

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 |
| Adult Services | 7,877 | (55) | 7,822 | 8,002 | 180 | 156 | 24 |
| Children Services | 14,428 | (63) | 14,365 | 15,825 | 1,460 | 1,459 | 1 |
| Community Care | 24,434 | 30 | 24,464 | 24,460 | (4) | (209) | 205 |
| Commissioning | 1,483 | (65) | 1,418 | 1,315 | (103) | (63) | (40) |
| Partnerships | 436 | 0 | 436 | 436 | 0 | 0 | (0) |
| Public Protection | 1,481 | (14) | 1,467 | 1,645 | 178 | 109 | 69 |
| Resources & Performance | 546 | (3) | 543 | 539 | (4) | (5) | 1 |
| Social Care, Health & Safeguarding | 50,685 | (170) | 50,515 | 52,222 | 1,707 | 1,448 | 259 |
| 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 |
| Business Growth and Enterprise | 2,468 | (168) | 2,300 | 2,250 | (50) | 29 | (79) |
| Facilities & Fleet Management | 5,665 | (1,266) | 4,399 | 5,621 | 1,222 | 1,097 | 125 |
| Neighbourhood Services | 10,483 | (26) | 10,457 | 11,240 | 783 | 1,153 | (370) |
| Planning, Housing, Highways Development & Flooding | 1,951 | (133) | 1,818 | 2,811 | 993 | 1,067 | (74) |
| Countryside & Culture (MonLife) | 1,348 | (8) | 1,340 | 1,422 | 82 | 40 | 42 |
| Finance & Business Development (MonLife) | 1,507 | 116 | 1,623 | 1,516 | (107) | (150) | 43 |
| Leisure, Youth & Outdoor Adventure (MonLife) | 710 | (26) | 684 | 2,378 | 1,694 | 1,877 | (183) |

| 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 |
|---------------------------------------|-------------------------|-------------------------------|-----------------------|------------------|------------------------------------|------------------------------------|------------------------|
| Enterprise | 24,132 | (1,511) | 22,621 | 27,238 | 4,617 | 5,113 | (496) |
| Legal & Land Charges | 839 | (6) | 833 | 873 | 40 | 92 | (52) |
| Governance, Democracy & Support | 3,906 | 10 | 3,916 | 3,938 | 22 | 52 | (30) |
| Chief Executives Unit | 4,745 | 4 | 4,749 | 4,811 | 62 | 144 | (82) |
| Finance | 2,597 | (63) | 2,534 | 2,707 | 173 | 189 | (16) |
| Information, Communication Technology | 2,803 | 135 | 2,938 | 2,507 | (431) | (128) | (303) |
| People | 1,725 | 50 | 1,775 | 1,707 | (68) | 6 | (74) |
| Future Monmouthshire | (46) | (25) | (71) | 11 | 82 | 112 | (30) |
| Commercial & Corporate Landlord | 667 | (67) | 600 | 1,037 | 437 | 515 | (78) |
| Resources | 7,746 | 30 | 7,776 | 7,969 | 193 | 694 | (501) |
| Precepts & Levies | 20,379 | 1 | 20,380 | 20,382 | 2 | 2 | (0) |
| Coroner's | 117 | 0 | 117 | 140 | 23 | 23 | (0) |
| Archives | 182 | 0 | 182 | 182 | 0 | 0 | (0) |
| Corporate Management | 293 | 0 | 293 | 101 | (192) | (114) | (78) |
| Non Distributed Costs (NDC) | 492 | 0 | 492 | 707 | 215 | 108 | 107 |
| Strategic Initiatives | (167) | 228 | 61 | 0 | (61) | 0 | (61) |
| Insurance | 1,447 | 0 | 1,447 | 1,502 | 55 | 46 | 9 |
| 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) |
| Fixed Asset Disposal Costs | 20 | 45 | 65 | 71 | 6 | 25 | (19) |
| Interest & Investment Income | (252) | 0 | (252) | (90) | 162 | 181 | (19) |
| Interest Payable & Similar Charges | 4,020 | 27 | 4,047 | 3,817 | (230) | (164) | (66) |
| Charges Required under Regulation | 6,251 | (108) | 6,143 | 6,061 | (82) | (113) | 31 |

| 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 |
|---|-------------------------|-------------------------------|-----------------------|------------------|------------------------------------|------------------------------------|------------------------|
| Other Investment Income | (1,153) | 1,153 | 0 | (14) | (14) | (12) | (2) |
| Borrowing Cost Recoupment | (3,425) | 50 | (3,375) | (3,380) | (5) | (0) | (5) |
| Contributions to Reserves | 143 | 0 | 143 | 143 | 0 | 0 | 0 |
| Contributions from reserves | (747) | (4) | (751) | (751) | 0 | 0 | 0 |
| 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) |
| General Government Grants | (64,823) | 0 | (64,823) | (64,823) | 0 | 0 | 0 |
| Non Domestic Rates | (32,937) | 0 | (32,937) | (32,937) | 0 | 0 | 0 |
| Council tax | (79,572) | (259) | (79,831) | (80,216) | (385) | (305) | (80) |
| Council Tax Benefit Support | 6,885 | 0 | 6,885 | 7,113 | 228 | 324 | (96) |
| 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) |

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.

