

Overall Revenue Position

Table 1: Council Fund 2020/21 Outturn Forecast Summary Statement at Month 7

Service Area	Original Budget 2020/21	Budget Adjustments Months 1-7	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ M7	Forecast (Under) / Over Spend @ M5	Variance from M5 to M7
	'000's	'000's	'000's	'000's	'000's	'000's	'000's
Social Care, Health & Safeguarding	50,685	(170)	50,515	52,222	1,707	1,448	259
Children & Young People	55,539	514	56,053	56,178	125	19	106
Enterprise	24,132	(1,511)	22,621	27,238	4,617	5,113	(496)
Chief Executives Unit	4,745	4	4,749	4,811	62	144	(82)
Resources	7,746	30	7,776	7,969	193	694	(501)
Corporate Costs & Levies	22,743	229	22,972	23,014	42	66	(24)
Net Cost of Services	165,590	(904)	164,686	171,432	6,746	7,484	(738)
Appropriations	4,857	1,163	6,020	5,857	(163)	(83)	(80)
Expenditure to be Financed	170,447	259	170,706	177,289	6,583	7,401	(818)
Financing	(170,447)	(259)	(170,706)	(170,863)	(157)	20	(177)
Net General Fund (Surplus) / Deficit	0	0	0	6,426	6,426	7,421	(995)

Table 2: Council Fund 2020/21 Outturn Forecast Detailed Statement at Month 7

Service Area	Original Budget 2020/21	Budget Adjustments Months 1-7	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ M7	Forecast (Under) / Over Spend @ M5	Variance from M5 to M7
	'000's	'000's	'000's	'000's	'000's	'000's	'000's
Children Services	14,428	(63)	14,365	15,825	1,460	1,459	1
Social Care, Health & Safeguarding	14,428	(63)	14,365	15,825	1,460	1,459	1
Individual Schools Budget	47,420	(356)	47,064	46,748	(316)	(264)	(52)
Resources	1,234	(9)	1,225	1,239	14	22	(8)
Standards	6,885	879	7,764	8,191	427	261	166
Children & Young People	55,539	514	56,053	56,178	125	19	106
CYP Select (Surplus) / Deficit	69,967	451	70,418	72,003	1,585	1,478	107

DIRECTORATE – DIVISION VARIANCE COMMENTS

SOCIAL CARE, HEALTH & SAFEGUARDING	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	1,630	1,448	1,707		

SOCIAL CARE, HEALTH & SAFEGUARDING DIRECTOR'S COMMENTARY:

The month 7 directorate forecast outturn for 2020/21 shows an overspend of £1.707m, a marginal increase since M5 of £259k, after accounting for the Social Care Workforce and Sustainability Grant from Welsh Government of £984k. At M7, our Children Looked After numbers stand at 222 (remaining at the same overall number since month 5) and significant income has been lost in Registrars resulting from the COVID-19 pandemic and cancelled appointments. The Welsh Government has yet to commit to their level of funding to cover the loss of pre booking wedding ceremonies. Of the overall over spend; £346k is because of the pressure from the additional 1.75% unfunded staff pay award and £242k from the 2% staff efficiency saving being deemed unachievable.

Children's Services has a predicted overspend of £1.460m, which remains unchanged since the reported M5 forecast. This element of the directorate received a significant injection as part of the 2020/21 budget allocation; however, this was based on CLA numbers at that time being 197. Since the budget for 2020/21 was set, the service had a further influx of children to 219 at the end of 2019/20, and present count CLA stands at 222 and legal costs still remain at a predicted over spend of £238k.

