



SCRUTINY COMMITTEE REPORT

Date Written	16 th January 2019
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Service Area	Finance
Committee Date	23 rd January 2019

To: Chair, Ladies and Gentlemen

Medium Term Financial Plan 2019/20 to 2022/23 – Update January 2019

1.0 SUMMARY OF THE REPORT

- 1.1 Council of 21st November 2018 approved revisions to the Medium Term Financial Plan subject to Scrutiny Committees' deliberation. These revisions reduced the projected budget deficit for 2019/20 from £6.557 million to £5.640 million.
- 1.2 Gross corporate additional demands of £5.914 million have been considered in respective scrutiny committees through December 2018 and January 2019 and are consolidated in Appendix 2 of this report.
- 1.3 Further identified net budget reductions reduce the projected budget deficit for 2019/20 from £5.640 million to £3.808 million and reflect the implications of the Final Revenue Settlement, further additional demands, Social Services Grant and the outcome of the first phase of the enhanced Voluntary Early Retirement and Voluntary Redundancy initiative.
- 1.4 Corporate Management Team is currently considering a suite of further budget reduction proposals in ensuring that a balanced Budget is presented to Council in February/March 2019 for approval.

2.0 RECOMMENDATION(S)

- 2.1 The content of this report be discussed and noted.

3.0 INTRODUCTION AND BACKGROUND

- 3.1 The Medium Term Financial Plan (MTFP) 2018/19 to 2021/22 approved by Council on 7th March 2018 is summarised in Table 1 and indicated a projected budget deficit of £6.557 million for 2019/20.

Table 1 – MTFP Projected Budget Deficits 2018/19 to 2021/22

Description	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Required Net Budget	117,461	123,790	127,571	130,710
Available Finance	117,461	117,233	117,073	116,981
Projected Budget Deficit	0	6,557	10,498	13,729

- 3.2 A MTFP is a rolling programme, continually evolving as further information and changing circumstances become known. This report considers revisions to the MTFP resulting from the published Revenue Settlement for 2019/20, identification of corporate additional demands and the identification of budget reduction initiatives.

4.0 WHERE WE WERE

- 4.1 Council of 21st November 2018 considered an update to the MTFP resulting from the following:

- Implications of the Provisional Settlement
- Corporate Additional Demands
- Corporate Budget Reductions
- Schools Budget Reductions

- 4.2 The financial impact of the above changes to the reported budget deficits for 2019/20 to 2021/22 are outlined in Table 2. It should be noted that the projected financial position for 2022/23 is currently being determined in establishing the MTFP for the 4 year period 2019/20 to 2022/23 and will be reported to the Budget and Council Tax setting Council.

Table 2 – Revised Projected Budget Deficits 2019/20 to 2021/22

Description	2019/20 £'000	2020/21 £'000	2021/22 £'000
Budget Deficit – Council 7th March 2018	6,557	10,498	13,729
Implications of Provisional Settlement	-1,901	-2,327	-2,742
Corporate Additional Demands	4,914	8,023	8,600
Corporate Budget Reductions	-3,236	-1,650	-1,616
Schools' Budget Reductions	-694	-694	-694
Revised Budget Deficit	5,640	13,850	17,277

- 4.3 It is evident from Table 2 that the revised budget deficit was £5.640 million for 2019/20 and a projected cumulative £17.277 million for the 3 year period 2019/20 to 2021/22.
- 4.4 The Welsh Government's Provisional Local Government Settlement was announced on 9th October 2018 and resulted in a modest increase in Merthyr Tydfil's Aggregate External Finance (AEF) for 2019/20 of 0.33%. No indications were provided in respect of indicative future year settlements thus inhibiting Local Authorities' ability to effectively plan over the medium term. As seen from Table 2 the MTFP impact from the provisional settlement demonstrates increased spending power of £1.901 million for 2019/20 and is detailed in Appendix 1.
- 4.5 Managers have identified a number of additional financial demands, considered unavoidable, for inclusion in the MTFP, resulting from demographic growth and service financial pressures. These additional budget requirements are detailed in Appendix 2 and are summarised in Table 3.

Table 3 – Additional Budget Demands

Description	2019/20 £'000	2020/21 £'000	2021/22 £'000
Education	1,845	3,128	3,390
Social Services	2,599	3,126	3,305
Neighbourhood Services	427	723	815
Community Regeneration	117	135	141
Support Services	146	146	146
Corporate Costs	780	765	803
Less: Indicative Demands Contingency	-1,000	0	0
Total Additional Demands	4,914	8,023	8,600

- 4.6 It is evident from Table 3 that £4.914 million of corporate additional demands are proposed for the 2019/20 financial year. It should be noted that the magnitude of this additional demand is unprecedented and is indicative of the financial pressures faced by all Local Authorities within the United Kingdom particularly within education and social services.
- 4.7 Further detail in respect of the additional demands pertaining to specific areas was reported to the respective scrutiny committee for consideration as follows:
- Learning and LAESCYP Scrutiny Committee – 17th December 2018
 - Governance, Performance, Business Change and Corporate Services Scrutiny Committee – 8th January 2019 (not held owing to the committee quorum not being met)
 - Regeneration and Public Protection Scrutiny Committee – 15th January 2019
 - Neighbourhood Services, Planning and Countryside Scrutiny Committee – 21st January 2019
 - Social Services Scrutiny Committee – 22nd January 2019

- 4.8 Indicative additional demands of £2 million are included for 2020/21 with a further £1 million for 2021/22 to reflect probable further requirements in addressing demographic growth and service financial pressures.
- 4.9 A number of corporate budget reduction initiatives were proposed in assisting the Council in meeting its financial commitments for 2019/20 and beyond totalling £3.236 million for 2019/20. These are detailed in Appendix 3. In addressing the requirements of 'The Well-being of Future Generations (Wales) Act 2015', the sustainability of all proposals has been considered in minimising the potential impact on future Budgets.
- 4.10 In recognising the challenging budget deficit faced by the Council over the period of the Medium Term Financial Plan and the significant pressures for the 2019/20 financial year alone, the Schools Forum identified budget reductions within the Schools Budget of £694,000. These budget reductions related to a reduction in the delegated schools' budget (£594,000) and school meals increases (£100,000).

5.0 WHERE WE ARE NOW

- 5.1 Since the updated MTFP report to Council of 21st November 2018 a number of further developments have occurred impacting upon the residual budget deficit encompassing the following:
- Implications of the Final Settlement
 - Additional demands resulting from Council / Cabinet decisions
 - Anticipated Social Services Grant
 - Savings resulting from the employee Voluntary Early Retirement (VER) / Voluntary Redundancy (VR) initiative
- 5.2 The impact on the remaining projected budget deficit is outlined in Table 4 and demonstrates a revised projected budget deficit of £3.808 million for 2019/20 and a cumulative £15.421 million for the period 2019/20 to 2021/22.

Table 4 – Further Revised Projected Budget Deficits 2019/20 to 2021/22

Description	2019/20 £'000	2020/21 £'000	2021/22 £'000
Budget Deficit – Council 21st November 2018	5,640	13,850	17,277
Implications of Final Settlement	-207	-211	-215
Additional Demands	301	301	301
Social Services Grant	-642	-642	-642
Employee Voluntary Retirement/Redundancy	-1,284	-1,293	-1,300
Revised Budget Deficit	3,808	12,005	15,421

- 5.3 The Final Local Government Settlement for 2019/20 was announced on 19th December 2018 and is governed by the following characteristics:
- A total revenue funding increase for all Welsh Local Authorities of 0.2% (£10 million) from an adjusted 2018/19 base of £4.227 billion to £4.237 billion

- A revenue funding increase for Merthyr Tydfil of 0.8% (£729,000) from an adjusted 2018/19 base of £90.575 million to £91.304 million
 - Merthyr Tydfil's revenue settlement is ranked 2nd best of all 22 Welsh Local Authorities
 - Former specific grants in respect of Teachers Pay and Free School Meals totalling £13 million, previously held outside of the revenue settlement, are transferred into the settlement with Merthyr Tydfil's proportion totalling £266,000
 - Five Local Authorities are supported by a "floor mechanism" whereby the Welsh Government ensures that no Local Authority experiences a funding reduction greater than 0.3%, resulting in "top up funding" of £3.47 million
 - There is no formal Welsh Government mandated 1% cash protection commitment for schools
 - No indicative revenue settlement for the following year is provided by the Welsh Government
- 5.4 The summary Final Revenue Settlement for 2019/20 is included as Appendix 4 with changes in funding from the provisional to final settlement outlined in Appendix 1. It is evident from Table 4 that net additional funding of £207,000 is available for 2019/20.
- 5.5 Additional demands of £301,000 are required for 2019/20 resulting from the following additional cost pressures and loss of anticipated income:
- Independent Domiciliary Care Fees (£270,000) – relates to the exempt report to Council of 19th December 2018 in respect of increased payment to independent providers of domiciliary care
 - School Meals Income (£31,000) – relates to the report to Cabinet of 19th December 2018 reflecting the loss of income through increasing school meals by 20p per meal in both primary and secondary schools from 1st April 2019, compared to the original proposal contained within the Cabinet report.
- 5.6 A new specific grant outside of the Revenue Settlement in respect of Social Services totalling £30 million on an all Wales basis is available for 2019/20. Formal notification of individual Local Authority allocations with associated terms and conditions are anticipated to be provided by the Welsh Government by 31st January 2019. Based on the Personal Social Services Indicator Based Assessments (IBA's) for the 2019/20 Final Revenue Settlement Merthyr Tydfil is expecting to receive grant of £642,000 for 2019/20, with flexible terms and conditions for its utilisation.
- 5.7 Council of 9th January 2019 approved employee voluntary early retirement and voluntary redundancy applications totalling £1.284 million for 2019/20 which has a positive impact on the Council's reported budget deficit for 2019/20.