The **Adult Services** division is forecasting an overspend of £69k mainly due to the increase in care packages in Monmouth and spend in our own care at home service, partially offset by reduced activity resulting from COVID-19 with the closure of day centres and our in house respite facilities. This area of the directorate has benefitted in year from the Social Care Workforce and Sustainability Grant (SCWS) and Intermediate Care Funding (ICF), with the ICF having a planned termination date of 31st March 2022. The SCWS grant of circa £1m is expected to continue into 2021/22, however as it sits outside of core Welsh Government funding it is important to highlight as a budgetary risk moving forward given that the amount could vary, additional grant terms could be applied or it may cease.

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.

Public Protection continues to strive to remain within its budget allocation, but the COVID 19 pandemic has hit this small service hard and is estimating an overspend of £178K. This is due to the indication that income loss in Registrars may not be fully funded by Welsh Government resulting from cancelled marriages and people not pre booking ceremonies because of COVID-19. Welsh Government have indicated that they will review the overall position towards the end of the financial year and assess if they consider Local Authorities losses to only be delayed or indeed lost.

ADULT SERVICES

| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Deficit / (Surplus) £'000s | 24 | 156 | 180 | | |

Due to the additional pay award, not achieving the 2% staff efficiency saving and additional spend in the care at home service.

CHILDREN SERVICES

| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Deficit / (Surplus) £'000s | 1,575 | 1,459 | 1,460 | | |

£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.

COMMUNITY CARE

| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|----------------------------|---------|---------|---------|---------|---------|
| Deficit / (Surplus) £'000s | (63) | (209) | (4) | | |

Mainly on budget but this is being held up by a circa £1m SCWS grant which ends this financial year.

COMMISSIONING

| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|-------------------------|---------|---------|---------|---------|---------|
| Deficit / (Surplus) £'s | (118) | (63) | (103) | | |

Ongoing vacant Commissioning Officer post and realignment of Service Level Agreements and Contracts, but reduced by increased staff pay award.

PUBLIC PROTECTION

| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|-------------------------|---------|---------|---------|---------|---------|
| Deficit / (Surplus) £'s | 211 | 109 | 178 | | |

Due to the indication that income loss in Registrars may not be fully funded by Welsh Government resulting from cancelled marriages and people not pre booking ceremonies because of COVID-19. Welsh Government have indicated that they will review the overall position towards the end of the financial year and assess if they consider Local Authorities losses to only be delayed or indeed lost.

RESOURCES & PERFORMANCE

| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|----------------------------|---------|---------|---------|---------|---------|
| Deficit / (Surplus) £'000s | 1 | (5) | (4) | | |

As a result of previous vacant posts within the Finance team, diluted slightly by the increased staff pay award.

| CHILDREN & YOUNG PEOPLE | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|----------------------------|---------|---------|---------|---------|---------|
| Deficit / (Surplus) £'000s | 84 | 19 | 125 | | |

CHILDREN & YOUNG PEOPLE DIRECTOR'S COMMENTARY:

The Directorate's Month 7 position is an over spend of £125k, which is largely due to the overspend 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.

INDIVIDUAL SCHOOLS BUDGET

| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|----------------------------|---------|---------|---------|---------|---------|
| Deficit / (Surplus) £'000s | 0 | (264) | (316) | | |

Increase in underspend of £52k is due to the Post 16 Teacher Pay Award being funded.

RESOURCES

| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|----------------------------|---------|---------|---------|---------|---------|
| Deficit / (Surplus) £'000s | 37 | 22 | 14 | | |

Additional IT Licence costs reported at month 5, are now due to materialise in 2021-22.

STANDARDS

| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|----------------------------|---------|---------|---------|---------|---------|
| Deficit / (Surplus) £'000s | 47 | 261 | 426 | | |

- 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

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.

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.

Breakfast clubs have seen a reduction in numbers since re-opening following the Summer Term lockdown, which has led to a reduction in income.

| ENTERPRISE | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|----------------------------|---------|---------|---------|---------|---------|
| Deficit / (Surplus) £'000s | 5,950 | 5,113 | 4,617 | | |

ENTERPRISE DIRECTOR'S COMMENTARY:

The Enterprise and MonLife Directorate is forecasting an outturn position of £4.617m adverse at month 7. The impact of COVID-19 has been significant across all of the services with both a loss of income and additional costs incurred to operate critical front line services during the pandemic. In addition to the direct impacts of the pandemic service areas have identified pressures where budget savings have not been implemented or ongoing pressures continue to affect services.

