

## Overall Revenue Position

Table 1: 2022/23 budget summary forecast at Month 4

Service Area	Original Budget 2022/23	Budget Adjustments	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ Month 4
	'000's	'000's	'000's	'000's	'000's
Social Care, Health & Safeguarding	57,877	312	58,189	63,245	5,056
Children & Young People	58,990	523	59,513	60,254	741
Communities & Place	23,588	99	23,687	24,303	616
MonLife	4,430	137	4,567	5,046	479
Chief Executives Unit	3,155	89	3,244	3,244	0
People & Governance	4,663	70	4,733	4,733	0
Resources	6,660	1,004	7,664	8,421	756
Corporate Costs & Levies	26,207	(554)	25,653	27,571	1,918
<b>Net Cost of Services</b>	<b>185,570</b>	<b>1,680</b>	<b>187,250</b>	<b>196,818</b>	<b>9,568</b>
<b>Appropriations</b>	<b>6,652</b>	<b>(1,204)</b>	<b>5,448</b>	<b>5,223</b>	<b>(226)</b>
<b>Expenditure to be Financed</b>	<b>192,223</b>	<b>476</b>	<b>192,699</b>	<b>202,040</b>	<b>9,342</b>
<b>Financing</b>	<b>(192,223)</b>	<b>(476)</b>	<b>(192,699)</b>	<b>(193,240)</b>	<b>(542)</b>
<b>Net General Fund (Surplus) / Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,800</b>	<b>8,800</b>

**Table 2: 2022/23 budget detailed forecast at Month 4**

Service Area	Original Budget 2022/23	Budget Adjustments	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ Month 4
	'000's	'000's	'000's	'000's	'000's
Adult Services	9,548	(45)	9,503	9,148	(355)
Children Services	17,795	44	17,840	21,359	3,519
Community Care	26,111	277	26,387	28,468	2,081
Commissioning	1,418	2	1,420	1,346	(74)
Partnerships	436	8	445	445	0
Public Protection	1,910	21	1,931	1,870	(61)
Resources & Performance	659	4	663	609	(54)
<b>Social Care, Health &amp; Safeguarding</b>	<b>57,877</b>	<b>312</b>	<b>58,189</b>	<b>63,245</b>	<b>5,056</b>
Individual Schools Budget	47,775	500	48,276	48,451	176
Resources	1,162	5	1,167	1,199	32
Standards	10,053	17	10,070	10,604	533
<b>Children &amp; Young People</b>	<b>58,990</b>	<b>523</b>	<b>59,513</b>	<b>60,254</b>	<b>741</b>
Enterprise, Housing & Community Animation	2,921	(84)	2,837	3,174	337
Facilities & Fleet Management	6,958	(82)	6,876	7,387	511
Neighbourhood Services	11,944	34	11,978	11,751	(227)
Placemaking, Highways & Flood	1,765	231	1,996	1,991	(5)
<b>Communities &amp; Place</b>	<b>23,588</b>	<b>99</b>	<b>23,687</b>	<b>24,303</b>	<b>616</b>
Countryside & Culture	1,101	44	1,144	1,141	(3)
Finance & Business Development	2,263	21	2,283	2,297	14
Leisure, Youth & Outdoor Adventure	1,067	73	1,139	1,608	469
<b>MonLife</b>	<b>4,430</b>	<b>137</b>	<b>4,567</b>	<b>5,046</b>	<b>479</b>
Policy, Scrutiny & Customer Service	3,155	89	3,244	3,244	0
<b>Chief Executives</b>	<b>3,155</b>	<b>89</b>	<b>3,244</b>	<b>3,244</b>	<b>0</b>
Democratic Services	2,560	15	2,576	2,589	13
Emergency Planning	158	2	160	160	0
People	1,945	53	1,998	1,985	(13)
<b>People &amp; Governance</b>	<b>4,663</b>	<b>70</b>	<b>4,733</b>	<b>4,733</b>	<b>0</b>

