

REPORT

SUBJECT	REVENUE & CAPITAL MONITORING 2019/20 FORECAST OUTTURN STATEMENT – MONTH 7
DIRECTORATE	Resources
MEETING	Adult Select Committee
DATE	21st January 2020
DIVISIONS/ WARD AFFECTED	All Authority

1. PURPOSE

- 1.1 The purpose of this report is to provide Adult Select Members with information on the revenue and capital outturn position of the Authority, accommodating capital slippage and approved reserve usage.
- 1.2 This report will also be considered by Select Committees as part of their responsibility to,
 - assess whether effective budget monitoring is taking place,
 - monitor the extent to which budgets are spent in accordance with agreed budget and policy framework,
 - challenge the reasonableness of projected over or underspends, and
 - monitor the achievement of predicted efficiency gains or progress in relation to savings proposals.

2. RECOMMENDATIONS PROPOSED TO CABINET

- 2.1 That Members consider a net revenue forecast of £3.99m deficit, and the one off adjustments designed to return a balanced position (£245k surplus) prior to the end of March 2020.
- 2.2 That Members note the 85% delivery of the budget setting savings agreed by full Council previously and a need for remedial action/savings in respect of circa 15% savings (£994k) reported as delayed or unachievable by service managers.
- 2.3 That Members consider the capital outturn spend of £39.38m, introducing a £384k anticipated underspend, and the presumptions made around net financing consequences as per para 4.4.
- 2.4 Members note the extent of movements in reserve usage, including individual budgeted draws on school balances, and their effect on current prudent financial planning assumptions.(para 5.2 onwards).

3. REVENUE MONITORING ANALYSIS

3.1 Increasingly Scrutiny Committee feedback is that monitoring reports are getting more involved, detailed and as a result more difficult to follow. This isn't particularly unusual in periods of increasing service overspends and pressures and the consequential need for remedial savings to compensate for agreed savings not likely to be made. Further clarification has been requested to understand how best monitoring could be enhanced, but as an interim step, the ordering of the report has been altered in an attempt to provide a clearer holistic revenue and overall savings position and better organise Scrutiny Committee portfolio matters within the commentary for each Committee.

3.2 Overall Revenue Position

Table 1: Council Fund 2019/20 Outturn Forecast Summary Statement at Month 7 (Period 2)

Service Area	Initial 2019-20 Annual Budget	Virements to budget Mth2	Virements to budget Mth 3-7	Revised Annual Budget	Revised Forecast Outturn	Forecast Over/ (Under) @ Outturn based on Month 7 Activity	Forecast Over/ (Under) @ Outturn based on Month 2 Activity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	(+ net exp,-net income)	(+ net exp, -net income)	(+ net exp, -net income)	(+ net exp, - net income)	(+ net exp, -net income)	(+ deficit, - surplus)	(+ deficit, - surplus)
Adult Services	7,644	0	17	7,661	7,872	211	186
Children Services	11,937	0	22	11,959	14,733	2,774	2,296
Community Care	22,610	0	32	22,642	23,318	676	2
Commissioning	1,604	0	74	1,678	1,626	-52	1
Partnerships	418	0	0	418	418	0	0
Public Protection	1,458	0	0	1,458	1,482	24	6
Resources & Performance	573	0	-42	531	532	1	-3
Total Social Care & Health	46,244	0	103	46,347	49,981	3,634	2,488
Individual School Budget	44,508	0	125	44,633	44,495	-138	0
Resources	1,252	0	0	1,252	894	-358	-359
Standards	5,429	0	0	5,429	6,796	1,367	701
Total Children & Young People	51,189	0	125	51,314	52,185	871	342
Business Growth & Enterprise	1,590	0	126	1,716	1,659	-57	-7
Operations	15,498	0	999	16,497	16,745	248	77
Planning & Housing	2,193	0	-244	1,949	2,262	313	4
Tourism Life & Culture (Monlife)	3,324	0	141	3,465	3,574	109	260

Total Enterprise	22,605	0	1,022	23,627	24,240	613	334
Legal & Land Charges	701		0	701	763	62	20
Governance, Democracy and Support	3,952	0	-16	3,936	3,984	48	10
Total Chief Executives Unit	4,653	0	-16	4,637	4,747	110	30
Finance	2,630	0	-73	2,557	2,510	-47	-123
Information Communication Technology	2,640		185	2,825	2,780	-45	-68
People	1,647	0	60	1,707	1,713	6	2
Future Monmouthshire	-14		-20	-34	145	179	207
Commercial and Corporate Landlord Services	622	0	187	809	811	2	-124
Total Resources	7,525	0	339	7,864	7,959	95	-106
Precepts and Levies	19,240	0	0	19,240	19,060	-180	-181
Coroners Service	117			117	145	28	29
Archives Service	182			182	182	0	0
Corporate Management (CM)	158	0		158	162	4	54
Non Distributed Costs (NDC)	595	0	0	595	675	80	62
Strategic Initiatives	442	0	0	442	0	-442	-442
Borrowing Cost Recoupment	-1,455		1,455	0	0	0	0
Insurance	1,400	0	-17	1,383	1,432	49	0
Total Corporate Costs & Levies	20,679	0	1,438	22,117	21,656	-461	-478
Net Cost of Services	152,895	0	3,011	155,906	160,768	4,862	2,610
Fixed Asset disposal costs	119	0	-28	91	91	0	0
Interest and Investment Income	-206	0	0	-206	-318	-112	-34
Interest payable & Similar Charges	4,130	0	84	4,214	4,062	-152	-153
Charges required under regulation	5,202	0	512	5,714	5,687	-27	49
Borrowing Cost Recoupment			-3,425	-3,425	-3,425	0	
Contributions to Reserves	444	0	-103	341	341	0	0
Contributions from Reserves	-789	0	-51	-840	-840	0	0
Appropriations	8,900	0	-3,011	5,889	5,598	-291	-138
General Government Grants	-62,548		0	-62,548	-62,548	0	0
Non Domestic rates	-30,682		0	-30,682	-30,682	0	0

Council Tax	-75,124	0	0	-75,124	-75,591	-467	0
Council Tax Benefits Support	6,559		0	6,559	6,442	-117	-58
Financing	-161,795	0	0	-161,795	-162,379	-584	-58
Net Council Fund (Surplus) / Deficit	0	0	0	0	3,987	3,987	2,414

3.3 This outturn forecast presents a significant and increased overspend. The pressure areas remain those that have been highlighted in previous reports e.g. additional learning needs, social care generally and children's services specifically, passenger transport, car parking, Monlife and authority wide savings held against Future Monmouthshire no longer anticipated to be apportioned to services to deliver.