Each service area sets out the detail behind these projections in the next sections of this report and the key financial issues and implications that have arisen since COVID-19 and lockdown commenced. The loss of income for MonLife, grounds maintenance, private hire in home to school transport, car parking and trade waste is significant. It is not anticipated that these income streams will be restored fully within this financial year and assumptions have been built into the forecast to account for when the services reopen and recommenced.

Due to the school closure's there has been a direct impact upon the income within schools catering, home to school transport and outdoor education and with ongoing social distancing, bubble and COVID-19 requirements this will have a long term impact on these services. There are also significant increased costs across the directorate, for example, there are additional resource requirements to operate services whilst complying with social distancing within building cleaning, highways, waste services and grounds maintenance as examples.

Across all Services, we are looking to ensure that all eligible additional costs and income losses will be claimed against any Welsh Government funding being made available.

BUSINESS GROWTH & ENTERPRISE

| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|-----------------------------------|---------|---------|-------------|---------|---------|
| Deficit / (Surplus) £'000s | 46 | 29 | (50) | | |

Business Growth & Enterprise is forecasting a £50k underspend, this can be split down to the following:

Abergavenny Borough Theatre – Break-even, the theatre was expecting a £56k overspend but have benefitted from an Arts Council for Wales grant to help fund running costs during Covid-19 lockdown. This is the reason for the positive swing from Month 5.

- **Communications** - £4k underspend due to improved income.
- **Community & Partnership Development** - £21k underspend, this is mainly due to staff savings as we have been able to passport core costs to grant funding.
- **Enterprise Management** - £17k overspend due to unfunded pay award.
- **Strategic Projects** - £42k underspend mainly due to staff savings as we have moved costs relating to collaboration to capital as part of capitalisation directive.

FACILITIES & FLEET MANAGEMENT

| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|-----------------------------------|---------|---------|--------------|---------|---------|
| Deficit / (Surplus) £'000s | 1,339 | 1,097 | 1,222 | | |

Facilities & Fleet Management is forecasting to overspend by £1,222k – the services within this area are being heavily impacted by the Covid-19 outbreak.

- **Catering** - £409k overspend. The service is anticipating a £596k shortfall in school meal income due to the effect of Covid-19. Schools were closed until mid-July and we are only forecasting meal uptake to be 40% of normal levels for the rest of the year now that pupils have returned. This has been part offset by a reduction in supplies and services due to the reduced meal numbers and staff furlough credits. In addition we are also experiencing pressure on our free school meal budget, the number of pupils entitled to Free School Meals (FSM) have risen from 1,390 to 1,640. There is no additional budget provision for this so if we have 100% uptake between now and year end our income from paid meals will reduce further. We are anticipating that all income losses will be funded by the WG income loss grant.

- **Building Cleaning** - £22k underspend. Forecasted income levels remain similar to last year so we are anticipating an under spend against budget. The level of cleaning within our buildings and schools has increased due to Covid-19 requirements and the extra cleaning hours are funded by the WG hardship fund, so the additional cost has not been included in the forecast. In addition, the service has received a schools cleaning grant which has helped cover the increased costs linked to the more expensive chemicals needed to kill COVID-19.

- **Passenger Transport** - £631k overspend, due in the main to:-

- Private Hire & Service 65 - £259k loss of private hire income, as we anticipate no private hires, school trips etc. for the rest of the year.

- School Transport Operations - £402k overspent, combination of historic staff pressure c/fwd from 2019-20 and estimated additional hours required to cover new Covid-19 transport arrangements and additional staffing required to cover recent contract hand backs.
- Commissioning - £29k underspend, due to :-
 - Staff vacancies.
 - A 25% reduction in contractor payments for Apr-Aug during Covid-19 lockdown.
 - Offset by, the cost of covering contract hand backs - due to the low number of available operators within the surrounding area we are finding that replacing contracts are coming at price premium, due to Covid-19 contracts have had to be split and additional vehicles put on to cover.
- **Fleet Maintenance** - £204k overspend, due to:-
 - The unit is incurring additional vehicle maintenance costs due to the authority's fleet increasing in number due in the main to Covid-19 requirements.
 - Increased depot maintenance.
 - A reduction in members of the Green Car scheme has hit savings (£6k).

