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Neuadd y Sir
Y Rhadyr
Brynbuga
NP15 1GA

County Hall
Rhadyr
Usk
NP15 1GA

Tuesday, 11 December 2018

Dear Councillor

CABINET

You are requested to attend a **Cabinet** meeting to be held at **Conference Room - Usk, NP15 1ADGA** on **Wednesday, 19th December, 2018,** at **10.00 am.**

AGENDA

1. Apologies for Absence

2. Declarations of Interest

3. To consider the following reports (Copies attached):

i. **OPENING OF A POST OFFICE WITHIN USK COMMUNITY HUB** 1 - 14

Divisions/Wards affected: All

Purpose: To seek approval, subject to a successful application and planning permission, to create and operate a Post Office within Usk Community Hub following the announcement of the planned closure of the current facility on Bridge Street.

Author: Matthew Gatehouse, Head of Policy and Governance
Richard Drinkwater, Community Hub Manager (Caldicot, Chepstow & Usk)

Contact Details: matthewgatehouse@monmouthshire.gov.uk; richarddrinkwater@monmouthshire.gov.uk

ii. **REVENUE & CAPITAL MONITORING 2018/19 OUTTURN STATEMENT** 15 - 48

Division/Wards Affected: All

Purpose: The purpose of this report is to provide Members with information on the revenue and capital outturn position of the Authority at the end of reporting period 2 which represents the financial outturn position for the 2018/19 financial year based on October inclusive activities.

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.

Author: Mark Howcroft – Assistant Head of Finance
Dave Jarrett – Senior Accountant Business Support

Contact Details: markhowcroft@monmouthshire.gov.uk

iii. **CAPITAL STRATEGY ASSESSMENT 2018-19 and DRAFT CAPITAL BUDGET PROPOSALS 2019-20 to 2022-23** 49 - 100

Division/Wards Affected: All

Purpose: Chartered institute of Public Finance and Accountancy (CIPFA) produced a revised regulatory Code in December 2017, which included a need for local authorities to produce a **Capital Strategy.** The requirements were staggered with an aim for reporting compliance during 2018/19 with a full **Capital Strategy** implemented for 2019/20. This report concentrates on the former in evaluating the governance, planning and priority setting involved in presenting 2019-20 capital budget proposals and the 3 years thereafter making up the collective capital medium term financial plan.

CIPFA report that a **Capital Strategy** should be tailored to individual circumstances and consequentially don't volunteer a prescriptive format. The overall intent is that any **Capital Strategy** should allow Members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured. The overall purpose of a capital strategy being to provide opportunity for engagement with Full Council to ensure overall strategy, governance procedures and risk appetite are fully understood by all elected members

The code, in describing the **Capital Strategy,** reports it can be delegated to Cabinet (or similar body) with Full Council being responsible. MCC's approach is to report budget setting process through Cabinet, with consideration and approval of the future capital programmes resting with full Council. The Council's Constitution is consistent with compliance requirements. It is anticipated that the actual resulting capital strategy will be reconciled and consistent with a wider financial strategy and both available for consideration during Spring cycle of meetings.

***Author:* Mark Howcroft – Assistant Head of Finance (Deputy S151 Officer)**

Contact Details: markhowcroft@monmouthshire.gov.uk

iv. **2019 DRAFT REVENUE BUDGET PROPOSALS 2019/20** 101 - 120

Divisions/Wards Affected: All

Purpose: To set out a budget proposal for financial year 2019/20.

To commence a period of consultation on the budget proposal that will remain open until 31 January 2019.

To consider the 2019/20 budget proposal within the context of the 4 year Medium Term Financial Plan (MTFP) and the Corporate Plan.

Author: Joy Robson – Head of Finance

Contact: joyrobson@monmouthshire.go.uk

Yours sincerely,

Paul Matthews
Chief Executive

monmouthshire
sir fynwy

CABINET PORTFOLIOS

County Councillor	Area of Responsibility	Partnership and External Working	Ward
P.A. Fox (Leader)	**Whole Authority Strategy & Direction** CCR Joint Cabinet & Regional Development; Organisation overview; Regional working; Government relations; Public Service Board; WLGA	WLGA Council WLGA Coordinating Board Public Service Board	Portskewett
R.J.W. Greenland (Deputy Leader)	**Enterprise** Land use planning; Economy & Tourism; Town Centre Regeneration; Leisure; Cultural services; ADM development	WLGA Council Capital Region Tourism	Devauden
P. Jordan	**Governance** Council & Executive decision support; Scrutiny; Regulatory Committee standards; Community governance; Member support; Elections, Democracy promotion & engagement; Law, Ethics & Standards; Whole Authority performance; Whole Authority service planning & evaluation; Regulatory body liaison; Audit; Development control; Building control; Community Hubs inc Adult Education		Cantref
R. John	**Children & Young People** School standards; School improvement; School governance; EAS overview; Early years; Additional Learning Needs; Inclusion; Youth Service; Extended curriculum; Outdoor education; Admissions; Catchment areas; Post 16 offer; Coleg Gwent liaison.	Joint Education Group (EAS) WJEC	Mitchel Troy
P. Jones	**Social Care, Safeguarding & Health** Children; Adult; Fostering & adoption; Youth offending service; Supporting people; Whole Authority safeguarding (children & adults); Disabilities; Mental Health; Public Health; Health liaison.		Raglan
P. Murphy	**Resources** Finance; Information technology (SRS); Human Resources; Training; Health & Safety; Emergency planning; Procurement; Land & buildings (inc. Estate, Cemeteries, Allotments, Farms); Property maintenance; Digital office; Commercial office	Prosiect Gwrydd Wales Purchasing Consortium	Caerwent

S.B. Jones	**County Operations** Highways maintenance, Transport, Traffic & Network Management, Fleet management; Waste including recycling, Public conveniences; Car parks; Parks & open spaces; Cleansing; Countryside; Landscapes & biodiversity; Flood Risk.	SEWTA Prosiect Gwyrdd	Goytre Fawr
S. Jones	**Social Justice & Community Development** Community engagement; Deprivation & Isolation; Housing & Homelessness; Social cohesion; Poverty; Equalities; Diversity; Welsh language; Public relations; Trading standards; Environmental health; Licensing; Communications		Llanover

Aims and Values of Monmouthshire County Council

Our purpose

Building Sustainable and Resilient Communities

Objectives we are working towards

- Giving people the best possible start in life
- A thriving and connected county
- Maximise the Potential of the natural and built environment
- Lifelong well-being
- A future focused council

Our Values

Openness. We are open and honest. People have the chance to get involved in decisions that affect them, tell us what matters and do things for themselves/their communities. If we cannot do something to help, we'll say so; if it will take a while to get the answer we'll explain why; if we can't answer immediately we'll try to connect you to the people who can help – building trust and engagement is a key foundation.

Fairness. We provide fair chances, to help people and communities thrive. If something does not seem fair, we will listen and help explain why. We will always try to treat everyone fairly and consistently. We cannot always make everyone happy, but will commit to listening and explaining why we did what we did.

Flexibility. We will continue to change and be flexible to enable delivery of the most effective and efficient services. This means a genuine commitment to working with everyone to embrace new ways of working.

Teamwork. We will work with you and our partners to support and inspire everyone to get involved so we can achieve great things together. We don't see ourselves as the 'fixers' or problem-solvers, but we will make the best of the ideas, assets and resources available to make sure we do the things that most positively impact our people and places.

SUBJECT:	**OPENING OF A POST OFFICE WITHIN USK COMMUNITY HUB**
MEETING:	**CABINET**
DATE:	**19th December 2018**
DIVISION/WARDS AFFECTED: All	

1. PURPOSE:

1.1 To seek approval, subject to a successful application and planning permission, to create and operate a Post Office within Usk Community Hub following the announcement of the planned closure of the current facility on Bridge Street.

2. RECOMMENDATIONS:

2.1 That subject to a satisfactory application that meets the requirements of Post Office Ltd and satisfies officers of the authority in terms of contractual and financial risk, that Cabinet approves that any shortfall in funds that cannot be met from counter service income be funded from existing community hub budgets, subject to an agreement with Usk Town Council that these costs be shared equally with the Town Council.

2.2 To submit a planning application for change of use, to enable the Post Office to operate within the hub premises. This will not compromise the present service offer.

2.3 To create an additional 30 hour per week Information Assistant Post, employed by the local authority, on NJC terms and conditions to enable the Post Office to be staffed and opened during the same hours as the hub.

3. KEY ISSUES:

3.1 The town of Usk sits in the heart of Monmouthshire and benefits from many shops, food establishments and other businesses which enrich the lives not only of those within the town but also of many thousands of people from surrounding communities.

3.2 Barclays Bank closed its doors at the end of September 2018 and the local sub-post office also announced its intention to close following the planned retirement of the existing Postmistress. Attempts by the Post Office to find someone willing to take on the operation proved unsuccessful and Usk presently faces the possibility of having no post office or banking service, which would have a detrimental impact on our purpose of helping to build sustainable and resilient communities. At present the existing Post Office has remained open as part of a goodwill gesture to enable officers to progress this application but will close its doors for the last time no later than the end of March 2019.

3.3 Local authorities in Wales have the power to promote or improve economic, social or environmental well-being under the Local Government Act 2000. This is enhanced by the Well-being of Future Generations Act which places a duty on public bodies to take an integrated and collaborative approach to improving the well-being of current and future generations of residents identifying innovative and shared solutions to some of the most pressing challenges facing our communities.

3.4 Monmouthshire's Community Hubs were created by a decision of Cabinet in May 2015 and have proved successful in maintaining front-line services, including one-stop-shops and libraries within a single site in each of our largest towns. Other community services also use the hubs and colleagues in Abergavenny are now working alongside officers from Gwent Police in an expanded hub offer. The provision a Post Office service would be a further expansion of the hub offer while maintaining an important local service which is consistent with the ethos of the hub.

3.5 Under the proposal the local authority would become the Postmaster and get paid a fee for every Post Office transaction conducted, this includes things like postage, home shopping returns, parcel collection, sale of travel money, and bill payments. Estimates of the volume of business suggest that the branch would operate at a loss, albeit the closure of the local bank could result in increased transaction for counter services. The operation would therefore effectively require a subsidy from the local authority. This is estimated to be around £8,000 per year assuming no uplift in income from the closure of the bank. The Town Council has agreed in principle to meet half of this cost resulting in a financial contribution of £4,000 from the local authority which it is anticipated could be met from planned efficiencies in other parts of hub operations. This figure does not presently include an increase in insurance costs albeit based on current discussions this figure is likely to be low or result in no increase in premium as a result of the arrangements that the Post Office already have in place.

3.6 The Post Office will operate 30 hours per week mirroring that of the Community Hub operations. This will necessitate the employment of one additional part-time member of staff. Cover during lunchbreaks and holidays will be provided by other staff within the hub. It is anticipated that the role be similar in nature to that of information assistant within the hubs and paid at Band E (SCP 21-15) subject to the outcome of job evaluation.

3.7 It will be necessary to apply for a planning application for change of use and guidance has been sought informally from the Development Management section ahead of an application. This will not impact on the external appearance of the building other that the addition of signage.

3.8 The Post Office will operate entirely separately from the council's own accountancy procedures. The software used will be part of the Post Office system and the reconciliation of accounts and cash collection will be done in accordance with the procedures of Post Office Ltd rather than Monmouthshire County Council, effectively ensuring a firewall between the two organisations for accountancy purposes. The application will be subject to being able to reach a satisfactory agreement on contractual issues.

3.9 It seems likely that the onus placed on public bodies by the Equality Act 2010 will limit our options to exit this arrangement in the future should the service provision prove onerous in some way, and needs to be recognised as a risk. This is as a result of previous case law relating to the closure of a Post Office and the negative impact this would have on people with disabilities.

4. EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):

4.1 The Future Generations Act requires public bodies to prevent problems occurring or getting worse and take an integrated and collaborative approach. The Post Office is used by people of all generations but its loss would be felt particularly by older residents and those without access to a car who would otherwise need to journey to other towns to conduct transactions contributing to congestion and increasing carbon emissions. Preserving a local service would have positive benefits for local businesses who would be without a local financial service to deposit and withdraw cash.

5. OPTIONS APPRAISAL

5.1 Options considered were:

- Do nothing – This would result in the loss of an important local service and see the town of Usk without any banking facilities. It has potential negative impacts for residents and businesses. Doing nothing presents a significant opportunity cost to delivering the council's purpose of building sustainable and resilient communities but would be the easiest and lowest risk option when looked at against the financial and legal responsibilities of the organisation
- Seek a new private operator – This would have been the preferred option. It has been explored extensively by Post Office Ltd but no interest has been shown
- Continue with the existing service – This is not possible due to the retirement of the current postmistress
- Run the Post Office from a more central location – This remains an interesting proposition as it could result in higher footfall and would offer a greater positive impact on the high street. However this would necessitate acquiring a leasehold property, re-locating the existing hub and incurring additional capital expenditure. It may be considered at a future date.
- Operate a Post Office within the Hub on Maryport Street – This emerged as the preferred option and is the subject of this paper.

6. EVALUATION CRITERIA

6.1 The performance management arrangements will be incorporated into the Service Business Plan for the Community Hub and Contact Centre and monitored throughout the year in accordance with the council's performance management framework. An evaluation will be completed after 12 months of operation. The criteria will include:

- That use of library and community education services are maintained
- Number of counter transactions measured against forecasts and the resulting revenue generated from these
- Overspend/Underspend against forecast operating costs

7. REASONS:

To enable the continued provision of local services which are important for the sustainability of a key town in Monmouthshire.

8. RESOURCE IMPLICATIONS:

8.1 Post Office counter services would be expected to deliver an income of around £13,800. If the opening hours were to mirror those of the current hub operation this would not be sufficient to cover the uplift in staffing needed to cover counter services. Staffing costs would be 21,817 including on-costs It is anticipated that the difference could be met by contributions from existing budgets and the Town Council, subject to separate decision by that body. The cost to the local authority being £4,000, should the Town Council not fo formally approve sharing the costs of the service this would rise to £8,000. The revenues team are exploring any potentiable changes to the rateable value of the premises with the valuation office.

8.2 Longer term the closure of Barclays Bank on Bridge Street may result in the potential to increase income from counter services. However, at this stage the business case will be developed on conservative estimates of future income streams that do not assume significant growth from factors outside the control of the local authority.

8.3 The supply and fit-out of counter service including a safe, ICT, counter and security measures will be met by the Post Office Ltd as part of their capital expenditure. There will be a small uplift in insurance premiums resulting from the operations and this cost will need to be met from community hub budgets rather than the insurance section.

9. CONSULTEES:

Cabinet
SLT
Head of Law / Monitoring Officer – explicit engagement over and above strategic SLT role
Assistance Head of Finance (Revenue Benefits and Exchequer)
Assistant Head of Finance and Deputy Section 151 Officer
Principal Insurance Officer
Internal Audit Manager
Development Management Area Team Manager
Area Network Change Manager, Post Office Ltd

Discussions and the development of the proposal have also involved Councillor Brian Strong, Councillor Sheila Woodhouse and members of Usk Town Council. The provision of a cash-point was explored during consultation but found to be not financially viable. Consultees raised a number of points regarding contracts, insurance and financial procedures all of which are referred to in the body of report where appropriate. In some instances contractual issues will need to be explored and resolved during the application and negotiation stage. Other issues raised, including the level of VAT on transactions have been raised and proved not to be problematic and so are not referred to in the body of the report.

8. BACKGROUND PAPERS:

None

9. AUTHORS:

Matthew Gatehouse, Head of Policy and Governance
Richard Drinkwater, Community Hub Manager (Caldicot, Chepstow & Usk)

10. CONTACT DETAILS:

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monmouthshire sir fynwy

Equality and Future Generations Evaluation

Name of the Officer Matthew Gatehouse **Phone no:** 01633 644397 / 0778 555 6727 **E-mail:** matthewgatehouse@monmouthshire.gov.uk	**Please give a brief description of the aims of the proposal:** To create and operate a Post Office within Usk Community Hub following the announcement of the planned closure of the current facility on Bridge Street.
Name of Service area: Policy Governance and Customer Service	**Date:** 20 November 2018

1. **Are your proposals going to affect any people or groups of people with protected characteristics?** Please explain the impact, the evidence you have used and any action you are taking below.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	The proposal should benefit people of all ages. The Office is used by people of all generations but its loss would be felt particularly by older residents and those without access to a car who would otherwise need to journey to other towns to conduct transactions.	None identified at this safe	No additional actions identified at this stage

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Disability	People with a disability are less likely to own a car and a proposal to retain a local post office would be beneficial to people who have mobility issues and cannot easily travel to other towns to access services		Explore the effectiveness of chatbots for people with visual impairments who may be using them over a screen-reader. Further improve the accessibility of the council's website using guidance developed by the Government Digital Service
Gender reassignment	There are no impacts, either positive or negative that have been identified.	There are no impacts, either positive or negative that have been identified.	No additional actions identified at this stage
Marriage or civil partnership	There are no impacts, either positive or negative that have been identified.	There are no impacts, either positive or negative that have been identified.	No additional actions identified at this stage
Pregnancy or maternity	There are no impacts, either positive or negative that have been identified.	There are no impacts, either positive or negative that have been identified.	No additional actions identified at this stage
Race	None identified	There are no impacts, either positive or negative that have been identified.	No additional actions identified at this stage
Religion or Belief	There are no impacts, either positive or negative that have been identified.	There are no impacts, either positive or negative that have been identified.	No additional actions identified at this stage
Sex	None identified	There are no impacts, either positive or negative that have been identified.	No additional actions identified at this stage
Sexual Orientation	None	There are no impacts, either positive or negative that have been identified.	No additional actions identified at this stage
Welsh Language		None identified	All Post Office Material is bi-lingual

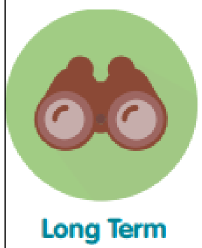
Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Poverty	Post Office's enable people who do not have their own transport to access financial services ensuring greater equality of access.	None identified	None identified

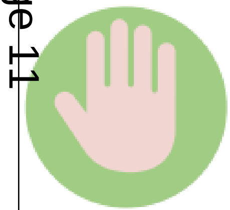
2. **Does your proposal deliver any of the well-being goals below?** Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal. There's no need to put something in every box if it is not relevant!

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	Preserving a local service would have positive benefits for local businesses who would be without a local financial service to deposit and withdraw cash.	Ensure that staff working in the council's hub learn new skills that contribute to their future careers and employment prospects. Post Office users will gain greater exposure to the offer from community hubs including These include digital literacy and other courses that could potentially improve their career prospects.
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	Availability of a local service reduces car journeys, congestion and the resulting carbon emissions which are harmful for the environment.	No potential actions identified at this stage
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood	Local Post Offices provide people with access to many services which have a positive impact on their well-being	By locating the Post Office alongside community education services in the hub there are potential advantages to increase people's awareness of the courses on offer which can have a positive impact on well-being.
A Wales of cohesive communities	By investing in a local service we enabling contributing to helping a local community to thrive	No potential actions identified at this stage

Well Being Goal	**Does the proposal contribute to this goal? Describe the positive and negative impacts.**	**What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?**
Communities are attractive, viable, safe and well connected		
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	No impacts have been identified at this stage	No potential actions identified at this stage
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	Post Office users will gain greater exposure to the offer from community hubs including cultural and language courses.	No potential actions identified at this stage
A more equal Wales People can fulfil their potential no matter what their background or circumstances	Post Office's enable people who do not have access to transport and to access financial services ensuring greater equality of access.	No potential actions identified at this stage

3. How has your proposal embedded and prioritised the sustainable governance principles in its development?

Sustainable Development Principle		**Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.**	**Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?**
	Balancing short term need with long term and planning for the future	Once local services disappear we know they are unlikely to return. This proposal carries a short-term financial cost but it is one that could preserve a service with long-term benefits for the local community.	None identified at this stage

Sustainable Development Principle		Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 Collaboration	Working together with other partners to deliver objectives	A collaboration between Post Office Ltd and Monmouthshire County Council would be a UK first contributing to the aspirations of both organisations	None identified at this stage
 Involvement	Involving those with an interest and seeking their views	The pace with which this proposal has arisen means there has not been extensive consultation at this stage. However, politicians at all levels have received representations from local people indicating the importance of the local post office.	Continue to seek user feedback to enhance the offer.
 Prevention	Putting resources into preventing problems occurring or getting worse	Investing in a local services and ensuring its continuity would prevent future problems from poor access to that service arising in future	None identified at this stage
 Integration	Considering impact on all wellbeing goals together and on other bodies	At this stage there are no competing impacts that need to be re-considered. The proposal is seeking to bring multiple important local services into a single place to ensure their viability and sustainability through economies of scale.	

4. **Council has agreed the need to consider the impact its decisions has on the following important responsibilities: Social Justice, Corporate Parenting and Safeguarding. Are your proposals going to affect any of these responsibilities?**

	Describe any positive impacts your proposal has	**Describe any negative impacts your proposal has**	**What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?**
Social Justice	Monmouthshire' s Social Justice Strategy identified that rural isolation and a paucity of transport and services into rural communities is a critical barrier for some in getting the help they need. By retaining key local service the proposal is making a contribution to minimizing these barriers	None identified	By locating the Post Office alongside community education services in the hub there are potential advantages to increase peoples' awareness of the courses on offer. These include digital literacy and other courses that could improve peoples' career prospects.
Safeguarding	No safeguarding implications have been identified at this time.	None identified	None identified at this stage
Corporate Parenting	No corporate Parenting implications have been identified at this time.	None identified	None identified at this stage

5. **What evidence and data has informed the development of your proposal?**

- Volume and value of likely transactions data from Post Office Ltd
- Estimated operating costs for the new service

6. **SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?**

The Post Office is used by people of all generations but its loss would be felt particularly by older residents and those without access to a car who would otherwise need to journey to other towns to conduct transactions contributing to congestion and increasing carbon emissions. Preserving a local service would have positive benefits for local businesses who would be without a local financial service to deposit and withdraw cash.

7. ACTIONS: As a result of completing this form are there any further actions you will be undertaking? Please detail them below, if applicable.

What are you going to do	When are you going to do it?	Who is responsible
No additional actions at this stage		

8. VERSION CONTROL: The Equality and Future Generations Evaluation should be used at the earliest stage, such as informally within your service, and then further developed throughout the decision making process. It is important to keep a record of this process to demonstrate how you have considered and built in equality and future generations considerations wherever possible.

Version No.	Decision making stage	Date considered	Brief description of any amendments made following consideration
1.0	Pre-Cabinet Consultation	Scheduled for 19th December	

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REPORT

SUBJECT	**REVENUE & CAPITAL MONITORING 2018/19 OUTTURN STATEMENT**
DIRECTORATE	**Resources**
MEETING	**Cabinet**
DATE	**19th December 2018**
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 at the end of reporting period 2 which represents the financial outturn position for the 2018/19 financial year based on October inclusive activities.

1.2 This report will also be considered by Select Committees as part of their responsibility to,

- assess whether effective budget monitoring is taking place,
- monitor the extent to which budgets are spent in accordance with agreed budget and policy framework,
- challenge the reasonableness of projected over or underspends, and
- monitor the achievement of predicted efficiency gains or progress in relation to savings proposals.

2. RECOMMENDATIONS PROPOSED TO CABINET

2.1 That Members consider a net revenue forecast of £316,000 surplus, and approves the local education authority costs of compromise agreements being borne by the corporate redundancy budget rather than Children and Young People Directorate.

2.2 That they also recognise circa £1.3m extra capital resourcing provided recently and note that the revenue forecast is predicated on capitalising £444k expenditure accordingly, a decision that still needs to be considered by full Council in January 2019.

2.3 That Members note the 86% delivery of the budget setting savings agreed by full Council previously and a need for remedial action/savings in respect of £727k savings reported as delayed or unachievable by service managers.

2.4 That Members consider the capital outturn spend of £40.8m, introducing a £1m anticipated overspend and the presumption made around financing such as per para 3.6.7.

