

## REPORT

<b>SUBJECT</b>	<b>REVENUE &amp; CAPITAL MONITORING 2018/19 OUTTURN STATEMENT</b>
<b>DIRECTORATE</b>	<b>Resources</b>
<b>MEETING</b>	<b>Strong Communities Select</b>
<b>DATE</b>	<b>11<sup>th</sup> July 2019</b>
<b>DIVISIONS/ WARD AFFECTED</b>	<b>All Authority</b>

### 1. PURPOSE

- 1.1 The purpose of this report is to provide Members with information on the revenue and capital outturn position of the Authority based on capital slippage and reserve approval and deferment.
- 1.2 This report will also be considered by Select Committees as part of their responsibility to,
  - assess whether effective budget monitoring is taking place,
  - monitor the extent to which budgets are spent in accordance with agreed budget and policy framework,
  - challenge the reasonableness of projected over or underspends, and
  - monitor the achievement of predicted efficiency gains or progress in relation to savings proposals.
- 1.3 Recognising the twofold purpose to brief Cabinet/all members of the collective position, and individual scrutiny committees of specific aspects affecting their portfolio interests, the latter have been colour coded (green) to assist scrutiny members of particular committees

### 2. RECOMMENDATIONS PROPOSED TO CABINET

- 2.1 That Members consider a net revenue outturn of £49k surplus.
- 2.2 That members endorse the revenue surplus for the year being used to replenish Capital Receipts generation reserve, and notes the effective closure of the priority investment reserve, appreciating the use of reserve balances at outturn, the slippage to 2019-20 proposed 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.
- 2.3 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
- 2.4 That Members note the 81% delivery of the budget setting savings agreed by full Council previously and the implicit remedial action/savings included in the financial monitoring to compensate for circa 20% savings (£951k) reported as delayed or unachievable by service managers.

- 2.5 That Members note the enhanced monitoring of Children's services and additional learning needs proposed, to supply details for instance of average unit costs, the activity and predicted volume of presentations used in forecasting, to allow services an earlier opportunity to highlight cost pressures and more time to resolve such by remedial action in year.
- 2.6 That Members consider the capital outturn spend of £70.31m, introducing a £1.015m anticipated overspend, accepts slippage requests of £9.9m being endorsed and the related presumptions made around net financing consequences as per section 3.5.

### 3. MONITORING ANALYSIS

#### 3.1 Revenue Position

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

Service Area	Initial 2018-19 Annual Budget	Virements to budget since Month 7	Revised Annual Budget	Forecast Outturn	Forecast Over/ (Under) @ Outturn	Forecast Over/ (Under) @ Month 7	Variance between monitoring periods
	£'000		£'000	£'000	£'000	£'000	
Adult Services	7,501		7,412	7,593	181	-24	205
Children Services	11,373		11,460	12,911	1,451	562	889
Community Care	22,704		22,768	21,695	-1,073	-794	-279
Commissioning	1,631		1,627	1,523	-104	-85	-19
Partnerships	366	99	465	465	0	0	0
Public Protection	1,417		1,410	1,420	10	-9	19
Resources & Performance	676		655	662	7	-40	47
<b>Total Social Care &amp; Health</b>	<b>45,668</b>	<b>99</b>	<b>45,797</b>	<b>46,269</b>	<b>472</b>	<b>-390</b>	<b>862</b>
Individual School Budget	43,620		43,621	43,554	-67	-185	118
Resources	1,440	-135	1,305	1,272	-33	-50	17
Standards	5,113		5,111	5,848	737	471	266
<b>Total Children &amp; Young People</b>	<b>50,173</b>	<b>-135</b>	<b>50,037</b>	<b>50,674</b>	<b>637</b>	<b>236</b>	<b>401</b>
Business Growth & Enterprise	1,456	-100	1,232	1,080	-152	-124	-28
Operations	15,394	-130	15,375	15,696	321	621	-300
Planning & Housing	1,815	-32	1,695	1,416	-279	-151	-128
Tourism Life & Culture (Monlife)	3,445	74	3,519	3,696	177	257	-80
<b>Total Enterprise</b>	<b>22,110</b>	<b>-188</b>	<b>21,821</b>	<b>21,888</b>	<b>67</b>	<b>603</b>	<b>-536</b>

Legal & Land Charges	458		456	489	33	45	-12
Governance, Democracy and Support	3,893		3,880	3,781	-99	-60	-39
<b>Total Chief Executives Unit</b>	<b>4,351</b>		<b>4,336</b>	<b>4,270</b>	<b>-66</b>	<b>-15</b>	<b>-51</b>
Finance	2,486	-43	2,441	2,221	-220	-156	-64
Information Communication Technology	2,679	-62	2,617	2,603	-14	61	-75
People	1,680	-132	1,498	1,556	58	30	28
Future Monmouthshire		10	133	150	17	20	-3
Commercial and Corporate Landlord Services	844	-401	429	398	-31	81	-112
<b>Total Resources</b>	<b>7,689</b>	<b>-628</b>	<b>7,118</b>	<b>6,928</b>	<b>-190</b>	<b>36</b>	<b>-226</b>
Precepts and Levies	18,467	0	18,467	18,472	5	-1	6
Corporate Management (CM)	120	0	251	-161	-412	-323	-89
Non Distributed Costs (NDC)	669	0	669	701	32	38	-6
Strategic Initiatives	493	0	424	0	-424	-332	-92
Borrowing Cost Recoupment		-9	-9	-9	0		0
Insurance	1,333	26	1,359	1,359	0	-96	96
<b>Total Corporate Costs &amp; Levies</b>	<b>21,082</b>	<b>17</b>	<b>21,161</b>	<b>20,362</b>	<b>-799</b>	<b>-714</b>	<b>-85</b>
<b>Net Cost of Services</b>	<b>151,073</b>	<b>-835</b>	<b>150,270</b>	<b>150,391</b>	<b>121</b>	<b>-244</b>	<b>365</b>
Fixed Asset disposal costs	153	-35	118	118	0	7	-7
Interest and Investment Income	-56	0	-56	-243	-187	-58	-129
Interest payable & Similar Charges	3,326	111	3,448	3,531	83	36	47
Charges required under regulation	4,500	125	4,562	4,533	-29	-7	-22
Contributions to Reserves	224	562	655	685	30	0	30
Contributions from Reserves	-1,408	70	-1,187	-1,214	-27	0	-27
<b>Appropriations</b>	<b>6,739</b>	<b>833</b>	<b>7,540</b>	<b>7,410</b>	<b>-130</b>	<b>-22</b>	<b>-108</b>
General Government Grants	-63,091	0	-63,091	-63,091	0	0	0
Non Domestic rates	-30,177	0	-30,177	-30,177	0	0	0
Council Tax	-70,838	0	-70,838	-70,741	97	60	37
Council Tax Benefits Support	6,294	2	6,296	6,159	-137	-110	-27
<b>Financing</b>	<b>-157,812</b>	<b>2</b>	<b>-157,810</b>	<b>-157,850</b>	<b>-40</b>	<b>-50</b>	<b>10</b>
<b>Net Council Fund (Surplus) / Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-49</b>	<b>-49</b>	<b>-316</b>	<b>267</b>

3.1.1 This outturn forecast presumes the beneficial effect of £894k of revenue cost meeting capital definitions, and being capitalised against the additional national capital resources (£1.3m) notified by Welsh Government as per para 3.4.2, and without such the Council would have incurred a material deficit. Specific pressures exist around Additional learning needs (ALN), Children’s Services, passenger transport, car parking where activity no longer reflects the budget provided given the savings previously volunteered by services colleagues.

3.1.2 Putting such variances in context, they both CYP and SCH significant deficit positions still equate to less than 0.8% 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.

3.1.3 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	49 surplus	652 surplus	884 surplus	579 surplus	327 surplus

3.1.4 The above table indicates a potentially significant change in trend, such that the outturn is less beneficial than the previous period’s reported forecast. This hasn’t been the case in any of the previous 4 years. There is no one panacea reason for this, it can be affected, for instance, by

- Declining national funding
- A reliance on adhoc grants through the year leading to more reactive and less planned outcomes
- An increasing difficulty in successfully managing and delivering the savings targets agreed with members
- More limited opportunities to find adhoc reactive savings in year
- Limited reserve cover to smooth peaks in unforeseen financial activity

**3.2. Directorate Monitoring Positions organised by Select portfolio**

3.2.1 Revenue budget monitoring information for each directorate’s directly managed budgets is provided together with information on corporate areas through the hyperlink in section 8 below. A summary of main pressures and under spends within the Net Cost of Services Directorates include,

**3.2.2 Stronger Communities Select Portfolio (£1.225m net underspend)**

- Chief Executives Unit (£66k underspend)

**Legal division** exhibited a £33k overspend, due to staff cost pressure and a shortfall in land charges income. **Governance, democracy and support** incurred a £99k 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 (£190k underspend)

**Finance Division predict an underspend of £220k**, predominantly predicted savings in Revenues and Exchequer sub division and saving in management cost. **IT predicts an £14k underspend**, due to laptop purchases being deferred being more significant than the deficit introduced by shortfall in SRS reserve returned to MCC at year end, and a degree of salary savings not yet delivered within SRS. **People services predicts £58k deficit**, mainly the result of sickness and maternity cover within the division. **Corporate Landlord division exhibited a net £31k surplus** which hides large variances within monitoring, such that savings in staffing and management of asset management of £154k compensate exactly for procurement savings not made. The net savings effectively come from the net extent of programme repair work that would have been charged to revenue had extra schools capital funding not been manifest. **Future Monmouthshire** responsibility has moved across to Resources during the financial year, and exhibits a **£17k deficit**, being a proportion of digitisation and agency cost savings not yet attributable to particular services.