NEIGHBOURHOOD SERVICES

| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|----------------------------|---------|---------|---------|---------|---------|
| Deficit / (Surplus) £'000s | 1,456 | 1,153 | 783 | | |

Neighbourhood services is forecasting to overspend by £783k – the services within this area have been heavily impacted by the Covid-19 outbreak.

- **Highways & Street Lighting** - Forecasting a £72k underspend. This is due to a saving in Street Lighting as electricity price increases were less than budgeted and due to Kwh savings from energy efficient lamp replacement, there is a one-off saving, as we will only see a part year financing loan repayment in 2020-21. Highways Operations and Swtra are currently forecasting to break-even.
- **Waste & Street Scene** - £854k overspend – This can be broken down into 2 main areas:-
 - Waste Services - £698k overspend due to:-
 - Staff Costs overspending by £231k due to the need to bring in more resource to cope with the impact of Covid-19. This forecast assumes social distancing measures will continue until financial year-end.
 - Vehicle Hire & running costs increasing by £61k – extra vehicles have been brought in to help with social distancing of workforce, as above we expect this to continue until year-end.
 - External Income reducing by £56k – The lockdown has meant that trade income and re-use shop income will not hit budget.
 - Non-Covid related pressures - £350k – due to abeyance of Usk CA site closure (£30k), pressure caused by no budget increase for contracts and fuel inflation and the delayed roll out of polyprop bags. In addition the volatility in the recycling market due to Brexit and Covid continue to impact negatively on treatment and disposal costs for recycling and waste materials. This has been part offset by savings in project staff vacancies. In addition we have moved £101k of revenue spend relating to service transformation to capital as part of the capitalisation directive, this is one of the reasons for the improvement from Month 5.
 - Grounds Maintenance – £157k overspend – the service has been greatly affected by the Covid-19 outbreak, grounds staff and vehicles were initially redeployed to help in the waste service so external income generation has been affected.

Both services have benefitted in quarter 1 from WG Covid-19 funding to cover lost income and additional spend and we are hopeful that this will continue for the remainder of the year. The forecast above assumes no further grant so if we do receive more the position will improve.

| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|----------------------------|---------|---------|---------|---------|---------|
| Deficit / (Surplus) £'000s | 1,011 | 1,067 | 993 | | |

Planning & Housing is forecasting to overspend by £993k.

- **Planning & Building Control** - £199k net overspend mainly due to shortfalls in planning income and building control fees because of Covid-19 lockdown.
- **Planning Policy** - £175k underspend, due to £128k of RLDP costs being moved to the capitalisation directive and an underspend of £47k of professional and specialist fees costs due to delays in the LDP.
- **Housing** is forecasting a £567k overspend, main areas include :-
 - A £527k overspend relating to housing our homeless in line with WG policy:-
 - B&B costs are expected to overspend by £223k.
 - We are estimating Emergency hostel increases of £260k due to additional security measures.
 - Increased private rental costs of £44k, as more accommodation is required as a result of homelessness issue.
 - It is anticipated that all of the above will be covered by the WG Covid-19 Hardship fund.
 - Reduced income in Renovation grants as Covid-19 lockdown has affected fees (£50k).
 - £5k overspend in software costs.
- **Car Parking, Highways Development & Flooding** - £402k overspend. Main areas:-
 - Car Parks overspending by £592k – Pay & Display and Parking Enforcement income has been affected by the Covid-19 lockdown and we are anticipating a £525k shortfall on our income budget, in addition, we have increased costs in rates, transport and supplies and services of £67k. We are anticipating that the income shortfall will be funded by WG grant.
 - Highways Development & Flooding underspending by £189k – this is mainly due to staff vacancies across the department where the decision has been made to freeze vacant posts to help with recovery of car park overspend.

(MONLIFE) Countryside & Culture

| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|----------------------------|---------|---------|---------|---------|---------|
| Deficit / (Surplus) £'000s | 42 | 40 | 81 | | |

Countryside & Culture is forecasting a £81k overspend. This is predominately down to lost income from event cancellations, postponement of workshops and shop closures in Museums and Learning due to the impact of closing sites due to Covid-19

(MONLIFE) Finance & Business Development

| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|----------------------------|---------|---------|---------|---------|---------|
| Deficit / (Surplus) £'000s | (118) | (150) | (106) | | |

Finance & Business Development is forecasting to underspend by £106k. There has been lost income due to Covid-19 closures at Tintern Station and Caldicot Castle of £70k, but this has been offset by staff underspends across the services as posts have been purposely held vacant.

(MONLIFE) Leisure, Youth & Outdoor Adventure

| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|----------------------------|---------|---------|---------|---------|---------|
| Deficit / (Surplus) £'000s | 2,173 | 1,877 | 1,694 | | |

Leisure, Youth & Outdoor Adventure is forecasting a £1,694k overspend.