6.0 WHERE WE WANT TO BE

- 6.1 The Council is required to set its Budget for 2019/20, including the Council Tax increase, by 11th March 2019.
- 6.2 Under the Local Government Act 2003, the Chief Finance Officer is required to report upon the robustness of the estimates made for the purposes of the budget and council tax setting calculations and the adequacy of the proposed financial reserves. It is therefore critical that the Council sets a balanced budget taking into account all known and projected financial pressures.
- 6.3 All additional demands detailed in Appendix 2 have been subjected to robust challenge by Corporate Management Team in determining the criticality of each demand for inclusion within the MTFP. It is recognised that without reflecting these unavoidable additional expenditure requirements the Council will not be setting a balanced budget for 2019/20. All additional demand requirements are subject to on-going review with any identified amendments, owing to updated information, reported in due course. The potential for even more demand requests should also be noted.
- 6.4 Table 4 indicates that the Council still has to identify £3.808 million of budget reductions to set a balanced budget for 2019/20. Proposals to address this deficit are currently being finalised by Corporate Management Team but include the following initiatives:
- It is hoped that the increase in Teachers' Pensions liability for Local Government will be centrally funded. For Merthyr Tydfil this liability stands at £715,000 for 2019/20 (effective from 1st September 2019) with a projected full year impact of £1.3 million.
 - Service Managers have identified a number of service reduction opportunities totalling circa £700,000 which are currently going through a process of review and validation.
 - The VER / VR exercise is continuing with Corporate Management Team currently engaged in identifying additional posts to be released from the organisational structure.
 - The Medium Term Financial Plan is currently based on a Council Tax increase of 4.15% per annum, reflecting the approved increase for 2018/19. Every further 1% increase in Council Tax (over and above the 4.15%) results in additional spending power for 2019/20 of £273,000.
 - Further releases from earmarked and/or general reserves may be necessary to ensure a balanced Budget for 2019/20 is presented to the budget setting Council in February/March 2019.

7.0 WHAT WE NEED TO DO NEXT

- 7.1 It is the intention for Council of 20th February 2019 to be requested to set a balanced Budget for 2019/20 including approval of the Council Tax increase.
- 7.2 Cabinet, Scrutiny Committee and Council will be presented with additional budget reduction proposals over the coming weeks.

8.0 CONTRIBUTION TO WELLBEING OBJECTIVES

8.1 The Council's wellbeing objectives are supported since the proposals are critical in ensuring the financial sustainability of the Council thus enabling the continued delivery of essential Council services for the community.

GARETH CHAPMAN
CHIEF EXECUTIVE

COUNCILLOR ANDREW BARRY
CABINET MEMBER FOR GOVERNANCE
AND CORPORATE SERVICES

BACKGROUND PAPERS		
Title of Document(s)	Document(s) Date	Document Location
Medium Term Financial Plan 2018/19 to 2021/22	Council 7 th March 2018	Council agenda and minutes / Finance Department
Medium Term Financial Plan 2019/20 to 2022/23 – Update 1	Council 21 st November 2018	Council agenda and minutes / Finance Department
Medium Term Financial Plan 2019/20 to 2022/23 – Additional Demands	Scrutiny Committees 17 th December 2018 to 22 nd January 2019	Scrutiny Committee agenda and minutes
Does the report contain any issue that may impact the Council's Constitution?		No

Medium Term Financial Plan 2019/2020 to 2022/23**Impact of Provisional Local Government Revenue Settlement**

Description	2019/20 £'000	2020/21 £'000	2021/22 £'000
Aggregate External Finance (Note 1)			
Budgeted Settlement (Note 2)	88,951	87,616	86,302
Provisional Settlement (Note 3)	90,852	89,943	89,044
Net Impact of Provisional Settlement	-1,901	-2,327	-2,742

Impact of Final Local Government Revenue Settlement

Description	2019/20 £'000	2020/21 £'000	2021/22 £'000
Aggregate External Finance			
Provisional Settlement	90,852	89,943	89,044
Final Settlement (Note 4)	91,304	90,391	89,487
Increase in Aggregate External Finance	-452	-448	-443
Council Tax Base			
Provisional Council Tax levy (Note 5)	28,282	29,456	30,679
Final Council Tax levy (Note 6)	28,485	29,667	30,899
Increase in Council Tax levy (Note 7)	-203	-211	-220
Transfers In to the Settlement (Note 8)			
Teachers Pay Grant	155	155	155
Free School Meals Grant	111	111	111
Total Transfers In	266	266	266
New Responsibilities (Note 9)			
Charging for Residential Care	134	134	134
Total New Responsibilities	134	134	134
New Expectation (Note 10)			
Discretionary Rate Relief	48	48	48
Total New Expectations	48	48	48
Net Impact of Final Settlement	-207	-211	-215

Notes to the Impact of Local Government Settlement

1. The Aggregate External Finance (AEF) consists of the total of Revenue Support Grant and Redistributed Non Domestic Rates
2. Based on indicative Council projected AEF of -1.5% for 2019/20 to 2021/22
3. Based on Provisional Welsh Government AEF of +0.33% for 2019/20 and estimated Council AEF of -1% for 2020/21 to 2022/23
4. Based on Final Welsh Government AEF of +0.81% for 2019/20 and estimated Council AEF of -1% for 2020/21 to 2022/23
5. Based on Provisional Council Tax Base of 18,098.08 (96% collection rate) – 2018/19 base approved by Council 13th December 2017
6. Based on Final Council Tax Base of 18,227.63 (96% collection rate) – 2019/20 base approved by Council 19th December 2018
7. Based on an indicative Council Tax Increase of 4.15% per annum (as approved for 2018/19)
8. Transfers in to the Settlement of monies previously held outside the Settlement as specific grants
9. Additional monies included within the Settlement in respect of new responsibilities relating to an increase to the capital limit for charging for residential care from £40,000 to £50,000
10. Reflects new expectation in respect of discretionary rate relief for small businesses

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Learning – Individual Schools Budget (ISB)	14	648	843
Currently Budgeted for within the MTFP for 2019/20 (£'000)			39,499
Current Year's (2018/19) Projected Budget Overspend (£'000)			0
<p>Description Further requirement following the re-calculation of the ISB reflecting projected future need, pupil numbers and pay award based on 2018/19 service provision.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>The growth identified reflects the funding required to be provided to schools as per the formula funding and scheme of delegation.</p> <p>If this is not provided to schools then this will effectively have to be delivered as a cut to the equivalent value of the growth request. I.e. provide the level of funding as required by the formula and then apply a cut to return to the current MTFP funding levels.</p> <p>The risk of this approach is that it removes the responsiveness of the formula funding to changes in pupil numbers, pay award etc. and effectively changes the ISB from a budget that is set annually based on the appropriate data sets (much like the RSG) to one that is 'fixed' based on the indicative 3 year position set at a point in time. The pupil numbers can go down as well as up and when going down money is automatically removed from the ISB.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	5	25

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Learning – Enhanced Provision	432	442	454
Currently Budgeted for within the MTFP for 2019/20 (£'000)			1,185
Current Year's (2018/19) Projected Budget Overspend (£'000)			421
<p>Description Additional requirement reflects current actual pupil demand in system as evidenced by the projected budget overspend in 2018/19, £421,000 reported to Cabinet of 21st November 2018. Reflects additional 2,692 support hours per week.</p> <p>Led by assessed need, funding to support pupils with special educational needs who require additional support following a graduated response from schools. Currently given as an additional adult 1:1 for identified hours allocated by a panel which includes educational psychologist, LA officers and Headteachers.</p> <p>The amount of growth identified for enhanced provision would have been significantly greater if the revised LRB arrangements detailed below had not been implemented. I.e. the additional growth would have been £321k on top of the £432k in 19/20 which totals £753k.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>Costs based on actual allocation of hours to pupils based on level of need.</p> <p>If not approved there is a significant risk of budget overspend as hours are not able to be allocated based on available budget.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	5	25