CHILDREN SERVICES					
Outturn Forecast	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	1,575	1,459	1,460		
<p>£1m overspend in providing care and placements for our 222 Looked After Children, £238k overspend in legal costs and the remaining overspend as a result of continued use of agency staffing which currently stands at 6 being employed plus the increased staff pay award.</p>					
CHILDREN & YOUNG PEOPLE	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	84	19	125		
CHILDREN & YOUNG PEOPLE DIRECTOR'S COMMENTARY:					
<p>The Directorate's Month 7 position is an over spend of £125k, which is largely due to the over spend on ALN. However, this has been partially offset by the surplus balance following the closure of Mounton House, which has been transferred to the central CYP budgets to support the wider education budgets.</p>					
INDIVIDUAL SCHOOLS BUDGET					
Outturn Forecast	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	0	(264)	(316)		
<p>Increase in underspend of £52k is due to the Post 16 Teacher Pay Award being funded.</p>					
RESOURCES					
Outturn Forecast	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	37	22	14		
<p>Additional IT Licence costs reported at month 5, are now due to materialise in 2021-22.</p>					
STANDARDS					
Outturn Forecast	Month 2	Month 5	Month 7	Month 9	Outturn
Deficit / (Surplus) £'000s	47	261	426		
<ul style="list-style-type: none"> • Recoupment increased by (income received from other LA's) (£241,000) • Independent placement costs overspent by £115,000 • Other LA placement costs overspent by £130,000 • Additional support for pupils attending our schools overspent by £495,000 • Underspend on early years (rising 3's) due to school closure (£150,000) • Overspend on breakfast clubs £88,000 <p>Within the overspend of £495,000 relating to the additional support for pupils attending our own schools, £200,000 relates to additional funding for the additional learning needs units in Overmonnow (£100k) and Monmouth Comprehensive (£100k). Both these units are able to accommodate more MCC pupils, resulting in less pupils needing to be educated either in independent or other LA schools. While this has resulted in an overspend, the fees paid for the other schools would have resulted in the overspend being higher.</p> <p>Included in the independent placement costs is £108,000 relating to the three remaining pupils at Mounton House, the funding has been transferred from Mounton House to support this.</p> <p>Breakfast clubs have seen a reduction in numbers since re-opening following the Summer Term lockdown, which has led to a reduction in income.</p>					

2. SCHOOLS

- 2.1. A Board of Governors who are responsible for managing the school's finances directly governs each of the Authority's Schools. However, the Authority also holds a key responsibility for monitoring the overall financial performance of schools. Below is a table showing the outturn forecast Schools' balances position based on month 5 projections for each Educational Cluster.
- 2.2. The monitoring earlier in the year at month 2 included a surplus balance of £206,518 for Mounton House. As the school has closed this has been transferred centrally. £107,000 has been used to support the placement costs for the 3 remaining MCC pupils and the remaining £100,000 has been used to offset the overspend in CYP. Included in the table below are the total balances excluding Mounton House for comparison.

Draft Council Fund Outturn 2020/21 – School Balances Summary outturn position at Month 7	(A) Opening Reserves (Surplus) / Deficit Position 2020/21 £000's	(B) Forecast Movement from / (to) School Balances @ Month 5 £'000	(C) Forecast Movement from / (to) School Balances @ Month 7 £'000	(A+C) Forecast Reserve Balances at 2020/21 Outturn £'000
Cluster				
Abergavenny	(118)	(316)	(299)	(417)
Caldicot	160	81	18	178
Chepstow	24	235	205	229
Monmouth	518	(98)	(129)	389
Special	(149)	180	193	44
Total	435	82	(13)	422
Total Excl Mounton House	607	(91)	(185)	422

- 2.3. Collective School Balances at the beginning of the financial year amounted to a £435,000 deficit. The Schools month 2 forecast draw on reserves was £374,000 which resulted in a forecast deficit balance of £809,000. At month 5, the forecast deficit balance had improved by £293,000 taking the forecast deficit to £517,000. At month 7, the forecast deficit balance has improved by a further £95,000 taking the forecast deficit to £422,000. It should be noted that King Henry VIII Comprehensive School have requested a Local Authority loan of £250,000 which has been approved by the Governing Body.

