

ECONOMIC & DEVELOPMENT SELECT

Overall Revenue Position

Table 1: Council Fund 2020/21 Outturn Summary Statement

Service Area	Original Budget 2020/21	Budget Adjustments 2020/21	Revised Annual Budget	Actual Outturn	Actual (Under) / Over Spend @ Outturn	Forecast (Under) / Over Spend @ M9	Variance from M9 to Outturn
	'000's	'000's	'000's	'000's	'000's	'000's	'000's
Social Care, Health & Safeguarding	50,685	(170)	50,515	51,327	811	1,308	(497)
Children & Young People	55,539	480	56,019	56,093	75	86	(12)
Enterprise & Monlife	24,133	(1,946)	22,187	21,688	(499)	3,829	(4,328)
Chief Executives Unit	4,745	(81)	4,664	4,524	(140)	(4)	(136)
Resources	7,746	(445)	7,301	6,454	(847)	387	(1,234)
Corporate Costs & Levies	22,743	229	22,972	20,403	(2,569)	13	(2,582)
Net Cost of Services	165,591	(1,934)	163,658	160,488	(3,170)	5,619	(8,789)
Appropriations	4,856	2,192	7,049	10,623	3,574	(264)	3,838
Expenditure to be Financed	170,447	259	170,706	171,111	405	5,355	(4,950)
Financing	(170,447)	(259)	(170,706)	(171,111)	(405)	(208)	(197)
Net General Fund (Surplus) / Deficit	0	(0)	0	0	(0)	5,147	(5,147)

Table 2: Economy & Development Select 2020/21 Outturn Detailed Statement

Service Area	Original Budget 2020/21	Budget Adjustments 2020/21	Revised Annual Budget	Actual Outturn	Actual (Under) / Over Spend @ Outturn	Forecast (Under) / Over Spend @ M9	Variance from M9 to Outturn
	'000's	'000's	'000's	'000's	'000's	'000's	'000's
Public Protection	1,481	(14)	1,467	1,400	(67)	(17)	(50)
Social Care, Health & Safeguarding	1,481	(14)	1,467	1,400	(67)	(17)	(50)
Business Growth and Enterprise	2,468	(260)	2,208	2,242	34	(62)	96
Planning & Housing	1,951	(130)	1,821	1,314	(507)	1,245	(1,752)
Countryside & Culture (MonLife)	1,348	(8)	1,340	1,345	5	121	(116)
Finance & Business Development (MonLife)	1,507	116	1,623	1,484	(139)	(43)	(96)
Leisure, Youth & Outdoor Adventure (MonLife)	710	(139)	571	499	(72)	1,146	(1,218)
Enterprise & Monlife	7,984	(421)	7,563	6,884	(679)	2,407	(3,086)
Future Monmouthshire	(46)	(25)	(71)	12	83	83	0
Commercial & Corporate Landlord	667	(492)	175	131	(44)	808	(852)
Resources	621	(517)	104	143	39	891	(852)
E&D Select Net Cost of Services	10,086	(952)	9,134	8,427	(707)	3,281	(3,988)

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	1,308	811

SOCIAL CARE, HEALTH & SAFEGUARDING DIRECTOR'S COMMENTARY:

The directorate outturn for 2020/21 was an overspend of £811K, a £497K decrease since month 9, as a result of late Discharge to Reassess funding from Health of £553K. Of the over spend, £346K is as a result of the pressure from the additional 1.75% unfunded staff pay award and £242K unachievable 2% staff efficiency saving. The directorate budget was also assisted by the Social Care Workforce and Sustainability Grant from Welsh Government of £984K.

The Adult Services division finished the financial year with an underspend of £474K, an increase in underspend since M9 of £365K, largely due to funding received from Health via the Discharge to Reassess scheme. This area of the directorate has also benefitted in year from the Social Care Workforce and Sustainability (SCWS) grant of circa £1M and Intermediate Care Funding (ICF), with ICF has a planned termination date of 31st March 2022.

Children's Services has a predicted overspend of £1.353M, a £81K reduction since the reported M9 forecast. This element of the directorate received a significant injection as part of the 2020/21 budget allocation, however, this was based on CLA numbers at that time being 197. Since the budget for 2020/21 was set, the service had a further influx of children to 219 at the end of 2019/20, and at the close of the financial year CLA numbers stood at 213.

