

Members Budget Seminar

10 September 2021

Cllr Bob Kilmister, Cabinet Member for Finance

Jon Haswell, Director of Resources

Nicola Lewis, Deputy Chief Finance Officer

Sarah Edwards, Deputy Chief Finance Officer

Members Budget Seminars 2021-22

- Seminar 1 2 July 2021
- **Seminar 2 10 September 2021**
- Seminar 3 05 November 2021
- Seminar 4 28 January 2022

Coverage

- **Capital Strategy and Capital Programme
(including 21st Century Schools Band B Programme)**
- **2022-23 General Fund Service Pressures**
- **Service Prioritisation**

Capital Strategy

- Requirement as per Prudential Code (since 2019)
- Function is to
 - “set out the long term context in which capital expenditure and investment decisions are made given due consideration to both risk and reward and impact on the achievement of priority outcomes”*
- Key aim to deliver an affordable and sustainable programme which underpins
 - Council’s Well Being Objectives
 - Public Service Board Well Being Plan
 - Wider Strategic Influences

- Aims of the Capital Strategy:

- Provide a robust process to evaluate, approve and monitor capital investments.

- Concept bids to approve feasibility.

- Robust businesses cases submitted with due regard to the objectives set in The Capital Strategy and the approved Capital Financing Costs Cap of £14.07m per annum.

- Identify and consider funding options to minimise ongoing revenue implications whilst linking to the Treasury Management Strategy.

2020-21 Outturn – Capital Programme

	2020-21		
	Projected Outturn	Actual Expenditure	Actual to Projected Outturn
	£000	£000	%
Expenditure			
Education	7,502	4,690	63%
Social Care	3,894	2,814	72%
Highways & Transportation	9,927	7,097	71%
Housing – General Fund	2,642	1,021	39%
Culture & Related Services	1,988	1,443	73%
Planning & Development	14,970	8,437	56%
Environmental	2,003	1,095	55%
Corporate	11,043	2,132	19%
Housing - H.R.A.	16,068	10,170	63%
City Deal	4,242	-	0%
21st Century:			
Band A	2,240	1,727	77%
Band B	12,121	11,241	93%
Total Expenditure	88,640	51,867	59%

Capital Programme 21-22 to 24-25

	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Education	12,489	2,405	590	590
Social Care	1,501	100	100	100
Highways & Transportation	5,943	1,508	1,945	2,200
Housing Council Fund	1,050	1,200	1,800	750
Culture & Related Services	3,461	2,135	100	100
Planning & Development	7,414	3,768	495	375
Environmental	4,530	8,449	1,589	-
Coporate	4,185	1,388	980	980
HRA	22,206	21,705	16,235	15,925
City Deal	5,386	9,315	7,881	1,176
21st Century:				
Band A	804	-	-	-
Band B	29,281	33,571	26,797	1,223
Total Expenditure	98,250	85,544	58,512	23,419
Loan Financing	45,907	38,653	22,304	7,459
Grants/Contributions	42,534	38,832	28,089	7,696
Capital Resources	6,914	6,192	5,844	5,734
Earmarked Reserves	2,896	1,867	2,275	2,530
Total Financing	98,250	85,544	58,512	23,419

21st Century Schools Band B Programme

- Strategic Outline Programme approved by Council in July 2017

Project	Budget £	Status
Haverfordwest High VC	48,700,000	Business case process complete – projects on site
Waldo Williams Primary	979,580	
Milford Haven Secondary	24,150,000	Feasibility completed and preferred options identified. Approvals required.
Milford Haven Primary	9,000,000	
Portfield / PRU	13,700,000	
Unallocated	9,870,420	
Total Band B Envelope	106,400,000	

21st Century Schools Band B Programme

- Haverfordwest High and Waldo Williams Primary Committed Projects*

	£
Total Band B Envelope	(106,400,000)
Committed Projects*	49,679,580
Total budget remaining	(56,720,420)

21st Century Schools Band B Programme

- 21st Century Schools Strategic Programme Board – 5 July 2021
- Education Rationale / Funding Options / Preferred Delivery Options

Project	Preferred Option	Est. Cost £
Milford Haven Secondary	Option 10 Combined new primary and secondary school building on the existing secondary school site – some sharing of services, e.g. kitchen/dining/community areas.	62,757,801
Milford Haven Primary		
Portfield School	Option 3B Extension to the existing 'upper building' utilising land within the curtilage of the Portfield site and/or PCC owned land on the Haverfordwest High School (Portfield) site. Post 16 use of the latter's 'H' Block. This includes provision for additional, high standard, full-time residential care places for Portfield School students by refurbishing the existing Holly House building and building an additional three-bedroomed facility on site.	20,315,182
Pembrokeshire Learning Centre / PRU	Option 4 New building to accommodate the Neyland and Penally provision on the existing Neyland site.	18,247,396
Total cost of Preferred Options		101,320,379
Band B Funding Envelope Remaining		(56,720,420)
Funding Shortfall		44,599,959