2.4. The movement of individual schools forecasting to be in deficit during the financial year is shown below:

Start of year	Month 2	Month 5	Month 7
Total: 17	Total: 14	Total: 12	Total: 13
Caldicot Comprehensive	Caldicot Comprehensive	Caldicot Comprehensive	Caldicot Comprehensive
Chepstow Comprehensive	Chepstow Comprehensive	Chepstow Comprehensive	Chepstow Comprehensive
King Henry VIII Comprehensive	King Henry VIII Comprehensive	**	
Monmouth Comprehensive	Monmouth Comprehensive	Monmouth Comprehensive	Monmouth Comprehensive
Llandogo Primary	Llandogo Primary	Llandogo Primary	Llandogo Primary
Llantilio Pertholey CIW Primary			
Magor CIW Primary			
Osbaston CiW Primary	Osbaston CiW Primary	Osbaston CiW Primary	Osbaston CiW Primary
Overmonnow Primary			Overmonnow Primary
Pupil Referral Service	Pupil Referral Service	Pupil Referral Service	Pupil Referral Service
Raglan CiW Primary	Raglan CiW Primary		
Rogiet Primary			
St Mary's RC Primary	St Mary's RC Primary	St Mary's RC Primary	St Mary's RC Primary
	The Dell Primary School	The Dell Primary School	The Dell Primary School
Thornwell Primary	Thornwell Primary	Thornwell Primary	Thornwell Primary
Undy Primary	Undy Primary	Undy Primary	Undy Primary
Ysgol Gymraeg Y Fenni	Ysgol Gymraeg Y Fenni	Ysgol Gymraeg Y Fenni	Ysgol Gymraeg Y Fenni
Ysgol Gymraeg Y Ffin	Ysgol Gymraeg Y Ffin	Ysgol Gymraeg Y Ffin	Ysgol Gymraeg Y Ffin

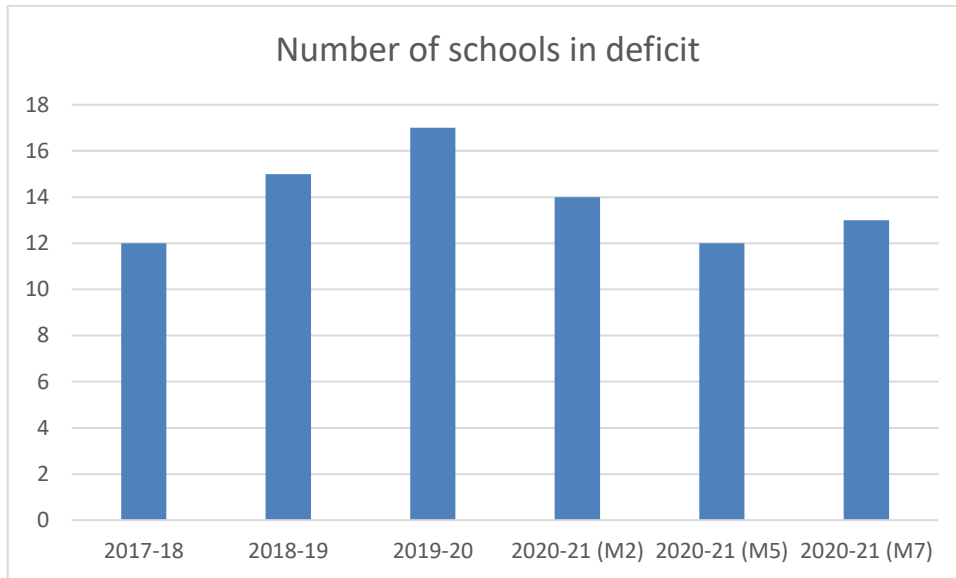
** King Henry VIII Comprehensive School forecast balance at month 5 onwards includes a Local Authority loan of £250,000, which is estimated to result in a surplus year-end balance.

2.5. All schools in a deficit budget have, or are in the process of agreeing recovery plans. These recovery plans will be confirmed with both the Local Education Authority and each School's Governing Body. Once finalised the schools with significant deficits will be monitored by the Cabinet member for Children and Young People and Resources on a termly basis.

2.6. Total schools balances are exhibiting a fluctuating trend with some schools showing a continuing reduction in schools balances which is of concern and others a more balanced trend.

Financial Year-end	Net level of School Balances
2014-15	(1,140)
2015-16	(1,156)
2016-17	(269)
2017-18	(175)
2018-19	232
2019-20	435
2020-21 (Forecast)	422

2.7. However, set against this and as referenced above the number of schools in deficit is forecasting to reduce as the financial year progresses illustrated by the following table. This provides some overall comfort that recovery plans are taking effect.



2.8. There has been a significant reliance on reserve balances to supplement school spending plans in the last 4 years across individual schools with a certain amount of replenishment. As a rough guide, prior to 2010, Welsh Government advocated that school balance levels equated to no more than £50,000 for a primary school and £100,000 for a secondary school. Members may wish to seek a comfort that balances are not being used to subsidise and sustain core costs such as staffing.