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Learning – Pupil Referral Unit (PRU)	124	144	161
Currently Budgeted for within the MTFP for 2019/20			482
Current Year's (2018/19) Projected Budget Overspend			0
<p>Description Reflects the new registered Pupil Referral Unit (PRU). This investment results in cost avoidance within the Special Recoupment Budget.</p> <p>This growth would have been requested within Special Recoupment if the PRU changes had not been implemented as some pupils would then have been placed out of county.</p> <p>These new arrangements will help the local authority meet the needs of young people in county and over the course of the MTFP should result in further reductions in out of county placements and costs than otherwise would have been needed.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>If not approved the PRU would not be able to be delivered and the local authority would need to return to providing an EOTAS provision.</p> <p>These additional costs would then be incurred within Special Recoupment to place vulnerable young people out of county and equivalent growth would then be required in this area.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	5	25

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Learning – Learning Resource Bases (LRB)	361	350	350
Currently Budgeted for within the MTFP for 2019/20 (£'000)			1,381
Current Year's (2018/19) Projected Budget Overspend (£'000)			88
<p>Description Reflects the net cost of the restructure review linked to enhanced provision and PRU. If the LRB changes had not been implemented then £321k of this growth would have been reflected in the Enhanced Provision growth, on top of the £432k already identified. Total Enhanced Provision growth would then have been £753k.</p> <p>These new arrangements will help the local authority meet the needs of more young people in county and without enhance provision support.</p> <p>Over the course of the MTFP these new provisions should result in further reductions to out of county placement costs and enhanced provision costs than otherwise would have been needed.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>If not approved there would be additional costs circa £321k that would be incurred against the Enhanced Provision budget since pupils would no longer be able to be placed in a fit for purpose LRB class and would need to be supported in mainstream with enhanced provision.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	5	25

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Learning – Teachers Pensions	715	1,308	1,309
Currently Budgeted for within the MTFP for 2019/20 (£'000)			39,499
Current Year's (2018/19) Projected Budget Overspend (£'000)			0
<p>Description Reflects the increase in the teachers' pension rate from the current 16.48% to 23.6% from September 2019. Through the Welsh Local Government Association central funding is being sought from the UK Government / Welsh Government to meet this significant unexpected financial burden.</p>			
<p>Service and/or Budget Risk if not Approved The growth identified reflects the funding required to be provided to schools as per the formula funding and scheme of delegation.</p> <p>If this is not provided to schools then this will effectively have to be delivered as a cut to the equivalent value of the growth request. I.e. provide the level of funding as required by the formula and then apply a cut to return to the current MTFP funding levels.</p> <p>The risk of this approach is that it removes the responsiveness of the formula funding to changes in pupil numbers, pay award etc. and effectively changes the ISB from a budget that is set annually based on the appropriate data sets (much like the RSG) to one that is 'fixed' based on the indicative 3 year position set at a point in time. The pupil numbers can go down as well as up and when going down money is automatically removed from the ISB.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	5	25

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Learning – Special Educational Needs (SEN) Transport	63	93	125
Currently Budgeted for within the MTFP for 2019/20 (£'000)			979
Current Year's (2018/19) Projected Budget Overspend (£'000)			12
<p>Description Reflects additional contracts and fee uplifts applicable from September 2018.</p>			
<p>Service and/or Budget Risk if not Approved Contracts are based on assessed need in line with policy. Costs will continue without budget growth and budget would overspend.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	5	25

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Learning – Facility Time	49	55	59
Currently Budgeted for within the MTFP for 2019/20 (£'000)			15
Current Year's (2018/19) Projected Budget Overspend (£'000)			50
<p>Description Reflects facility time for Schools Union representatives – Council approval 24th October 2018.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>Already approved by Council as above report.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	5	25