Leisure Centres are reporting a combined overspend of £1,573k. Even though our 4 centres re-opened earlier than expected, we have not been able to fully open all facilities and because of social distancing, have introduced restrictions on numbers. Significant numbers of people (3,000) are continuing to freeze their memberships but we have seen a large number of cancellations (2,000 to date) resulting in a big hit on income generation. Outdoor Adventure is forecasting a £177k overspend. Both sites have been closed since March and we do not expect them to re-open for residential accommodation visits until January with anticipated income at a fraction of original budget. The overspend has reduced from M5 as we have received qtr1 income loss grant from WG.

The **Youth & Community Team** is reporting a £55k underspend due to staff vacancies.

The department has benefitted in quarter 1 from WG Covid-19 funding to cover lost income and additional spend and we are hopeful that this will continue for the remainder of the year. The forecast above assumes no further grant so if we do receive more then the position will improve.

| CHIEF EXECUTIVES UNIT | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|----------------------------|---------|---------|---------|---------|---------|
| Deficit / (Surplus) £'000s | 187 | 144 | 62 | | |

LEGAL & LAND CHARGES

| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|----------------------------|---------|---------|---------|---------|---------|
| Deficit / (Surplus) £'000s | 78 | 92 | 40 | | |

Land Charges is forecasting to overspend by £50k due to a reduction in income as a result of the impact Covid-19 has had on the Housing market. This is a £13k improvement from month 5 as income activity has been higher than previously anticipated.

Legal is forecasting to underspend by £11k; this is mainly due to savings in employee costs as it has been decided not to fill the employment lawyers post, this saving has been offset by decreased fee income. This is a £39k improvement from month 5 mainly due to the decision not to fill the post in the structure.

GOVERNANCE, DEMOCRACY & SUPPORT

| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|----------------------------|---------|---------|---------|---------|---------|
| Deficit / (Surplus) £'000s | 109 | 52 | 23 | | |

Community Hubs are forecasting to overspend by £10k this is due to over spends in Usk PO, as this budget area is not being completely funded and therefore running at a loss, also there is insufficient budget provision for Gilwern Library. This is offset in part by savings across some of the other hubs due to a decrease in spend on supplies and services. The £7k adverse variance from Month 5 is due to the requirement to purchase more books, it was thought at month 5 that this would not be needed due to the Hubs being closed for a period of time.

The Contact Centre is reporting a £29k overspend, this is down to staff costs exceeding budget as restructure savings are put on hold whilst we deal with Covid-19 issues.

The Corporate Section is forecasting to overspend by £12k, this is due to an overspend relating to supplies and services and a copyright licencing fee.

The Democratic Services Section is forecasting to underspend by £48,000, this is due to underspends in supplies and services mainly due to Members working from home. The £34k improvement from month 5 is due to further reductions in supplies and services.

Policy and Partnerships is forecasting to overspend by £19k, this is mainly due to an increase in Welsh Language Translation costs.

| RESOURCES | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Deficit / (Surplus) £'000s | 782 | 694 | 193 | | |

RESOURCES DIRECTORS COMMENTARY:

Whilst the COVID-19 pandemic has adversely impacted front line services the directorate has equally suffered significantly but in different ways. The forecast over spend of £193k is in part offset by vacancy savings and notably where senior finance posts and property posts are not being filled. This is not a sustainable position and will not be a permanent feature.

There is a significant pressure of £429k that centres itself on forecast increases in housing benefit claims, and that includes B&B claims for homeless people, and which doesn't attract full subsidy from DWP. Funding is being sought from Welsh Government's COVID-19 Hardship Fund to meet this pressure.

The directorate is also suffering income shortfalls as a consequence of the COVID-19 pandemic, with shortfalls in summons income, in Raglan training centre, Markets and with shortfalls in budgeted commercial income.

The positive variance identified since month 5 can largely be attributed to the capitalisation of eligible costs as part of the increase in capitalisation directive that was approved at month 5. £309k of Digital programme office costs, £66k of transformational costs and £36k of collaborative costs have been capitalised since month 5.

This remains an evolving and dynamic situation that is under constant review and every effort is being made to curtail non-essential spend in recognition of the directorate and whole authority forecast over spend.

FINANCE

| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Deficit / (Surplus) £'000s | 137 | 189 | 173 | | |

Finance - £262k underspend - as a result of senior Finance staff vacancies and maternity leave. This forecast currently assumes these posts will remain vacant for rest of year.

Audit - £36k underspend due to staff savings as we have funded collaboration costs through capital as part of capitalisation directive.