- Corporate (£799k underspend)

The net effect of the unutilised redundancy budget (£424k), together with one off rate refund receipts in respect of Council's buildings and an extraordinary dividend from the Crematoria Joint Committee. Please note the cost of redundancies unless subject to the traditional 2 stage approval process agreed with members show as overspends within service budgets rather than corporate.

- Appropriations (£130k underspend)

Reserve usage has been adjusted in both Appropriations and service Directorates hence the volume of budgetary virements and variability between month 7 and outturn exhibited in the table 3.1.2. Small savings accrue from minimum revenue provision required (£29k) to repay borrowing experienced during the year. The interest savings and costs can simplistically be netted off as a £104k saving. They are a mixture of additional interest receivable on investments, additional interest on necessary unsupported borrowing with all activity being affected by an increase in base interest rates during the year and reported previously.

With regard to treasury management and interest rate speculation, the last quarter introduced a heightened challenge to predict forward interest rates and act accordingly. This was due to uncertainty as how smooth the Brexit process would be, but Treasury advisor had instead 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 (£40k underspend)

Council tax receipts indicate a £97k shortfall given an increasing level of discounts and allowances being requested. The traditional underspend in anticipated Council tax benefit payments was at the end of the year very close to the monitoring prediction throughout the year, providing £137k benefit. However going forward this is an area where activity is likely to be more volatile than traditionally given advertising campaign undertaken by Welsh

Government and the advent of universal credit bringing focus to individual's financial circumstances. .

## **RESOURCES DIRECTOR'S CONTEXT & COMMENTARY**

Concerted efforts through the financial year and in particular the last quarter has resulted in a £191k under spend, a £226k positive variance from the £35k over spend reported at month 7 and assisting the overall Authority outturn position.

Savings of £148k within Estates, an increase of £99k from month 7, have been derived from further staff vacancies, additional income and lower than anticipated expenditure on professional fees. There will soon be a restructuring of the Estates team that will look to ensure that we have the capacity and capability to continue progress with the delivery of the revised Asset Management and Commercial strategies. Improved income generation of £70k with the solar farm were generated due to more beneficial export tariffs being secured.

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 (£27k). An under spend of £57k has resulted on corporate building maintenance budgets as a result of school maintenance grant being received late in the financial year from Welsh Government. This has been offset by an over spend of £9k on accommodation costs across our main office sites due to additional maintenance costs and an over spend in Property Services of £18k due to lower than anticipated fee income.

Procurement is still reporting an over spend resulting from the non-delivery of an element of the authority wide savings (£155k). This was subsequently factored into budget proposals and thus removed as a pressure for 19/20. Alongside this targeted resources are being directed into identifying and exploiting further procurement opportunities consistent with taking forward the revised procurement strategy.

Finance reported an increased underspend of £221k (£156k at month 7). Savings have resulted from further 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 the saving was at least welcomed in allowing the directorate to put downward pressure on costs.

The Future Monmouthshire budget exhibiting some strain (£18k over spend) as a result of cross authority savings not yet being allocated in respect of digitisation, agency costs and mileage allowances offset through downward pressure being placed on professional fees. Targeted work is being undertaken to ensure that cross authority savings are being delivered in 19/20 and such that over spend pressures are not repeated.

ICT and the specifically the Shared Resource Service delivered a £14k under spend at outturn (£61k over spend at month 7) have resulted from savings in supplies and services budgets along with the benefit of a one-off capital grant being received late in the financial year from Welsh Government.

The picture is completed by net cost pressures of £58k continuing within People Services (£31k at month 7) 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 and increased training costs at Raglan Training Centre offset by savings in Corporate Training with a delay in recruiting a modern apprentice and a reduction in corporate healthcare costs within Occupational Health.

Efforts now quickly turn to 19/20 and delivery of savings proposals and further work to manage and contain expenditure within the directorate and across the Authority.

### **3.2.3 Economy & development Select Portfolio (£78k net overspend)**

- Enterprise Directorate (£67k net overspend)

**Business growth and enterprise** predict a net **£152k 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, 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.

**Planning & Housing (net £279k underspend)** – Development control has historically experienced a significant deficit in income against budget. The extent of some larger sites coming online during the year has meant higher than usual income levels, however the majority of saving comes in the form of professional and specialist costs not incurred in facilitating LDP process. The pressure accommodated in respect of lodging scheme as part of 2018-19 budget process and ad hoc grant has allowed the Housing service to exhibit £99k surplus.

**Operations incurred a collective £321k deficit.** The position for each of main Operations areas is as follows, Transport Garage and car parks £382k deficit (in the form of £118k additional maintenance costs to older vehicles and £274k income deficit from car parking), catering £32k surplus (caused by adhoc free school meals grant), cleaning £20k surplus (caused by additional income from “new” sites) , Passenger Transport £248k deficit (caused by a mixture of additional staffing costs, additional repair costs, and additional resulting hire costs), Waste and Streetscene £115k deficit (caused by abortive recycling saving with neighbouring authority £110k, and CA site savings from reduced opening hours not enacted £13k) and Highways £373k surplus (the net result of redirecting revenue expenses to be afforded by additional capital funding, and a mild winter reducing winter maintenance liability).

**Tourism, leisure & culture - Monlife (£177k overspend)** – The final position is artificial to the MCC bottom line as it masks the significant recurrent deficit situation experienced within Outdoor Education service. The outdoor education partnership was dissolved since month 7 reporting, and the balance of the partnership reserve (£129k surplus) credited to revenue account. This has largely compensated for £119k trading deficit. The risk to MCC is that service still has to be re-engineered to become sustainable, those costs will fall to MCC in recognition that partners have agreed to forego any reserve distribution Unfortunately the reserve has been utilised predominantly to afford the year’s trading deficit (£119k) and will not be available to support re-engineering costs. The trading pressure within Outdoor Education relates to an eroding income base as historic partners looked to withdraw their core support.

Attractions incurred £71k deficit pressure, predominantly £62k in respect of redundancies.

Leisure centres incurred a net £11k income deficit, with the encouraging income surplus at Monmouth LC of £89k, (testament to its redevelopment and work of staff) not being fully sufficient to cover for shortfalls in income at its southern establishments. Youth has incurred a £7k due to unbudgeted training expenses. Museums anticipated a £42k overspend mainly for staff and sickness cover, and remediation consequences of withdrawing from using the Caldicot storage facility.

- Social Care & Health (£10k overspend)

**Public Protection (£10k overspend)** – predominantly the net effect of minor pressures across registrars, public health and trading standards.

## **ENTERPRISE DIRECTOR'S CONTEXT & COMMENTARY**

The outturn for the end of the financial year sets out a continued underspend for the Enterprise Directorate. The final outturn presented is an under spend of £110k. This is a significant achievement and officers have continued throughout the year to manage adverse positions as they have been identified.

### **Economy and Enterprise**

The economy division is reporting underspends these are due primarily to staff vacancies. Within Business and Enterprise, in the financial year 2019/20 these underspends are not projected to continue as these funds will cover salary contributions for the Strategic Lead for Regeneration and the Town Centre Engagement Project Officer. The underspend on Communities and Partnerships Development is due to a vacant post and a decrease in spend against supplies and services. It is anticipated that this will be fully spent in 2019/20 due to a small restructure within this team.

### **Planning and Housing**

Planning and Housing have continued to report underspends and the final outturn underspend is £278,531. A large proportion (£186k) of this is due to an underspend in Professional and Specialist Fees that were anticipated for the key elements of the LDP evidence base that require the commissioning of external consultants. This will commence in 2019/20 so no major costs have been incurred. The underspend in Housing has arisen due to two key aspects, firstly the lodgings scheme, a change in designation of the properties has led to an increase in rental income plus an ability to claim property maintenance expenses from one off grant funding has led to the variance from month 7. Secondly, Private Sector Leasing, this is the first year these properties have been back within MCC control and it was unclear how much work would be needed to repair and maintain them. It has also been possible to claim large refurbishment and maintenance works from the one off grant funding.

### **Operations:**

There are deficit trends within Operations that have caused concern and have been reported upon throughout the year. The resultant outturn of a £320k adverse position for this division is an improved position since the Month 7 report.

### Cleaning and Catering

The catering section has underspent by £32k, the swing between the outturn and month 7 is mainly due to additional grant funding that was not expected at month 7 (£30k). In addition there were lower than anticipated material and consumable costs. The cleaning section has underspent by £20k due to higher than anticipated income this relates to additional sites being acquired during the year leading to increased income.