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Learning – Building Maintenance	33	33	33
Currently Budgeted for within the MTFP for 2019/20 (£'000)			47
Current Year's (2018/19) Projected Budget Overspend (£'000)			32
<p>Description Reflects current demand in the system in responding to statutory responsibilities including legionnaires, asbestos, periodic testing and repairs and maintenance.</p>			
<p>Service and/or Budget Risk if not Approved Risk is that statutory compliance works would not be able to be completed in a timely manner and would place the local authority at risk of corporate negligence regarding failure to address disturbed ACMs, other health & safety risks etc.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	4	5	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Learning – Special Needs Advisory Teachers	54	55	56
Currently Budgeted for within the MTFP for 2019/20 (£'000)			0
Current Year's (2018/19) Projected Budget Overspend (£'000)			26
<p>Description Reflects critical demand for a school nurse at Greenfield Special School. Discussions held between the local authority, school and Cwm Taf have secured provision of a special school nurse in addition to the statutory requirements met by Cwm Taf. These arrangements mirror those already embedded within all special schools in RCT. The Learning department held discussions with the legal department regarding the statutory requirements to be delivered by Cwm Taf and the additionality required through the SLA for an on-site community children's nurse and agreed that Cwm Taf were already meeting their requirements in line with the SEN CoP and school nurse regulations since they are providing public health nursing resources as and when and are ensuring all healthcare plans are agreed and reviewed annually. However the day to day delivery, management and monitoring of plans i.e. administering of medications, feeding equipment etc. are the responsibility of the school and local authority. For pupils with Continuing Healthcare (CHC) needs and plans Health maintain the statutory responsibility for delivery and monitoring however the threshold for CHC is quite high. Of the 170 pupils in Greenfield, approx. 35 have healthcare plans and none have CHC plans.</p>			
<p>Service and/or Budget Risk if not Approved There are a number of children in Greenfield with Healthcare plans (approx. 35) and these require specialist nursing skills to manage risks and ensure effective delivery of their medical and feeding needs on a day to day basis. The nurse also acts as the key liaison between the teaching and learning staff within the school and the Health professionals involved through the statutory health delivery. If not approved the school, its learning support and teaching staff and the pupils on healthcare plans, are placed at significant risk from having to ensure medical and feeding risks are managed in line with the healthcare plans.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	4	5	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Social Services – Children Looked After Residential Placements	1,076	1,025	1,004
Currently Budgeted for within the MTFP for 2019/20 (£'000)			1,154
Current Year's (2018/19) Projected Budget Overspend (£'000)			740
<p>Description Reflects financial pressures resulting from additional residential placements as evidenced by the projected budget overspend in 2018/19, £740,000 reported to Cabinet of 21st November 2018.</p> <p>Original 19/20 MTFP Breakdown: 4 Full Year Residential Placements (£814k); 1 Part Year Residential Placement (£106k); 1 Part Year Independent Placement (£105k) and 2 Part Year Leaving Care Placements (£129k)</p> <p>Reviewed 19/20 Budget Estimate Breakdown: 10 Full Year Residential Placements (£2,051k); 1 Part Year Residential Placement (£106k) and 1 Part Year Placement (new service demand) (£73K)</p>			
<p>Service and/or Budget Risk if not Approved All placements have an assessed care plan, in accordance with the Social Services & WellBeing Act, the Local Authority has a legal responsibility to meet the assessed needs of the customer. Not meeting this need would result in Breach of the Legal governance of Social Services, failure to meet mandatory service requirements and risk of becoming a failing service leading to potential intervention</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Social Services – Children Looked After Fostering Services	313	377	337
Currently Budgeted for within the MTFP for 2019/20 (£'000)			
Independent Fostering Agencies (IFA's)			1,467
In House, Kinship & Emergency/Respite			1,546
Current Year's (2018/19) Projected Budget Overspend (£'000)			
Independent Fostering Agencies (IFA's)			274
In House, Kinship & In-House Emergency/Respite			39
<p>Description Reflects financial pressures resulting from additional number of children accessing independent fostering services as evidenced by the projected budget overspend in 2018/19, £356,000 reported to Cabinet of 21st November 2018.</p> <p>Original 19/20 MTFP Breakdown: IFA's - 28 Full Year IFA Placements (£1,057k); 6 Part Year IFA Placements (£134k) and 7 Full Year Placements (new service demand) (£259k) In-House – 60 In-House Placements (£1,137) Kinship – 34 Kinship Placements (£346k) Emergency/Respite – Emergency Fostering (£22k); Permanency Allowances (£17k) and WG increase to Foster Allowances (£1)</p> <p>Reviewed 19/20 Budget Estimate Breakdown: IFA's - 41 Full Year IFA Placements (£1,558k); 4 Part Year IFA Placements (£90k) and 2 Full Year Placements (new service demand) (£76k) In-House -60 In-House Placements (£1,136) Kinship – 35 Kinship Placements (£355k) Emergency/Respite – Emergency Fostering (£18k); Permanency Allowances (£16k); WG increase to Foster Allowances (£1) and Individual Bespoke Respite Provision (£37k)</p>			
<p>Service and/or Budget Risk if not Approved All placements have an assessed care plan, in accordance with the Social Services & WellBeing Act, the Local Authority has a legal responsibility to meet the assessed needs of the customer. Not meeting this need would result in Breach of the Legal governance of Social Services, failure to meet mandatory service requirements and risk of becoming a failing service leading to potential intervention</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Social Services – Children Looked After Leaving Care Support Services	134	327	266
Currently Budgeted for within the MTFP for 2019/20 (£'000)			463
Current Year's (2018/19) Projected Budget Overspend (£'000)			66
<p>Description Reflects the current service demand within the system. The level of complexity of people looked after in this age range has been higher and has resulted in more intensive support into adulthood.</p> <p>Original 19/20 MTFP Breakdown: Service Contracts (£169k); Leaving Care Grants (£20k); Leaving Care Support Services (£59k); Leaving Care Allowances (£85k) and 1 Independent Living Placement (£130k)</p> <p>Reviewed 19/20 Budget Estimate Breakdown: Service Contracts (£169k); Leaving Care Grants (£15k); Leaving Care Support Services (£59k); Leaving Care Allowances (£130k); 1 Full Year Independent Living Placement (£171k) and 1 Part year Independent Living Placement (£61k)</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>All placements have an assessed care plan, in accordance with the Social Services & WellBeing Act, the Local Authority has a legal responsibility to meet the assessed needs of the customer. Not meeting this need would result in Breach of the Legal governance of Social Services, failure to meet mandatory service requirements and risk of becoming a failing service leading to potential intervention. We have a duty to support care leavers until they are 25 years old.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Social Services – Children Looked After Court, Legal and Professional Services	20	20	20
Currently Budgeted for within the MTFP for 2019/20 (£'000)			80
Current Year's (2018/19) Projected Budget Overspend (£'000)			46
<p>Description Reflects current demand within the system. The number of care proceedings has increased and the LAC figures have increased – therefore the legal costs will increase due to applications in court arena.</p> <p>Original 19/20 MTFP Breakdown: Legal and Professional services fees maintain at the same budget level as 16/17, no increases (£80K)</p> <p>Reviewed 19/20 Budget Estimate Breakdown: Legal and Professional services fees set at the Average cost per Looked After Child over the last 8 years (which has seen a 55% in cost over this period) (£100k)</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>If concerns in respect of a family raise a level that requires legal advice and it is agreed that we issue care proceedings then there is a statutory duty to safeguard children. If the growth not agreed based on current demand then there is the risk of overspending on this budget line. Safeguarding children is a priority.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Social Services – Intake and Family Support Services	234	269	124
Currently Budgeted for within the MTFP for 2019/20 (£'000) Support Other Than Looked After (SGO & Residence Orders)			577
Current Year's (2018/19) Projected Budget Overspend (£'000)			2
<p>Description Reflects the current cost of the service in respect of Special Guardianship Orders and allowances relating to 125 children. This is deemed a good and positive outcome for children as they are being placed with their families – however this means tested and allowances often payable – this has increased in the last year or two.</p> <p>Original 19/20 MTFP Breakdown: 87 Full Year SGO's (£536k); 3 Part Year SGO's (£17k) and 4 Full Year SGO's (new service demand) (£24k)</p> <p>Reviewed 19/20 Budget Estimate Breakdown: 110 Full Year SGO's (£700k); 4 Part Year SGO's (£20k) and 15 Full Year SGO's (new service demand) (£91k)</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>All placements have an assessed care plan, in accordance with the Social Services & WellBeing Act, the Local Authority has a legal responsibility to meet the assessed needs of the customer. Not meeting this need would result in Breach of the Legal governance of Social Services, failure to meet mandatory service requirements and risk of becoming a failing service leading to potential intervention. In court proceedings the court would want justification that all family members have been considered as carers when considering long term needs of the child.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Social Services – Independent Domiciliary Care	356	507	668
Currently Budgeted for within the MTFP for 2019/20 (£'000)			1,920
Current Year's (2018/19) Projected Budget Overspend (£'000)			261
<p>Description Reflects the service experiencing “winter pressures” demand level throughout the spring and summer period resulting in an increased financial burden. Local Authorities across Wales are experiencing similar pressures.</p> <p>Original 19/20 MTFP Breakdown: Spot Purchasing (£39k); 2,965hrs per week Domiciliary Care Services (£2,286); 174hrs per week (new service demand) (£131k); NLW contract fee uplift (£118k) and Non-Residential Charge Income (-£654)</p> <p>Reviewed 19/20 Budget Estimate Breakdown: Spot Purchasing (£50k); 3,302hrs per week Domiciliary Care Services (£2,669); 93hrs per week (new service demand) (£75k); NLW contract fee uplift (£143k) and Non-Residential Charge Income (-£661)</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>All placements have an assessed care plan, in accordance with the Social Services & WellBeing Act, the Local Authority has a legal responsibility to meet the assessed needs of the customer. Not meeting this need would result in Breach of the Legal governance of Social Services, failure to meet mandatory service requirements and risk of becoming a failing service leading to potential intervention</p> <p>The use of DOM care increased following the success of Stay Well at Home Service and maintaining people longer in their own homes in line with the SS & WB ACT.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Social Services – Direct Payments	251	270	278
Currently Budgeted for within the MTFP for 2019/20 (£'000)			1,595
Current Year's (2018/19) Projected Budget Overspend (£'000)			92
<p>Description Reflects current service demand including transition of children into adult services and minimum wage requirements.</p> <p>Original 19/20 MTFP Breakdown: Service Contract (£80k); 83 Direct Payments Care Packages (£1,319); 8 DP Packages of Care (new service demand) (£136k); NLW contract fee uplift (£70k) and recovery Income (-£10k)</p> <p>Reviewed 19/20 Budget Estimate Breakdown: Service Contract (£80k); 99 Direct Payments Care Packages (£1,600); 5 DP Packages of Care (new service demand) (£82k); NLW contract fee uplift (£143k) and recovery Income (-£10k)</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>All placements have an assessed care plan, in accordance with the Social Services & WellBeing Act, the Local Authority has a legal responsibility to meet the assessed needs of the customer. Not meeting this need would result in Breach of the Legal governance of Social Services, failure to meet mandatory service requirements and risk of becoming a failing service leading to potential intervention</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Social Services – Cwm Taf Reflect Service	19	19	19
Currently Budgeted for within the MTFP for 2019/20 (£'000)			0
Current Year's (2018/19) Projected Budget Overspend (£'000)			0
<p>Description Reflects Merthyr Tydfil's contribution of 22% to this regional initiative.</p> <p>Original 19/20 MTFP Breakdown: No budget allocated</p> <p>Reviewed 19/20 Budget Estimate Breakdown: Contribution to Host Authority (RCTCBC) for MTCBC contribution to regional programme (£19k)</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>This is a national service that was piloted previously with Barnardo's and money was put into the RSG to set up a regional service. This is to prevent women who have experienced the compulsory removal of a child from experiencing a repeat pregnancy in the short term, whilst successive child removal remains the most likely outcome.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Social Services – Welsh Community Care Information System (WCCIS)	0	17	17
Currently Budgeted for within the MTFP for 2019/20 (£'000)			0
Current Year's (2018/19) Projected Budget Overspend (£'000)			0
<p>Description Reflects Merthyr Tydfil's contribution to this regional arrangement. Funded through the Intermediate Care Fund (ICF) grant in 2019/20.</p> <p>Original 19/20 MTFP Breakdown: No budget allocated</p> <p>Reviewed 19/20 Budget Estimate Breakdown: No budget allocated</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>Growth is not being requested in 19/20 on the basis the ICF Grant will fund the position through the regional WCCIS funding allocations. This position will be reviewed annually in the hope that the funding will be available longer term therefore pushing back the timescale for the growth requirement.</p> <p>WCCIS is now a national system across social services and health boards expected to sign up to it also.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Social Services – Children with Disabilities	13	34	28
Currently Budgeted for within the MTFP for 2019/20 (£'000)			355
Current Year's (2018/19) Projected Budget Overspend (£'000)			17
<p>Description Reflects current service demand including transition of children into adult services and minimum wage requirements.</p> <p>Original 19/20 MTFP Breakdown: 43 Full Year Direct Payments Care Packages (£256); 8 Part Year DP Care Packages (£36k); 6 DP Packages of Care (new service demand) (£48k); NLW contract fee uplift (£15k)</p> <p>Reviewed 19/20 Budget Estimate Breakdown: 46 Full Year Direct Payments Care Packages (£285); 7 Part Year DP Care Packages (£39k); 4 DP Packages of Care (new service demand) (£29k); NLW contract fee uplift (£15k)</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>All placements have an assessed care plan, in accordance with the Social Services & WellBeing Act, the Local Authority has a legal responsibility to meet the assessed needs of the customer. Not meeting this need would result in Breach of the Legal governance of Social Services, failure to meet mandatory service requirements and risk of becoming a failing service leading to potential intervention</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Social Services – Supported Placements (DRIVE)	43	85	93
Currently Budgeted for within the MTFP for 2019/20 (£'000)			1,345
Current Year's (2018/19) Projected Budget Overspend (£'000)			21
<p>Description Supported Living Packages of Care are commissioned via DRIVE. The increase reflects the needs of current care plans including the impact of the Welsh Independent Living Fund into the Revenue Support Grant and a reduction in the level of Supporting People Grant available to support housing related needs.</p> <p>Original 19/20 MTFP Breakdown: 14 Care provisions (£1,279) and NLW Contract Uplift (£66k)</p> <p>Reviewed 19/20 Budget Estimate Breakdown: 13 Care provisions (£1,335k); 5 WILG Transfer clients (£60k); NLW contract Uplift (£71k) and Supporting People Grant Income (-£78k)</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>The Supporting People Grant's implementation of the cost calculator tool kit, to ensure compliance with the grants terms and conditions, has reduced the amount of funding that will be received. There is a commitment to protection of the funding for the first year and this is reflected in the growth being stepped up over the first 2 years</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Social Services – Supported Placements (Individual Care Packages)	63	0	275
Currently Budgeted for within the MTFP for 2019/20 (£'000)			1,066
Current Year's (2018/19) Projected Budget Overspend (£'000)			137
<p>Description Reflects the current need within the system for individual supported living packages of care.</p> <p>Original 19/20 MTFP Breakdown: 31 Supported Placements (£1,023k); 4 Supported Placements (new service demand) (£188k); NLW Contract Uplift (£19k) and Joint Health Funding (-£164k)</p> <p>Reviewed 19/20 Budget Estimate Breakdown: 33 Supported Placements (£1,223k); 2 Supported Placements (new service demand) (£72k); NLW Contract Uplift (£24k) and Joint Health Funding (-£190k)</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>All placements have an assessed care plan, in accordance with the Social Services & WellBeing Act, the Local Authority has a legal responsibility to meet the assessed needs of the customer. Not meeting this need would result in Breach of the Legal governance of Social Services, failure to meet mandatory service requirements and risk of becoming a failing service leading to potential intervention.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Social Services – Supported Placements (After School Services)	8	8	8
Currently Budgeted for within the MTFP for 2019/20 (£'000)			6
Current Year's (2018/19) Projected Budget Overspend (£'000)			18
<p>Description Reflects current service demand including an increase in the transition of young people into adult services. Supports young adults with disabilities.</p> <p>Original 19/20 MTFP Breakdown: Budget set to the outturn position for 16/17 (£6k)</p> <p>Reviewed 19/20 Budget Estimate Breakdown: Budget set to the outturn position for 17/18 (£14k)</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>All placements have an assessed care plan, in accordance with the Social Services & WellBeing Act, the Local Authority has a legal responsibility to meet the assessed needs of the customer. Not meeting this need would result in Breach of the Legal governance of Social Services, failure to meet mandatory service requirements and risk of becoming a failing service leading to potential intervention.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Social Services – Supported Placements (Independent Group Homes)	16	32	33
Currently Budgeted for within the MTFP for 2019/20 (£'000)			497
Current Year's (2018/19) Projected Budget Overspend (£'000)			0
<p>Description Reflects reduction in Supporting People Grant to support the Park View and Glendere independent group homes.</p> <p>Original 19/20 MTFP Breakdown: Park View Care Contract (£281k); Glendere Care Contract (£263k); Uplift to Care Contract rates (£27k); Rental Income (-£10k) and Supporting People Grant Income (-£65k)</p> <p>Reviewed 19/20 Budget Estimate Breakdown: Park View Care Contract (£281k); Glendere Care Contract (£263k); Uplift to Care Contract rates (£27k); Rental Income (-£10k); Supporting People Grant (SPPG) Income (-£32k) and SPPG 1yr grant protection (-£16k)</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>The Supporting People Grant's implementation of the cost calculator tool kit, to ensure compliance with the grants terms and conditions, has reduced the amount of funding that will be received. There is a commitment to 50% protection of the funding for 1 year and this is reflected in the growth being stepped up over the first 2 years.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Social Services – Supported Placements (Learning Disabilities Pooled Budget)	0	82	80
Currently Budgeted for within the MTFP for 2019/20 (£'000)			41
Current Year's (2018/19) Projected Budget Overspend (£'000)			0
<p>Description Reflects reduction in monies received through the Intermediate Care Fund to support learning disabilities.</p> <p>Original 19/20 MTFP Breakdown: 2 Full Year LD Placements (£121k); Uplift to Care Contract rates (£7k); LA contribution to Pooled Fund (£34k) and ICF Grant Income (-£121k)</p> <p>Reviewed 19/20 Budget Estimate Breakdown: 2 Full Year LD Placements (£113k); Uplift to Care Contract rates (£6k); LA contribution to Pooled Fund (£29k) and ICF Grant Income (-£113)</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>Growth is not being requested in 19/20 on the basis the ICF Grant will continue for at least 1 more year, this has not yet be officially agreed and there is still a risk that the funding will cease as at 31st March 2019. Should the ICF funding not be awarded for 19/20 the net impact would be an overspend circa £77k</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Social Services – MTCBC Homes for the Elderly	53	54	55
Currently Budgeted for within the MTFP for 2019/20 (£'000)			916
Current Year's (2018/19) Projected Budget Overspend (£'000)			27
