

## REPORT

<b>SUBJECT:</b>	<b>Revenue and Capital Budget 2020/21 – Final proposals following scrutiny and public consultation</b>
<b>MEETING:</b>	<b>Cabinet</b>
<b>DATE:</b>	<b>19<sup>th</sup> February 2020</b>
<b>DIVISION/WARDS AFFECTED:</b>	<b>ALL</b>

### 1. PURPOSE:

- 1.1 To update Cabinet with the consultation responses to the draft budget proposals issued by them on the 20<sup>th</sup> December in respect of the Capital and Revenue budgets for 2020/21.
- 1.2 To update members with implications arising from the Provisional Local Government Settlement announcement of the Welsh Government as well as providing update with regards to the awaited Final Settlement announcement.
- 1.3 To make recommendations to Council on the Capital and Revenue budgets and level of Council Tax for 2020/21.
- 1.4 To receive the Responsible Financial Officer's Prudential Indicator calculations for capital financing.
- 1.5 To receive the statutory report of the Responsible Financial Officer on the budget process and the adequacy of reserves.

### 2. RECOMMENDATIONS:

- 2.1 That Cabinet considers the responses to consultation and recommends to Council:
  - The 2020/21 revenue budget as attached in **Appendix I**.
  - The 2020/21 to 2023/24 capital programme as attached in **Appendix J1**.
- 2.2 That Cabinet acknowledges that the final budget proposals proposed look to support the priorities of the council and specifically seek to recognise in full, all pay and pension-related spending pressures in our schooling system and the increasing demand placed on children's social care services, adult social care and our children with additional learning needs budgets.
- 2.3 That a 4.95% increase in the Band "D" equivalent Council Tax for the County continues to be used as the planning assumption in the budget model and to apply for County purposes in 2020/21.
- 2.4 That Cabinet approves the revised saving and pressure proposals, updated following public consultation, scrutiny and more up to date information being made available since the draft proposals were released on consultation on 20<sup>th</sup> December 2019.

- 2.5 That Cabinet recognises the risks concerning an absence of a funding floor in the Final Local Government Settlement, and further steps needing to be taken to manage the remaining budget deficit if this was to materialise.
- 2.6 That Cabinet notes the movements anticipated in respect of earmarked reserves during 2020/21 culminating in forecast earmarked reserve balances of £5.29 million at the end of 2020/21.
- 2.7 That Cabinet approves changes to the draft capital budget proposals and programme for 2020/21 and as outlined in paragraph 3.29.
- 2.8 That Cabinet recommends Council to dispose of assets identified in the exempt background paper at best value.
- 2.9 That Cabinet considers the Responsible Financial Officer's report on the robustness of the budget process and the adequacy of reserves issued under the provisions of the Local Government Act, 2003
- 2.10 That Cabinet adopts the Responsible Financial Officer's report on Prudential Indicators.
- 2.11 That Cabinet approves the following:
  - Further work is undertaken to develop a balanced Medium Term Financial Plan (MTFP) over the 3 year period 2021/22 to 2023/24.
  - Regular review of the MTFP to ensure it remains up to date, and that includes an assessment of evidence based pressures and risks, underlying modelling assumptions and the ongoing affordability implications of the Corporate Plan.

### 3. KEY ISSUES:

#### BUDGET CONSULTATION

- 3.1 Cabinet issued its budget consultation proposals on 20<sup>th</sup> December 2020 thereby allowing a period for public consultation and scrutiny. The proposals were scrutinised by the Children's and Young People Select Committee, Strong Communities Select Committee, Adult Select Committee, and Economy and Development Select Committee, the Schools Budget Forum and the Joint Advisory Group (JAG).
- 3.2 Furthermore, budget consultation was undertaken through two public meetings, a meeting of the Access for All forum, a meeting with Head Teachers, a young person's conference, Town and Community Council Cluster meetings and the North Monmouthshire Area Committee.
- 3.3 Extracts of the draft minutes from the Committees are included as **Appendices A1 to A6** respectively and a summary or minutes of the engagement events together with feedback received are included in **Appendices A7 to A17**.
- 3.4 In terms of public engagement the use of the website and social media as a mechanism for sharing information and getting feedback has continued with active engagement and responses received. An overview of the Council's budget engagement is included in **Appendix A18**.
- 3.5 As might be expected, responses to consultation varied. However there was a broad acceptance and understanding of the overall shape of the budget proposals and set against the backdrop of significant financial and demand driven challenges faced.