Revenues - £533k overspend. The outturn has been heavily impacted by Covid-19:

- Benefits is forecasting a £429k overspend. The Covid-19 pandemic continues to put this budget under considerable pressure. Welsh Government guidance requires councils to ensure that no one is sleeping rough. As a consequence the number of B&B claims for housing benefit continue to rise (although we are starting to see some levelling off) Not all this expenditure qualifies for housing benefit subsidy, which is resulting in a budget pressure which will likely continue beyond this financial year.

- Council Tax is forecasting a £125k overspend, £86k of this relates to an anticipated shortfall in summons income, following the closure of courts and the decision to temporarily halt recovery for unpaid council tax and business rates, as a result of COVID-19. The remaining balance relates to a

staffing overspend as budget has been moved as part of the Resources restructure, this has been offset by underspends within Finance as detailed above.

• Debtors is underspending by £18k due to a staff vacancy saving, due to the financial impact of Covid-19, a decision has been made not to fill this post.

Systems & Cashiers - £62k underspend – main reasons relate to software and system development savings and security carrier costs as activity is down due to Covid-19 shutdown.

INFORMATION, COMMUNICATION & TECHNOLOGY

| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|-----------------------------------|---------|---------|---------|---------|---------|
| Deficit / (Surplus) £'000s | 40 | (128) | (431) | | |

The ICT section is forecasting a £431k underspend. This is due to :-

- Savings within SRS, they are currently predicting a £52k underspend on our contribution for 2020-21 and are also holding MCC specific reserves totalling £70k - we have requested that these be passed back to us this year.
- A £309,000 saving within our digital programme office as we have passported staff costs that relate to digital transformation to capital as part of the capitalisation directive.

The improvement from month 5 relates to the movement of digital programme office staff costs to capital; this was not included at Month 5.

PEOPLE

| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|-----------------------------------|---------|---------|---------|---------|---------|
| Deficit / (Surplus) £'000s | (2) | 6 | (68) | | |

The department is forecasting to break-even this year but there are variations amongst sections, the main being:-

- **People Services** - £8k overspend, this is due to a shortfall in training income due to Covid-19 of £37k part offset by staff savings within HR of £29k due to staff savings, as posts have only been filled part way through the year.
- **Organisational Development** - £62k underspend, this is mainly due to staff savings as we are transferring staff costs involved with service transformation to capital as part of the capitalisation directive.
- **Customer Relations** - £14k underspend due to a reduction in professional fees.

The improvement from Month 5 of £74k is mainly down to the decision to move staff costs within organisational development to capital.

FUTURE MONMOUTHSHIRE

| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|-----------------------------------|---------|---------|---------|---------|---------|
| Deficit / (Surplus) £'000s | 112 | 112 | 82 | | |

Future Monmouthshire is forecasting to overspend by £82k. £112k of Corporate Agency and travel savings have been built into the budget for 2020-21 – currently these are deemed unachievable or are being achieved within directorate budgets and are thus contained in their respective forecasts. This has been offset by staff savings, as we are covering secondment costs of a member of staff from WG. This was not factored in at month 5 and so is the reason for the improvement.

COMMERCIAL & CORPORATE LANDLORD

| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|----------------------------|---------|---------|---------|---------|---------|
| Deficit / (Surplus) £'000s | 495 | 515 | 437 | | |

Commercial & Corporate Landlord is forecasting a £437k overspend:-

• **Investment Properties** is forecasting a combined overspend of £393k, this can be split into 2 areas:-

- Investment Assets other - £200k overspend, our MTFP for 2020-21 included a £200k saving to reflect additional income from the purchase of more investment properties. Currently (and in part due to Covid-19) there are no further purchases in the pipeline this year so this saving is unachievable.
- Castlegate and Newport Leisure Park's (NLP) combined surplus for 2020-21 is estimated to be £417k, although we are more than covering costs this is short on our budgeted target of £609k and we are forecasting a £193k overspend for this year. This is mainly down to a rental income reduction at our NLP site of £265k as we have seen another unit closure and are anticipating a hit on rentals due to the impact Covid-19 is having on the Leisure & Retail sector. Castlegate is forecasting to underspend by £73k, we have benefitted from a one-off windfall of £117k as Alder King have paid over tenant loan repayments that they were holding on our behalf, this has been offset by a £40k anticipated overspend on consultant and maintenance costs.

• **Estates** - £133k over spend. This is mainly due to income not reaching budgeted levels due to 3 issues:

- 1) vacant office space in the Magor means that rental income is down,
- 2) the budget assumed income from the creation of a development company, this has not happened yet,
- 3) our service charge income is down as we are yet to come to an agreement with our tenant BAM.

All 3 total a shortfall of £244k. This is currently being offset by net staffing savings of £111k due to vacant posts only being filled part way through the year.

