



Medium Term Financial Strategy - Forecast Update

Corporate Resources Overview and Scrutiny
Committee

April 2019



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Updated Forecast for 2020/21



Medium Term Forecast – On 19th February 2019

Cost Pressure Group	20/21 £m	21/22 £m	22/23 £m
Pay Inflation	3.326	3.393	3.460
Non Pay Inflation	0.759	0.759	0.759
Social Care/CLIA Pressures*	3.470	4.044	4.100
Repayment of Reserve from 2019/20	1.900	0	0
Total * Excludes any impact of Actuarial Review and new borrowing costs	9.455	8.196	8.319

The Forecast for 2020/21 - Updated

- » Additional use of reserves agreed at budget final stage increased the base gap for 2020/21 to £9.776m
- » Detailed work on pressures with latest information to follow
- » New pressures carried forward for assessment/now emerging have been assessed and included
- » Gap Increased to £13.3m for 2020/21

Pay/Workforce Pressures (1)

NJC Pay – New pay model agreed and implemented 2019/20. Revised projections calculated on this

Forecast – 2% increase in line with recent awards.

Increase in projections due to more accurate modelling based on new model in particular for schools employees and inclusion of provision for incremental progression

Increase to forecast of £0.814m

Pay/Workforce Pressures (2)

Teachers Pay – Original projection calculated for one year pending clarification of funding for 2019/20

Forecast – 2% increase September 2019 (full year effect) and September 2020 (part year effect)

Increase to forecast of £0.737m

Local Government Pension Scheme triennial review – no additional pressure at this stage but not yet concluded

Social Care Demands (1)

- » Social Care Commissioning - to fund inflationary uplifts to external care providers. Initial pressure increased by £0.043m to reflect current information. Revised Pressure of £1.643m
- » Transition to Adulthood – to fund care packages for clients moving into adulthood. Initial pressure reduced by £0.044m to reflect current numbers. Revised Pressure £0.656m
- » Residential Care New Placements – initial estimate included to fund impact of an additional increase in the capital limit. Pressure of £0.5m removed due to no further increase expected in 20/21

Social Care Demands (2)

- » Marleyfield Residential Home and Holywell Extra Care -
- developments required to provide changes in models of delivery to provide more in-house support to provide sustainability in the market. New pressure to support additional clients coming into the service. Pressure £0.492m
- » Out of County Placements (Social Services & Education) – the number of children in Out of County placements are increasing. Initial pressure increased by £0.156m to reflect current cohort and intelligence. Revised Pressure £1.156m

Education Pressures

- » **New Pressures for Schools and Education:**
- » Additional Learning Needs (ALN) – New 2018 Act introduces a new code of practice placing new requirements on schools and LA's. Impacts on exclusions and 1:1 support and additional capacity requirement. Additional pressure £0.397m
- » Demography – assessment of impact of demographic pressures completed. Additional pressure £0.240m
- » Youth Justice Service – New inspection framework additional capacity requirement. Additional pressure £0.071m.

Corporate Pressures

- » **Minimum Revenue Provision (MRP)** – Pressure of £0.300m for current policy
- » No additional costs included for future capital schemes at this stage
- » **Inflation (Non Pay)** – Pressure of £0.759m kept at the same level as 2019/20. Subject to review during 2019/20 with regular monitoring of intelligence (from suppliers and Bank of England etc)

Other Service Pressures (1)

- » **School Transport (£0.700m)** – Increase in costs due to an increase in numbers of school escorts for pupils with Special Educational Needs as well as an increase in the number of single occupancy routes
- » **Parking & enforcement (£0.178m)** – Reduced income from car park charges
- » **Empty Properties (0.070m)** – Funding to undertake work to address this area previously funded from Capital

Other Service Pressures (2)

- » **Rent Shortfall Pressure (£0.140m)** – Loss of income due to disposal of properties
- » **Schools Connectivity/Local Fibre Network (£0.050m)** – Additional revenue costs required to support the above ICT services
- » **Flintshire SuD's Approving body** – new requirement for LA's to operate a SuD's approving body to deal with water drainage matters in compliance with new mandatory standards. Financial implications being assessed – tbc.

Summary of Changes to 2020/21 Forecast from February to April 2019

	£m
NJC Pay Award – Incremental Impact	0.814
Teacher Pay Award – Sept 19/20 full year impact	0.737
Social Care Pressure changes	0.147
Education Pressures	0.708
School Transport	0.700
Other Pressures	0.438
Total	3.544

Medium Term Forecast – April 2019

Cost Pressure Group	20/21 £m	21/22 £m	22/23 £m
Pay Inflation	4.877	3.941	3.719
Non Pay Inflation	0.759	0.759	0.759
Social Care/CLIA Pressures*	4.247	2.957	2.733
Education Pressures	0.708	0.101	0.009
Other Pressures	0.508	0.014	0.070
Repayment of Reserve from 2019/20	2.221	0	0
Total * Excludes any impact of Actuarial Review and new borrowing costs	13.320	7.772	7.290

Risks

- » Specific Grants – continuation or reduction
- » Impact of economic change
- » Further reductions from Welsh Government
- » Increasing service demand volatility

Next Steps and Timelines

- » Review and comment by Committee
- » Cabinet Report April 2019
- » First Meeting of Cross Party Working Group April 2019