Residents understood that the Council continued to look to protect frontline services and in particular those most vulnerable in our communities.

- 3.6 There were a number of questions clarified via the Select Committee meetings and other consultation meetings. These questions particularly concerned the pressures being faced in children's services, children with additional learning needs and adult social care. Clarification was provided at meetings and via FAQs made available on the Council's website. The budget presentation delivered at the consultation events was made widely available via the Council's website. And the Cabinet Member for Resources delivered a video message to explain the challenges being facing in 2020/21 and how the Council was looking to respond to them.
- 3.7 The process in general has worked well, with thorough debate having taken place through scrutiny and public consultation events. Attendance was significantly improved from previous years at the two public meetings, in Abergavenny in particular, and particularly driven by residents wanting to feedback and raise concern about the savings proposed against Individual School Budgets (ISB). Constructive feedback was again also provided on how the budget consultation could be improved and this will be taken on board as part of ongoing improvement in the process.
- 3.8 In respect of the capital budget proposals, general support was expressed about the need to continue to invest in schools whilst recognising that there are future pressures to be managed. Concerns were also raised with regards to overstretched infrastructure in the South East of the County and the need to invest to alleviate congestion and to support active travel.
- 3.9 In terms of the key issues and concerns raised as part of the consultation, engagement and scrutiny process and which concern the revenue budget proposals specifically, these principally revolved around:
- a) Notable concerns and objections around the proposed 2% savings to Individual School budgets and the detrimental impact this would have on children and the quality of teaching and learning at schools. However, there was support for the proposed loan scheme being offered to schools to assist them with managing school deficits.
  - b) Concern raised around the level of proposed council tax rise. However, there was a recognition that the choices available to the Council were limited in the face of significant pressures and inadequate funding being received from Welsh Government.
  - c) A specific issue raised concerning the inability for VAT registered clubs and associations not being able to recover VAT resulting from bookings for leisure facilities and subsequent to the Council's decision in 2019 to adopt the Ealing ruling whereby such activities were treated as being VAT exempt.
  - d) Clarification sought around car parking charges and where it was confirmed that there were no increases being proposed for 2020/21 and with other charges being held in line with inflation and where practicable.
- 3.10 There was a general consensus reached by respondents that the funding formula used by Welsh Government to allocate funding to Welsh authorities disproportionately disadvantaged Monmouthshire and failed to recognise both the areas of deprivation within the County and its rurality. There was overriding support that the Council should challenge Welsh Government on the need for a funding floor to be introduced in order to protect vital services. Select committees asked for the funding formula to be reviewed and for evidence to be provided to the WLGA and Welsh Government such that Monmouthshire could benefit from a fairer settlement in future.

- 3.11 As a result of the consultation and upon subsequent reflection of concerns raised it is recommended that the following revisions are made to the savings proposals:
- a) That the 2% savings in Individual School Budgets is removed in full. Schools will also benefit from the full funding of pay and pension increases and the loan scheme offered to schools will be implemented.
  - b) To recognise a pressure of £25k to allow a scheme to be developed and that ensures that the impact that VAT registered clubs and associations are encountering from not being able to recover VAT from bookings for use of leisure facilities is mitigated.
  - c) To increase the budget for disabled facilities grants, and that supports people living independently and at home, from £600k to £900k for 2020/21 and the capital MTFP.
  - d) An ongoing commitment to recognise and value the contribution made by the workforce and ensuring that local government staff are paid no less than the minimum wage set by the living wage foundation of £9.30 per hour and that will take effect from April 2020.