Service Area	Original Budget 2022/23	Budget Adjustments	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ Month 4
Commercial, Corporate & landlord Services	1,115	559	1,674	1,744	71
Finance	2,659	430	3,089	3,837	749
Future Monmouthshire	4	1	5	0	(5)
Information Communication Technology	2,883	14	2,897	2,839	(58)
<b>Resources</b>	<b>6,660</b>	<b>1,004</b>	<b>7,664</b>	<b>8,421</b>	<b>756</b>
Precepts & Levies	22,319	312	22,630	22,629	(1)
Coroner's	171	0	171	171	0
Archives	196	0	196	196	0
Corporate Management	385	0	385	382	(2)
Non Distributed Costs (NDC)	651	0	651	651	0
Strategic Initiatives	867	(867)	0	2,017	2,017
Insurance	1,619	1	1,620	1,524	(96)
<b>Corporate Costs &amp; Levies</b>	<b>26,207</b>	<b>(554)</b>	<b>25,653</b>	<b>27,571</b>	<b>1,918</b>
<b>Net Cost of Services</b>	<b>185,570</b>	<b>1,680</b>	<b>187,250</b>	<b>196,818</b>	<b>9,568</b>
Fixed Asset Disposal Costs	0	0	0	0	0
Interest & Investment Income	(100)	0	(100)	(341)	(241)
Interest Payable & Similar Charges	3,956	0	3,956	4,148	192
Charges Required under Regulation	6,714	0	6,714	6,663	(51)
Borrowing Cost Recoupment	(3,520)	0	(3,520)	(3,845)	(325)
Contributions to Reserves	188	0	188	188	0
Contributions from reserves	(586)	(1,204)	(1,790)	(1,590)	200
<b>Appropriations</b>	<b>6,652</b>	<b>(1,204)</b>	<b>5,448</b>	<b>5,223</b>	<b>(226)</b>
<b>Expenditure to be Financed</b>	<b>192,223</b>	<b>476</b>	<b>192,699</b>	<b>202,040</b>	<b>9,342</b>
General Government Grants	(77,524)	0	(77,524)	(77,524)	0
Non Domestic Rates	(34,753)	0	(34,753)	(34,753)	0
Council tax	(87,309)	(476)	(87,785)	(88,105)	(320)
Council Tax Benefit Support	7,363	0	7,363	7,142	(222)
<b>Financing</b>	<b>(192,223)</b>	<b>(476)</b>	<b>(192,699)</b>	<b>(193,240)</b>	<b>(542)</b>
<b>Net General Fund (Surplus) / Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,800</b>	<b>8,800</b>

## DIRECTORATE – DIVISION VARIANCE COMMENTS

<b>SOCIAL CARE, HEALTH &amp; SAFEGUARDING DIRECTORATE</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	5,056	0	0	0

### **SOCIAL CARE, HEALTH & SAFEGUARDING DIRECTOR'S COMMENTARY:**

Four months into the 2022/23 financial year we are predicting an over spend of £5.056m based on known commitments and expectations against the directorate budget.

Within the Children's Service budget there is a predicted over spend of £3.519m, due to the increasing numbers of high cost placements, where we are presently supporting 23 placements at the end of July that account for over £6m of annual spend, including extremely costly emergency arrangements for children where there is no regulated placement. There is continued use of agency staff to fill vacancies. This financial year sees the full effect of costs resulting from the removal by Welsh Government of the COVID hardship fund, Social Care Recovery Fund and Social Care Pressures grants. On a more positive note, Children Looked After numbers continue to stabilise at 204 for the end of July.

The combined Adults budget is forecast to over spend by £1.598m and similar to Children's has seen the full year effect in costs to be borne by the budget from the loss of three vital Welsh Government funding streams. Older Adults budgets have seen a dramatic influx of clients requiring services as we move out of the pandemic, with continued pressures from hospitals to discharge patients into the social care sector, and some clients requiring more intense services due to delayed health care during the pandemic. A few in house services are currently undergoing reviews, with in year savings being used to partially offset over spends.

Public Protection had a cash injection this year and as a result is operating at £61k within its budget, due to savings from vacant posts.