2.5 That members note the anticipated use of reserve funding predicted at outturn and the low level of earmarked reserves, which will notably reduce the flexibility the Council has in re-engineering services and facilitating change to mitigate the challenges of scare resources going forward.

2.6 Members note the extent of movements in individual budgeted draws on school balances, and reported recovery plan intentions as a consequence of their approving changes to Fairer Funding guidelines since month 2

3. MONITORING ANALYSIS

3.1 Revenue Position

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

3.1.2 Responsible Financial Officer's Summary of Overall Position Period 2

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

Service Area	Initial 2018-19 Annual Budget	Virements to budget Mth2	Virements to budget Mth 7	Period 7 Annual Budget	Revised Forecast Outturn	Revised Forecast Variance	Forecast Over/ (Under) @ Month 2
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Services	7,501	0	-89	7,412	7,388	-24	72
Children Services	11,373	0	87	11,460	12,022	562	282
Community Care	22,704	0	64	22,768	21,974	-794	-132
Commissioning	1,631	0	-4	1,627	1,542	-85	-48
Partnerships	366	0	0	366	366	0	0
Public Protection	1,417	0	-7	1,410	1,401	-9	18
Resources & Performance	676	0	-21	655	615	-40	-16
Total Social Care & Health	**45,668**	**0**	**30**	**45,698**	**45,308**	**-390**	**176**
Individual School Budget	43,620	0	1	43,621	43,436	-185	1
Resources	1,440	0	0	1,440	1,390	-50	0
Standards	5,113	0	-2	5,111	5,582	471	381
Total Children & Young People	**50,173**	**0**	**-1**	**50,172**	**50,408**	**236**	**382**
Business Growth & Enterprise	1,456	0	-124	1,332	1,208	-124	8
Operations	15,394	47	64	15,505	16,126	621	174
Planning & Housing	1,815	0	-88	1,727	1,576	-151	0
Tourism Life & Culture	3,445	0	0	3,445	3,702	257	58
Total Enterprise	**22,110**	**47**	**-148**	**22,009**	**22,612**	**603**	**240**
Legal & Land Charges	458		-2	456	501	45	-3
Governance, Democracy and Support	3,893	0	-13	3,880	3,820	-60	-11
Total Chief Executives Unit	**4,351**	**0**	**-15**	**4,336**	**4,321**	**-15**	**-14**
Finance	2,486	0	-2	2,484	2,328	-156	-47

Information Communication Technology	**2,679**	**0**	**0**	**2,679**	2,740	61	54
People	**1,680**	**-47**	**-3**	**1,630**	1,660	30	34
Future Monmouthshire			**123**	**123**	143	20	0
Commercial and Corporate Landlord Services	**844**	**0**	**-14**	**830**	911	81	158
Total Resources	**7,689**	**-47**	**104**	**7,746**	**7,782**	**36**	**199**
Precepts and Levies	**18,467**	**0**	**0**	**18,467**	18,466	-1	-1
Corporate Management (CM)	**120**	**0**	**131**	**251**	-72	-323	-59
Non Distributed Costs (NDC)	**669**	**0**	**0**	**669**	707	38	0
Strategic Initiatives	**493**	**0**	**-69**	**424**	92	-332	-493
Insurance	**1,333**	**0**	**0**	**1,333**	1,237	-96	0
Total Corporate Costs & Levies	**21,082**	**0**	**62**	**21,144**	**20,430**	**-714**	**-553**
Net Cost of Services	**151,073**	**0**	**32**	**151,105**	**150,861**	**-244**	**430**
Fixed Asset disposal costs	**153**	0	**0**	**153**	160	7	0
Interest and Investment Income	**-56**	0	**0**	**-56**	-114	-58	-6
Interest payable & Similar Charges	**3,326**	0	**11**	**3,337**	3,373	36	5
Charges required under regulation	**4,500**	0	**-63**	**4,437**	4,430	-7	0
Contributions to Reserves	**224**	0	**-131**	**93**	93	0	0
Contributions from Reserves	**-1,408**	0	**151**	**-1,257**	-1,257	0	0
Capital Expenditure funded by revenue contribution			**0**	**0**	0	0	0
Appropriations	**6,739**	**0**	**-32**	**6,707**	**6,685**	**-22**	**-1**
General Government Grants	-63,091		**0**	**-63,091**	-63,091	0	0
Non Domestic rates	-30,177		**0**	**-30,177**	-30,177	0	0
Council Tax	-70,838	0	**0**	**-70,838**	-70,778	60	0
Council Tax Benefits Support	6,294		**0**	**6,294**	6,184	-110	-50
Financing	**-157,812**	**0**	**0**	**-157,812**	**-157,862**	**-50**	**-50**
Net Council Fund (Surplus) / Deficit	**0**	**0**	**0**	**0**	**-316**	**-316**	**379**

3.1.3 This outturn forecast presumes the beneficial effect of £444k of revenue cost meeting capital definitions, and being capitalised against the additional national capital resources (£1.3m) notified by Welsh Government as per para 3.6.6, however this decision still requires consideration by full Council in January 2019 as the Constitution is specific in requiring their assent to add any new projects to capital programme.

The outturn variance at month 7 is compared against that reported at month 2 for comparative purposes. The potential volatility around Children's services and Tourism, Leisure and

Culture was highlighted at month 2, so those variances aren't too surprising at month 7, but the additional adverse movement in Children and Young people additional learning needs wasn't predicted. Despite these volatilities, Children's services pressures continue to be absorbed by the beneficial effect of wider Social Care activities, and Additional learning pressures is anticipated absorbed by wider Children and Young people Directorate activities. Putting such variances in context, they both equate to less than 0.5% variation against the net cost budget before financing. This is an incredibly close correlation given the volume of budget holders involved in the process, the volatility in pressures and savings proposals experienced during the year and the need to secure compensatory savings to mitigate adverse positions highlighted earlier in the year. However clearly a surplus is more attractive to the Council than an equivalent deficit, so the use of periodic monitoring as a tool for change during the year should not be underestimated.

3.1.4 There have been continuing budget movements between Directorates since month 2 as new responsibilities bed in, the main ones being the movement of Operations into Enterprise directorate and the removal of Governance, Democracy and Support subdivision out of Enterprise Directorate and back to Chief Executives Dept.

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

Net Council Fund Surplus	2018-19	2017-18	2016-17	2015-16	2014-15
	£'000	£'000	£'000	£'000	£'000
Period 1	379 deficit	164 deficit	1,511 deficit	867 deficit	219 deficit
Period 2	316 surplus	62 deficit	839 deficit	1,066 deficit	116 deficit
Period 3			79 surplus	162 deficit	144 deficit
Outturn		652 surplus	884 Surplus	579 surplus	327 surplus

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

3.2.1 Stronger Communities Select Portfolio (£81k net underspend)

- Operations (£621k deficit)

The position for each of main Operations areas is as follows, Transport Garage and car parks £272k deficit, catering £25k deficit, cleaning breakeven, Passenger Transport £210k deficit, Waste and Streetscene £113k deficit and Highways at a break even forecast.

- Chief Executives Unit (£15k underspend)

Legal division exhibited a £45k overspend, due to staff cost pressure and a shortfall in land charges income. **Governance, democracy and support** anticipate a £60k surplus due to staff vacancies and windfall electoral management grant more than compensating for the pressure in Contact centre and inability to make staff vacancy efficiencies in support and scrutiny positions.

- Resources Directorate (£36k overspend)

Finance Division predict an underspend of £156k, predominantly predicted savings in Revenues and Exchequer sub division and saving in management cost. **IT** predicts an **£61k**

overspend, due to overestimation of SRS reserve returned to MCC at year end, and a degree of salary savings not yet delivered within SRS. **People services** predicts **£30k deficit,** mainly the result of sickness and maternity cover within the division**. Landlord division** anticipates a **£81k deficit**, predominantly the effect of procurement savings anticipated but not delivered as yet. **Future Monmouthshire** responsibility has moved across to Resources since month 2, and exhibits a **£20k deficit**, being a proportion of digitisation and agency cost savings not yet attributable to services.

- Corporate (£714k underspend)

The net effect of the unutilised redundancy budget (£332k), together with one off rate refund receipts in respect of Council's buildings and an extraordinary dividend from the Crematoria Joint Committee.

- Appropriations (£22k underspend)

Anticipated reserve usage has been adjusted in both Appropriations and service Directorates hence the budgetary virements undertaken between month 2 and 7, such that anticipated use of reserves agrees with budget. The savings are instead a mixture of additional interest receivable on investments and small savings in minimum revenue provision required to repay borrowing after accommodating the net costs of affording ££1m anticipated overspend to this year's capital programme.

Unusually Treasury consultants cannot easily predict future interest rate trends into the spring. This is due to uncertainty as how smooth the Brexit process will be, but they have indicated a sense in having a balanced loan portfolio with a mixture of short/long term debt and proportion of variable/fixed debt. Over the medium term we have tended to take short term recurrent borrowing at effectively variable rate. This has provided Treasury savings over the last 3 years. It is more likely that we will be locking a higher proportion of that short term recurrent borrowing into more fixed rate longer term instruments. Longer term rates are more expensive than recurrent short term rates, so this is anticipated to mitigate the positive effect that Treasury traditionally brings in balancing the budget in future years.

- Financing (£50k underspend)

Council tax receipts indicates a £60k shortfall given an increasing level of discounts and allowances being requested. The traditional underspend in anticipated Council tax benefit payments is still being forecast as £110k benefit, however 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. .

<u>RESOURCES DIRECTOR'S CONTEXT & COMMENTARY</u>

It is pleasing to note that the over spend reported at month 2 (£144k) has reduced to a forecast £35k over spend, assisting the overall Authority position.

Savings have been derived from staff vacancies within the Estates team, lower than anticipated insurance costs with the solar farm and higher than anticipated income from PV installations. There will soon be a restructuring of the Estates team that will look to ensure that we have the capability to progress with the delivery of the revised Asset Management and Commercial strategies.

Additional premises cost have resulted with our Industrial Units and County Farms have incurred cost pressures resulting from a compensation payment and professional fees together with strain on rental incomes being achieved from farm holdings. A £50k saving on accommodation costs across our main office sites has been offset by additional supplies and services costs within Office Services.

Procurement is still reporting an over spend resulting from the non-delivery of an element of the authority wide savings (£147k). This has been factored in as a pressure into next year's budget proposals. Alongside this a proposal is being finalised that will look to direct some targeted resources into identifying and exploiting further procurement opportunities consistent with taking forward the revised procurement strategy.

Finance is reporting an increased underspend of £156k (£47k at month 2). Savings have resulted from staff vacancies, one-off grant received from DWP in respect of Housing Benefits and the cost of the cash system and merchant fees being less than anticipated. The introduction of the new cash system will increase costs but for now the saving is welcomed in allowing the directorate to put downward pressure on its net over spend position.

The Future Monmouthshire budget is exhibiting some strain (£19k over spend) as a result of cross authority savings not yet being allocated in respect of digitisation, agency costs and mileage allowances. It is anticipating that this situation will improve moving towards the year end. These cost pressures have been offset through downward pressure being placed on professional fees.

ICT and the specifically the Shared Resource Service are forecasting an over spend of £61k as a reserve that the Authority was looking to call on to contribute to the budget savings for the current year have been confirmed as not being available though further work is being undertaken to determine an amount that can be recovered.

The picture is completed by a net cost pressures continuing within People Services (£31k) and resulting from increasing staff costs as a result of the need to cover staff sickness, one-off costs with HMRC regarding historic mileage claims offset by savings in Corporate Training with a delay in recruiting a modern apprentice.

Further downward pressure will be placed on budgets by teams working across the Directorate and with the aim of bringing the budget out over an over spend position by the end of the year.

3.2.2 Economy & development Select Portfolio (£548k net underspend)

- Enterprise Directorate (£603k net overspend)

Business growth and enterprise predict a net **£124k underspend**, being effect of staffing savings, and a small net income from Events firework display. The staffing has been core funded through a reduction to corporate redundancy budget, an Events Service Plan will be finalised by the end of the year following advice from the performance management team. but 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. Following the appointment of the Borough Theatre manager on the 5th of November we are now working with Arts Council Wales to produce a business plan which will align with the service business plan and will also enable us to draw down the capital funding for the refurbishment in 2019/20.

Planning & Housing (net £151k underspend) – Development control has historically experienced a significant deficit in income against budget. The extent of some larger sites coming online during the year allows the service to predict higher than usual income levels. The pressure accommodated in respect of lodging scheme as part of 2018-19 budget process, allows the Housing service to predict a breakeven position.

Tourism, leisure & culture (£257k overspend) - £85k of overspend is artificial to the MCC bottom line as it relates to the Outdoor Education service which transfers any surpluses or deficit to its trading reserve. The pressure within Outdoor Education relates to an eroding income base as historic partners look to withdraw their core support. This has been known for the last 3 years with the team developing a recovery plan over the past month for consideration at select in December 2018 with a further action plan to follow.

Attractions anticipate a £60k pressure in respect of redundancies. The 2nd stage report requesting corporate funding is being prepared, but for now this shows as an overspend.

Leisure centres anticipate a net £50k pressure to income target in South establishments, and unexpected expenditure at Monmouth LC.

Youth has incurred a £10k job evaluation regrading consequence.

Museums anticipated a £32k overspend mainly for staff and sickness cover, and remediation consequences of withdrawing from using the Caldicot storage facility.

- Social Care & Health (£9k underspend)

Public Protection (£9k underspend) – predominantly the net effect of minor savings across the Division and whilst Registrars services still anticipating a deficit, the income prediction has improved since month 2.

ENTERPRISE DIRECTOR'S CONTEXT & COMMENTARY

Whilst the month 7 forecast indicates an under spend for the Enterprise Directorate overall there are deficit trends in the Operations Department that cause concern. Whilst the Highways section are reporting a forecast break even position, as we enter the winter period there is a risk that the financial outturn will deteriorate if adverse weather is encountered and whilst our response is extremely effective the two periods of snow last winter resulted in significant extra expenditure.

There is a projected overspend on the Passenger Transport Unit of £210k. This section has experienced a great deal of operational and financial change during this year. The introduction of the Dynamic Purchasing System (DPS) brought service cost savings when all education services were submitted to tender but these savings have been eliminated by increased maintenance costs for the in house fleet coupled with hiring in of buses to fulfil our service commitments. Overtime costs have also exceeded the budget and work is underway to review the fleet, routes and staffing issues to get these costs back under control. There are also some underlying changes which are worth mentioning at this time; in particular whilst taxi and minibus operators are reasonably common (creating a healthy market) there are fewer coach operators in this area resulting in coach contracts increasing in cost. Finally the special education needs (transport) budget is on budget but it should be noted that transport for SEN students is over £1.5m and recent trends suggest that it will continue to rise. Officers are investigating what might be done to control these costs without undue impact upon the students.

There is a projected overspend in transport (fleet management and maintenance plus car park management) of around £242k. This partly due to maintenance costs on an ageing fleet (£44k) although this will be addressed by the new waste fleet arriving in the New Year. Of greater concern is the reduction in car parking income. This service has performed well for many years but in 18/19 the forecast is a loss of £197k. One cause has been the closure of two car parks for essential utility installation work but the largest impact has been the opening of the Morrison's store and car park in Abergavenny. The store allows two hours free parking. This undermines the MCC charging regime and the affect has been dramatic with approximately £2.5k loss of income per week.

There is a loss of £113k in waste although this is largely explained by 18/19 budget assumptions that did not come to fruition – in particular and assumed £100k income from Blaenau Gwent CBC as contribution to HWRC costs at Llanfoist due to BGCBC residents using the facility; ultimately BGCBC declined to make the payment (but shortly members will see proposals to limit use of our HWRC's to MCC residents). The other smaller element was £13k attributable to changing opening times at HWRC sites which was not progressed.
Finally there has been a reduction in primary school meal income. Although only £25k it is a matter of concern for this well respected service and officers are developing ideas to restore custom levels including advertising and emphasising the healthy aspect of the meals and possibly bring forward proposals to discount meal cost for loyalty or even multiple siblings. There is some anecdotal evidence that the parent pay system may be focusing parents minds of the cost of the service (having to pay weekly or monthly) so an incentive to take up the service may bring dividends in custom levels – any such proposals will be reported separately to members

3.2.3 Adult Select Portfolio (net £894k underspend)

- Social Care & Health

Adult Services (£24k underspend) – a drop off in community meals income of £20k is anticipated , together with £51k staffing pressures (sickness cover and ERS pension saving not realised) within net direct care establishments (Severn View and Mardy Park), compensated for by vacancies and management savings of £72k.

Community Care (£794k underspent) – net savings within Mental Health Care team budget and Frailty pooled budget compensate for the inherent pressure to external agreement costs as recharge agreements are historic in nature and haven't kept pace with periodic inflation. Ad hoc extraordinary resourcing of £406k provided by Welsh Government to assist with Social Care funding.

Commissioning (£85k underspend) – predominantly a part year saving to commissioning staffing, and a continued savings within Drybridge Gardens service area.

Resources (£40k underspend) – capitalisation of IT development work.

SOCIAL CARE & HEALTH DIRECTOR'S CONTEXT & COMMENTARY

The month 7 forecast outturn for the directorate is predicting an underspend of £309,000, which against a budget of £45.7M is a great achievement. This underspend is after a savings budget reduction of £925,000, of which £896,000 is forecast to be delivered. It has included the effect of extraordinary in year resourcing (£406,000) provided by Welsh Government recently.

However, we are entering the winter months which traditionally brings added pressures on Social Care, and coupled with the current unmet care need of 300 weekly hours, an increased take up of older people's residential placements, Looked After Children numbers increasing to 148, with 66 in placements, could present a challenge to remain within forecast.

Within the Adult Services budget, the forecast is set to deliver an underspend of £894,000, this after delivering savings totalling £653,000. This position is masked by the current 300 weekly hours of unmet need which we are unable to presently procure in the market, against a backdrop of rising older people's residential placements. The continuance of practice change within the service has been an effective method of budget management, cases moving over to Continuing Healthcare and property sales income have been significant this year.

For Children's Services, the budget is predicted to overspend by £561,000, after savings target deductions of £260,000. Currently we are supporting 148 Looked After Children, with 66 in placement, accounting for £302,000 of the forecast overspend. A significant amount of work has been carried out by the service to not only meet current savings, such as reviewing and right sizing of high cost placement packages, but bolstering our front of house/edge of care provision. A forward plan of action around reducing the cost pressure is in place, this will be aided by the reconfiguration of the Family Contact service and the development of the therapeutic foster care programme known as MyST, initially funded through an Integrated Care Fund grant. We are also benefiting from a more stable workforce following the successful introduction of our Workforce plan, which has seen the service move away from reliance on agency staffing.

Public Protection operates on a very small budget of just £1.4M to provide its wide range of services such as Trading Standards, Environmental and Public Protection, Licensing, Health & Safety and Registrars. This area of the budget is set to underspend by £10,000, this after a savings target deduction of £12,000.

3.2.4 Children & Young People Select Portfolio (net £798k overspend)

- Social Care & Health (£562k overspend)

Children's Services (net £562k overspend) – this can be a fairly volatile area to manage budget wise, with individual placements potentially having a significant effect. The service did receive net £534k extra resourcing as part of 2018-19 budget process. The service's forecast assumptions also presume circa £390k funding from Health for 2 continuing care cases. In comparison to 2017-18 activity which was £1.6m overspend, the 2018-19 forecast still indicates a significantly improving position albeit circa £300k worse than month 2, predominantly in looked after children external placement costs and associated transport costs borne, and an increase in staffing cost deficit of £30k since month 2 to forecast a £290k deficit, in the form of not being able to meet staff efficiency reductions, travel savings and the continued employment of agency staff.

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

- Children and Young People (net £236k overspend)

Service colleagues report **School Budget Funding moved from breakeven at month 2 to £185k surplus at month 7,** based largely on capitalising expenditure and anticipating redundancy and settlement agreements being borne by corporate redundancy budget. **Resources Divisions** are now anticipating a £50k surplus, caused by net vacancies and reduced hours**. Standards subdivision** exhibits a **£471k overspend** reported as largely the consequence of continued reduced residential place numbers at Mounton House as MCC considers the future use for the facility. The main change since month 2 involving an £80k deficit swing involves the additional support provided to schools to manage additional learning needs.

SOCIAL CARE & HEALTH DIRECTOR'S CONTEXT & COMMENTARY

The month 7 forecast outturn for the directorate is predicting an underspend of £309,000, which against a budget of £45.7M is a great achievement. This underspend is after a savings budget reduction of £925,000, of which £896,000 is forecast to be delivered. It has included the effect of extraordinary in year resourcing (£406,000) provided by Welsh Government recently.

However, we are entering the winter months which traditionally brings added pressures on Social Care, and coupled with the current unmet care need of 300 weekly hours, an increased take up of older people's residential placements, Looked After Children numbers increasing to 148, with 66 in placements, could present a challenge to remain within forecast.

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CHILDREN & YOUNG PEOPLE DIRECTOR'S COMMENTARY

The Directorate's Month 7 position is a forecasted overspend of £329,448 which is an increase on the month 2 forecast over spend of £52,190. All parts of the directorate are working to reduce those areas of pressure and bring the budget back to a balanced position.

The Additional Learning Needs budget continues to remain under significant pressure due to the requirement to support more of our pupils with complex needs. This is not a simple picture of additional costs and officers have managed the costs of four students to reduce the pressure by

£87,837. However, there have been new complex additions to the number of children requiring support; these can be significant and the part year impact of one of these placements is as much as £50,000. It is important to note that the pressure of supporting children within mainstream Monmouthshire schools is a more significant pressure than the out of county pressure.

Despite increasing the recoupment level i.e. charging level for students from outside of Monmouthshire, in last year's budget cycle Mounton House brings a recoupment pressure of £336,000. This will be address for the last term of the year by looking to increase the recoupment levels in year. The future of Mounton House is a key focus of the Additional Learning Needs (ALN) Review.

There have been some additional severance costs incurred by schools which have influenced the Directorate's overspend position. We will seek that these are addressed by the corporate redundancy budget.

Schools and CYP budgets remain exceptionally challenging across Wales and Monmouthshire is no different. Officers within the ALN team will review levels of funding to schools and the Directorate as a whole has moved to a position of essential spend only.

Along with the rest of the organisation, schools are facing a challenging financial settlement and have again budgeted to be in a collective deficit by the end of the year. This forecasted position has improved since month 2 were set and we will continue to work closely with our school colleagues to ensure their plans are as robust as possible to minimise any impact whilst continuing to improve standards for our young people.

3.3 **Redundancy costs**

Members are commonly keen to understand the extent of any redundancy payments made during the year, as staffing remains the most significant and controllable expense to most service areas. Traditionally the expectation is that services absorb the cost of any redundancies in the first instance, only making a call upon the corporate budget where necessary. To date the only anticipated approval or caveated use of redundancy budget agreed by Members relates to the re-engineering of Attractions service incurring a £60k consequence. The corporate redundancy budget of £450k was reduced to £400k to allow the net creation of Events team staffing costs.

The above forecast also assumes the Local education authority's share of schools' compromise agreements is unlikely to be afforded by Children and Young People Directorate, and illustrates this cost instead being borne by corporate redundancy budget (£92k).

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

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

- The financial environment facing Councils over the next 4 years will be very challenging. It will be increasingly difficult to find additional remedial savings through the year in addition to those required to allow a balanced budget to be established every February. This volatility risk is traditionally mitigated by a heightened accountability culture whereby service managers are reminded of the need to comply within the budget control totals established by members, and are more responsible for any variances to SLT and Cabinet and equally for Select Committees to exhibit a more focussed reflection upon the adequacy of budget monitoring being applied. Members may wish to re-enforce such accountabilities and review any remedial action proposed by service managers to resolve adverse situations.

- The budget process this year involved the late consideration and development of additional savings caused predominantly by national 2% pay award agreed during the budget process introducing an extra £1m volatility into the usual budget process. By necessity some of the late savings were less robust, and less certain than earlier ones, as evidenced in the savings matrix below. A prudent approach has been adopted in the savings progress reported, as some of the intentions, whilst laudable, will always have an inherent speculative aspect, so for instance in relation to social care activities there is a presumption of colleagues negotiating effectively with other public sector colleagues to passport costs or secure funding/contribution where the nature of service is more reflective of health rather than care. They have been quite successful in such deliberations previously, but probability suggests, they won't win every case.