### Highways

Highways Development & Flooding has overspent by £52,000. There have been swings between individual costs centres within the unit but the main reason for the overspend relates to consultancy costs incurred in the setup of the authority's Civil Parking Enforcement team. We were hopeful that these costs could be covered by improved fee income during the year but fell short of the amount required. Highways Operations has underspent by £424,000 due to increased capital income that has been received throughout the financial year. A windfall capital allocation increase in 2018/19 allowed us to rearrange our repair programme to better displace core costs with capital funding. In addition to this the mild winter meant that gritting and snow clearance works were under what we had predicted for the year. Highways External Clients and the SWTRA Collaboration have come in on budget.

### Home to school transport

The section has overspent by £248k. The changes from month 7 to outturn relates to higher than anticipated vehicle repairs costs which have also resulted in increased vehicle hire charges whilst these vehicles have been off the road to allow the repairs to be completed. The main budget pressures during the year have been increased vehicle hire charges due to a number of vehicles off the road requiring major repairs, this has impacted on the expected savings that were anticipated through the dynamic purchasing scheme procurement exercise but these works are essential to ensure our fleet is safe and resilient. Secondly, the overspend also related to increased employee costs which have been incurred through the rearrangement of our staffing structures and to correct a contractual arrangement which have led to additional employee payments.

### Fleet management and Transport

Transport are over spent by £118k due an increase in maintenance costs due to the ongoing maintenance of a number of older vehicles and additional new depot costs due to essential works to allow the occupation of the new building in Caldicot. The variance from month 7 to the final outturn is due to the level of maintenance increasing throughout the year.

### Car Parking

The over spend of £275k is due to a number of areas. Morrisons in Abergavenny provides free parking in the town for two hours and due to its proximity people choose to park in this

car park, which means a loss of car parking income, this has been estimated as £2k per week. Car Parking fees were increased by 10% for 2018/19 however, these charges didn't come into force until July 2018 so a full year of increased fees has not been realised. Two car parks have also been closed for part of the year due to engineering works which has meant a further loss in income. The variance from month 7 is due to a further decrease in income levels. A small under spend has been generated through the green car scheme. The under spend will never be known until year end due to members of the scheme joining and leaving throughout the year.

### Waste and Street Scene

The Waste and Street Scene section is £115k over spent. This is due to £100k savings proposal to Blaenau Gwent not being progressed and the CA site savings of £13k from reduced opening hours not currently being implemented.

The final outturn position for the MonLife portfolio is £177,168 over, a reduction from month 7 of £80,000 but a large proportion of this relates to the Outdoor Education service which draws upon the trading reserve for an extra £72,000. Throughout the financial year officers have worked hard to maintain existing services to ensure that the end of year position was as anticipated. This set of services moves into an exciting next stage over the forthcoming years as the services move into transformation and implementation of the MonLife brand.

Following the restructure of the Attractions Service in the summer of 2018 the resultant redundancy costs of £62k were incurred. Museums have overspent by £50k mainly due to staffing costs because of the need to provide front of house cover when staff are on leave or sick (£43k). A further £7k of this was design work for the structure at Abergavenny Castle which because it is not proceeding cannot be offset against the grant funding.

The Gwent Outdoor Education Service was formally dissolved in March 2019, with the Talybont site being returned to Newport City Council. Over the past few years the service has suffered from the loss of partner subsidies and has seen a general decline in usage with increasing costs. There has been a significant overspend which has been met in part by the Outdoor Education reserve leaving £13k to be met from the service.

Countryside is overspent by £26k mainly due to unplanned expenditure to adapt and complete the Black Rock access barrier as well as rights of way maintenance pressures.

Other minor overspends included £11k in Leisure where high income targets were not achieved; Youth Service, £7k because of additional training requirements and the remainder in repairs and improvements to Old Station Tintern.

### **3.2.4 Adult Select Portfolio (net £989k underspend)**

- Social Care & Health

**Adult Services (£181k overspend)** – resulting from a significant drop off in community meals income of £80k has been reported by service, together with £155k staffing pressures (sickness cover and ERS pension saving not realised) within net direct care establishments (Severn View and Mardy Park), a £120k net pressure caused by limited capacity in the

external domiciliary care provider market, compensated for by vacancies and management savings of £97k.

**Community Care (£1.073m underspend)** – net savings within Mental Health Care team budget and Frailty pooled budget (collective £1.4m) compensate for an inherent pressure to adult disability care provider costs and client needs (£323k overspend).

**Commissioning (£104k underspend)** – predominantly the effect of reviewing service contracts, and a staffing saving, compensating for Drybridge Gardens income shortfall caused by a tenancy vacancy.

**Resources (£7k overspend)** – net effect of increased transport costs.

### **SOCIAL CARE & HEALTH DIRECTOR'S CONTEXT & COMMENTARY**

The year-end outturn overspend of £472K includes £13K of redundancy costs to be met from equivalent underspends held centrally, with the outturn position benefiting from a £345K in year Social Care Pressures grant from Welsh Government and £40K of capitalised IT costs, accounted for within the Adult Services budget.

At month 7 forecast prediction was a £390K underspend, but at that time of reporting it was highlighted we were moving into the winter months and with a back drop of Adult care hours that were awaiting brokerage from reablement, and the increase in Looked After Children numbers it would be a challenge to remain within budget. At M7 £406K was predicted from the Social Care Pressures grant but the final award was £61K less and since M7 the directorate travel budget was reduced by £30K.

Within Adults Services the year end outturn underspend of £989K is much better than that predicted at M7 (£943K) mainly as a result of continued care provision mainly within Usk and the South of the County delivered through reablement as opposed to the external domiciliary market. Also there have been some additional property sale income received prior to year-end which had previously been expected in April.

Children's Services have experienced significant demands since M7 resulting in an outturn overspend of £1.45M, compared to that previously forecast at M7 of £561K. Legal costs have overspent by £230K, with £252K spent on Legal costs after the M7 forecast. Alternative legal provision has been mapped out with the Head of Law as we move into the new financial year. Looked After Children numbers have significantly increased from 148 reported at M7 to 172 at outturn a rise of 24, with an additional 18 placement since M7 costing £341K and within younger people's accommodation 6 placements costing a total of £489K.

Public Protection overspent by £10K which given it 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 is a pleasing result.

### **3.2.5 Children & Young People Select Portfolio (net £2.088m overspend)**

SLT received month 10 monitoring information. At which time Director of Resources met with Director of Social Care and Director of Children and Young People. No additional remediation actions were agreed, but there was a commitment that adverse variances would be contained at month 10 levels. The equivalent forecast information at month 10 was £1.3m adverse

variance in Children's service, so outturn exhibits a further £118k adverse variance with extra service costs being mitigated by unbudgeted intermediate care funding so extra overspend is predominantly in staffing costs which is one of more controllable aspect of Children's services budget.

CYP Directorate exhibited a forecast deficit to Standards Division of £695k at month 10, mainly in respect of additional learning needs pressure. At outturn this has risen by £42k to £737k. The budget has been subject to a variety of changes in recent years, and savings of circa £800k volunteered over the last 3 years. The budget historically reflected 2 special needs units operating across the County. More recently there has been an acknowledgement to operate in each of the secondary schools, and, where reasonable, to support pupils in Monmouthshire schools rather than out of County.

In both cases, service colleagues volunteer that service demand has increased and introduced an equivalent additional financial pressure, and that individual decisions can have a very significant consequence. To enable members to better appreciate such, it is recommended that the financial monitoring going forward needs to be more sophisticated to provide a context about the volume of customers/recipients actually supported and their average cost of provision and to evidence what assumptions and volume have been used to forecast outturn activity upon.

- Social Care & Health (£1.451m overspend)

**Children's Services (net £1.451m overspend)** – this can be a fairly volatile area to manage budget wise, with individual placements potentially having a significant effect. The service concludes pressures resulting from a greater volume of placements and consequent transport costs thereafter totalling circa net £1m, and staffing costs above budget of £440k.

In comparison to 2017-18 activity which was £1.6m overspend, the 2018-19 forecast does indicate a slightly improving position consistent with the recovery plan prepared by Children's service that advocated £113k saving in 2018-20. However that presumption was based on a perceived £534k unsustainability rather than £1m.

**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 has been redirected back through to partners at year end, MCCs proportion is circa £40k. Service colleagues have chosen to use this credit to reduce Children's services costs, accepting the risk of needing to absorb any future volatility in Youth Offending costs above budget, rather than more prudently establishing a reserve to smooth such peaks and troughs in service provision.

## **SOCIAL CARE & HEALTH DIRECTOR'S CONTEXT & COMMENTARY**

The year-end outturn overspend of £472K includes £13K of redundancy costs to be met from equivalent underspends held centrally, with the outturn position benefiting from a £345K in year Social Care Pressures grant from Welsh Government and £40K of capitalised IT costs, accounted for within the Adult Services budget.