### **Adult Services**

<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	(355)	0	0	0

The under spend is largely in the My Day My Life service and a review will be commissioned to determine the delivery model moving forward as we exit the pandemic and what is required to meet the future needs of our disability clients.

### **Children Services**

<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	3,519	0	0	0

Due to the increasing numbers of high cost placements, where we are presently supporting 23 placements at the end of July that account for over £6m of annual spend, including extremely costly emergency arrangements for children where there is no regulated placement. There is continued use of agency staff to fill vacancies. This financial year sees the full effect of costs resulting from the removal by Welsh Government of the COVID hardship fund, Social Care Recovery Fund and Social Care Pressures grants.

### **Community Care**

<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	2,081	0	0	0

This financial year we have made 34 additional care home placements which has added to the over spend, along with the increase demand, especially for 24 hour care provision for domiciliary care to aid hospital discharge, to meet the challenges of an ageing population, but as a result of the pandemic clients are of a higher dependency as a result of delayed health care.

### Commissioning

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'s	(74)	0	0	0

Saving from staff vacancy which is currently planned to go out to recruitment.

### Partnerships

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	0	0	0	0

No variance forecast.

### Public Protection

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'s	(61)	0	0	0

Savings from staff vacancies.

### Resources & Performance

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(54)	0	0	0

Savings from vacancies which are currently out to recruitment.

### CHILDREN & YOUNG PEOPLE DIRECTORATE

	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	741	0	0	0

### CHILDREN & YOUNG PEOPLE DIRECTOR'S COMMENTARY:

The Directorate's Month 4 position is an over spend of £741k, which is largely due to additional ALN expenditure reported in the Standards section.

### Individual Schools Budget

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	175	0	0	0

The ISB over spend is due to the following, which was not included in the budget:-

- funding of two protected salaries and a Teaching & Learning Responsibility payment (TLR) which falls to the Authority to fund (£45k);
- back pay for staff, which was not included in the MTFP. This was due to the late agreement for the pay award and the budget had already been set (£100k);
- payment for a bespoke home to school transport arrangement to Caldicot School pending a final catchment area review (£20k);
- School Staff Wellbeing Project (£9k)

<b>Resources</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	32	0	0	0
The over spend is due to several cost centres not being able to currently fully meet the 2% staff efficiency saving.				
<b>Standards</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	533	0	0	0
<p>The overspend of £533k, is largely due to ALN, which has seen costs increase due to the following:-</p> <ul style="list-style-type: none"> <li>• Several pupils have either moved into Monmouthshire or have left a Monmouthshire school to attend a school in their home County, so we are no longer able to recoup the income from other LA's (£68k)</li> <li>• 2 new pupils attending an independent school (£105k)</li> <li>• Full year costs for 2 pupils currently at an Independent school, who decided to stay on for Year 14 (were previously leaving at the end of Year 13 / the Summer Term (£60k))</li> <li>• 1 pupil accessing SALT and Seirrah Therapies (£24k)</li> <li>• 1 pupil attending MonLife (£30k)</li> <li>• 3 new pupils attending schools in Blaenau Gwent &amp; increase in costs for an existing pupil (£105k)</li> <li>• 2 new pupils attending schools in Newport (£17k)</li> <li>• 1 new pupil moving to a Bristol school (£9k)</li> <li>• 1 new pupil potentially to attend a school in Torfaen, currently going through Tribunal (£50k)</li> <li>• Staff costs due to the expansion of Pembroke SNRB (£32k)</li> <li>• Blaenau Gwent contacted us to advise they had been paying transport costs, that we were liable for, as the pupil is a Looked After Child (£19k)</li> </ul> <p>The remainder of the overspend is due to additional staff costs in the Education Welfare Support Team (EWS) and the EWS and Psychology Service being unable to currently meet the 2% staff efficiency savings.</p>				
<b>COMMUNITIES &amp; PLACE DIRECTORATE</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	616	0	0	0
<p><b>COMMUNITIES &amp; PLACE DIRECTOR'S COMMENTARY:</b></p> <p>The Directorate is forecasting an outturn position of £616k adverse at Month 4. The inflationary rises and a post-covid environment are seeing an impact upon the cost of the provision of key services. In addition, national policy changes are impacting upon the services particularly within school catering and housing which are not attracting full funding.</p> <p>Each service area sets out the detail behind these projects in the next sections of this report. Across all services, we will continue to ensure that all eligible costs are claimed from any funding available.</p>				
<b>Enterprise, Housing &amp; Community Animation</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	337	0	0	0