- An increasing feature for all Councils is how to sustain core services rather than reduce them. This does lend itself to the consideration of activities not traditional to Councils, often described as innovative, commercial or private sector influenced. Experience of such activities within MCC suggest the implementation phase is key to the success or otherwise of such initiatives. Commercial skills aren't necessarily commonplace to a local authority, such that when faced with considering such, members should increasingly test out the practicalities involved and establish a tolerance to any business case received after which officers are required to re-report to members. This is necessary as the Council has a different duty in the protection of public funds that wouldn't apply in private sector, and the private sector can more easily respond to a deficient project by dropping or amending the proposal. It isn't as easy to do that at pace in a public entity which is problematic as Councils have limited capacity to absorb the effect of deficient projects, so instead public sector will commonly look to reassess the success of the scheme against an alternate lens, most commonly the social benefit when instead the proposal was volunteered to members primarily as a financial benefit.
- Relatedly, there's an unusual degree of work being undertaken by a multi discipline team known as "hit squad" and targeted managers to consider the financial viability of commercial type services e.g. Borough Theatre, Events, PTU, procurement etc. These may have knock on consequences to reserve usage and costs to the Council not currently captured in annual budget agreed by members or evaluated in the current monitoring position.
- Similarly, Members have registered support for the provision of a Leisure Trust to become active at the end of this financial year, acknowledging that there will be an additional cost to this facilitation approved by members to a ceiling of £155,000, to be afforded by one off reserve usage. Any additional costs volunteered during the process to best position the shadow organisation to succeed or reflect responsibilities captured in the future management agreement between new organisation and council e.g. the destabilising effect to Council's central support functions with budgets moving to the Trust, or the prioritising of capital expenditure towards Leisure establishments, aren't yet quantified or factored into current monitoring, but could be anticipated to add to the financial churn this year and the budget process for next.

3.5 **2018/19 Budget Savings Progress**

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

In summary they are as follows,

Disinvestment by Directorate 2018-19	2018/19 Budgeted Savings	Value of Saving forecast at Month 7	Delayed Savings	Savings deemed Unachievable YTD
REVENUE MONITORING 2018-19	**£000**	**£000**	**£000**	**£000**
Children & Young People	**(631)**	**(596)**	**(20)**	**(15)**
Social Care & Health	**(925)**	**(896)**	**(14)**	**(15)**
Enterprise	**(242)**	**(138)**	**(94)**	**(10)**
Resources	**(771)**	**(508)**	**(263)**	**0**
Chief Executives Units	**(1,296)**	**(1,059)**	**(79)**	**(158)**
Appropriations	**(396)**	**(396)**	**0**	**0**
Financing	**(800)**	**(740)**	**0**	**(60)**
DIRECTORATE Totals	**(5,061)**	**(4,333)**	**(469)**	**(258)**

3.5.2 Mandated saving performance is running at 86% of budgeted levels, with currently £258,000 being deemed potentially unachievable, and a further £469,000 to be delayed to later years.

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

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

3.5.5 Stronger Communities Select Portfolio

Resources Directorate

- Delayed savings are anticipated in respect of the likely introduction of the Revenues sub division's new document image system (£10k), the Procurement gateway review £150k appears to exhibit little progress to date, savings from more zealous use of duplicate payment software (£25k), and the reviewing of technology and systems and introduction of chatbot functionality (£79k) all report delays in implementation and the timing when savings crystallise.

Enterprise (ENT) Directorate

- A Council wide target, overseen by Future Monmouthshire colleagues, to reduce agency costs by £80k is reported unlikely to be delivered. Similarly a shortfall to increase fees and income by £32k has fallen short by £10k and the presumption to reduce Council travel costs by £72k this year is likely to fall short of aspiration by circa £14k. A £30k saving in Community Hub expenditure in the form of vacant post freeze and software savings has been reported as achieved in full.

3.5.6 Economy & Development Select Portfolio

Chief Executive's Office/Operations

- Approved car park price increases weren't introduced in April reducing the anticipated income levels (£21k). The CA site opening time reductions haven't been introduced resulting in £13k saving shortfall. Matter has fallen into a wider CA sustainability review during 2018-19.
- The savings agenda within PTU is significant and wide ranging and involves significant officer time outside of core PTU team. Latest anticipation from a current retendering exercise suggests a £29k shortfall on the £171k estimated. The £30k saving from reducing payments to contractors but providing a more timely cashflow has been reviewed, as it potentially discourages take up, and perpetuates a need for multiple approaches. The service is still trialling a payment on account process, with the intention of moving all contractors across to it from September, but has instead chosen to take an increased saving from the successful pilot of personal transport budgets. The extended provision of in-house ALN transport service designed to deliver £41k, is not as advanced as other PTU practice changes currently, and the saving of £49k from Raglan training is only anticipated to deliver £20k additional income this year.
- The £100k proposal to effectively sell Recycling activity targets to a neighbouring authority to avoid their penalisation hasn't been progressed, as they've received a relaxation to potential sanctions. £35k of the seasonal garden waste income saving has been achieved leaving a £5k shortfall.

3.5.7 Adult Select Portfolio

Social Care & Health (SCH) Directorate

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

3.5.8 Children and Young People Select Portfolio

Social Care & Health (SCH) Directorate

- Whilst not a true net saving, a 4 year financial recovery improvement target was established to compensate for £560k pressure volunteered by the service. As present predictions suggest an outturn of £561k deficit, which would indicate no improvement against recovery plan aspirations. The financial volatility this causes is being significantly absorbed within wider Social Care directorate in exhibited only a net £55k deficit. However Children's' services does remain one of the more volatile budgets within the Council, where individual decisions can result in significant consequences, so the position will need to be closely monitored through the year.

Children and Young People (CYP) Directorate

- Directorate colleagues report a £20k shortfall in anticipated income from breakfast club income, and £15k shortfall in being able to adjust premature retirement budget.

3.6 Capital Position

3.6.1 The summary Capital position at Month 7 is as follows

MCC CAPITAL BUDGET MONITORING 2018-19 at Month 7 by SELECT COMMITTEE						
SELECT PORTFOLIO	**Forecast Spend at Outturn**	**Slippage Brought Forward**	**Total Approved Budget 2018/19**	**Forecast Capital Slippage to 2019/20**	**Revised Capital Budget 2018/19**	**Capital Expenditure Variance**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Children & Young People	**23,127**	**9,359**	**22,273**	**(231)**	**22,042**	**1,085**
Adult	**23**	**0**	**23**	**0**	**23**	**0**
Economic & Development	**9,461**	**98**	**17,925**	**(8,464)**	**9,461**	**0**
Strong Communities	**9,265**	**2,376**	**14,034**	**(4,774)**	**9,260**	**5**
Capital Schemes Total 2018-19	**41,876**	**11,833**	**54,255**	**(13,469)**	**40,786**	**1,090**

3.6.2 Capital expenditure at month 7 has two major overspends in 21st Century Schools building projects at the old Caldicot Comprehensive (£738,612) and at the old Monmouth Comprehensive (£346,230) due to project management costs incurred over a longer timeframe and greater incidence of asbestos remediation from ground and demolished buildings than anticipated upon survey. All other schemes are forecasting to come in on budget except for an over spend of £5k on the Off-roading Cycling Feasibility Study in S106.

Slippage to 2019-20

3.6.3 Total Provisional Slippage at Month 7 is (£13,469k) due to delays in:-

- Finding suitable investment properties for the Asset Investment Fund (£8,463k), budget has been input into capital programme in equal instalments over 3 year period, and it was always unlikely that investment opportunities would mirror budget so closely.
- J Block re-development (£2,232k) and Abergavenny Community Hub (£1,956k) development are delayed into 2019-20 to reflect the refurbishment costs unlikely to be undertaken this financial year.
- Other notable delays are at:
    - Granville Street Car Park (£163k) due to drainage issues currently with NRW;
    - £201k in regard to additional learning needs at Overmonnow Special Needs Resource (S106) as work needs to be undertaken in the school holidays next summer
    - Reported delays to Access for all works (£90k).
    - Other S106 delays (£275k) include
        - the New Playing Field Pitches at Clydach Juniors S106 scheme (£53k) that cannot proceed due to delays on the Heads of Valley duelling project
        - security of tenure delays on the S106 Llanelly Hill Welfare Car Park scheme (£22k),
        - also possible delays on Gilwern OEC (£53k).

Capital Financing and Receipts

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

MCC CAPITAL FINANCING BUDGET MONITORING 2018-19 at Month 7 by FINANCING CATEGORY						
CAPITAL FINANCING SCHEME	**Annual Financing**	**Slippage Brought Forward**	**Total Approved Financing Budget 2018/19**	**Provisional Budget Slippage to 2019/20**	**Revised Financing Budget 2018/19**	**Forecast Capital Financing Variance 2018/19**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Supported Borrowing	**2,323**	**0**	**2,410**	**(87)**	**2,323**	**0**
General Capital Grant	**1,467**	**0**	**1,467**	**0**	**1,467**	**0**
Grants and Contributions	**7,974**	**4,725**	**7,974**	**0**	**7,974**	**0**
S106 Contributions	**1,709**	**650**	**2,185**	**(476)**	**1,709**	**(0)**
Unsupported borrowing	**16,132**	**1,231**	**28,825**	**(12,693)**	**16,132**	**(0)**
Earmarked reserve & Revenue Funding	**21**	**169**	**174**	**(153)**	**21**	**(0)**
Capital Receipts	**11,126**	**5,024**	**11,186**	**(60)**	**11,126**	**0**
Low cost home ownership receipts	**34**	**34**	**34**	**0**	**34**	**(0)**
Unfinanced	**1,090**	**0**	**0**	**0**	**0**	**1,090**
Capital Financing Total 2018-19	**41,876**	**11,833**	**54,255**	**(13,469)**	**40,786**	**1,090**

3.6.5 Unusually, as part of its 2019-20 budget considerations, WG has identified extra capital funding to assist Councils during 2018-19 i.e.

An extra £50m capital for local authorities' general capital fund – this is the first instalment of a £100m increase over three years to the general capital fund."

It is so recent that Councils are yet to receive any specific correspondence pertaining to their share of this national award. It will likely come through with final settlement information on 19th December, but if reasonably extrapolated on the same basis as general capital grant award, this could provide an additional £1.34m resourcing.

Colleagues have considered the headroom this creates and volunteer the following usage

Service Area	Nature	Amount
		£'000
Enterprise - Passenger transport	Major vehicle repairs	150
Enterprise - Garage	Major vehicle repairs	44
Enterprise – Garage	Caldicot Depot refurbishment	50
Enterprise – Highways & Grounds	Capitalising maintenance programme	150
Social Care – Adult	IT system development	40
Resources – Estates	Innovation House 2nd flr refit	20
	Solar farm invoices	15
Children & young people – Gilwern School	Reception improvements	32
Children & young people – Y Fenni School	Additional classroom	30
Children & young people – King Henry VIII school	IT replacement	30
Children & young people – schools general	IT replacement	63
Total		624

3.6.6 Of this, £444k provides a beneficial effect to revenue monitoring forecasting. That assumption has been made in revenue monitoring table in para 3.1.2 above, however consideration from full Council is still required before that situation crystallises. It is intended to report the matter for approval alongside Members consideration of the 2019-20 capital proposals at the next scheduled full Council financial touchpoint on 17th January 2019.

3.6.7 This results in £716k of additional resourcing not utilised explicitly. Recognising a potential overspend of £1.09million to this year's capital programme which has to be financed, it is proposed to use any unused balance to mitigate the additional borrowing necessary and which has been added to the Treasury and Appropriations revenue forecast above.

3.7 Useable Capital Receipts Available

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

Movement in Available Useable Capital Receipts Forecast

TOTAL RECEIPTS	**2018/19**	**2019/20**	**2020/21**	**2021/22**
	£000	**£000**	**£000**	**£000**
Balance b/f 1st April	3,411	3,103	7,630	13,262
Add:				
Receipts received in YTD	6,312			
Receipts forecast received	4,351	5,065	6,091	1,000
Deferred capital receipts	155	97	100	102
Less:				
Receipts to be applied	*(11,126)*	(635)	(559)	(559)
Set aside	0	0	0	0

Predicted Year end receipts balance	**3,103**	**7,630**	**13,262**	**13,805**
Financial Planning Assumption 2018/22 MTFP Capital Budget	**856**	**6,122**	**8,861**	**10,599**
Increase / (Decrease) compared to MTFP Capital Receipts Forecast	**2,247**	**1,508**	**4,401**	**3,206**

3.7.2 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).

3.7.3 There is still an increasingly significant risk to the Council resulting from the need to utilise capital receipts in the same year that they come into the Council. This provides no tolerance or flexibility should the receipts be delayed, which isn't uncommon, and would necessitate compensatory temporary borrowing which is more costly than utilising capital receipts and would necessitate additional revenue savings annually to afford.

3.8 Reserves

Reserve Usage

3.8.1 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. The forecast outturn position based on month 7 activity is,

Account	2017/18 C/F	2018/19 Slipped reserve usage from 1718	In year Contributions To Reserve	In Year Contribution from Reserves for Revenue Purposes	In year Contribution from Reserves for Capital Purposes	Delayed Expenditure, contribution slipped forward into	C/F
Council Fund (Authority)	-7,111,078						-7,111,078
School Balances	-175,225						-175,225
Sub Total Council Fund	-7,286,303		0	0	0		-7,286,303
Earmarked Reserves:	0						
Sub-Total Invest to Redesign	-1,302,343	29,000	-40,000	418,828	152,214	-36,170	-778,472
Sub-Total IT Transformation	-734,881	111,913	0	114,000	16,573	-10,000	-502,396
Sub-Total Insurance and Risk Management	-1,046,416	0	0	0	0	0	-1,046,416
Sub-Total Capital Receipt Generation	-347,139	72,072	0	81,343	0	0	-193,724
Sub Total Treasury Equalisation	-990,024	0	0	0	0	0	-990,024
Sub-Total Redundancy and Pensions	-496,813	0	0	163,978	0		-332,835
Sub-Total Capital Investment	-648,336	0	0	0	0	0	-648,336
Sub-Total Priority Investment	-686,751	88,000	0	628,751	0	-300,000	-270,000
Sub-Total Other Earmarked Reserves	-1,121,237	0	-53,000	185,460	0	-86,471	-1,075,248
Total Earmarked Reserves	-7,373,942	300,985	-93,000	1,592,360	168,787	-432,641	-5,837,452
	-14,660,245	**300,985**	**-93,000**	**1,592,360**	**168,787**	**-432,641**	**-13,123,755**

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

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

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

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

Schools Reserves

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

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

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

	Opening Reserves 2018-19 (surplus)/deficit	In year position at Month 7 (surplus)/deficit	Anticipated Outturn Position (surplus)/deficit
Combined balance	**(£175,225)**	**£832,981**	**£657,756**

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

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

The following table exhibits the net trend in use, indicating collectively schools are currently using reserves at a considerably faster rate than they have replenished them traditionally.

Financial Year-end	Net level of School Balances £'000
2011-12	(965)
2012-13	(1,240)
2013-14	(988)
2014-15	(1,140)
2015-16	(1,156)
2016-17	(269)
2017-18	(175)
2018-19 forecast	658

3.8.9 There are however weaknesses in the forecasting approaches of individual schools, such that the budgeted forecast in the last row above will seldom match the reality.

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

3.8.10 At month 2 Cabinet agreed to alterations to Fairer Funding guidance available to governing bodies, in an attempt to strengthen forecasting arrangements helpfully recognising that the problem is not so much with schools actual use of reserves but more to do with their forecast or budgeted draw. The bringing forward of Recovery Plan submissions, to be consistent with annual budget consideration, is designed to provide a better quality of data/information on which to consider the approval of any deficit budget, and would be reassuring to Members that any annual deficit volatility is accommodated within a multi year budget strategy.

3.8.11 There is some evidence from narratives in Appendix 2 and extent of recovery figures provided, that this change is reducing the hiatus between reporting problem and reporting solution. However the month 7 prediction is £35k worse than forecast at month 2, so there's still a way to go, this deficit at month 7 is materially skewed by an unanticipated £156k adverse movement at Chepstow secondary school movement.

3.8.12 Based on school's predictions, general trends can be extrapolated, so 12 schools started this year in deficit. There is an increasing trend of schools entering deficit, (net further 5 predicted at present by schools), and that position looks particularly acute in secondary schools. Further insight/reassurance has been requested in respect of Chepstow secondary school, as whilst they still predict a small surplus by end of year, it is sensible to check the potential for them to yo-yo back into deficit and a need for a further recovery exercise, which wouldn't be advantageous to Governing body's administration.

3.8.13 It is questionable whether LEA colleagues have the capacity to facilitate the level of engagement and interaction necessary to resolve 18+ adverse financial scenarios within reasonable timeframes without extending recovery plans beyond usual 3 years. They will of course be prioritising the more significant aspects, but it can be seen from the recovery plan indicators included alongside the reserve position in Appendix 2, that some of the schools starting the year in deficit still had no agreed recovery plan, whilst others showed a perverse agreement to an increasing deficit.

4 REASONS

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

5 RESOURCE IMPLICATIONS

5.1 As contained in the report.

6 EQUALITY AND SUSTAINABLE DEVELOPMENT IMPLICATIONS

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

7 CONSULTEES

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

8 BACKGROUND PAPERS

Outturn Monitoring Reports (Period 2)
http://corphub/initiatives/Budgetmon/20182019/Forms/Quarter%202.aspx

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Appendices (attached below)

Appendix 1 Mandated Savings Progress Report
Appendix 2 School Reserves

Appendix 1 – Savings Matrix

	Disinvestment by Directorate 2018-19	2018/19 Budgeted Savings	Value of Saving forecast at Month 7	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 2018-19	£000	£000	£000	£000	£000		
	Children & Young People	(631)	(596)	(20)	(15)			
	Social Care & Health	(925)	(896)	(14)	(15)			
	Enterprise	(242)	(138)	(94)	(10)			
	Resources	(771)	(508)	(263)	0			
	Chief Executives Units	(1,296)	(1,059)	(79)	(158)			
	Appropriations	(396)	(396)	0	0			
	Financing	(800)	(740)	0	(60)			
	DIRECTORATE Totals	(5,061)	(4,333)	(469)	(258)			

Ref	Children & Young People	2018/19 Budgeted Savings £000	Value of Saving forecast at Month 7 £000	Delayed Savings £000	Savings deemed Unachievable £000	Traffic Light based Risk Assessment £000	ASSESSMENT of Progress
CYP1	Federated school model	**(32)**	(32)				
CYP3	General 5% reduction on supplies & services	**(132)**	(132)				
CYP4	Reduce school premature retirement budget	**(50)**	(35)		(15)		
CYP2	CYP - Increased fee & charges income - Breakfast clubs	**(125)**	(105)	(20)			
	CYP Acceleration of ALN review	**(107)**	(107)				
	CYP - Mouton House Increase Charges	**(68)**	(68)				
	CYP - Reduction in ISB for new schools maintenance budget reduction	**(117)**	(117)				
	CHILDREN & YOUNG PEOPLE Budgeted Savings Total	**(631)**	**(596)**	**(20)**	**(15)**		

Ref	Social Care & Health	2018/19 Budgeted Savings £000	Value of Saving forecast at Month 7 £000	Delayed Savings £000	Savings deemed Unachievable £000	Traffic Light based Risk Assessment £000	ASSESSMENT of Progress
SCH1	Adult Disability Services	**(638)**	(638)				Budget savings have been allocated to the Community Care budgets and service is forecast to breakeven overall, thus achieving full saving
SCH2	Childrens Services (Saving £680k, pressure £561k, net saving in yr 4 £119k)	**(113)**	(113)				The Children Services overspend pressure identified as part of savings exercise was £561k. The M2 overspend position is £282k which indicates that the £113k saving will be achieved. However, there are some uncertainties around Health income accounted for within the M2 forecast
	SCH - Increased fee & charges income - Meals on wheels	**(15)**	0		(15)		Increase in the charge has resulted in a reduction in the numbers taking the service. As such it is unlikly that the increased income will be forthcoming
	SCH - Increased fee & charges income - Registrars	**(12)**	0	(12)			Fees and charges were for 2018/19 were established prior to the establishment of this income target as bookings are taken in advance. As such the saving will not be possible until 2019/20 fees are established.
	SCH Targetted reduction high cost placements posts	**(147)**	(145)	(2)			The forecasted cost of the high cost placements specifically targetted for savings are forecasted to largely achieve those savings at M2
	SOCIAL CARE & HEALTH Budgeted Savings Total	**(925)**	**(896)**	**(14)**	**(15)**		

Ref	Enterprise	2018/19 Budgeted Savings £000	Value of Saving forecast at Month 7 £000	Delayed Savings £000	Savings deemed Unachievable £000	Traffic Light based Risk Assessment £000	ASSESSMENT of Progress
	ENT (Fut Mon) Increased fee & charges income - Further 2.5% increase for	(32)	(22)		(10)		Not all fee income streams could be increased by 2.5%
	ENT (Fut Mon) Targetted reduction in agency costs	(80)	0	(80)			Internal audit review completed and informed recommendation from People Services to SLT. Arrangements in place to recover costs from applicable services across the authority so position could improve by year end.
	ENT (Fut Mon) Decrease travel costs (travel free weeks, digital use, car sharing, pool car use)	(72)	(58)	(14)			Forecast mandate recovery of £58K from mileage reduction. Remaining saving to be explored via optimisation of pool car utilisation.
	ENT (Fut Mon) Targetted reduction in overtime	(28)	(28)				Forecast mandate recovery remains on target
	ENT Community hubs- vacant post freeze and software savings	(30)	(30)				Achievable
	ENTERPRISE Budgeted Savings Total	**(242)**	**(138)**	**(94)**	**(10)**		

Ref	Chief Executive's Unit	2018/19 Budgeted Savings £000	Value of Saving forecast at Month 7 £000	Delayed Savings £000	Savings deemed Unachievable £000	Traffic Light based Risk Assessment £000	ASSESSMENT of Progress
OPS2	Car Parks Net 7.5% increase in charges above 2.5% RPI (10% in total)	**(100)**	(83)	(17)			pressure prices not going up until June - assume 2 months unachievable
OPS3a	Car Parks 10% increase in permits	**(10)**	(9)	(2)			pressure prices not going up until June - assume 2 months unachievable
OPS3b	Car Parks Increase resident permits from £40-£60	**(3)**	(3)				pressure prices not going up until June - assume 2 months unachievable
OPS5	Car Parks Penalties increase to £70 discounted £35	**(9)**	(7)	(2)			pressure prices not going up until June - assume 2 months unachievable
OPS6	Grounds/waste - Reduced opening hours at all CA sites	**(13)**	0	0	(13)		Changes were not agreed
OPS8	Grounds/waste - Stop Bailey park bowls maintenance	**(10)**	(10)				Achievable
OPS9	Grounds/waste - Rationalise shrub bed maintenance	**(12)**	(12)				Achievable
OPS11	Grounds/waste - 1 year freeze of Head of waste post	**(40)**	(40)				Achievable
RES1	Property - School meals Price Increase (net after 2.5% RPI)	**(23)**	**(23)**				Achievable - Could be possible pressure depending on size of drop-off - we have built in 15% - if it is more than this then we may have a pressure -Current drop off is 3%.
RES2	Property income - External Fees (net after 2.5% RPI)	**(19)**	**(19)**		0		Achievable through alternate means.
RES3	Property - Council wide Postage savings	**(5)**	**(5)**		0		Achievable through alternate means.
OPS12	Highways - Road Traffic Incident recovery of costs	**(15)**	**(15)**				Achievable
OPS13	Highways - Improved Plant utilisation/recovery	**(40)**	**(40)**				Achievable
OPS14	Passenger Transport - Route 65 changes	**(25)**	(25)				Achievable
OPS15	Passenger Transport - CPC Staff Training	**(9)**	(9)				Achievable
OPS16	Passenger Transport - S106 Funding to support Sunday Routes 74, 69, 83, 60	**(26)**	(26)				Achievable
	CEO/OPS - PTU Improved payment terms at 2.5% reduction in costs	**(30)**	0				Service decision not to compromise payments to providers,and instead take a greater proportion from personal travel budget initiative
	CEO/OPS - PTU- DPS retendering and route optimisation	**(171)**	**(142)**	(29)			Unsure of outcome at current time
	CEO/OPS - TRANS - Independent fleet review	**(20)**	(20)				Achievable