Public Protection continues to strive to remain within its budget, turning out an underspend of £67K, an increase in underspend since M9 of £50K, due to some reduced activity as a result of COVID 19.

PUBLIC PROTECTION

Outturn Forecast	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'s	211	109	177	(17)	(67)

Underspend is as a result of reduced activity, mainly within commercial and environmental health, as a result of COVID 19.

ENTERPRISE	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	5,950	5,113	4,617	3,829	(499)

ENTERPRISE DIRECTOR'S COMMENTARY:

The Enterprise and MonLife Directorate is forecasting an outturn position of £500k surplus at year end. This is an improved position since Month 9 and the details of these changes are provided within the next sections of this report.

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 identified pressures where budget savings have not been implemented or ongoing pressures continued to affect services.

Across all Services, all eligible additional costs and income losses have been claimed against any Welsh Government funding that has been made available. In addition, service areas have been successful in securing grant funding which has enabled us to passport core costs to grant funding activity. Since month

9 a number of service areas have been able to report a significantly improved position as WG has confirmed that costs or income losses can be covered by the support grants available due to COVID.

BUSINESS GROWTH & ENTERPRISE

Outturn Forecast	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	46	29	(50)	(62)	34

Business Growth & Enterprise has underspent by £34k, this can be split down to the following :-

- Abergavenny Borough Theatre – Break-even.
- RDP & Youth Enterprise - £3k underspent due to offsetting core staff costs with grant funding.
- Communications - £10k underspent due to improved income.
- Community & Pship Development - £44k underspent, mainly due to staff savings as we have been able to passport core costs to grant funding.
- Enterprise Mgt & Strategic Projects - £90k overspent mainly due to unfunded pay award and over-accrual of public transport subsidy grant.

PLANNING, HOUSING and Highways Dev & Flooding

Outturn Forecast	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	1,011	1,067	993	1,245	(507)

Planning, Housing and Highways Dev & Flooding has underspent by £507k.

- **Planning & Building Control** - £102k underspent – this is due to a staff vacancy and savings against professional fees. The income shortfall has been covered off by the WG Covid support grant and is the reason for the improvement in outturn from Month 9.
- **Planning Policy** - £137k underspent - this is due to savings in professional and specialist fees costs due to delays in the LDP.
- **Housing** - £165k underspent - The majority of the underspend is found in our Shared Housing and Private Leasing schemes where net rental received from tenants has exceeded budgeted expectations, the final position on rent accounts cannot be calculated until financial year end so the extent of underspend was not known during the year and is the reason for the positive swing between reporting periods. In addition we have also been able to fund some staffing from grant funding. The increased expenditure relating to Welsh Government Covid related requirements to support homeless households and implement new Welsh Government homeless policy, has been funded by the WG Covid support grant so has not affected outturn position.
- **Car Parking, Highways Development & Flooding** - £103k underspent. Main areas:-
 - Car Parks - £108k overspent – this is due to increased costs in car park rates, transport and supplies and services. All of the income shortfall reported at M9 has been covered off by the WG support grant and is the reason for the improvement between reporting periods.
 - Highways Development & flooding - £211k underspent – mainly as a result of staff vacancies across the department where the decision was made to freeze vacant posts to help with recovery of car park overspend.

There has been a very large positive swing between outturn and Month 9, this is mainly due to the receipt of WG income support grant in Housing, Car Parks and Planning that has reduced service overspends.

(MONLIFE) Countryside & Culture

Outturn Forecast	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	42	40	81	121	5

Countryside & Culture - £5k overspent- The service has been heavily impacted by Covid and flooding in 20-21. All income lost due to event cancellation has been covered by the WG Covid support grant, the small overspend relates to additional costs as a result of the flooding that could not be covered by grant.

(MONLIFE) Finance & Business Development

Outturn Forecast	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	(118)	(150)	(106)	(43)	(139)

Finance & Business development- £139k underspent – Mainly due to staff savings from vacant posts throughout the service. All income losses have been covered by WG support grant and is the reason for the positive swing from Month 9.

(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	1,146	(72)

Leisure, Youth & Outdoor Adventure - £72k underspent.

The closure of our Leisure centres and Outdoor Adventure sites due to Covid has had an adverse impact on income generation in 20-21. Without the WG income support grant we would have been reporting a sizable overspend but the grant has allowed us to cover off any shortfall so our revenue outturn position is not affected. The £72k underspend is mainly due to staff vacancies across the department.

