



**2021/22 DRAFT BUDGET
PROPOSALS**
Budget Scrutiny
Economy & Development
Select Committee
21st January 2021



- Welcome to today's session. I'll be sharing Monmouthshire County Council's Budget position and 2021/22 plans
 - **We have successfully managed to save £22.0m over the last 4 years**
 - The Council continues to face ongoing and significant financial, demographic and demand-led pressures - £10.1m in 21/22
 - Despite an above average funding settlement we remain the worst funded Council in Wales
 - Despite this we continue to support the priorities of the Council – including those set out in the Winter COVID-19 plan

- A truly unprecedented year – severe flooding followed by the pandemic response and its impact
- **More cost** - our costs are rising with our ageing population, an increased demand for core services, high resident expectations, contract inflation and legislative impacts
- **A need to invest in the future to** ensure services offered remain relevant and appropriate in meeting the County's needs; whilst making sure everything is as efficient and effective as possible
- **Insufficient funding** – Whilst Welsh Government funding increases it remains insufficient to cover service pressures
- A need to make **one-off use of reserves** to support the Council and alongside the response to the pandemic
- We continue to **challenge services to sustain themselves rather than see closure of services that matter**. If things close they never return – better to scale back rather than withdraw

- Given the extent of pressures on services we are being forced to **increase council tax by 4.95%** in 21/22
- We have no other viable options e.g. our reserve funding (contingency money that the council has to save to plan for the unexpected) is already at low levels and is being drawn upon to mitigate other risks