## **PROVISIONAL AND FINAL SETTLEMENT**

- 3.12 The provisional settlement was announced on the 16<sup>th</sup> December 2019. The Local Government settlement was announced with an increase (after adjusting for transfers) across Wales of 4.3%. However, for Monmouthshire the provisional settlement only delivered an increase in the Authority's Aggregate External Finance (AEF) of 3.0% after taking into account transfers into the settlement. Across Wales settlements varied widely from a 3.0% increase in Monmouthshire to a 5.4% increase in Newport. The Minister concluded at that stage that no funding floor was deemed necessary leading to Monmouthshire and a number of other Welsh Authorities receiving a settlement significantly lower than the average of 4.3%.
- 3.13 The Leader, on behalf of the Council, sent a strong letter to the First Minister and the Minister for Housing and Local Government on 3<sup>rd</sup> February 2020 in response to the poor settlement that the Council again received and made the case for the Minister to consider the introduction of a funding floor as well as future review of the funding formula which continues to disadvantage Monmouthshire and other rural authorities. A copy of the letter is included at **Appendix B2** of this report.
- 3.14 The final settlement is not expected to be announced by Welsh Government until 25<sup>th</sup> February 2020, leaving the Authority in a situation where it is unclear as to whether the Minister will have listened to the calls from the Council, other Welsh local authorities and the WLGA for a funding floor to be introduced and that would provide a fairer distribution of funding across Welsh local government. The Council will need to respond quickly to the final settlement announcement and ahead of Council on 5<sup>th</sup> March in order to ensure it has a robust and balanced set of budget proposals presented for approval.
- 3.15 The main adjustments to our AEF in the provisional settlement have resulted from transfers into the settlement of Teacher's pension grant (£1.01m) and Teacher's pay grant (£310k) which was afforded to authorities in 2019/20. Further transfers arise in respect of NHS funded nursing care (£55k) and local discretionary business rate funding (£63k). These transfers have been passported to directorates based on the values advised in the provisional settlement to meet associated cost pressures.
- 3.16 A table showing each authorities position resulting from the provisional settlement is included at **Appendix B1** to this report. Monmouthshire again remains at the bottom of the table in terms of AEF per head of population.

- 3.17 The provisional settlement also only included the notifications of specific grants at an all Wales level. There are still a number of grant announcements to be made and this position is extremely disappointing as it makes planning for next year's budget even more difficult. It is hoped that the final settlement will provide further clarification. The current position on Welsh Government specific grants is included in **Appendix C**. There are a number of significant grants where the Authority remains unclear as to the amount to be received and resultant terms and conditions attached.
- 3.18 The medium term prognosis is still of concern, there are no indicative settlement figures published and which significantly impedes and impacts on forward planning of budgets over the medium term. At this stage and with uncertainties remaining as to future levels of local government funding the MTFP for 2021/22 onwards factors in no cash increase in funding (0.0%), so that planning can be undertaken on a prudent basis.
- 3.19 There is still a need to think differently about the even greater challenges of the medium term and this work and engagement will continue in the coming months, and notably with other local authorities, Welsh Government and the Welsh Local Government Association (WLGA) and where funding distribution and projections are concerned. Specifically the Leader is garnering support with the WLGA rural forum for an evidence based review of the funding formula to be undertaken to demonstrate how rural authorities are disadvantaged in the formula distribution. Separately the WLGA will be looking to present to an all Member seminar to explain the funding formula, the role of the Distribution Sub-Group (DSG) and the key drivers in the settlement distribution. All intended to improve the challenge and the case for change in the funding distribution for Monmouthshire.

### **BUDGET PROCESS CONTEXT**

- 3.20 Subsequent to Cabinet's budget consideration on 20<sup>th</sup> December 2019, proposals went on consultation indicating a need to close a £5.3 million gap with an unfunded gap of £1.178m still needing to be found. The budget at that time included £9.74 million of pressures and £7.98 million of saving proposals. Work has continued to review and revise existing and new savings and pressures in the light of further engagement and analysis. All the original proposals are available as part of the draft budget proposals. Summary details of revised savings and pressures and the movement from draft to final proposals are included in **Appendix D** and **E**.

### **3.21 Summary Movements**

<b>Pressures</b>	<b>Amount</b>
	<b>£'000</b>
Draft proposals	9,742
Revisions and additions in intervening period	(216)
<b>Final proposals</b>	<b>9,526</b>

<b>Savings Proposals</b>	<b>Amount</b>
	<b>£'000</b>

Draft proposals	(7,981)
Revisions and additions in intervening period	(529)
<b>Total</b>	<b>(8,510)</b>
<b>Budget shortfall remaining</b>	<b>£497k</b>

