

REPORT

SUBJECT	REVENUE & CAPITAL MONITORING 2018/19 OUTTURN STATEMENT
DIRECTORATE	Resources
MEETING	Economy & Development Select Committee
DATE	5th September 2019
DIVISIONS/ WARD AFFECTED	All Authority

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 based on capital slippage and reserve approval and deferment.
- 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 £2.4m deficit, and evolving recovery plan necessary to return a balanced position prior to end March 2020.
- 2.2 That Members note the 88% delivery of the budget setting savings agreed by full Council previously and a need for remedial action/savings in respect of circa 12% savings (£748k) reported as delayed or unachievable by service managers.
- 2.3 That Members consider the capital outturn spend of £35.493m, introducing a £24k anticipated overspend, and the presumptions made around net financing consequences as per para 3.19.
- 2.4 Members note the extent of movements in reserve usage, including individual budgeted draws on school balances, and their effect on current prudent financial planning assumptions as outlined in para 5.2.

3. MONITORING ANALYSIS

3.1 Increasingly Scrutiny Committee feedback is that that monitoring report is getting more involved, detailed and as a result more difficult to follow. This isn't particularly unusual in periods of increasing deficit pressures and need for remedial savings to compensate for agreed savings not likely to be made. Further clarification has been requested to understand how best monitoring could be adjusted, but as an interim step, the ordering of the report has been altered in an attempt to provide a clearer holistic revenue and overall savings position and better organise Scrutiny Committee portfolio matters within the commentary for each Committee. Unfortunately part of the problem appears to be that Select portfolios bear limited relationship to organisation Directorate structures, but further feedback will be taken during month 2 interaction with Select Committees whether the adjustments made clarify the presentation adequately to make that less of an issue.

3.2 Holistic Revenue Position

Table 1: Council Fund 2019/20 Outturn Forecast Summary Statement at Month 2 (Period 1)

Service Area	Initial 2019-20 Annual Budget	Revised Forecast Outturn	Forecast Over/ (Under) @ Outturn based on Month 2 Activity	Over/ (Under) @ 2018-19 Outturn
	£'000	£'000	£'000	£'000
Adult Services	7,644	7,830	186	181
Children Services	11,937	14,233	2,296	1,451
Community Care	22,610	22,612	2	-1,073
Commissioning	1,604	1,605	1	-104
Partnerships	418	418	0	0
Public Protection	1,458	1,464	6	10
Resources & Performance	573	570	-3	7
Total Social Care & Health	46,244	48,732	2,488	472
Individual School Budget	44,508	44,508	0	-67
Resources	1,252	893	-359	-33
Standards	5,429	6,130	701	737
Total Children & Young People	51,189	51,531	342	637
Business Growth & Enterprise	1,590	1,583	-7	-152
Operations	15,498	15,575	77	321
Planning & Housing	2,193	2,197	4	-279
Tourism Life & Culture (Monlife)	3,324	3,584	260	177
Total Enterprise	22,605	22,939	334	67

Legal & Land Charges	701	721	20	33
Governance, Democracy and Support	3,952	3,962	10	-99
Total Chief Executives Unit	4,653	4,683	30	-66
Finance	2,630	2,507	-123	-220
Information Communication Technology	2,640	2,572	-68	-14
People	1,647	1,649	2	58
Future Monmouthshire	-14	193	207	17
Commercial and Corporate Landlord Services	622	498	-124	-31
Total Resources	7,525	7,419	-106	-190
Precepts and Levies	19,240	19,059	-181	5
Coroners Service	117	146	29	
Archives Service	182	182	0	
Corporate Management (CM)	158	212	54	-412
Non Distributed Costs (NDC)	595	657	62	32
Strategic Initiatives	442	0	-442	-424
Borrowing Cost Recoupment	-1,455	-1,455	0	0
Insurance	1,400	1,400	0	0
Total Corporate Costs & Levies	20,679	20,201	-478	-799
Net Cost of Services	152,895	155,505	2,610	121
Fixed Asset disposal costs	119	119	0	0
Interest and Investment Income	-206	-240	-34	-187
Interest payable & Similar Charges	4,130	3,977	-153	83
Charges required under regulation	5,202	5,251	49	-29
Contributions to Reserves	444	444	0	30
Contributions from Reserves	-789	-789	0	-27
Appropriations	8,900	8,762	-138	-130
General Government Grants	-62,548	-62,548	0	0
Non Domestic rates	-30,682	-30,682	0	0
Council Tax	-75,124	-75,124	0	97
Council Tax Benefits Support	6,559	6,501	-58	-137

Financing	-161,795	-161,853	-58	-40
Net Council Fund (Surplus) / Deficit	0	2,414	2,414	-49

- 3.3 This outturn forecast is a significant deficit, such that SLT are currently considering their actions to resolve the situation. The pressure areas remain those that have been highlighted in previous reports e.g. additional learning needs, Children's Services, passenger transport, car parking and Monlife activities where activity no longer reflects the budget provided and the savings volunteered by services colleagues.
- 3.4 The Authority continues to bear down on non-essential spend and continues to scrutinise vacant posts as they arise. Ongoing efforts are being made to recover the current overspend position.
- 3.5 The outturn variance of £2.4m equates closely to the full extent of Children's Services pressure (£2.3m). Whilst there may be some contributory factors around local judiciary approach to Children's services that impact the local situation, the position experienced within Monmouthshire echoes many of those being reported nationally.
- 3.6 [*At the tipping point? Welsh local government and austerity*](#), published by the Wales Centre for Public Policy drew relevant parallel conclusions that highlighted the significant increase in demand for social care in recent years, as has been widely reported. Councils offered multiple explanations which are consistent with the Authority's current experiences in that:
- Demographic pressures were created by an ageing population.
 - An increased number of looked-after children were entering the care system - there has been a 146% increase in the number of court applications to remove children into care in Wales between 2008-09 and 2016-17 (Cafcass Cymru, 2018).
 - The impact of wage inflation
 - The increased complexity of care needed
- 3.7 Whilst education and social care have been relatively protected by local government to date, most councils feel unable to sustain this unless Welsh Government provide a fairer settlement for local government in Wales. The impact of protecting these services going forward will clearly have an adverse knock-on effect to other council services that are highly regarded and highly valued in our communities.
- 3.8 It would be fair to reason that as a whole, local councils have managed remarkably well to make deep spending reductions over the last seven years, without any major public outcry over service reductions or failure, but the national situation does feel increasingly acute when the Chair of Public Accounts Committee highlights that *'the proportion of councils overspending on social care has increased from 63% in 2010-11 to 91% in 2017-18. The total national overspend on children's social care in 2017-18 was £872m'*.
- 3.9 Senior officers and Cabinet members of the Authority are working closely with the Welsh Local Government and other authorities to provide evidence to Welsh Government to highlight the extent and severity of pressures faced and to lobby Welsh Government not just for a fairer local government settlement but also to consider further in-year funding directed towards acute pressures being faced in social care and schools in particular.

- 3.10 Senior management are considering their response to the financial forecast and have already identified circa £960k changes to bring the outturn down to £2.4m overspend, with circa £500k related to capitalising existing revenue expenditure rather than affecting front line service provision. Current recovery plan intentions appear to focus predominantly on ad hoc one-off changes, where as many of the pressures are longstanding in nature, suggesting that a one off permanent realignment to base budgets would provide a more sustainable budget monitoring basis. However, consideration will also have to be given to the MTFP and budget process that is being developed and where recurrent and more sustainable savings proposals are being considered.
- 3.11 It is also worthy of note that the Authority is currently seeking advice from its VAT Accountant and advisors as to whether the adoption of the Ealing ruling, which allows the authority to benefit from certain supplies of leisure services being treated as exempt from VAT, could open up the opportunity for a significant one-off reclaim of VAT and without adversely affecting its future VAT management arrangements.
- 3.12 Whilst advice continues to be sought this could be one means by which the Authority arrests the current overspend position. However, regardless of this, recovery efforts continue and in looking to curtail non-essential spend and secure opportunities to drive further savings.
- 3.13 A comparison of the Net Council fund line against previous years activity indicates the significance of the variance,

Net Council Fund Surplus	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
	£'000	£'000	£'000	£'000	£'000	£'000
Period 1	2,414 deficit	379 deficit	164 deficit	1,511 deficit	867 deficit	219 deficit
Period 2		766 surplus	62 deficit	839 deficit	1,066 deficit	116 deficit
Period 3				79 surplus	162 deficit	144 deficit
Outturn		49 surplus	652 surplus	884 Surplus	579 surplus	327 surplus

- 3.14 Appreciating recent Select member feedback was to derive a less detailed understanding of the monitoring position, but also anticipating situations where individual members may still wish to explore a more detailed understanding outside the formal meeting, the traditional hyperlinks (in Section 8) showing the supporting monitoring reports have been de-activated in favour of encouraging members to contact the financial lead to be able to better facilitate their understanding in person.
- 3.15 **Holistic 2019/20 Budget Savings Progress**

This section monitors the specific savings initiatives and the progress made in delivering them during 2019-20 as part of the MTFP budgeting process.