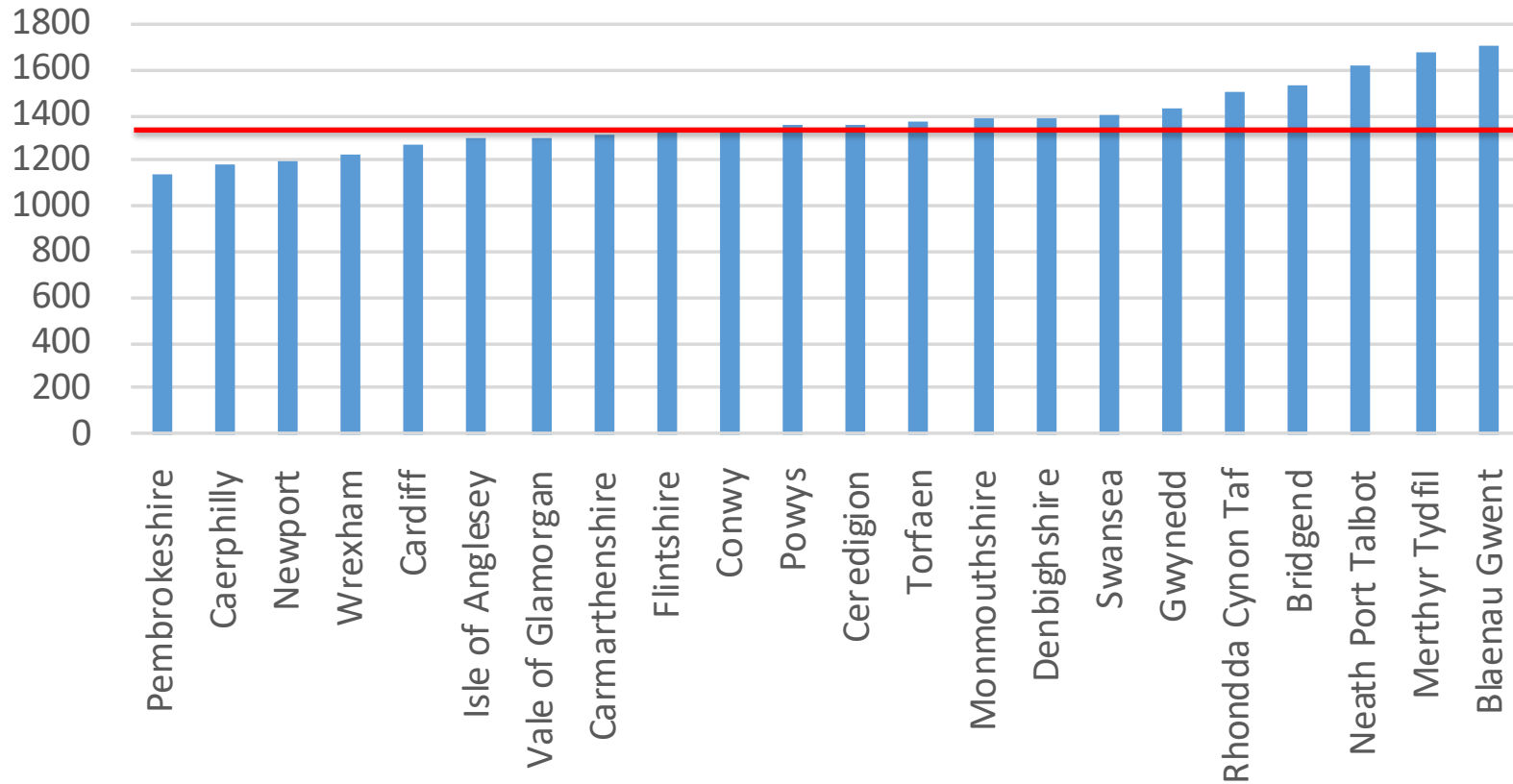
Proposed council tax increases

Council Tax Banding increases on MCC element only

Bands	Current 2020/21	4.95% increase	Draft 2021/22	Increase per week
A	£ 920.51	£ 45.57	£ 966.08	£ 0.88
B	£ 1,073.93	£ 53.16	£ 1,127.09	£ 1.02
C	£ 1,227.35	£ 60.75	£ 1,288.10	£ 1.17
D	£ 1,380.76	£ 68.35	£ 1,449.11	£ 1.31
E	£ 1,687.60	£ 83.54	£ 1,771.14	£ 1.61
F	£ 1,994.44	£ 98.72	£ 2,093.16	£ 1.90
G	£ 2,301.27	£ 113.91	£ 2,415.18	£ 2.19
H	£ 2,761.53	£ 136.70	£ 2,898.23	£ 2.63
I	£ 3,221.78	£ 159.48	£ 3,381.26	£ 3.07

How Council Tax compares across Wales

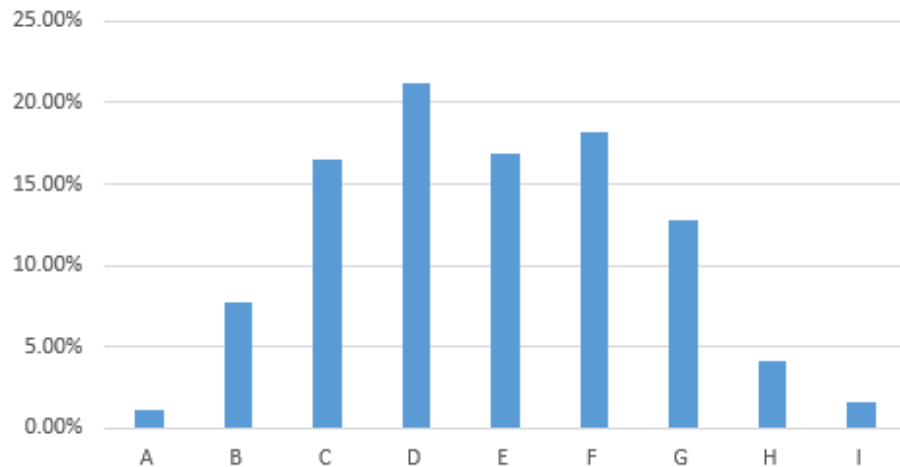
Band D Equivalent Council Tax 2020-21



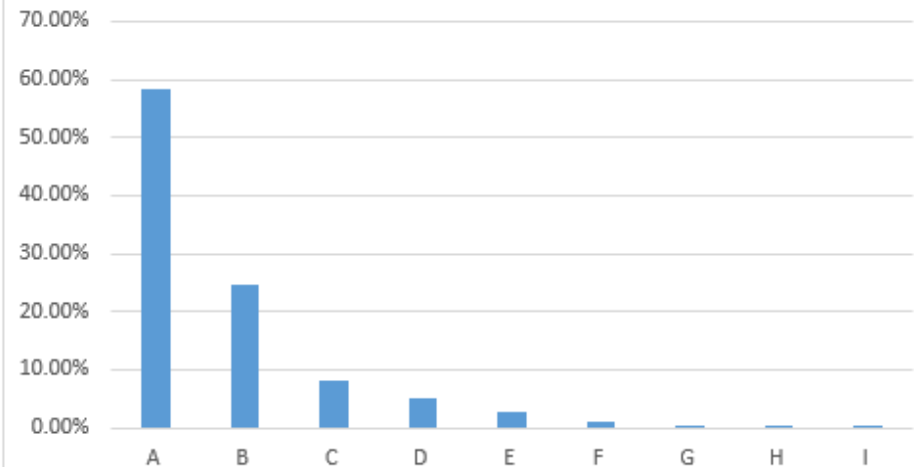
Band D of £1,380.76 (Council element only) compares to Welsh average of £1,354.02 in 2020/21.