3 CAPITAL OUTTURN

3.1 The summary forecast Capital position at Month 7 is as follows:

Forecast Capital Outturn Position 2020/21 at Month 7

Select Portfolio	Slippage B/F	Original Budget	Budget movements	Forecast Slippage	Revised Budget 2020/21	Forecast at M7	Variance M7	Variance at M5
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Expenditure								
Children & Young People	1,245	14,423	655	(12,483)	3,840	3,840	0	0
Economic & Development	17,496	3,068	30	(18,012)	2,582	2,582	0	0
Adult	300	5,678	0	(5,978)	0	0	0	0
Strong Communities	5,801	10,139	3,817	(897)	18,860	18,860	0	0
Total Expenditure	24,842	33,308	4,502	(37,370)	25,282	25,282	0	0
Financing								
Supported Borrowing	0	(2,417)	0	0	(2,417)	(2,417)	0	0
General Capital Grant	0	(2,423)	0	0	(2,423)	(2,423)	0	0
Grants and Contributions	(393)	(18,229)	(3,797)	15,628	(6,791)	(6,791)	0	0
S106 Contributions	(1,052)	0	0	78	(974)	(974)	0	0
Unsupported Borrowing	(22,546)	(5,275)	0	20,464	(7,357)	(7,357)	0	0
Reserve & Revenue Funding	(239)	(2)	0	0	(241)	(241)	0	0
Capital Receipts	(612)	(3,462)	(705)	1,200	(3,579)	(3,579)	0	0
Leasing	0	(1,500)	0	0	(1,500)	(1,500)	0	0
Total Financing	(24,842)	(33,308)	(4,502)	37,370	(25,282)	(25,282)	0	0

3.2 The capital expenditure forecast outturn at month 7 shows no variance due to a forecasted full spend against the revised budget net of forecast slippage.

3.3 The outbreak of the COVID-19 pandemic has caused significant disruption to the progress of budgeted capital schemes with forecast slippage at month 7 totalling £37.4m (£25.2m at month 5). The impact is felt in both internally and externally managed projects, with disruption to external supply chains, increased contract risk and potential inflationary cost pressures sitting alongside internal resourcing pressures.

3.4 The forecast slippage is broken down as follows:

Scheme	Forecast Slippage M2 (000's)	Forecast Slippage M5 (000's)	Forecast Slippage M7 (000's)
Asset Investment fund		18,142	18,142
Tranche 'B' King Henry Future Schools			12,484
Crick Road Care Home	5,978	5,978	5,978
County Hall 'J' block		544	544
IT upgrade and refurbishment for the Council Chamber		200	200
Section 106 schemes		131	78
Property schemes		229	74

3.5 Useable Capital Receipts Available

3.6 In the table below, the effect of the changes to the forecast capital receipts at Month 7 on the useable capital receipts balances available to meet future capital commitments are illustrated. There is also a comparison to the balances forecast within the 2020/24 MTFP capital budget proposals.

	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000
Balance as at 1st April	3,207	5,120	8,253	8,698	7,944
Capital receipts used for financing	(1,488)	(2,059)	(859)	(859)	(859)
Capital receipts used to support capitalisation direction	(2,091)	0	0	0	0
Capital receipts Received or Forecast	5,492	5,192	1,304	104	104
Forecast Balance as at 31st March	5,120	8,253	8,698	7,944	7,189
Forecast Balance 2020/24 MTFP	9,904	10,245	10,791	10,136	10,136
Variance compared to 2020/24 MTFP	(4,784)	(1,992)	(2,093)	(2,192)	(2,947)

3.7 Forecasted capital receipts of £4.1m are delayed from 2020/21 to 2021/22 in regard to sales of land at Rockfield Farm, Undy, Chepstow Road, Raglan and Penarth Farm due to the delay in receiving offers because of the Covid-19 pandemic and site constraints concerning Penarth Farm.

3.8 Forecasted balances held at the end of each financial year are lower than forecasted in the 2020/24 MTFP. Ignoring timing differences in the realisation of capital receipts, this is largely attributable to the use of unbudgeted receipts under the capitalisation direction in 2019-20 and 2020-21 and if this trend of utilisation is maintained, this will be reflected in a greatly reduced balance being carried forward in subsequent years to fund future capital schemes.