Ref	Chief Executive's Unit	2018/19 Budgeted Savings £000	Value of Saving forecast at Month 7 £000	Delayed Savings £000	Savings deemed Unachievable £000	Traffic Light based Risk Assessment £000	ASSESSMENT of Progress
	CEO/OPS - PTU Introduction of personal transport budgets	(31)	(61)				Achievable, and anticipated to outperform to compensate for payment terms initiative not achievable
	CEO/OPS - PTU extended provision of MCC inhouse ALN transport service	(41)	0		(41)		Unachievable - currently not being progressed
	CEO/OPS Highways - Insuring Full overhead recovery on all works	(140)	(140)				Achievable
	CEO/OPS Highways - displace core costs with grant	(200)	(200)				Achievable
	CEO/OPS Raglan Training Centre income increase	(49)	(20)	(29)			Further work being done towards achieving maximum amount of increased income.
	CEO/OPS - Catering Increased fee & charges income - School meals, extra 25p per meal in addition to 2.5% annual increase agreed for fees & charges	(100)	(100)				Achievable - Could be possible pressure depending on size of drop-off - we have built in 15% - if it is more than this then we may have a pressure -Current drop off is 3%.
	CEO/OPS -PTU school transport concessionary fares increase from £390 to £440 pa.	(16)	(16)				Achievable
	CEO/OPS Apportionment of Waste Recycling (BGCBC)	(100)	0		(100)		Not Achievable - The proposal was stopped by BGBC as their SLT/CLT decided against it. We don't have any other sources of income or scope for efficiency savings.
	CEO/OPS Seasonal Garden Waste	(40)	(35)	0	(5)		Reduction in numbers.
	CHIEF EXECUTIVES' UNIT Budgeted Savings Total	**(1,296)**	**(1,059)**	**(79)**	**(159)**		

Ref	Resources	2018/19 Budgeted Savings £000	Value of Saving forecast at Month 7 £000	Delayed Savings £000	Savings deemed Unachievable £000	Traffic Light based Risk Assessment £000	ASSESSMENT of Progress
RES7	Schools based Revenues SLA (to reflect actual)	(39)	(39)				Achievable if no schools withdraw or reduce service
RES8	Comino system change	(10)	0	(10)			Delays in introducing new system means we cannot cancel contract as originally planned, as Torfaen had some unexpected delays
RES9	Housing Benefit team savings	(8)	(8)				Forecast achievable however still awaiting final confirmation from shared benefit service
RES10	Insurance staff saving	(26)	(26)				Delivered - post frozen
RES11	IT Equipment budget saving	(30)	(30)				Achievable
RES12	SRS saving	(50)	(50)				Achievable
RES13	Public Sector Broadband Agreement PSBA saving (£155k-£22k)	(133)	(133)				Achievable
	RES (Corp Lan) Commercial Property investment income	(30)	(30)				Achievable
	RES (Procurement - freeze, cease or consolidate non essential spend)	(155)	(155)				Mainly Achievable small pressure possible
	RES (Procurement - third party supplier spend reduction)	(29)	(29)				Achievable
	RES (Procurement - Gateway Review)	(150)	0	(150)	0		Possible pressure - work is being undertaken to identify possible saving streams - will have a better idea at M7.
	RES (Procurement - supplementary duplicate payment review)	(25)	0	(25)			Possible delay, exercise in progress but results will not be known for a number of months.
	RES (Reviewing Technology and Systems and Utilisation of Automation and AI)	(87)	(8)	(79)			Digital works programme is continuing to be implemented. Outcomes currently being assessed to measure extent of additional service resillience, cost reduction, quality improvements and resource efficiency, in order to assess extent of financial savings possible in 19/20. Possible £20K saving achievable this year.
	RESOURCES Budgeted Savings Total	**(771)**	**(508)**	**(264)**	**0**		

Ref	Appropriations	2018/19 Budgeted Savings £000	Value of Saving forecast at Month 7 £000	Delayed Savings £000	Savings deemed Unachievable £000	Traffic Light based Risk Assessment £000	ASSESSMENT of Progress
	Interest Payable	(533)	(533)				Treasury consultants anticipate a trend for increasing interest rates starting 3rd quarter 2018-19 circa 0.25%.
	Interest Receivable	136	136				
	MRP	51	51				
	APP - Utilise more short term variable borrowing	(50)	(50)				
	APPROPRIATIONS Budgeted Savings Total	**(396)**	**(396)**	**0**	**0**		

Ref	Financing	2018/19 Budgeted Savings £000	Value of Saving forecast at Month 7 £000	Delayed Savings £000	Savings deemed Unachievable £000	Traffic Light based Risk Assessment £000	ASSESSMENT of Progress
FIN1	Council Tax Increase from Base changes (net of CTRS)	(435)	(375)		(60)		
	FIN - Council tax gain upon completions	(220)	(220)				Depends upon completion activity
	CTRS	(95)	(95)				Adoption of universal credit may influence extent of CTRS demand
	FIN - Further Reduction in Council tax reduction scheme budget	(50)	(50)				
	FINANCING Budgeted Savings Total	**(800)**	**(740)**	**0**	**(60)**		

Appendix 2 – Individual Schools Reserves

	Opening reserves 2018 19 (Surplus)/Deficit	In Year position at Month 7 (Surplus)/ Deficit	Projected carry forward at year end 2018-19 (Surplus)/ Deficit	Notes	Recovery Plan Y/E target balance 2018-19	Recovery Plan Y/E target balance 2019-20	Recovery Plan Y/E target balance 2020-21	Recovery Plan Y/E target balance 2021-22	Recovery Plan Comments
Abergavenny cluster									
E003 King Henry VIII Comprehensive	162,460	(44,867)	117,593	Recovery Plan Meetings held and recovery path agreed - awaiting signed copy of plan for years 4 and 5.		105,232	125,533	137,424	5 year recovery plan required and confirmation of Education Achievement Service income awaited.
E073 Cantref Primary School	(65,965)	7,590	(58,375)	Extra grant income helping year end figure along with staffing changes					
E072 Deri View Primary School	(40,000)	(1,711)	(41,711)	Additional Learning Needs Funding has been confirmed with pupil support costs already included in the staff costs forecast.		(30,402)	(7,690)		Senior Teacher Secondment and Support Staff reorganisation
E035 Gilwern Primary School	(52,253)	25,865	(26,388)	Building Improvement works funded by the School Budget.					
E037 Goytre Fawr Primary School	(10,803)	13,698	2,895	Increase in Additional Learning Needs funding with costs of support staff already within the staff forecast.					
E093 Llanfoist Fawr Primary School	(49,580)	41,464	(8,116)	School budget contribution to the costs of three Teaching Assistants appointed from October to support Additional Learning Needs pupils.					
E044 Llantillio Pertholey CiW Primary School (VC)	(4,440)	(5,596)	(10,036)	Secondment of a Senior Teacher to another Local Authority and Higher Level Teaching Assistant replaced by a lower scale Teaching Assistant.		(2,866)	(17,755)		Full year effect of 3 Teaching Assistant redundancies.
E045 Llanvihangel Crucorney Primary School	(511)	(9,405)	(9,916)	Additional costs associated with the Federation with Llanfoist including Leadership and Administration.	(4,857)				
E090 Our Lady and St Michael´s RC Primary School (VA)	7,084	15,043	22,127	The School continues to make progress in reducing costs including its photocopying contract.		10,182	(1)		Additional pupil numbers, Full Year Effect of Staff changes and revised contracts.
E067 Ysgol Gymraeg Y Fenni	(58,965)	56,718	(2,247)	Resources and Staffing employed in preparation for increased Nursery and main School pupil numbers. School Administrator increased to full time, Read Write Inc Resources, and New Telephone System.					
Teachers pay award		(17,750)	(17,750)	This will be allocated across the cluster to offset the pay award pressure for teaching staff					

	Opening reserves 2018 19 (Surplus)/Deficit	In Year position at Month 7 (Surplus)/ Deficit	Projected carry forward at year end 2018-19 (Surplus)/ Deficit	Notes	Recovery Plan Y/E target balance 2018-19	Recovery Plan Y/E target balance 2019-20	Recovery Plan Y/E target balance 2020-21	Recovery Plan Y/E target balance 2021-22	Recovery Plan Comments
Caldicot cluster									
E001 Caldicot School	**100,637**	**(17,086)**	**83,551**	Changes to staffing for SLT increases in costs		**30,645**		1.35% of funding (£6.2)	Meeting with the school at Month 3. It is anticipated that sufficient efficiencies will be identified to bring school back into surplus by end of 19-20.
E068 Archbishop Rowan Williams CiW Primary School (VA)	**(79,455)**	**33,169**	**(46,286)**	Savings linked to the Head teachers 60% Executive Head appointment to another Monmouthshire Primary School.					
E094 Castle Park Primary School	**43,659**	**(13,340)**	**30,319**	School contribution to Additional Learning Needs support staff reviewed.	**18,544**	**34,659**	**28,975**	**28,394**	Recovery plan being updated as Head Teacher leaving at end of summer term. This will generate additional savings that should see school back in surplus.
E075 Dewstow Primary School	**(105,626)**	**53,936**	**(51,690)**						
E034 Durand Primary School	**(71,665)**	**52,673**	**(18,992)**	Overspend is staffing, marginally better than reported figure in M5					
E048 Magor CiW Primary School (VA)	**19,227**	**13,370**	**32,597**	Revised Support Staff Structure (Teaching Assistants and Midday Supervisors) from 1/9/18 and additional secondment and supply compensation income confirmed.	**13,370**	**13,348**			The long term effect of the staff changes implemented by the Executive Head teacher to be built into an amended recovery plan.
E056 Rogiet Primary School	**(26,145)**	**9,365**	**(16,780)**	Improvement due to members of staff coming back later than anticipated and part time.					
E063 Undy Primary School	**28,221**	**54,674**	**82,895**	An additional Foundation Phase Teacher employed from 1/9/18 plus the associated Foundation Phase Teaching Assistants (£40,000). Also the long term absence of a member of staff (£16,000). There are also one off costs of flooring and Furniture for the Foundation Phase classrooms (£17,000). This is a combined total cost of £73,000 - had these costs not been incurred the deficit would have been reduced to £7k rather than the £60k forecasted at Month 2.					
E069 Ysgol Gymraeg Y Ffin	**37,616**	**11,521**	**49,137**	Recoupment of Residential trips money has been poor. 4 teachers on mainscale.					
Teachers pay award		**(17,750)**	**(17,750)**	This will be allocated across the cluster to offset the pay award pressure for teaching staff					

	Opening reserves 2018-19 (Surplus)/Deficit	In Year position at Month 7 (Surplus)/ Deficit	Projected carry forward at year end 2018-19 (Surplus)/ Deficit	Notes	Recovery Plan Y/E target balance 2018-19	Recovery Plan Y/E target balance 2019-20	Recovery Plan Y/E target balance 2020-21	Recovery Plan Y/E target balance 2021-22	Recovery Plan Comments
Chepstow cluster									
E002 Chepstow School	(158,456)	156,005	(2,451)	Changes in staffing, progression through the pay scales. Increase cost of supply costs for teaching staff					
E091 Pembroke Primary School	(181)	20,954	20,773	Compassionate and Sickness absence of a teacher plus the renegotiation of a Photocopying contract which will yield savings in future financial years	20,954	(209)	(3,760)		A recovery plan was agreed with the Head and Deputy Head teacher on 13/7/18.
E057 Shirenewton Primary School	(118,599)	21,833	(96,766)						
E058 St Mary´s Chepstow RC Primary School (VA)	(6,055)	79,191	73,136	Head teacher absence and the employment of a replacement has added unforeseen pressure to the budget and Recovery Plan.					A recovery plan meeting was held on 19/11/18.However the substantive Head teacher does not take over the finances until December.
E060 The Dell Primary School	(22,165)	22,164	(1)						
E061 Thornwell Primary School	9,565	25,476	35,041	Welsh Government class size funding means capacity for the School to increase its pupil roll and trigger additional funding from 2019/2020.		9,058	(10,981)		Additional Pupil Numbers anticipated to be on roll January 2019.
Teachers pay award		(17,750)	(17,750)	This will be allocated across the cluster to offset the pay award pressure for teaching staff					

	Opening reserves 2018-19 (Surplus)/Deficit	In Year position at Month 7 (Surplus)/ Deficit	Projected carry forward at year end 2018-19 (Surplus)/ Deficit	Notes	Recovery Plan Y/E target balance 2018-19	Recovery Plan Y/E target balance 2019-20	Recovery Plan Y/E target balance 2020-21	Recovery Plan Y/E target balance 2021-22	Recovery Plan Comments
Monmouth cluster									
E004 Monmouth Comprehensive	423,951	121,843	545,794	Staffing changes including one off costs for the school. The school are still looking to recover in the agreed time scale		240,781	56,720	(67,015)	School presented recovery plan in June 2018 to Cabinet Member. Currently on target.
E032 Cross Ash Primary School	(59,356)	23,878	(35,479)	Support Staff have resigned as at 31/8/18, a Maternity Leave has resulted in savings and Education Achievement Service Income has been anticipated within the forecast					
E092 Kymin View Primary School	(34,657)	20,228	(14,429)	Staff changes required for the new academic year have resulted in a projected overspend. These changes include: part time deputy head teacher being replaced with a full time deputy; a class teacher on main pay scale leaving and being replaced by a teacher on upper pay scale, and an additional TA required to support a pupil with ALN					
E039 Llandogo Primary School	12,449	54,941	67,390	The school have faced high levels of sickness resulting in supply costs.	(1,141)	(1,141)			
E074 Osbaston CiW Primary School (VC)	(635)	17,592	16,957	Staffing changes for maternity and sickness has led to the increase in costs.					
E051 Overmonnow Primary School	(28,389)	44,190	15,801	Staff have been employed to provide one to one support for pupils with Additional Learning Needs and funding has not been back dated.					Meeting scheduled for 11/12/18 however Nursery teacher to be replaced as at 1/1/18 and an experienced teacher retiring 31/8/18 so opportunities to reduce costs are available to the Head teacher
E055 Raglan CiW Primary School (VC)	147,743	(58,972)	88,771	Staffing changes have resulted in additional savings		62,644	35,366	17,177	Recovery plan projects surplus of £24,921 in 2022/23
E062 Trellech Primary School	(87,650)	48,427	(39,223)						
E064 Usk CiW Primary School (VC)	(62,920)	80,331	17,411	Additional Foundation Phase teacher and Teaching Assistant to be employed from 1/9/18 which has resulted in a planned deficit. Additional Key Stage 1 top up funding will be triggered in 2019/20 and there will be an increasing pupil roll.					Education Achievement Grants anticipated but not yet confirmed plus confirmation and details of a Water Leak Rebate required
Teachers pay award		(17,750)	(17,750)	This will be allocated across the cluster to offset the pay award pressure for teaching staff					
	(151,857)	904,161	752,304						
Special Schools									
E020 Mounton House Special School	33,584	(115,464)	(81,880)	Some staff savings due to a member of staff finishing in August and not being replaced.	28,968	4,947	(39,683)		Month 2 indicates school will return to surplus this financial year.
E095 PRU	(56,951)	44,284	(12,667)						
	(23,367)	(71,180)	(94,547)						
Total for all clusters	(175,225)	832,981	657,756						

AGENDA ITEM TBC

SUBJECT: CAPITAL STRATEGY ASSESSMENT 2018-19 and

DRAFT CAPITAL BUDGET PROPOSALS 2019-20 to 2022-23

MEETING: Cabinet

DATE: 19th December, 2018

DIVISION/WARDS AFFECTED: Countywide

1 Purpose & Context

1.1 Chartered institute of Public Finance and Accountancy (CIPFA) produced a revised regulatory Code in December 2017, which included a need for local authorities to produce a **Capital Strategy.** The requirements were staggered with an aim for reporting compliance during 2018/19 with a full **Capital Strategy** implemented for 2019/20. This report concentrates on the former in evaluating the governance, planning and priority setting involved in presenting 2019-20 capital budget proposals and the 3 years thereafter making up the collective capital medium term financial plan.

1.2 CIPFA report that a **Capital Strategy** should be tailored to individual circumstances and consequentially don't volunteer a prescriptive format. The overall intent is that any **Capital Strategy** should allow Members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured. The overall purpose of a capital strategy being to provide opportunity for engagement with Full Council to ensure overall strategy, governance procedures and risk appetite are fully understood by all elected members

1.3 The code, in describing the **Capital Strategy,** reports it can be delegated to Cabinet (or similar body) with Full Council being responsible. MCC's approach is to report budget setting process through Cabinet, with consideration and approval of the future capital programmes resting with full Council. The Council's Constitution is consistent with compliance requirements. It is anticipated that the actual resulting capital strategy will be reconciled and consistent with a wider financial strategy and both available for consideration during Spring cycle of meetings.

2 Recommendations

2.1 That Cabinet considers the capital strategy requirements and assesses the preparedness of current practices to satisfy capital strategy compliance obligations for onward endorsement to Council as part of capital strategy report in January 2019.

2.2 That Cabinet considers the annual core capital programme identified in Appendix 2 for 2019-20, together with the additions proposed in paras 6.14 to 6.18,, and issues its draft capital budget proposals for 2019/20 to 2022/23 for consultation purposes.

2.3 That Cabinet reaffirms the principle that during the financial year, any new schemes volunteered can only be added to the programme if the business case demonstrates that they are self-financing or if the scheme is deemed a higher priority than current schemes in the programme and therefore displaces it.

2.4 When considering the relative merits of projects and potential displacement, that Cabinet consider the indicative priority matrix supplied in para 4.15, either endorsing or amending it for onward consideration by full Council.

2.5 That Cabinet considers the extent of proposed sale of assets captured in exempt Appendix 5, in order to support the capital programme, and that once agreed, no further options are considered for these assets.

2.6 That Cabinet note the potential forecast of capital receipt levels, prior to the consideration of using £75,000 of receipts balance to afford condition survey work to update historic condition survey information and a ceiling of capital receipts funding of £300k to assist with the business case affordability of Severn View Residential Home replacement. Any excess of capital receipts generated thereafter is proposed to be applied by Treasury colleagues in a fashion that will mitigate minimum revenue provision costs and interest payments, to assist with revenue budget management. This is a change in capital receipt strategy to that applied in earmarking receipt generation to afford Members tranche A Future Schools aspirations. This will mean that any further school redevelopment will need to derive a greater extent of revenue headroom to afford the prudential borrowing financing of such developments.

3. Capital Strategy Summary Considerations

3.1 The Capital Strategy sets out the council's approach to capital investment over a longer timeframe than is traditional in the 4 year medium term financial plan and will provide a framework through which our resources, and those matched with key partners, are allocated to help meet strategic priorities.

It is about planning, prioritisation, management and funding and is more informed by the council's consideration of

- Corporate Plan
- Asset Management Plan
- Commercial Investments Strategy
- Treasury Management

These documents are separately considered by Council and current versions are bookmarked as supporting documents.

4. MCC's specific Capital Strategy 2019/20 – 2022/23 Considerations.

4.1 The Capital Strategy will increasingly need to form a key part of the Council's overall Corporate Planning Framework. It provides a mechanism by which capital expenditure and investment decisions are better aligned, over a medium term (four years) planning period with the corporate plan. Service colleagues are quantifying the work necessary to afford Corporate Plan aspirations. This should be completed by the time that actual Capital Strategy is provided for consideration.

4.2 The Strategy should also provide a framework by which investment decisions will be made, to include consideration of prioritisation, planning, outcomes, management, funding and monitoring, and is linked to the Council's other strategies and plans.

4.3 The key aims of the Capital Strategy are to provide a clear set of objectives and a framework, within the CIPFA codes and statutory legislation, by which new projects are evaluated to ensure that all new funding is targeted at meeting the priorities of the Council.

Prioritisation and Planning Considerations

4.4 Underlying the Capital Strategy is the recognition that the financial resources available to meet Council priorities are constrained by a significant reduction in financial resources. The Council must therefore continue to rely on capital expenditure that either

- Demonstrably pays for itself through an explicit prudential borrowing business case, or
- Replaces something already in the capital programme, as a higher strategic priority.

4.5 It is also recognised that corporate plan aspirations are predominantly “front facing” service delivery focussed, articulating developments of consequence to the electorate. It won’t cover for instance the regulatory and statutory necessities that are a given in providing services in a professional and reasonable fashion to the ultimate satisfaction of public sector regulatory agents.

4.6 Similarly, the Asset Management Plan (AMP) identifies significant backlog maintenance issues across the Council’s property portfolio. The AMP identifies the necessary investment needed to bring the operational asset stock up to current standards. It is considered that this level of investment is currently unaffordable. The Council’s priority is to dispose of any surplus assets and then prioritise the limited financial resources available via income generation, grant, capital receipts and private sector contributions to maximise outputs with minimal ongoing future revenue costs.

4.7 The wider regeneration of the County relies on housing, highways, education, property investment and employment opportunities, in part funded from private sector investment into new jobs, economic growth and homes. These in turn contribute towards Council funding over the longer term in the form of additional council tax, business rates or land sale receipts. New employment also reduces the reliance upon benefits, creates new economic activity, impacts on the housing market and improves people’s life styles and impacts on wider strategies such as health and social care.

4.8 In order to derive a priority ranking for schemes that is comprehensive and useful into the future, it is necessary to try to anticipate future schemes and demands upon local authorities, examples foreseen include,

- Councils can ascribe to protecting the vulnerable – and traditionally capital expenditure by local authorities tends to be through investment into Council owned or private care facilities that increase service capacity, improve quality, reduce homelessness and where possible mitigate the ongoing revenue costs of care provision for all ages across the County. MCC also has a motivation to support individuals within their communities where appropriate, as an alternative to institutionalised care

- Members acknowledge the sense of promoting employment within the area – Councils can anticipate needing to utilise its own land and property assets with other Government agencies and private developers to create long term employment opportunities.
- Councils retains a significant repairing liability in relation to Highways, and particular Councils, including MCC, also undertake major highway works to trunk roads which is afforded by Welsh Government through an agency arrangement. The sub network, where adopted, remains the direct responsibility of local authorities, and is afforded through specific grant funding and a portion of general capital funding. But also historically there can be pressure to accommodate/manage developer introduced assets once developers have moved on. This can be commonplace in things like community sewer pumping stations that don't discharge into the national network and whose condition and upkeep can be highly variable. Councils have also recently inherited a regulatory responsibility to advise and monitor the provision of sustainable drainage systems (SUDS) in response to reducing risk of flooding, that could be expected to introduce additional cost which can be recharged to developers, but which could be regarded as circular in nature as developers will commonly negotiate down Council's affordable housing requirements on the basis of overall viability of schemes.
  Relatedly the Council also oversees Street Lighting & Traffic Control – A significant maintenance backlog has been identified which needs to be addressed. Two tranches of invest to save interest free loans overseen from Welsh Government have been utilised to update lighting columns to more energy efficient facilities, reduce revenue costs of maintenance, energy and carbon tax liabilities, but with loans having to be paid back as the first call on any net savings.

- Other initiatives based on sustainable business plans, to illustratively include:-

  - Reducing its backlog property maintenance liability by rationalising its office accommodation and other operational estate. The rationalisation anticipated to be in the form of moving out of leased / rented accommodation, transforming or integrating services to reduce costs and sales of surplus assets to generate receipts.
  - Investing in schools to improve the asset stock and provide an improved educational environment.
  - Investing in culture and tourism which is a significant part of the Council's aspirations. Culture organisations operate from several Council owned high cost listed buildings so investment will seek to

match against third party funds and move these into the third sector where a sustainable self-funded business plan has been agreed.
- Investing in ICT hardware infrastructure and software on a case by case basis the primary focus being delivering budget savings and providing “state of the art” technologies.