At month 7 forecast prediction was a £390K underspend, but at that time of reporting it was highlighted we were moving into the winter months and with a back drop of Adult care hours that were awaiting brokerage from reablement, and the increase in Looked After Children numbers it would be a challenge to remain within budget. At M7 £406K was predicted from

the Social Care Pressures grant but the final award was £61K less and since M7 the directorate travel budget was reduced by £30K.

Within Adults Services the year end outturn underspend of £989K is much better than that predicted at M7 (£943K) mainly as a result of continued care provision mainly within Usk and the South of the County delivered through reablement as opposed to the external domiciliary market. Also there have been some additional property sale income received prior to year-end which had previously been expected in April.

Children's Services have experienced significant demands since M7 resulting in an outturn overspend of £1.45M, compared to that previously forecast at M7 of £561K. Legal costs have overspent by £230K, with £252K spent on Legal costs after the M7 forecast. Alternative legal provision has been mapped out with the Head of Law as we move into the new financial year. Looked After Children numbers have significantly increased from 148 reported at M7 to 172 at outturn a rise of 24, with an additional 18 placement since M7 costing £341K and within younger people's accommodation 6 placements costing a total of £489K.

Public Protection overspent by £10K which given it 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 is a pleasing result.

- Children and Young People (net £637k overspend)

Service colleagues reported **School Budget Funding** moved from breakeven at month 2 to £185k surplus at month 7, based largely on capitalising expenditure (£125k) and anticipating redundancy and settlement agreements being borne by corporate redundancy budget. The outturn was an uncommitted **£67k surplus** not allocated to schools. **Resources Divisions** are now anticipating a £33k surplus, caused by net vacancies and reduced hours. **Standards subdivision** exhibited an **outturn overspend of £737k**. It had previously anticipated a forecast £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. Since month 7 the cost deficit in Standards Division has increased by a further £266k.

## **CHILDREN & YOUNG PEOPLE DIRECTOR'S COMMENTARY**

The Directorate's Month 12 position is a forecasted overspend of £637,390 which is an increase on the month 7 forecast over spend of £307,942. Included in the overspend are two areas of expenditure that were not reported in the directorate for month 7, the first is £108,500 relating to severance agreements in schools, where some of the costs have been borne by the directorate, in the previous forecast these were reported centrally. The second is £48,907 which is provision for school based redundancies. The redundancies will not take place until August, but have already been agreed by the Governing Body.

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, officers have been managing these costs to keep these to a minimum while ensuring the young person is supported. In addition, 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.

While the recoupment income for the authority has increased since month 7, the pressure for Mounton House remains. The future of Mounton House is a key focus of the Additional Learning Needs (ALN) Review.

Schools and CYP budgets remain exceptionally challenging across Wales and Monmouthshire is no different. The year end balances for our schools show a collective deficit of £232,404. However this is an improvement of £496,352 since month 7. Recovery plans are a significant focus for schools in a deficit, with the Governing Body and Local Authority working collectively to agree the improvements required.

### 3.3 **2018/19 Budget Savings Progress**

3.3.1 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,

<b>Disinvestment by Directorate 2018-19</b>	<b>2018/19 Budgeted Savings</b>	<b>Value of Saving achieved at Outturn</b>	<b>Delayed Savings</b>	<b>Savings deemed Unachievable YTD</b>
<b>REVENUE MONITORING 2018-19</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Children &amp; Young People</b>	<b>(631)</b>	<b>(475)</b>	<b>0</b>	<b>(156)</b>
<b>Social Care &amp; Health</b>	<b>(925)</b>	<b>(795)</b>	<b>0</b>	<b>(130)</b>
<b>Enterprise</b>	<b>(242)</b>	<b>(138)</b>	<b>(94)</b>	<b>(10)</b>
<b>Resources</b>	<b>(746)</b>	<b>(508)</b>	<b>(239)</b>	<b>0</b>
<b>Chief Executives Units</b>	<b>(1,296)</b>	<b>(1,060)</b>	<b>(78)</b>	<b>(159)</b>
<b>Corporate Costs &amp; Levies</b>	<b>(25)</b>	<b>0</b>	<b>(25)</b>	<b>0</b>
<b>Appropriations</b>	<b>(396)</b>	<b>(396)</b>	<b>0</b>	<b>0</b>
<b>Financing</b>	<b>(800)</b>	<b>(740)</b>	<b>0</b>	<b>(60)</b>
<b>DIRECTORATE Totals</b>	<b>(5,061)</b>	<b>(4,112)</b>	<b>(436)</b>	<b>(515)</b>

3.3.2 Mandated saving performance is running at 81% of budgeted levels, with currently £515,000 being deemed potentially unachievable, and a further £436,000 to be delayed to later years. This decrease in achievability forecasting (5%) is predominantly shown in Social Care and Children and Young People Directorates

3.3.3 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.

3.3.4 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.

### **3.3.5 Stronger Communities Select Portfolio**

#### Resources Directorate & Corporate

- 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.

#### Ex Enterprise (ENT) Directorate

- The Future Monmouthshire initiative was part of Enterprise Directorate at budget setting time, but has since moved to Resources 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.

### **3.3.6 Economy & Development Select Portfolio**

#### Ex Chief Executive's Office/Operations now Enterprise Directorate

- Approved car park price increases weren't introduced in April reducing the anticipated income levels (£21k). The civic amenity (CA) site opening time reductions haven't been introduced resulting in £13k saving shortfall. The matter has fallen into a wider CA sustainability review during 2019-20 commissioned with Waste and Resources Action programme (WRAP).
- The savings agenda within PTU were significant and wide ranging and involved significant officer time outside of core PTU team. Latest anticipation from a current retendering exercise still suggests a £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 has trialled a successful payment on account process, and has instead chosen to take an increased saving from the successful pilot of personal transport budgets. The extended provision of in-house Additional Learning Needs (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.

### **3.3.7 Adult Select Portfolio**

#### Social Care & Health (SCH) Directorate

- Adult social care proposals are reported to have delivered the full extent of proposed £638k efficiencies. Adult services exhibited £181k overspend during the year, mainly in Adult disability service provision. Members may wish to explore the Adult practice change savings presumption in respect of how and if it relates to disability services.
- The additional income predicted from Meals on wheels (£15k) isn't yet manifest, and the increasing cost of meals on wheels has had a perceived reduction in demand resulting in a greater pressure to service.

### **3.3.8 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 by the Children’s service to compensate for £560k pressure anticipated. Up until month 7, the financial volatility experienced within Children’s Services was absorbed by wider Social Care savings. However the Children’s Services outturn instead introduced a net £1.1m demand pressure (excluding staffing overspends). So the recovery plan Social Care are working with would seem to benefit from review/update especially as Children’s’ services remains 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

- Children and Young people Directorate colleagues reported at month 7 that a £20k shortfall in anticipated income from breakfast club income, and £15k shortfall in being able to adjust premature retirement budget. At outturn it instead reports that shortfall in income from breakfast clubs is £78k, that the shortfall on premature retirement saving has improved and reduced to £10k, but that none of the saving in relation to Mouton House (£68k) has been achieved.

### 3.4 Capital Position

3.4.1 The summary Capital position at outturn was as follows,

MCC CAPITAL BUDGET MONITORING 2018-19 AT Outturn by SELECT COMMITTEE						
SELECT PORTFOLIO	Actual Spend at Outturn	Slippage Brought Forward	Total Approved Budget 2018/19	Capital Slippage to 2019/20	Revised Capital Budget 2018/19	Capital Expenditure Variance
	£000	£000	£000	£000	£000	£000
Children & Young People	23,024	9,360	24,406	(2,219)	22,187	837
Adult	1,268	0	1,268	0	1,268	(0)
Economic & Development	31,626	98	32,100	(465)	31,635	(9)
Strong Communities	14,393	2,376	21,372	(7,166)	14,206	187
<b>Capital Schemes Total</b>	<b>70,311</b>	<b>11,836</b>	<b>79,146</b>	<b>(9,850)</b>	<b>69,296</b>	<b>1,015</b>

#### 3.4.2 Additions

Major revisions to the capital programme within year included Cabinet approvals for The Asset Investment Fund (£50m over 3 years), 'J' Block at Usk County Hall (£1,300K), The Cardiff Region City Deal (£1.004k), £1,040k for the Crick Road Care Home and £994k for the Abergavenny Public Realm scheme.

The Council derived an extra £1.3m in year in the form of additional capital grant. £894k of this was utilised in improving the revenue position exhibited in above. A report was presented to Council on 21<sup>st</sup> February indicating the use of the extra £1.34 capital grant, at the time there was still £416k to be allocated to particular schemes. The residual has been subsequently utilised upon,

Further capitalising major vehicle repair costs	£320k
Provision of catering trailer/pod at Caldicot castle	£14k
Cleaning equipment and machinery	£14k
Biotech machine for health spa	£8k
Laptops	£46k
Borough Theatre Sound & Lighting Equipment	£14k

In March 19 the Council also received details of an extraordinary schools capital grant award totalling £994k, such that the capital monitoring workbook is further complicated at year end by the need to manufacture a position acceptable to Welsh Government (WG) around this award, as despite it being very late in the financial year it was important for WG to report it as 2018-19 spending. So rather than pragmatically agreeing for it to be rolled forward to 2019-20 intact, Welsh Government required it be demonstrably used on any existing schemes (in MCC case property maintenance schemes) with a proviso that the extra headroom that it released be made available in 2019-20 to allow works on “new” school schemes. The way it has been shown is artificial in suggesting that grant award was double what was actually received (i.e. £1.99m) but with a related Property maintenance budget reduction the overall budget and spend activity remains correct at outturn.