<p>Description Reflects requirement for increased staff numbers within Ty Bargoed Newydd to appropriately enhance care provision for residents.</p> <p>Original 19/20 MTFP Breakdown: Care Workers 560 Hours per week (£498k)</p> <p>Reviewed 19/20 Budget Estimate Breakdown: Care Workers 620 Hours per week (£551k)</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>The home is currently a successful home. With the increasing needs / dependency of the current resident and future residents there is an increased demand on care and support. Without growth we fail in our ability to fully meet the dementia care matters approach as championed in the valley life initiative. We will continue to be unable to meet the requirements of a recent Deprivation of Liberty's (DOLs) assessor report. There is a risk we will become a failing home and unattractive to potential self-funders</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Neighbourhood Services – Grounds Maintenance	47	52	58
Currently Budgeted for within the MTFP for 2019/20 (£'000)			1257
Current Year's (2018/19) Projected Budget Overspend (£'000)			-85
<p>Description Reflects reinstatement of the budget for 24 hour manned security at Cyfarthfa Park and associated inflationary costs.</p> <p>A proposal to remove manned security at Cyfarthfa Park during working hours was approved by Cabinet 21/01/2018, however, a final decision by Council was deferred.</p> <p>The budget should be reinstated, until a decision to remove the security during working hours is ratified by Council.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>Will result in an overspend position. Unable to set balanced budget.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Neighbourhood Services – Fleet Management	6	6	6
Currently Budgeted for within the MTFP for 2019/20 (£'000)			734
Current Year's (2018/19) Projected Budget Overspend (£'000)			3
<p>Description Reflects replacement of mayoral car with a contract hired vehicle owing to the current vehicle reaching the end of its useful economic life.</p> <p>The current mayoral car (a Jaguar Sovereign) is 11 years old. It has been wholly owned by the authority since 2012, and consequently a revenue budget for lease costs has not been required in that time.</p> <p>It has come to the end of its useful economic life and will need to be replaced in 2019/20. The proposal is to replace it with a contract hire vehicle, which is estimated to cost £6,000 per annum.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>Will result in an overspend position. Unable to set balanced budget.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Neighbourhood Services – Fleet Management	8	8	8
Currently Budgeted for within the MTFP for 2019/20 (£'000)			734
Current Year's (2018/19) Projected Budget Overspend (£'000)			3
<p>Description Reflects replacement of farms collection vehicle with a leased vehicle owing to the current vehicle reaching the end of its useful economic life.</p> <p>The vehicle is used to deliver a waste collection service to difficult to reach properties (e.g. farms).</p> <p>The current farms collection vehicle was purchased with a capital grant in 2010, consequently a revenue budget for lease costs has not been required.</p> <p>It has come to the end of its useful economic life and will need to be replaced in 2019/20 if the Council is to continue to provide this service. The proposal is to purchase a suitable replacement and finance this through a lease, which is estimated to cost £8,000 per annum.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>Will not be able to provide service.</p> <p>Impact on reputation, recycling performance – potential fines for not achieving statutory targets.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Neighbourhood Services – Fleet Management	0	60	60
Currently Budgeted for within the MTFP for 2019/20 (£'000)			734
Current Year's (2018/19) Projected Budget Overspend (£'000)			3
<p>Description Reflects replacement of 2 garden waste collection vehicles with leased vehicles owing to the current vehicles reaching the end of their useful economic lives in 2020/21.</p> <p>The vehicles are used to deliver the seasonal garden recycling collection service.</p> <p>The current garden recycling collection vehicles were purchased with a capital grant in 2008, consequently a revenue budget for lease costs has not been required.</p> <p>They are expected to reach the end of their useful economic lives in 2020/21, and will need to be replaced if the Council is to continue to provide this service. The proposal is to purchase suitable replacements and finance this through a lease, which is estimated to cost £30,000 per annum, per vehicle.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>Will not be able to provide service.</p> <p>Impact on reputation, recycling performance – potential fines for not achieving statutory targets.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Neighbourhood Services – Fleet Management	0	205	205
Currently Budgeted for within the MTFP for 2019/20 (£'000)			734
Current Year's (2018/19) Projected Budget Overspend (£'000)			3
<p>Description Reflects replacement of 8 kerbside recycling collection vehicles with leased vehicles owing to the current vehicles reaching the end of their useful economic lives in 2020/21.</p> <p>The vehicles are used to deliver the kerbside recycling collection service. There are currently 10 collection rounds, however, there is a separate proposal to reduce the number of rounds to 8.</p> <p>The current kerbside recycling collection vehicles were purchased with a capital grant in 2015, consequently a revenue budget for lease costs has not been required.</p> <p>They are expected to reach the end of their useful economic lives in 2020/21, and will need to be replaced if the Council is to continue to provide this service. The proposal is to purchase suitable replacements and finance this through a lease, which is estimated to cost £25,650 per annum, per vehicle.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>Will not be able to provide service.</p> <p>Impact on reputation, recycling performance – potential fines for not achieving statutory targets.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Neighbourhood Services – Waste Disposal	53	59	65
Currently Budgeted for within the MTFP for 2019/20 (£'000)			726
Current Year's (2018/19) Projected Budget Overspend (£'000)			18
<p>Description Reflects inflationary increases arising from the Energy from Waste contract.</p> <p>The Energy from Waste contractual gate fee increases by the Retail Price Index (excluding mortgage interest payments) each April.</p> <p>Actual inflation for 2018/19 was higher than estimated (4% actual, 2.5% estimate), which has resulted in a projected overspend for the current year. Inflation for 2019/20 is also expected to be higher than originally estimated in the MTFP.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>Will result in an overspend position. Unable to set balanced budget.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Neighbourhood Services – Refuse	15	15	15
Currently Budgeted for within the MTFP for 2019/20 (£'000)			836
Current Year's (2018/19) Projected Budget Overspend (£'000)			-1
<p>Description Reflects additional repair and maintenance costs for refuse vehicles.</p> <p>The repair and maintenance budget for refuse vehicles is currently projected to be overspent by £19,000 at month 6.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>Will result in an overspend position. Unable to set balanced budget.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Neighbourhood Services – Sustainable Waste Management Grant	36	36	36
Currently Budgeted for within the MTFP for 2019/20 (£'000)			760
Current Year's (2018/19) Projected Budget Overspend (£'000)			95
<p>Description Reflects additional repair and maintenance costs for recycling vehicles.</p> <p>The repair and maintenance budget for recycling vehicles is currently projected to be overspent by £51,000 at month 6.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>Will result in an overspend position. Unable to set balanced budget.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Neighbourhood Services – Sustainable Waste Management Grant	63	63	63
Currently Budgeted for within the MTFP for 2019/20 (£'000)			760
Current Year's (2018/19) Projected Budget Overspend (£'000)			95
<p>Description Reflects £47,000 grant shortfall in 2018/19 and projected 5% grant reduction for 2019/20.</p> <p>The grant funds the Council's kerbside recycling service.</p> <p>The Sustainable Waste Management Grant was partly transferred into the Revenue Support Grant for 2018/19. The remaining specific grant was cut, which resulted in a funding shortfall of £47,000.</p> <p>Welsh Government has indicated that the grant will be cut by a further 5% in 2019/20.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>Will result in an overspend position. Unable to set balanced budget.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Neighbourhood Services – Sustainable Waste Management Grant	123	128	135
Currently Budgeted for within the MTFP for 2019/20 (£'000)			760
Current Year's (2018/19) Projected Budget Overspend (£'000)			95
<p>Description Reflects the requirement for 4 additional staff within the recycling service resulting in recycling rounds reducing from 10 to 8 whilst the crew per vehicle increases from 2 to 3.</p> <p>In 2015 the authority embraced the Welsh Government blueprint for kerbside recycling, which includes operating a “driver plus 1” collection service. We are currently the only authority to operate “driver plus 1”. We have experienced major problems delivering the service, specifically health and safety risks, high sickness levels, and vehicles breaking down.</p> <p>The proposal is to change to a “driver plus 2” collection service, and reduce the number of collection rounds from 10 to 8. This should reduce sickness levels, and therefore agency costs. It will also increase the number of spare vehicles available which should reduce the vehicle hire and staff overtime costs that result from breakdowns. It will also mitigate health and safety risks by allowing the driver to remain in the vehicle at all times.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>Will result in an overspend position. Unable to set balanced budget.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Neighbourhood Services – Waste Depot	10	20	28
Currently Budgeted for within the MTFP for 2019/20 (£'000)			339
Current Year's (2018/19) Projected Budget Overspend (£'000)			74
<p>Description Reflects repair and maintenance costs in respect of the waste depot's bailer and sorting line.</p> <p>The bailer and sorting line are essential to the operation of the Council's waste transfer station at the Pentrebach depot. The equipment was purchased in 2015 and repair and maintenance costs have increased year-on-year (£4k 16/17, £19k 17/18, £25k 18/19 to date).</p> <p>Replacement equipment is being purchased for the new transfer station and will be operational for 19/20, however, it is expected that costs will again escalate over the MTFP period as the equipment ages.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>Will result in an overspend position. Unable to set balanced budget.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Neighbourhood Services – Highways Operations	30	30	30
Currently Budgeted for within the MTFP for 2019/20 (£'000)			839
Current Year's (2018/19) Projected Budget Overspend (£'000)			-13
<p>Description Reflects reinstatement of the gully service budget following the discontinuation of the budget saving proposal for 2018/19.</p> <p>The budget for 2018/19 has already been reduced to reflect savings resulting from the proposed outsourcing of gully operations. This proposal did not take place in 2018/19 but has been suggested (although not approved to date) for 2019/20 therefore “double counting” the savings if taken in full for 2019/20. The requested re-instatement will correct this potential accounting error.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>If not approved, the potential savings through the outsourcing of gully operations will not be fully realised, or, if still assumed and deducted, will result in a budget overspend. In the event of the proposal not going ahead and gully operations remaining in-house, a budget overspend will be incurred. In both scenarios, if a budget overspend is to be avoided, a reduction in overall service maintenance activities will be required. This will result in further degradation of the highways network and increase vulnerability to adverse incidents such as flooding and white-out events.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	4	5	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Neighbourhood Services – Street Lighting	4	5	5
Currently Budgeted for within the MTFP for 2019/20 (£'000)			305
Current Year's (2018/19) Projected Budget Overspend (£'000)			-7
<p>Description Reflects additional energy costs for 270 street lights and 2 sets of traffic lights.</p> <p>During the year, an additional 270 street lights mainly through road adoptions were added to the network. Also, an additional 2 sets of traffic lights through road safety schemes were added. The above demands reflect the additional energy costs consequential to these additions.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>A budget overspend is likely unless off-set by energy saving measures such as the selective dimming or timed switch off of street lighting which will reduce energy consumption elsewhere on the network.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	4	5	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Neighbourhood Services – Corporate Property and Estates	12	13	13
Currently Budgeted for within the MTFP for 2019/20 (£'000)			648
Current Year's (2018/19) Projected Budget Overspend (£'000)			-47
<p>Description Reflects increased contracted hours of a Principal Officer post from 30 to 37 hours. The contracted hours of the post holder were increased in May 2018, due to capacity issues within the Estates department.</p>			
<p>Service and/or Budget Risk if not Approved Will result in an overspend position. Unable to set balanced budget.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	4	5	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Neighbourhood Services – Corporate Property and Estates	0	0	62
Currently Budgeted for within the MTFP for 2019/20 (£'000)			648
Current Year's (2018/19) Projected Budget Overspend (£'000)			-47
<p>Description Reflects the financing of a permanent Energy Officer post as per Council approval on 6th June 2018. For the period 2019/20 to 2020/21 the post is funded through the Corporate Investment Fund.</p>			
<p>Service and/or Budget Risk if not Approved Will result in an overspend position. Unable to set balanced budget.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	4	5	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Neighbourhood Services – Office Accommodation	14	17	20
Currently Budgeted for within the MTFP for 2019/20 (£'000)			779
Current Year's (2018/19) Projected Budget Overspend (£'000)			-47
<p>Description Reflects manned security contract inflation resulting from the National Living Wage. The Council currently employs a security firm at the Civic Centre and Unit 5 offices. The staff employed by the security firm, are paid at the National Living Wage. This is forecast to increase by 5% pa in 19/20 and 20/21. The contract stipulates that the cost of the increases will be passed onto us. It is assumed this will continue for the rest of the MTFP period.</p>			
<p>Service and/or Budget Risk if not Approved Will result in an overspend position. Unable to set balanced budget.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	4	5	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Neighbourhood Services – Building Control	6	6	6
Currently Budgeted for within the MTFP for 2019/20 (£'000)			58
Current Year's (2018/19) Projected Budget Overspend (£'000)			1
<p>Description Reflects re-alignment of building control search fees income.</p>			
<p>Service and/or Budget Risk if not Approved The £6k will never be achieved so there will be an overspend every year.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Community Regeneration – Transport	78	80	81
Currently Budgeted for within the MTFP for 2019/20 (£'000)			1,560
Current Year's (2018/19) Projected Budget Overspend (£'000)			58
<p>Description Reflects increases in mainstream home to school transport contract prices, variations to existing contracts and additional contracts.</p> <p>Existing contracts covered the period 2015-2018, with an option to extend for 2 years. An assumed inflation rate of 2% had been included in the MTFP.</p> <p>Some contractors chose to extend with no price increase, while others extended with an agreed increase in line with the Confederation of Passenger Transport's Cost Index (3%), which was considered to be the cheaper option against potential retender costs. 12 contracts had to be re-tendered/renegotiated, and 4 new contracts were required due to increased demand.</p> <p>There was also an opportunity to rationalise some contracts.</p> <p>The net additional cost for 2019/20 is £78,092, with inflationary increases included in subsequent years.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>Failure to meet Statutory Obligations under the Learner Travel (Wales) Measure 2008. Could lead to legal challenge to the Authority. Potential risk to children attempting to walk to school on routes deemed as unsafe.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Community Regeneration – Transport	39	55	60
Currently Budgeted for within the MTFP for 2019/20 (£'000)			
			1,560
Current Year's (2018/19) Projected Budget Overspend (£'000)			
			58
<p>Description Reflects reinstatement of the budget from the discontinuation of the original proposal in respect of removal of post-16 home to school transport together with increased contract costs resulting from additional mileage, local bus service contract increases and increases in software charges and licence fees.</p> <p>The original proposal to remove post-16 home to school transport is not being taken forward. Consequently a budget of £37,465 in 2019/20 needs to be reinstated (£51,743 in 2020/21, £57,376 in 2021/22).</p> <p>Also, the cost of subsidising local bus routes has increased by £1,000. The contracts have ended but are being rolled forward pending a review of all subsidised routes.</p> <p>£1,000 is required to cover additional licence costs for the Datamap route planning software.</p>			
<p>Service and/or Budget Risk if not Approved Legal challenge to Authority in failing to implement decision adopted at full council</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Corporate Services – Service Support and Development	22	22	22
Currently Budgeted for within the MTFP for 2019/20 (£'000)			1,167
Current Year's (2018/19) Projected Budget Overspend (£'000)			21
<p>Description Reflects reduction in Service Level Agreement with Merthyr Tydfil Leisure Trust in respect of switchboard services.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>If the growth is not approved a further redundancy would be required to balance the budget. The service has already suffered a number of post reductions as a part of the Customer programme and can only function adequately if the all the posts in the structure are filled. We are already receiving complaints from the public and councillors with regards to the time taken to answer calls. Further reductions at this time would severely damage the service to the customer.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Corporate Services – Benefits	69	69	69
Currently Budgeted for within the MTFP for 2019/20 (£'000)			364
Current Year's (2018/19) Projected Budget Overspend (£'000)			n/a
<p>Description Reflects the reinstatement of the budget in respect of contributions to the Citizen's Advice Bureau (CAB).</p> <p>Under the Strategic Partnership proposals it was anticipated that the contribution to CAB could be financed through Supporting People Grant thus releasing the core funding requirement. Following the approval of the Budget for 2018/19 it became clear that the financing of the contribution to CAB through Supporting People Grant may not meet the terms and conditions of the grant and may have been deemed ineligible by the Welsh Government and Wales Audit Office.</p>			
<p>Service and/or Budget Risk if not Approved The Council is currently incurring unbudgeted costs of £69,000 for 2018/19 and will continue to overspend in 2019/20 unless the Budget is reinstated or the contribution to CAB ceases.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000												
Corporate Services – Revenues	48	48	48												
Currently Budgeted for within the MTFP for 2019/20 (£'000)			11												
Current Year's (2018/19) Projected Budget Overspend (£'000)			22												
<p>Description Reflects re-alignment of bailiff income budget.</p> <p>Historically additional charges made by the Local Authority Enforcement Officers in pursuant of outstanding Parking Fixed Penalty Notices, such as Compliance and Enforcement Fees, were recovered through a charge made to the Parking department. This was a component in the overall income receipt within the Revenues budget. As from 2017/18, this procedure was revised, reducing the potential income by an estimated £48,000. A reduction in the revenue income is therefore required to reflect this change in procedure.</p> <p>The outturn to budget for the last 2 years is as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Budget</th> <th>Outturn</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>2017/18</td> <td>£400k</td> <td>£327k</td> <td>£73k</td> </tr> <tr> <td>2018/19</td> <td>£377k</td> <td>£329k</td> <td>£48k</td> </tr> </tbody> </table> <p>The current Budget for 2019/20 is £377k</p>					Budget	Outturn	Variance	2017/18	£400k	£327k	£73k	2018/19	£377k	£329k	£48k
	Budget	Outturn	Variance												
2017/18	£400k	£327k	£73k												
2018/19	£377k	£329k	£48k												
<p>Service and/or Budget Risk if not Approved A budget overspend is likely as there are no opportunities to make up the shortfall from other income sources. This outcome can be avoided through a reduction in service capacity but with a likely adverse impact on collection rates and enforcement fee income.</p>															
Risk Score (5x5 matrix)	Likelihood	Impact	Total												
	5	4	20												