4.9 In the current economic climate financial, public sector resourcing tends to be a limiting factor for Councils, so in common with others, many consider how they may promote future opportunity through various delivery models including its own subsidiary companies e.g. CMC2, Monlife teckal company, energy generation companies, potential development companies, that have access to alternate sources of funding.

Commonly such entities look to address,

- Economic Investment – Councils can seek and deliver projects that generate longer term economic growth alongside the financial benefits. Based on robust business cases, under the oversight of Investment Committee, the Council will continue to make appropriate acquisitions, develop property, retain its existing land for development, transform services or provide business support to assist with the delivery of projects to derive over 3 years a balanced portfolio of investments costing up to £50m total with a basic return on investment test of 2% above financing costs.

4.10 Also in respect of innovative business models, MCC in common with other Councils, retains an active interest in strategic housing matters, but has previously outsourced/released its operational landlord function. This has led to a limited element of past resources being applied to influencing the housing market in the County, whether this being from point of view of releasing land parcels, negotiating affordable housing, or more actively holding equity in limited low cost housing stock around Usk. Should the Council wish to more actively satisfy its aspiration in respect of delivering new homes it may need to consider the creation of a specific Development Company to be able to.

- Safeguard affordable rents
- Offer a mix of products - Rental, for sale, rent to buy
- Influence supported housing needs not delivered by the market, e.g. housing for foster carers, care leavers, older people
- bring private void properties back into use

- more effective use of Council's land and property assets

Common to Housing stock transfer, the acceptance of WG dowry funding to afford the transfer carried a condition that necessitated the Council's housing revenue account (HRA) being wound up consequential to a commitment to being no longer a registered social landlord. So it will likely need to consider the merits or otherwise of creating a Housing Development company in facilitating its housing aspirations. This isn't uncommon, and over a quarter of English authorities, both those with and without HRAs, have established Housing companies to more directly influence housing products whilst deriving an additional income for their parent Council.   Martin Tett, housing spokesperson for the Local Government Association, said: *"Councils are setting up housing companies to help plug gaps in their local housing markets. This can aim to help meet the need for affordable homes, move-on accommodation, housing for older people or the provision of good quality private rented homes."*

4.11 So reflecting upon this multiplicity of considerations as well as Corporate Plan aspirations, potential capital projects could helpfully be pigeonholed into meeting the following criteria: An indicative ranking is volunteered to assist Members' consideration of the relative priority of projects.

Aspect	Indicative Rank
Health & safety (life and limb works)	1
Legal and Regulatory obligations	1
Allow a balanced revenue budget to be set	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
Asset management plan outcomes	4
Addresses major infrastructure investment	4
Attract significant 3rd party or private match funding to the County	5
Deliver wider economic outcomes	5

4.12 This ranking provides a pragmatic attempt to provide a prioritised framework for member consideration to collectively endorse or replace. It seeks to prioritise health and safety and regulatory obligations ahead of corporate plan aspirations, but also seeks to captures a variety of scenarios that may promote capital spending that meet other strategic ends after addressing its corporate plan considerations.

Funding Approach

4.13 In a significant period of public sector funding rationing, Members have previously subscribed to an approach through the year whereby to add a new scheme to the approved programme requires either,

- It to be self-affording in that the financial benefits of such are more than sufficient to meet the ongoing funding costs, and in support of this Council will receive adhoc reports from service managers, very much on a business case by business case basis, to evaluate whether to proceed with such e.g. solar farm considerations, commercial investment programme budget.
  OR
- That the importance/priority of the project is perceived higher than something already within the programme and it replaces it. These sort of decisions are more infrequent but as an indication this was the approach that resulted in Property maintenance budget affording the recent work to E block.

Both considerations remain appropriate and sit well within an attempt to provide a priority setting framework for Members from a compliance point of view.

4.14 The Council's capital investment falls within, and needs to comply with, the "Prudential Code for Capital Finance in Local Authorities" (The Code). Under the Code local authorities have greater discretion over the funding of capital expenditure especially with the freedom to determine, within the regulatory framework of the Code, the level of borrowing they wish to undertake to deliver capital plans and programmes.

4.15 There are a range of potential funding sources which can be generated locally either by the Council itself or in partnership with others. Councils will increasingly need to seek new levels of private sector investment to match against its capital programme, this may be in addition to capital receipts from land sales, joint funding opportunities across the private sector or City Region approved funds on a wide range of projects.

4.16 The Strategy is intended to maximise the financial resources available for investment in service provision and improvement within the framework of the MTFP. Whilst at the same time ensuring that each business case has a robust self-sustaining financial model that delivers on the wider outcomes of the strategy.

4.17 The main sources of capital funding available to the Council are summarised as follows:

- **Central Government grants** – Grants are allocated in relation to specific programmes or projects and the Council would seek to maximise in the current economic climate such allocations, developing appropriate projects and programmes which reflect government and partnership led initiatives and agendas but address priority needs in the County e.g. Future schools programme
- **WG Settlement** - The majority of "planned" capital expenditure for maintenance of transport infrastructure and provision of Disabled Facilities are provided by core AEF capital grant.
- **Untapped Developer and other public/private funding** - A growing number of private organisations and finance houses such as pension fund are showing interest in investing in public sector infrastructure when clear joint benefits exist. Each case will be subject to specific financial appraisals and Council approvals. Increasingly the expectation is for Councils to seek contributions from developers / funders towards the provision of public or private assets or facilities. The Council will continue to work with the private sector and its strategic partners e.g. Registered Social Landlords to utilise its redundant assets and vacant land to bring them into a useful economic purpose to facilitate regeneration and employment creation. It will also continue to work with the health providers and other public agencies to consider projects that are to the mutual benefit of all parties and the wider economic impacts to the County and the region.
- **Section 106 funding** - In some cases contributions are received in order to mitigate the impact of their development on communities referred to as Section 106 receipts and commuted maintenance sums for facilities built by developer and adopted by Council. These contributions are usually earmarked for specific purposes in planning agreements and often related to infrastructure projects. Developers may also contribute to Highways Infrastructure through section 38 and 278 agreements to facilitate their development. The Council is committed to working with its subsidiary companies and partners in the development of the County and its services. Various mechanisms provide opportunities to enhance the Council's investment potential with support and contributions from other third party and local strategic partners. These may range from commissioning / facilitating others to develop services in the County; funding for regeneration projects; and through match funding joint funding of developments.
- **Locally generated funding**
- **Prudential "unsupported" borrowing** – under the Prudential Code the Council has discretion to undertake borrowing providing it can afford the

consequences, and that the expenditure meets capital expenditure definitions. Given the pressure on the Council's revenue budget in future years, prudent use is appropriate on schemes with a clear financial benefit, such as "invest to save", or "spend to earn" – such schemes needing to demonstrate providing a net return over and above the borrowing cost inclusive of interest and Minimum Revenue Provision (MRP) which contributes to the overall Council financial position. Such investment requires compliance with the Code's regulatory framework which requires any such borrowing to be prudent, affordable and sustainable. The Council will make no assessment of property appreciation in affording such business cases such that any benefit will be received on any future sale of assets enhancing its prudent approach.

- **Capital receipts from asset disposals** – the Council has a substantial land and property estate, mainly for operational service requirements and administrative buildings. This "estate" is managed through the Asset Management Plan which identifies property requirements and, where appropriate, properties which are surplus to requirements and which may be disposed of. However capital receipts from asset disposal represents a finite funding source and it is important that a planned and structured manner of disposals is created to support the priorities of the Council. Cash receipts from the disposal of surplus assets are to be used to fund new capital investment or offset future debt or transitional costs, included within the new flexibilities provisions, as and when received.

4.18 As part of the 2019-20 budget setting considerations, forecasts of receipts to be received in future years have been revised to reflect the latest strategic programme of sales. The current prediction of capital receipts for the next 4 years is anticipated as supplied in Appendix 5.

In summary though the following table indicates the cumulative anticipated capital receipt levels before application, at the end of respective financial years.

	2019-20	2020-21	2021-22	2022-23
	£'000	£'000	£'000	£'000
Capital Receipt indications for Fin Year ending	8,144	14,001	14,766	14,531

The Council will continue to maintain a policy of not ring-fencing the use of capital receipts to fund new investment in specific schemes or service areas unless a suitable business case has been considered by asset management working group and endorsed for Council approval. This is consistent with Council's surplus asset policy. Capital receipts have been a significant source of finance in previous financial years, predominantly allowing the newly built Monmouth and Caldicot Comprehensive schools involving £34m capital receipts use. Capital receipts can be utilised to repay existing debt, reducing the capital financing requirement and the extent of minimum revenue provision needing to be afforded. Welsh Government also periodically issue capitalisation directives that allow for traditional revenue expenditure to be afforded by capital receipts usage. For instance, this flexibility is offered in facilitating cross Council working designed to rationalise and share services, it can also in certain circumstance be used to afford redundancy costs where that cost is as a result of wider re-engineering of services. So such receipts can have a role in reducing revenue costs to assist in establishing a balanced budgets. Given a current unbalanced revenue budget and business case for tranche B schools aspiration not yet being available (to be worked on through 2019-20), it is proposed to suspend any significant allocation of capital receipts until those challenges are more explicitly addressed/quantified.

Periodic capital receipts monitoring will continue to be available to Cabinet, and each of the 4 Select Committees, through the financial year.

- **Lease finance** - where alternative funding is not available for vehicles or minor equipment and the revenue budget does not allow for a full capital repayment and there is a robust business case then the option of leasing may be considered. The financing of expenditure by lease needs to take into account;
    - value of expenditure
    - Residual value
    - Life span of equipment matches the funding proposed
    - The equipment to be replaced is part of a rolling programme that covers the whole service area or by type of equipment.

  Traditionally the Council has used leasing as a funding source for Leisure equipment replacement and vehicle acquisition, particularly in waste service area with changes to pick up arrangements, and potentially increasing with the expiry of Viridor amenity site management contract where the level of vehicle specificity and equipment demands could reasonably be expected to increase. The Council will utilise operational leases where possible for purchase of minor equipment, IT and vehicles supported by an appropriate robust business case. However changes to financial reporting standards mean that where such operational leases are predominantly for the life of the asset, these should instead be explicit on balance sheet as if they were finance leases in substance

- **Earmarked Reserves** – Earmarked reserves represent a finite one off use resource that have been put aside for a particular purpose. So the IT reserve is commonly used to afford capital IT projects, capital receipts generation reserve is used to part afford the activities of the Corporate landlord service in facilitating sale of assets, and Invest to Save reserve could be used to smooth any peaks and troughs anticipated in a business case to allow them to proceed in affording short term costs for longer term financial benefit and replenishment.
- **Revenue** – Capital expenditure may be funded directly from revenue (CERA – capital expenditure charged to revenue account). In addition to specific revenue funds previously set aside, such as repairs and renewal funds, capital expenditure may be funded by specific revenue budget provision. However, the general pressures on the Council's revenue budget and council tax levels limits the extent to which this may be utilised on a £ for £ basis as a source of capital funding, instead the focus is more efficiently considered as part of the headroom such capacity brings longer term and recurrently to afford prudential borrowing.

So how will the Capital Strategy assist in how the Council identifies, programmes and prioritises funding requirements and proposals?

Management

4.19 The capital MTFP and resulting financing costs built into revenue MTFP reflects a steady state approach to capital schemes, in capturing the extent of schemes that have a core recurring amount applied to them annually e.g. DFGs, property services maintenance, county farms maintenance together with those specific schemes that have already received member consideration and approval to proceed, or reflect an agreed multi year commitment through Members slippage considerations.

4.20 Consequently any new schemes proposed for future years will need to be an explicit consideration to members, and part of the presentation of such will involve identifying any of the treasury consequences, so that colleagues can more easily recast treasury figures in MTFP if Members chose to accept any proposed projects.

4.21 In giving practical effect to Members approved asset strategies, traditionally officer consideration of new schemes has been through asset management group and capital financing group. Both groups have their strengths and weaknesses, but are restrictive in outlook, such that the asset management group tends to look at facilities management rather than wider infrastructure considerations and capital financing group tends to focus on management of existing programme rather than future schemes, so increasingly there are occasions where asset decisions are proposed by services without regard to either fora.

4.22 As it is usual for very similar managers to attend both the asset management and capital working groups, it is proposed to amalgamate them into one for its terms of reference to include a wider asset considerations better able to consider priorities against a backdrop of funding opportunities in the same meeting, utilising a business case approach and evaluating how closely proposals meet the criteria above in para 4.11, to be able to volunteer proposals to full Council for consideration.

4.23 It is anticipated a more holistic group involving financial, legal, property and economic expertise will allow the Council to make better use of this internal officer experience supported by external professional advisors where necessary to ensure robust investment decisions are made. It will however need to widen its emphasis to include more than building maintenance priorities, to include highways and infrastructure and to have a more strategic than operational viewpoint in the management of capital programme, such that the combined asset management and capital working group will also consider options available for funding expenditure and how resources may be maximised to generate investment in the area.

4.24 The Council employs professionally qualified and experienced staff in senior positions with responsibility for advising on capital expenditure, borrowing and investment decisions. For example, the Head of Finance and Deputy (fulfilling the Council sc151 responsibilities), the Corporate Landlord Head of service, and legal staff are required to hold an appropriate professional qualification and are committed to continuing professional development. Where other Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers and Alder-king as its’ commercial investment agent. This approach remains more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

4.25 Members also receive indirectly adhoc updates from finance staff through feedback to resourcing sections of service managers reports, designed to influence the robustness of resource assumptions being made in business cases. They also receive formal periodic updates on the quantum available for investment over the MTFP planning period. It will continue to do this through the periodic monitoring reports in highlighting capital receipt activity, reserve levels and capital scheme progress, and also annually through the Council’s budget setting considerations in evaluating settlement information, coordinating the various income generating aspects, from advising on Council tax levels and facilitating the discretionary fees and charges reports.

4.26 Council recently agreed to the provision of an Investments sub Committee to oversee a 3 year £50m Commercial Investment Strategy, reporting activity back through the scrutiny process subsequently. The related Strategy document is bookmarked in Appendices, designed to demonstrate that the strategy application overseen by that Investment Committee has an intended overall balance of risk on a range of projects over timespan, funding mechanism and rate of return, which again is consistent with compliance aspects.

4.27 The importance of a capital strategy informing robust Member decision making suggests a heightened discipline from service managers to describe the effective arrangements for the management of proposed capital scheme expenditure including a more resilient assessment of project outcomes and options, budget profiling (where the project extends over multiple financial years), and deliverability risks/assumptions. This will allow for a more useful post project assessment against expected outcomes to review the robustness of planning assumptions. Where the capital expenditure is promoted as an "investment", in an environment of scarce resourcing, a greater emphasis on a value for money commentary needs to be provided and the safeguards commonly operating around treasury management investments around security, liquidity and yield of investments considerations has been widened to apply to capital investments more generally.

4.28 The results of officer activity are intended to assist Members to determine a prudent, affordable and self-sustaining funding policy framework, whilst minimising or mitigating the ongoing revenue implications of any such investment;

Governance and Outcomes

4.29 The primary purpose of capital governance as well as satisfying public stewardship, is to ensure that available resources are allocated optimally and deliver value for money, and that investment programme planning is, whilst having its own approval process, determined in parallel with the service and revenue budget planning process within the framework of the MTFP, given the common consequence to revenue budgets in providing necessary headroom to facilitate prudential borrowing.

4.30 As described briefly above, any new schemes proposed for next year and onward are separately captured as a pressure in the reporting of the proposed Capital programme and any explicit proposals separately shown in treasury aspect of Revenue MTFP, to allow Members more transparently to consider the choices more explicitly whether to support a scheme or otherwise.

4.31 New programmes of expenditure will be appraised along with other investments and grant allocation programmes following a clearly defined gateway process involving the priority ranking above and ultimately volunteered to Members when proposals are robust, outcomes clear and cost certainty exists, or tolerance established for any financial assumptions needing to be made, as to whether certain due diligence work can proceed or where outcomes or financial parameters are outside that agreed with Council, that it needs to be reported back to full Council for continued endorsement or otherwise.

4.32 In consideration of compliance adherence, the democratic decision-making and scrutiny processes which provide overall political direction and ensure accountability for the investments in the Capital Programme includes the following aspects,

- The Executive has overall responsibility for the strategic development, management and monitoring of the capital and investment programme directly;
- Council which is ultimately responsible for considering and approving the Capital Strategy, the Treasury Management Policy, and the subsequent operational Capital Programme;
- The Audit Committee is responsible for the development and scrutiny of Treasury Management strategy and onward endorsement to full Council, and could be used in a similar fashion in relation to onward endorsement of Capital strategy.
- An Investment Committee made up of cross party attendance which will oversee the investment portfolio. It will be supported by a technical group of officers from diverse specialisms that will continue to appraise all business plans using independent external advisors if necessary. This will assist the making of investment decisions based on full site investigations, due diligence, a funding package that indicates a net return to the Council , involving full risk and reward assessments, life time costings and component and asset replacement. The Committee will also review existing projects to monitor outcomes against intentions and divest itself of assets where appropriate.
- As a small variation in the capital programme approval, pragmatically Cabinet has traditionally been used to approve Leisure section 106 refinements/variations to the approved programme during the year as part of its periodic capital monitoring reports

- The Select Committees are responsible for assessing the quality of monitoring activities for their portfolios during the year
- All projects are required to following the Constitution requirements agreed by Members, including the procurement arrangements, standing orders and financial regulations.
- Directorate Management Teams sponsor, advocate and oversee the preparation of business cases for forward consideration by asset management and capital programme working group prior to sign off and for submission to Members either in the form of report to Investment Sub Committee or full Council for approval or otherwise;
- Specific Project boards of management groups with wide ranging membership to oversee significant development projects as required e.g. Future schools project board.
- The Chief Finance Officer responsibilities extend to reporting to management team colleagues and Members ultimately on the sustainability and affordability of investment decisions having regard to the Council's financial position. The role is also fairly unique within Councils in holding a fiduciary duty on the quality of financial administration to the electorate.

These arrangements are consistent with compliance requirements.

5. Business Case Consideration and Evaluation

5.1 For projects and programmes, the business cases submitted will need to be increasingly clearer about the investment levels required, source of funding, outcomes to be delivered, risk assessments, appropriate due diligence, repayment mechanisms, revenue impacts and full lifetime costings. At present, given the newness of capital strategy there isn't a wealth of assessment practice available to volunteer a tested approach for Members to consider in this particular area as yet.

5.2 Future monitoring of the programmes will need to include more rigorous expenditure profiling, outcome achievements, delivery against timetable, returns, risk assessments and completion reviews undertaken for each project by responsible service officer, to consider any lessons learned and opportunities to further refine the assessment process.

5.3 The existing separation of responsibilities remain fit for purpose with periodic capital programme reports continuing to be submitted to Cabinet that identify changes within the programme to reflect;

- Rescheduling and anticipated delays in programme delivery

- Virements between schemes and programmes to maximise delivery as per delegations captured in Financial Regulations section of Constitution.
- Revisions to spend profile and funding to ensure ongoing revenue costs are minimised.
- Monitor the funding of the programme

The approval of the Capital programme remains with full Council for the following,

- New resource allocations
- Projects reduced or removed
- Capital receipts generated

5.4 The Council has recently approved a £50million commercial investment fund to be managed by an Investment Committee over a 3 year period. To date the Council has acquired the Castlegate business site in Caldicot area.

5.5 Business case reports will be received by Investment Committee to consider new activity or refine existing portfolio. Economy & Development Select Committee, in annually reviewing such activity, will have access to the external commercial investments made, their justification, progress on outcomes and other key issues and risks arising that may require future actions.

5.6 All projects will need to reflect the full development costs including purchase, taxes SDLT at the applicable rates and a level of fees to cover due diligence, full site surveys, legal and other transactional costs. Business cases will also need to include all lifetime maintenance, management costs and income from the proposals. Where necessary, specialist advice and support will be taken.

5.7 It is anticipated that the programme involves tangible asset creation for the Council, considering a range of purchase, lease and loan funding. These cash flows will be based on a determined Internal Rate of Return (IRR). The balanced portfolio approach will ensure an overall net average return reflecting some investments will yield higher returns than others, but the key investment metric is that any investment needs to provide a net return more than sufficient to cover its financing costs after its asset life costing.

5.8 Projects will be balanced to size of the initial project cost, sector, priority regeneration outcomes and financial returns delivered. Interest rates and borrowing related to projects will be informed by useful asset life.

- Monmouthshire's interest in Commercial Investments is at an early stage. Illustration of the sorts of investments other Councils have involved themselves in include,

- General commercial sectors e.g. office, industrial, retail, distribution, parking, hospitality

- Specific sectors that enhance the growth of other partners, e.g. Councils can commonly look at life sciences in partnership with Health and Universities, or in respect of South East Wales particularly City Deal has exhibited an interest in semiconductor technology to incentive business ingress.

- Consideration of a range of finance structures to spread risks including the Council's own subsidiary companies e.g. Community Interest Companies, Teckals, private company limited by share.

- Range of financial returns, both in revenue income to the County but also investment rate of return.

- Range of outcomes to include new employment, growth, floor space etc.

- Range of asset ownerships to maximise the longer term benefits, buy outright, community ownership, rent and lease.

These catalysts provide much of the rationale for the creation of the Commercial Investments Strategy, which is bookmarked as a background paper.

5.9 The Council will adopt a rigorous approach to enforcement of terms relating to investments. It will seek the appropriate advice in the event that terms are not being adhered to and take the appropriate action to recover its funds or divest itself of investment where returns are not sufficient to cover costs.

5.10 Currently the strategic focus on investments is towards the creation and ownership of "bricks and mortar" assets, rather than investment in equity based assets. A new international financial reporting standards (IFRS9) affects Equity and financial based instruments, and requires an annual valuation affecting the balance sheet and gains or losses immediately passported to the Revenue Account. This has the potential of creating a greater volatility upon reporting, and so is perhaps better considered after the Council has developed its expertise and skill in commercial property management.

6. SPECIFIC CAPITAL MTFP CONSEQUENCES 2019-20

6.1 Councils are required to have a capital strategy for financial year 2019-20, and it is anticipated formal strategy will come before Council in due course.. However, whilst the focus of this report reflects an assessment of preparedness against Capital Strategy requirements, initial capital budget proposals for 2019-20 need to reflect an enhanced capital strategy discipline, hence the exploration of planning, priority setting and governance within a strategic context.

6.2 The following section outlines the proposed capital budget for 2019/20 and the indicative capital budgets for the three years 2020/21 to 2022/23.

Key Strategic Issues:

6.3 The capital MTFP put in place in the face of an ever reducing resource base from Welsh Government has been reviewed. The strategy going forward will need to have regard for the following key components:

- The core MTFP capital programme needs to be financially sustainable without drawing on further funding.
- The completion of tranche A Future schools programme remains the most significant aspect of capital programme. No automatic allowance has yet been made in relation to a tranche B programme that is currently being considered by Welsh Government, nor any other new capital priorities.
- For the last 2 financial years the budget discussions has resulting in an extra £300k per annum being directed to Disabled Facilities Grants to address backlog issues. Consequently the 2019/20 starting capital position excludes that sum, but the potential exists for members to consider such again during their budget deliberations.
- No inflation increases will be applied to any of the capital programme with property maintenance budget and Infrastructure maintenance budget set at the same level as last year, priorities to be decided by maintenance colleagues, however condition survey information tends to be historic in nature.
- Similarly the County farms maintenance programme is based on a set allocation per annum, with priorities being informed by officer consideration rather than rolling programme condition surveys.
- Budget for Area Management of £20k in the programme hasn't been utilised to degree originally intended when incorporated by full Council and could be further reduced or cut in the face of other pressures.
- The provisional settlement maintains effectively a standstill funding position in respect of core capital grant and supported borrowing for

2019/20. This has presumed to continue at the same levels through the later 3 years of MTFP.

- Budget to enhance or prepare assets for sale will be maintained and funded through the capital receipt regeneration reserve in order to maximize receipt generation to assist Members strategic choice.

