

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 scarce 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 Future Monmouthshire	1,680	-47	-3 123	1,630 123	1,660 143	30 20	34 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.

RESOURCES DIRECTOR'S CONTEXT & COMMENTARY

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 underspend) – 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 have 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

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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 Mounon 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 Mounon 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 2 nd 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 1 st 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					C/F
		Slipped reserve usage from 1718	In year Contribution s To Reserve	In Year Contribution from Reserves for Revenue Purposes	In year Contribution from Reserves for Capital Purposes	Delayed Expenditure , contribution slipped forward into	
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
<i>Earmarked Reserves:</i>	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	Value of Saving forecast at Month 7	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress
		£000	£000	£000	£000	£000	
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	Value of Saving forecast at Month 7	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress
		£000	£000	£000	£000	£000	
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 unlikely 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	Value of Saving forecast at Month 7	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress
		£000	£000	£000	£000	£000	
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	Value of Saving forecast at Month 7	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress
		£000	£000	£000	£000	£000	
	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	Value of Saving forecast at Month 7	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress
		£000	£000	£000	£000	£000	
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 resilience, 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						