• **Solar Farm** - £66k underspend - even though we have seen ROC unit prices fall due to the drop-off in demand due to Covid-19 lockdown, the solar farm is still generating a surplus, this is a £17k improvement from month 5 mainly due to maintenance costs reducing.

• **County Farms** - £7k overspend, mainly due to rates increases.

• **Cemeteries** - £38k overspend mainly due to increased maintenance work on trees and boundary walls. We have seen less burials due to COVID-19 rules but we are confident that income will remain at 2019/20 levels.

• **Markets** - £160k overspend. This is mainly due to income loss as turnover has been affected by the Covid-19 shutdown and an increase in waste collection charges, but this is offset by staff savings of £20k due to the delayed appointment of the Deputy Markets manager.

• **Industrial units** - £13k overspend mainly due to the cost of EPC surveys and a reduction in rental income.

• **Property Services & Facilities Mgt** is forecasting a £212k underspend, made up as follows:-

- Property & Office Services are forecasting a combined underspend of £102k, this is mainly due to staff savings as some vacant posts will not be filled until later than originally anticipated or frozen until start of next year and a reduction in supplies & Services.

- Property Accommodation is forecasting to underspend by £100k. The main reason for this is due to savings in maintenance and utilities costs as offices have been closed or in limited operation due to Covid-19.
- Telephony is forecasting to underspend by £10k as contracted call charges are expected to come in below budget.

| CORPORATE COSTS & LEVIES | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|---|----------------|----------------|----------------|----------------|----------------|
| Deficit / (Surplus) £'000s | 1,480 | 66 | 42 | | |
| PRECEPTS & LEVIES | | | | | |
| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
| Deficit / (Surplus) £'000s | 2 | 2 | 2 | | |
| Small overspend on National parks levy of £2k due to notification of levy late in the budget process. | | | | | |
| CORONERS SERVICES | | | | | |
| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
| Deficit / (Surplus) £'000s | 23 | 23 | 23 | | |
| An increase in workload and staffing requirements along with DDA compliance works will lead to a forecast £23k overspend against budget. | | | | | |
| CORPORATE MANAGEMENT | | | | | |
| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
| Deficit / (Surplus) £'000s | 0 | (114) | (191) | | |
| Primarily due to the forecast receipt receivable on the final dissolution of Capita Gwent Consultancy alongside rate refunds on Authority owned premises, which were not known about at month 5. | | | | | |
| NON DISTRIBUTED COSTS | | | | | |
| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
| Deficit / (Surplus) £'000s | 108 | 108 | 215 | | |
| Additional pension strain costs relating to redundancies. Strain costs relate to staff who retire before their normal pension age and where the employer is required to top up the pension fund to cover the shortfall in contributions. The majority of these costs would not have been known about at budget setting stage due to the uncertainty over the timing, value and individual pension implications of redundancies. A further increase over and above the month 5 figure is now reported due to further notification of some significant early retirements. | | | | | |
| STRATEGIC INITIATIVES | | | | | |
| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
| Deficit / (Surplus) £'000s | 1,300 | 0 | (61) | | |
| The budgets held for incremental pay pressure (£420k pressure) and cross directorate efficiency savings (£359k saving) are to remain centrally and not be distributed to service budgets. | | | | | |
| INSURANCE | | | | | |
| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
| Deficit / (Surplus) £'000s | 47 | 46 | 56 | | |

An overspend is currently forecast against the premium budget based on the results of the Insurance renewal and the increase in costs for the period Oct 2020 to April 2021 due to the worsening of claims experience. The flooding events led to a significant property claim at Monmouth LC and Covid-19 has led to significant travel claims relating to cancelled school trips. It should be noted that 2021/22 will see a full year impact of these events, which will need to be taken account of in budget setting.

