbers and the need to employ further staff, overtime the funding will be increased to reflect this. We will continue to work closely with our school colleagues to ensure their plans are as robust as possible to minimise any impact whilst continuing to improve standards for our young people.



### 3.2.5 Redundancy costs

Members are commonly keen to understand the extent of any redundancy payments made during the year, as staffing remains the most significant and controllable expense to most service areas. Traditionally the expectation is that services absorb the cost of any redundancies in the first instance, only making a call upon the corporate budget where necessary. To date this early in the financial year, there are no approvals or caveated use of redundancy budget agreed by Members, so the full extent of redundancy budget is shown as £450k underspend compensating in part for the net costs of services anticipated. However whilst this report is being written, it is understood that Cabinet are likely to receive a report at its 4<sup>th</sup> July meeting, to consider management structure changes to the Attractions function within Tourism Leisure and Culture facilitating the Council's Leisure Trust aspirations in providing a more responsive management structure. Costs are not currently indicated, and no prejudgement or allowance for this has been made to the month 2 outturn forecast.

3.3 Given the financial challenges that will continue to face the Authority for the foreseeable future, Chief Officers continue to be tasked with ensuring that services live within the budgets and savings targets set for the current financial year.

3.3.1 It isn't particularly usual for a Senior Finance Officer to proffer symptomatic considerations as part of the periodic monitoring report in addition to Directors comments, but it would be sensible to highlight,

- The financial environment facing Councils over the next 4 years will be very challenging. It will be increasingly difficult to find additional remedial savings through the year in addition to those required to allow a balanced budget to be established every February. This volatility risk is traditionally mitigated by a heightened accountability culture whereby service managers are reminded of the need to comply within the budget control totals established by members, and are more responsible for any variances to SLT and Cabinet and equally for Select Committees to exhibit a more focussed reflection upon the adequacy of budget monitoring being applied. Members may wish to re-enforce such accountabilities and review any remedial action proposed by service managers to resolve adverse situations.
- The budget process this year involved the late consideration and development of additional savings caused predominantly by national 2% pay award agreed during the budget process introducing an extra £1m volatility into the usual budget process. By necessity some of the late savings were less robust, and less certain than earlier ones, as evidenced in the savings matrix below. A prudent approach has been adopted in the savings progress reported, as some of the intentions, whilst laudable, will always have an inherent speculative aspect, so for instance in relation to social care activities there is a presumption of colleagues negotiating effectively with other public sector colleagues to passport costs or secure funding/contribution where the nature of service is more reflective of health rather than care. They have been quite successful in such deliberations previously, but probability suggests, they won't win every case.
- An increasing feature for all Councils is how to sustain core services rather than reduce them. This does lend itself to the consideration of activities not traditional to Councils, often described as innovative, commercial or private sector influenced. Experience of such activities within MCC suggest the implementation phase is key to the success or otherwise of such initiatives. Commercial skills aren't necessarily commonplace to a local authority, such that when faced with considering such, members should increasingly test out the practicalities involved and establish a tolerance to any business case received after which officers are required to re-report to members. This

is necessary as the Council has a different duty in the protection of public funds that wouldn't apply in private sector, and the private sector can more easily respond to a deficient project by dropping or amending the proposal. It isn't as easy to do that at pace in a public entity which is problematic as Councils have limited capacity to absorb the effect of deficient projects, so instead public sector will commonly look to reassess the success of the scheme against an alternate lens, most commonly the social benefit when instead the proposal was volunteered to members primarily as a financial benefit.

- Relatedly, there's an unusual degree of work being undertaken by a multi discipline team known as "hit squad" and targeted managers to consider the financial viability of commercial type services e.g. Borough Theatre, Events, PTU, procurement etc. These may have knock on consequences to reserve usage and costs to the Council not currently captured in annual budget agreed by members or evaluated in the current monitoring position.
- Similarly, Members have registered support for the provision of a Leisure Trust to become active during this financial year, acknowledging that there will be an additional cost to this facilitation approved by members to a ceiling of £155,000, to be afforded by one off reserve usage. Any additional costs volunteered during the process to best position the shadow organisation to succeed or reflect responsibilities captured in the future management agreement between new organisation and council e.g. the destabilising effect to Council's central support functions with budgets moving to the Trust, or the prioritising of capital expenditure towards Leisure establishments, aren't yet quantified or factored into current monitoring, but could be anticipated to add to the financial churn this year and the budget process for next.

### 3.4 2018/19 Budget Savings Progress

3.4.1 This section monitors the specific savings initiatives and the progress made in delivering them during 2018-19 as part of the MTFP budgeting process.

In summary they are as follows,

<b>Disinvestment by Directorate 2018-19</b>	2018/19 Budgeted Savings	Value of Saving forecast at Month 2	Value of Saving forecast at Month 7	Value of Saving achieved at Outturn	Delayed Savings	Savings deemed Unachievable YTD
	£000	£000	£000	£000	£000	£000
<b>REVENUE MONITORING 2018-19</b>						
Children & Young People	(631)	(631)	0	0	0	0
Social Care & Health	(925)	(880)	0	0	(30)	(15)
Enterprise	(242)	(144)	0	0	(98)	0
Resources	(771)	(450)	0	0	(272)	(50)
Chief Executives Units	(1,296)	(1,035)	0	0	(91)	(170)
Corporate Costs & Levies	0	0	0	0	0	0
Appropriations	(396)	(396)	0	0	0	0
Financing	(800)	(800)	0	0	0	0
<b>DIRECTORATE Totals</b>	<b>(5,061)</b>	<b>(4,336)</b>	<b>0</b>	<b>0</b>	<b>(490)</b>	<b>(235)</b>

3.4.2 Mandated saving performance is running at 86% of budgeted levels, with currently £235,000 being deemed potentially unachievable, and a further £490,000 to be delayed to later years.