Council Tax as a share of WG funding

Monmouthshire Council Tax Bands



Blaenau Gwent Council Tax Bands

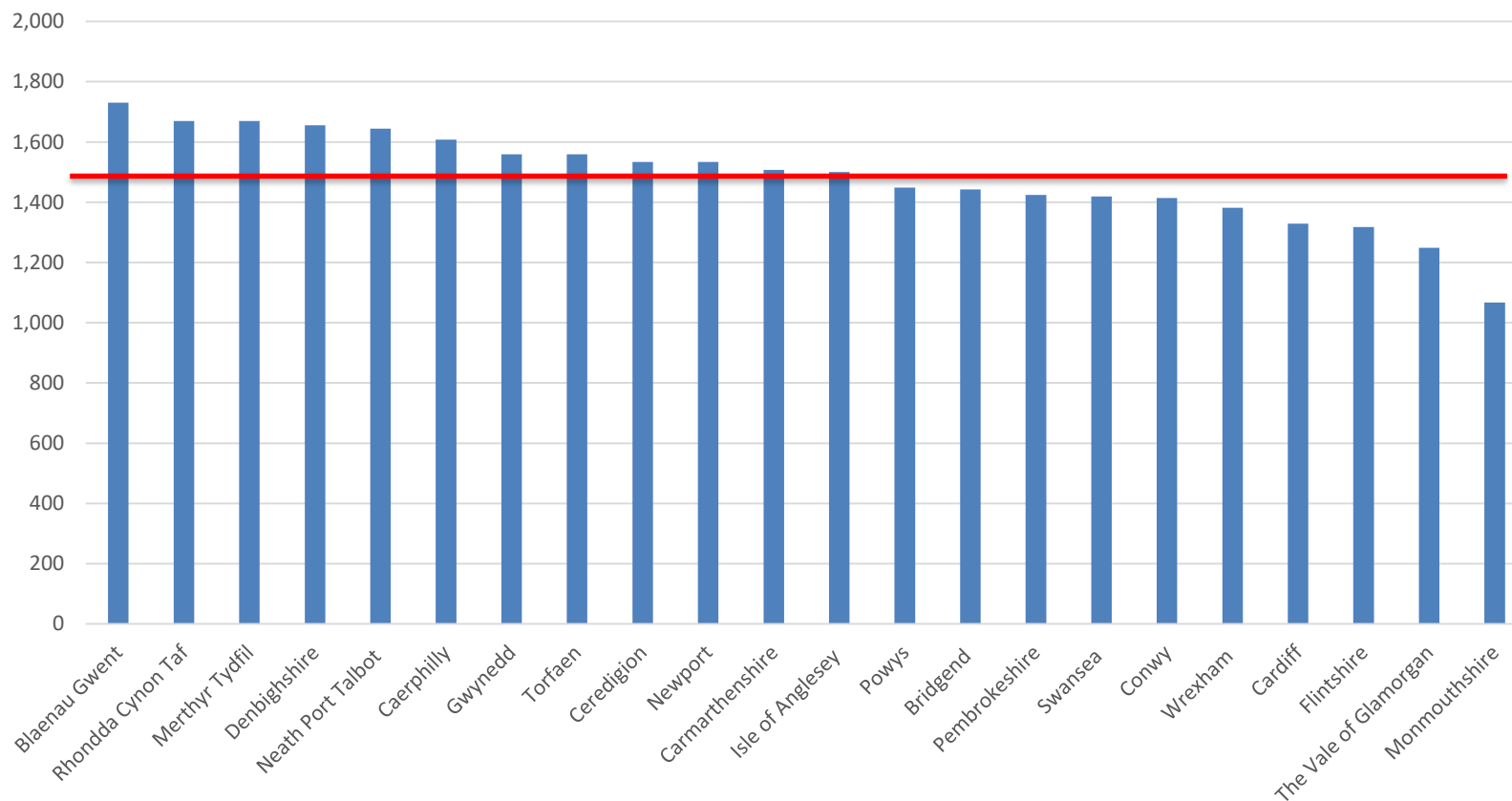


- Blaenau Gwent had the highest band D in Wales of £1,711.83 compared to MCC (£1,380.76) in 2020/21
- Total amount of Council Tax raised is highest in MCC because it has the most significant number of properties in the band D to I range.

- MCC saw a 3.9% increase in its core funding from Welsh Government – above the all-Wales average increase of 3.8%
- It is welcomed that Welsh Government funding will now go up for a second year following years of ongoing reductions
- MCC still remains the worst funded Authority in Wales per head
- The settlement does not offset all the Council's pressures and inflation
- Any subsequent pay awards will need to be accommodated
- Welsh Government specific (non-core) grant funding is an evolving picture – information awaited
- General capital funding from Welsh Government has been broadly maintained. Again clarification awaited on specific capital funding streams
- COVID funding for next year still to be confirmed
- Clarification still awaited on reliefs available to businesses

Funding from Welsh Government (1)