Key Capital MTFP issues

6.4 The four year capital programme is reviewed annually and updated to take account of any new information that is relevant.

6.5 The Council's Tranche A Future schools programme is coming to a successful conclusion. Colleagues are working through options in relation to a future Welsh Government tranche B programme. No presumption has been made to add such costs into this next 4 year window as yet as costs of proposals and their affordability are still to be established.

6.6 As part of 2017-18 budget deliberations, Members requested the effect of 5 additional priorities be modelled and annual financing headroom of £500k added to the revenue treasury budget to afford any related debt repayments. By the start of Members 2019-20 budget deliberations, these schemes have all crystalised and been added explicitly to the capital programme during current year, namely,

- Monmouth Pool – commitment to reprovide the pool in Monmouth as a consequence of the Future schools programme, £7.3 million project afforded by £1.9m Future schools programme, £985k sc106, core treasury funding of circa £835k, and £3.58million prudential borrowing afforded by the Leisure service through additional income predictions (MRP predicted to start in 2019/20)

- Abergavenny Hub – commitment to reprovide the library with the One Stop Shop in Abergavenny to conclude the creation of a Hub in each of the towns. £2.3 million (MRP predicted to start in 2019/20)

- Disabled Facilities Grants – the demand for grants has outstripped the annual budget. Members ultimately chose supplement the core DFG commitment by £300k pa, in each of last 2 years.

- City Deal - 10 Authorities in the Cardiff City region are looking at a potential £1.2 billion City Deal. Agreement to commit to this programme occurred in January 2018. The potential impact on individual authority budgets has been modelled in advance of decisions on specific projects and profiles in order for authorities to start reflecting the commitment in their MTFPs. The potential is for the 10 authorities to provide collectively £120 million over time, with individual contributions being reflective of populations. Our indicative liability (based on 6.1% relative population) over the 10 years since inception is likely to be

2017-18	£1,487k
2018-19	£1,088

Contributions predicted, and subsumed within the forthcoming MTFP window

Year	Amount
2019-20	£311k
2020-21	£311k
2021-22	£489k
2022-23	£489k

Contributions predicted following the MTFP window

2023-24	£800k
2024-25	£800k
2025-26	£799k
2026-27	£799k
Total	£7,372k

- J and E Block – E block was completed during 2017-18 and social care colleagues are in occupation. A J block report was considered by full Council recently and the budget supplemented by £1.3m to existing £1m budget, funded by prudential borrowing, and afforded by savings within the central accommodation budget financing the debt repayments.

MRP is presumed to start in the year after the contribution in made, and in all cases above, an asset life of 25 years has been presumed:.

6.7 As in previous years, service managers have supplied the pressures indicated in Appendix 1. There is a role for asset management working group to gatekeep more up to date pressures, recognising that many have not been updated since the 2017-18 budget setting process. These will increasingly need to form the Council's capital budget deliberations going forward, and during this review it has become apparent that the periodic condition survey of assets has been on decline, as resources have been used for physical repair work. In the environment of more robust capital strategy considerations, this is felt to be an oversight. Notwithstanding this, given the extent of pressures volunteered, pragmatically there will always remain a considerable number of pressures that will sit outside of any potential to fund them within the forthcoming Capital programme and this has significant risk associated with it. Cabinet have previously accepted this risk and agreed to considering proposals in the form of business cases that are either demonstrably self-affording or displaces an existing commitment as a higher, more urgent, priority.

6.8 In summary the following other issues and pressures have been identified:

- Long list of back log pressures remain out of date and without indication of when work is required – infrastructure, property, DDA work, Public rights of way, as outlined in Appendix 1. None of these pressures are included in the current capital MTFP, but this carries with it a considerable risk.
- In addition to this there are various schemes/proposals (e.g. Alternative delivery model for Leisure, tourism and culture services, tranche B Future schools, any enhanced DFG spending, waste fleet vehicle replacement, community amenity site enhancement) that could also have a capital consequence, but in advance of quantifying those or having Member consideration of these items, they are also excluded from current capital MTFP.
- Capital investment required to deliver revenue savings – this is principally in the area of office accommodation, operational services, social care, property investment and possibly additional learning needs. The level of investment is currently being assessed however, in accordance with the principle already set above, if the schemes are not going to displace anything already in the programme then the cost of any additional borrowing will need to be netted off the saving to be made.
- The IT reserve is finite so funding for any major new IT investment is limited. Any additional IT schemes will need to either be able to pay for themselves or displace other schemes afforded by the IT reserve in the programme.
- Base interest rates are anticipated to increase by 0.05% before the end of the calendar year. An upward trend in such, places a higher emphasis on assessing the merits of switching a proportion of short term recurring borrowing with equivalent longer term (fixed rate) deals. Such pressures are more likely to be felt in the Revenue MTFP as it will increase the cost of borrowing over time, however it may also impact adversely upon the viability of capital business case developments and their ability to demonstrate self-affordability.

Available capital resources

6.9 Traditionally Members have been focussed on utilising any available receipts on affording its Future schools aspirations. The 2 secondary school tranche A schemes are operational with a minority of expenditure is still being incurred around groundworks, some demolition and payment of retentions. Members may remember on the basis of original £80m programme that the Council’s share was anticipated to be afforded by £32m receipts and £8m prudential borrowing. This was adjusted when programme identified an extra £11m costs, such that current prediction is to have utilised £34m capital receipts with remainder of Council share afforded by borrowing.

6.10 In light of the current pressures on the Authority's medium-term revenue budget, and the principles on which any prudential borrowing must be taken of affordability, prudence and sustainability, the use of further prudential borrowing has to be carefully assessed. The table below illustrates the cumulative balance on the useable capital receipts reserve over the period 2018/19 to 2022/23 taking into account current capital receipts forecasts provided by Estates and revised balances drawn to finance the existing programme. The Council still needs to continue to make a concerted effort to maximize its capital receipts generation over the next few years. Further detail is provided in Appendix 4.

GENERAL RECEIPTS	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**
	£000	**£000**	**£000**	**£000**	**£000**
Balance as at 31st March	**3,630**	**8,144**	**14,001**	**14,766**	**14,531**

6.11 The above table illustrates a surplus of receipts anticipated over the next MTFP window. There remains a significant risk in utilising receipts in the year they are anticipated, as experience suggests that there is often significant slippage in gaining receipts which may be due to factors outside the control of the Authority. The risk assessment on the receipts projected is contained in Appendix 5. It is crucial that once assets are identified and approved for sale that this decision is acted upon. Exploration of any alternative use of surplus assets needs to be undertaken before Council approves them for sale in order to assist in the capital planning process.

6.12 Opportunities to generate further receipts and funding streams in line with the Asset Management Plan are continuously being sought, these are outlined below:

- Review of accommodation/buildings in use by the council, with a view to further rationalization – some further rationalisation of office accommodation has been done, but there may be further potential leading to other buildings being released for sale and this is also key in identifying revenue savings

- Identification of services that can be combined as part of the whole Place agenda and establishment of community Hubs, and therefore release buildings for sale

- Implementation of County Farms strategy

6.13 The detailed core capital programme proposals are included in Appendix 2, and in summary form relate to

Capital Budget Summary 2019/20 to 2022/23	Total Budget 2019/20	Indicative Budget 2020/21	Indicative Budget 2021/22	Indicative Budget 2022/23
Asset Management Schemes	18,595,944	18,595,943	1,929,277	1,929,277
School Development Schemes	800,000	50,000	50,000	50,000
Infrastructure & Transport Schemes	2,240,740	2,240,740	2,240,740	2,240,740
Regeneration Schemes	385,941	310,500	489,100	489,100
County Farms Schemes	300,773	300,773	300,773	300,773
Inclusion Schemes	850,000	850,000	850,000	850,000
ICT Schemes	0	0	0	0
Vehicles Leasing	1,500,000	1,500,000	1,500,000	1,500,000
Other Schemes	85,892	70,000	70,000	70,000
TOTAL EXPENDITURE	24,759,290	23,917,956	7,429,890	7,429,890
Supported Borrowing	(2,403,000)	(2,403,000)	(2,403,000)	(2,403,000)
Unsupported (Prudential) Borrowing	(18,352,167)	(17,977,166)	(1,489,100)	(1,489,100)
Grants & Contributions	(1,913,441)	(1,463,000)	(1,463,000)	(1,463,000)
Reserve & Revenue Contributions	(15,999)	(15,999)	(15,999)	(15,999)
Capital Receipts	(574,683)	(558,791)	(558,791)	(558,791)
Vehicle Lease Financing	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
TOTAL FUNDING	(24,759,290)	(23,917,956)	(7,429,890)	(7,429,890)
(SURPLUS) / DEFICIT	0	0	0	0

The following has not been added to the programme yet, pending Member consideration.

Additional Projects proposed for 2019-20

6.14 In light of the ranking of health and safety works and upon considerations of capital pressures submitted conversation with repair colleagues suggest health & safety and regulatory work in the form of disability adaptions to corporate premise, radon remedial work and school kitchen work can be treated as priorities within existing capital maintenance programmes. However given the age of condition survey work to inform work programmes and health & safety considerations, it is proposed, as a 1 year pilot, to create a £75k survey budget, afforded from capital receipt balance, to improve the quality of information available to Members in their prioritisation deliberations.

6.15 A recent report received by Adult Select Committee involved an initial assessment of the need for a replacement of Severn View residential home, which is coming to the end of its natural economic life and not easily renovated. The business case remained unbalanced, but colleagues intend to review cost quotes and the indicative capital receipt valuation of the surplus Severn View site. The final proposal is being prepared for full Council in the same timeframe as this report. Without second guessing the subsequent decision, for capital planning purposes, Members are asked to earmark a maximum of £300k capital receipts to assist with business plan affordability, at the discretion of Head of Resources who also occupies the interim sc151 responsibility.

6.16 Members have received a report concerning the waste service and the need to segregate waste streams. This had implications on the replacement of waste vehicle fleet. The existing fleet is coming to end of useful of life and is regarded as having no material residual value. The cost of this fleet procurement is £4.2m, the knock on financing over 8 year lifespan is £567k per annum (£525k minimum revenue provision per annum plus £42k interest). It is afforded through a budget virement from waste of £473k per annum, plus £95k addition to Treasury budget in 2019-20 as a revenue MTFP pressure.

6.17 Whilst not regarded as a new project per se, it also proposed to split the £1.9m capital repair works budget more explicitly between direct cost of works and the staff recharges. Traditionally the Property services team has not been core funded, requiring its work to be recharged to revenue and capital schemes. Initially that budget will be split 88:12 between works and fees, but the expenditure will reflect the actual situation in an attempt to give members a better understanding of the actual works being progressed annually. From a budget monitoring point of view, the activity will still need to be managed within £1.9m overall annual budget award.

7. REASONS:

7.1 To provide an opportunity for consultation on the capital budget proposals.

8. RESOURCE IMPLICATIONS:

8.1 Resource implications are noted throughout the report both in terms of how the core programme is financially sustainable, the key issues that require further quantification and also the risks associated with not addressing the pressures outlined in Appendix 1.

9. FUTURE GENERATIONS ASSESSMENT AND EQUALITY IMPLICATIONS:

9.1 Capital budgets which impact on individuals with protected characteristics, most notably renovation grants and access for all budgets are being maintained at their core levels.

9.2 The equality impact of the mechanism to allocate maintenance budgets to individual schemes should be in place and being used to aid allocation of funding

9.3 The actual impacts from this report's recommendations will be reviewed on an ongoing basis by the Capital Working Group.

10. SAFEGUARDING AND CORPORATE PARENTING IMPLICATIONS

None

11. CONSULTEES:

Senior Leadership Team

All Cabinet Members

Head of Legal Services

Head of Finance

12. APPENDICES:

Appendix 1 – Capital MTFP pressures

Appendix 2 – Capital budget summary programme 2019/20 to 2022/23

Appendix 3 – Forecast capital receipts 2018/19 to 2022/23

Appendix 4 – – Capital receipts risk factors

Appendix 5 (exempt) - – Capital receipts risk factors

Appendix 6 – Corporate Plan (22 for 22)

Appendix 7 – Future Generations Assessment

13. BACKGROUND PAPERS:

List of planned capital receipts: Exempt by virtue of s100 (D) of the Local Government Act 1972

Asset Management Strategy incl. County Farms Strategy

Commercial Investments Strategy

Treasury management Strategy

14. AUTHOR:

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Appendix 1 – Capital MTFP pressures

Description of Pressure	Forecast Cost	Date last updated	Responsible Officer / Champion
Current Rights of Way issues (Whitebrook byway) - Engineering assessments have been completed on landslip / collapse of byway at Whitebrook, estimated cost of repairs in the region of £70-£80k.	75,000	Dec 16	Matthew Lewis
Current Rights of Way issues (Wye and Usk Valley Walks) - Engineering assessments have been completed on river erosion / landslips on the Wye and Usk Valley Walks. [Monmouth] (Wye Valley Walk) £23,925, [Clytha] (Usk Valley Walk) £46,725, [Coed Y Prior] (Usk Valley Walk) £9,900, site investigations/design £5,500.	86,000	Dec 16	Matthew Lewis
A major review of the waste Mgt and recycling service is ongoing. Proposals are likely to include consideration of receptacles rather than bags (anticipated cost of between £0.3-1.3m) To accommodate the change at kerbside, developments will be needed at our transfer stations at an indicative cost of £800k depending on the scale of works required. Options may be limited if WG insist on certain scheme components. The quoted capital costs exclude new vehicle costs which are modelled as being leased currently.	2,100,000	Dec 16	Roger Hoggins / Carl Touhig
Monmouth Community Amenity site upgrade - indicative costs are £1.5-2m if built and run by the Council. The transfer station and CA capital costs could be avoided if the Council decided it was best value to procure a build, finance, operate contract for its sites in future. The work to evaluate these options will follow on after kerbside collection.	2,000,000	Dec 16	Roger Hoggins / Carl Touhig

Description of Pressure	Forecast Cost	Date last updated	Responsible Officer / Champion
Property Maintenance requirements for both schools & non-schools as valued by condition surveys carried out some years ago. The existing £2m annual budget mainly targets urgent maintenance e.g. health & safety, maintaining buildings wind & watertight, etc., and is insufficient to address the maintenance backlog. A lack of funding means maintenance costs will rise; that our ability to sell buildings at maximum market rates will be affected ; Our ability to deliver effective services will be affected and a Loss of revenue and poor public image.	22,000,000	Dec 16	Deb Hill Howells
Disabled adaptation works to public buildings required under disability discrimination legislation.	7,200,000	Dec 16	Deb Hill Howells
School Traffic Management Improvements - based on works carried out on similar buildings.	250,000	Dec 16	Deb Hill Howells
Refurbishment of all Public Toilets - Capital investment required to facilitate remaining transfers to Town and Community Councils	95,000	Dec 16	Deb Hill Howells
School fencing improvements	68,000	Dec 16	Deb Hill Howells/Headteachers
Modification works to school kitchens to comply with Environmental Health Standards. Without additional funding school kitchens may have to be closed and additional costs for transporting meals in incurred, possibly causing disruption to the education process.	38,000	Dec 16	Deb Hill Howells
Radon remedial works Following the commissioning of Radon Wales to carry Radon Surveys of public buildings, remedial works will be required at various premises to resolve issues	75,000	Dec 16	Deb Hill Howells

Description of Pressure	Forecast Cost	Date last updated	Responsible Officer / Champion
Countryside Rights of Way work needed to bring network up to statutorily required and safe standard. This should be taken as a provisional figure as surveys and assessments of bridges and structures are on-going and the rights of way prioritisation system which includes risk assessment will more accurately define and rank the backlog. Bridge management report on 787 bridges completed in October 2013 identifies 254 known bridge issues of which 77 need repair, 31 replacement & 80 are missing. 68 have 'other' issues including 51 bridges which require full inspection to further ascertain requirements/costs. 13 bridges are 10m+ and require replacement or repair. It is not possible to cost all of these currently but a ball park figure of £288k has been identified for the first tranche of issues. Additional ROW allocation (30K) helping, but scale of overall pressure means these figures are still relevant	2,200,000	Dec 16	Ian Saunders
Transportation/safety strategy –Air Quality Management, 20 m.p.h legislation and DDA (car parks)	1,200,000	Dec 16	Richard Cope
Disabled Facilities Grants (DFGs) – For the last 2 years the DFG's budget has been supplemented by £300k per annum.	200,000	Sep 18	Ian Bakewell
Bringing County highways to the level of a safe road network. This backlog calculation figure has been provided by Welsh Government. The Authorities Capital Programme is not addressing the backlog significantly as the annual level of funding available is not of sufficient magnitude to address this. The annual programme is set in relation to the approved budget and this programme is shared with all members. Routes are selected on the basis of their significance within the overall highway network and their condition. Programmes are reviewed annually around December and then distributed to members.	80,000,000	Dec 16	Roger Hoggins

Description of Pressure	Forecast Cost	Date Updated	Responsible Officer / Champion
Investing in infrastructure projects needed to arrest road closures due to whole or partial bank slips. Without additional expenditure there is the potential for deterioration, increased scheme costs, disruption to communities and the travelling public and road closures.	5,000,000	Dec 16	Roger Hoggins
Backlog on highways structures including old culverts, bridges and retaining walls. With existing budget this backlog will take 23 years to cover and there will be increased likelihood of loss of network availability.	12,700,000	Dec 16	Roger Hoggins
Reprovision or repair of Chain Bridge - Cost prediction is indicative at present. Summary quotes updated August 15. The bridge is currently under special management measures and inspection. Repair/ reprovision will remove / minimise the need for these measures. Without remedial work, the structure will continue to deteriorate. The current 40T maximum limit will have to be further reduced restricting access to the Lancayo area especially for heavy vehicles. Options evaluated from repairing sufficiently to maintain 40t limit, to converting to footbridge and reprovisioning	1,800,000 to 7,500,000. Mid point 4,700,000	Dec 16	Roger Hoggins
Caldicot Castle remedial works - longer term pressures given the condition of the curtain walls / towers etc. The £2-3m estimate is a ball park figure ranging from just the backlog of maintenance to also including improvements to bring the visitor facilities up to modern standards. An RDP grant is paying for a condition survey / outline conservation plan. The current condition of buildings constrains current operations and will impact on future management options including the assessment of viability of potential Cultural Services Trust. Heritage Lottery Funding is possible (but very competitive) Substantial match funding would still be required.	3,000,000	Dec 16	Ian Saunders

Description of Pressure	Forecast Cost	Date last updated	Responsible Officer / Champion
Severn View Care Facility renewal	?		Colin Richings
Future Schools Tranche B – Replacement of King Henry VIII Comprehensive school. Total cost indicated as £40m, funding split 50:50 WG:MCC. Pressure included for net	20,000,000	Jul 18	Will McLean
Total Pressures	**161,287,000**		
Description of Pressure	**Forecast Cost**	**Date Updated**	Responsible Officer / Champion
Capital investment for revenue savings			
Leisure and cultural services - Currently the service is exploring future delivery options including trust status. Part of the work will involve conditions surveys which may lead to capital works being required to expedite handover of assets. Included:- e.g. museums, Shire hall, Abergavenny castle, Old station Tintern, Caldicot castle; Have requested £30k from cabinet for work to review assets (15/10/14); Aim is also to reduce but not eliminate revenue; £400k per annum now. further down the line	1,000,000	Dec 16	Ian Saunders
ALN Strategy - Mandate 35 of the MTFP 14/15 outlines a review of current ALN service that includes Mounton House. Options could require Capital Spend but this is unknown at the present time	?		Will McLean/Nikki Wellington

Capital Budget Summary 2019/20 to 2022/23

	Total Budget 2019/20	Indicative Budget 2020/21	Indicative Budget 2021/22	Indicative Budget 2022/23
Property Maintenance	1,889,552	1,889,552	1,889,552	1,889,552
Upgrade School Kitchens	39,725	39,725	39,725	39,725
Asset Investment Fund	16,666,667	16,666,666		
Asset Management Schemes	**18,595,944**	**18,595,943**	**1,929,277**	**1,929,277**
Access for all	50,000	50,000	50,000	50,000
Monmouth High 21c school provision	750,000	0	0	0
School Development Schemes	**800,000**	**50,000**	**50,000**	**50,000**
Footway Reconstruction	190,453	190,453	190,453	190,453
Street Lighting Defect Column Programme	171,408	171,408	171,408	171,408
Reconstruction of bridges & retaining walls	449,041	449,041	449,041	449,041
Safety fence upgrades	76,181	76,181	76,181	76,181
Signing upgrades & disabled facilities	38,091	38,091	38,091	38,091
Flood Allievation Schemes	11,427	11,427	11,427	11,427
Structural Repairs - PROW	38,091	38,091	38,091	38,091
Carriageway resurfacing	1,136,540	1,136,540	1,136,540	1,136,540
Road safety & trafficman programme	129,508	129,508	129,508	129,508
Infrastructure & Transport Schemes	**2,240,740**	**2,240,740**	**2,240,740**	**2,240,740**
Capital Region City Deal	310,500	310,500	489,100	489,100
Section 106 schemes 90752-90858 & 97362 & 98881 & 97	75,441			
Regeneration Schemes	**385,941**	**310,500**	**489,100**	**489,100**
County Farms Maintenance	300,773	300,773	300,773	300,773
County Farms Schemes	**300,773**	**300,773**	**300,773**	**300,773**
Disabled Facilities Grant	600,000	600,000	600,000	600,000
Access For All	250,000	250,000	250,000	250,000
Inclusion Schemes	**850,000**	**850,000**	**850,000**	**850,000**
ICT Schemes	**0**	**0**	**0**	**0**
Vehicles Leasing	**1,500,000**	**1,500,000**	**1,500,000**	**1,500,000**
County Farms Fixed Asset Disposal Costs	65,892	50,000	50,000	50,000
Area Management	20,000	20,000	20,000	20,000
Other Schemes	**85,892**	**70,000**	**70,000**	**70,000**
TOTAL EXPENDITURE	**24,759,290**	**23,917,956**	**7,429,890**	**7,429,890**
Supported Borrowing	(2,353,000)	(2,353,000)	(2,353,000)	(2,353,000)
Supported Borrowing	(50,000)	(50,000)	(50,000)	(50,000)
Supported Borrowing	**(2,403,000)**	**(2,403,000)**	**(2,403,000)**	**(2,403,000)**
Unsupported (Prudential) Borrowing	(375,000)			
Unsupported (Prudential) Asset Investment Fund	(16,666,667)	(16,666,666)		
Unsupported (Prudential) Capital Region City Deal	(310,500)	(310,500)	(489,100)	(489,100)
Unsupported (Prudential) Borrowing	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Unsupported (Prudential) Borrowing	**(18,352,167)**	**(17,977,166)**	**(1,489,100)**	**(1,489,100)**
Grants & Contributions	**(1,913,441)**	**(1,463,000)**	**(1,463,000)**	**(1,463,000)**
IT Reserve	**0**	**0**	**0**	**0**
Capital Investment Reserve	**(15,999)**	**(15,999)**	**(15,999)**	**(15,999)**
Invest to Redesign Reserve	**0**	**0**	**0**	**0**
Reserve & Revenue Contributions	(15,999)	(15,999)	(15,999)	(15,999)
Capital Receipts	**(574,683)**	**(558,791)**	**(558,791)**	**(558,791)**
Vehicle Lease Financing	**(1,500,000)**	**(1,500,000)**	**(1,500,000)**	**(1,500,000)**
TOTAL FUNDING	**(24,759,290)**	**(23,917,956)**	**(7,429,890)**	**(7,429,890)**
(SURPLUS) / DEFICIT	**0**	**0**	**0**	**0**

Forecast Useable Capital Receipts

Amounts in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Useable Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's borrowing requirement.