3.4.3 The emphasis of reporting savings has changed from previously where savings were reported when they were manifest, however the judgement is now whether saving is forecast to be achieved.

3.4.4 Consequently the savings appendix (appendix 1) also has a traffic light system to indicate whether savings are likely to be achieved or have justifiable reasons explaining delayed implementation. The following summary of savings mandates are highlighted as requiring further work to crystallise or exhibit an anticipated degree of volatility.

### **3.4.5 Stronger Communities Select Portfolio**

#### Resources Directorate

- Delayed savings are anticipated in respect of the likely introduction of the Revenues sub division's new document image system (£10k), the Procurement gateway review £150k appears to exhibit little progress to date, savings from more zealous use of duplicate payment software (£25k), and the reviewing of technology and systems and introduction of chatbot functionality (£87k) all report delays in implementation and the timing when savings crystallise. An unachievable saving has been identified in the disparity between the assumption to reduce our SRS contribution by £50k in salary savings and the basis of SRS budget preparation.

#### Chief Executive's Office

- Approved car park price increases weren't introduced in April reducing the anticipated income levels (£20k).
- General postage costs reduction of £5k and external property service fee income £19k, presumed during budget process, aren't yet manifest.
- The savings agenda within PTU is significant and wide ranging and involves significant officer time outside of core PTU team. Latest anticipation from a current retendering exercise suggests a £29k shortfall on the £171k estimated. The £30k saving from reducing payments to contractors but providing a more timely cashflow has been reviewed, as it potentially discourages take up, and perpetuates a need for multiple approaches. The service is still trialling a payment on account process, with the intention of moving all contractors across to it from September, but has instead chosen to take an increased saving from the successful pilot of personal transport budgets. The extended provision of in-house ALN transport service designed to deliver £41k, is not as advanced as other PTU practice changes currently, and the saving of £49k from Raglan training is only anticipated to deliver £20k additional income this year.
- The proposal to effectively sell Recycling activity targets to a neighbouring authority to avoid their penalisation hasn't been progressed, as they've received a relaxation to potential sanctions.

### **3.4.6 Economy & Development Select Portfolio**

#### Enterprise (ENT) Directorate

- A Council wide target, overseen by Future Monmouthshire colleagues, to reduce agency costs by £80k is reported unlikely to be delivered. Similarly the presumption to reduce Council travel costs by £72k this year is likely to fall short of aspiration by circa £18k.

### **3.4.7 Adult Select Portfolio**

### Social Care & Health (SCH) Directorate

- Adult social care proposals are anticipated to the full extent of proposed £638k efficiencies.
- The additional income predicted from Meals on wheels (£15k) and Registrars (£12k) isn't yet manifest, and the increasing cost of meals on wheels has had a perceived reduction in demand.

### **3.4.8 Children and Young People Select Portfolio**

#### Social Care & Health (SCH) Directorate

- Whilst not a true net saving, a 4 year financial improvement target was established to compensate for £560k pressure volunteered by the service. As present predictions suggest an outturn of only £282k deficit, which would be an improvement above the level established for the year, however this remains one of the more volatile budgets within the Council, where individual decisions can result in significant consequences, so the position will need to be closely monitored through the year.

#### Children and Young People (CYP) Directorate

- Directorate colleagues report current year savings are anticipated to be delivered in full, although Members may wish to check the progress with breakfast club charging and Mouton House fee increases given their "yellow" Rag status.

### 3.5 Capital Position

3.5.1 The summary Capital position at Month 2 is as follows

<b>MCC CAPITAL BUDGET MONITORING 2018-19 at Month 2 by SELECT COMMITTEE</b>						
<b>SELECT PORTFOLIO</b>	<b>Forecast Spend at Outturn</b>	<b>Slippage Brought Forward</b>	<b>Total Approved Budget 2018/19</b>	<b>Forecast Capital Slippage to 2019/20</b>	<b>Revised Capital Budget 2018/19</b>	<b>Capital Expenditure Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Children &amp; Young People</b>	22,062	9,359	22,062	0	22,062	0
<b>Adult</b>	23	0	23	0	23	0
<b>Economic &amp; Development</b>	1,185	98	1,185	0	1,185	0
<b>Strong Communities</b>	12,491	2,376	12,566	(75)	12,491	0
<b>Capital Schemes Total 2018-19</b>	<b>35,761</b>	<b>11,833</b>	<b>38,836</b>	<b>(75)</b>	<b>35,761</b>	<b>0</b>

3.5.2 Capital expenditure at month 2 is predominantly being forecast to budget. The main aspect of this year's capital programme remains the completion of Monmouth and Caldicot Comprehensive Future schools programme. The project lead has recently left the organisation, Property Services indicates the projects will be largely completed on budget. However, whilst not included in the analysis above, indications are a potential overspend of circa £350k presently to address the extent of asbestos clean-up required from old school building demolition and in the ground which couldn't be easily anticipated at contract letting stage.