3.22 The revisions and additions to pressures are summarised as follows:

- A managed reduction of £500k in the pressure and investment in the county-wide rollout of the *Turning the World Upside Down* commissioning strategy. The reduced level of investment, previously proposed and recognised as £1.048m, will be achieved through a delayed and phased implementation from July 2020. The rollout will see a pricing model introduced and that looks to positively impact recruitment and retention and supply of hours into the domiciliary care market and where Monmouthshire retains an important and ongoing role;
- As a result of further work undertaken since the draft budget proposals were prepared to include a pressure of £420k in respect of incremental pay pressure that results exceptionally from the introduction of the new pay spine for LGE employees in 2019/20. This incremental pay pressure most significantly results from those local government employees on the lowest pay scales.
- To recognise a pressure of £25k to allow a scheme to be developed and that ensures that the impact that VAT registered clubs and associations are encountering from not being able to recover VAT from bookings for use of leisure facilities is mitigated;
- As a result of Welsh Government in the provisional settlement confirming that they were affording a further £2.4m across Wales to support authorities with discretionary business rate relief, the inclusion of a £63k budget that reflects Monmouthshire's share of the funding;
- A reduction in the budget for the South Wales Fire Authority precept of £180k which is in part resulting from contingency no longer required from the current year in respect of Firefighter pension contributions and as a consequence of the proposed increase in levy reducing from 4.84% to 4.59%; and
- A reduction in treasury budgets of £44k as a result of the delayed impact of additional borrowing to fund schemes approved in 2019/20.

3.23 The revision and additions to savings are summarised as follows:

- As outlined in paragraph 3.11(a) above the full removal of the proposed 2% saving against Individual School budgets of £830k.
- A reduction in the saving for the proposed closure of Usk recycling centre of £10k to reflect the Cabinet decision taken on 20<sup>th</sup> December 2019 being held in abeyance and subject to further data collection, engagement, consultation and impact assessments being undertaken and resultant recommendations being brought back for pre-decision scrutiny and subsequent consideration by Cabinet.

- To increase the saving that results from the 4.95% proposed council tax increase by £293k and as a result of a revision required to the original calculation and an improved forecast in the number of housing completions forecast.
  - As noted in paragraph 3.11 above additional funding of £1.076m as a consequence of the Provisional Settlement announcement confirming a 3.0% increase in funding rather than the 1.0% increase modelled as part of the draft budget proposals.
- 3.24 A further £1.375m of additional funding was included in the provisional settlement in respect of transfers into the settlement and to meet costs that had been previously grant funded by Welsh Government (teachers' pay and pensions increases for 2019/20) or where additional burdens were being placed on the Authority (NHS funded nursing).
- 3.25 The consequence of the adjustments to pressures and savings leaves a remaining budget deficit to be managed of £497k. A real and present risk remains that the Final Settlement announcement from Welsh Government will not introduce a floor mechanism that would benefit Monmouthshire and assist in addressing the remaining budget deficit. Work is continuing to explore further options to bring forward savings and reduce pressures such as to ensure that the requirement to bring forward a set of fully funded budget proposals is presented to Council on 5<sup>th</sup> March 2020.
- 3.26 It is worth noting that the ongoing financial challenges remain as always a dynamic situation. As stated in recommendation 2.8 further work will be undertaken to develop the MTFP and that will include an ongoing assessment of pressures, risks and modelling assumptions. Notably key risks remaining to be assessed and managed in 2020/21 and as yet unknown are:
- a) The fact that the LGE pay award is still not known. The most recent offer made, and rejected by the unions, was for a 2% pay award for 2020/21. The current modelling assumption for pay award for non-teaching staff is currently 1%. The Council together with the WLGA will look to lobby UK Treasury to ensure that provision is made for the pay award and a consequential to Welsh Government that is passed on to Welsh authorities.
  - b) Demand-led pressures remain, as evidenced by the extent and level of pressures needing to be accommodated within these budget proposals. Ongoing budget monitoring and review of pressures will identify whether any further pressures need to be managed. As stated this is a dynamic situation to which the Authority will respond as any situation evolves.

### **Council Tax**

- 3.27 The 4.95% increase in the Band "D" equivalent Council Tax for the County continues to be used as the planning assumption in the budget model and to apply for County purposes in 2020/21, reverting to 3.95% increase in each of the subsequent 3 years.

