

Overall Revenue Position

Table 1: Council Fund 2020/21 Outturn Forecast Summary Statement at Month 7

Service Area	Original Budget 2020/21	Budget Adjustments Months 1-7	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ M7	Forecast (Under) / Over Spend @ M5	Variance from M5 to M7
	'000's	'000's	'000's	'000's	'000's	'000's	'000's
Social Care, Health & Safeguarding	50,685	(170)	50,515	52,222	1,707	1,448	259
Children & Young People	55,539	514	56,053	56,178	125	19	106
Enterprise	24,132	(1,511)	22,621	27,238	4,617	5,113	(496)
Chief Executives Unit	4,745	4	4,749	4,811	62	144	(82)
Resources	7,746	30	7,776	7,969	193	694	(501)
Corporate Costs & Levies	22,743	229	22,972	23,014	42	66	(24)
Net Cost of Services	165,590	(904)	164,686	171,432	6,746	7,484	(738)
Appropriations	4,857	1,163	6,020	5,857	(163)	(83)	(80)
Expenditure to be Financed	170,447	259	170,706	177,289	6,583	7,401	(818)
Financing	(170,447)	(259)	(170,706)	(170,863)	(157)	20	(177)
Net General Fund (Surplus) / Deficit	0	0	0	6,426	6,426	7,421	(995)

Table 2: Council Fund 2020/21 E&D SELECT Outturn Forecast Detailed Statement at Month 7

Service Area	Original Budget 2020/21	Budget Adjustments Months 1-7	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ M7	Forecast (Under) / Over Spend @ M5	Variance from M5 to M7
	'000's	'000's	'000's	'000's	'000's	'000's	'000's
Public Protection	1,481	(14)	1,467	1,645	178	109	69
Social Care, Health & Safeguarding	1,481	(14)	1,467	1,645	178	109	69
Business Growth and Enterprise	2,468	(168)	2,300	2,250	(50)	29	(79)
Neighbourhood Services	10,483	(26)	10,457	11,240	783	1,153	(370)
Planning, Housing, Highways Development & Flooding	1,951	(133)	1,818	2,811	993	1,067	(74)
Countryside & Culture (MonLife)	1,348	(8)	1,340	1,422	82	40	42
Finance & Business Development (MonLife)	1,507	116	1,623	1,516	(107)	(150)	43
Leisure, Youth & Outdoor Adventure (MonLife)	710	(26)	684	2,378	1,694	1,877	(183)
Enterprise	18,467	(245)	18,222	21,617	3,395	4,016	(621)
Future Monmouthshire	(46)	(25)	(71)	11	82	112	(30)
Commercial & Corporate Landlord	667	(67)	600	1,037	437	515	(78)
Resources	621	(92)	529	1,048	519	627	(108)
E&D Select (Surplus) / Deficit	20,569	(351)	20,218	24,310	4,092	4,752	(660)

DIRECTORATE – DIVISION VARIANCE COMMENTS

SOCIAL CARE, HEALTH & SAFEGUARDING	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	1,630	1,448	1,707		

SOCIAL CARE, HEALTH & SAFEGUARDING DIRECTOR'S COMMENTARY:

The month 7 directorate forecast outturn for 2020/21 shows an overspend of £1.707m, a marginal increase since M5 of £259k, after accounting for the Social Care Workforce and Sustainability Grant from Welsh Government of £984k. At M7, our Children Looked After numbers stand at 222 (remaining at the same overall number since month 5) and significant income has been lost in Registrars resulting from the COVID-19 pandemic and cancelled appointments. The Welsh Government has yet to commit to their level of funding to cover the loss of pre booking wedding ceremonies. Of the overall over spend; £346k is because of the pressure from the additional 1.75% unfunded staff pay award and £242k from the 2% staff efficiency saving being deemed unachievable.

Public Protection continues to strive to remain within its budget allocation, but the COVID 19 pandemic has hit this small service hard and is estimating an overspend of £178K. This is due to the indication that income loss in Registrars may not be fully funded by Welsh Government resulting from cancelled marriages and people not pre booking ceremonies because of COVID-19. Welsh Government have indicated that they will review the overall position towards the end of the financial year and assess if they consider Local Authorities losses to only be delayed or indeed lost.