#### 3.5.3 Slippage to 2019-20

Total Provisional Slippage at Month 2 is (£75,441) due to delays in regard to the New Playing Field Pitches at Clydach Juniors S106 scheme (£53k) that cannot proceed due to delays on the Heads of Valley road dual-ing project, and security of tenure delays on the S106 Llanelly Hill Welfare Car Park scheme (£22k).

### 3.6 Capital Financing and Receipts

3.6.1 Given the anticipated capital spending profile reported in para 3.5.1, the following financing mechanisms are expected to be utilised.

<b>MCC CAPITAL FINANCING BUDGET MONITORING 2018-19 at Month 2 by FINANCING CATEGORY</b>						
<b>CAPITAL FINANCING SCHEME</b>	<b>Annual Financing</b>	<b>Slippage Brought Forward</b>	<b>Total Approved Financing Budget 2018/19</b>	<b>Provisional Budget Slippage to 2019/20</b>	<b>Revised Financing Budget 2018/19</b>	<b>Forecast Capital Financing Variance 2018/19</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Supported Borrowing	2,410	0	2,410	(0)	2,410	0
General Capital Grant	1,467	0	1,467	0	1,467	0
Grants and Contributions	8,881	4,725	8,881	(0)	8,881	0
S106 Contributions	740	650	815	(75)	740	(0)
Unsupported borrowing	10,859	1,231	10,859	(0)	10,859	(0)
Earmarked reserve & Revenue Funding	174	169	174	(0)	174	(0)
Capital Receipts	11,196	5,024	11,196	(0)	11,196	(0)
Low cost home ownership receipts	34	34	34	0	34	(0)
Unfinanced	0	0	0	0	0	0
<b>Capital Financing Total 2018-19</b>	<b>35,761</b>	<b>11,833</b>	<b>35,836</b>	<b>(75)</b>	<b>35,761</b>	<b>(0)</b>

### 3.7 Useable Capital Receipts Available

3.7.1 In the table below, the effect of the changes to the forecast capital receipts on the useable capital receipts balances available to meet future capital commitments is shown. This is also compared to the balances forecast within the 2018/22 MTFP capital budget proposals.

#### Movement in Available Useable Capital Receipts Forecast

<b>TOTAL RECEIPTS</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance b/f 1 <sup>st</sup> April	3,411	4,104	6,824	12,570
<b>Add:</b>				
Receipts received in YTD	0			
Receipts forecast received	11,565	3,065	6,091	1,000
Deferred capital receipts	324	164	164	164
<b>Less:</b>				
Receipts to be applied	(11,196)	(509)	(509)	(509)
Set aside	0	0	0	0
<b>Predicted Year end receipts balance</b>	<b>4,104</b>	<b>6,824</b>	<b>12,570</b>	<b>13,225</b>
<b>Financial Planning Assumption 2018/22 MTFP Capital Budget</b>	<b>856</b>	<b>6,122</b>	<b>8,861</b>	<b>10,599</b>
<b>Increase / (Decrease) compared to MTFP Capital Receipts Forecast</b>	<b>3,248</b>	<b>702</b>	<b>3,709</b>	<b>2,626</b>

3.7.2 The balances forecast to be held at the 31<sup>st</sup> March each year are higher than forecast in the MTFP due to a re-profiling of the LDP receipts for land at Undy (Rockfield Farm).

3.7.3 There is still an increasingly significant risk to the Council resulting from the need to utilise capital receipts in the same year that they come into the Council. This provides no tolerance or flexibility should the receipts be delayed, which isn't uncommon, and would necessitate compensatory temporary borrowing which is more costly than utilising capital receipts and impacts the extent of treasury savings traditionally secured to compensate for any deficit in net cost of services.

3.7.4 At Month 2, there are no forecasted capital receipt funded schemes to be slipped

## 3.8 Reserves

### Reserve Usage

3.8.1 Revenue and Capital monitoring reflects an approved use of reserves. At month 2, service managers' presumptions are to fully utilise the reserve funding conveyed to them in 2018-19 budget.

	01/04/2018	Contribution to Reserves	Contribution from Reserves - revenue	Contribution from Reserves - capital	31/03/2019
<b>Sub Total Council Fund</b>	-7,286,303	0	0	0	-7,286,303
<i>Earmarked Reserves:</i>					
<b>Sub-Total Invest to Redesign</b>	-1,302,343	-170,681	401,714	0	-1,071,310
<b>Sub-Total IT Transformation</b>	-734,881	0	215,913	0	-518,969
<b>Sub-Total Insurance and Risk Management</b>	-1,046,416	0	0	0	-1,046,416
<b>Sub-Total Capital Receipt Generation</b>	-347,139	0	153,415	0	-193,724
<b>Sub Total Treasury Equalisation</b>	-990,024	0	0	0	-990,024
<b>Sub-Total Redundancy and Pensions</b>	-496,813	0	163,978	0	-332,835
<b>Sub-Total Capital Investment</b>	-648,336	0	0	17,999	-630,337
<b>Sub-Total Priority Investment</b>	-686,751	0	386,751	0	-300,000
<i>Other Earmarked Reserves:</i>					
Museums Acquisitions Reserve	-55,885	0	0	0	-55,885
Elections Reserve	-58,183	-25,000	0	0	-83,183
Grass Routes Buses Reserve	-146,084	-5,000	0	0	-151,084
Youth Offending Team	-248,989	0	98,989	0	-150,000
Building Control trading reserve	-22,254	0	0	0	-22,254
Outdoor Education Centres Trading Reserve	-129,500	0	40,000	0	-89,500
CYP maternity	-142	0	0	0	-142
Plant & Equipment reserve (Highways)	-150,000	0	0	0	-150,000
Homeless Prevention Reserve Fund	-9,536	0	0	0	-9,536
Solar Farm Maintenance & Community Fund	-23,000	-23,000	0	0	-46,000
Rural Development Plan Reserve	-277,665	0	86,471	0	-191,194
<b>Total Earmarked Reserves</b>	<b>-7,373,942</b>	<b>-223,681</b>	<b>1,547,231</b>	<b>17,999</b>	<b>-6,032,393</b>
<b>Total useable revenue reserves</b>	<b>-14,660,245</b>	<b>-223,681</b>	<b>1,547,231</b>	<b>17,999</b>	<b>-13,318,696</b>