### **OVERALL REVENUE BUDGET POSITION**

- 3.28 The current revenue position for each of the next 4 years is included in **Appendix I**. The proposed position for 2020-21 specifically is,

Services	Indicative Base 2020/21 £000
Children & Young People	55,539
Social Care & Health	50,686
Enterprise	20,568
Resources	7,792
Chief Executive's Unit	4,745
MonLife	3,565
Corporate Costs & Levies	22,898
<b>Sub Total</b>	<b>165,792</b>
Transfers to reserves	143
Transfers from reserves	(747)
Treasury	5,460
<b>Appropriations Total</b>	<b>4,856</b>
<b>Total Expenditure Budget</b>	<b>170,648</b>
Aggregate External Financing (AEF)	(93,229)
Council Tax (MCC)	(56,223)
Council Tax (Gwent Police)	(12,602)
Council Tax (Community Councils)	(2,699)
Contribution to/(from) Council Fund	0
Disinvestment	(5,397)
<b>Sub Total Financing</b>	<b>(170,151)</b>
<b>(Headroom)/Shortfall</b>	<b>497</b>

Note: An explanation of how services are grouped is included in **Appendix L**

## CAPITAL BUDGET

- 3.29 On September 19<sup>th</sup> Council approved the first full Capital Strategy, a requirement of the Prudential Code for Capital Finance that was updated in 2017. The Authority's Capital Strategy is required to define at a high level, how the Authority ensures its capital plans contribute to the provision of local public services; are affordable, prudent and sustainable; are developed with a full understanding of the risks involved; are appropriate for the Authority and suit local circumstances and that they have due regard for the long run financing implications and risks to the Authority.
- 3.30 The capital MTFP strategy remains as one which seeks to work towards a financially sustainable core capital programme without recourse to further prudential borrowing or use of capital receipts so that these resources can be directed towards the Council's priority of the future schools programme. The draft capital budget proposals were prepared on this basis and were issued by Cabinet for consultation purposes at its meeting on 20<sup>th</sup> December 2019.
- 3.31 During the financial year, any new schemes volunteered can only be added to the programme if the business case demonstrates that they are self-financing or if the scheme is deemed a higher priority than current schemes in the programme and therefore displaces it.
- 3.32 When considering the relative merits of projects and potential displacement, the priority matrix in the capital strategy will be applied, either endorsing or amending it for onward consideration by full Council.



- 3.33 The provisional settlement and grant notification included therein confirmed an increase in anticipated General Capital Grant funding included in the capital MTFP budget proposals of £960k. This has assisted in allowing flexibility to continue to assist the capital and revenue budgets and as outlined below.
- 3.34 The proposed changes to capital programme since the draft proposals were on consultation by Cabinet on December 20<sup>th</sup>, based on feedback from public consultation and scrutiny as well as the benefit of additional Welsh Government capital grants, have resulted in a proposed increase in the capital programme of £1.302m. These changes are summarised as follows:
- A continuation of the increase in the Disabled Facility Grant budget, as has been the case for the last three years, by £300k for 2020/21 and the remaining years of the capital MTFP, and to meet an evidenced backlog of applications that will benefit applicants whilst alleviating pressure on social care. Funded through a combination of capital receipts and additional General Capital Grant received as part of the provisional WG settlement.
  - To apply £812k additional Welsh Government General Capital Grant funding to revenue expenditure that is deemed eligible to be capitalised and to fund highways maintenance capital schemes. This is a continuation of the approach taken in 2019/20 and again where additional Welsh Government Grant was made available.
  - To include £190k in 2019/20 in respect of the promotion of LDP candidate sites and that fall as attributable capital cost of disposal. Funded from capital receipts. In the event that sites are not progressed and disposed of such costs will be seen as abortive and will fall to be revenue. If this is the case then earmarked reserve funding will be sought from either the fixed asset disposal cost reserve or capital support reserve.
- 3.35 The Summary Capital MTFP is shown in **Appendix J1**. There remain significant pressures of a capital nature that cannot be afforded within the capital MTFP and these are outlined in **Appendix J5**. A review of the pressures and associated risks has been undertaken since the draft budget proposals were issued for consultation purposes. This has concluded that further feasibility studies and technical assessments will be undertaken on specific infrastructure assets during 20/21, funded from existing highways infrastructure capital budgets. The results of these studies and assessments will inform the capital MTFP and pressures that will need to be accommodated and funded therein in future financial years.
- 3.36 **Appendix J3**, the capital receipts summary shows the expected level of receipts and planned usage and highlights the balances available in the next couple of years. Future investment in capital schemes, is in part dependent on future success of achieving capital receipts and there are risks attached to some receipts materializing as shown in **Appendix J4**. The revised forecast receipt schedule is provided as exempt background papers to this report for Members approval as **Appendix J6**.