In summary they are as follows,

Disinvestment by Directorate 2019-20	2019/20 Budgeted Savings	Value of Saving forecast at Month 2	Delayed Savings	Savings deemed Unachievable YTD
REVENUE MONITORING 2019-20	£000	£000	£000	£000
Children & Young People	(1,234)	(1,208)	0	(26)
Social Care & Health	(1,246)	(1,205)	0	(41)
Enterprise	(1,480)	(969)	(307)	(205)
Resources	(1,342)	(1,303)	(39)	0
Chief Executives Units	(106)	(96)	0	(10)
Corporate Costs & Levies	0	0	0	0
Appropriations	(282)	(162)	0	(120)
Financing	(756)	(756)	0	0
DIRECTORATE Totals	(6,446)	(5,699)	(346)	(402)

3.16 Anticipated mandated saving performance is running at 88% of budgeted levels, with currently £402,000 being deemed potentially unachievable, and a further £346,000 to be delayed to later years.

3.17 The emphasis of reporting savings is based on whether saving is forecast to be achieved, even if not manifest in Directorate management reports yet. 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.

3.18 Scrutiny Committee Organised Revenue Monitoring Commentaries

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

3.19 Stronger Communities Select Portfolio (£750k net underspend)

Chief Executives Unit (£30k overspend)

Legal division exhibit a £20k overspend, due to a shortfall in land charges income, and unanticipated software costs. **Governance, democracy and support** estimate a £10k deficit due to additional staff costs at Contact centre to resolve teething issues with revised waste arrangements.

Resources Directorate (£106k underspend)

Finance Division predict an underspend of £123k, predominantly predicted savings in Revenues and Exchequer sub division and saving in management cost. **IT** predicts an **£68k underspend**, due to laptop purchases being capitalised being more significant than the deficit introduced by shortfall in annual SRS contribution. **People services** predicts **£2k deficit**, mainly the result of £12k additional staffing proposed from HR system visioning exercise compensated by staff savings in training £10k. **Corporate Landlord division** exhibited a net **£124k surplus** which hides large variances within monitoring, savings accrue from delay in staffing restructure, extra income from solar farm, and capitalisation of building maintenance costs, which compensate for pressures in cemeteries, industrial units and county farms. Also income from commercial investments is less than budgeted due to void levels currently.

Future Monmouthshire exhibits a **£207k deficit**, being the proportion of digitisation, travel and agency cost savings not yet attributable to particular services. Future Monmouthshire and SLT colleagues have previously been advised to avoid such generic savings as they involve superficial assessment and traditionally they are not well owned by Directorates subsequently.

Budget Savings Performance

Resources Directorate & Corporate

- A shortfall (£39k) in the extent of income from Commercial investments returns against the amount presumed in revenue budget.

Resources Directorate Recovery Activities

Resources Directorate has made £200k beneficial changes to initial monitoring to revise the outturn forecast to £106k surplus, capitalising £100k of computer replacement and £100k of corporate building maintenance. There is still an exercise to complete to apportion last year's "delayed" generic travel, agency and digital savings totalling £172k, and a further travel saving of £50k in 2019-20.

Resources Director's Context & Commentary

The overall forecast overspend being faced is known and understood to the Directorate.

Steps have already been taken and the directorate forecast has already benefitted from being able to transfer eligible costs to capital where they will be funded from additional capital grant received from Welsh Government. This amounted to £200k and related to the cost of rolling laptop replacement (£100k) and eligible costs from within the corporate building maintenance budget (£100k).

Further steps are being taken to curtail all non-essential spend and vacancies are being reviewed and scrutinised as they arise. Any opportunities for further savings will be investigated to benefit the in-year position.

Finance division is forecasting an under spend of £123k at year-end. Vacancy savings of £107k are currently being forecast within finance and ahead of restructure proposals being brought to Cabinet and subsequently implemented. There is also an £18k under spend resulting from the delay in the implementation of the new cash system.

ICT is forecasting a £68k under spend comprising a £100k under spend resulting from the corporate laptop replacement budget being funded through capital, offset by a £33k over spend on the SRS core contribution and for which recovery options are being explored.

People Services are forecasting close to budget with a small £2k over spend.

Future Monmouthshire is forecasting a £207k over spend. However, and as mentioned above, this relates to corporate savings that have not yet been allocated against directorate budgets. Chief Officers are aware that these savings will need to be managed and the Future Monmouthshire team will work with directorates to ensure savings can be delivered or any consequential impact mitigated.

Corporate Landlord division is reporting a net £124k under spend. Savings from a delay in restructure proposals being progressed (£70k) and extra income from the solar farm (£100k), together with the aforementioned savings from transferring corporate building maintenance

costs to capital (£100k) are offset by pressures in cemeteries, industrial units and county farms. Income from commercial investments is currently less than originally budgeted due to current void levels. A sinking fund held in reserves to offset any shortfalls and any further in-year investments or acquisitions can still look to positively impact the budget.

Corporate (£478k underspend)

The net effect of the unutilised redundancy budget (£442k) and additional Fire pension costs being borne by central government (£180k) compensating for addition pension strain costs, extra coroners staffing, and loan brokerage fees. Please note the cost of redundancies unless subject to the traditional 2 stage approval process agreed with members show as overspends within service budgets.

Appropriations (£138k underspend)

Reserve usage is traditionally adjusted in both Appropriations and service Directorates to avoid any artificial variances, at month 2 service managers presume no slippage in reserve funded initiatives. The Council's Treasury budget presumed leaving the European union by now, the net surplus effect is caused by static rather than increasing interest rates and the continued benefit of short term recurrent borrowing.

Budget Savings Performance

- As part of 2019-20 budget deliberations it was planned to set aside sufficient receipts to reduce minimum revenue provision payments by £120k. However the Crick Road element of the receipts balance (£2.7m) is effectively fettered from use by a negotiated condition that compels, upon request, the Council to repay the receipt back to Melin should it not be in a position to facilitate a workable and affordable drainage solution for the site by September. Consequently it would be imprudent to set aside that balance or use it to afford capital expenditure until that condition has fallen away. As a result, the related net saving of £120k from receipts being used to replacing borrowing in affording purchase of short life assets and avoid resulting minimum revenue provision is no longer appropriate.

Financing (£58k underspend)

This results from a traditional and recurrent anticipated underspend in Council tax benefit payments. However going forward this is an area where activity is likely to be more volatile than traditionally given advertising campaign undertaken by Welsh Government and the advent of universal credit bringing focus to individual's financial circumstances.

3.20 Economy & development Select Portfolio (£340k net overspend)

Enterprise Directorate (£334k net overspend)

Business growth and enterprise predict a net **£7k underspend**, being minor savings in staffing chargeable to specific grants. The forecast presumes no variance to Events or Borough theatre activities, but please note there is still no formal Events strategy to indicate how events income will contribute a holistic benefit in sustaining services. This remains similar to the Borough Theatre situation.

Planning & Housing (net £4k overspend) – caused by a minor variation to building control budget.

Tourism, leisure & culture - Monlife (£260k overspend) – The 2019-20 budget included £551k growth, to include salary growth, additional NNDR liability at Monmouth Leisure Centre caused by enhancing building works, and a variety of historic savings targets not delivered written out. The service also volunteered net £331k savings as a result of new structure/organisation. Now that the Council has concluded the business case doesn't sufficiently support outsourcing, an exercise is necessary to work through which savings are still viable to Council structure.

Operations forecast a collective £77k deficit. The position for each of main Operations areas is as follows, Transport Garage and car parks £150k net deficit (£200k income deficit from car parking compensated by £50k garage capitalised repairs), catering breakeven, cleaning £7k surplus, Passenger Transport £177k deficit (caused by inability to make budget savings and additional hire costs), Waste and Streetscene £54k surplus (caused capitalisation of recycling bags and Highways £188k surplus (the net result of redirecting revenue expenses to be afforded by additional capital funding, and a mild winter prediction).