21st Century Schools Band B Programme

- Funding Options
 - Request an increase in the Council's Band B envelope from Welsh Government
 - Mutual Investment Model (MIM)
 - Council capital programme
- Progress Portfield Schools and the Pembrokeshire Learning Centre (PRU) under the Band B envelope
- Milford Haven Primary and Secondary Schools by expanding the Band B envelope or MIM, subject to affordability

21st Century Schools Band B Programme

- Impact on the Band B envelope:

	£	£
Total Band B Envelope		106,400,000
Committed Projects	(49,679,580)	
Portfield School	(20,315,182)	
Pembrokeshire Learning Centre / PRU	(18,247,396)	
		(88,242,158)
Total Band B Envelope Remaining		18,157,842

21st Century Schools Band B Programme

- Cabinet for Recommendations – 6 September 2021
- Approval of Portfield School (Band B envelope)
- Approval of Pembrokeshire Learning Centre/PRU (Band B envelope)
- Approval of Milford Haven Secondary and Primary Schools (MIM)
- Council for Approval – 14 October 2021

Option for Funding MIM

- Revenue funding stream
- Paid over 25 years (WG intervention rate 81%)
- Different model to capital financing but DOR view that financing costs should count towards the capital financing costs cap

Option (based on current financial assumptions)

- MIM likely to take 5 years for School(s) to open
- Council Tax increase of 0.27% pa from 2022-23 to 2026-27 (Band D - £3.21 pa or 6.1p pw, increasing to £3.25pa or 6.2p pw)
- Funds generated placed in a ring fenced reserve
- By 2026-27, sufficient base budget generated to meet annual revenue cost

Options for Funding MIM

0.27% Cumulative Yield £	0.27% Base Budget £	Council Tax Council Tax Base £	Band D Increase £	Financial Year
0	0	65,338,226.88	1,189.69	21-22
		54,920.38		
176,294.42	176,294.42	65,514,521.30	3.21	22-23
		54,920.38	1,192.90	
529,432.47	353,138.05	65,691,364.93	3.22	23-24
		54,920.38	1,196.12	
1,059,963.34	530,530.87	65,868,757.75	3.23	24-25
		54,920.38	1,199.35	
1,768,436.24	708,472.90	66,046,699.78	3.24	25-26
		54,920.38	1,202.59	
2,655,400.38	886,964.14	66,225,191.02	3.25	26-27
		54,920.38	1,205.84	

21st Century Schools Band B Programme

Question 1

Do Members support the proposal for a circa. 0.27% per annum increase in Council Tax for 5 years, earmarked to fund a MIM project for Milford Haven Secondary and Primary Schools?

Yes or No

21st Century Schools Band C Programme

Question 2

Do Members support the concept of future increases in Council Tax being earmarked to fund future MIM projects, if there is a 21st Century Schools Band C Programme?

Yes or No

**Capital Strategy and Capital Programme
(Including 21st Century Schools Band B Programme)**

Any Questions?

2022-23 General Fund Service Pressures

- Medium Term Service Plans 2022-23 to 2025-26 completed last week**
- High level review undertaken to identify 2022-23 General Fund revenue pressures (bids for growth on flat-line budgets) and 2022-23 invest to save bids (revenue)**
- These will change as they are reviewed and challenged over the coming months**

2022-23 General Fund Revenue Service Pressures (Bids for growth on flat-line budgets)

- Education

Service	Commentary	£
Individual Schools Budget ISB	Significant cost and workforce pressures	£5.000m
School Improvement	Improving teaching and leadership across schools	£0.500m
Inclusion	Maintain 'real terms' budget position Regrade Educational Psychologists Local continuation of WG ALN grant	£0.094m £0.012m £0.210m
Performance & Community	Pembrokeshire Music Service	£0.100m
Resources & Governance	School suitability/physical accommodation	TBA

2022-23 General Fund Revenue Service Pressures (Bids for growth on flat-line budgets)

- **Social Services and Housing**

Service	Commentary	£
Social Care – Adults	Significant demand, cost and workforce pressures	TBA Est. £3.000m
Social Care – Children’s	Significant demand, cost and workforce pressures	TBA Est. £1.750m
Housing Services	Homelessness & temporary accommodation	£1.100m
Housing Services	Corporate Estate Maintenance	£0.250m
Housing Services	Empty Property Action Plan - staffing <i>(Some may be a capital bid)</i>	£0.300m