3.8.2 Earmarked reserves remain at limited levels unlikely to provide any material capacity/headroom to meet unanticipated volatility or significantly facilitate future service re-engineering and design.

As a useful reminder, with regard to the allocation of bottom line surplus to replenish reserves, the Sc151 officer's considered advice at outturn was

Priority Investment Fund	£155k (to extinguish ADM deficit)
Capital Receipts Generation Reserve	£70k (Capital receipts generation reserve part funds Valuation team's cost, and a top up is necessary to accord with their indicative 2018-19 costs.)
Balance Invest to Redesign Reserve	£448k
Total	£653k

3.8.3 Despite those top ups, the current predicted use of the Priority investment reserve means that it will likely expire by the end of 2018-19 as a funding source, as the £300k year end balance is earmarked/allocated to local development plan purposes. Given the forecast use of earmarked reserves, Cabinet has previously approved a policy on earmarked reserves to ensure that earmarked reserves are focused on investment in areas where they can achieve most impact hence putting the balance for redistribution into "Invest to Re-design".

### **Schools Reserves**

3.8.4 Each of the Authority's Schools is directly governed by a Board of Governors, which is responsible for managing their school's finances. However, the Authority also holds a key responsibility for monitoring the overall financial performance of schools.

3.8.5 The net effect of an individual school's annual surplus or deficit is shown in a ring-fence reserve for the particular school. Details of which for each school are included in Appendix 2, together with an indication of any recovery plan targets agreed and how close the Governing Body is in satisfying that responsibility in current year.

3.8.6 In summary form the anticipated outturn school balances are predicted to be,

	<b>Opening Reserves 2018-19 (surplus)/deficit</b>	<b>In year position at Month 2 (surplus)/deficit</b>	<b>Anticipated Outturn Position (surplus)/deficit</b>
<b>Combined balance</b>	<b>(£175,225)</b>	<b>£797,703</b>	<b>£622,478</b>

3.8.7 Whilst any extraordinary funding from WG and beneficial revisions to budgeted draw on reserves will sustain the reserve situation for longer than is often predicted, it remains unlikely that the collective level of reserves will sustain the traditional annual draw by schools on reserves in recent years, which will add additional focus by schools to address the need to remain within budget going forward rather than passporting the consequences to their reserves, given that collective flexibility is now pretty much exhausted.

3.8.8 The following table exhibits the net trend in use, indicating collectively schools are using reserves at a considerably faster rate recently than they are replenishing.

Financial Year-end	Net level of School Balances
2011-12	(965)
2012-13	(1,240)
2013-14	(988)
2014-15	(1,140)
2015-16	(1,156)
2016-17	(269)
2017-18	(175)
2018-19 forecast	£622

3.8.9 There are however weaknesses in the forecasting approaches of individual schools, such that the budgeted outturn use of reserves seldom matches the reality.

As an example, during last year's monitoring, schools reported predicted use of reserves initially was £823k, and necessitated at month 2, the Director of CYP prepare a report outlining to Cabinet his strategy for address.

Subsequently whilst an extraordinary Welsh Government grant of £344k in the last quarter of 2017-18 would have had a beneficial effect on balance levels, collectively they only actually used £94k of their reserves for the year, a £900k variation in original forecasting. That sort of volatility potentially makes it very difficult for senior colleagues and Members to predict the necessary action from year to year.

3.8.10 But based on those school predictions, general trends can be extrapolated, so 12 schools started this year in deficit. There is an increasing trend of schools entering deficit, (net further 6 predicted at present by schools), and that position looks particularly acute in 3 out of the 4 secondary schools, and that 4th comprehensive school has had a very close monitoring regime applied to it during its recovery period, building upon the ownership and responsibility of the Governing body supported by headteacher, bursar and management team to end last year with £180k surplus. It is highly questionable whether that level of engagement and interaction would be possible/likely in respect of 18+ scenarios. CYP colleagues will be prioritising the most significant aspects, but it can be seen from the recovery plan indicators included alongside the reserve position in Appendix 2, that some of the schools starting the year in deficit still had no agreed recovery plan, whilst others showed a perverse agreement to an increasing deficit.

3.8.11 Our Fairer Funding Regulations adopted by Council and Governing Bodies have traditionally precluded governing bodies from planning for a deficit position. This was changed in 2016-17, (which coincides quite closely with declining net balance above) to allow licensed deficits where a recovery plan is agreed and followed. However this flexibility only extended as far as there being a collective schools reserve surplus.