Budget Savings performance

Operations Division is in Enterprise Directorate

- Shortfall in waste and car parking savings (£102k) comes in the form of reduced (6month) income from changes to car parking arrangements and 10 months saving in respect of civic amenity savings agreed.
- The savings agenda within PTU were significant and wide ranging and involved significant officer time outside of core PTU team. Latest anticipation from a current retendering exercise still suggests a £192k shortfall against savings expectations.
- Monlife reported net £331k savings as a result of changing organisational structures, which require review as to whether still appropriate to internally provided services. The Council has originally suspected £126k central support pressures as a result of outsourcing Monlife. These have been offset against savings targets prior to the need for a more in depth review.

Enterprise Directorate Recovery Activities

As a result of initial month 2 information, SLT have made remedial changes designed to improve the outturn forecast by £400k, to end the year at £334k deficit.

The changes relate to,

- Reduced overspend forecast in respect of Tintern Station (£7k).
- Highways Development and flooding team predict a £74k improvement as a result of road closure income and capital project fees.
- Highways Ops is forecasting to under-spend by £114,000 due to increased capital income. The Highways 19/20 capital allocation has allowed us to rearrange our repair programme to better displace core costs with capital funding. As is evident from last year this budget is heavily influenced by the weather - we are currently assuming that we will have an average winter season so do not include any costs for any adverse weather. If this does materialise then the outturn position could change.

- Waste & Scene is forecasting to underspend by £54,000. The availability of an equipment budget in the capital programme has allowed us to passport the costs of long life bags to capital, this has provided an in year benefit to the revenue account.
- The Transport garage is forecasting to underspend by £50,000. This is due to the decision to set aside a capital budget to fund major repairs that are usually charged to revenue but are capital in nature.
- Housing £10k. No real change in narrative, more of a change to service based forecast based on a more detailed consideration of activity.
- Passenger transport £20k. No real change in narrative, , more of a change to service based forecast based on a more detailed consideration of activity.

The revised outturn forecast significantly reflects the need to still unpick the shadow accounting treatments for Monlife, this exercise will occur between month 2 and 7.

Enterprise Director's Context & Commentary

Enterprise and MonLife is forecasting to overspend by £334,000. This position already includes £400,000 of changes as a result of displacing costs to our capital programme. It is clear that if this wasn't made available then we would have a material deficit. Departmental performance is as follows: -

Operations

Operations is forecasting to overspend by £78,000. Our main areas of concern are Car Parks and PTU who are both overspending by £200,000 and £150,000 respectively. Car Park income continues to be an issue where pay & display income is down against budget, although we are hopeful that now our Civil Parking Enforcement team is up and running we will see an improvement in income as customers are driven back into our car parks and through additional fines. The passenger transport unit is overspending mainly due to unachievable savings built into the MTFP and additional hire costs, we were relying on £194k of Dynamic Purchasing System (DPS) tendering savings to help us balance the budget this year but unfortunately it appears that these will now not materialise. The authority has set up an officer programme board to review all aspects of PTU provision in the hope of driving through efficiencies – this might have a positive impact on year end outturn. It is good to see that all other services within Operations are forecasting to return an under spend although three of these areas have benefitted from our decision to move costs to capital, they are Highways (£188,000), Waste (£115,000) and Transport (£50,000).

Business Growth & Enterprise

BGE is forecasting a small underspend of £7,000 due to grant windfalls. All other services are expecting to come in on budget.

Planning & Housing

Planning & Housing is forecasting a small overspend of £4,000. All services are forecasting to break-even apart from Building control whose overspend will be charged to the Building Control Trading Reserve. The Housing section has also benefitted from £10,000 of capital funding.

MonLife

The MonLife section is forecasting to overspend by £260,000. The service is still carrying within its budget a net £205,000 MTFP saving in relation to attaining charity status, now MonLife is staying in-house this has turned into a budget pressure that the unit is struggling to manage. We also have small overspends in Museums, Cultural Services, Attractions and Countryside as services cannot match budgeted vacancy factor savings. Tintern Station has benefitted from £7,000 of capital funding.

It is very early in the reporting period to gain an accurate understanding of how services will perform during the year and we will have a better idea at Month 7 as spending patterns emerge and more accurate forecasts made. Operations is heavily influenced by adverse weather and we have to be mindful of the impact this may have on budgets. We will continue to implement our recovery plans ensuring that disruption to front line services is kept to a minimum

Social Care & Health (£6k overspend)

Public Protection (£6k overspend) – predominantly the net effect of minor pressures across registrars, public health and trading standards.

3.21 Adult Select Portfolio (net £186k overspend)

Social Care & Health

Adult Services (£186k overspend) – resulting from net staffing pressures at Severn View and pressure within domiciliary care market that necessitates a greater degree of Council provided service, both of which are compensated in part by management savings and savings to individual support services arrangements and Budden Crescent costs.

Community Care (£2k overspend) – minor unreported variance against budget compensated by small saving in Resources section.

Commissioning (£1k overspend) – minor unreported variance against budget compensated by small saving in Resources section.

Resources (£3k underspend) – minor adhoc savings.

Budget Savings performance

- All savings are presumed by service colleagues to be delivered in full.

No explicit social care recovery activities have been identified to date

Social Care & Health Director's Context & Commentary

At this early stage of the financial year we are predicting a £2.26M overspend, after accounting for a £738K Social Care Workforce and Sustainability Grant from Welsh Government and savings deducted from the budget totalling £1.246M as part of the budget setting process.

Within the Adult Services division the forecast outturn shows a £186K overspend with continued demand for domiciliary care placing pressure on Care at Home services. At the 31st May 2019, 309 weekly care hours were awaiting brokerage from reablement which presented an underspend on the domiciliary care budget, but this is hiding the additional need for residential and nursing placements, especially with the increased capital threshold limit. The Adults with Disabilities budget, which caters for younger adults with learning and physical disabilities, have seen an increased need for placements, with 4 this year and in total 17 in excess of £1,000 per week. The largest bulk of the directorate budgeted savings have been levied against the Adults budget which, at this early stage of the financial year, are predicted to be met.

At month 2 Children's Services are forecasting a £2.069M overspend, experiencing significant demands placing pressure on the placement budget, plus the knock on effect in the associated legal and transport provision to support care packages and the need to cover internal staff shortages. Since November 2018 there has been a 20% increase in LAC numbers, increasing from 148 to 178 at the end of May 2019. This financial year have seen 6 LAC enter the system; the month of May saw 4 new LAC which required external placement provision.

Public Protection continues to largely remain within its budget allocation showing a slight overspend of £6K at month 2, delivering a wide range of services such as Trading Standards, Environmental and Public Protection, Licensing, Health & Safety and Registrars.

3.22 Children & Young People Select Portfolio (net £2,638k overspend)

Social Care & Health (£2.296m overspend)

This can be a fairly volatile area to manage budget wise, with individual placements potentially having a significant effect. In comparison to 2018-19 activity which was £1.45m overspend, the 2019-20 forecast indicates a worsening position. The service concludes pressures resulting from a greater volume of placements and related staff and transport costs. To assist members in more detailed understanding of the forecast the comparative volume of placements between 2018-19 and 2019-20 is,

<u>Service Area</u>	<u>Current Activity</u> M2	<u>Current Cost to</u> M2 £	<u>Average Annual Cost of</u> <u>Support</u> £	<u>Assumed Activity</u>	<u>Year End Forecast</u> £
In-house Fostering LAC	67	184,430	13,479	67	903,112
External Placements LAC	66	231,780	69,979	67	4,688,586
External Placements Non LAC	4	83,643	116,362	5	581,810
Young persons Accommodation - LAC	14	32,232	20,223	15	303,340
Child arrangement orders/special guardianship orders Non LAC	52	72,249	7,449	52	387,368
					6,864,216
2018/19					
<u>Service Area</u>			<u>Average Annual Cost of</u> <u>Support</u> £	<u>Activity at year end</u>	<u>Year End Outturn</u> £
In-house Fostering LAC			13,187	61	804,426
External Placements LAC			73,791	55	4,058,498
External Placements Non LAC			74,837	3	224,511
Young persons Accommodation - LAC			27,135	23	624,094
Child arrangement orders/special guardianship orders Non LAC			7,439	53	394,281
					6,105,810

This suggests the main reasons for increased costs are a forecast increase in the volume of looked after children placements (up 18 on 2018-19 outturn with limited variation in average unit costs), and in respect of non looked after placements, there is more limited case volume volatility but a far higher average unit cost in 2019-20.