RESOURCES	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	782	694	192	387	(867)

RESOURCES DIRECTOR'S COMMENTARY:

Whilst the COVID-19 pandemic has adversely impacted front line services the directorate has equally suffered significantly but in different ways. The outturn position has moved significantly and positively from that reported at month 9. This is principally as a consequence of the shortfalls in income as a consequence of the COVID-19 pandemic being fully covered from Welsh Government's COVID Hardship Fund. A significant pressure resulting from B&B claims for homeless people, and which didn't attract full subsidy from DWP, has also been funded by Welsh Government's COVID-19 Hardship Fund.

The outturn position has also benefitted from 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 and is currently being addressed.

FUTURE MONMOUTHSHIRE

Outturn Forecast	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	112	112	82	82	83

Future Monmouthshire - £83k overspend. £112k of Corporate Agency and travel savings have been built into the budget for 20-21 – 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 of £30k as we are covering secondment costs of a member of staff from WG.

COMMERCIAL & CORPORATE LANDLORD

Outturn Forecast	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	495	515	437	808	(44)

Commercial & Corporate Landlord is forecasting a £44k underspend:-

• **Investment Properties** has underspent by £200k, this can be split into 3 areas:-

- **Investment Assets other** - £200k overspent, our MTFP for 20-21 included a £200k saving to reflect additional income from the purchase of more investment properties. No additional purchases were made in 20-21 (due to Covid) so the saving could not be achieved.
- **Newport Leisure Park** – On Budget. The pandemic has affected the leisure and retail sector greatly in 20-21, this has impacted on rental receipts at our Newport site as most of the units have been closed for the majority of the year. Officers have worked with tenants to recover owed rent where applicable, any rental shortfall due to lockdown restrictions has been fully funded by the WG Covid 19 Hardship fund, this additional support has enabled us to report a break-even budget for 20-21.
- **Castlegate** – On Budget. Castlegate has seen in year savings of £165k relating to windfall loan repayments and reductions in consultant and insurance costs – this saving has been moved to reserves, this reserve is set up to provide a sinking fund to support the investment and protect MCC position against any negative impacts as set out in the investment plan. This movement to reserves brings the budget back to a break-even position.

• **Estates** - £22k underspent – this is mainly due to a shortfall in income of £100k as the creation of a development company has been delayed, offset by staff savings (£120k) as a result of vacant posts not being filled during the year.

• **Solar Farm & Sustainability**- £97k underspent – despite a drop in ROC unit prices due to a drop off in demand because of lockdown our renewables are still returning a surplus and we have generated enough income to exceed budget, in addition we have seen a small underspend in rates, maintenance and professional fees.

• A combined net underspend in **County Farms, Cemeteries, Markets & Industrial units** of £27k – this is mainly due to staff savings in Markets being offset by a reduction in rental income in County Farms due to the change in farm portfolio.

• **Property Services & Facilities Mgt** has underspent by £109k, made up as follows:-

- **Property & Office Services** underspent by £28k, this is mainly due to staff savings as vacant posts were not filled during the year, this has been offset by a reduction in capital income as we were unable to charge fees on projects delayed due to Covid.

- Corporate Building Maintenance has underspent by £52k, we were able to move elements of school maintenance costs to a WG grant – this has created an underspend that was not known at M9.
- Property Accommodation has underspent by £70k due to savings in maintenance and utilities costs as offices have been closed or in limited operation due to Covid19.
- Telephony underspent by £15k as contracted call charges came in below budget.

There has been a large positive swing of £852k from what was reported at Month 9, this can mainly be attributed to the receipt of WG Covid support grant driving down overspends in Investments and Estates.

2 CAPITAL OUTTURN

2.1 The summary Capital outturn position is as follows:

Capital Outturn Position 2020/21

Select Portfolio	Slippage B/F	Original Budget	Budget Revisions	Approved Slippage	Revised Budget 2020/21	Actual Outturn	Variance at Outturn	Variance at M9
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Expenditure								
Children & Young People	1,245	14,423	1,872	(15,381)	2,160	2,151	(9)	0
Economic & Development	17,496	3,068	30	(19,274)	1,320	1,320	0	0
Adult	300	5,678	0	(5,964)	14	14	0	0
Strong Communities	5,801	10,139	12,079	(9,301)	18,718	15,546	(3,171)	(157)
Total Expenditure	24,842	33,308	13,981	(49,920)	22,211	19,031	(3,180)	(157)
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 S106	(393)	(18,229)	(10,826)	19,095	(10,353)	(8,623)	(1,730)	157
Contributions	(1,052)	0	(166)	711	(507)	(507)	0	0
Unsupported Borrowing	(22,546)	(5,275)	(2,032)	27,217	(2,637)	(3,442)	805	0
Reserve & Revenue Funding	(239)	(2)	(252)	241	(252)	(252)	0	0
Capital Receipts	(612)	(3,462)	(705)	2,656	(2,123)	(1,042)	(1,080)	0
Leasing	0	(1,500)	0	0	(1,500)	(325)	(1,175)	0
Total Financing	(24,842)	(33,308)	(13,981)	49,920	(22,211)	(19,031)	(3,180)	157