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Legal and Democratic Services – Members Expenses	7	7	7
Currently Budgeted for within the MTFP for 2019/20 (£'000)			783
Current Year's (2018/19) Projected Budget Overspend (£'000)			6
<p>Description Reflects increase in members' salaries.</p> <p>The proposed increase to Member's salaries results from the Independent Remuneration Panel's recommendation.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>Individual councillors may choose to forego all of part of their individual entitlement, but authorities cannot vary or delay implementation of the determinations of the Independent Remuneration Panel for Wales. As per Part 8 (sections 141 to 160) and Schedules 2 and 3 of the Local Government (Wales) Measure 2011.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Corporate Costs – Bank Charges	22	23	23
Currently Budgeted for within the MTFP for 2019/20 (£'000)			71
Current Year's (2018/19) Projected Budget Overspend (£'000)			23
<p>Description Reflects increase in merchant banking contract fees and loss of credit card surcharge income.</p> <p>Merchant banking costs have increased by approximately 38% over the last two years (£18,000 pa), due to increased transaction fees for debit and credit cards.</p> <p>As a result of changes to UK law, the Council is now unable to pass on the cost of credit card transactions to customers. This has resulted in a loss of approximately £4,000 income per year.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>We are unable to directly control the volume of customers who transact with us using credit and debit cards. Based on current volumes this budget will overspend in 2019/20 if the growth request is not approved.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Corporate Costs – Capital Financing Costs	200	200	287
Currently Budgeted for within the MTFP for 2019/20 (£'000)			7,294
Current Year's (2018/19) Projected Budget Overspend (£'000)			0
<p>Description Reflects additional interest payments associated with the deferment of the initiative to repay £12 million Lender Option Borrower Option (LOBO) long-term loans. Owing to changing economic and interest rate forecasts the proposal is no longer considered affordable at this time. The Council currently incurs interest costs of £540,000 per year against these loans at an interest rate of 4.5%.</p> <p>The original proposal was considered in the exempt report to Cabinet of 7th February 2018 with the deferment considered in the exempt report to Cabinet of 25th July 2018. The exemption was required owing to the commercial sensitivity of the proposed premium charge for early redemption.</p>			
<p>Service and/or Budget Risk if not Approved This budget will overspend if the growth request is not approved. The Lender Option Borrower Option Loan has not been repaid and the growth request reflects interest that is payable on the Authority's existing loan structure.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	5	25