The forecast movement on the reserve based on forecast capital receipts and the budgeted application of capital receipts to support the financing of the Authority's capital programme is

GENERAL RECEIPTS	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**
	£000	**£000**	**£000**	**£000**	**£001**
Balance as at 1st April	3,400	3,630	8,144	14,001	14,766
Less: capital receipts used for financing	(1,014)	(575)	(559)	(559)	(559)
Less: capital receipts used for financing Monmouth, Caldicot and Welsh medium 21c school provision	(10,181)	0	0	0	0
Capital Receipts Received	602	0	0	0	0
	(7,194)	3,055	7,586	13,442	14,207
Capital receipts Forecast	10,660	4,925	6,251	1,160	160
Deferred capital receipts - General	4	4	4	4	4
- Morrisons	160	160	160	160	160
Less: capital receipts set aside:	0	0	0	0	0
Balance as at 31st March	**3,630**	**8,144**	**14,001**	**14,766**	**14,531**

LOW COST HOME OWNERSHIP AND HOMEFINDER RECEIPTS	**2018/19**	**2019/20**	**2019/20**	**2021/22**	**2022/23**
	£000	**£000**	**£000**	**£000**	**£000**
Balance as at 1st April	143	109	109	109	109
Less: capital receipts used for financing	(34)	0	0	0	0
	109	109	109	109	109
Capital receipts Received / Forecast	-	-	-	-	-
Balance as at 31st March	**109**	**109**	**109**	**109**	**109**
Total Receipts b/f	3,543	3,739	8,253	14,110	14,875
Total Receipts c/f	3,739	8,253	14,110	14,875	14,640

Capital Receipts Summary and Risk Factors

The analysis below provides a summary of the receipts and the respective risk factors:

Capital Receipts Risk Factor	2019/20	2020/21	2021/22	2022/23	Certainty of Completion
	£	£	£	£	%
Education Receipts					
Low / completed	0	0	0	0	0.0%
Medium	100,000	0	0	0	100.0%
High	0	0	0	0	0.0%
Total Education Receipts	100,000	0	0	0	100,000
County Farm Receipts					
Low / completed	0	0	0	0	0%
Medium	1,400,000	0	0	0	100%
High	0	0	0	0	0%
Total County Farm Receipts	1,400,000	0	0	0	1,400,000
General Receipts					
Low / completed	160,000	160,000	160,000	160,000	76.2%
Medium	200,000	0	0	0	23.8%
High	0	0	0	0	0.0%
Total General Receipts	360,000	160,000	160,000	160,000	840,000
Strategic Accommodation Review					
Low / completed	0	0	0	0	0.0%
Medium	0	0	0	0	0.0%
High	0	0	0	0	0.0%
Total Strategic Accommodation Receipts	0	0	0	0	-
Dependent on Outcome of LDP					
Low / completed	0	0	0	0	0.0%
Medium	3,065,000	6,091,200	1,000,000	0	100.0%
High	0	0	0	0	0.0%
Total LDP Receipts	3,065,000	6,091,200	1,000,000	0	10,156,200
TOTALS					
Low / completed	160,000	160,000	160,000	160,000	5.1%
Medium	4,765,000	6,091,200	1,000,000	0	94.9%
High	0	0	0	0	0.0%
Total Capital Receipts Forecasted / Received	**4,925,000**	**6,251,200**	**1,160,000**	**160,000**	**12,496,200**

Risk Factor key:

High - External factors affecting the potential sale that are out of Authority control

Medium - Possible risk elements attached but within Authority ability to control

Low - No major complications are forseen for the transaction

SUPPLIED SEPARATELY AS EXEMPT FROM PUBLIC PUBLICATION

CORPORATE PLAN (22 for 22)

The Council invests in future schools

Conclude comprehensive redevelopment of new secondary school with community leisure facilities in Monmouth
Commence Abergavenny school redevelopment
Develop 'Band C' proposals for the re-provision of secondary learning in the Chepstow area

The Council has a plan for raising standards in schools

Continue to raise standards in education including STEM subjects (science, technology, engineering and maths)
Ongoing focus on vulnerable learners
Convening school industry partnerships

The Council carries out a strategic education review

Implement the findings and recommendations of the independent Additional Learning Needs Review
Review of Catchment and Nearest School Policy
Review of Home to School Transport
Review and develop leadership structures across schools

The Council implements a model of early intervention and prevention for children and families

Integrate preventative children and family services within each locality into one prevention focused function
Provide services that meet mental health and emotional well-being including the Face2Face counselling scheme
Promote active lifestyles through activities such as The Daily Mile

The Council ensures permanent accommodation and support for looked after children

Work with regional partners to increase the numbers of children who are adopted in a timely way
Increase the number of Monmouthshire foster carers

The Council delivers on social justice, better prosperity and reducing inequality

Promote equality and diversity and ensure opportunities are genuinely available to all
Reduce child poverty and social isolation and improve economic inclusion
Advance social justice and well-being through Asset Based Community Development
Work with business to create and deliver a new strategy focused on increasing competitiveness, productivity and innovation
Develop incentives and support to encourage indigenous business growth and inward investment
Develop more employment opportunities for young people to reduce the numbers leaving the county
Ensure planning policies and land allocations for employment uses enable appropriate growth sectors.

The Council enables connected and caring communities supporting people to live independently

Maximise the opportunities for all people to live the lives they want to live and the positive outcomes they identify.
Co-produce our approaches to well-being, care and support
Develop opportunities for people to be involved in their local communities reducing isolation and loneliness
Improve opportunities for people with care and support to actively contribute through employment and volunteering

The Council develops and delivers a new enterprise and economy strategy

Work with business to create and deliver a new strategy focused on increasing competitiveness, productivity and innovation
Develop incentives and support to encourage indigenous business growth and inward investment
Develop more employment opportunities for young people to reduce the numbers leaving the county
Ensure planning policies and land allocations for employment uses enable appropriate growth sectors.

The Council maximises economic potential through delivering the Cardiff capital region city deal

Lead 'Innovation theme' and play a key governance role in the Cardiff Capital Region
Develop and deliver projects of regional significance including capitalizing on new Compound Semiconductor Foundry

The Council delivers better infrastructure connectivity & opportunity

Develop and deliver solutions to improve rural broadband
Develop a range of options to improve rural transport and better public transport linked to opportunities throughout the Cardiff Capital Region
Enhance the quality of local highways services
Identify to reduce the difference in pay between men and women in the county

The Council provides more opportunities for local living, working and leisure

Review the current Local Development Plan to ensure an appropriate supply of land for homes and businesses
Participate in and shape opportunities for regional strategic land-use development plans
Increase the volume, quality, variety and affordability of housing
Provide flexible support for business and tourism development

The Council unlocks economic value of its spending power

Review our procurement spend, improve analysis of expenditure and build local supply chains where possible
Reduce waste by committing to the principles of a 'circular economy'
Ensure we play an active part in national-led commissioning consortia

The Council boost leisure, recreation and wellbeing

Deliver a new pool and leisure facilities in Monmouth
Complete a business case on transfer of services to an Alternative Delivery Model
Improve well-being through Exercise Referral Scheme, Monmouthshire Games and Dragon Sports
Use section 106 funding strategically to develop local projects that maximise well-being

The Council enhances local heritage through community ownership and development of arts and cultural services

Implement Museums' Review
Submit Heritage Lottery Fund bids to enhance facilities in towns
Enable community-led arts and heritage presence in each of our five towns
Protection and enhance our built heritage

The Council develops and delivers a sustainable plan for enhancing the local environment

Improve how we deal with litter and fly-tipping
Minimise the amount of waste that is sent to landfill
Deliver Green Infrastructure Policy
Secure and deliver funds for projects including Living Levels, Agri-urban and Air Quality
Install real time air quality monitoring equipment in four schools

The Council keeps rural roads and areas safe

Work with speed safety professionals, schools and others to develop technical and 'nudge' policies aimed at speed reduction
Support for Community Speed Watch and community-led speed safety initiatives

The Council produces green and clean energy

Develop local renewable energy schemes including a 2nd solar farm
Reduce the carbon footprint of Council operations
Trial and test hydrogen vehicles through partnerships with organisations such as River Simple
Install battery charge points for electric vehicles in all towns

The Council enables better local services through supporting volunteering and social action

Ensure meaningful community engagement to understand the assets and priorities in each locality
Approve volunteering policy and support the Community Volunteering Academy
Extend the reach of Monmouthshire Made Open as a technology-enabled tool for promoting civic action

The Council enables good sustainable local services whilst delivering an excellent customer experience across all channels

Develop new business model for Community Hubs and Customer Care to increase access and provide a greater choice of channels for customers to engage with us (online, via the My Monmouthshire app, over the phone or face-to-face)
Increase the publication and use of open data to increase accountability and enable others to develop apps that have a civic benefit
Introduce Digital Service Standard

Council opens up democratic engagement and collective decision making

Re-shape our governance arrangements including more detailed options appraisals
Identify ways to get more people involved in local democracy and scrutiny to enhance local decision-making
Develop remote access and attendance at meetings to maximize participation
Revise all enabling strategies and plans – People, Digital and Customers, Assets and Economy and Enterprise
Review and consolidate working groups and arrangements
Revise performance and improvement plans and replace with 'real-time' data dashboards

The Council puts people at the heart of all it does and inspires excellence in workforce and employees

Deliver a sustainable and viable Medium Term Financial Plan
Strengthen decision making and accountability
Prioritise Health, Safety and workplace Well-being
Engage employees through personal development training and learning
Promote diversity and inclusion

The Council delivers a <u>sustainable and resilient</u> organisation and relevant, viable and valued public services

Deliver the Future Monmouthshire programme
Complete the move from task and time approach in social care to relationship-based care at home
Explore and embed new ways of working – Artificial Intelligence, automation and collaborative technology
Develop a commercial strategy and approach

Future Generations evaluation on the capital programme

Future Generations Evaluation

(includes Equalities and Sustainability Impact Assessments)

Name of the Officer completing the evaluation Mark Howcroft **Phone no:01633 644740** **E-mail:markhowcroft@monmouthshire.gov.uk**	**Please give a brief description of the aims of the proposal** Present capital budget proposals for consultation and evaluate preparedness of operational practice being consistent with new capital Strategy requirements
Name of Service Whole authority	**Date Future Generations Evaluation** form completed 03/12/18

1. **Does your proposal deliver any of the well-being goals below?** Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.

Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	Local resources will be engaged to deliver the projects in the programme	
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)		
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood	Proposals include maintaining core disabled facilities grant capacity	
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	Investment in Future schools provides a key community facility to help promote this goal	
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing		
A Wales of vibrant culture and thriving Welsh language		

Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation		
A more equal Wales People can fulfil their potential no matter what their background or circumstances		

2. How has your proposal embedded and prioritised the sustainable governance principles in its development?

Sustainable Development Principle	How does your proposal demonstrate you have met this principle?	What has been done to better to meet this principle?
Long-term Balancing short term need with long term and planning for the future	Building Future schools will benefit children and communities for future generations. Maintaining assets adequately will assist in their use longer term.	
Collaboration Working together with other partners to deliver objectives		

Sustainable Development Principle	How does your proposal demonstrate you have met this principle?	What has been done to better to meet this principle?
Involvement Involving those with an interest and seeking their views	The aim of the report is to present proposals for consultation with key stakeholders	
Prevention Putting resources into preventing problems occurring or getting worse		
Integration Positively impacting on people, economy and environment and trying to benefit all three	Investment in Future Schools will positively impact on the teaching environment. SC106 projects are designed to positively impact particular community groups, localities and built environment.	

3. **Are your proposals going to affect any people or groups of people with protected characteristics?** Please explain the impact, the evidence you have used and any action you are taking below.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age			
Disability	DDA and DFG budgets have been maintained		
Gender reassignment			
Marriage or civil partnership			
Race			
Religion or Belief			
Sex			
Sexual Orientation			
Welsh Language			

4. **Council has agreed the need to consider the impact its decisions has on important responsibilities of Corporate Parenting and safeguarding. Are your proposals going to affect either of these responsibilities?** For more information please see the guidance http://hub/corporatedocs/Democratic%20Services/Safeguarding%20Guidance.docx and for more on Monmouthshire's Corporate Parenting Strategy see http://hub/corporatedocs/SitePages/Corporate%20Parenting%20Strategy.aspx

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	**Describe any negative impacts your proposal has on safeguarding and corporate parenting**	**What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?**
Safeguarding	Safeguarding is taken into account in the design of the new schools		
Corporate Parenting			

5. **What evidence and data has informed the development of your proposal?**

Consideration of relevant legislation. An understanding of capital repair priorities volunteered by service managers. Consideration of corporate plan, and other strategic planning documents. An analysis of common/traditional cap expenditure items to derive a proposed priority ranking for evaluating relative merits of differing projects.

6. **SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?**

Capital budgets which impact on individuals, such as DFGs and DDA works are being maintained at existing levels. The investment in future schools is expected to have a benefit for children and communities for future generations. The proposed investment in Severn View Residential home is anticipated to provide a more beneficial service for vulnerable sector of community

7. **Actions. As a result of completing this form are there any further actions you will be undertaking? Please detail them below, if applicable.**

What are you going to do	When are you going to do it?	Who is responsible	Progress

8. **Monitoring: The impacts of this proposal will need to be monitored and reviewed. Please specify the date at which you will evaluate the impact, and where you will report the results of the review.**

The impacts of this proposal will be evaluated on:	**Annually when the capital MTFP is reviewed**

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CYNGOR monmouthshire COUNTY COUNCIL sir fynwy

SCHEDULE 12A LOCAL GOVERNMENT ACT 1972
EXEMPTION FROM DISCLOSURE OF DOCUMENTS

Meeting and Date of Meeting: Cabinet 19th December 2018

Report: CAPITAL STRATEGY ASSESSMENT 2018-19 and DRAFT CAPITAL BUDGET PROPOSALS 2019-20 to 2022-23

Author: Mark Howcroft

I have considered grounds for exemption of information contained in the background paper for the report referred to above and make the following recommendation to the Proper Officer:-

Exemptions applying to the report:

Appendix 5 – detailed indication of the value of individual future receipts.

Non disclosure Reason - Information relating to the financial or business affairs of any particular person (including the authority holding that information)

Factors in favour of disclosure:

Openness & transparency in matters concerned with the public

Prejudice which would result if the information were disclosed:

In communicating Appendix 5 intact, the Council would be undermining its negotiating position with regard to future capital receipts by communicating the likely value it would accept in the sale of particular assets.

My view on the public interest test is as follows:

Factors in favour of disclosure are outweighed by those against.

Recommended decision on exemption from disclosure:

Maintain exemption from publication in relation to report

Date: 11/12/18

Signed: M.Howcroft
Post: Assistant Head of Finance

I accept/I do not accept the recommendation made above

Signed:

Date: 11/12/18

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By virtue of paragraph(s) 12 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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SUBJECT:	**BUDGET PROPOSALS 2019/20**
MEETING:	**CABINET**
DATE:	**19th December 2018**
DIVISION/WARDS AFFECTED: All	

1. PURPOSE:

1.1 To set out a budget proposal for financial year 2019/20.

1.2 To commence a period of consultation on the budget proposal that will remain open until 31 January 2019.

1.3 To consider the 2019/20 budget proposal within the context of the 4 year Medium Term Financial Plan (MTFP) and the Corporate Plan.

2. RECOMMENDATIONS:

2.1 That Cabinet approves the release of the budget proposal for 2019/20 for consultation purposes.

2.2 That Cabinet approves that the consultation period and opportunity to present alternative proposals that have been assessed for Future Generations implications ends on 31st January 2019.

2.3 That Cabinet recognises a year on year cash reduction of £936k in funding that it will receive from Wales Government

2.4 That Cabinet recognises unavoidable pressures of some £5.7 million that need to be provided for within the 2019/20 budget.

2.5 That Cabinet confirms its intention to fully fund all pay related pressures insofar as they impact schools and demand pressures caused by increasing numbers of looked after children in Social Services.

2.6 That Cabinet proposes a Council Tax rise of 5.95% for financial year 2019/20.

2.7 That Cabinet recognises that the budget proposal remains un-balanced at this stage. There is a remaining savings gap of £594k to address.

3. KEY ISSUES:

OVERVIEW

3.1 It is well trailed nationally that local government funding has been challenged for a number of years. Monmouthshire, in keeping with all other Councils in Wales has had to make significant adjustments year on year to its cost base to ensure that the service offer has remained relevant and appropriate for the citizens of the county. Members of all parties and none are familiar with having to take decisions that they would prefer not too but with this as a context there has tended to be a reasonable and pragmatic approach taken. Financial year 2019/20 will continue this approach. The priorities of the Administration are set out in the Corporate Plan and these, in summary, are repeated later in the report.

3.2 This budget proposal looks to support the priorities of the Administration. Specifically it seeks to recognise in full all pay and pension related spending pressures in our schooling system and the increasing demand being placed on our children's social care services. The budget proposal sees a continuation of our preparedness to challenge all services to improve rather than to see the closure of services that matter to citizens. There is an acknowledgement that when things close they never return and it is better to scale back rather than absolutely withdraw. This is a feature of a number of proposals for change that make up these proposals. In overall terms there are some £5.7 million of new unavoidable pressures that need to be accommodated as part of the 2019/20 budget and these are detailed in appendices.

3.3 It is never popular to charge for services but the reality is that we need to do so. We are proposing increases in a number of areas. Likewise increasing Council Tax is never popular but with the retreat of national funding, local taxation is by default having to shoulder a greater proportion of our overall funding. This budget proposal assumes a council tax rise of 5.95% for 2019/20 (1% higher than was signalled in our report of 7th November 2019) and a Council Tax rise of 3.95% for the remaining years of this Council. For a current Band D property with Council only element of £1,242 (exclusive of community council or Police levy), this would illustratively be an additional £73.90 a year or £1.42 a week.

BUDGET PROGRESS TO DATE	£'000
Gross Expenditure	155,920
Unavoidable Pressures	5,688
Sub Total Expenditure	**161,608**
Gross Income	(153,069)
Welsh Government funding reduction (-1%)	936
Savings Proposals	(4,415)
Income generation increase	(1,437)
Council tax additionality (5.95%)	(3,029)
Sub Total Income	**(161,014)**
Net Expenditure	594
Savings still to be identified	**(594)**
Net Expenditure	0

3.4 As part of our budget, the Administration signals an intent to enter into a specific piece of work to look at service provision within Usk in the early part of 2019. This will follow similar lines to work done in Caldicot this year which culminated in a £multi-million regeneration proposal. We would like to work with Usk Town Council and others on this. It is premature to assume outcomes but we would hope to have some recommendations for change and improvement coming forward in the autumn of 2019.

Purpose **and Priorities**

3.5 Monmouthshire County Council's Corporate Business Plan sets out the things we will be working on in the medium term. The plan sets out our five Organisational Goals (also our well-being objectives) supported by the 22 commitments to action we will make and the ways in which they will be measured in the run-up to 2022. This plan has been developed and aligned to the direction set in the Public Service Board objectives. The Plan is underpinned by a clear policy framework that sets out in more detail our work to enable the delivery of the plan. The aspiration and objectives set for Monmouthshire by the PSB and Council are:

Purpose: Building Sustainable and Resilient Communities	
Public Service Board Well-being Objectives	***Monmouthshire County Council Goals & Well-being Objectives***
Provide children and young people with the best possible start in life	The best possible start in life
Respond to the challenges associated with demographic change	Lifelong well-being
Protect and enhance the resilience of our natural environment whilst mitigating and adapting to the impact of climate change	Maximise the potential of the natural and built environment
Develop opportunities for communities and businesses to be part of an economically thriving and well-connected county.	Thriving and well-connected county
	Future - focussed Council

3.6 The budget proposals contained within this report have sought to ensure these key outcomes and priorities can be continued to be pursued as far as possible within a restricting resource base. This does not, however, mean that these areas will not contribute to meeting the financial challenges. The aim is to make sure everything is efficient so that as broad a range of service offer, in line with those functions that matter most to our communities, can be maintained. Chief Officers in considering the proposals and strategy above have also been mindful of the whole authority risk assessment.

3.7 In assessing the affordability considerations of the corporate plan, an exercise which is iterative and ongoing, confirmation has either been received at this stage that commitments to delivering the Corporate Plan for 2019-20 will either be met from existing budgets or are contained within the draft budget proposals. This work will continue as programmes of work develop and affordability considerations are more clearly understood and considered.

3.8 The following table demonstrates the links at a summary level that have been made with the 5 priorities, Corporate Plan and the strategic risks:

Proposal	**Link to Goals and Well Being Objectives in the Corporate Plan**	**Link to Whole Authority Risk assessment**
Schools budgets have been protected	Direct Spending in schools is maintained Best possible start in life Thriving and well connected County	Budget proposals are mindful of the risk in the register around children not achieving their full potential
Social care budgets will see additional resources going into the budget for Children's and adults social services to meet the pressures in these areas.	Lifelong well being	These proposals seeks to address the risks around more people becoming vulnerable and in need and the needs of children with additional learning needs not being met
The drive for service efficiencies savings has continued and a few focused service reviews have enabled saving to be identified e.g. Passenger Transport Unit review, Inclusion review and practice change in social care.	Further reviews has enabled frontline services to transform the way they do things whilst still delivering the goals of the Corporate plan and therefore contributing to the creation of sustainable and resilient communities.	Addresses risks around the ability to sustain our priorities within the current financial climate
The need to think differently what income can be generated has been a clear imperative in working up the proposals. Clear examples are the income opportunities from implementing the Commercial Strategy and the business plans within Tourism, Leisure and Culture.	Being able to generate further income streams responds to the consultation responses in previous years regarding a preference for this compared to services cuts and contributes to the aims of creating a sustainable and resilient communities.	

3.9 Cabinet received a report on the MTFP and budget process at their meeting of 7th November 2018. The report outlined the assumptions that were being used in the construction of the budget for 2019/20 and the MTFP and highlighted the outcome of the provisional settlement announcement for Monmouthshire.

3.10 As a reminder the following assumptions have been used initially for the 2019/20 budget:

- Council Tax – 4.95% for 2019/20, 3.95% for rest of MTFP
- Other external income – 0%, individual services to determine price increases
- Pay inflation – 2% for 2019/20, 1% for rest of MTFP
- Non pay inflation – 0%
- Vacancy factor – 2% (except schools)
- Superannuation – 23.1%, rising 1% each year of the MTFP
- Teachers superannuation – 16.48% rising to 23.6% at 1st Sept 2019
- Aggregate External Finance – 1% reduction based on the provisional settlement

3.11 The above assumptions led to a gap of £4.6 million in 2019/20 rising to a gap of £13.8 million over the medium term. At that time further work was being undertaken to assess service based pressures both in the current year budget and any new pressures arising. Savings and income generation proposals were also being worked up and reviewed in order to close the gap between available resources and demand for resources.

3.12 The Final Settlement is expected to be announced on 19th December 2018, however the Cabinet Secretary for Finance issued a written statement on the 20th November 2018 which identified further funding for Local Government for both 2018/19 and 2019/20. In terms of the effect on the budgets, and without Authority specific allocations having been confirmed by Welsh Government, it has been estimated that Monmouthshire will benefit from the following:

<u>18/19</u>

- One-off grant to meet social care pressures (£406k)
- Teachers pay award (£208k) - £70k of which will go to schools to honour pay award commitment
- General capital grant (£1.354m)

<u>19/20</u>

- Increase in floor from -1% to -0.5% (£468k)
- Teachers pay award (£208k)
- Children's social services (£41k)
- General capital grant (£812k)

At this stage there is no clarification on any monies being available from WG to fund the teachers' pension increase (£784k pressure), despite the Chancellor inferring it will be funded in his autumn budget announcement. Provision has been made at this stage for a proportion (60%/£475k) of the pressure to be funded. Any update that may be available on the Final Settlement will be given verbally at the Cabinet meeting.

Pressures

3.13 The work on pressures has highlighted that a number of significant pressures need to be taken into account in next year's budget. A summary table of pressures is provided below and further information on the individual pressures is provided in Appendix 1 and 3. The main pressures often relate to areas outside of the control of the Authority, such as the increase in Teachers pension £784k pressure, and changes to capital thresholds in social care creating a £501k pressure. There are also changes to the national pay structure causing £1,027k pressure and increase in the National living wage causing social care costs to rise - £434k pressure. Other pressures are more to do with the increasing demands for services such as children's social services £250k pressure.