| APPROPRIATIONS | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|--|----------------|----------------|----------------|----------------|----------------|
| Deficit / (Surplus) £'000s | (77) | (83) | (163) | | |
| FIXED ASSET DISPOSAL COSTS | | | | | |
| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
| Deficit / (Surplus) £'000s | 0 | 25 | 6 | | |
| Costs forecast over and above the current budget due to unforeseen surveys and studies relating to disposal sites. Clarification since month 5 of some costs that were classified as capital in nature and subsequently moved. | | | | | |
| INTEREST & INVESTMENT INCOME | | | | | |
| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
| Deficit / (Surplus) £'000s | 163 | 181 | 162 | | |
| The forecast rate of return achievable following the Covid-19 pandemic has reduced significantly from budgeted levels as the UK Government refines its economic response. This has also impacted forecast returns on Property and combined funds. Since month 5 income returns on pooled funds have recovered to a level not predicted at month 5 and consequently have improved the forecast. | | | | | |
| INTEREST PAYABLE & SIMILAR CHARGES | | | | | |
| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
| Deficit / (Surplus) £'000s | (126) | (164) | (230) | | |
| In October 2019, the PWLB took the unprecedented step of increasing its borrowing margin across the board by 1% in reaction to increased levels of borrowing by Local Authorities to fund commercial investments. This has resulted in PWLB borrowing being uneconomic when compared to short term borrowing sourced from other public bodies and consequently the Authority's approach has been modified resulting in lower borrowing costs in the short term. PWLB has since reversed this decision but longer-term rates continue to remain unattractive in the near term until capital-spending plans are firmed up. | | | | | |
| CHARGES REQUIRED UNDER REGULATION | | | | | |
| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
| Deficit / (Surplus) £'000s | (113) | (113) | (82) | | |
| A high level of slippage in the capital programme has resulted in some assets not being operational by 31/03/2020 and consequently the MRP charge for those assets being deferred by at least one year. Since month 5, a more detailed piece of work has been undertaken on this large budget and the forecast has been refined. | | | | | |
| OTHER INVESTMENT INCOME | | | | | |
| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
| Deficit / (Surplus) £'000s | (1) | (12) | (14) | | |

Unexpected recoupment following the final winding up of Heritable bank, which had previously defaulted.

| FINANCING | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
|---|----------------|----------------|----------------|----------------|----------------|
| Deficit / (Surplus) £'000s | 336 | 20 | (157) | | |
| COUNCIL TAX BENEFIT SUPPORT | | | | | |
| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
| Deficit / (Surplus) £'000s | 336 | 324 | 229 | | |
| <p>This budget continues to be under particular pressure, as a direct result of Covid-19. Since the beginning of the year, caseload has increased and now stands at around 6,050 cases (caseload at the end of March 2019 was 5,721). Cases are slowly beginning to level off. In addition, since the month 5 forecast was prepared the Welsh Government funding for quarter one has come through, which amounted to £76,000 for Monmouthshire. Welsh Government have recently announced that a second tranche of funding for CTRS will be released shortly. Again, we await confirmation of MCC's share of this funding.</p> | | | | | |
| COUNCIL TAX | | | | | |
| Outturn Forecast | Month 2 | Month 5 | Month 7 | Month 9 | Outturn |
| Deficit / (Surplus) £'000s | 0 | (305) | (385) | | |
| <p>This year's collection rate is still down by 2.2% compared to the same time last year. Recovery action has started and we now have a court date scheduled for January 2021 for formal recovery action to start again. On the plus side the council tax base continues to look healthy, with an additional 330 properties added to the base since it was prepared last October. As a result, forecast to collect an additional £385,000 income this year.</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 Mounon 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 |

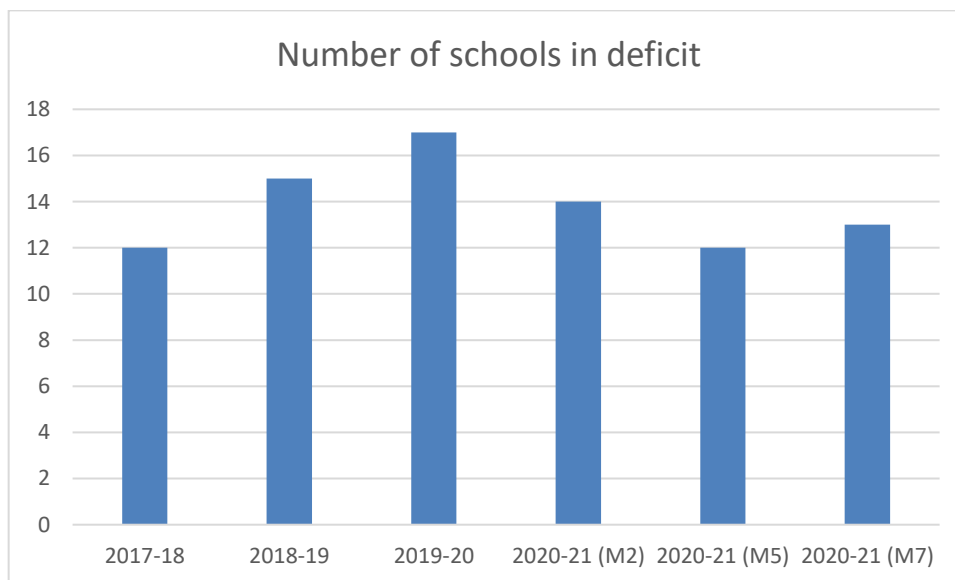
** King Henry VIII Comprehensive School forecast balance at month 5 onwards includes a Local Authority loan of £250,000 which is estimated to result in a surplus year end balance.

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 £000 | 2021/22 £000 | 2022/23 £000 | 2023/24 £000 | 2024/25 £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.