PUBLIC PROTECTION

Outturn Forecast	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'s	211	109	178		

Due to the indication that income loss in Registrars may not be fully funded by Welsh Government resulting from cancelled marriages and people not pre booking ceremonies because of COVID-19. Welsh Government have indicated that they will review the overall position towards the end of the financial year and assess if they consider Local Authorities losses to only be delayed or indeed lost.

ENTERPRISE	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	5,950	5,113	4,617		

ENTERPRISE DIRECTOR'S COMMENTARY:

The Enterprise and MonLife Directorate is forecasting an outturn position of £4.617m adverse at month 7. The impact of COVID-19 has been significant across all of the services with both a loss of income and additional costs incurred to operate critical front line services during the pandemic. In addition to the direct impacts of the pandemic service areas have identified pressures where budget savings have not been implemented or ongoing pressures continue to affect services.

Each service area sets out the detail behind these projections in the next sections of this report and the key financial issues and implications that have arisen since COVID-19 and lockdown commenced. The loss of income for MonLife, grounds maintenance, private hire in home to school transport, car parking and trade waste is significant. It is not anticipated that these income streams will be restored fully within

this financial year and assumptions have been built into the forecast to account for when the services reopen and recommenced.

Due to the school closure's there has been a direct impact upon the income within schools catering, home to school transport and outdoor education and with ongoing social distancing, bubble and COVID-19 requirements this will have a long term impact on these services. There are also significant increased costs across the directorate, for example, there are additional resource requirements to operate services whilst complying with social distancing within building cleaning, highways, waste services and grounds maintenance as examples.

Across all Services, we are looking to ensure that all eligible additional costs and income losses will be claimed against any Welsh Government funding being made available.

BUSINESS GROWTH & ENTERPRISE

Outturn Forecast	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	46	29	(50)		

Business Growth & Enterprise is forecasting a £50k underspend, this can be split down to the following:

Abergavenny Borough Theatre – Break-even, the theatre was expecting a £56k overspend but have benefitted from an Arts Council for Wales grant to help fund running costs during Covid-19 lockdown. This is the reason for the positive swing from Month 5.

- **Communications** - £4k underspend due to improved income.
- **Community & Partnership Development** - £21k underspend, this is mainly due to staff savings as we have been able to passport core costs to grant funding.
- **Enterprise Management** - £17k overspend due to unfunded pay award.
- **Strategic Projects** - £42k underspend mainly due to staff savings as we have moved costs relating to collaboration to capital as part of capitalisation directive.

NEIGHBOURHOOD SERVICES

Outturn Forecast	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	1,456	1,153	783		

Neighbourhood services is forecasting to overspend by £783k – the services within this area have been heavily impacted by the Covid-19 outbreak.

- **Highways & Street Lighting** - Forecasting a £72k underspend. This is due to a saving in Street Lighting as electricity price increases were less than budgeted and due to Kwh savings from energy efficient lamp replacement, there is a one-off saving, as we will only see a part year financing loan repayment in 2020-21. Highways Operations and Swtra are currently forecasting to break-even.
- **Waste & Street Scene** - £854k overspend – This can be broken down into 2 main areas:-
 - Waste Services - £698k overspend due to:-
 - Staff Costs overspending by £231k due to the need to bring in more resource to cope with the impact of Covid-19. This forecast assumes social distancing measures will continue until financial year-end.
 - Vehicle Hire & running costs increasing by £61k – extra vehicles have been brought in to help with social distancing of workforce, as above we expect this to continue until year-end.
 - External Income reducing by £56k – The lockdown has meant that trade income and re-use shop income will not hit budget.
 - Non-Covid related pressures - £350k – due to abeyance of Usk CA site closure (£30k), pressure caused by no budget increase for contracts and fuel inflation and the delayed roll out of polyprop bags. In addition the volatility in the recycling market due to Brexit and

Covid continue to impact negatively on treatment and disposal costs for recycling and waste materials. This has been part offset by savings in project staff vacancies. In addition we have moved £101k of revenue spend relating to service transformation to capital as part of the capitalisation directive, this is one of the reasons for the improvement from Month 5.