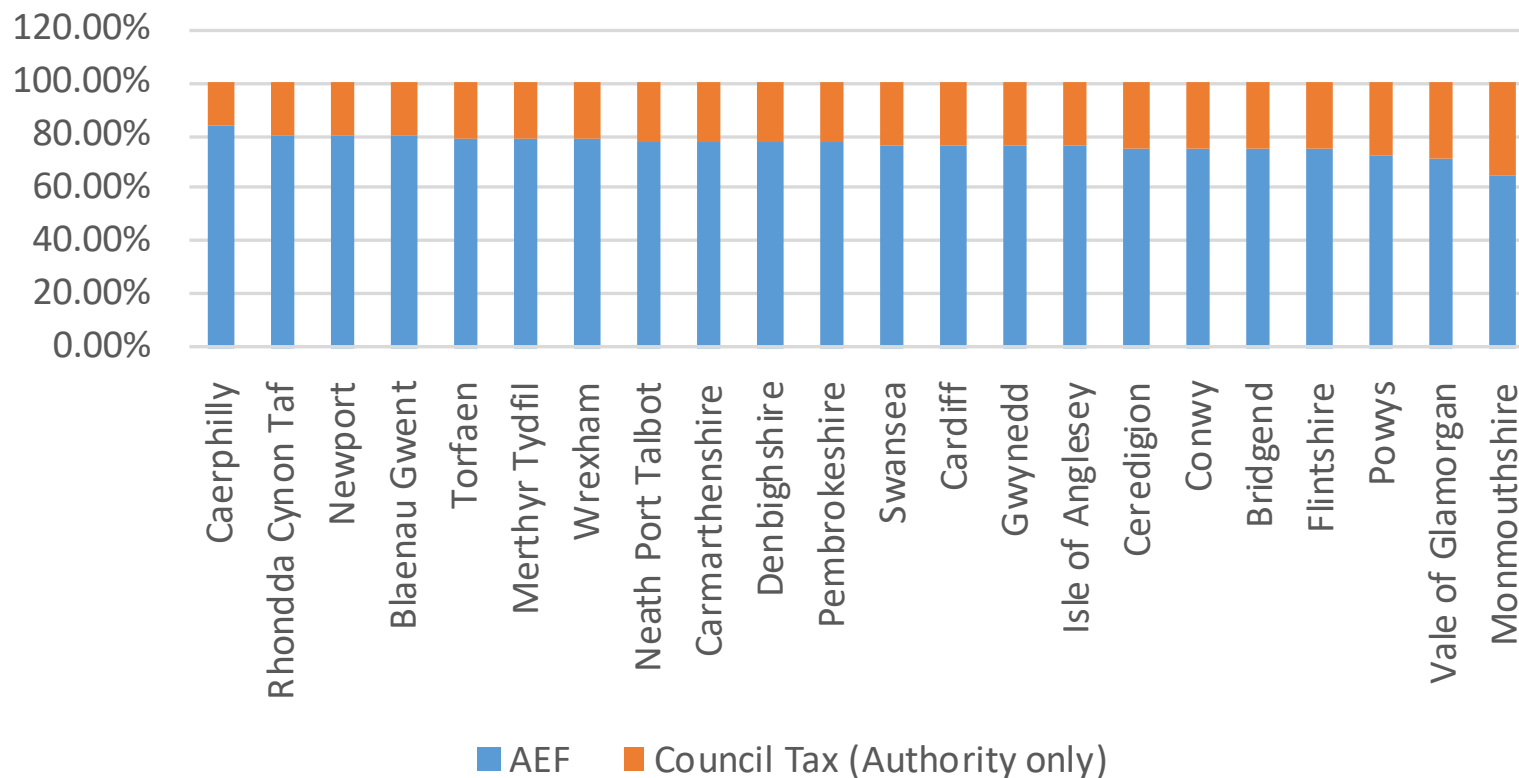
Provisional Settlement AEF per capita (£)



MCC gets the least funding per head of population (£1,067) compared to the rest of Wales (average £1,471)