The range of annual unit costs incurred per case can be highly variable depending upon the complexity of the presentation. To provide some context to the average unit costs table above, the range of unit costs per service activity is also provided as comparison for 2019-20.

<u>Service Area</u>	Annual Equivalent - Individual Placement Cost Range (Lowest/Highest)	
	£	£
In-house Fostering LAC	12,204	33,800
External Placements LAC	31,652	307,522
External Placements Non LAC	49,017	178,869
Young persons Accommodation - LAC	2,829	103,028
Child arrangement orders/special guardianship orders Non LAC	1,237	12,096
2018/19		
<u>Service Area</u>	Annual Equivalent - Individual Placement Cost Range (Lowest/Highest)	
	£	£
In-house Fostering LAC	12,150	33,800
External Placements LAC	31,565	308,056
External Placements Non LAC	48,950	136,037
Young persons Accommodation - LAC	3,219	199,892
Child arrangement orders/special guardianship orders Non LAC	4,773	12,096

Youth offending team partnership (breakeven) – this partnership is managed as a “trading entity such that any over or underspends accrue to a specific earmarked reserve. No variation in revenue budget activity is foreseen at month 2.

Budget Savings Performance

- The service originally calculated that it would receive £41k from Welsh Government disaggregating £2.3m of additional resourcing in respect of Children's services. To date the service reports not having received such. Colleagues have been requested to confirm directly with Welsh Government whether such resourcing will be forthcoming.

No explicit social care recovery activities have been identified to date with a focus more on containment of cost and pressure.

Social Care & Health Director's Context & Commentary

At this early stage of the financial year we are predicting a £2.26M overspend, after accounting for a £738K Social Care Workforce and Sustainability Grant from Welsh Government and savings deducted from the budget totalling £1.246M as part of the budget setting process.

Within the Adult Services division the forecast outturn shows a £186K overspend with continued demand for domiciliary care placing pressure on Care at Home services. At the 31st May 2019, 309 weekly care hours were awaiting brokerage from reablement which presented an underspend on the domiciliary care budget, but this is hiding the additional need for residential and nursing placements, especially with the increased capital threshold limit. The Adults with Disabilities budget, which caters for younger adults with learning and physical disabilities, have seen an increased need for placements, with 4 this year and in total 17 in excess of £1,000 per week. The largest bulk of the directorate budgeted savings have been levied against the Adults budget which, at this early stage of the financial year, are predicted to be met.

At month 2 Children's Services are forecasting a £2.069M overspend, experiencing significant demands placing pressure on the placement budget, plus the knock on effect in the associated legal and transport provision to support care packages and the need to cover internal staff shortages. Since November 2018 there has been a 20% increase in LAC numbers, increasing from 148 to 178 at the end of May 2019. This financial year have seen 6 LAC enter the system; the month of May saw 4 new LAC which required external placement provision.

Public Protection continues to largely remain within its budget allocation showing a slight overspend of £6K at month 2, delivering a wide range of services such as Trading Standards, Environmental and Public Protection, Licensing, Health & Safety and Registrars.

Children and Young People (net £342k overspend)

Service colleagues reported **School Budget Funding being breakeven at month 2. Resources Divisions** are now anticipating a £309k surplus following remedial action identified below. This is largely to try to compensate **Standards subdivision** exhibited an **outturn overspend of £700k**, reflective of reduced recoupment income for Mounton House, increased out of county placement costs and additional support to schools. The pressure on ALN budgets is set to continue given impending widened statutory definition of additional learning needs.

Budget Savings Performance

- Children and Young people Directorate colleagues reported a £26k shortfall in anticipated income from breakfast club income.

Children and Young People Recovery Plan activities

Originally schools communicated a forecast outturn of £1.7m deficit to school reserves. Subsequently, conversations have reset likely reserve usage to end the year as £850k deficit, an improvement of £833k. Similarly as a result of initial month 2 monitoring, CYP directorate have put in place remedial action totalling £359k to derive £342k deficit forecast outturn.

These revised activities include,

- WJEC subscription saving £23k. Fee budget no longer required, as being paid by Welsh Local government Association
- A budget of £300k has been set for many years to support school based redundancies. The majority of these are as at the 31st August, to date we have only had notice that the support required is £126k. By releasing £100k as a one off for this year we should still be able to meet the commitment. This is non-recurring.
- Schools maternity reserve shows a surplus of £135k. 2018-19 was the end of the three year Service Level Agreements (SLA). All schools buy into this SLA, and a new SLA agreed for forthcoming 3 years. The outgoing surplus on reserve account has been agreed by SLT to transfer into CYP Directorate. This is non-recurring.
- A £53k efficiency saving accruing from a move to only incur essential spend for remainder of financial year. This is non-recurring.

Children & Young People Director's Context & Commentary

The Directorate's Month 2 position is a forecasted overspend of £391,203 against the budget. The majority of this overspend relates to Additional Learning Needs (ALN), which is currently £617,995 over.

Within ALN: School Action Plus, £222,987 of the overspend relates to early identification of additional needs as a result of the ALN Act. It is hoped that over time these costs will reduce. However, it challenges the Welsh Government's assumption that the Act is cost neutral. In addition to this, recruitment income is showing a shortfall of £274,686. This is a result of reduced pupil numbers at Mounton House. A further paper to Cabinet will be taken in September, regarding the future of the school.

As part of the Cabinet paper for the inclusion review taken in December 2018, it was agreed that we would establish four inclusion centres in each of our secondary schools, commencing in September 2019, at a cost for this financial year of £170,191. The original proposal was that the resources would be found through savings made in the ALN review.

Within CYP, we currently hold a budget of £300,000 for school based redundancies. We are proposing to change the use of this to include workforce remodelling i.e. protection of salaries/teaching and learning responsibility allowances.

3.23 Capital Position

The summary forecast Capital position at outturn is as follows,

MCC CAPITAL BUDGET MONITORING 2019-20 at Month 2 by SELECT COMMITTEE						
SELECT PORTFOLIO	Forecast Spend at Outturn	Slippage Brought Forward	Total Approved Budget 2019/20	Forecast Capital Slippage to 2020/21	Revised Capital Budget 2019/20	Capital Expenditure Variance
	£000	£000	£000	£000	£000	£000
Children & Young People	3,083	2,219	3,059	0	3,059	24
Economic & Development	17,542	465	17,542	0	17,542	0
Adult	449	0	1,588	(1,139)	449	0
Strong Communities	14,419	7,165	14,419	(0)	14,419	0
Capital Schemes Total 2019-20	35,493	9,849	36,608	(1,139)	35,469	24

Additions

Additions to the capital programme can occur subsequent to Member approval of Capital MTFP, primarily in the form of actual rather than anticipated slippage, sc 106 projects being volunteered and an update of grant approvals communicated by Welsh Government

Reconciliation

Medium Term Financial Plan (v6)

Capital MTFP 2019-20	£26.971m
Assumed slippage	£675k
Less Vehicle Leasing	(£1.5m)
Total	£26.146m

Capital Programme	
Core	£25.471m
Revisions (Severn View care Home Year 2 of 3)	£1.288m
Actual Slippage	£9.849m
Total	£36.608m

Difference	£10.462m
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The difference equates to the difference in slippage £9,174m plus addition of Severn View Care Home replacement spend over 3 years, predominantly afforded by intermediate care funding, £300k capital receipt funding and balance to be afforded by Social Care savings in staffing and management).