3.4 A comparison of the Net Council fund line against previous years activity indicates the significance of the variance,

Net Council Fund Surplus	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
	£'000	£'000	£'000	£'000	£'000	£'000
Period 1	2,414 deficit	379 deficit	164 deficit	1,511 deficit	867 deficit	219 deficit
Period 2	3,987 deficit	766 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

3.5 Discussion amongst SLT has identified a limited opportunity for immediate in year recovery action and any such action is already factored into the forecast, so their focus has been upon mitigating the bottom line effect. The Council anticipates one off windfalls in respect of vat receipt from HMRC, an in year grant contribution from WG, and has received guidance from WG concerning a capitalisation directive and the ability to have flexible use of capital receipts to meet the costs associated with service reform.

Explanation of Capitalisation Directive eligibility

3.6 The direction correspondence reminds that local authorities cannot borrow to finance the revenue costs of service reform. Local authorities can only use capital receipts from the disposal of property plant and equipment assets received in the years in which this flexibility is offered.

3.7 Welsh Ministers believe that individual authorities and groups of authorities are best placed to decide which projects will be most effective for their areas. The key criterion to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate ongoing savings or reduce revenue costs or pressures over the longer term to an authority, or several authorities, and/or to another public body.

3.8 Welsh Government guidance indicates a wide range of projects that could generate qualifying expenditure and the list below is not prescriptive. Examples of projects include:

- Preparatory work necessary to support local authority mergers as part of the programme to reform local government in Wales;
- Sharing back-office and administrative services with one or more other council or public sector body;
- Investment in service reform feasibility work, e.g. setting up pilot schemes;
- Collaboration between local authorities and central government to free up land for economic use;
- Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation;
- Sharing Chief Executives, management teams or staffing structures;
- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;
- Aggregating procurement on common goods and services where possible, either as part of local arrangements or using the National Procurement Service, Crown Commercial Services or other central purchasing bodies which operate in accordance with the Wales Procurement Policy Statement;
- Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training;
- Setting up alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others); and
- Integrating public facing services across two or more public sector bodies (for example children’s social care, trading standards) to generate savings or to transform service delivery.
- Investment which supports economic growth projects which are also designed to reduce revenue costs or pressures over the longer term, across one or more local authorities and/or other public sector bodies.

3.9 Officers have drawn up the following draft list of expenditure that accords with Welsh government guidance

		£'000	Justification
Children & Young People			
Mounton House Recoupment	Income reduction caused by reduced demand for service following anticipated closure	300	Service reconfiguration
Preparing for new ALN bill		121	Service reform
Revision to Education Psychology service to cover early years and wellbeing in schools		40	Service reconfiguration
SEND ALN portal costs		17	Driving a digital approach
Social Care & Health			
Joint Local authority working (GWICES, Sc. 33, Frailty, regional safeguarding board, Gwent foster fee		113	Integrated services

harmonisation & care home pooling			
IT scheme costs		50	Driving a digital approach
“Turning World Upside Down” on boarding		183	Service reconfiguration
Chief Executives and Resources			
Redundancy costs associated with Council Tax service redesign and merger with TCBC provision		26	Service restructuring
Atebion Procurement Review		16	Investment in service reform feasibility work
Digital programme office – recharge time to facilitate new Wales wide Social Care IT system		38	Driving a digital approach
Market Hall Income loss whilst facility being renovated		56	Service/facility transformation
Shared Chief internal Auditor provision		36	Shared staffing structure
Provision of My Mon app, chat bot and contact Centre refinements		25	Driving a digital approach
Digital programme office recharge in respect of improving efficiency of local authority services		305	Driving a digital approach
Enterprise			
City Deal 10 authority collaboration, annual revenue contribution		62	Integrated services
Project Gwrdd residual waste partnership contribution		35	Integrated services
Facilitating waste polypropylene bag roll out		10	Service reconfiguration
Apprentice, graduate, intern coordinator post		14	Service reconfiguration
Highways restructure redundancy cost		39	Service restructuring
Car parking redundancy cost		30	Service restructuring
Waste recycling review – agency, vehicle hire, additional staff costs		249	Service reconfiguration
Waste – HWRC permit introduction facilitation		40	Service reconfiguration

Introduction of Waste re-use shop		30	Service reconfiguration
Waste officer recharge in respect of facilitating above		80	Service reconfiguration
Shared PTU management with Newport bus		38	Shared staffing structure
Staff costs of PTU core strategic board		69	Service reconfiguration
TOTAL		2,022	

3.10 The addition of such costs to the capital programme still requires full Council approval. This approval will be requested as part of the revenue outturn and accounts closure process. Their effect together with other use of one off funding to mitigate the bottom line position would illustratively provide the following revised forecast outturn.

		£'000
Net Council Fund forecast in year deficit		3,987
Less WG ad hoc contribution to afford pay, already provided for in full.		(310)
Less one off VAT receipt – Ealing judgement, decision to exempt Leisure services income, claims cover period Jan 07 – Mar 19 and total £2.1m, and settlement range is anticipated to be between £1.7m -£2.1m		(1,900)
Less capitalisation directive		(2,022)
Revised Surplus		(245)

3.11 Overall 2019/20 Budget Savings Progress

This section monitors the specific savings initiatives and the progress made in delivering them during 2019-20 as part of the MTFP budgeting process.