2022-23 General Fund Revenue Service Pressures (Bids for growth on flat-line budgets)

- **Community Services**

Service	Commentary	£
Property & Asset Management	Radical restructure – service flexibility Management of Airport at weekends	TBA TBA
Planning Services Regeneration	- Realise the recommendations of the LGA Peer Review	TBA £0.500m
Culture, Leisure, Tourism and Registration Services	Nothing currently anticipated	-
Infrastructure	Highway Maintenance - potholes Public Transport – tender, workforce & fuel pressures	£0.500m £0.100m
	Fleet Management – vehicle parts & materials pressures	£0.090m

2022-23 General Fund Revenue Service Pressures (Bids for growth on flat-line budgets)

- **Community Services/Corporate Services**

Service	Commentary	£
Environmental Services	Workforce pressures	£0.035m
	Local Environment Advisors	£0.100m
	Street & beach cleansing	TBA
	Waste & recycling – contract values/inflation	TBA
Legal & Democratic Services	Various pressures including Legal, simultaneous Welsh translation, Member induction etc.	£0.190m
Electoral Services	Capacity pressures – restructure of service	£0.026m
Strategic Communications	Nothing currently anticipated	-

2022-23 General Fund Revenue Service Pressures (Bids for growth on flat-line budgets)

- **Corporate Services/Resources**

Service	Commentary	£
Catering	Workforce and food cost pressures	TBA
Emergency Management	Workforce and capacity pressures	TBA
Improvement & Transformation	Workforce pressures	TBA
	Graduate scheme	TBA
	Ongoing coaching for senior leaders	TBA
Facilities Management	Workforce pressures	TBA

2022-23 General Fund Revenue Service Pressures (Bids for growth on flat-line budgets)

- **Resources**

Service	Commentary	£
Financial Services	Workforce & software inflationary pressures	£0.090m
Information Technology	Workforce & inflationary pressures	£0.086m
Audit, Risk & Information	Workforce & inflationary pressures	£0.062m
Procurement & Customer Services	Nothing currently anticipated	-
Human Resources	Nothing currently anticipated	-

2022-23 Invest to Save Bids - Revenue

- Some are multi-year and future year bids but only 2022-23 shown below:

Service	Commentary	£
Housing Services	Gypsy Traveller Sites (10 year payback) <i>(Some may be a capital bid)</i>	£0.228m
Legal Services	Democratic & Scrutiny Support officer Recording of internal meetings	£0.040m TBA
Schools ISB	Federation & improved school organisation strategy School conditions survey officer	£0.025m £0.020m
Financial Services	Project Accountant – FIMS and further automation	£0.051m
Audit, Risk & Information	Dedicated Counter Fraud Officer Data Management Team/Power BI Strategic Business Risk Manager	£0.044m £0.120m £0.050m
Strategic Communications	Communications structure & resources	TBA

2022-23 Invest to Save Bids - Revenue

- Some are multi-year and future year bids but only 2022-23 shown below:

Service	Commentary	£
Improvement & Transformation	Potential growth of home support +, arborists, buses and crematorium	TBA
Emergency Management	Additional capacity – casual workforce	TBA
Facilities Management	Developing a corporate landlord approach	TBA
Human Resources	Development of external consultancy support trading co. Implementation of service review recommendations	TBA
Infrastructure	Climate Change – staffing and capacity Events and public realm improvements	£0.250m £0.200m
Property & Asset Management	Digital transformation	TBA

Service Pressures

Any Questions?

Service Prioritisation

Members Budget Seminar – 02 July 2021

Question:

Do Members agree that there is a need for the prioritisation of Council services and accept that some services will cease or provision will be significantly reduced?

Yes (60%)

No (40%)

Service Prioritisation

- 1. Services which should be protected**
- 2. Services which should cease**
- 3. Services where the level of provision should be significantly reduced**
- 4. Services which should be delivered by an alternative delivery model**

Service Prioritisation

Can Members please identify:

Services which should be protected

After each Service has been identified, we will vote with a show of hands to ascertain whether there is a general consensus

Service Prioritisation

Can Members please identify:

Services which should cease

After each Service has been identified, we will vote with a show of hands to ascertain whether there is a general consensus

Service Prioritisation

Can Members please identify:

Services where the level of provision should be significantly reduced

After each Service has been identified, we will vote with a show of hands to ascertain whether there is a general consensus

Service Prioritisation

Can Members please identify:

Services which should be delivered by an alternative delivery model

After each Service has been identified, we will vote with a show of hands to ascertain whether there is a general consensus

Service Prioritisation

Any Questions?

Next Budget Seminar – 5 November 2021

- **Budget/Medium Term Financial Plan Modelling**
- **Service Pressures**
- **Service Prioritisation**
- **Anything Else?**