

REVENUE BUDGET 2021/22

Full Cost budget adjustment explanations

In addition to specific service pressure and savings mandates, the budget has the potential to also move year on year due to corporate changes. The following briefing note provides details of those revisions.

PRESSURES

		Draft £000	Movement £000	Final £000
Full cost briefing note	Fire Authority precept	162	14	176

The Council has received final notice from the South Wales Fire & Rescue Authority of their draft precept for next year. This exhibits an average increase in contributions required of 3.54%. The movement between draft and final is due to clarification of population numbers.

		Draft £000	Movement £000	Final £000
Full cost briefing note	Insurance premium	131	0	131

The Insurance premium budget is already under pressure in the current year by £40k. The insurance contract is reviewed annually (every October) to take account of activity changes and premiums have seen increases in Property (£74k increase), Motor (£15k increase) and Liability (£14k) insurance, with minor reductions across other premium areas. For property this is primarily due to the worsening claims experience following the flooding claim at Monmouth leisure centre and the increased value of properties on cover. For Motor it is an increase in the number of vehicles on cover and worsening claims history.

		Draft £000	Movement £000	Final £000
Full cost briefing note	Pension strain costs	151	0	151

Additional pension strain costs relating to redundancies that have been approved to date. Pension 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 exact value of these costs are hard to quantify given the uncertainty over the timing, value and individual pension implications of redundancies, however the above pressure is the minimum that would be incurred based on current known data.

		Draft £000	Movement £000	Final £000
Full cost briefing note	Coroner levy	30	0	30

Staffing pressure relating to the requirement to meet minimum national guidelines has resulted in an increased draft levy.

		Draft £000	Movement £000	Final £000
Full cost briefing note	Crematorium distribution reduction	46	0	46

The estimated dividend distribution is likely to reduce based on the forecast Crematorium budget for 2021/22 and given a challenging operating environment with alternative sites becoming available in Gwent.

		Draft £000	Movement £000	Final £000
Full cost briefing note	MRP in relation to the Additional borrowing in respect of Future schools tranche A, DFGs, and sewer plants	44	0	44

The revenue budget will always require review of corporate financing provisions to ensure they remain accurate. Sale of assets, revisions to capital financing requirement, and changes in activity of the capital programme can all affect the quantum of minimum revenue provision (MRP), Interest payable and Interest receivable. The combined adjustments above are also reflective of the Capital MTFP priorities and their related funding assumptions being considered by members during the budget process.

		Draft £000	Movement £000	Final £000
Full cost briefing note	Fixed asset disposal costs	0	30	30

An analysis of the potential capital receipts forecast over the medium term has identified some consequential costs of disposal that are required in 2021/22 in relation to items such as survey's and professional fees.

		Draft £000	Movement £000	Final £000
Full cost briefing note	COVID Recovery Resilience	0	91	91

As we move into the recovery phase of the pandemic it is important that the Authority has the latitude and flexibility to be able to adapt to the challenges and changes in future demands on its services. It is imperative that future investment is aligned with the Authorities corporate priorities and this budget will enable the Authority to ensure that investment is directed to the appropriate areas.

		Draft £000	Movement £000	Final £000
Full cost briefing note	Digital Investment	0	300	300

£300,000 earmarked investment and that looks to enhance the Council's digital design and innovation and data analytics capabilities. This will be subject to a subsequent report to Cabinet for consideration and approval.

		Draft £000	Movement £000	Final £000
Full cost briefing note	Procurement SLA	0	208	208

Collaboration via a service level agreement with Atebion Solutions (Cardiff Council owned LA Trading Company) .

For mutual benefit, the Councils will collaborate in the discharge and provision of their procurement services which would be delivered by CCC on behalf of both councils, In doing so, MCC would delegate its procurement functions for the three year period under the Local Authorities (Executive Arrangements) (Discharge of Functions) (Wales) Regulations under s19 LGA 2000 although this does not prohibit MCC from exercising the Delegated Functions itself with agreement from CC.

This proposal will enable MCC to be benefit from resource from the award winning and highly respected Cardiff Council procurement service which will include:

- a leadership and management team which led the transformation of procurement within Cardiff and play a key role in leading procurement collaboration at a national level;
- the technical capability, expertise and category specific knowledge available within CCC's existing three Category Teams;
- CCC's Strategy and Policy Team which is recognised across Wales as leading the development and delivery of good practice in support of local and national priorities

SAVINGS

		Draft £000	Movement £000	Final £000
Full cost briefing note	Capitalisation directive	(1,000)	(508)	(1,508)

A schedule of expenditure of £1m had been identified as eligible expenditure to be funded from capital receipts under the flexible use of capital receipts directive. The identified expenditure meets the definition of being service transformational, driving a digital approach or working collaboratively to reduce overall costs. It is important to note that funding from capital receipts, much like that from reserve is a one-off source of funding which cannot be used again. Since the draft budget proposals were produced further investment in Digital and the Procurement SLA has been identified as being eligible to be funded via this mechanism.

		Draft £000	Movement £000	Final £000
Full cost briefing note	Increase in SCWD grant	(247)	0	(247)

The provisional Welsh Government funding settlement included an overall increase in the Social Care Workforce Development grant across Wales of £10m. The proposed budget saving of £247k represents Monmouthshire's likely share of this increase.

		Draft £000	Movement £000	Final £000
Full cost briefing note	Net treasury movement based on budgeted capital investment activity	275	(472)	(197)

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		Draft £000	Movement £000	Final £000
Full cost briefing note	Transfer into Welsh Government settlement of teachers pay award	0	(102)	(102)

The Welsh Government settlement includes an allocation which partially covers the impact of the 2020/21 teachers pay award and its cost to the 2021/22 budget. The Authority had already fully funded this cost within its medium term financial plan and therefore the allocation from WG acts as a saving to the overall budget.

		Draft £000	Movement £000	Final £000
Full cost briefing note	Removal of Turning the world upside down base budget	0	(548)	(548)

The SCH base budget in the draft budget proposals included £548k as part of the first stage of investment into redesigning the Adult social care pricing model. Given the pressures on staff resources due to the Covid-19 pandemic and the potential changes to Adult care service delivery as a result of the longer term impacts of the pandemic, this investment has been removed from the budget proposals pending future clarification of the service delivery.