In summary they are as follows,

Disinvestment by Directorate 2019-20	2019/20 Budgeted Savings	Value of Saving forecast at Month 7	Delayed Savings	Savings deemed Unachievable YTD
REVENUE MONITORING 2019-20	£000	£000	£000	£000
Children & Young People	(1,234)	(1,208)	0	(26)
Social Care & Health	(1,246)	(1,115)	(90)	(41)
Enterprise	(1,480)	(930)	(152)	(399)
Resources	(1,342)	(1,236)	(106)	0
Chief Executives Units	(106)	(46)	(60)	0
Corporate Costs & Levies	0	0	0	0
Appropriations	(282)	(162)	0	(120)
Financing	(756)	(756)	0	0
DIRECTORATE Totals	(6,446)	(5,453)	(408)	(586)

- 3.12 Anticipated mandated saving performance has changed materiality from month 2 and is running at 85% of budgeted levels (down 3%), largely the consequence of anticipated delayed savings £408k (was £39k at month 2), being more significant than the favourable movement in those savings deemed unachievable, month 7 indicates £586k being deemed potentially unachievable (was £709k at month 2).
- 3.13 The emphasis of reporting savings is based on whether saving is forecast to be achieved, even if not manifest in Directorate management reports yet. Consequently the savings appendix (appendix 2) also has a traffic light system to indicate whether savings are likely to be achieved or have justifiable reasons explaining delayed implementation.
- 3.14 In a new attempt to give practical effect to an aspiration of Scrutiny Committee members to derive a simpler presentation that only captures their portfolio area, Appendix 1 provides a more detailed commentary of the main pressures and underspends in the Adult Select portfolio.

However the situation is by definition complicated and will not be balanced within Select portfolios appreciating the overall budget is managed holistically, and it is necessary to give Select members the same quality of information as Cabinet to be able for them to take an informed view on the robustness of Cabinet budget management activities which remains a fundamental purpose of the report.

4 CAPITAL POSITION

4.1 The summary forecast Capital position at outturn is as follows,

MCC CAPITAL BUDGET MONITORING 2019-20 at Month 7 by SELECT COMMITTEE						
SELECT PORTFOLIO	Forecast Spend at Outturn	Slippage Brought Forward	Total Approved Budget 2019/20	Forecast Capital Slippage to 2020/21	Revised Capital Budget 2019/20	Capital Expenditure Variance
	£000	£000	£000	£000	£000	£000
Children & Young People	3,267	2,219	3,852	201	3,651	(384)
Economy & Development	18,495	465	18,495	0	18,495	0
Adult	319	0	490	171	319	0
Strong Communities	17,297	7,165	18,697	1,400	17,297	0
Capital Schemes Total 2019-20	39,378	9,849	41,534	1,772	39,762	(384)

4.2 Capital expenditure at month 7 is forecast to underspend by £384k at month 7 primarily at Caldicot (£208k) and Monmouth (£176k) 21c Schools due to Asbestos environmental removal costs being lower than expected as well as reduced snagging expenditure.

Slippage to 2020/21

4.3 Total Provisional Slippage at Month 7 is £1,772k (an increase of £633k since month 2). This comprises,

- Car Park redevelopment costs of £1,000k including the County Hall car park £688k; Granville Street Car Park £162k and £150k for general car park upgrades delayed due to a County wide car park review.
- Crick Road Care Home project exhibits £171k slippage following a review of the construction timescales
- £365k slippage is evident in S106 schemes due to £164k worth of contract delays in the Clydach Gorge, Environmental surveys and Planning considerations
- The deferral of new ALN Provision at Overmonnow School (£201k) due to the schemes' project costs being under review.
- It is anticipated that costs in respect of following schemes will also fall into 2020-21; Abergavenny Community Hub (£124k), Property Maintenance schemes (£99k) and £13k for an IT improvement scheme within financial systems.

Capital Financing and Receipts

4.4 Given the anticipated capital spending profile reported in para 4.1, the following financing mechanisms are expected to be utilised.

MCC CAPITAL FINANCING BUDGET MONITORING 2019-20 at Month 7 by FINANCING CATEGORY						
CAPITAL FINANCING SCHEME	Annual Financing	Slippage Brought Forward	Total Approved Financing Budget 2019/20	Provisional Budget Slippage to 2020/21	Revised Financing Budget 2019/20	Forecast Capital Financing Variance 2019/20
	£000	£000	£000	£000	£000	£000
Supported Borrowing	2,403	0	2,403	(0)	2,403	0
General Capital Grant	3,681	0	3,681	0	3,681	0
Grants and Contributions	2,169	0	2,194	(25)	2,169	0
S106 Contributions	1,321	1,316	1,662	(341)	1,321	0
Unsupported borrowing	24,784	6,956	26,299	(1,131)	25,168	(384)
Earmarked reserve & Revenue Funding	343	169	447	(104)	343	0
Capital Receipts	3,010	1,409	3,181	(171)	3,010	0
Interest Free Financing	1,667	0	1,667	0	1,667	0
Capital Financing Total 2019-20	39,378	9,850	41,534	(1,772)	39,762	(384)

Useable Capital Receipts Available

- 4.5 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. The table also models the anticipated use of capitalisation directive in current year and next year (captured from 2020-21 capital budget proposals). Both of which still require endorsement by Members.