## THE PRUDENTIAL CODE

- 3.37 Under the Prudential Code, local authorities are required to publish Prudential Indicators produced to demonstrate that capital programmes are prudent, sustainable and affordable in the longer term. The indicators for 2019/23 are contained at **Appendix G** to this report, assuming eventual Council approval of Cabinet's budget and Council Tax recommendations.

## THE ROBUSTNESS OF PROCESS AND RESERVES

- 3.38 The level of the Council Fund, The Council's general reserve, is at £7.1m million, subject to 2019-20 year end, but at present it is within the range of 4-6% of net revenue budget and considered to be at a prudent level. The final revenue budget proposals do not include a requirement to use any of the general reserve to balance the budget in 2020/21. The total planned net earmarked reserve utilization in support of the 2020/21 revenue and capital budget is £0.71m. This includes a planned reduction and release from the Treasury Equalisation reserve of £400k that resulted from a review of earmarked reserves. **Appendix H1** shows the call on and contributions to reserves for the 2019/20 budget and **Appendix H2** shows the reserve balances projected for the medium term. Total planned reserve utilization in support of current year revenue and capital budgets means that by the end of 2019-20 the balance of earmarked reserves is likely to be £6.01 million. The further call in 2020/21 means that the earmarked reserves will fall to £5.30 million. In addition the Priority Investment reserve will need to be replenished to fund any future projects identified as going forward. It should be noted that this reduces the flexibility the Council has in meeting the challenges of scarce resources going forward.
- 3.39 Under the provisions of the 2003 Local Government Act, the Responsible Financial Officer has to provide conclusions on the robustness of the budget process and the adequacy of reserves. Those conclusions are shown at **Appendix F**.
- 3.40 The effect of Cabinets revenue budget recommendations is shown at **Appendix I**. The effect of Cabinets capital recommendations is shown at **Appendix J**. Final Council Tax setting is reserved for decision of Full Council on 5<sup>th</sup> March 2020.

## FUTURE GENERATIONS EVALUATION/EQUALITY IMPACT ASSESSMENT (EQIA)

- 3.41 There is a requirement placed on Local Authorities to comply with the general equality duties set out in the Equality Act 2010 and the specific equality duties such as the statutory responsibilities to assess the equality impacts of their budgetary decisions. The Equality Act 2010 places a General Duty on Monmouthshire County Council to eliminate discrimination according to nine "protected characteristics" (age, belief and non-belief, disability, gender, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, and sexual orientation). Also we need to comply with the Welsh Language Act 1993 and the Welsh Language Measure 2011 through which the Welsh Language Commissioner has shaped the Welsh Standards which will come into force from 30<sup>th</sup> March 2016.
- 3.42 The Wellbeing of Future Generations Act requires public bodies to improve social, economic, environmental and cultural wellbeing, by taking action in accordance with the sustainable development principle aimed at achieving the Wellbeing Goals. The authority was an early adopter of The Act and re-shaped its pre-decision evaluation tool to reflect the well-being goals and the principles which it sets out.

3.43 The Council has continued to respond to these issues by building considerations of equality, diversity and sustainability into the planning and delivery of its 2020/21 budget. It has done this by:

- Requiring Chief Officers to undertake a Future Generation evaluation of all the original savings proposals they offered for their service area to contribute towards the Council's overall savings target. This evaluation has since been updated to reflect the final budget proposals and individual evaluations are linked to each budget proposal. These can viewed via the attached [link](#).
- Producing an overall FGE assessment of the revenue budget proposals and publishing this as part of the revenue budget proposals for consultation. This is attached as **Appendix K** and the assessment has been updated as a result of budget consultation and the final revenue budget proposals being presented to Cabinet for consideration.
- Undertaking a FGE assessment of the capital budget proposals and publishing this as part of the capital budget proposals for consultation.
- Enabling the Council's Cabinet Members to consider initial savings proposals with the benefit of the FGEs, and to make initial decisions based on this information. The budget proposals reflect Cabinet's key priorities and therefore key services that support equalities – such as social care and schools.
- Deciding that once the final shape of the budget is agreed by Council in March 2020, Council service areas carry out more detailed work to mitigate and manage any equalities or Future Generation issues that have been identified.
- Including the FGEs as part of this report and published on the Council's website so that residents can understand the factors that went into the planning of the 2020/21 budget.
- Ensuring that where proposals will be the subject of further reports it is expected that further FGEs will be undertaken at that time and where savings are being made from decisions already taken then those implementing those decisions should consider mitigating any negative impacts where necessary.