- Grounds Maintenance – £157k overspend – the service has been greatly affected by the Covid-19 outbreak, grounds staff and vehicles were initially redeployed to help in the waste service so external income generation has been affected.

Both services have benefitted in quarter 1 from WG Covid-19 funding to cover lost income and additional spend and we are hopeful that this will continue for the remainder of the year. The forecast above assumes no further grant so if we do receive more the position will improve.

Planning, Housing, Highways Development & Flooding

Outturn Forecast	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	1,011	1,067	993		

Planning & Housing is forecasting to overspend by £993k.

- **Planning & Building Control** - £199k net overspend mainly due to shortfalls in planning income and building control fees because of Covid-19 lockdown.
- **Planning Policy** - £175k underspend, due to £128k of RLDP costs being moved to the capitalisation directive and an underspend of £47k of professional and specialist fees costs due to delays in the LDP.
- **Housing** is forecasting a £567k overspend, main areas include :-
 - A £527k overspend relating to housing our homeless in line with WG policy:-
 - B&B costs are expected to overspend by £223k.
 - We are estimating Emergency hostel increases of £260k due to additional security measures.
 - Increased private rental costs of £44k, as more accommodation is required as a result of homelessness issue.
 - It is anticipated that all of the above will be covered by the WG Covid-19 Hardship fund.
 - Reduced income in Renovation grants as Covid-19 lockdown has affected fees (£50k).
 - £5k overspend in software costs.
- **Car Parking, Highways Development & Flooding** - £402k overspend. Main areas:-
 - Car Parks overspending by £592k – Pay & Display and Parking Enforcement income has been affected by the Covid-19 lockdown and we are anticipating a £525k shortfall on our income budget, in addition, we have increased costs in rates, transport and supplies and services of £67k. We are anticipating that the income shortfall will be funded by WG grant.
 - Highways Development & Flooding underspending by £189k – this is mainly due to staff vacancies across the department where the decision has been made to freeze vacant posts to help with recovery of car park overspend.

(MONLIFE) Countryside & Culture

Outturn Forecast	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	42	40	81		

Countryside & Culture is forecasting a £81k overspend. This is predominately down to lost income from event cancellations, postponement of workshops and shop closures in Museums and Learning due to the impact of closing sites due to Covid-19

(MONLIFE) Finance & Business Development

Outturn Forecast	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	(118)	(150)	(106)		

Finance & Business Development is forecasting to underspend by £106k. There has been lost income due to Covid-19 closures at Tintern Station and Caldicot Castle of £70k, but this has been offset by staff underspends across the services as posts have been purposely held vacant.

(MONLIFE) Leisure, Youth & Outdoor Adventure

Outturn Forecast	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	2,173	1,877	1,694		

Leisure, Youth & Outdoor Adventure is forecasting a £1,694k overspend.

Leisure Centres are reporting a combined overspend of £1,573k. Even though our 4 centres re-opened earlier than expected, we have not been able to fully open all facilities and because of social distancing, have introduced restrictions on numbers. Significant numbers of people (3,000) are continuing to freeze their memberships but we have seen a large number of cancellations (2,000 to date) resulting in a big hit on income generation. Outdoor Adventure is forecasting a £177k overspend. Both sites have been closed since March and we do not expect them to re-open for residential accommodation visits until January with anticipated income at a fraction of original budget. The over spend has reduced from M5 as we have received qtr1 income loss grant from WG.

The **Youth & Community Team** is reporting a £55k underspend due to staff vacancies.

The department has benefitted in quarter 1 from WG Covid-19 funding to cover lost income and additional spend and we are hopeful that this will continue for the remainder of the year. The forecast above assumes no further grant so if we do receive more then the position will improve.

RESOURCES	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	782	694	193		

RESOURCES DIRECTORS COMMENTARY:

Whilst the COVID-19 pandemic has adversely impacted front line services the directorate has equally suffered significantly but in different ways. The forecast over spend of £193k is in part offset by vacancy savings and notably where senior finance posts and property posts are not being filled. This is not a sustainable position and will not be a permanent feature.

There is a significant pressure of £429k that centres itself on forecast increases in housing benefit claims, and that includes B&B claims for homeless people, and which doesn't attract full subsidy from DWP. Funding is being sought from Welsh Government's COVID-19 Hardship Fund to meet this pressure.