Enterprise & Community Animation is forecasting a £337k over spend at month 4, this is mainly due to:

- **Borough Theatre** – £20k over spend – The refurbishment works are now expected to last a month longer than originally intended and this will affect the number of shows that can be scheduled between now and year end, impacting turnover and causing a projected £20k shortfall against budget.
- **Enterprise Mgt** - £29k over spend – Due to an increase in staff costs over and above available budget and an increase in contribution to City Deal.
- **Housing** - £338k over spend, this can be broken down into these main areas: -
  - **Homelessness** – £315k over spend – Current projections for the year indicate the authority will spend circa £2.285m on B&B accommodation for our homeless and an additional £665k on ancillary spend including security and damage repairs, which in part relates to accommodating those with higher support needs. The majority of this cost will be offset by pre-paid Covid-19 grant (£760k), Housing Prevention grant (£509k) and Housing Benefit (£1.393m) but the service will still be left with a £315k over spend against budget to manage. This is a volatile area where accommodation demands can fluctuate month by month so this figure could vary between now and outturn.
  - **Shared Housing & Private Leasing** - £3k under spend – Increased rental income figures have been offset by an increase in property repair and maintenance leaving a net £3k under spend. The repairs expenditure relates to an increase in handing properties back to landlords withdrawing from private renting and higher turnover of properties relating to properties not being used to prevent homelessness, but as temporary accommodation. The receipt of rental payments can be volatile so this figure could change between now and year end and we will provide an update at month 6.
  - **Strategic Services & Renovation Grants** – net £23k over spend – Mainly due to additional software and subscription costs in strategic services and increased administration costs for renovation grants.
- **Business Growth & Enterprise** – £35k under spend – Due in the main to the Strategic Operations Team forecasting a £34k under spend, recruitment into the team is ongoing but delays in filling posts have resulted in a staffing saving.
- **Community & P/Ships development** - £14k under spend - due to the ability to passport staff costs to UKG Ukraine funding.

All other service areas are reporting a balanced budget.

### Facilities & Fleet Management

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / <b>(Surplus)</b> £'000s	511	0	0	0

Facilities & Fleet management are forecasting a £511k over spend, due to-

- **Schools Catering** – £129k over spend – The unit is continuing to prepare the service in readiness for the roll-out of universal free school meals. Reception and infant classes will start from September but in order to ensure the service is ready for the Junior roll-out in April the decision has been made to accelerate recruitment of the required number of staff to ensure they have all received the appropriate amount of training. This has meant our total costs have exceeded available funding resulting in a budget pressure. WG have indicated the possibility of further funding later in the year to cover off any shortfalls so there is a potential that this will be covered.

- **Passenger Transport** – £424k over spend – Cost of living inflation increases have had a material impact on the PTU service, the additional burden of increased pay, fuel and repair costs have meant that operators have handed back contracts and our in-house budgets are being stretched due to :-
  - **External Commissioning** – Currently reporting a £218k over spend due to increased contract prices from re-negotiation and variations (£118k), an agreed 9% increase was implemented in April but we are still seeing regular ‘hand backs’ from our operators, this invariably leads to the contract going back out at a higher price or it having to be taken on in-house. In addition, the contracts are set to be re-tendered in September, the potential price impact is unknown, but officers have built in an additional £100k as a contingency.
  - **Internal Operations** – £206k over spend – If operator’s hand back contracts and they cannot be re-issued externally the route has to be provided in-house, this means the service has to purchase new vehicles and recruit extra staff. The issue we are currently facing is that even though the internal option might be the most cost effective versus external contract price it is still costing the authority more to run than we had available in the budget for the original contract. The more numerous the ‘hand backs’ the more cost burden is taken on in-house and when you add in additional inflationary increases on fuel and spares it is creating an unmanageable budget pressure within the service.
- **Fleet Maintenance** - £13k over spend – This is due to a reduction in the number of members of the car salary sacrifice scheme resulting in actual savings falling below budgeted levels. Fleet maintenance itself is currently forecasting a balanced budget, but we will review at Month 6 as there is potential for the outturn to be impacted by a spike in repairs or the effect of inflationary increases.
- **Building Cleaning & Public Conveniences (PCs)** - £55k under spend – this is due to a saving on business rates as we no longer pay them on PC’s (£25k) and improved turnover in Cleaning (£30k).