3.8.12 As a result of last year's month 2 monitoring, Cabinet agreed to a request by Director of CYP to temporarily suspend that revised arrangement in favour of providing even greater flexibility to the effect that.

- *Members allow an exception to the breach of the Fair Funding (Scheme for Financing Schools) Regulations for the financial year 2017-18.*

3.8.13 The approval was 1 year specific, so in agreeing the individual sc52 budgets for each school in 2018-19, schools and LEA colleagues are operating outside of Fairer Funding Regulations requirement again, but that shouldn't be unanticipated given the relatively small flexibility they have in collective surplus levels. But to avoid their need to constantly report a need for a variation annually, it is advocated that the following amendments to MCC's Fairer Funding Regulations be introduced.

Delete the following clause

*"4.7.2 There is an arrangement in place whereby schools are allowed to plan for a deficit budget funded by a collective surplus of school balances held by the authority on behalf of schools."*

and amend the following clauses (underlined to helpfully highlight the improvements to the control environment consistent with removing the above prescription),

#### **4.1 Carry Forward of Balances**

*"4.1.1 Schools will be able to carry forward from one financial year to the next any shortfall in expenditure relative to the school's budget share for the year, plus or minus any balance brought forward from the previous year. Where the periodic monitoring exercise predicts this shortfall would move the school into a net deficit position, the Governing body is required to meet and provide a Recovery Plan consistent with "Planning for Deficit Balances" in para 4.3.1 below, within 6 weeks of the deficit anticipation becoming known."*

#### **Planning for Deficit Balances**

*"4.3.1 This scheme allows governing bodies to plan for a budget deficit, only where a recovery plan has been prepared and submitted alongside and at the same time as the deficit budget is presented. A Recovery Plan being defined as a Governing Body prepared multi year budget, to be considered and agreed with Cabinet Member Children and Young People, indicating the quantified financial improvement actions to remove the deficit within 3 years, or longer by specific agreement with Cabinet Member Resources."*

#### **4.4 Obligation to carry forward Deficit Balances**

*"4.4.1 Where a school has a deficit balance at the end of the year, such deficit will be carried forward into the next financial year. The recovery plan will be monitored on a termly basis at minimum, but in material cases this will be monitored monthly. Governing body representatives may be required to report periodically to the Council on the progress of recovery actions. The*

authority has the right to withdraw the delegated budget and powers of the governing body should the plan not be followed.

*“4.7.1 The authority will only support licensed deficits where a recovery plan is in place, as detailed in paragraph 4.3.1. The governing body must request a licenced deficit from the Cabinet Member Children and Young People.*

3.8.14 These changes are anticipated to have a twofold benefit in allowing the potential for deficits to be considered in a more timely fashion than at present, and better recognises the accountability for schools financial arrangements rests with Governing Bodies rather their headteachers, who have their financial responsibility delegated to them by Governing Body.

3.8.15 It also helpfully recognises that the problem is not so much with schools actual use of reserves but more to do with their forecast or budgeted draw. The bringing forward of Recovery Plan submissions, to be consistent with annual budget consideration, is designed to provide a better quality of data/information on which to consider the approval of any deficit budget, and would be reassuring to Members that any annual deficit volatility is accommodated within a multi year budget strategy.

## **4 REASONS**

4.1 To improve budget monitoring and forecasting information being provided to Senior Officers and Members.

## **5 RESOURCE IMPLICATIONS**

5.1 As contained in the report.

## **6 EQUALITY AND SUSTAINABLE DEVELOPMENT IMPLICATIONS**

6.1 The decisions highlighted in this report have no equality and sustainability implications.

## **7 CONSULTEES**

Strategic Leadership Team  
All Cabinet Members  
All Select Committee Chairs  
Head of Legal Services

## **8 BACKGROUND PAPERS**

Outturn Monitoring Reports (Period 1)

<http://corphub/initiatives/Budgetmon/20182019/Forms/AllItems.aspx?InitialTabId=Ribbon%2ERead&VisibilityContext=WSSTabPersistence>

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### **Appendices (attached below)**

Appendix 1 Mandated Savings Progress Report

Appendix 2 School Reserves






Appendix 1 – Savings Matrix

<b>Disinvestment by Directorate 2018-19</b>	<b>2018/19 Budgeted Savings</b>	<b>Value of Saving forecast at Month 2</b>	<b>Value of Saving forecast at Month 7</b>	<b>Value of Saving achieved at Outturn</b>	<b>Delayed Savings</b>	<b>Savings deemed Unachievable YTD</b>
<b>REVENUE MONITORING 2018-19</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Children &amp; Young People</b>	<b>(631)</b>	<b>(631)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Social Care &amp; Health</b>	<b>(925)</b>	<b>(880)</b>	<b>0</b>	<b>0</b>	<b>(30)</b>	<b>(15)</b>
<b>Enterprise</b>	<b>(242)</b>	<b>(144)</b>	<b>0</b>	<b>0</b>	<b>(98)</b>	<b>0</b>
<b>Resources</b>	<b>(771)</b>	<b>(450)</b>	<b>0</b>	<b>0</b>	<b>(272)</b>	<b>(50)</b>
<b>Chief Executives Units</b>	<b>(1,296)</b>	<b>(1,035)</b>	<b>0</b>	<b>0</b>	<b>(91)</b>	<b>(170)</b>
<b>Corporate Costs &amp; Levies</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Appropriations</b>	<b>(396)</b>	<b>(396)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financing</b>	<b>(800)</b>	<b>(800)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>DIRECTORATE Totals</b>	<b>(5,061)</b>	<b>(4,336)</b>	<b>0</b>	<b>0</b>	<b>(490)</b>	<b>(235)</b>