The directorate is also suffering income shortfalls as a consequence of the COVID-19 pandemic, with shortfalls in summons income, in Raglan training centre, Markets and with shortfalls in budgeted commercial income.

The positive variance identified since month 5 can largely be attributed to the capitalisation of eligible costs as part of the increase in capitalisation directive that was approved at month 5. £309k of Digital programme office costs, £66k of transformational costs and £36k of collaborative costs have been capitalised since month 5.

This remains an evolving and dynamic situation that is under constant review and every effort is being made to curtail non-essential spend in recognition of the directorate and whole authority forecast over spend.

FUTURE MONMOUTHSHIRE

Outturn Forecast	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	112	112	82		

Future Monmouthshire is forecasting to overspend by £82k. £112k of Corporate Agency and travel savings have been built into the budget for 2020-21 – currently these are deemed unachievable or are being achieved within directorate budgets and are thus contained in their respective forecasts. This has been offset by staff savings, as we are covering secondment costs of a member of staff from WG. This was not factored in at month 5 and so is the reason for the improvement.

COMMERCIAL & CORPORATE LANDLORD

Outturn Forecast	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	495	515	437		

Commercial & Corporate Landlord is forecasting a £437k overspend:-

• **Investment Properties** is forecasting a combined overspend of £393k, this can be split into 2 areas:-

- Investment Assets other - £200k overspend, our MTFP for 2020-21 included a £200k saving to reflect additional income from the purchase of more investment properties. Currently (and in part due to Covid-19) there are no further purchases in the pipeline this year so this saving is unachievable.
- Castlegate and Newport Leisure Park's (NLP) combined surplus for 2020-21 is estimated to be £417k, although we are more than covering costs this is short on our budgeted target of £609k and we are forecasting a £193k overspend for this year. This is mainly down to a rental income reduction at our NLP site of £265k as we have seen another unit closure and are anticipating a hit on rentals due to the impact Covid-19 is having on the Leisure & Retail sector. Castlegate is forecasting to underspend by £73k, we have benefitted from a one-off windfall of £117k as Alder King have paid over tenant loan repayments that they were holding on our behalf, this has been offset by a £40k anticipated overspend on consultant and maintenance costs.

• **Estates** - £133k over spend. This is mainly due to income not reaching budgeted levels due to 3 issues:

- 1) vacant office space in the Magor means that rental income is down,
- 2) the budget assumed income from the creation of a development company, this has not happened yet,
- 3) our service charge income is down as we are yet to come to an agreement with our tenant BAM.

All 3 total a shortfall of £244k. This is currently being offset by net staffing savings of £111k due to vacant posts only being filled part way through the year.

• **Solar Farm** - £66k underspend - even though we have seen ROC unit prices fall due to the drop-off in demand due to Covid-19 lockdown, the solar farm is still generating a surplus, this is a £17k

improvement from month 5 mainly due to maintenance costs reducing.

- **County Farms** - £7k overspend, mainly due to rates increases.
- **Cemeteries** - £38k overspend mainly due to increased maintenance work on trees and boundary walls. We have seen less burials due to COVID-19 rules but we are confident that income will remain at 2019/20 levels.
- **Markets** - £160k overspend. This is mainly due to income loss as turnover has been affected by the Covid-19 shutdown and an increase in waste collection charges, but this is offset by staff savings of £20k due to the delayed appointment of the Deputy Markets manager.
- **Industrial units** - £13k overspend mainly due to the cost of EPC surveys and a reduction in rental income.
- **Property Services & Facilities Mgt** is forecasting a £212k underspend, made up as follows:-
 - Property & Office Services are forecasting a combined underspend of £102k, this is mainly due to staff savings as some vacant posts will not be filled until later than originally anticipated or frozen until start of next year and a reduction in supplies & Services.
 - Property Accommodation is forecasting to underspend by £100k. The main reason for this is due to savings in maintenance and utilities costs as offices have been closed or in limited operation due to Covid-19.
 - Telephony is forecasting to underspend by £10k as contracted call charges are expected to come in below budget.