Movement in Available Useable Capital Receipts Forecast at outturn

TOTAL RECEIPTS	2019/20	2020/21	2021/22	2022/23
	£000	£000	£000	£000
Balance b/f 1 st April	4,581	6,531	10,224	10,865
Add:				
Receipts received in year	1,468			
Receipts forecast received	5,416	6,713	1,098	1,300
Deferred capital receipts	98	100	102	104
Less:				
Receipts to be applied	(3,010)	(1,704)	(559)	(559)
Anticipated capitalisation directive application	(2,022)	(1,416)		
Set aside	0	0	0	0
Predicted Year end receipts balance	6,531	10,224	10,865	10,710

- 4.6 At Month 7, a total of £171k of Capital receipts will be slipped which relates to the new Crick Road Care Home project due to the contractors starting later in this financial year due to a delay in awarding the contract.. This project has a 3 year project timeframe ending 2020-21, and condenses a very significant build programme into last financial year. Much of the project spend is underpinned by grant funding which disappears if not drawn down in full by end of next financial year. This places additional significance upon the quality and extent of project management within the Social Care Directorate to ensure sufficient eligible expenditure is incurred within necessary timescales.

5 RESERVES

- 5.1 The Council has unallocated reserves in the form of Council fund balance and school reserves. Realistically the level of surplus/deficit affecting Council Fund will commonly fluctuate before the end of the year, but for estimating purposes we will commonly presume services' activities will be influenced to avoid material adverse effect. It also has earmarked reserves that are created for a specific purpose.
- 5.2 Revenue and Capital monitoring reflects an approved use of reserves. A specific analysis is undertaken at every formal periodic monitoring exercise to establish whether reserve cover conveyed to services by members will be fully utilised within the financial year. Where it is apparent this is not the case, both the reserve movement budget in appropriations budget and the expenditure within service directorate is adjusted. This is to prevent any imbalance in the bottom line position for net cost of services.

The table overleaf provides summary analysis of reserve balances based on approvals and progress anticipated through the revenue and capital monitoring exercise.

Account	Balance brought forward	Slippage usage from 2018-19	2019-20 anticipated net movements	Balance carried forward
	(-surplus)/ deficit			(-surplus)/ deficit
Council Fund (Authority)	-7,111,078		0	-7,111,078
School Balances	232,404		650,241	882,645
Sub Total Council Fund	-6,878,674	0	650,241	-6,228,433
Earmarked Reserves:				
Sub-Total Invest to Redesign	-1,083,167	0	-73,113	-1,156,280
Sub-Total IT Transformation	-479,139	129,675	62,143	-287,321
Sub-Total Insurance and Risk Management	-1,018,744	0	0	-1,018,744
Sub-Total Capital Receipt Generation	-278,880	24,735	118,566	-135,579
Sub Total Treasury Equalisation	-990,024	0	0	-990,024
Sub-Total Redundancy and Pensions	-332,835	0	88,038	-244,797
Sub-Total Capital Investment	-643,337	0	15,999	-627,338
Sub-Total Priority Investment	-405,000	0	300,000	-105,000
	-5,231,127	154,410	511,633	-4,565,083
Other Earmarked Reserves:				
Museums Acquisitions Reserve	-52,885		0	-52,885
Elections Reserve	-83,183		-35,000	-118,183
Grass Routes Buses Reserve	-151,084		-5,000	-156,084
Youth Offending Team	-150,000		0	-150,000
Building Control trading reserve	-14,490		0	-14,490
Outdoor Education Centres Trading Reserve	0		0	0
CYP maternity	-135,795		135,795	0
Plant & Equipment reserve (Highways)	-33,541		0	-33,541
Homeless Prevention Reserve Fund	-49,803		0	-49,803
Solar Farm Maintenance & Community Fund	-41,000		-23,000	-64,000
Newport Leisure Park Reserve	-61,899		0	-61,899
Castlegate Reserve	-79,500		0	-79,500
Local Resilience Forum Reserve (Gwent PCC Tfr)	-115,090		0	-115,090
Rural Development Plan Reserve	-413,190		0	-413,190
Sub-Total Other Earmarked Reserves	-1,381,460	0	72,795	-1,308,665
Total Earmarked Reserves	-6,612,587	154,410	584,428	-5,873,748
Total useable revenue reserves	-13,491,261	154,410	1,234,669	-12,102,182

Schools Reserves

- 5.3 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.

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 6 based on their latest anticipation supplementing their statutory section 52 budget submissions at end May 2019.

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

	Opening Reserves 2019-20 (surplus)/deficit	Forecast in year usage 2019-20	Forecast outturn position 2019- 20
Combined balance	£232,404	£650,241	£882,645

In the previous forecasting period (month 2) the use of reserves was £618,034, the current forecast indicates that this will increase to £650,241, leaving a deficit balance of £882,645.

- 5.5 15 schools started 2019-20 year in deficit. 14 were anticipated to end the year in deficit at month 2. Indications are 16 schools will end the year in deficit based on month 7 forecasts, with Pembroke Primary and Overmonnow primary schools no longer anticipating coming out of deficit. The deficit position remains particularly acute for the 4 secondary schools. Monmouth Comprehensive is particularly significant at forecast £480k, however there is an agreed recovery plan in place and the school is following this. King Henry is currently developing a sustainable recovery plan and this will be agreed in the New Year. Chepstow School had a recovery plan previously, and this saw the school return to a surplus budget. The school is currently in a deficit budget, but has recently agreed a further recovery plan. Caldicot School also has agreed a recovery plan and are meeting the balances agreed.
- 5.6 The local authority has funded teachers' pay award for last 2 years and recent teachers' pensions fund rate changes has been afforded by WG grant. School balances have been declining over a number of years and for the year end 2018-19, balances were in a collective deficit. This forecast deficit has increased in the current financial year which is a concern. Schools are working closely with the Local Authority to minimise any overspends and agree recovery plans. Details of any individual schools movements are provided in the movement on reserve shown in appendix 6. The current arrangement allows for deficit budget planning irrespective of the collective position where an appropriate recovery plan was provided and agreed at the same time as a deficit budget. Five schools are in the process of agreeing recovery plans, in the majority of cases a slightly extended period of time has been allowed for this due to changes in the leadership or where the deficit is not material or improving.
- 5.7 This position is a concern to the Local Authority, if the deficit balances for schools continue to increase this could over time have an impact on the overall reserves for MCC. To help manage this situation Cabinet is considering the offer of a loan to schools as part of the draft budget proposals for 2020-21. Should it be approved there will be strict criteria around the offer, including the criteria that schools who take a loan cannot enter a deficit

position and must be able to manage the repayments from the funding delegated to the school.