### Neighbourhood Services

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(227)	0	0	0

Neighbourhood Services are forecasting to under spend by £227k, this is due to-

- **Highways, Swtra & Streetlighting** – £135k under spend - This is due to Streetlighting as a result of 1) Energy has underspent by £125k - the budget was set at 19/20 consumption levels, this has been found to be too high due to the improvement gained since then from the installation of LEDs, this has meant our actual cost of energy has fallen well below budget. 2) Staff saving of £10k due to the delay in filling a vacant post. Highways Operations and SWTRA & External Clients are both forecasting a break-even budget.

**Waste & Street Scene** - £92k under spend – The under spend is due to contract savings resulting from a strong recycling market, but these savings have been part offset by challenging income targets in commercial trade waste and garden waste services and by an increase in costs from the delays in the roll out of polypropylene bags due to vehicle manufacturing delays.

### Placemaking, Highways & Flood

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(5)	0	0	0

Placemaking, Highways & Flood is forecasting to under spend by £5k, this is as a result of -



- **Planning & Building Control** – £79k over spend – Over spend in Planning due to the inability to make staff vacancy savings (£21k), hardware and software costs to update microfiche system (£38k) and a shortfall in S106 fee income (£20k).
  - **Planning Policy & LDP** – £200k under spend - Further delays in the progression of the LDP have meant that it is unlikely the full reserve budgeted funds will be spent this year. A corresponding adverse variance in reserves is reported in the Appropriations section meaning that there is no overall financial benefit to this delay.
  - **Car Parks & Civil Parking Enforcement** - £255k over spend – Early indications are that parking enforcement fines will not hit budgeted targets and there will be a £176k shortfall this year, in addition there are over spends in expenditure primarily in transport, premises and software costs of £72k resulting in a total £255k budget pressure within the service area.
- Highways management & flooding** - £137k under spend – Staffing under spend due to delays in filling vacant posts and improved road closure and SAB income.

<b>MONLIFE DIRECTORATE</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	479	0	0	0

#### **MonLife DIRECTOR'S COMMENTARY:**

The Monlife directorate is forecasting to over spend by £479k, the two main areas of focus continue to be leisure and outdoor services, with these areas providing the most significant financial challenges in the current economy. Monlife are completing deep dives of each business unit assessing the best options for future sustainability and the tactics needed to improve performance in these areas. Future development work includes working closely with CYP and Social Services on other programs to reduce our over spend and ensure the future sustainability of our services.

#### **(Monlife) Countryside & Culture**

<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	(3)	0	0	0

Countryside & Culture is forecasting to under spend by £3k due to a small under spend on third party contracts.

#### **(Monlife) Finance & Business Development**

<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	14	0	0	0

Finance & Business Development is forecasting to over spend by £14k due to lower than anticipated income.

#### **(Monlife) Leisure, Youth & Outdoor Adventure**

<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	469	0	0	0

Leisure, Youth & Outdoor Adventure is forecasting to over spend by £469k, this is mainly due to: -

**Leisure Services** - £299K over spend mainly due to the sections inability to generate the expected income targets. Memberships have grown significantly over the past 12 months and recovered to pre-pandemic levels; however, this still falls short of the income target set for the section built on a model pre-pandemic which looked at commercial growth over a 3-year period. Due to the impact of the cost-of-living crisis and Covid-19 this model is unachievable at present, we continue to work hard with

teams to mitigate the financial loss and we hope that the significant investment in our site and targeted campaigns will assist in delivering more income.