2 CAPITAL OUTTURN

2.1 The summary forecast Capital position at Month 7 is as follows:

Forecast Capital Outturn Position 2020/21 at Month 7

Select Portfolio	Slippage B/F	Original Budget	Budget movements	Forecast Slippage	Revised Budget 2020/21	Forecast at M7	Variance M7	Variance at M5
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Expenditure								
Children & Young People	1,245	14,423	655	(12,483)	3,840	3,840	0	0
Economic & Development	17,496	3,068	30	(18,012)	2,582	2,582	0	0
Adult	300	5,678	0	(5,978)	0	0	0	0
Strong Communities	5,801	10,139	3,817	(897)	18,860	18,860	0	0
Total Expenditure	24,842	33,308	4,502	(37,370)	25,282	25,282	0	0
Financing								
Supported Borrowing	0	(2,417)	0	0	(2,417)	(2,417)	0	0
General Capital Grant	0	(2,423)	0	0	(2,423)	(2,423)	0	0
Grants and Contributions	(393)	(18,229)	(3,797)	15,628	(6,791)	(6,791)	0	0
S106 Contributions	(1,052)	0	0	78	(974)	(974)	0	0
Unsupported Borrowing	(22,546)	(5,275)	0	20,464	(7,357)	(7,357)	0	0
Reserve & Revenue Funding	(239)	(2)	0	0	(241)	(241)	0	0
Capital Receipts	(612)	(3,462)	(705)	1,200	(3,579)	(3,579)	0	0
Leasing	0	(1,500)	0	0	(1,500)	(1,500)	0	0
Total Financing	(24,842)	(33,308)	(4,502)	37,370	(25,282)	(25,282)	0	0

2.2 The capital expenditure forecast outturn at month 7 shows no variance due to a forecasted full spend against the revised budget net of forecast slippage.

2.3 The outbreak of the COVID-19 pandemic has caused significant disruption to the progress of budgeted capital schemes with forecast slippage at month 7 totalling £37.4m (£25.2m at month 5). The impact is felt in both internally and externally managed projects, with disruption to external supply chains, increased contract risk and potential inflationary cost pressures sitting alongside internal resourcing pressures.

2.4 The forecast slippage is broken down as follows:

Scheme	Forecast Slippage M2 (000's)	Forecast Slippage M5 (000's)	Forecast Slippage M7 (000's)
Asset Investment fund		18,142	18,142
Tranche 'B' King Henry Future Schools			12,484
Crick Road Care Home	5,978	5,978	5,978
County Hall 'J' block		544	544
IT upgrade and refurbishment for the Council Chamber		200	200
Section 106 schemes		131	78
Property schemes		229	74

2.5 Useable Capital Receipts Available

2.6 In the table below, the effect of the changes to the forecast capital receipts at Month 7 on the useable capital receipts balances available to meet future capital commitments are illustrated. There is also a comparison to the balances forecast within the 2020/24 MTFP capital budget proposals.

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Balance as at 1st April	3,207	5,120	8,253	8,698	7,944
Capital receipts used for financing	(1,488)	(2,059)	(859)	(859)	(859)
Capital receipts used to support capitalisation direction	(2,091)	0	0	0	0
Capital receipts Received or Forecast	5,492	5,192	1,304	104	104
Forecast Balance as at 31st March	5,120	8,253	8,698	7,944	7,189
Forecast Balance 2020/24 MTFP	9,904	10,245	10,791	10,136	10,136
Variance compared to 2020/24 MTFP	(4,784)	(1,992)	(2,093)	(2,192)	(2,947)

2.7 Forecasted capital receipts of £4.1m are delayed from 2020/21 to 2021/22 in regard to sales of land at Rockfield Farm, Undy, Chepstow Road, Raglan and Penarth Farm due to the delay in receiving offers because of the Covid-19 pandemic and site constraints concerning Penarth Farm.

2.8 Forecasted balances held at the end of each financial year are lower than forecasted in the 2020/24 MTFP. Ignoring timing differences in the realisation of capital receipts, this is largely attributable to the use of unbudgeted receipts under the capitalisation direction in 2019-20 and 2020-21 and if this trend of utilisation is maintained, this will be reflected in a greatly reduced balance being carried forward in subsequent years to fund future capital schemes.