- 5.8 Members should maintain a heightened focus around those schools exhibiting red in the traffic light assessment in appendix 3. Irrespective of the actions of the Executive, Scrutiny functions (CYP Select and Audit) to ensure that school maintain balances which are within the tolerance agreed in a recovery plan.

6 REASONS

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

7 RESOURCE IMPLICATIONS

- 7.1 The Council's operating model particularly around social care isn't a sustainable model. That isn't unique to Monmouthshire, but is perhaps more acute given poor annual settlement awards. Management have addressed such pressures and un-achievability of savings through their 2020-21 budget proposals, and accommodation of circa £9.7m pressures.
- 7.2 In the short term to avoid the Council fund balance falling below acceptable financial planning parameters (4-6% of net expenditure), the Council is intent to utilise one-off funding to assist with its bottom line outturn position in the form of additional WG grant, use of capital receipts and VAT recovery from HMRC from the implementation of Ealing ruling to treat previously standard rated services as an exempt supply.
- 7.3 It will be increasingly difficult to find additional remedial savings through the year in addition to those required to allow a balanced budget to be established every February. This volatility risk would be traditionally mitigated by a heightened accountability culture whereby service managers are reminded of the need to comply within the budget control totals established by members, and are more responsible for any variances to SLT and Cabinet and equally for Select Committees to exhibit a more focussed reflection upon the adequacy of budget monitoring being applied. Members may wish to re-enforce such accountabilities and review any remedial action proposed by service managers to resolve adverse situations.

8 EQUALITY AND SUSTAINABLE DEVELOPMENT IMPLICATIONS

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

9 CONSULTEES

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

10 BACKGROUND PAPERS

None

11 AUTHOR

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Appendices (attached below)

Appendix 1 Adult Select Revenue Monitoring

Appendix 2 Mandated Savings Progress Report

Appendix 3 School Reserves

Adult Select Portfolio Revenue Monitoring Commentary
(Net £836k overspend)

1.1 Social Care & Health

Adult Services (£211k overspend) – resulting from net staffing pressures at Severn View, a reduced demand for Community meals, and pressure within domiciliary care market that necessitates a greater degree of Council provided service, both of which are compensated in part by management savings and savings to individual support services arrangements and Budden Crescent costs.

Community Care (£676k overspend) – net effect of adult disability services that was compensated by adhoc WG grant at month 2, but now introduces £536k net pressure, alongside a £140k continuing health care case that service colleagues anticipate won't now be afforded by Health budget..

Commissioning (£52k underspend) – caused predominantly by staff vacancies.

Resources (£1k overspend) – minor adhoc costs.

1.2 The 2019-20 budget process assigned £1.2m savings to Adult related social care. All are anticipated to be achieved, other than the following exception.

- Colleagues had volunteered recovery of additional costs through subsequent property sales. They are currently obtaining legal counsel opinion about such and record the saving as delayed.

1.3 Social Care & Health Director's Perspective

We are predicting a £3.635M overspend, after accounting for a one off £738K Social Care Workforce and Sustainability Grant from Welsh Government, use of Intermediate Care Funding to the tune of £234K and savings deducted from the budget totalling £1.246M as part of the budget setting process. In real terms the overspend position, if not for this one off funding, would be £4.7M.

The Adult Services division is forecast to overspend by £837K, with continued demand for domiciliary care placing pressure on Care at Home services and an emerging pressure of £1.2M within the Adult with Disabilities service. At the 31st October 2019, 773 weekly care hours were awaiting brokerage from reablement which presented a reduced spend on the domiciliary care budget, but hides the additional need for residential and nursing placements, especially with the increased capital threshold limit, and that domiciliary care is being accommodated within the internal care at home division. The Adults with Disabilities budget, which caters for younger adults with learning and physical disabilities, have seen an increased need for placements, with 8 this year and in total 36 in excess of £1,000 per week. The demand on the Adults with Disabilities services stems from a variety of reasons such as an ageing carer population now requiring the cared for person to have services, a move towards independence and demand for residential and/or college placements, coupled with transitional movement of clients from Children's to Adults as they move through the care system. The largest bulk of the directorate budgeted savings have been








levied against the Adults budget which, at this early stage of the financial year, are mainly predicted to be met.














At month 7, Children's Services are forecasting a £2.774M overspend (£2.296M at month 2) as the service is experiencing significant demands which is placing continuing pressure on the placement budget, plus the subsequent knock on effect in the provision of associated legal and transport costs to support care packages and the need to cover internal staff shortages. Since the start of this financial year there has been a 14% increase in LAC numbers, increasing from 173 to 197 at the end of October 2019. With the increased demand comes added pressures on other services such as legal and transport provision, contact and staffing, with extended reliance on agency staffing as a consequence.



Public Protection continues to strive to remain within its budget allocation, predicting a £24K overspend at month 7, mainly as a result of an inability to meet the 2% staff efficiency saving on its employee budgets.