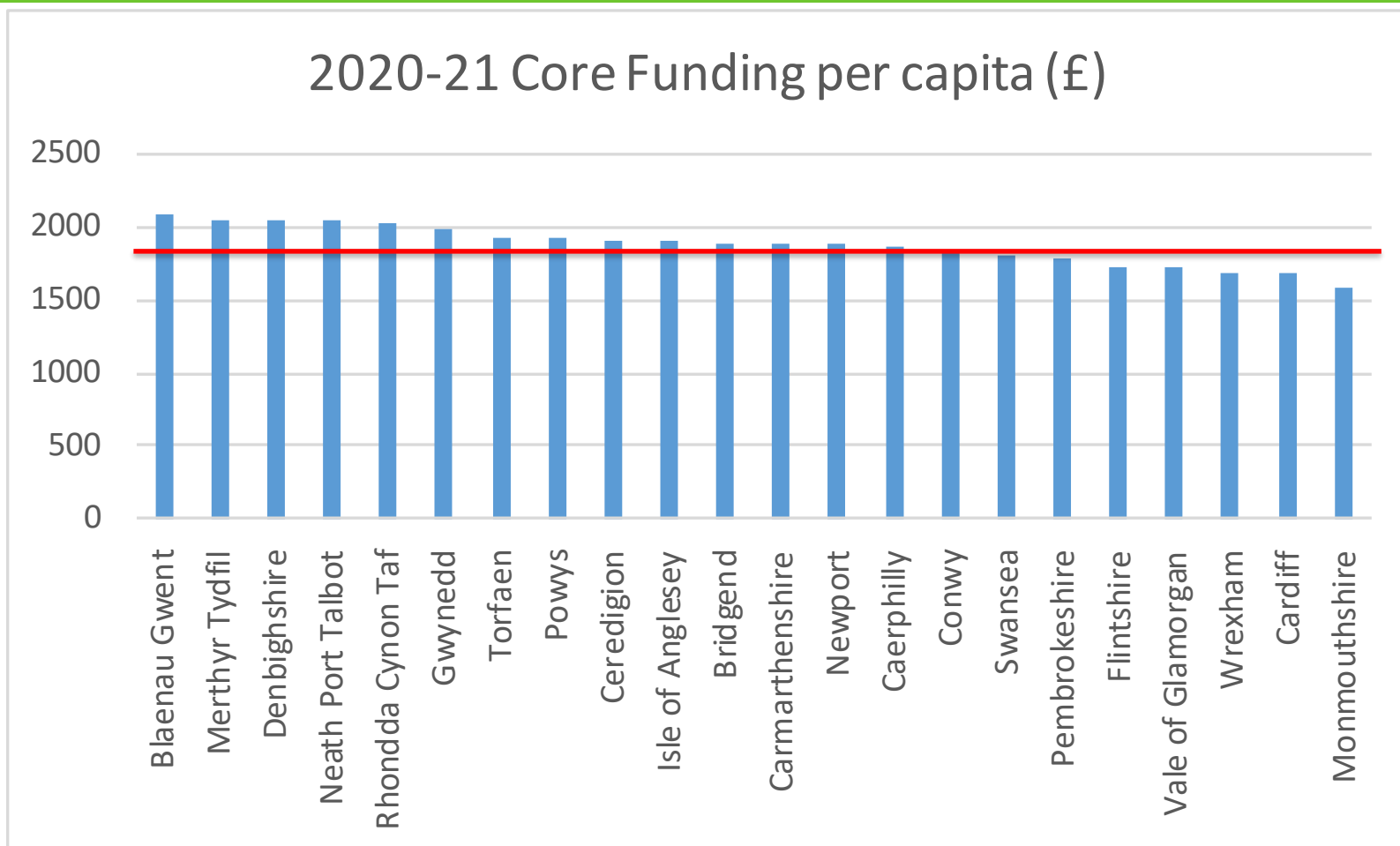
Funding from Welsh Government (2)

2020-21 Core Funding Analysis



This illustrates the level of Council Tax raised by MCC in comparison to funding from Welsh Government. 34.4% against a Welsh average of 23.0%.

Funding from Welsh Government (3)



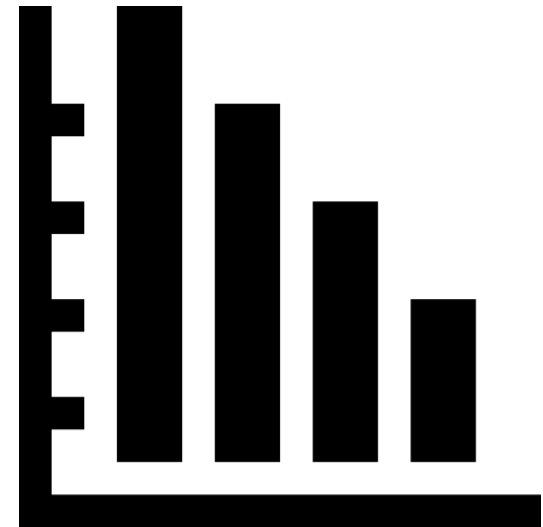
MCC still gets the least funding per head of population (£1,593) compared to the rest of Wales (average £1,852, highest Blaenau Gwent £2,096) – with Council Tax and AEF

Budget for 2021/22 will see...

- Recognises in full all pay and pension-related spending pressures in schools
- Recognises increasing demands placed on children's and adult social services and children with Additional Learning Needs
- Responding to the needs of the homeless
- Limited scope for frontline services to make efficiency savings
- Continued drive for service efficiency and effectiveness
- Fees and charges increases limited as much as possible
- All local services still being maintained