### 3.4.3 Outturn

Capital expenditure forecasts during the year anticipated an overspend in respect of 21<sup>st</sup> 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. The Monmouth school overspend is still predicted but not incurred as at end of 2018-19 and so will fall into 2019-20 as a funding pressure. The prospective Caldicot school activity has resulted in a year end overspend of £737k which has been financed by unsupported borrowing.

Vehicle purchases financed by borrowing (£330k) show as an overspend as the decision to purchase rather than lease introduces a capital expenditure commitment to the capital programme not budgeted for, the reality is that traditional revenue leasing payments are instead utilised in affording capital repayments.

IT in schools also exhibited a £160k overspend, as service colleagues underestimated the work still to be completed on this project when calculating 2017-18 slippage. The balance of funding has been afforded by IT reserve.

### 3.4.4 Slippage to 2019-20

Service officers have to provide details of any slippage requests at outturn, for consideration by section 151 officer. Commonly there is a trend for colleagues to assume spend on budget through the year, but then report a need for slippage at outturn due to inclement weather, a health and safety need or not being able to plan the spend at schools for periods when pupils are absent. In previous years a detailed assessment was undertaken as to whether the requests were true slippage or more reasonably simply an underspend. Unfortunately for 2018-19 this level of analysis hasn't been possible due to capacity aspects, and consequently most slippage requests have been accepted on face value. Ignoring the commercial investments volatility caused by presuming 3 equal budgets over next 3 years, the upshot is since month 7 that slippage levels reported as necessary have doubled.

Total Slippage at Outturn was (£9,858k), which mainly relates to Abergavenny Community Hub (2,231k), the Usk County Hall 'J' block refurbishment program (£2,139k), Future Schools (£981k) and School Maintenance schemes (£994k).

There is also slippage of £1,606k in Grant funded Infrastructure and Waste Recycling schemes due to very late awards from the Welsh Government during the financial year.

Slippage of .£733k is contained within 22 individual S106 schemes reportably the consequence of mainly non Council controllable influences, and this is reasonable for new schemes where there is commonly a degree of consultation and engagement necessary, however it is noticeable that some schemes slipped from previous years also indicate limited activity.

Further schemes slipped include, The Capital Region City Deal (£331k), Car Park refurbishments and Ticket Machine improvements (£257k) specifically £223k in relation to the Granville Street / Wyebidge Street car parks.

### 3.5 Capital Financing and Receipts

3.5.1 Given the anticipated capital spending profile reported in para 3.4.1, the following financing mechanisms are expected to be utilised.

<b>CAPITAL FINANCING SCHEME</b>	<b>Annual Financing</b>	<b>Total Approved Financing Budget 2018/19</b>	<b>Budget Slippage to 2019/20</b>	<b>Revised Financing Budget 2018/19</b>	<b>Forecast Capital Financing Variance 2018/19</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Supported Borrowing	2,410	2,410	(0)	2,410	0
General Capital Grant	2,824	2,824	0	2,824	0
Grants and Contributions	13,157	13,238	0	13,238	(81)
S106 Contributions	985	2,302	(1,317)	985	(0)
Unsupported borrowing	42,216	48,132	(6,956)	41,176	1,040
Earmarked reserve & Revenue Funding	281	174	(169)	5	276
Capital Receipts	8,401	10,032	(1,408)	8,624	(223)
Low cost home ownership receipts	37	34	0	34	3
Unfinanced	0	0	0	0	0
<b>Capital Financing Total</b>	<b>70,311</b>	<b>79,146</b>	<b>(9,850)</b>	<b>69,296</b>	<b>1,015</b>

### 3.5.2 Variance in Funding Explanations

- Unsupported borrowing £1,040k over due to Caldicot Schools overspend (£738k) and the financing of vehicle purchases instead of being leased (£303k).
- Earmarked Reserves overspend, are for the unbudgeted ICT Schools (£159k) scheme and an unbudgeted call on the Plant & Equipment Reserve of (£116k) for Highways vehicles
- Underspends on Capital Receipts funded schemes due to non- slippage of the County Farms Maintenance (£98k), Caldicot Cross destination scheme (£35k), Fixed Asset disposal costs (£57k) and Upgrades to School kitchens (£20k).

### 3.6 Useable Capital Receipts Available

3.6.1 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 at outturn

<b>TOTAL RECEIPTS</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance b/f 1 <sup>st</sup> April	3,411	4,425	9,738	15,515
<b>Add:</b>				
Receipts received in YTD	9,321			
Receipts forecast received	0	7,570	6,236	1,000
Deferred capital receipts	94	98	100	102
<b>Less:</b>				
Receipts to be applied	(8,401)	(2,355)	(559)	(559)
Set aside	0	0	0	0
<b>Predicted Year end receipts balance</b>	<b>4,425</b>	<b>9,738</b>	<b>15,515</b>	<b>16,058</b>
<b>Financial Planning Assumption 2018/22 MTFP Capital Budget</b>	<b>856</b>	<b>6,122</b>	<b>8,861</b>	<b>10,599</b>
<b>Increase / (Decrease) compared to MTFP Capital Receipts Forecast</b>	<b>3,569</b>	<b>3,616</b>	<b>6,654</b>	<b>5,459</b>

3.6.2 At outturn, a total of £1,406k Capital receipts will be slipped, consisting mainly of £981k for the New Monmouth Comp – 21c Schools scheme, which will be slipped due to contract delays, £335k will be slipped in Highways, £41k for the Replacement Cattle Market adaptations and £51k for The Caerwent House repairs.

- 3.6.3 The balances forecast to be held at the 31<sup>st</sup> March each year are higher than original MTFP forecast due to a re-profiling of the LDP receipts for land at Undy (Rockfield Farm) and Crick Road.
- 3.6.4 As part of 2019-20 budget deliberations it was anticipated that 2018-19 year end receipt balances would be sufficient to allow proactive setaside to reduce the capital financing requirement and resulting in a saving of £120k in minimum revenue provision payments in 2019-20. However the Crick Road element of the receipts balance (£2.7m) is effectively fettered from use by a negotiated condition that compels the Council upon request to repay the receipt back to Melin should it not be in a position to facilitate a workable and affordable drainage solution for the site by September. Consequently it would be imprudent to set aside that balance or use it to afford capital expenditure until that condition has fallen away. As a result this paragraph forewarns of a need for Council services to afford that £120k shortfall in 2019-20.
- 3.6.5 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.

## **3.7 Reserves**

### **Reserve Usage**

- 3.7.1 Revenue and Capital monitoring reflects an approved use of reserves. The expenditure element is shown in Directorate budgets, but the financing is part of the appropriations budget. 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 will not be 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.
- 3.7.2 Obviously at the year end the situation is far more explicit, and instead the review revolves around whether reserve cover is slipped forward, or whether the original approval is so historic in nature as to lapse and require officers to reconfirm costs and intentions with members. The position implicit in the outturn activity is as follows,

	2017/18	2018/19					C/F
		Slipped Reserve Usage from 1718	In Year Contribution To Reserve	In Year Contribution from Reserves for Revenue Purposes	In Year Contribution from Reserves for Capital Purposes	Delayed Expenditure Contributions Slipped forward into 19/20	
Council Fund (Authority)	-7,111,078						-7,111,078
School Balances	-175,225			407,629			232,404
<b>Sub Total Council Fund</b>	<b>-7,286,303</b>			<b>407,629</b>			<b>-6,878,674</b>
<b>Earmarked Reserves</b>							
Invest to Redesign	-1,302,343	29,000	-68,476	258,652		0	-1,083,167
IT Transformation	-734,881	111,913	0	114,000	159,505	-129,675	-479,138
Insurance and Risk Management	-1,046,416	0	0	27,673		0	-1,018,744
Capital Receipt Generation	-347,139	72,072	-49,688	81,343		-35,468	-278,880
Treasury Equalisation	-990,024	0	0	0		0	-990,024
Redundancy and Pensions	-496,813	0	0	163,978		0	-332,835
Capital Investment	-648,336	0	0	0	4,999	0	-643,337
Priority Investment	-686,751	88,000	0	598,752		-405,000	-405,000
Other Earmarked Reserves	-1,121,237	0	-615,934	325,724	116,458	-86,471	-1,381,460
<b>Total Earmarked</b>	<b>-7,373,942</b>	<b>300,985</b>	<b>-734,098</b>	<b>1,570,121</b>	<b>280,962</b>	<b>-656,615</b>	<b>-6,612,587</b>
<b>Total Reserves</b>	<b>-14,660,245</b>	<b>300,985</b>	<b>-734,098</b>	<b>1,977,750</b>	<b>280,962</b>	<b>-656,615</b>	<b>-13,491,261</b>

3.7.3 The Council fund balance ended the financial year at £6.9million. As a financial planning assumption, the level of Council Fund reserves should be between 4% - 6% of net expenditure. Based on a budgeted net expenditure (excluding Police and Community Council precepts) and before financing totalling £144.2 million, the outturn Council fund reserve level equates to 4.8%, which remains towards the middle of agreed acceptable levels.