Children & Young People	2018/19 Budgeted Savings	Value of Saving forecast at Month 2	Value of Saving forecast at Month 7	Value of Saving achieved at Outturn	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment
	£000	£000	£000	£000	£000	£000	£000
Federated school model	(32)	(32)					
General 5% reduction on supplies & services	(132)	(132)					
Reduce school premature retirement budget	(50)	(50)					
CYP - Increased fee & charges income - Breakfast clubs	(125)	(125)					
CYP Acceleration of ALN review	(107)	(107)					
CYP - Mouton House Increase Charges	(68)	(68)					
CYP - Reduction in ISB for new schools maintenance budget reduction	(117)	(117)					
<b>CHILDREN &amp; YOUNG PEOPLE Budgeted Savings Total</b>	<b>(631)</b>	<b>(631)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	











Social Care & Health	2018/19 Budgeted Savings £000	Value of Saving forecast at Month 2 £000	Value of Saving forecast at Month 7 £000	Value of Saving achieved at Outturn £000	Delayed Savings £000	Savings deemed Unachievable £000	Traffic Light based Risk Assessment £000
Adult Disability Services	(638)	(638)					
Childrens Services (Saving £680k, pressure £561k, net saving in yr 4 £119k)	(113)	(113)					
SCH - Increased fee & charges income - Meals on wheels	(15)	0				(15)	
SCH - Increased fee & charges income - Registrars	(12)	0			(12)		
SCH Targetted reduction high cost placements posts	(147)	(129)			(18)		
<b>SOCIAL CARE &amp; HEALTH Budgeted Savings Total</b>	<b>(925)</b>	<b>(880)</b>	<b>0</b>	<b>0</b>	<b>(30)</b>	<b>(15)</b>	






Enterprise	2018/19 Budgeted Savings  £000	Value of Saving forecast at Month 2 £000	Value of Saving forecast at Month 7 £000	Value of Saving achieved at Outturn £000	Delayed Savings  £000	Savings deemed Unachievable  £000	Traffic Light based Risk Assessment  £000
ENT (Fut Mon) Increased fee & charges income - Further 2.5% increase for	(32)	(32)					
ENT (Fut Mon) Targetted reduction in agency costs	(80)	0			(80)		
ENT (Fut Mon) Decrease travel costs (travel free weeks, digital use, car sharing, pool car use)	(72)	(54)			(18)		
ENT (Fut Mon) Targetted reduction in overtime	(28)	(28)					
ENT Community hubs- vacant post freeze and software savings	(30)	(30)					
<b>ENTERPRISE Budgeted Savings Total</b>	<b>(242)</b>	<b>(144)</b>	<b>0</b>	<b>0</b>	<b>(98)</b>	<b>0</b>	

Chief Executive's Unit	2018/19 Budgeted Savings	Value of Saving forecast at Month 2	Value of Saving forecast at Month 7	Value of Saving achieved at Outturn	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment
	£000	£000	£000	£000	£000	£000	£000
Car Parks Net 7.5% increase in charges above 2.5% RPI (10% in total)	(100)	(83)			(17)		
Car Parks 10% increase in permits	(10)	(9)			(1)		
Car Parks Increase resident permits from £40-£60	(3)	(3)					
Car Parks Penalties increase to £70 discounted £35	(9)	(7)			(2)		
Grounds/waste - Reduced opening hours at all CA sites	(13)	0			(13)		
Grounds/waste - Stop Bailey park bowls maintenance	(10)	(10)					
Grounds/waste - Rationalise shrub bed maintenance	(12)	(12)					
Grounds/waste - 1 year freeze of Head of waste post	(40)	(40)					
Property - School meals Price Increase (net after 2.5% RPI)	(23)	(23)					
Property income - External Fees (net after 2.5% RPI)	(19)					(19)	
Property - Council wide Postage savings	(5)					(5)	
Highways - Road Traffic Incident recovery of costs	(15)	(15)	0				
Highways - Improved Plant utilisation/recovery	(40)	(40)					
Passenger Transport - Route 65 changes	(25)	(25)					
Passenger Transport - CPC Staff Training	(9)	(9)					
Passenger Transport - S106 Funding to support Sunday Routes 74, 69, 83, 60	(26)	(26)					