Savings Matrix






Disinvestment by Directorate 2019-20	2019/20 Budgeted Savings	Value of Saving forecast at Month 7	Delayed Savings	Savings deemed Unachievable YTD
REVENUE MONITORING 2019-20	£000	£000	£000	£000
Children & Young People	(1,234)	(1,208)	0	(26)
Social Care & Health	(1,246)	(1,115)	(90)	(41)
Enterprise	(1,480)	(930)	(152)	(399)
Resources	(1,342)	(1,236)	(106)	0
Chief Executives Units	(106)	(46)	(60)	0
Corporate Costs & Levies	0	0	0	0
Appropriations	(282)	(162)	0	(120)
Financing	(756)	(756)	0	0
DIRECTORATE Totals	(6,446)	(5,453)	(408)	(586)










Children & Young People		2019/20 Budgeted Savings	Value of Saving forecast at Month 7	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress
		£000	£000	£000	£000	£000	
CYP 1	Federated school model	(23)	(23)				Saving achieved
CYP 3	Investigate options to revise running and budgeting of Gwent Music - Schools	(40)	(40)				Close working with Gwent Music has identified where the savings can be achieved
CYP 4	Fees and charges - Before School Club - Schools. Residual effect of 2018-19 budget proposal, reflecting 5 months activity at £1 pd	(72)	(46)		(26)		Lower take up of paid childcare element has resulted in a shortfall on the income
CYP 6	Continuation of inclusion review (incl Mounton Hse)	(275)	(275)				Full savings have been achieved
CYP 7	Nursery Provision, double counting topped up schools Jan 19 - March, already provided every Sept	(40)	(40)				Full savings have been achieved
CYP 11	Teachers Pension Scheme - increased rates - prudent assumption of funding from WG at 60%	(475)	(475)				Grant income has been received to offset this
CYP 11	Teachers Pension Scheme - increased rates - prudent assumption of funding from WG at 40%	(309)	(309)				Grant income has been received to offset this
CHILDREN & YOUNG PEOPLE Budgeted Savings Total 2019-20		(1,234)	(1,208)	0	(26)		






Social Care & Health		2019/20 Budgeted Savings	Value of Saving forecast at Month 7	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress
		£000	£000	£000	£000	£000	
SCH 1	Practice change- continue the transformation of practice. Early help, reablement, better life planning and realigning provision to meet personal outcomes .	(536)	(536)				
SCH 2	Fairer charging weekly threshold increases from £70 to £80 generating income following means test	(129)	(129)				
SCH 3	Respite Care - income generation from Fairer charging threshold.	(9)	(9)				
SCH 4	Increase income budget for Mardy Park to reflect additional income from new sc33 agreement	(36)	(36)				
SCH 5	Adults transport budget realignment as people use own transport solutions	(15)	(15)				
SCH 6	Realign Drybridge Gardens budget , based on M5 underspend position	(11)	(11)				
SCH 7	Reduce Individual support service (ISS) staffing costs following end of current two year detriment	(6)	(6)				
SCH 8	Efficient rota management @Budden Crescent following recent review	(20)	(20)				
SCH 9	Continuing Health Care (CHC) Adult - Health recoupment	(100)	(100)				
SCH 10	Budget to represent care home fee income from property sales	(160)	(160)				
SCH 11	Additional charges recovered from property	(90)	0	(90)			Awaiting Counsel direction
SCH 12	Children, Welsh government (WG) additional grant funding for Looked after children (LAC)	(41)	0		(41)		Due to extra demand and the cost involved £41K goes very little way if any to
SCH 13	Discretionary fees & charges uplift	(93)	(93)				
SOCIAL CARE & HEALTH Budgeted Savings Total 2019-20		(1,246)	(1,115)	(90)	(41)		



Enterprise		2019/20 Budgeted Savings	Value of Saving forecast at Month 7	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress
		£000	£000	£000	£000	£000	
18-19	OPS Grounds/waste - 1 year freeze of Head of waste p	40	40				Achieved
18-19	OPS Highways - displace core costs with grant	200	200				Achieved
ENT001	PLANHOUS – Development Mgt – Increased income from discretionary services	(13)	(13)				Achieved
ENT002	PLANHOUS - Development Mgt Press notice savings	(5)	(5)				Achieved
ENT003	OPS - Waste - Move to Re-usable bags for recycling. V	(45)	0	(45)			Cabinet decision to phase in this change so this saving is not achievable this year.
ENT004	OPS - Waste - Move to plastic bags instead of starch for food waste £30k per annum. Bags are going into Energy from Waste (EfW) regardless and contractor wants us to use plastic as easier to reprocess	(30)	(30)				Achieved
ENT005	Household waste recycling centre Day closures – Usk 2 days, Troy 2 days, Llanfoist 1 day, Five Lanes 1 day, circa £72k consequence	(72)	(60)	(12)			Only 10 out of 12 mths savings achieved due to delays
ENT008	OPS - Waste - Issue “Tax Disc” style permits to all residents with council tax to reduce cross border traffic of waste	(24)	(20)	(4)			Only 10 out of 12 mths savings achieved due to delays
ENT009	OPS Grounds/waste - Head of waste post, permanent removal from base.	(40)	(40)				Achieved
ENT010	OPS - Car Parks - Increase in charges - 10%	(90)	(30)	(60)			Only 3 months of savings currently achievable due to the length of consultation processes.
ENT014	OPS - Car Parks - Identifying additional car parking sites. Severn Tunnel Junction (requires investment)	(15)	0	(15)			The plans for Severn Tunnel Junction have changed dramatically so this income will not be achievable this year.