3.7.4 Consequently it is proposed to utilise the small year end revenue surplus in replenishing earmarked reserves. The £49k surplus is advocated to replenish the capital receipts regeneration reserve, which is used to afford a proportion of Valuations team costs going forward associated with incentivising and bringing forward improved capital receipts to assist with affording Member capital expenditure funding aspirations.

3.7.5 Invest to redesign also received a small in year bolster in the form of Social care repaying the last instalment (£40k) of their software system costs. Priority investment reserve has had a declining balance in recent years, without significant replenishment, as service managers are directed toward invest to redesign and the need to consider potential payback/save mechanisms. After existing commitments expire there would be a £28k uncommitted sum on the priority Investment Reserve, it is proposed to move that to Invest to Redesign reserve effectively closing and expiring the priority investment reserve.

3.7.6 Despite these movements, 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.

3.7.7 Other earmarked reserve balances have received service specific contributions of £616k in the form of,

CYP maternity	-135,653
Homeless Prevention Reserve Fund	-40,267
Solar Farm Maintenance & Community Fund	-18,000

Newport Leisure Park Reserve	-61,899
Castlegate Reserve	-79,500
Local Resilience Forum Reserve (Gwent PCC Tfr)	-115,090
Elections Reserve	-25,000
Grass Routes Buses Reserve	-5,000
Rural Development Plan Reserve	-135,525

### Schools Reserves

3.7.8 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.

3.7.9 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.

3.7.10 In summary form the outturn school balances were,

	Opening Reserves 2018-19 (surplus)/deficit	In year position at Outturn (surplus)/deficit	Outturn Position (surplus)/deficit
<b>Combined balance</b>	<b>(£175,225)</b>	<b>£407,629</b>	<b>£232,404</b>

3.7.11 Whilst any extraordinary funding from WG and beneficial revisions to budgeted draw on reserves will sustain the reserve situation for longer than is often forecast or 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 impetus to governing bodies 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.

3.7.12 Our Fairer Funding Regulations agreed between 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 collective schools balance can afford, and changed again in 2018 to allow deficits where a recovery plan is agreed and followed.

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 outturn	232

3.7.13 There are however weaknesses in the forecasting approaches of individual schools, such that the budgeted forecast will seldom match the reality, this is compromised still further where Welsh Government continue to provide beneficial adhoc funding late in the year, rather than allowing a more planned and future generations compliant assessment of need.

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 schools 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 education authority (LEA) colleagues and Members to predict the necessary action from year to year.

During this year (2018-19), schools were predicting a budgeted collective use of balances of £658k in agreeing their sc52 budgets with LEA colleagues. At month 2 schools revised this to £798k, at month 7 revised it again to £926k, and internally at month 10 the forecast was further revised to £777k. The outturn activity was actually a collective use of reserves of £407k, a beneficial effect of over £0.5m since members last formally saw proposed reserve level predictions.

3.7.14 Members may recall during the year, (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, was 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.

3.7.15 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, as far fewer schools end the year in deficit without an agreed recovery plan, and those in deficit (in the main) exhibit progress consistent with planned reduced deficit .

3.7.16 Based on school's predictions, general trends can be extrapolated, so 12 schools started this year in deficit. 15 schools finished the year in deficit, and that position remains particularly acute in the 4 secondary schools, despite being mitigated by some encouraging practice with 1 secondary school coming out of deficit in 2017-18 and remaining in surplus for 2018-19, of 2 making material inroads into their deficit position during 2018-19, however the deficit position at Monmouth Comprehensive skews reporting as it exhibits a deficit position ultimately more significant than the rest of net school balances combined. The school is one of those updated through the 1<sup>st</sup> tranche of future schools funding, so should have facilities most advantageously designed around improved efficiency and pedagogical requirements, so Children & Young People Select members should retain a focus during 2019-20 to check that circa £300k of savings remain on track during the year consistent with recovery plans agreed.

3.7.17 Also of heightened focus to Select members going forward should be those primary schools with a deficit balance of over £50k at end of 2018-19, most of which, other than Raglan exhibited a declining position during 2018-19 i.e. Magor, Undy, Llandogo, St Mary's, Raglan and Thornwell.

3.7.18 Within the reserve balance movements, the most significant and advantageous replenishment within the year related to Mounon House special school, which has moved from deficit to £141k surplus by year end, which is prudent recognising that costs of future change associated with the school are probable.

#### **4 REASONS**

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

#### **5 RESOURCE IMPLICATIONS**

5.1 As reported.

#### **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  
<http://corphub/initiatives/Budgetmon/Lists/20182019%20links/Tiles.aspx>

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#### **Appendices (attached below)**

Appendix 1 Mandated Savings Progress Report  
Appendix 2 School Reserves

## Appendix 1 – Savings Matrix

<b>Disinvestment by Directorate 2018-19</b>	2018/19 Budgeted Savings	Value of Saving achieved at Outturn	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)	(475)	0	(156)			
Social Care & Health	(925)	(795)	0	(130)			
Enterprise	(242)	(138)	(94)	(10)			
Resources	(746)	(508)	(239)	0			
Chief Executives Units	(1,296)	(1,060)	(78)	(159)			
Corporate Costs & Levies	(25)	0	(25)	0			
Appropriations	(396)	(396)	0	0			
Financing	(800)	(740)	0	(60)			
<b>DIRECTORATE Totals</b>	<b>(5,061)</b>	<b>(4,112)</b>	<b>(436)</b>	<b>(515)</b>			

Children & Young People		2018/19 Budgeted Savings	Value of Saving achieved at Outturn	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress	'Risk of current forecast saving NOT being achieved ( High / Medium / Low )
		£000	£000	£000	£000	£000		
CYP1	Federated school model	(32)	(32)				Saving achieved	low
CYP3	General 5% reduction on supplies & services	(132)	(132)				Saving achieved	Low
CYP4	Reduce school premature retirement budget	(50)	(40)		(10)		Partially achieved	Medium
CYP2	CYP - Increased fee & charges income - Breakfast clubs	(125)	(47)		(78)		Income reduced by £50k and additional staffing cost to cover sickness absence	High
	CYP Acceleration of ALN review	(107)	(107)				The overspend of £251k for school resource and action fund is a result of pupils being supported in their local school. The alternative would be expensive placement costs.	Medium
	CYP - Mouton House Increase Charges	(68)			(68)		The overspend is £277k, which is an improvement of £60k from month 7. This will include mainstream recoupment income. The number of pupils attending both day and residential placements has reduced.	High
	CYP - Reduction in ISB for new schools maintenance budget reduction	(117)	(117)				Saving achieved	Low
<b>CHILDREN &amp; YOUNG PEOPLE Budgeted Savings Total</b>		<b>(631)</b>	<b>(475)</b>	<b>0</b>	<b>(156)</b>			

Social Care & Health		2018/19 Budgeted Savings	Value of Saving achieved at Outturn	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress	'Risk of current forecast saving NOT being achieved ( High / Medium / Low )
		£000	£000	£000	£000	£000		
SCH1	Adult Services Practice Change	(638)	(638)					Low
SCH2	Childrens Services (Saving £680k, pressure £561k, net saving in yr 4 £119k)	(113)	0		(113)		This savings target was seen as high risk and as such effectively cancelled out by an equivalent pressure in the MTFP.	High
	SCH - Increased fee & charges income - Meals on wheels	(15)	0		(15)		Meals sales have fallen since the increased price to below 1,000 weekly sales at times, with no additional private meal sales during the year.	High
	SCH - Increased fee & charges income - Registrars	(12)	(12)				Additional income has been made from an alternative source through increased wedding ceremonies	Low
	SCH Targetted reduction high cost placements posts	(147)	(145)		(2)			Low
<b>SOCIAL CARE &amp; HEALTH Budgeted Savings Total</b>		<b>(925)</b>	<b>(795)</b>	<b>0</b>	<b>(130)</b>			

Enterprise		2018/19 Budgeted Savings	Value of Saving achieved at Outturn	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress	'Risk of current forecast saving NOT being achieved ( High / Medium / Low )
		£000	£000	£000	£000	£000		
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%	Medium
ENT (Fut Mon)	Targetted reduction in agency costs	(80)		(80)			No savings were forthcoming in 19/20. Further work to be undertaken in 19/20.	High
ENT (Fut Mon)	Decrease travel costs (travel free weeks, digital use, car sharing, pool car use)	(72)	(58)	(14)			Not all savings could be achieved. Further work to be undertaken in 19/20.	Medium
ENT (Fut Mon)	Targetted reduction in overtime	(28)	(28)				Achieved	Low
ENT	Community hubs- vacant post freeze and software savings	(30)	(30)				Achieved	Low
<b>ENTERPRISE Budgeted Savings Total</b>		<b>(242)</b>	<b>(138)</b>	<b>(94)</b>	<b>(10)</b>			