Chief Executive's Unit	2018/19 Budgeted Savings	Value of Saving forecast at Month 2	Value of Saving forecast at Month 7	Value of Saving achieved at Outturn	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment
	£000	£000	£000	£000	£000	£000	£000
CEO/OPS - PTU Improved payment terms at 2.5% reduction in costs	(30)	0					
CEO/OPS - PTU- DPS retendering and route optimisation	(171)	(142)			(29)		
CEO/OPS - TRANS - Independent fleet review	(20)	(20)					
CEO/OPS - PTU Introduction of personal transport budgets	(31)	(61)					
CEO/OPS - PTU extended provision of MCC inhouse ALN transport service	(41)	0				(41)	
CEO/OPS Highways - Insuring Full overhead recovery on all works	(140)	(140)					
CEO/OPS Highways - displace core costs with grant	(200)	(200)					
CEO/OPS Raglan Training Centre income increase	(49)	(20)			(29)		
CEO/OPS - Catering Increased fee & charges income - School meals, extra 25p per meal in addition to 2.5% annual increase agreed for fees & charges	(100)	(100)					
CEO/OPS -PTU school transport concessionary fares increase from £390 to £440 pa.	(16)	(16)					
CEO/OPS Apportionment of Waste Recycling (BGCBC)	(100)	0				(100)	
CEO/OPS Seasonal Garden Waste	(40)	(35)			0	(5)	
<b>CHIEF EXECUTIVES' UNIT Budgeted Savings Total</b>	<b>(1,296)</b>	<b>(1,035)</b>	<b>0</b>	<b>0</b>	<b>(91)</b>	<b>(170)</b>	

Resources	2018/19 Budgeted Savings	Value of Saving forecast at Month 2	Value of Saving forecast at Month 7	Value of Saving achieved at Outturn	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment
	£000	£000	£000	£000	£000	£000	£000
Schools based Revenues SLA (to reflect actual)	(39)	(39)					
Comino system change	(10)	0			(10)		
Housing Benefit team savings	(8)	(8)					
Insurance staff saving	(26)	(26)					
IT Equipment budget saving	(30)	(30)					
SRS saving	(50)					(50)	
Public Sector Broadband Agreement PSBA saving (£155k-£22k)	(133)	(133)					
RES (Corp Lan) Commercial Property investment income	(30)	(30)					
RES (Procurement - freeze, cease or consolidate non essential spend)	(155)	(155)					
RES (Procurement - third party supplier spend reduction)	(29)	(29)					

Resources	2018/19 Budgeted Savings £000	Value of Saving forecast at Month 2 £000	Value of Saving forecast at Month 7 £000	Value of Saving achieved at Outturn £000	Delayed Savings £000	Savings deemed Unachievable £000	Traffic Light based Risk Assessment £000
RES (Procurement - Gateway Review)	(150)	0			(150)	0	
RES (Procurement - supplementary duplicate payment review)	(25)				(25)		
RES (Reviewing Technology and Systems and Utilisation of Automation and AI)	(87)	0			(87)		
<b>RESOURCES Budgeted Savings Total</b>	<b>(771)</b>	<b>(450)</b>	<b>0</b>	<b>0</b>	<b>(272)</b>	<b>(50)</b>	

Appropriations	2018/19 Budgeted Savings	Value of Saving forecast at Month 2	Value of Saving forecast at Month 7	Value of Saving achieved at Outturn	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment
	£000	£000	£000	£000	£000	£000	£000
Interest Payable	(533)	(533)					
Interest Receivable	136	136					
MRP	51	51					
APP - Utilise more short term variable borrowing	(50)	(50)					
<b>APPROPRIATIONS Budgeted Savings Total</b>	<b>(396)</b>	<b>(396)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Financing	2018/19 Budgeted Savings	Value of Saving forecast at Month 2	Value of Saving forecast at Month 7	Value of Saving achieved at Outturn	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment
	£000	£000	£000	£000	£000	£000	£000
Council Tax Increase from Base changes (net of CTRS)	(435)	(435)					
FIN - Council tax gain upon completions	(220)	(220)					
CTRS	(95)	(95)					
FIN - Further Reduction in Council tax reduction scheme budget	(50)	(50)					
<b>FINANCING Budgeted Savings Total</b>	<b>(800)</b>	<b>(800)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

## Appendix 2 – Individual Schools Reserves

	Opening reserves 2018-19 (Surplus)/Deficit	In Year position at Month 2 (Surplus)/Deficit	Projected carry forward at year end 2018-19 (Surplus)/Deficit	Notes	Recovery Plan Y/E target balance 2018- 19	Recovery Plan Y/E target balance 2019- 20	Recovery Plan Y/E target balance 2020- 21	Recovery Plan Y/E target balance 2021- 22	Recovery Plan Comments
<b>Abergavenny cluster</b>									
E003 King Henry VIII Comprehensive	162,460	(36,687)	125,773	Recovery Plan Meetings held and recovery path agreed - awaiting signed copy of plan for years 4 and 5.	No recovery target identified for year despite starting year in deficit	105,232	125,533	137,424	5 year recovery plan required and confirmation of Education Achievement Service income awaited.
E073 Cantref Primary School	(65,965)	28,556	(37,409)						
E072 Deri View Primary School	(40,000)	41,836	1,836	Support Staff pay award between 9.191% and 3.734% between SCP 6 and SCP19		(30,402)	(7,690)		Senior Teacher Secondment and Support Staff reorganisation
E035 Gilwern Primary School	(52,253)	10,580	(41,673)	Increased Teaching Costs and additional Support Staff. Also Building Improvement Project (School Extension/Reception)					
E037 Goytre Fawr Primary School	(10,803)	28,317	17,514	Month 3 and Recovery Plan meeting scheduled for 10th of July 2018.					
E093 Llanfoist Fawr Primary School	(49,580)	29,823	(19,757)						
E044 Llantillio Pertholey CiW Primary School (VC)	(4,440)	16,094	11,655	Teachers salary protections are continuing.		(2,866)	(17,755)		Full year effect of 3 Teaching Assistant redundancies.
E045 Llanvihangel Crucorney Primary School	(511)	(14,358)	(14,869)	Additional Support Staff hours plus revision of contract cleaning price estimate	(4,857)				
E090 Our Lady and St Michael's RC Primary School (VA)	7,084	16,328	23,412		No recovery target identified for year despite starting year in deficit	10,182	(1)		Additional pupil numbers, Full Year Effect of Staff changes and revised contracts.
E067 Ysgol Gymraeg Y Fenni	(58,965)	27,418	(31,547)	Agency Support Staff costs for Additional Learning Needs pupil.					