Enterprise		2019/20 Budgeted Savings	Value of Saving forecast at Month 7	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress
		£000	£000	£000	£000	£000	
ENT015	OPS - Car Parks - changing charging times 08.00-18:00	(3)	(1)	(2)			Only 3 months of savings currently achievable due to the length of consultation processes.
ENT016	OPS - Car Parks - Charging On a Sunday	(20)	(6)	(14)			Only 3 months of savings currently achievable due to the length of consultation processes.
ENT010-017	First year implementation costs of car parking proposals	106	106				Achieved
ENT018	OPS - Releasing spare budget funding from 18-19 Pay	(30)	(30)				Achieved
ENT019	OPS - Highways - Generate additional turnover through expansion of workforce to undertake more private/grant work. Would require additional investment.	(50)	(50)				Achievable
ENT020	OPS – Highways – Review of disposal of Highways arisings	(25)	(25)				Still undertaking review into proposal to achieve this. Delay could affect ability to fully meet target, although Highways will look at other means to manage shortfall.
ENT021	OPS - Streetlighting - rearranging of the funding of previous LED SALIX Loans	(38)	(38)				Achieved
ENT022	OPS - PTU Dynamic purchasing system (DPS) Retendering Savings.	(194)	0		(194)		Early indications are that the changes required to make this saving will happen too late in the year to have any benefit in 19/20

Enterprise		2019/20 Budgeted Savings	Value of Saving forecast at Month 7	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress
		£000	£000	£000	£000	£000	
ENT023	ECO - Community & Pships - Staff and Supplies & servi	(30)	(30)				Achieved
ENT024	ADM/MONLIFE savings	(205)	0		(205)		Net saving based on benefits gained by Mon Life moving into charity status (NDR/Gift Aid/Vat), as this is no longer going ahead the savings are unachievable.
ENT025	ADM/MONLIFE fees & charges uplift	(59)	(59)		0		Achieved
ENT025	Discretionary fees & charges uplift	(27)	(27)				Achieved
ENT026	Headroom to capitalise Highways expenditure	(812)	(812)				Achieved
ENTERPRISE Budgeted Savings Total 2019-20		(1,480)	(930)	(152)	(399)		

Chief Executive's Unit		2019/20 Budgeted Savings	Value of Saving forecast at Month 7	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress
		£000	£000	£000	£000	£000	
CEO001	GOVDEMSUP - Releasing budget saving on Wales local government association (WLGA) Subscription	(3)	(3)				Achieved
CEO002	GOVDEMSUP - Reduction in annual grant provided to Monmouth CAB (1k), releasing budget saving (3k)	(1)	(1)				Achieved
CEO003	GOVDEMSUP - Additional Income from Caldicot Hub - Desk Leasing Scheme	(2)	(2)				Achieved
CEO004	GOVDEMSUP - Policy - Net Staff Savings from not filling admin post	(3)	(3)				Achieved
CEO005	GOVDEMSUP - Community Hubs - Cross-subsidy with new income from Com Ed external	(25)	(25)				Achieved
CEO006	GOVDEMSUP – Contact Centre – Integrated Customer Communications	(60)	0	(60)			Delays in restructuring the service and increases in calls have meant that any potential savings have been negated by the requirement to bring in agency staff to cover staff sickness and vacant posts. This saving will not be made this financial year
CEO007	GOVDEMSUP - Members - Chairman's charity - Reduce/remove MCC Subsidy	(8)	(8)				Achieved
CEO008	GOVDEMSUP – Make wider use of Chairmans car to enable a release of a pool car within MCC	(3)	(3)				Achieved
CEO009	Discretionary fees & charges uplift	(1)	(1)				Achieved
CHIEF EXECUTIVES' UNIT Budgeted Savings Total 2019-20		(106)	(46)	(60)	0		

Resources		2019/20 Budgeted Savings	Value of Saving forecast at Month 7	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress
		£000	£000	£000	£000	£000	
RES001	CORPLLORD Estates RE-FIT Energy Savings (net after funding repayments)	(25)	(25)				Achieved
18-19	RES (Procurement - supplementary duplicate payment review) - one off saving in 18-19 - needs to come back out	25	25				Achieved
RES002	Central Services Recharge to Monlife (gross, £143k pressure accomodated in 2018-19 budget)	(704)	(704)				As MonLife is now staying in-house this has been offset with an opposite pressure so nil effect.
RES003	Commercial property income - additional acquisitions - rental income above borrowing and other costs	(400)	(400)				Achieved
RES004	Commercial property income - Castlegate - create sinking fund through wider reserve replenishment from one-off VAT savings to afford release of annual net income to revenue account	(170)	(114)	(56)			Saving assumed 100% rental, currently we have some vacant units that are not producing any income so an element of saving will be delayed until we fill all our units.

Resources		2019/20 Budgeted Savings	Value of Saving forecast at Month 7	Delayed Savings	Savings deemed Unachievable	Traffic Light based Risk Assessment	ASSESSMENT of Progress
		£000	£000	£000	£000	£000	
RES005	Further Travel cost reduction (10%) to be allocated via Future Mon	(50)	0	(50)	0		<p>Total saving forecast be achieved by 31st March 2020.</p> <p>Measures currently being implemented to reduce travel expenses across the authority comprise:</p> <p>Accommodation Review including reallocation of Social Care from Magor to Usk</p> <ul style="list-style-type: none"> • Accommodation rationalisation • Area based working • Route optimisation • Pool car review • Digital enabling for members and officers, including, Skype, laptops, smart phones, tablets, mobile apps etc. • Refocus on agile working and the ability to work seamlessly from any location.
RES006	Discretionary fees & charges uplift	(18)	(18)				Achievable
RESOURCES Budgeted Savings Total 2019-20		(1,342)	(1,236)	(106)	0		