#### **4. REASONS:**

- 4.1 To make appropriate recommendations to Council on the revenue and capital budgets for 2020/21, and the resultant Council Tax recommended to be set for County purposes, taking into account the public consultation and scrutiny in January.
- 4.2 To sustain the capital programme and establish capital resources to support the programme by the sale of surplus assets where this is deemed necessary and appropriate.
- 4.3 As required by statute, to consider the Responsible Financial Officers provisional conclusions on the robustness on the budget process and the adequacy of reserves going forward.
- 4.4 To approve the Prudential Capital Indicators calculated by the Responsible Financial Officer.

#### **5. RESOURCE IMPLICATIONS:**

As identified within the report and appendices.

**6. CONSULTEES:** Cabinet, Strategic Leadership Team

**7. BACKGROUND PAPERS:**

- a) Directorate Budget builds, detailed capital programme and associated papers
- b) Draft revenue budget proposals, draft capital budget proposals and capital strategy – released on consultation by [Cabinet](#) on 20<sup>th</sup> December 2019
- c) Provisional Local Government Settlement
- d) The CIPFA Prudential Code for Capital Expenditure

**8. AUTHORS:**

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## **Borrowing Appendices**

- A1 Extract of draft minutes of Adults Select committee – 21<sup>st</sup> January 2020
- A2 Extract of draft minutes of Strong Communities Select Committee – 23<sup>rd</sup> January 2020
- A3 Extract of draft minutes of Children & Young People Select Committee – 28<sup>th</sup> Jan 2020
- A4 Extract of draft minutes of Economy & Development Select Committee – 31<sup>st</sup> Jan 2020
- A5 Draft minutes of Schools Budget Forum – 30<sup>th</sup> January 2020
- A6 Draft minutes of JAG (Joint Advisory Group) – 20<sup>th</sup> January 2020
- A7 Extract of draft minutes of Chepstow Cluster meeting – 15<sup>th</sup> January 2020
- A8 Extract of draft minutes of Caldicot Cluster meeting – 23<sup>rd</sup> January 2020
- A9 Extract of draft minutes of Monmouth Cluster meeting – 21<sup>st</sup> January 2020
- A10 Extract of draft minutes of North Monmouthshire Area Committee– 22<sup>nd</sup> January 2020
- A11 Summary of Public meeting – Chepstow Library – 14<sup>th</sup> January 2020
- A12 Summary of Public meeting – Abergavenny Library – 22<sup>nd</sup> January 2020
- A13 Summary of Head Teachers meeting – 17<sup>th</sup> January 2020
- A14 Access for All meeting – 17<sup>th</sup> January 2020 – Summary feedback
- A15 Summary of Youth Conference – 24<sup>th</sup> January 2020
- A16 Resident consultation responses received (personal details redacted)
- A17 Budget consultation responses received by letter
- A18 Overview of Monmouthshire County Council budget engagement
  
- B1 Provisional Settlement Data
- B2 Provisional Settlement – MCC response letter
- C Specific Grants 2020/21 (All Wales)
- D1 Summary of evidence based pressures
- D2 Summary of pressures – movement from draft to final budget
- E1 Summary of budget savings proposals
- E2 Summary of savings – movement from draft to final budget
- F Responsible Financial Officers Opinion
- G Prudential Indicators
- H1 Use of reserves for Revenue Budget Purposes
- H2 Reserve Balances
- I Revenue Budget Summary
- J1 Capital Budget Summary
- J2 Schools Capital Budget Summary
- J3 Capital Receipts Summary
- J4 Receipt Risk Factors
- J5 Capital Pressures
- J6 Capital Receipts (Exempt – supplied under separate cover)
- K Overall Wellbeing and Future Generations Evaluation
- L Explanation of Service Groupings