**Youth & Education** - £189k over spend mainly due to: -

Youth Services - £13k over spend due to increased transportation costs where changes in licence legislation has meant the section has needed to buy in transportation rather than use existing staffing.

Outdoor Adventure Service - £176k over spend. The sections current income target was derived from a pre-pandemic business model that focused on a 3-year delivery plan first focusing on MCC internal schools and then moving on to commercial focused model. The impact of the pandemic has meant that the delivery of this model has been delayed this has led to a shortfall in income due to schools being reluctant to return to residential model (this is slowly changing). A project working group is set up looking at way to mitigate the financial loss part of this work will involve working closely with schools who show massive interest in the outdoor learning as the new curriculum in Wales is adopted which looks to support creative lessons with real life meaning.

<b>CHIEF EXECUTIVES UNIT DIRECTORATE</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	0	0	0	0

**HEAD OF POLICY, PERFORMANCE AND SCRUTINY COMMENTARY:**

At present all services are forecasting a balanced position. However, based on demand patterns in previous years it is likely that the Welsh Language budget will move into over spend. Budget pressures previously experienced in community hubs were recognised with funding in the 22/23 budget enabling these areas to be placed on a more stable financial footing and reducing the risk of over spends associated with a drop-off in room bookings post-pandemic and the operation of the Post Office in Usk.

**Policy, Scrutiny & Customer Experience**

<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	0	0	0	0

All services within Policy, Scrutiny & Customer Experience are forecasting a balanced budget at Month 4.

<b>PEOPLE &amp; GOVERNANCE DIRECTORATE</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	0	0	0	0

**PEOPLE & GOVERNANCE DIRECTOR'S COMMENTARY:**

People & Governance is reporting a break-even position at Month 4, more detail can be found in the sections below.

**Democratic Services**

<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	13	0	0	0

Democratic Services is forecasting to over spend by £13k, this is due to -

- **Organisational Development** – £5k over spend – mainly due to inability to achieve staff vacancy saving.

- **Members Costs** - £15k over spend – due to cost pressures caused by transition to new cabinet membership structure and software maintenance costs.
- **Legal Services** - £21k over spend – due to increases in legal costs and systems & software contracts (£27k), potential under recovery of fee income (£17k) offset by under spends in staffing due to delays in recruiting posts (£23k).
- **Land Charges** - £29k under spend – this is as a result of improved search income and savings from a vacant post.

### Emergency Planning

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / <b>(Surplus)</b> £'s	0	0	0	0

Emergency Planning is reporting a break-even budget.

### People

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / <b>(Surplus)</b> £'000s	(13)	0	0	0

People Services is forecasting to under spend by £13k at Month 4

- **People Services** – net £39k under spend – mainly due to net under spends in staffing across the department due to senior post vacancies and savings in Occupational Health due to a reduction in demand. This has been part offset by the cost of the implementation of a new system within payroll.
- **Corporate Training** – Reporting a break-even budget.
- **Communications** - £26k over spend – due to staff over spends caused by maternity cover and pay band increases plus increases in software licence costs. This has been partially offset by secondment income.

RESOURCES DIRECTORATE	Month 4	Month 6	Month 9	Outturn
Deficit / <b>(Surplus)</b> £'000s	756	0	0	0

### RESOURCES DIRECTOR'S COMMENTARY:

The Resources Directorate is showing signs of early budget pressure. Departments will continue in their efforts to reduce or contain pressures and to identify cost savings that can be achieved where this is practicable and does not have an unacceptable impact on core service delivery.

The most significant factor driving the forecast over spend is in relation to Housing benefits where national policy change has brought about increased expenditure required in relation to the housing needs of the Homeless. Whilst the housing placement cost element of this falls to the Communities & Place directorate, the shortfall in housing benefit subsidy claimable on B&B placements is a significant additional cost to the resources directorate. There are limited options available to the Council to arrest this situation in the very near term, however the Council is currently exploring options for a more permanent and lower cost solution.