	Opening reserves 2018-19 (Surplus)/Deficit	In Year position at Month 2 (Surplus)/Deficit	Projected carry forward at year end 2018-19 (Surplus)/Deficit	Notes	Recovery Plan Y/E target balance 2018- 19	Recovery Plan Y/E target balance 2019- 20	Recovery Plan Y/E target balance 2020- 21	Recovery Plan Y/E target balance 2021- 22	Recovery Plan Comments
<b>Caldicot cluster</b>									
<b>E001 Caldicot School</b>	100,637	(30,109)	70,528		No recovery target identified for year despite starting year in deficit	30,645			Meeting with the school at Month 3. It is anticipated that sufficient efficiencies will be identified to bring school back into surplus by end of 19-20.
<b>E068 Archbishop Rowan Williams CiW Primary School</b>	(79,455)	43,852	(35,603)						
<b>E094 Castle Park Primary School</b>	43,659	(9,000)	34,659		18,544	34,659	28,975	28,394	Recovery plan being updated as Head Teacher leaving at end of summer term. This will generate additional savings that should see school back in surplus.
<b>E075 Dewstow Primary School</b>	(105,626)	54,807	(50,819)						
<b>E034 Durand Primary School</b>	(71,665)	48,820	(22,845)						
<b>E048 Magor CiW Primary School (VA)</b>	19,227	55,731	74,958	Additional agency cover costs partially offset by maternity savings of a teaching post	No recovery target identified for year despite starting year in deficit				Recovery Plan meeting scheduled for 11th of July 2018.
<b>E056 Rogiet Primary School</b>	(26,145)	37,247	11,102						Meeting with the school at Month 3. It is anticipated that sufficient efficiencies will be identified to keep school in surplus in 18-19.
<b>E063 Undy Primary School</b>	28,221	31,650	59,871	Replacement teaching staff on Upper Pay Spine not Newly Qualified with an additional Foundation Phase Teaching required to be employed from 1/9/18. Also two Additional Learning Needs	8,023	10,342	(25,894)		Key Stage 1 top up and additional pupil numbers funding
<b>E069 Ysgol Gymraeg Y Ffin</b>	37,616	(35)	37,581	As per budget - on track for month 2	75,056				Admission numbers are significantly reduced so we are working with the school to further update the recovery plan in order to devise a way of helping the school return to a break even position.





	Opening reserves 2018-19 (Surplus)/Deficit	In Year position at Month 2 (Surplus)/Deficit	Projected carry forward at year end 2018-19 (Surplus)/Deficit	Notes	Recovery Plan Y/E target balance 2018- 19	Recovery Plan Y/E target balance 2019- 20	Recovery Plan Y/E target balance 2020- 21	Recovery Plan Y/E target balance 2021- 22	Recovery Plan Comments
<b>Monmouth cluster</b>									
E004 Monmouth Comprehensive	423,951	51,343	475,294		No recovery target identified for year despite starting year in deficit	240,781	56,720	(67,015)	School presented recovery plan in June 2018 to Cabinet Member. Currently on target.
E032 Cross Ash Primary School	(59,356)	45,211	(14,145)						
E092 Kymin View Primary School	(34,657)	34,640	(17)	Staff changes required for the new academic year have resulted in a projected overspend. These changes include: part time deputy headteacher being replaced with a full time deputy; a class teacher on main pay scale leaving and being replaced by a teacher on					
E039 Llandogo Primary School	12,449	10,984	23,433		(1,141)	(1,141)			
E074 Osbaston CiW Primary School (VC)	(635)	597	(38)						
E051 Overmonnow Primary School	(28,389)	14,744	(13,645)						
E055 Raglan CiW Primary School (VC)	147,743	(32,079)	115,664	Agreed long term recovery plan in operation.	No recovery target identified for year despite starting year in deficit	62,644	35,366	17,177	Recovery plan projects surplus of £24,921 in 2022/23
E062 Trellech Primary School	(87,650)	53,782	(33,868)						
E064 Usk CiW Primary School (VC)	(62,920)	81,025	18,105	Additional Foundation Phase teacher to be employed from 1/9/18 which has resulted in a planned deficit. Additional Key Stage 1 top up funding will be triggered in 2019/20 and there will be an					Meeting with the school at Month 3. It is anticipated that sufficient efficiencies will be identified to keep school in surplus in 18-19.
	(151,857)	790,574	638,717						
<b>Special Schools</b>									
E020 Mounton House Special School	33,584	(41,284)	(7,700)	Some staff savings due to a member of staff finishing in August and not being replaced.	28,968	4,947	(39,683)		Month 2 indicates school will return to surplus this financial year.
E095 PRU	(56,951)	48,413	(8,538)						
	(23,367)	7,129	(16,238)						
	(175,225)	797,703	622,478						