Chief Executive's Unit		2018/19 Budgeted Savings	Value of Saving achieved at Outturn	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress	Risk of current forecast saving NOT being achieved ( High / Medium / Low )
		£000	£000	£000	£000	£000		
OPS2	Car Parks Net 7.5% increase in charges above 2.5% RPI (10% in total)	(100)	(83)	(17)			Price increase was implemented but not until June hampering the level of income achievable in the year. An overall downturn in car park income has meant that these savings could not influence the budget position as intended.	Low
OPS3a	Car Parks 10% increase in permits	(10)	(9)	(1)			Mostly achieved, although an overall downturn in car park income has meant that these savings could not influence the budget position as intended.	Low
OPS3b	Car Parks Increase resident permits from £40-£60	(3)	(3)				Achieved, although an overall downturn in car park income has meant that these savings could not influence the budget position as intended.	Low
OPS5	Car Parks Penalties increase to £70 discounted £35	(9)	(7)	(2)			Achieved, although an overall downturn in car park income has meant	Low
OPS6	Grounds/waste - Reduced opening hours at all CA sites	(13)	0		(13)		Not Achieved - Changes were not agreed	high
OPS8	Grounds/waste - Stop Bailey park bowls maintenance	(10)	(10)		0		Achieved	Low
OPS9	Grounds/waste - Rationalise shrub bed maintenance	(12)	(12)		0		Achieved	Low
OPS11	Grounds/waste - 1 year freeze of Head of waste post	(40)	(40)		0		Achieved	Low
RES1	Property - School meals Price Increase (net after 2.5% RPI)	(23)	(23)				Achieved	Low
RES2	Property income - External Fees (net after 2.5% RPI)	(19)	(19)				Achieved through alternate means.	Low
RES3	Property - Council wide Postage savings	(5)	(5)				Achieved through alternate means.	Low
OPS12	Highways - Road Traffic Incident recovery of costs	(15)	(15)				Achieved	Low
OPS13	Highways - Improved Plant utilisation/recovery	(40)	(40)				Achieved	Low
OPS14	Passenger Transport - Route 65 changes	(25)	(25)				Achieved	Low
OPS15	Passenger Transport - CPC Staff Training	(9)	(9)				Achieved	Low
OPS16	Passenger Transport - S106 Funding to support Sunday Routes 74, 69, 83, 60	(26)	(26)				Achieved	Low
	CEO/OPS - PTU Improved payment terms at 2.5% reduction in costs	(30)	0		0		Service decision not to compromise payments to providers, and instead take a greater proportion from personal travel budget initiative.	Low
	CEO/OPS - PTU- DPS retendering and route optimisation	(171)	(142)	(29)			Mostly achieved.	Low
	CEO/OPS - TRANS - Independent fleet review	(20)	(20)				Fleet review was undertaken and savings identified but a general increase in repair costs meant that the saving could not influence the outturn	Low

CEO/OPS - PTU Introduction of personal transport budgets	(31)	(61)				Achieved, £89k saving in practice	Low
CEO/OPS - PTU extended provision of MCC inhouse ALN transport service	(41)	0		(41)		Unachievable - Not progressed	High
CEO/OPS Highways - Insuring Full overhead recovery on all works	(140)	(140)				Achieved	Low
CEO/OPS Highways - displace core costs with grant	(200)	(200)				Achieved	Low
CEO/OPS Raglan Training Centre income increase	(49)	(20)	(29)			Part achieved - further work to be undertaken in 19/20 to increase income.	Medium
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)				Achieved	Low
CEO/OPS -PTU school transport concessionary fares increase from £390 to £440 pa.	(16)	(16)				Achieved	Low
CEO/OPS Apportionment of Waste Recycling (BGBCB)	(100)			(100)		Not Achieved - 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.	High
CEO/OPS Seasonal Garden Waste	(40)	(35)		(5)		Part Achieved - Reduction in numbers.	Medium
<b>CHIEF EXECUTIVES' UNIT Budgeted Savings Total</b>	<b>(1,296)</b>	<b>(1,060)</b>	<b>(78)</b>	<b>(159)</b>			

Resources		2018/19 Budgeted Savings	Value of Saving achieved at Outturn	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress	'Risk of current forecast saving NOT being achieved ( High / Medium / Low )
		£000	£000	£000	£000	£000		
RES7	Schools based Revenues SLA (to reflect actual)	(39)	(39)				Achieved	Low
RES8	Comino system change	(10)	0	(10)			Not Achieved - Delays in introducing new system meant we could not cancel contract as originally planned, as Torfaen had some unexpected delays	High
RES9	Housing Benefit team savings	(8)	(8)				Achieved	Low
RES10	Insurance staff saving	(26)	(26)				Achieved	Low
RES11	IT Equipment budget saving	(30)	(30)				Achieved	Low
RES12	SRS saving	(50)	(50)				Achieved	Low
RES13	Public Sector Broadband Agreement PSBA saving (£155k-£22k)	(133)	(133)				Achieved	Low
	RES (Corp Lan) Commercial Property investment income	(30)	(30)				Achieved	Low
	RES (Procurement - freeze, cease or consolidate non essential spend)	(155)	(155)				Achieved	Low
	RES (Procurement - third party supplier spend reduction)	(29)	(29)				Achieved	Low
	RES (Procurement - Gateway Review)	(150)	0	(150)			Not achieved	High
	RES (Reviewing Technology and Systems and Utilisation of Automation and AI)	(87)	(8)	(79.0)			Not Achieved - 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.	High
<b>RESOURCES Budgeted Savings Total</b>		<b>(746)</b>	<b>(508)</b>	<b>(239)</b>	<b>0</b>			

Corporate Costs & Levies		2018/19 Budgeted Savings	Value of Saving achieved at Outturn	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress	'Risk of current forecast saving NOT being achieved ( High / Medium / Low )
		£000	£000	£000	£000	£000		
	RES (Procurement - supplementary duplicate payment review)	(25)		(25)			Exercise not undertaken within timeframes	High
<b>CORPORATE COSTS Budgeted Savings Total</b>		<b>(25)</b>	<b>0</b>	<b>(25)</b>	<b>0</b>			
Appropriations		2018/19 Budgeted Savings	Value of Saving achieved at Outturn	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress	'Risk of current forecast saving NOT being achieved ( High / Medium / Low )
		£000	£000	£000	£000	£000		
	Interest Payable	(533)	(533)				on target	Low
	Interest Receivable	136	136				on target	Low
	MRP	51	51				on target	Low
	APP - Utilise more short term variable borrowing	(50)	(50)				on target	Low
<b>APPROPRIATIONS Budgeted Savings Total</b>		<b>(396)</b>	<b>(396)</b>	<b>0</b>	<b>0</b>			
Financing		2018/19 Budgeted Savings	Value of Saving achieved at Outturn	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress	'Risk of current forecast saving NOT being achieved ( High / Medium / Low )
		£000	£000	£000	£000	£000		
FIN1	Council Tax Increase from Base changes (net of CTRS)	(435)	(375)		(60)			Medium
	FIN - Council tax gain upon completions	(220)	(220)				Depends upon completion activity	Medium
	CTRS	(95)	(95)				Adoption of universal credit may influence extent of CTRS demand	Medium
	FIN - Further Reduction in Council tax reduction scheme budget	(50)	(50)				on target	Medium
<b>FINANCING Budgeted Savings Total</b>		<b>(800)</b>	<b>(740)</b>	<b>0</b>	<b>(60)</b>			