Based on Council report, since month 2 the following scheme will be added afforded by unsupported borrowing,

Project Code (T)	Budget £'000
21st Century Schools' Developments - County Council 20.12.18	33

The following schemes have been considered in other fora of the Council but still require full Council endorsement as per Constitution requirements,

Project Code (T)	Budget £'000
S106 additional Gilwern Community Centre Heating (Cae Meldon) funding - old scheme lapsed from programme individual cabinet member decision	4
S106 Tudor Road/Woodland Road Replacement Play Area (Croft y Bwla) - Individual Members 13.03.19	18
S106 Sudbrook Sports and Social Club (Sudbrook Paper Mill) - Cabinet 03.04.19	10
S106 Portskewett Heritage Centre (Sudbrook Paper Mill) - Cabinet 03.04.19	10
S106 The Quest Play Area (Sudbrook Paper Mill) - Cabinet 03.04.19	10
S106 Sudbrook Play Park (Sudbrook Paper Mill) - Cabinet 03.04.19	10
Off Road Cycling Feasibility Study - Additional Grant Funding Sport Wales	100
New Street Lighting Enhancement Project Welsh Govt invest to save loan	1,667
Sudbrook Mill - Additional Community Council grant Funding	10
LTF Severn Tunnel Junction - Park & Ride - Funded through Regional LTF grant administered by Merthyr CBC	615
	2,454

Capital Outturn

Capital expenditure at month 2 is predominantly being forecast to budget. It is increasingly unlikely that the previous pressure in respect 21st Century schools spends will be incurred in full, such that service colleagues report no variance in the asbestos remediation costs to demolished blocks or additional project management necessary in respect of Monmouth secondary school build now.

Total provisional slippage at Month 2 is £1,139k, which relates to the Crick Road Care Home project and is due to contractual delays which means the contractor cannot begin until later in the 2019/20 financial year than originally anticipated.

As part of senior leadership team revisions to month 2 revenue forecast, the capital outturn includes the capitalisation of revenue costs totalling £500k. This has been afforded in the capital programme by adjustment to the level of Highways capital maintenance works being proposed, appreciating that Highways derived the majority of the additional general capital

allocation provided by Welsh Government, which remains a choice for the Council to be allocated, as well as explicit Highways specific capital grant.

Members have subscribed to a policy whereby new capital schemes are only added to the capital programme on meeting one of two conditions, either it is self-affording, or it replaces an existing commitment within the programme as a higher priority. The effect of such revenue capitalisation is consistent with member agreed priorities, i.e.

Aspect	Indicative Rank
Health & safety (life and limb works)	1
Legal and Regulatory obligations	1
Allow a balanced revenue budget to be set and achieved	2
Deliver corporate plan priorities	2.5
Spend to save – transformational works,	3
Spend to earn net income – rents, interest and dividends	3
Create sustainable income streams – business rates and council tax	3
Attract significant 3 rd party or private match funding to the County	3
Asset management plan outcomes	4
Addresses major infrastructure investment	4
Deliver wider economic outcomes	5

Whilst the revenue position is considered by Cabinet periodically, the Constitution still requires that any capital programme additions underpinning it are endorsed by full Council. A report will be prepared for Council in September.

3.24 Capital Financing and Receipts

Given the anticipated capital spending profile reported in para 3.19, the following financing mechanisms are expected to be utilised.

MCC CAPITAL FINANCING BUDGET MONITORING 2019-20 at Month 2 by FINANCING CATEGORY						
CAPITAL FINANCING SCHEME	Annual Financing	Slippage Brought Forward	Total Approved Financing Budget 2019/20	Provisional Budget Slippage to 2020/21	Revised Financing Budget 2019/20	Forecast Capital Financing Variance 2019/20
	£000	£000	£000	£000	£000	£000
Supported Borrowing	2,403	0	2,403	(0)	2,403	0
General Capital Grant	2,275	0	2,275	0	2,275	0
Grants and Contributions	975	0	1,814	(839)	975	0
S106 Contributions	1,316	1,316	1,316	(0)	1,316	(0)
Unsupported borrowing	25,832	6,956	25,808	(0)	25,808	24
Earmarked reserve & Revenue Funding	185	169	185	(0)	185	(0)
Capital Receipts	2,507	1,409	2,807	(300)	2,507	(0)
Low cost home ownership receipts	0	0	0	0	0	(0)
Unfinanced	0	0	0	0	0	0
Capital Financing Total 2019-20	35,493	9,850	36,608	(1,139)	35,469	24

3.25 Useable Capital Receipts Available

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.

TOTAL RECEIPTS	2019/20	2020/21	2021/22	2022//23
	£000	£000	£000	£000
Balance b/f 1 st April	4,581	10,036	15,909	16,460
Add:				
Receipts received in YTD	1,000			
Receipts forecast received	7,164	6,332	1,098	100
Deferred capital receipts	98	100	102	104
Less:				
Receipts to be applied	(2,807)	(559)	(559)	(559)
Set aside	0	0	0	0
Predicted Year end receipts balance	10,036	15,909	16,460	16,105
Financial Planning Assumption 2019/23 MTFP Capital Budget	4,925	6,251	1,160	160
Increase / (Decrease) compared to MTFP Capital Receipts Forecast	5,111	9,658	15,300	15,945

The balances forecast to be held at the 31st 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) and Crick Road.

There is still a 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 would necessitate additional revenue savings annually to afford.

3.26 Reserves

The Council has unallocated reserves in the form of Council fund balance and school reserves. Realistically the level of surplus/deficit affecting Council Fund will commonly fluctuate before the end of the year, but for estimating purposes we will commonly presume services' activities will be influenced to avoid material adverse effect. It also has earmarked reserves that are created for a specific purpose.

3.27 Revenue and Capital monitoring reflects an approved use of reserves. A specific analysis is undertaken at every formal periodic monitoring exercise to establish whether reserve cover conveyed to them by members will be fully utilised within the financial year. Where it is apparent this is not the case, both the reserve movement budget in appropriations budget and the expenditure within service directorate is adjusted. This is to prevent any imbalance in the bottom line position for net cost of services. This is to prevent any imbalance in the bottom line position for net cost of services.

Account	C/F	2019/20		C/F
		Contr from c/f from 1819 y/e	Proposed net movements	
Council Fund (Authority)	-7,111,078		2,414,000	-4,697,078
School Balances	232,404		618,034	850,438
Sub Total Council Fund	-6,878,674		3,032,034	-3,846,640
Earmarked Reserves:				
Sub-Total Invest to Redesign	-1,083,167	0	-123,414	-1,206,581
Sub-Total IT Transformation	-479,139	129,675	0	-349,464
Sub-Total Insurance and Risk Management	-1,018,744	0	0	-1,018,744
Sub-Total Capital Receipt Generation	-278,880	24,735	118,566	-135,579
Sub Total Treasury Equalisation	-990,024	0	0	-990,024
Sub-Total Redundancy and Pensions	-332,835	0	88,038	-244,797
Sub-Total Capital Investment	-643,337	0	0	-643,337
Sub-Total Priority Investment	-405,000	0	405,000	0
Other Earmarked Reserves:				
Museums Acquisitions Reserve	-52,885		0	-52,885
Elections Reserve	-83,183		-35,000	-118,183
Grass Routes Buses Reserve	-151,084		-5,000	-156,084
Youth Offending Team	-150,000		0	-150,000
Building Control trading reserve	-14,490		0	-14,490
Outdoor Education Centres Trading Reserve	0		0	0
CYP maternity	-135,795		0	-135,795
Plant & Equipment reserve (Highways)	-33,541		0	-33,541
Homeless Prevention Reserve Fund	-49,803		0	-49,803
Solar Farm Maintenance & Community Fund	-41,000		-23,000	-64,000

Newport Leisure Park Reserve	-61,899		0	-61,899
Castlegate Reserve	-79,500		0	-79,500
Local Resilience Forum Reserve (Gwent PCC Tfr)	-115,090		0	-115,090
Rural Development Plan Reserve	-413,190		0	-413,190
Sub-Total Other Earmarked Reserves	-1,381,460	0	-63,000	-1,444,460
Total Earmarked Reserves	-6,612,587	154,410	425,190	-6,032,986
Total useable revenue reserves	-13,491,261	154,410	3,457,224	-9,879,626

3.28 Schools Reserves

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.

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 based on their statutory section 52 budget submissions by end May 2019. In supplying such early information, there is no presumption of the Council (local education authority) having signed off on those submissions, and work progresses to evaluate the need, but it is of note that some schools having a previous recovery plan, haven't chosen to keep to such, so those are likely to get revised back to their previously agreed positions. Governors have also got out of the habit of making a request to set a deficit position.

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

	Opening Reserves 2018-19 (surplus)/deficit	In year net usage 2018-19	Outturn Position 2018-19 (surplus)/deficit	Forecast in year usage 2019-20	Forecast outturn position 2019-20
Combined balance	(£175,225)	£407,629	£232,404	£618,034	£850,438

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.