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Corporate Costs – Residual Strategic Partnership Savings	109	105	61
Currently Budgeted for within the MTFP for 2019/20 (£'000)			-109
Current Year's (2018/19) Projected Budget Overspend (£'000)			n/a
<p>Description Reflects the savings deficit in respect of the budgeted £902,000 procurement savings included within the Medium Term Financial Plan. The budgeted savings were achieved for 2017/18 and 2018/19 but further contract increases have resulted in a reduction in savings from 2019/20 onwards. It is anticipated that further savings will be achieved through the contract management gateway process governed by the Procurement Board.</p> <p>It is considered more beneficial to focus on the achievement of sustainable long-term savings than to commit resources to a historical initiative where all potential gain has been maximised and exhausted.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>Will result in a budget overspend resulting in the Council not setting a balanced budget for 2019/20 and over the medium term</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Corporate Costs – Additional Pay Award Costs	207	195	190
Currently Budgeted for within the MTFP for 2019/20 (£'000)			n/a
Current Year's (2018/19) Projected Budget Overspend (£'000)			n/a
<p>Description Reflects the additional costs arising from the National Employers for Local Government Services pay award for the period 1st April 2018 to 31st March 2020. In essence although the pay award equates to a 2% increase per annum this increase is greater for employees at the lower spinal points of the pay structure.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>Will result in a budget overspend resulting in the Council not setting a balanced budget for 2019/20 and over the medium term</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	5	25