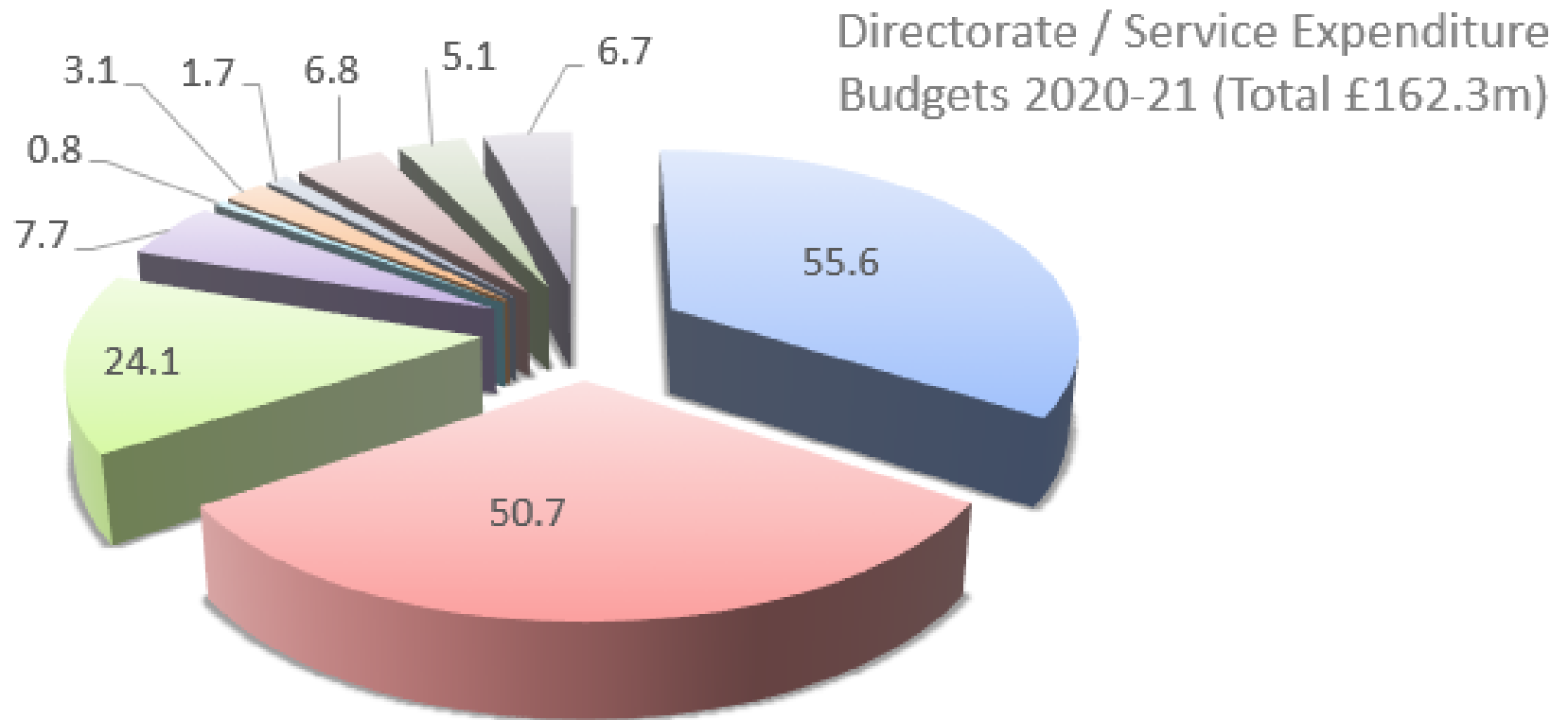
- Modelling the budget using the assumptions and including the pressures created an initial gap of £5.3 million and £22.5m over 4-year MTFP
- Revised pressures of £10.1m then included
- Proposed savings of £3.7m included



Budget Summary

BUDGET PROGRESS TO DATE	£'000	£'000
Gross Expenditure		247,247
Full cost Pressures	1,423	
Specific service Pressures	10,070	
	11,493	11,493
Sub Total Expenditure		258,739
Gross Income		(247,247)
<u>Savings Proposals</u>		
Service efficiencies	(3,268)	
Welsh Government settlement funding implications	(3,723)	
Income generation increase	(415)	
Council tax additionality	(3,339)	
	(10,744)	(10,744)
Sub Total Income		(257,991)
Net Expenditure		748
Council Fund contribution		(748)
Net Expenditure		0

What it costs to deliver services



- Children and Young People (34.2%)
- Enterprise (including Monlife) (14.9%)
- Regulatory & Admin (0.5%)
- Customer Services and Community Hubs (1.0%)
- Precepts and Levies (3.1%)
- Social Care and Health (31.2%)
- Resources (4.8%)
- Legal, Policy & Democracy (1.9%)
- Council Tax Reduction Scheme (4.2%)
- Borrowing Costs (4.1%)

Children and Young People – comprising individual school budgets together with school improvement and LEA run services such as overseeing school admissions and supporting children with Additional Learning Needs

Social Care & Health

- Services to adults and which seeks to enable them to live as independently as possible
- Services to help the most vulnerable children and families
- Services centred around public protection such as trading standards and licencing

Enterprise

- Supporting economic development in the County
- Waste and recycling, highways maintenance, transport and other operational services
- Planning and housing services

MonLife

- Providing a wide range of tourism, leisure and culture services

Chief Executive's Unit

- Administers the democratic process through member support and democratic services
- Legal services and land charges
- Corporates services such as communications, customer services, welsh language and equalities

Resources – support services such as finance, ICT, HR, payroll, training, emergency planning, estates, property services, procurement and commercial activities

Corporate Costs – precepts and levies to other statutory bodies as well as other costs such as insurances, bank charges and audit fees

Appropriations – the costs of borrowing together with contributions to or from earmarked reserves