3.30 15 schools started 2019-20 year in deficit. 14 schools are anticipated to be in deficit by end of financial year, with Our Lady and St Michael's RC Primary, Castle Park Primary, Pembroke Primary and Overmonnow primary schools all anticipated to come out of deficit and Chepstow Comprehensive, Osbaston Primary and pupil referral unit anticipated to go into a deficit reserve position during the year. The deficit position (£1.075m) remains

particularly acute and increasing for the 4 secondary schools. Monmouth Comprehensive is particularly significant at forecast £489k deficit, King Henry Comprehensive hasn't kept to recovery plan target agreed for the year with LEA colleagues and Cabinet members, and Chepstow Comprehensive have yo-yoed back into significant deficit without providing associated recovery plan.

- 3.31 Within the reserve balance movements, the most significant and advantageous replenishment within the year relates to Castle Park primary school which has moved from £24k deficit to £54k surplus by year end. Conversely Chepstow Governors are indicating a use of £191k pushing their reserve position back into significant deficit, which is disappointing given the efforts made during their recent recovery exercise to make situation more sustainable.
- 3.32 Select members are advised to adopt a heightened focus around those schools exhibiting red in the traffic light assessment in Appendix 2. The evaluation criteria reflects whether they are in deficit and the extent of such and whether they are within tolerance of an agreed recovery plan. Irrespective of the actions of officers, Scrutiny functions (CYP Select and Audit Committee) retain an ability to request a senior Governing Body representative to attend their meeting to discuss failing recovery plans to get a comfort of the extra actions proposed to get the situation back on track.
- 3.33 The local authority has funded teachers' pay award for the last 2 years and recent teachers pensions increases has been afforded by WG grant, so the use of reserves is borne by other factors. The original flexibility to plan for a deficit budget only extended as far as there being a collective schools reserve surplus. That changed again more recently to allow deficit budget planning irrespective of the collective position where an appropriate recovery plan was provided and agreed at same time as deficit budget. Once the recovery plan has been agreed future monitoring will be against that plan. In some cases, for valid reasons a school may be unable to meet the plan agreed in any one year. However schools will be expected to revisit the plan and agree to recover in the same time period. Any amendments will need to be agreed with the relevant cabinet member.
- 3.34 This doesn't feel a sustainable prospect and is one that is not being taken lightly by either schools or the LEA, however it is also one that is mirrored in other authorities in Wales, where schools are facing challenging financial positions. Schools have been reminded of the recovery plan process and the requirement to agree any deficit with the Chief Officer so that the appropriate challenge can be put in place. Further consideration is being given to further changes that need to be made to ensure that robust budget management arrangements are in place.

4 REASONS

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

5 RESOURCE IMPLICATIONS

- 5.1 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 that 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 March. This volatility risk would be 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. Given the in-year position forecast recovery actions will continue to be taken and the situation assessed on an ongoing basis through the year and beyond the reporting periods to Cabinet.
- 5.2 Without the current forecast overspend being addressed the Council fund balance will end the financial year at a predicted £4.7million. As a financial planning assumption, the level of Council Fund reserves should be between 4% - 6% of net expenditure. Based on a budgeted net expenditure (excluding Police and Community Council precepts) and before financing totalling £147.3 million, the anticipated outturn Council fund reserve level equates to 3.19%, which is below the agreed acceptable levels. This reduces still further to 2.6% if net year end schools balances position remains as initially predicted above. Such a situation requires explicit address, the situation will also remain under close scrutiny as individual schools forecasting remains of variable quality, and certainly school reserve usage is likely to be more certain by period 2.

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

9 AUTHOR

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Appendices (attached below)

Appendix 1 Mandated Savings Progress Report

Appendix 2 School Reserves

Appendix 1 – Savings Matrix

Disinvestment by Directorate 2019-20	2019/20 Budgeted Savings	Value of Saving forecast at Month 2	Delayed Savings	Savings deemed Unachievable YTD	Traffic Light based Risk Assessment	ASSESSMENT of Progress	Risk of current forecast saving NOT being achieved (High / Medium / Low)
REVENUE MONITORING 2019-20	£000	£000	£000	£000	£000		
Children & Young People	(1,234)	(1,208)	0	(26)			
Social Care & Health	(1,246)	(1,205)	0	(41)			
Enterprise	(1,480)	(969)	(307)	(205)			
Resources	(1,342)	(1,303)	(39)	0			
Chief Executives Units	(106)	(96)	0	(10)			
Corporate Costs & Levies	0	0	0	0			
Appropriations	(282)	(162)	0	(120)			
Financing	(756)	(756)	0	0			
DIRECTORATE Totals	(6,446)	(5,699)	(346)	(402)			

Children & Young People		2019/20 Budgeted Savings	Value of Saving forecast at Month 2	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress	'Risk of current forecast saving NOT being achieved (High / Medium / Low)
		£000	£000	£000	£000	£000		
CYP 1	Federated school model	(23)	(23)				Saving achieved	low
CYP 3	Investigate options to revise running and budgeting of Gwent Music - Schools	(40)	(40)				Close working with Gwent Music has identified where the savings can be achieved	Low
CYP 4	Fees and charges - Before School Club - Schools. Residual effect of 2018-19 budget proposal, reflecting 5 months activity at £1 pd	(72)	(46)		(26)		Lower take up of paid childcare element has resulted in a shortfall on the income	Medium
CYP 6	Continuation of inclusion review (incl Mounton Hse)	(275)	(275)				Full savings have been achieved	Low
CYP 7	Nursery Provision, double counting topped up schools Jan 19 - March, already provided every Sept	(40)	(40)				Full savings have been achieved	Low
CYP 11	Teachers Pension Scheme - increased rates - prudent assumption of funding from WG at 60%	(475)	(475)				Grant income has been received to offset this	Low
CYP 11	Teachers Pension Scheme - increased rates - prudent assumption of funding from WG at 40%	(309)	(309)				Grant income has been received to offset this	Low
CHILDREN & YOUNG PEOPLE Budgeted Savings Total 2019-20		(1,234)	(1,208)	0	(26)			







Social Care & Health		2019/20 Budgeted Savings	Value of Saving forecast at Month 2	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress	'Risk of current forecast saving NOT being achieved (High / Medium / Low)
		£000	£000	£000	£000	£000		
SCH 1	Practice change- continue the transformation of practice. Early help, reablement, better life planning and realigning provision to meet personal outcomes .	(536)	(536)					Low
SCH 2	Fairer charging weekly threshold increases from £70 to £80 generating income following means test	(129)	(129)					Low
SCH 3	Respite Care - income generation from Fairer charging threshold.	(9)	(9)					Low
SCH 4	Increase income budget for Mardy Park to reflect additional income from new sc33 agreement	(36)	(36)					Low
SCH 5	Adults transport budget realignment as people use own transport solutions	(15)	(15)					Low
SCH 6	Realign Drybridge Gardens budget , based on M5 underspend position	(11)	(11)					Low
SCH 7	Reduce Individual support service (ISS) staffing costs following end of current two year detriment	(6)	(6)					Low
SCH 8	Efficient rota management @Budden Crescent following recent review	(20)	(20)					Low
SCH 9	Continuing Health Care (CHC) Adult - Health recoupment	(100)	(100)					Low
SCH 10	Budget to represent care home fee income from property sales	(160)	(160)					Low
SCH 11	Additional charges recovered from property	(90)	(90)					Low
SCH 12	Children, Welsh government (WG) additional grant funding for Looked after children (LAC)	(41)	0		(41)		Due to extra demand and the cost involved £41K goes very little way if any to allieviate the pressure	High
SCH 13	Discretionary fees & charges uplift	(93)	(93)					Low
SOCIAL CARE & HEALTH Budgeted Savings Total 2019-20		(1,246)	(1,205)	0	(41)			