## Appendix 2 – Individual Schools Reserves

	Opening reserves 2018-19 (Surplus)/Deficit	Outturn Position (Surplus)/Deficit	Projected carry forward at year end 2018-19 (Surplus)/Deficit	Notes	Recovery	Recovery	Recovery	Recovery	Recovery Plan Comments
					Plan Target balance	Plan Target balance	Plan Target balance	Plan Target balance	
					2018-19	2019-20	2020-21	2021-22	
<b>Abergavenny cluster</b>									
E003 King Henry VIII Comprehensive	162,460	(79,663)	82,797	The income forecast for Education Achievement Service School2School Support and Pioneer School income was conservatively estimated at Month 7 as the full extent of the projects was not known. The actual income generated by the School was at least £34,000 more at Year End.		71,901	(7,045)	(77,960)	5 year recovery plan required and confirmation of Education Achievement Service income awaited.
E073 Cantref Primary School	(65,965)	(22,426)	(88,391)	Education Achievement Service income received at Year End was £6,000 more than forecast at Month 7. Additionally, £3,000 Donations and £4,000 Additional Learning Needs Income has been received since Month 7. Premises costs £4,000 less due to final Energy recharges to the School.					
E072 Deri View Primary School	(40,000)	(40,000)	(80,000)	Additional Learning Needs funding awarded post Month 7 to support staff costs that were already in place due to an identified need.		(30,402)	(7,690)		Senior Teacher Secondment and Support Staff reorganisation
E035 Gilwern Primary School	(52,253)	(2,998)	(55,251)	Confirmation of Education Achievement Service income for Pioneer School projects received after the Month 7 meeting coupled with refurbishment costs eligible for Capital funding.					
E037 Goytre Fawr Primary School	(10,803)	8,066	(2,737)						
E093 Llanfoist Fawr Primary School	(49,580)	35,238	(14,342)						
E044 Llantillio Pertholey CiW Primary School (VC)	(4,440)	14,082	9,643	Staff absence during the second part of the financial year is some £30,000 more than at the Month 7 forecast. Although there is an element of offset due to compensation income.		(2,866)	(17,755)		Full year effect of 3 Teaching Assistant redundancies.
E045 Llanvihangel Crucorney Primary School	(511)	(33,830)	(34,341)	The Federation of the School with a shared Head teacher which was partially funded by the Small and Rural Schools grant resulted in substantial savings.	(4,857)				
E090 Our Lady and St Michael's RC Primary School (VA)	7,084	7,086	14,170			10,182	(1)		Additional pupil numbers, Full Year Effect of Staff changes and revised contracts.
E067 Ysgol Gymraeg Y Fenni	(58,965)	7,659	(51,306)	Secondment of Deputy Head teacher from 1/1/19 (£15,200) , Local Authority Early Years funding (£15,000) , and Education Achievement Service income not anticipated at Month 7 (£10,000)					

	Opening reserves 2018-19 (Surplus)/Deficit	Outturn Position (Surplus)/Deficit	Projected carry forward at year end 2018-19 (Surplus)/Deficit	Notes	Recovery Plan Target balance	Recovery Plan Target balance	Recovery Plan Target balance	Recovery Plan Target balance	Recovery Plan Comments
					2018-19	2019-20	2020-21	2021-22	
<b>Caldicot cluster</b>									
E001 Caldicot School	100,637	(35,624)	65,013	Additional Education Achievement Service income received for projects and initiatives and only confirmed after the Month 7 Budget Monitoring Meeting.		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)	6,049	(73,406)	Executive Head arrangement with Magor School continued for the Autumn and Spring terms which resulted in a further £24,900 saving.					
E094 Castle Park Primary School	43,659	(19,887)	23,772		0	(1,422)	(19,802)	(25,229)	Recovery Plan reviewed with new Head teacher
E075 Dewstow Primary School	(105,626)	(3,016)	(108,642)	Resources allocations under spent by a total of £15,000, Additional Learning Needs funding of a further £15,000, Thrive training income of £7,000 and Teacher Maternity Leave savings of £10,000 from the later part of the Autumn term.					
E034 Durand Primary School	(71,665)	42,578	(29,087)	Education Achievement Service income received at Year End was £3,500 more than forecast at Month 7. Grounds Maintenance Costs were £3,000 less and Utility Costs were £1,000 less than forecast. A £2,200 Property Services accrual relating to 2017/18 was dropped					
E048 Magor CiW Primary School (VA)	19,227	35,424	54,651	Share of severance costs payment and the continuation of the Executive Head teacher arrangement with Archbishop Rowan Williams School.	(20,015)	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)	6,130	(20,015)						
E063 Undy Primary School	28,221	101,313	129,534	Staff absence and Foundation Phase class size pressure resulted in an additional £30,000 of cover/supply/agency costs, Premises costs were £6,000 more in terms of Building Maintenance and Energy, and there were an additional £11,000 of support staff costs linked to Additional Learning Needs pupils.		55,358	39,123	9,808	School will need 4 years to recover
E069 Ysgol Gymraeg Y Ffin	37,616	(4,637)	32,979	Education Achievement Service income received at Year End was £14,200 more than forecast at Month 7. Additionally, £1,200 more income regarding Maternity Compensation has been received. Other marginal savings totalling £760 were made during the last 5 months					The school are in the process of revising the recovery plan.

	Opening reserves 2018-19 (Surplus)/Deficit	Outturn Position (Surplus)/Deficit	Projected carry forward at year end 2018-19 (Surplus)/Deficit	Notes	Recovery Plan Target balance	Recovery Plan Target balance	Recovery Plan Target balance	Recovery Plan Target balance	Recovery Plan Comments
					2018-19	2019-20	2020-21	2021-22	
<b><u>Chepstow cluster</u></b>									
E002 Chepstow School	(158,456)	107,795	(50,661)	Additional Education Achievement Service income received for projects and initiatives and only confirmed after the Month 7 Budget Monitoring Meeting. Income of £21,200 re SBM grant was received, which had not been forecast					
E091 Pembroke Primary School	(181)	13,420	13,239		63,593	(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)	(13,494)	(132,093)	Income generation by the Head teacher increased in Quarter 3 and 4 coupled with extra Additional Learning Needs funding.					
E058 St Mary's Chepstow RC Primary School (VA)	(6,055)	69,648	63,593						The head has returned to the school and is currently agreeing a recovery plan with the Governing Body
E060 The Dell Primary School	(22,165)	5,776	(16,389)	Education Achievement Service income received at Year End was £11,200 more than forecast at Month 7. Additionally, £7,600 Donations income has been received since Month 7 and there has been a slight increase in costs overall of £2,800					
E061 Thornwell Primary School	9,565	44,157	53,722	Additional supplies and services expenditure (Resources) of £10,000, £7,000 extra spent on Premises maintainance costs plus £4,000 additional supply/agency costs.	0	(645)	(24,372)	(25,417)	Additional Pupil Numbers anticipated to be on roll January 2019.

	Opening reserves 2018-19 (Surplus)/Deficit	Outturn Position (Surplus)/Deficit	Projected carry forward at year end 2018-19 (Surplus)/Deficit	Notes	Recovery Plan Target balance	Recovery Plan Target balance	Recovery Plan Target balance	Recovery Plan Target balance	Recovery Plan Comments
					2018-19	2019-20	2020-21	2021-22	
<b>Monmouth cluster</b>									
E004 Monmouth Comprehensive	423,951	114,375	538,326			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)	5,206	(54,150)	Additional £7,000 Education Achievement Service income received after Month 7 and not expected at that time. Additional £4,000 Additional Learning Needs income received to fund existing Support Staff.					
E092 Kymin View Primary School	(34,657)	29,050	(5,607)						
E039 Llandogo Primary School	12,449	71,067	83,516	Supply costs due to staff absence and support for pupils.	(1,141)	(1,141)			
E074 Osbaston CiW Primary School (VC)	(635)	629	(6)	Savings on staffing costs and additional grant income					
E051 Overmonnow Primary School	(28,389)	46,862	18,473			0			Meeting scheduled for 11/12/18 however Nursery teacher to be replaced as at 1/1/19 and an experienced teacher retiring 31/8/19 so opportunities to reduce costs are available to the Head teacher
E055 Raglan CiW Primary School (VC)	147,743	(39,292)	108,451	Additional costs for utilities and reduction in income previously forecast.		62,644	35,366	17,177	Recovery plan projects surplus of £24,921 in 2022/23
E062 Trellech Primary School	(87,650)	15,667	(71,983)	Education Achievement Service income received at Year End was £7,500 more than forecast at Month 7. Additionally, £6,000 of income was received for NPQH Moderation and Assessors & £7,500 was received from University of Wales (UOW). The school incurred £5,700 less premises costs than expected and £3,000 less IT costs. Other marginal savings totalling £3,000 were made during the last 5 months					
E064 Usk CiW Primary School (VC)	(62,920)	53,009	(9,911)	Education Achievement Service income totalled £40,000 at year end the vast majority of this income was not included in the forecast for Month 7 as the bids had not been confirmed.					Education Achievement Grants anticipated but not yet confirmed plus confirmation and details of a Water Leak Rebate required
	(151,857)	545,419	393,562						
	Opening reserves 2018-19 (Surplus)/Deficit	Outturn Position (Surplus)/Deficit	Projected carry forward at year end 2018-19 (Surplus)/Deficit	Notes	Recovery Plan Target balance	Recovery Plan Target balance	Recovery Plan Target balance	Recovery Plan Target balance	Recovery Plan Comments
					2018-19	2019-20	2020-21	2021-22	
<b>Special Schools</b>									
E020 Mounth House Special School	33,584	(175,089)	(141,505)	Education Achievement Service income received at Year End was £15,700 more than forecast at Month 7. Other additional income streams totalled £2,400. £24,500 additional SEN funding received. Saving of £5,400 re Transport costs. £20,000 of Thrive Training costs not incurred. £20,500 more costs re Staffing, offset partially by £13,000 of Supply and Maternity Compensation income	28,968	4,947	(39,683)		Month 2 indicates school will return to surplus this financial year.
E095 PRU	(56,951)	37,299	(19,652)						
	(23,367)	(137,790)	(161,157)						
	(175,225)	407,629	232,404						



	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
<b>Monmouth cluster</b>									
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						
<b>Special Schools</b>									
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)						
<b>Total for all clusters</b>	<b>(175,225)</b>	<b>832,981</b>	<b>657,756</b>						