2.2 The capital expenditure outturn for 2020/21 shows a saving of £3.18m against budget, however it is important to note that this does not fully represent released capital financing available for future use. The variances can be explained as follows:

- Reduced usage of the Capitalisation Directive budget by £1.08m following clarification of the revenue outturn position. This subsequently releases capital receipts back to the capital receipts reserve to utilise for future capital investment.
- Specific grant funding budgets of £1.92m that have not been able to be spent within the financial year primarily due to a combination of late notification of the grant awards, a lack of resources available to complete eligible works and a shortage of appropriate schemes that fit within the grant criteria stipulated. This under spend does not release any capital financing for future use as the grant actually paid matches the overall expenditure.
- Vehicle replacement has under spent by £172k due to clarification of vehicles requirements during the year. These purchases were originally budgeted to be funded by leasing but following an options appraisal it was more cost-effective to finance the majority of vehicles via borrowing. The under spend does not release any capital financing for future use.

2.3 The outbreak of the Covid-19 pandemic has caused significant disruption to the progress of budgeted capital schemes with slippage at outturn totalling £49.92m (£40.45m at month 9). The Covid-19 impact is affecting 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 Month 2 (000's)	Forecast Slippage Month 5 (000's)	Forecast Slippage Month 7 (000's)	Forecast Slippage Month 9 (000's)	Actual Slippage At Outturn
Asset Investment fund		18,142	18,142	18,118	18,067
Tranche 'B' King Henry Future Schools			12,484	13,421	14,092
Crick Road Care Home	5,978	5,978	5,978	5,978	5,964
RE-FIT Programme					2,031
Flood Recovery Grant					1,337
City Deal					830
Highways Maintenance					812
Schools Maintenance					749
County Hall 'J' block		544	544	544	774
Section 106 schemes		131	78	148	692
Disabled Facilities Grants					613
21 st Century Schools Team				525	572
School Refurbishment				300	415
Car Park Improvements					328
'IT' Schemes					296
WG 'Resilient Roads'					292
Bridges & Retaining Walls					278
Recycling Vehicles and Boxes					261
'Green Infrastructure'					247
Abergavenny Borough Theatre Works				236	239
Access for All				390	238
County Farms					215
Council Chamber refurbishment & IT upgrade		200	200	200	200
Sewage Treatment Works				200	199

Abergavenny Community Hub development				47	73
Property schemes		229	74	138	0
Other schemes				203	106
Total	5,978	25,224	37,500	40,448	49,920

2.5 Useable Capital Receipts Available

2.6 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 are illustrated. There is also a comparison to the balances forecast within the 2020/24 MTFP capital budget proposals.

	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000
Balance as at 1st April	3,040	9,210	14,136	12,544	11,452
Capital receipts used for financing	(31)	(3,341)	(684)	(684)	(684)
Capital receipts used to support capitalisation direction	(1,011)	(2,208)	(2,208)	(508)	(508)
Capital receipts Received or Forecast	7,212	10,475	1,300	100	100
Forecast Balance as at 31st March	9,210	14,136	12,544	11,452	10,360
Forecast Balance 2020/24 MTFP	9,904	10,245	10,791	10,136	10,136
Variance compared to 2020/24 MTFP	(694)	3,891	1,753	1,316	224

2.7 Capital receipts used to support the capitalisation direction were £1.08m less than budgeted for 2020/21, however this was offset by an overall delay in generating some receipts into 2021/22 and beyond and therefore results in a slightly reduced balance of receipts compared to the original budget.

2.8 Forecast receipts to be generated in future years have increased since the 2020/21 budget was set and this is demonstrated in the expected overall increase in receipt balances after affording additional capitalisation direction approved as part of 2021/22 budget setting.