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Corporate Costs – Purchase to Pay System	42	42	42
Currently Budgeted for within the MTFP for 2019/20 (£'000)			0
Current Year's (2018/19) Projected Budget Overspend (£'000)			0
<p>Description Reflects additional costs of supporting and maintaining the Council's purchase to pay system following replacement of the existing system – Cabinet approval 4th July 2018.</p>			
<p>Service and/or Budget Risk if not Approved From a service perspective it means we do not comply with elements of the Welsh Procurement Policy Statement in terms of commitment 6 – simplified standard processes. This is concerned with adopting common procurement approaches (Welsh collaborative marketplace) and making the best use of tools available (electronic ordering) to streamline our commerce activities with the supply base. It means that if we did not have P2P, the Council would be unable to monitor and manage over £5 million of spend on goods and services which ultimately could lead to budget overspends due to lack of oversight at the front end of the process (which P2P provides).</p> <p>In addition the Council has a contract with the P2P provider and if the contract is cancelled a cancellation cost to the Council will apply.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	4	20

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Additional Demands

Additional Demand	2019/20 £'000	2020/21 £'000	2021/22 £'000
Corporate Costs – IT Replacement Programme	200	200	200
Currently Budgeted for within the MTFP for 2019/20 (£'000)			n/a
Current Year's (2018/19) Projected Budget Overspend (£'000)			n/a
<p>Description Relates to both hardware and software costs and is time critical owing to the necessity to remove Windows 7 (end of life) from the network by January 2020 to avoid public sector network non-compliance, loss of connection and the risk of cyber-attack.</p>			
<p>Service and/or Budget Risk if not Approved</p> <p>Approximately 790 Windows 7 devices must be replaced or upgraded to prevent a breach of the Public Sector Network code of connection and face disconnection. If we do not remove these devices we will fail our penetration test audit and face disconnection which will result in business critical system failures. For example Benefits unable to process information with Her Majesty's Revenue and Customs (HMRC), Registrars unable to register births/deaths, secure e-mail, Welsh Community Care Information System (WCCIS) implications etc.</p> <p>No security updates will be released by Microsoft after January 2020 to fix any new security vulnerabilities in Windows 7. This introduces a major risk of cyber or virus attack, potential loss of critical and/or personal data, financial penalty from the Information Commissioner's Office (ICO) and loss of public confidence/poor publicity.</p>			
Risk Score (5x5 matrix)	Likelihood	Impact	Total
	5	5	25

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Budget Reductions

Description	2019/20 £'000	2020/21 £'000	2021/22 £'000
<p>Corporate Investment Fund Relinquishment of the budgeted contribution of £200,000 over the term of the Medium Term Financial Plan. The Fund balance at 31st March 2019 is anticipated to be in excess of £500,000 but is fully committed over the term of the Medium Term Financial Plan. Further contributions to the Fund may result from on-going reviews of and release from earmarked reserves balances.</p>	-200	-200	-200
<p>Corporate Vacancy Factor Relates to savings resulting from the time elapsing between core funded posts becoming vacant and being filled. Proposal to increase budget from £400,000 to £600,000 for 2019/20 reflecting the surplus vacancy factor outturn reported for 2017/18 and on-budget projection for 2018/19.</p>	-200	0	0
<p>Insurance Fund A review incorporating insurance claims trends and projections has concluded that no insurance fund injection is required for 2019/20. This proposal will reduce the Insurance Fund from a balance of £2.169 million at 31st March 2018 to a projected balance of circa £1.469 million at 31st March 2020. This is deemed satisfactory as an Insurance Provision totalling £1.244 million at 31st March 2018 also exists to meet the Council's currently known outstanding insurance claims obligations.</p>	-653	0	0
<p>Capitalisation of Severance Costs The Welsh Government has confirmed extension of the scheme allowing capital receipts to be used to finance revenue costs of service reform for the period 2019/20 to 2021/22. This allows Merthyr Tydfil to utilise new capital receipts to assist with the costs of employee severance payments.</p>	-600	-600	-600

Medium Term Financial Plan 2019/20 to 2022/23
Corporate Budget Reductions

Description	2019/20 £'000	2020/21 £'000	2021/22 £'000
<p>Employee Severance Costs No revenue contribution to employee severance costs is required for 2019/20 since previous on-going commitments are capitalised, new redundancy commitments are provided for within the 2018/19 accounts (financed through the redundancy reserve) and the early pension payments resulting from the new voluntary severance packages commence in 2020/21.</p>	-706	0	0
<p>Corporate Budget Review Relates to operational adjustments to the Medium Term Financial Plan in respect of all services reflecting updated information in respect of salary grades and points, membership of the pension fund, employee working hours, income projections, previous financial year's outturn, business rates and contractual inflation costs in realigning budgets to actual need.</p>	-877	-850	-816
Total	-3,236	-1,650	-1,616

Welsh Local Government Revenue Settlement 2019-2020

Final

Table 1a: Change in Aggregate External Finance (AEF) plus top-up funding, adjusted for transfers, by Unitary Authority

£'000s				
Unitary Authority	2018-19 final Aggregate External Finance* plus top-up funding	2019-20 Final Aggregate External Finance plus top-up funding	Percentage difference	Rank
Isle of Anglesey	96,079	95,791	-0.3%	18
Gwynedd	176,927	176,552	-0.2%	17
Conwy	154,656	154,192	-0.3%	18
Denbighshire	143,597	143,637	0.0%	10
Flintshire	189,549	188,980	-0.3%	18
Wrexham	175,360	175,252	-0.1%	14
Powys	174,815	174,291	-0.3%	18
Ceredigion	101,816	102,091	0.3%	8
Pembrokeshire	162,177	162,448	0.2%	9
Carmarthenshire	260,367	260,388	0.0%	11
Swansea	320,506	322,211	0.5%	7
Neath Port Talbot	213,240	214,796	0.7%	4
Bridgend	192,065	191,807	-0.1%	16
The Vale of Glamorgan	152,271	152,070	-0.1%	15
Rhondda Cynon Taf	364,471	367,339	0.8%	3
Merthyr Tydfil	90,575	91,304	0.8%	2
Caerphilly	268,618	268,614	0.0%	12
Blaenau Gwent	110,835	110,815	0.0%	13
Torfaen	131,836	132,650	0.6%	5
Monmouthshire	93,510	93,229	-0.3%	18
Newport	213,035	214,343	0.6%	6
Cardiff	440,830	444,629	0.9%	1
Total unitary authorities	4,227,136	4,237,431	0.2%	