3.14 It is noticeable that there are a limited number of pressures identified for years 2 to 4 of the MTFP, however it is common for them to be recognised closer to the year in question and this needs to be borne in mind when considering the remaining gap in the MTFP. As part of the ongoing work to further develop the latter years of the MTFP consideration will be given to the level of pressures needing to be accommodated in recent years and to determine whether prudently a greater provision needs to be made.

Pressures by Directorate	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Children & Young People	1,189	560	0	0
Social Care & Health	1,192	809	184	0
Enterprise	1,235	175	112	(50)
Resources	342	64	76	62
Chief Executives Unit	281	0	0	0
Corporate Costs & Levies	1,118	675	2,166	2,307
Appropriations	332	169	(36)	111
Financing	0	0	0	0
Totals	5,688	2,452	2,502	2,430

3.15 Previously agreed savings that have been identified as not achievable have also been recognised as pressures in the model together with any current year budget overspends that look set to continue into 2019/20 and to the extent that they can't be mitigated. In previous budgets Directorates have been asked to manage these pressures within services, however given the level of savings already being delivered by some service areas a decision has been taken to recognise these pressures in the budget for 2019/20 to mitigate this risk.

Saving Proposals for 2019/20

3.16 After several years of taking significant resource out of the budget the means of achieving further savings becomes increasingly more challenging. Work is continuing to develop ideas and proposals such that they can be brought into the budget once they are sufficiently progressed. The pressure of 2019/20 is immediate, however the need to establish a more medium to longer term financial strategy to tie into the Corporate Plan is recognised and a draft was presented to Cabinet on 7th November 2018. This will be revisited in the New Year, in the meantime all service areas were asked to bring forward budget proposals to help manage the gap, whilst simultaneously, looking ahead and ensuring wherever possible, proposals support the medium term direction of travel. The proposals are contained in Appendix 2 and 4.

3.17 The proposals also contain a change in approach to the annual review of fees and charges. The automatic inflationary increase in the MTFP has been taken out, increasing the net gap to be managed, but more transparently reflecting Director and service manager choice in their budget management consideration and their decision making in sustaining their business offerings. Members may recall the WAO study into fees and charges which provided some interesting provocations, identifying that the higher income levels in

Authorities such as Monmouthshire could allow more scope to raise income through fees and charges. The new approach to fees and charges in this budget round enables Directorates to consider this, whilst understanding that they are best able to predict the price elasticity of supply and demand for services and avoid perverse situations where an anticipated increase in unit fees and charges results in a decline in footfall and overall income. Individual Directorate mandates for fees and charges in their areas are therefore contained in the appendices as part of the budget proposals. This enables the fees and charges proposals to be linked with the other budget saving information provided to the four Select Committees as part of the budget consultation process.

3.18 All proposals have been considered and tested through an initial process of independent challenge by officers and Cabinet Members. A summary of all the proposals are shown in the table below, and are shown in more detail in the attached appendices 2 and 3.

Disinvestment by Directorate	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Children & Young People	(1,191)	0	0	0
Social Care & Health	(1,246)	(116)	0	0
Enterprise	(1,068)	(156)	0	0
Resources	(1,342)	(50)	(62)	(75)
Chief Executives Units	(106)	(3)	(3)	0
Corporate Costs & Levies	0	0	0	0
Appropriations	(282)	(1)	0	(2)
Financing	(618)	0	0	0
Totals	**(5,853)**	**(326)**	**(65)**	**(77)**

Treasury Impact

3.19 The Capital MTFP is being considered as a separate report on this agenda and for the purposes of establishing the revenue impact of the capital MTFP, the current summary position in the Capital report has been taken.

3.20 The Treasury budgets continue to be closely monitored throughout the year, and any changes in the following will be considered at final budget stage: a review of the current year underspend, the profile of capital expenditure and potential slippage, a review of maturing debt over the medium term and the balance between the level of fixed and variable rate debt in the Council's portfolio. The balance of risk is an important consideration in this review as are the principles of security, liquidity and yield when considering any investment strategies.

Council Tax

3.21 The Council Tax increase in the budget has been modelled as 4.95% + 1% for 2019/20 and 3.95% per annum across the MTFP as a planning assumption. The Council tax base report approved by Cabinet on 5th December 2018 has concluded an assessment of collection rates and growth in properties. Overall, the Council Tax base calculated for

2019/20 has risen by 0.45% compared to 2018/19. This increase takes into account the anticipated changes in dwellings. The estimated additional income of £150k derived from this and changes to CTRS (Council Tax Reduction Scheme) projections has been incorporated within the MTFP as part of the budget process.

Summary position

3.22 In summary, the 2019/20 budget gap is now **£594k**, if all the savings proposals contained in the Appendix 2 are approved. Clearly there is a gap still to meet and further work is progressing to bring forward measures to balance to budget if further funding is not made available through the final settlement.

Services	Adjusted Base 2018/19 £000	Indicative Base 2019/20 £000	Indicative Base 2020/21 £000	Indicative Base 2021/22 £000	Indicative Base 2022/23 £000
Children & Young People	50,174	51,177	52,171	52,610	53,053
Social Care & Health	45,604	46,099	47,194	47,745	48,117
Enterprise	18,328	23,070	23,335	23,778	24,094
Resources	7,382	6,588	6,716	6,855	6,970
Chief Executive's Unit	4,342	4,619	4,681	4,743	4,810
ADM	3,264	0	0	0	0
Corporate Costs & Levies	21,143	22,270	23,221	25,537	28,052
Sub Total	**150,238**	**153,823**	**157,317**	**161,269**	**165,095**
Transfers to reserves	93	444	63	63	63
Transfers from reserves	(389)	(535)	(96)	(218)	(88)
Treasury	7,871	7,875	7,935	7,899	8,008
Appropriations Total	**7,574**	**7,785**	**7,903**	**7,744**	**7,983**
Total Expenditure Budget	**157,812**	**161,608**	**165,220**	**169,013**	**173,079**
Aggregate External Financing (AEF)	(93,268)	(92,623)	(90,956)	(89,319)	(87,711)
Council Tax (MCC)	(50,908)	(53,937)	(56,067)	(58,282)	(60,584)
Council Tax (Gwent Police)	(10,960)	(11,160)	(11,360)	(11,565)	(11,773)
Council Tax (Community Councils)	(2,676)	(2,676)	(2,676)	(2,676)	(2,676)
Contribution to/(from) Council Fund	0	0	0	0	0
Disinvestment		(618)	(618)	(618)	(618)
Sub Total Financing	**(157,812)**	**(161,014)**	**(161,678)**	**(162,460)**	**(163,362)**
(Headroom)/Shortfall	**(0)**	**594**	**3,542**	**6,553**	**9,716**

Reserves strategy

3.23 Earmarked reserve usage over the MTFP is projected to decrease the balance on earmarked reserves from £5.8 million in 2019/20 to £5.5 million at the end of 2021/22. Taking into account that some of these reserves are specific, for example relating to joint arrangements or to fund capital projects, this brings the usable balance down to £4.4 million. The general fund reserve is sustained at its current level of £7 million.

3.24 The previously approved Reserves strategy sought to ensure that earmarked reserves are not used to balance the budget for ongoing expenditure and that they are instead used to the best effect and impact on one off areas of spend to help the authority transform itself to the new resource levels available to it. The final budget report will contain an assessment of the adequacy of reserves, however, at this stage limited use is being made of reserves.

3.25 The Authority continues to receive advice from VAT consultants around the potential to successful recover up to £1.7m of VAT from HM Revenues and Customs as a consequence of VAT principally paid on leisure activities in previous years. A European Court of Justice Ruling (referred to as the 'Ealing' case) determined that local authorities could treat such income generated from such activities as exempt income. The Authority is assessing its partial exemption position to ensure that with careful VAT management it won't breach it's 5% de minimis threshold going forward and which would result in the Authority having to pay significantly more VAT. If the conclusion is drawn that the Authority can safely manage its VAT position going forward then recovery of VAT would be used to bolster earmarked reserves.

Next Steps

3.26 The information contained in this report constitutes the budget proposals that are now made available for formal consultation. Cabinet are interested in consultation views on the proposals and how the remaining gap may be closed. This is the opportunity for Members, the public and community groups to consider the budget proposals and make comments on them. Cabinet will not however, be prepared to recommend anything to Council that has not been subject to a Future Generations Assessment and Equality Impact Assessment and therefore a deadline to receive alternative proposals has been set as 31st January 2019.

3.27 Public consultation (to include the formal requirement to consult businesses) and Select Committee Scrutiny of Budget proposals, will take place between the 19th December 2018 and the 31st January 2019. In the past extensive community engagement has been undertaken around the budget and the impact of any potential changes under the banner of #MonmouthshireEngages. The budget proposals contained within this report are extensions of previously agreed changes and in addition there has not been any substantive or material service developments that has not undergone its own consultation process; on this basis we will not be conducting another large scale public engagement. There will be opportunity for the community to provide consultation responses via meetings with various consultative fora (such as the Schools budget forum, JAG, Access for All group) and via the website and social media where details of the proposals and consultation events will be published.

3.28 The scrutiny of the budget proposals are key areas of this part of the budget process. The following dates have been set for Select committees:

Economy and Development – 10th January 2019

Children and Young People – 24th January 2019

Adults - 29th January 2019

Strong Communities – 31st January 2019

3.29 Final budget proposals following consultation and receipt of the final settlement will go to a special Cabinet on 20th Feb 2019 and Council Tax and budget setting will then take place at Full council on 7th March 2019.

4 OPTIONS APPRAISAL

4.1 Directorates are required to consider and outline the options that have been considered for each of the budget proposals and pressures identified in this report. The detail is contained in the Appendices.

5 EVALUATION CRITERIA

5.1 The means of assessing whether the final budget put in place for 2019/20 has been successfully implemented is undertaken throughout the year via the regular budget monitoring and periodic reports to Cabinet and then to Select committees for scrutiny. In addition regular monitoring of the performance of the Council against service business plans and the Corporate Plan takes place. Taken together these arrangements enable the Council to evaluate its success and progress against its longer term plans within the resources available.

6 REASONS:

6.1 To agree budget proposals for 2019/20 for consultation purposes

7. RESOURCE IMPLICATIONS:

7.1 As identified in the report and appendices

8. WELLBEING OF FUTURE GENERATIONS IMPLICATIONS (INCORPORATING EQUALITIES, SUSTAINABILITY, SAFEGUARDING and CORPORATE PARENTING):

8.1 The future generation and equality impacts of the saving proposal have been initially identified per budget saving mandate in Appendix 5. As the impact on services has been kept to a minimum, no significant negative impact has been identified. Further consultation requirements have been identified and are on going. Further assessment of the total impact of the all the proposals will be undertaken for the final budget report.

8.2 The actual equality impacts from the final budget report's recommendations will be reviewed and monitored during and after implementation.

9. CONSULTEES:

SLT
Cabinet
Head of Legal Services

10. BACKGROUND PAPERS:

Appendix 1: Summary of budget pressures
Appendix 2: Summary of budget savings
Appendix 3: Directorate pressure proposals
Appendix 4: Directorate savings proposals
Appendix 5: Future Generations Evaluations
Appendix 6: Future Generations Evaluation for the overall budget (to follow)

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Appendix 1 Summary of Budget Pressures

Ref	Children & Young People	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
PCYP001	CYP New Bill Responsibilities Additional Learning Needs (ALN)	66			
PCYP002	Rates Increases from new school Caldicot	87			
PCYP002	Rates Increases from new school Monmouth	85			
PCYP004	Teachers Unfunded Pension Scheme - increased rates (central govt budget 2016)	784	560		
PCYP005	Additional Learning Needs Pressure (based on Month 7 Monitoring report)	167			
	CYP Totals	**1,189**	**560**	**0**	**0**

Ref	Social Care & Health	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
PSCH001	SCH National living wage	434			
PSCH002	SCH Capital threshold	501	668		
PSCH003	Harmonisation of fostering allowance. Gwent authorities aligning together - Children's serv		141		
PSCH004	Staffing implications of Project 5 team after Independent Care Fund (ICF) funding ceases			184	
PSCH005	Children's net pressures (informed by M5 forecast outturn)	257			
	SCH Totals	**1,192**	**809**	**184**	**0**

Ref	Enterprise	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
18-19	FUTUREMON One off investment to deliver 2018-19 budget	(100)			
18-19	TLC Leisure Income - Extended Monmouth rebuild consequences	(49)			
18-19	TLC Monlife facilitation	(143)			
18-19	OPS PTU	72	75	62	
PENT001	OPS Street Lighting - Energy Increases	74	50	50	
PENT002	OPS Grounds - Potential loss of Monmouthshire Housing Assoc (MHA) contract	100			
PENT003	OPS Waste - Loss of Tidy Towns grant into Rural Development Plan (RDP)	30			
PENT003	OPS Waste - Loss of Sustainable waste management grant	52			

PENT004	OPS Waste - Additional Management costs - viridor	375			
PENT005	OPS Car Park Income Pressure - Shortfall in pay & Display income. Impact of free parking at Morrison's.	120			
PENT006	OPS Fuel Pressure for Operations - 5% increase based on £800,000 net departmental spend.	40			
PENT007	MonLife/CYP - Rates Pressure for Monmouth Leisure Centre	30			
PENT008	TLCY-All Service Pay award assumption	147			
PENT009	TLCY-All services Inflation Increases (rates and other non pay)	13			
PENT010	TLCY-All Services Fuel costs anticipated inflation (2.5%)	14			
PENT011	TLCY-Attractions Shirehall - efficiency target never achieved	18			
PENT012	TLCY-Attractions Caldicot Castle - income targets never achieved	50			
PENT013	TLCY-Attractions Tintern - income targets never achieved	21			
PENT014	TLCY-Attractions TIC - Staff costs to support opening hours & double manning when necessary	15			
PENT015	TLCY-Attractions Withdrawal of Town Council Funding for Chepstow TIC	10			
PENT016	TLCY-GI & ROW Contribution to Brecon Beacon National Park (BBNP) (increase to 18k from 10k)	8			
PENT017	TLCY-Leisure Cleaning costs contractual inflation / energy pressures and income targets	50			
PENT018	TLCY-Marketing Appointment of Marketing Manager (Grade I) - net increase assumes they will recover 50% of cost	27			
PENT019	TLCY-Museums Restructure Proposals did not achieve required savings	23			
PENT020	TLCY-Outdoor Education Removal of Torfaen Subsidy, further reduction of BG subsidy	63			
PENT021	TLCY-Outdoor Education Loss of remaining subsidy from Blaenau Gwent County Borough Council (BGCBC)	31			
PENT022	TLCY-Play Loss of Grant Income for open access play	10			
PENT023	TLCY-Youth All posts regraded through Job evaluation last year - no provision for increase	21			
new	PLANHOUS - Cardiff Capital Region Strategic Dev Plan - Support costs	0	50		(50)
PENT024	OPS Waste. Blaenau Gwent Income not materialising	100			

PENT025	OPS Waste. Household waste recycling centre reduced hours, 2018-19 saving not enacted	13			
	ENT Totals	**1,235**	**175**	**112**	**(50)**

Ref	Chief Executive's Unit	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
PCEO001	GOVDEMSUP - Contact Centre VOIP communications contract increases	35			
PCEO002	GOVDEMSUP - Communications Unachievable external income targets.	20			
PCEO003	LEGAL & MONITORING - Legal Review	196			
PCEO004	LEGAL & MONITORING - Land charges income decline	30			
	CEO Totals	**281**	**0**	**0**	**0**

Ref	Resources	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
PRES001	CORPLLORD Estates Climate change levy increases (Elec,Gas,etc)	57	59	60	62
PRES002	FINANCE SRS - Revenues & systems admin transferring to Torfaen	24			
PRES003	RES (Procurement - Gateway Review) - unachievable saving 1819	150			
PRES004	TLC Monlife central support consequence	111	5	16	
	RES Totals	**342**	**64**	**76**	**62**

Ref	Corporate Costs & Levies	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
PCORP001	CORP Living Wage Foundation increase	9			
PCORP004	Spinal point harmonisation	1,027			
PCORP002	Insurance - uplift in rates based on activity and claims during 2018-19	50			
PCORP005	Council Insurance Consequences of Monlife	15			
PCORP003	Coroners Joint Committee - increased levy	17			
	Unidentified Pressures	0	675	2,166	2,307
	Corporate Costs & Levies Totals	**1,118**	**675**	**2,166**	**2,307**

Ref	Appropriations	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000

PAPP001	OPS Waste vehicles replacement, annual borrowing cost	95			
PAPP002	Net Minimum Revenue Provision (MRP) increase based on additional activity	163	157	(105)	114
PAPP003	Interest Payable	74	12	69	(3)
	Appropriations Totals	**332**	**169**	**(36)**	**111**
	TOTAL PRESSURES	**5,688**	**2,452**	**2,502**	**2,430**

Appendix 2 Summary of Budget Savings and Income Proposals

Ref	Children & Young People	2019/20 0	2020/21 £000	2021/22 £000	2022/23 £000
CYP001	Federated school model	(23)			
CYP003	Investigate options to revise running and budgeting of Gwent Music - Schools	(40)			
CYP004	Fees and charges - Before School Club - Schools. Residual effect of 2018-19 budget proposal, reflecting 5 months activity at £1 pd	(72)			
CYP006	Continuation of inclusion review (incl Mounton Hse)	(275)			
CYP007	Nursery Provision, double counting topped up schools Jan 19 - March, already provided every Sept	(40)			
CYP009	Removal of 1 North 1 South Specific Learning Difficulties (SpLD) teacher in favour of school staff being trained	(58)			
CYP010	Teachers Pay award	(208)			
CYP011	Teachers Pension Scheme - increased rates - prudent assumption of funding from WG at 60%	(475)			
CYP012	Discretionary fees & charges uplift				
	CYP Totals	**(1,191)**	**0**	**0**	**0**

Ref	Social Care & Health	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
SCH001	Practice change- continue the transformation of practice. Early help, reablement, better life planning and realigning provision to meet personal outcomes .	(536)			
SCH002	Fairer charging weekly threshold increases from £70 to £80 generating income following means test	(129)	(116)		
SCH003	Respite Care - income generation from Fairer charging threshold.	(9)			
SCH004	Increase income budget for Mardy Park to reflect additional income from new sc33 agreement	(36)			
SCH005	Adults transport budget realignment as people use own transport solutions	(15)			
SCH006	Realign Drybridge Gardens budget , based on M5 underspend position	(11)			
SCH007	Reduce Individual support service (ISS) staffing costs following end of current two year detriment	(6)			
SCH008	Efficient rota management @Budden Cresent following recent review	(20)			
SCH009	Continuing Health Care (CHC) Adult - Health recoupment	(100)			
SCH010	Budget to represent care home fee income from property sales	(160)			
SCH011	Additional charges recovered from property	(90)			
SCH012	Children, Welsh government (WG) additional grant funding for Looked after children (LAC)	(41)			
SCH013	Discretionary fees & charges uplift	(93)			
	SCH Totals	**(1,246)**	**(116)**	**0**	**0**

Ref	Enterprise	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
18-19	OPS Grounds/waste - 1 year freeze of Head of waste post	40			
18-19	OPS Highways - displace core costs with grant	200			
ENT001	PLANHOUS – Development Mgt – Increased income from discretionary services	(13)			
ENT002	PLANHOUS - Development Mgt Press notice savings	(4.5)			
ENT003	OPS - Waste - Move to Re-usable bags for recycling. Works on 3 year replacement cycle.	(90)			
ENT004	OPS - Waste - Move to plastic bags instead of starch for food waste £30k per annum. Bags are going for EfW regardless and contractor wants us to use plastic as easier to reprocess	(30)			
ENT005	Household waste recycling centre Day closures – Usk 2 days, Troy 2 days, Llanfoist 1 day, Five Lanes 1 day	(72)			
ENT008	OPS - Waste - Issue "Tax Disc" style permits to all residents with council tax to reduce cross border traffic of waste, WG estimate 5% of waste is cross border giving saving of £80k MCC likely to be higher as our sites are closer for neighbouring authority	(30)	(50)		
ENT009	OPS Grounds/waste - 1 year freeze of Head of waste post - This can be a permanent removal from base.	(40)			
ENT010	OPS - Car Parks - Increase in charges - 10%	(90)			
ENT011	OPS - Car Parks - Charging for Blue Badge Holders	(45)			
ENT012	OPS - Car Parks - Remove Xmas free parking	(20)			
ENT014	OPS - Car Parks - Identifying additional car parking sites. Severn Tunnel Junction (requires investment)	(15)			
ENT015	OPS - Car Parks - changing charging times 08.00-18:00	(3)			
ENT016	OPS - Car Parks - Charging On a Sunday	(40)			
ENT017	OPS - Charging for Heavy goods vehicles in Abergavenny Bus Station	(2)			
ENT010-017	First year implementation costs of car parking proposals	106	(106)		
ENT018	OPS - Releasing spare budget funding from 18-19 Pay Award pressure.	(30)			
ENT019	OPS - Highways - Generate additional turnover through expansion of workforce to undertake more private/grant work. Would require additional investment.	(50)			
ENT020	OPS – Highways – Review of disposal of Highways arisings	(25)			
ENT021	OPS - Streetlighting - rearranging of the funding of previous LED SALIX Loans	(38)			
ENT022	OPS - PTU Dynamic purchasing system (DPS) Retendering Savings.	(330)			
ENT023	ECO - Community & Pships - Staff and Supplies & services savings	(30)			
ENT024	ADM/MONLIFE savings	(331)			
ENT025	ADM/MONLIFE fees & charges uplift	(59)			
ENT025	Discretionary fees & charges uplift	(27)			
		(1,068)	(156)	0	0

Ref	Chief Executive's Unit	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000

CEO001	GOVDEMSUP - Releasing budget saving on Wales local government association (WLGA) Subscription	(3)			
CEO002	GOVDEMSUP - Reduction in annual grant provided to Monmouth CAB (1k), releasing budget saving (3k)	(1)	(1)	(1)	
CEO003	GOVDEMSUP - Additional Income from Caldicot Hub - Desk Leasing Scheme	(2)	(2)	(2)	
CEO004	GOVDEMSUP - Policy - Net Staff Savings from not filling admin post	(3)			
CEO005	GOVDEMSUP - Community Hubs - Cross-subsidy with new income from Com Ed external	(25)			
CEO006	GOVDEMSUP – Contact Centre – Integrated Customer Communications	(60)			
CEO007	GOVDEMSUP - Members - Chairman's charity - Reduce/remove MCC Subsidy	(8)			
CEO008	GOVDEMSUP – Make wider use of Chairmans car to enable a release of a pool car within MCC	(3)			
CEO009	Discretionary fees & charges uplift	(1)			
	CEO Totals	**(106)**	**(3)**	**(3)**	**0**

Ref	Resources	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
18-19	RES (Procurement - supplementary duplicate payment review) - one off saving in 18-19 - needs to come back out	25			
RES001	CORPLLORD Estates RE-FIT Energy Savings (net after funding repayments)	(25)	(50)	(62)	(75)
RES002	Central Services Recharge to Monlife (gross, £143k pressure accommodated in 2018-19 budget)	(704)			
RES003	Commercial property income - additional acquisitions - rental income above borrowing and other costs	(400)			
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)			
RES005	Further Travel cost reduction (10%) to be allocated via Future Mon	(50)			
RES006	Discretionary fees & charges uplift	(18)			
	Resources Totals	**(1,342)**	**(50)**	**(62)**	**(75)**

Ref	Appropriations	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
APP001	Interest Receivable	(162)	(1)		(2)
APP002	Minimum revenue provision (MRP) savings from capital receipts set aside - to be confirmed	(120)			
	Appropriations Totals	**(282)**	**(1)**	**0**	**(2)**

Ref	Financing	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000

FIN001	Council tax base increase - further increase resulting from revised and updated CT1 taxbase estimate	(40)			
FIN001	Council Tax Reduction Scheme activity saving	(110)			
FIN002	Anticipated "floor" change to Aggregate external funding (AEF) (0.5% improvement)	(468)			
	Financing Totals	**(618)**	**0**	**0**	**0**
	TOTALS	**(5,853)**	**(326)**	**(65)**	**(77)**