Financing – comprising core Welsh Government funding, council tax income and any contribution from the Council's general reserve

Financial pressures on the Authority

	2021/22
	£000
Children & Young People	1,469
Social Care & Health	2,979
Enterprise	3,754
Monlife	353
Resources	756
Chief Executives Unit	195
Corporate Costs & Levies	520
Appropriations	44
TOTAL PRESSURES	10,070

- Pressures remain out of the control of the Authority – driven by demand pressures, inflation and legislative changes
- Pressures have been challenged and where possible managed or mitigated
- Significant pressures totalling £10.1m include:
 - Children with additional learning needs demand pressures – £1.47m
 - Funding Children’s Services looked after children pressures (LAC) – £1.46m
 - Recycling and Waste – increased cost of treatment and disposal, contract inflation, reduced grant funding and costs associated with new service provision – £1.44m
 - Passenger Transport Unit – pressures resulting from catchment changes and increases, increased staffing costs resulting from an increase in-house provision required and a loss of private hire income (£917k)

Financial pressures on the Authority

- Pressures within adult social care – uplifts to fees for external care providers (£536k) and £250k to deliver to address shortfall in commissioned care in Usk area – £0.79m
- Pressures to respond to needs of the homeless and in line with Welsh Government’s revised policy position – £874k
- Pressures relating to the unbudgeted element of the 20/21 pay award and staff efficiency savings that cannot be absorbed due to service demand pressures, most notably in social services – £918k
- Income shortfalls – £777k of pressures that result as an indirect consequence of the pandemic or that have been deemed not achievable
- Corporate costs – £474k of pressures resulting from increases in precepts and levies from the South Wales Fire and Rescue Authority and Coroner’s service, increased insurance premiums and pension strain costs

Proposals to make savings

2021/22

£000

Children & Young People	1,510
Social Care & Health	326
Enterprise	821
Monlife	104
Resources	165
Chief Executive's Unit	32
Corporate Costs & Levies	1,000
Appropriations	-275
TOTAL SAVINGS	3,683

Proposals to make savings

- After several years of making significant savings the means of achieving further savings becomes increasingly more challenging
- Exacerbated by the pandemic and where officer time has had to be diverted to the emergency response and ensuring vital services are delivered
- In-year over spend, whilst being managed via a recovery plan, sees significant service pressures carried through into 21/22
- With this already challenging backdrop has made the budget challenge even more acute
- The savings package has therefore principally comprised:
 - Saving resulting from in-year decisions already taken
 - Flexible use of capital receipts to fund costs of service reform
 - Increased income generation from fees and charges
 - Additional specific grant funding

Proposals to make savings

- Savings of £1.258m from Mounton House special school following its closure
- Flexible use of capital receipts to capitalise revenue costs relating to service reform (£1.0m)
- Recycling and waste – £685k of savings notably resulting from in-year decisions by the Council (garden waste collection, introduction of polypropylene bags and HWRC changes) and reduced tonnages to landfill
- Income generation resulting from anticipated increased income, new charges and increases in existing fees and charges (£415k) – including £252k from additional ALN recoupment income

Proposals to make savings

- Additional specific grant funding – an increase in the social care workforce and sustainability grant from Welsh Government from £40m to £50m in 2021/22 will provide an additional £247k grant income – that will offset existing and relevant pressures in adult social care
- Targeted accommodation and mileage savings and that look to ensure that efficiencies are realised from new ways of working in response to the pandemic (£121k)

Impact of the budget proposals

All proposals assessed early for equality impact and Wellbeing and Future Generation considerations

A number of areas that could impact on residents:

- An increase in council tax for modelling purposes of 1% to 4.95%
- Proposals increase fees and charges in a number of areas in line with inflation though kept to a minimum

The Council Tax reduction scheme offers some mitigation for low earners and those in receipt of benefits. Single person households are also eligible for a 25% reduction on council tax

Charges for domiciliary and residential care are also means tested and are capped to mitigate the impact of those on the lowest incomes

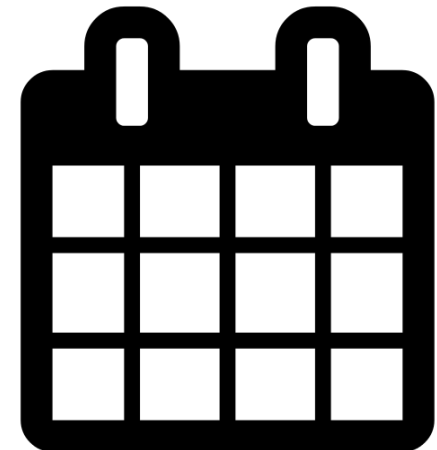
- Ongoing commitment to fund Future schools programme – business case being developed for Abergavenny 3-19 (band B); Chepstow comprehensive to follow in band C
- Ongoing commitment to Cardiff Capital Region City Deal
- Borrowing for commercial investments and acquisitions – commercial risk appetite reviewed as a result of pandemic
- Severn View care home replacement being delivered on Crick Road site
- Investment maintained at current levels in:
 - Core programme circa £5.3 million covers highways and property planned maintenance and county farms
 - Disabled Facility Grants – £900k
 - Access for All - £250k
- Flexible use of one-off capital receipts to meet cost of service reform