Corporate Costs & Levies		2019/20 Budgeted Savings £000	Value of Saving forecast at Month 7 £000	Delayed Savings £000	Savings deemed Unachievable £000	Traffic Light based Risk Assessment £000	ASSESSMENT of Progress
		0					
CORPORATE COSTS Budgeted Savings Total 2019-20		0	0	0	0		
Appropriations		2019/20 Budgeted Savings £000	Value of Saving forecast at Month 7 £000	Delayed Savings £000	Savings deemed Unachievable £000	Traffic Light based Risk Assessment £000	ASSESSMENT of Progress
APP001	Interest Receivable	(162)	(162)				
APP002	Minimum revenue provision (MRP) savings from capital receipts set aside - to be confirmed	(120)	0		(120)		The proposal involved use of Crick Road receipt, however legal agreement fetters its use until drainage solution secured
APPROPRIATIONS Budgeted Savings Total 2019-20		(282)	(162)	0	(120)		
Financing		2019/20 Budgeted Savings £000	Value of Saving forecast at Month 7 £000	Delayed Savings £000	Savings deemed Unachievable £000	Traffic Light based Risk Assessment £000	ASSESSMENT of Progress
FIN001	Council tax base increase - further increase anticipated beyond CT1 taxbase	(40)	(40)				
FIN001	Council Tax Reduction Scheme activity saving	(110)	(110)				
FIN002	Anticipated "floor" change to Aggregate external funding (AEF) (0.5% improvement)	(468)	(468)				
FIN003	Final "floor" change to 0.3%	(138)	(138)				
FINANCING Budgeted Savings Total 2019-20		(756)	(756)	0	0		

Appendix 3

Individual Schools Reserves

	Opening	Estimated	Forecast		Recovery
	Balance	usage	Closing		Plan
	2019-20	based on	Balance		Yr end
	(surplus)/	Month 7	2019-20		Target
	deficit	(surplus)/	(surplus)/		2019-20
		deficit	deficit		(surplus)/
					deficit
<u>Abergavenny cluster</u>					
E003 King Henry VIII Comprehensive	82,797	136,804	219,601		71,901
E073 Cantref Primary School	(88,391)	(412)	(88,803)		
E072 Deri View Primary School	(80,000)	7,056	(72,944)		
E035 Gilwern Primary School	(55,251)	(9,228)	(64,479)		
E037 Goytre Fawr Primary School	(2,737)	(24,932)	(27,669)		
E093 Llanfoist Fawr Primary School	(14,342)	(7,522)	(21,864)		
E044 Llantillio Pertholey CiW Primary School (VC)	9,643	15,542	25,185		25,185
E045 Llanvihangel Crucorney Primary School	(34,341)	(2,003)	(36,344)		
E090 Our Lady and St Michael's RC Primary School (VA)	14,170	(28,628)	(14,458)		
E067 Ysgol Cymraeg Y Fenni	(51,306)	48,616	(2,690)		

		Opening	Estimated	Forecast		Recovery	
		Balance	usage	Closing		Plan	
		2019-20	based on	Balance		Yr end	
		(surplus)/	Month 7	2019-20		Target	
		deficit	(surplus)/	(surplus)/		2019-20	
		deficit	deficit	deficit		(surplus)/	
						deficit	
Caldicot cluster							
E001 Caldicot School		65,013	120,372	185,385		188,407	
E068 Archbishop Rowan Williams CiW Primary School (VA)		(73,406)	(10,903)	(84,309)			
E094 Castle Park Primary School		23,772	(26,923)	(3,150)		(1,422)	
E075 Dewstow Primary School		(108,642)	20,258	(88,384)			
E034 Durand Primary School		(29,087)	16,493	(12,594)			
E048 Magor CiW Primary School (VA)		54,651	(15,949)	38,702		13,348	
E056 Rogiet Primary School		(20,015)	19,982	(33)			
E063 Undy Primary School		129,534	3,008	132,542		126,424	
E069 Ysgol Cymraeg Y Ffin		32,979	30,280	63,259		Pending	

		Opening	Estimated	Forecast		Recovery	
		Balance	usage	Closing		Plan	
		2019-20	based on	Balance		Yr end	
		(surplus)/	Month 7	2019-20		Target	
		deficit	(surplus)/	(surplus)/		2019-20	
		deficit	deficit	deficit		(surplus)/	
						deficit	
<u>Chepstow cluster</u>							
E002 Chepstow School		(50,661)	216,054	165,393		165,393	
E091 Pembroke Primary School		13,239	(989)	12,250		(209)	
E057 Shirenewton Primary School		(132,093)	41,810	(90,283)			
E058 St Mary's Chepstow RC Primary School (VA)		63,593	(6,463)	57,130		Pending	
E060 The Dell Primary School		(16,389)	(3,560)	(19,949)			
E061 Thornwell Primary School		53,722	(48,779)	4,943		(645)	

	Opening	Estimated	Forecast		Recovery
	Balance	usage	Closing		Plan
	2019-20	based on	Balance		Yr end
	(surplus)/	Month 7	2019-20		Target
	deficit	(surplus)/	(surplus)/		2019-20
	deficit	deficit	deficit		(surplus)/
	deficit	deficit	deficit		deficit
Monmouth cluster					
E004 Monmouth Comprehensive	538,326	(58,749)	479,577		487,767
E032 Cross Ash Primary School	(54,150)	11,616	(42,534)		
E092 Kymin View Primary School	(5,607)	(23,245)	(28,852)		
E039 Llandogo Primary School	83,516	94,142	177,658		(1,141)
E074 Osbaston CiW Primary School (VC)	(6)	27,411	27,405		Pending
E051 Overmonnow Primary School	18,473	602	19,075		Pending
E055 Raglan CiW Primary School (VC)	108,451	(59,955)	48,496		64,622
E062 Trellech Primary School	(71,983)	29,864	(42,119)		
E064 Usk CiW Primary School (VC)	(9,911)	(22,096)	(32,007)		

		Opening	Estimated	Forecast		Recovery
		Balance	usage	Closing		Plan
		2019-20	based on	Balance		Yr end
		(surplus)/	Month 7	2019-20		Target
		deficit	(surplus)/	(surplus)/		2019-20
		deficit	deficit	deficit		(surplus)/
		deficit	deficit	deficit		deficit
Special Schools						
E020 Moun-ton House Special School		(141,505)	66,950	(74,555)		4,947
E095 PRU		(19,652)	93,717	74,065	Pending	