Enterprise		2019/20 Budgeted Savings	Value of Saving forecast at Month 2	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress	'Risk of current forecast saving NOT being achieved (High / Medium / Low)
		£000	£000	£000	£000	£000		
18-19	OPS Grounds/waste - 1 year freeze of Head of waste post	40	40				Achieved	Low
18-19	OPS Highways - displace core costs with grant	200	200				Achieved	Low
ENT001	PLANHOUS – Development Mgt – Increased income from discretionary services	(13)	(13)				Achieved	Low
ENT002	PLANHOUS - Development Mgt Press notice savings	(5)	(5)				Achieved	Low
ENT003	OPS - Waste - Move to Re-usable bags for recycling. Works on 3 year replacement	(45)	0	(45)			Cabinet decision to phase in this change so this saving is not achievable this year.	high
ENT004	OPS - Waste - Move to plastic bags instead of starch for food waste £30k per annum. Bags are going into Energy from Waste (EfW) regardless and contractor wants us to use plastic as easier to reprocess	(30)	(30)				Achieved	Low
ENT005	Household waste recycling centre Day closures – Usk 2 days, Troy 2 days, Llanfoist 1 day, Five Lanes 1 day, circa £72k consequence	(72)	(60)	(12)			Only 10 out of 12 mths savings achieved due to delays	high
ENT008	OPS - Waste - Issue "Tax Disc" style permits to all residents with council tax to reduce cross border traffic of waste	(24)	(20)	(4)			Only 10 out of 12 mths savings achieved due to delays	high
ENT009	OPS Grounds/waste - Head of waste post, permanent removal from base.	(40)	(40)				Achieved	Low
ENT010	OPS - Car Parks - Increase in charges - 10%	(90)	(60)	(30)			Only 6 months of savings currently achievable due to the length of consultation processes.	Low
ENT014	OPS - Car Parks - Identifying additional car parking sites. Severn Tunnel Junction (requires investment)	(15)	0	(15)			The plans for Severn Tunnel Junction have changed dramatically so this income will not be achievable this year.	Low
ENT015	OPS - Car Parks - changing charging times 08.00-18:00	(3)	(2)	(1)			Only 6 months of savings currently achievable due to the length of consultation processes.	Low
ENT016	OPS - Car Parks - Charging On a Sunday	(20)	(14)	(6)			Only 6 months of savings currently achievable due to the length of consultation processes.	Low
ENT010-017	First year implementation costs of car parking proposals	106	106				Currently formulating proposals on how this funding will be allocated, but assume full spend at M2.	Low
ENT018	OPS - Releasing spare budget funding from 18-19 Pay Award pressure.	(30)	(30)				Achieved	Low
ENT019	OPS - Highways - Generate additional turnover through expansion of workforce to undertake more private/grant work. Would require additional investment.	(50)	(50)				Achievable	Low
ENT020	OPS – Highways – Review of disposal of Highways arisings	(25)	(25)				Still undertaking review into proposal to achieve this. Delay could affect ability to fully meet target, although Highways will look at other means to manage shortfall.	Medium
ENT021	OPS - Streetlighting - rearranging of the funding of previous LED SALIX Loans	(38)	(38)				Achieved	Low
ENT022	OPS - PTU Dynamic purchasing system (DPS) Retendering Savings.	(194)	0	(194)			Early indications are that the changes required to make this saving will happen too late in the year to have any benefit in 19/20	high
ENT023	ECO - Community & Pships - Staff and Supplies & services savings	(30)	(30)				Achieved	Low



Enterprise (continued)		2019/20 Budgeted Savings	Value of Saving forecast at Month 2	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress	'Risk of current forecast saving NOT being achieved (High / Medium / Low)
		£000	£000	£000	£000	£000		
ENT024	ADM/MONLIFE savings	(205)	0		(205)		Net saving based on benefits gained by Mon Life moving into charity status (NNDR/Gift Aid/Vat), as this is no longer going ahead the savings are unachievable.	High
ENT025	ADM/MONLIFE fees & charges uplift	(59)	(59)				Achieved	Low
ENT025	Discretionary fees & charges uplift	(27)	(27)				Achieved	Low
ENT026	Headroom to capitalise Highways expenditure	(812)	(812)				Achieved	Low
ENTERPRISE Budgeted Savings Total 2019-20		(1,480)	(969)	(307)	(205)			





Chief Executive's Unit		2019/20 Budgeted Savings	Value of Saving forecast at Month 2	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress	'Risk of current forecast saving NOT being achieved (High / Medium / Low)
		£000	£000	£000	£000	£000		
CEO001	GOVDEMSUP - Releasing budget saving on Wales local government association (WLGA) Subscription	(3)	(3)				Achieved	Low
CEO002	GOVDEMSUP - Reduction in annual grant provided to Monmouth CAB (1k), releasing budget saving (3k)	(1)	(1)				Achieved	Low
CEO003	GOVDEMSUP - Additional Income from Caldicot Hub - Desk Leasing Scheme	(2)	(2)				Achieved	Low
CEO004	GOVDEMSUP - Policy - Net Staff Savings from not filling admin post	(3)	(3)				Achieved	Low
CEO005	GOVDEMSUP - Community Hubs - Cross-subsidy with new income from Com Ed external	(25)	(25)				Achieved	Low
CEO006	GOVDEMSUP – Contact Centre – Integrated Customer Communications	(60)	(50)		(10)		Not fully achieved	Low
CEO007	GOVDEMSUP - Members - Chairman's charity - Reduce/remove MCC Subsidy	(8)	(8)				Achieved	Low
CEO008	GOVDEMSUP – Make wider use of Chairmans car to enable a release of a pool car within MCC	(3)	(3)				Achieved	Low
CEO009	Discretionary fees & charges uplift	(1)	(1)				Achieved	Low
CHIEF EXECUTIVES' UNIT Budgeted Savings Total 2019-20		(106)	(96)	0	(10)			







Resources		2019/20 Budgeted Savings	Value of Saving forecast at Month 2	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress	'Risk of current forecast saving NOT being achieved (High / Medium / Low)
		£000	£000	£000	£000	£000		
RES001	CORPLLORD Estates RE-FIT Energy Savings (net after funding repayments)	(25)	(25)				Achieved	Low
18-19	RES (Procurement - supplementary duplicate payment review) - one off saving in 18-19 - needs to come back out	25	25				Achieved	Low
RES002	Central Services Recharge to Monlife (gross, £143k pressure accomodated in 2018-19 budget)	(704)	(704)				As MonLife is now staying in-house this has been offset with an opposite pressure so nil effect.	Low
RES003	Commercial property income - additional acquisitions - rental income above borrowing and other costs	(400)	(400)				Achieved	Low
RES004	Commercial property income - Castlegate - create sinking fund through wider reserve replenishment from one-off VAT savings to afford release of annual net income to revenue account	(170)	(131)	(39)			Saving assumed 100% rental, currently we have some vacant units that are not producing any income so an element of saving will be delayed until we fill all our units.	Medium
RES005	Further Travel cost reduction (10%) to be allocated via Future Mon	(50)	(50)		0		Total saving forecast be achieved by 31st March 2020. Measures currently being implemented to reduce travel expenses across the authority comprise: Accommodation Review including reallocation of Social Care from Magor to Usk <ul style="list-style-type: none"> • Accommodation rationalisation • Area based working • Route optimisation • Pool car review • Digital enabling for members and officers, including, Skype, laptops, smart phones, tablets, mobile apps etc. • Refocus on agile working and the ability to work seamlessly from any location. 	Medium
RES006	Discretionary fees & charges uplift	(18)	(18)				Achievable	high
RESOURCES Budgeted Savings Total 2019-20		(1,342)	(1,303)	(39)	0			

Corporate Costs & Levies		2019/20 Budgeted Savings	Value of Saving forecast at Month 2	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress	'Risk of current forecast saving NOT being achieved (High / Medium / Low)
		£000	£000	£000	£000	£000		
		0	0					Low
CORPORATE COSTS Budgeted Savings Total 2019-20		0	0	0	0			
Appropriations		2019/20 Budgeted Savings	Value of Saving forecast at Month 2	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress	'Risk of current forecast saving NOT being achieved (High / Medium / Low)
		£000	£000	£000	£000	£000		
APP001	Interest Receivable	(162)	(162)					Low
APP002	Minimum revenue provision (MRP) savings from capital receipts set aside - to be confirmed	(120)			(120)			High
APPROPRIATIONS Budgeted Savings Total 2019-20		(282)	(162)	0	(120)			
Financing		2019/20 Budgeted Savings	Value of Saving forecast at Month 2	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress	'Risk of current forecast saving NOT being achieved (High / Medium / Low)
		£000	£000	£000	£000	£000		
FIN001	Council tax base increase - further increase anticipated beyond CT1 taxbase	(40)	(40)					Medium
FIN001	Council Tax Reduction Scheme activity saving	(110)	(110)					Low
FIN002	Anticipated "floor" change to Aggregate external funding (AEF) (0.5% improvement)	(468)	(468)					Low
FIN003	Final "floor" change to 0.3%	(138)	(138)					Low
FINANCING Budgeted Savings Total 2019-20		(756)	(756)	0	0			