- Band B and Band C schools – MCC match funding element
- Backlog maintenance – Property, disability discrimination act work (e.g. access to buildings etc.), improve roads, rights of way, bridges, culverts and walls – review being undertaken to determine whether any risks require more immediate attention
- Arrest road closures due to land slips
- Ash tree die back disease response
- Homelessness and housing related provision
- Provision of low cost (affordable) housing
- Digital infrastructure investment
- Transportation/active travel considerations
- Investment in rationalisation of community amenity sites (waste & recycling and depot infrastructure)
- MonLife investment considerations
- Climate emergency and carbon reduction commitments
- Match funding for specific grant funding schemes

- The continued impact of the pandemic – on the Council, the local economy and its communities
- Risk that Welsh Government funding will not be forthcoming to fully meet costs and income losses resulting from the pandemic
- The extent of any further service pressures and given the volatility in some areas such as social care and ALN
- The need for early clarification on levels of specific grant funding and that help sustain some services
- The impact of any nationally set pay awards for teachers and local government staff – any pay award in excess of 1% will result in a further pressure for the Council
- Use is being made of limited capital receipt balances and the Council's general reserve to support the budget – this is not a sustainable approach but is necessary this year

- Public finances are being impacted in a truly unprecedented way as a result of the pandemic
- The chancellor was only able to announce a one-year spending review for 2021/22 – rather than over 3 years
- Welsh Government unable to provide indicative settlement projections for 22/23 and 23/24
- Unclear as to what approach UK Government and the Chancellor is going to take in restoring public finances, when this impact will be felt and how local government in Wales will be impacted
- Introduces significant challenges and uncertainties in setting the budget for 22/23 ahead of a local government election – best and worst case scenarios offer very different outcomes

- Budget proposals available for consultation – 20th Jan 2021 to 17th Feb 2021 (4 weeks)
- Select Scrutiny – Jan 2021
- Public consultation to end on 17th Feb 2021
- Final Budget Cabinet – 3rd March 2021
- Council tax setting and budget – 11th March 2021



Key considerations for E&D Select

1. Recognising investment in services to accommodate revenue pressures:

- Pressures within E&D portfolio: £1.166m (11% of total)

Ref	E&D Services	£000
PENT0004	PLANHOUS - Car Parking - Business Rates increase	21
PENT0005	PLANHOUS - Planning income pressures	200
PENT0013	PLANHOUS & ENT – Additional staff Resources - Project Manager *2, Business manager *1	149
	TOTAL ENTERPRISE	370
PENT0007	MONLIFE - Shirehall income loss	70
PENT0009	MONLIFE - Unachievable Vacancy Factor Frontline Services	106
PENT0010	MONLIFE - Unbudgeted 20-21 Pay award	124
PENT0011	MONLIFE - Contract & Energy Inflation	53
	TOTAL MONLIFE	353

Pressures (Cont'd)

Ref	E&D Services	£000
PRES002	CORPLLORD - Estates Development Company Income Pressure	100
PRES002	CORPLLORD - Estates - Commercial income increase, not achieved in 20-21	200
PRES002	CORPLLORD - Cemeteries - Income pressure	31
RES0003	FUTUREMON - Mileage & Agency savings	112
	TOTAL RESOURCES	443
	TOTAL E&D Pressures	1,166

Key considerations for E&D Select

2. Acknowledging savings incorporated in the revenue budget proposals:

- Savings within E&D portfolio total £0.330m (10% of total)

Ref	E&D Services	£000
PENT0005	PLANHOUS - Staff Saving - 20-21 Staff Restructure Savings (£11,950) + £50k LDP senior officer saving, frozen until 23/24.	(62)
	TOTAL ENTERPRISE	(62)
ENT0001	MONLIFE - Removal of Events Co-ordinator Post	(29)
ENT0003	MONLIFE - Introduce Car Parking Charges at Caldicot Castle	(20)
ENT0004	MONLIFE - Increase in discretionary Fees & Charges	(54)
	TOTAL MONLIFE	(103)
RES0002	CORPLLORD - Property Accommodation Savings.	(50)
RES0003	FUTUREMON - Mileage Savings	(71)
RES0003	FUTUREMON - Staff Secondment Savings	(44)
	TOTAL RESOURCES	(165)

Fees & Charges

- Fees and Charges increases : £64,000 across Enterprise.
 - £54,000 relates to E&D services
 - Leisure £52k
 - Attractions £2k
- A detailed breakdown of the individual fees and charges increases can be found attached to the budget papers presented to 20th January Cabinet (Appendix 2).

3. To Acknowledge continued investment in the capital programme

- Capital Region City Deal (£185k)