Appendix 2 – Individual Schools Reserves

Outturn movement on reserves									
	Opening Reserves 2019-20 (Surplus)/Deficit	In Year position at Month 2 (Surplus)/Deficit	Projected carry forward at year end 2019-20 (Surplus)/Deficit	Notes	Traffic Light Risk against recovery plan	Recovery Plan Y/E target balance 2019- 20 (in 18-19)	Recovery Plan Y/E target balance 2020- 21	Recovery Plan Y/E target balance 2021- 22	Recovery Plan Y/E target balance 2022- 23
Abergavenny cluster									
E003 King Henry VIII Comprehensive	82,797	141,199	223,996	Additional income for Leadership Team pension increase plus savings on a Support Staff Maternity Leave absence.		71,901	(7,045)	(77,960)	
E073 Cantref Primary School	(88,391)	57,656	(30,736)			N/A			
E072 Deri View Primary School	(80,000)	30,667	(49,333)	Savings on supply compensation premium.		(30,402)	(7,690)		
E035 Gilwern Primary School	(55,251)	(26,318)	(81,569)	A senior teacher is on Maternity Leave in the new academic year, the School has generated additional income due to its Pioneer status and is in receipt of Additional Learning Needs Funding with support costs already in place.		N/A			
E037 Goytre Fawr Primary School	(2,737)	(14,505)	(17,242)			N/A			
E093 Llanfoist Fawr Primary School	(14,342)	(961)	(15,302)			N/A			
E044 Llantillio Pertholey CiW Primary School (VC)	9,643	15,759	25,402	Leadership staff absence covered by a secondment from another Local Authority.		(2,866)	(17,755)		
E045 Llanvihangel Crucorney Primary School	(34,341)	(12,192)	(46,533)			N/A			
E090 Our Lady and St Michael's RC Primary School (VA)	14,170	(36,435)	(22,265)	Member of staff leaving and being replaced at a lower point on the scale, from 1/9/19.		10,182	(1)		
E067 Ysgol Gymraeg Y Fenni	(51,306)	45,481	(5,826)	Teacher remaining on a part time basis from 1/9/19		N/A			

	Opening Reserves 2019-20 (Surplus)/Deficit	In Year position at Month 2 (Surplus)/Deficit	Projected carry forward at year end 2019-20 (Surplus)/Deficit	Notes	Traffic Light Risk against recovery plan	Recovery Plan Y/E target balance 2019- 20 (in 18-19)	Recovery Plan Y/E target balance 2020- 21	Recovery Plan Y/E target balance 2021- 22	Recovery Plan Y/E target balance 2022- 23
Caldicot cluster									
E001 Caldicot School	65,013	155,964	220,977	Saving on ICT		30,645			
E068 Archbishop Rowan Williams CiW Primary School (VA)	(73,406)	(11,212)	(84,618)	Additional Income: Lettings, NAPL, LNS and Local Authority Funding (Teachers Pensions for Leadership and Support Staff Assimilation). Executive Head arrangement continues to reduce Leadership costs. Deputy head secondment also increases savings.		N/A			
E094 Castle Park Primary School	23,772	(77,660)	(53,888)	Additional Income: NAPL, ALN and Local Authority Funding (Teachers Pensions for Leadership and Support Staff Assimilation). Leadership saving due to new headship in September 2019. Staff savings via the use of supply rather than contracts.		(1,422)	(19,802)	(25,229)	
E075 Dewstow Primary School	(108,642)	50,976	(57,666)	Conservative estimate of Additional Learning Needs Band Funding made at budget build. This funding has now been confirmed.		N/A			
E034 Durand Primary School	(29,087)	12,401	(16,686)	Additional Income: Lettings, NAPL, Student Teacher Placements, ALN and Local Authority Funding (Teachers Pensions for Leadership and Support Staff Assimilation). Increase in support staff including covering illness		N/A			
E048 Magor CiW Primary School (VA)	54,651	(18,647)	36,003	Staff costs included for pupil support but awaiting confirmation of Additional Learning Needs Band Funding .		13,348			
E056 Rogiet Primary School	(20,015)	19,466	(549)	Appointment of substantive Head teacher from 1/9/19 not 1/1/20 as originally budgeted has meant that savings linked to internal cover sends four months earlier.		N/A			
E063 Undy Primary School	129,534	(42,661)	86,872	Unbudgeted Teacher costs from 1/9/19, two Teaching Assistants employed due to Additional Learning Needs support requirements, plus 3 new Lunchtime Supervisors to keep within the 60:1 ratio		55,358	39,123	9,808	
E069 Ysgol Gymraeg Y Ffin	32,979	48,256	81,235	Savings due to staffing related costs		N/A			

	Opening Reserves 2019-20 (Surplus)/Deficit	In Year position at Month 2 (Surplus)/Deficit	Projected carry forward at year end 2019-20 (Surplus)/Deficit	Notes	Traffic Light Risk against recovery plan	Recovery Plan Y/E target balance 2019- 20 (in 18-19)	Recovery Plan Y/E target balance 2020- 21	Recovery Plan Y/E target balance 2021- 22	Recovery Plan Y/E target balance 2022- 23
<u>Chepstow cluster</u>									
E002 Chepstow School	(50,661)	191,596	140,934	Staffing changes has resulted in a saving		N/A			
E091 Pembroke Primary School	13,239	(20,364)	(7,125)	Additional income anticipated in relation to pension increases		(209)	(3,760)		
E057 Shirenewton Primary School	(132,093)	(10,426)	(142,519)						
E058 St Mary's Chepstow RC Primary School (VA)	63,593	(21,175)	42,417	Interim Head teacher from 1/9/19 will be employed at 80%		N/A			
E060 The Dell Primary School	(16,389)	8,679	(7,710)	Staffing changes has resulted in a saving		N/A			
E061 Thornwell Primary School	53,722	(41,302)	12,421	Revised Additional Learning Needs Band Funding		(645)	(24,372)	(25,417)	

	Opening Reserves 2019-20 (Surplus)/Deficit	In Year position at Month 2 (Surplus)/Deficit	Projected carry forward at year end 2019-20 (Surplus)/Deficit	Notes	Traffic Light Risk against recovery plan	Recovery Plan Y/E target balance 2019- 20 (in 18-19)	Recovery Plan Y/E target balance 2020- 21	Recovery Plan Y/E target balance 2021- 22	Recovery Plan Y/E target balance 2022- 23
Monmouth cluster									
E004 Monmouth Comprehensive	538,326	(48,893)	489,433	Additional income anticipated in relation to pension increases, as well as receiving more funding than expected for ALN		487,767	324,012	193,172	24,949
E032 Cross Ash Primary School	(54,150)	17,737	(36,413)	Two job share teachers retiring on 31/8/19 plus a teacher on Maternity Leave from 1/9/19		N/A			
E092 Kymin View Primary School	(5,607)	(39,556)	(45,164)	Additional Income: Lettings, Supply Compensation, NAPL, EWC and Local Authority Funding (Teachers Pensions for Leadership and Support Staff Assimilation). Reduction in ALN total, however large saving due to associated costs.		N/A			
E039 Llandogo Primary School	83,516	76,870	160,386	Additional supply compensation received		(1,141)			
E074 Osbaston CiW Primary School (VC)	(6)	10,970	10,964	Additional staffing to cover maternity and sickness		N/A			
E051 Overmonnow Primary School	18,473	(23,519)	(5,046)	Additional Education Achievement Service and Local Authority (Teachers Pensions for Leadership and Support Staff Assimilation) Income. Also reductions in support staff hours to reflect required provision.		N/A			
E055 Raglan CiW Primary School (VC)	108,451	(46,565)	61,887	£15.6k Residential Trip income relates to 2018/19. £3.2k journalled out of cost centre, as charges were incorrectly posted to cost centre in 2018/19 for the Village Hall. Staffing changes has resulted in a saving of £3.7k		62,644	35,366	17,177	(24,921)
E062 Trellech Primary School	(71,983)	29,353	(42,629)	A member of staff was overpaid in 2018/19 and this has been paid back		N/A			
E064 Usk CiW Primary School (VC)	(9,911)	(9,868)	(19,779)	Member of SLT leaving and will be backfilled by a member of staff on a lower point on the scale		N/A			
	393,562	410,769	804,331						
Special Schools									
E020 Mounton House Special School	(141,505)	126,988	(14,518)			4,947	(39,683)		
E095 Pupil referral unit	(19,652)	80,277	60,625	Overspend re EOTAS staff		N/A			
	(161,157)	207,265	46,107						
	232,404	618,034	850,438						