There are significant offsetting under spends within the directorate as a result of staff vacancies being held. It is recognised that some of these vacancies have been unfilled for a significant period and that this is not a sustainable or resilient position for many of the service areas in the directorate to be in, and work is actively ongoing to rectify this.

### Finance

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	748	0	0	0

Finance is forecasting to over spend by £748k, this is mainly due to -

- **Revenues** - £1.002m over spend, this is due in the main to –
  - **Housing Benefits** - £989k over spend - The majority of this over spend relates to emergency homeless B&B placements for which we are unable to claim full housing benefit subsidy. The forecast is based on a pro rata of cost incurred to date and will therefore fluctuate as placements change. This situation will be carefully monitored, and variations reported in future forecasts. These costs were previously claimed from Covid-19 hardship funding but that has now ceased.
  - **Council Tax** - £106k over spend – due to an £87k over spend against salary costs as staff budget was moved to Finance as part of structure adjustments and which forms part of the under spend in that service area. The remaining shortfall relates to summons income projecting to be £19k lower than budgeted.
  - **Debtors and Charity relief** - £92k under spend – The forecast under spend is mainly due to expected administration grant funding (net of known expenditure) for the various grant support schemes that we are currently administering for Welsh Government (£87k) and a small under spend in Debtors due to reduced printing & postage costs (£5k).
- **Finance** - £178k under spend – This is a result of vacancies at senior management and where we are anticipating that these positions will be filled by December.
- **Audit** - £67k under spend – This is due to staff vacancy savings.
- **Systems & Cashiers** – £9k under spend – due to –
  - Cashiers - £12k over spend - the delay in fully implementing the decision to remove cheques has meant we will be unable to achieve the £20,000 staff saving that was carried over in the budget from 2020/21. This pressure has been partially offset by in year staff vacancies bringing the over spend down to £12k.
  - Systems - £21k under spend - The team have been carrying some vacancies, which have now largely been filled. Also, £7,000 income has been received for the purchase card rebate.

### Future Monmouthshire

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(5)			

Staff costs have been recovered from external partners.

### Information, Communication & Technology

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(58)	0	0	0

ICT is forecasting to under spend by £58k at month 4, this is due to-

- **Digital Programme Office** - £2k under spend – due to small savings in allowances and subsistence.

- **Shared Resource Service** - £33k under spend – our contribution to the SRS service is currently projecting to be less than budgeted.
- **Digital Design & Innovation** - £8k under spend - mainly due to savings in staffing where a post has been replaced at a lower grade.
- **Cyber Security** - £14k under spend - due to staff savings as a post was only filled in May and savings on supplies & services.

### Commercial & Corporate Landlord

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	71	0	0	0

Commercial & Corporate Landlord is forecasting to over spend by £71k -

- **Investment Properties** - £85k over spend, due to –
  - **Newport Leisure Park** - £52k under spend – currently projecting to generate £52k surplus above budget, where incremental rent increases on the site have ensured our rental receipts remain at the appropriate levels although we will be continually monitoring this position due to the potential effect the cost of living crisis could have on the leisure industry.
  - **Castlegate Business Park** - £137k over spend – Castlegate has significantly improved its position with the rental of 3 vacant units this year, which has considerably reduced our landlord liabilities. However the rent free period means we will fall short of our income target by £137k in this financial year but this will be rectified in 23/24 once full year rental is payable.
- **Landlord Services** - £37k under spend – staffing savings caused by delays in filling vacant posts.
- **County Farms** - £31k over spend – income projections are down due to a number of empty farms, these are due to be re-let but we've had to source consultants to facilitate in the lettings and also make improvements to the properties before the tenant can move in. Further updates will be provided at M6.
- **Solar Farm & Sustainability** - £113k under spend – due to improved income from our Solar Farm and PV installations caused by the increased market rates for energy.
- **Industrial Units** - £23k under spend – Rental income has increased above budget due to a number of new lettings.
- **Markets** - £129k over spend. The number of traders has dropped off considerably since Covid-19 and this has meant the service is struggling to meet income targets by £100k. There is also a potential net increase in spend of £30k mainly due to an increase on waste disposal costs. Officers are considering options to encourage traders back into the markets so it is hopeful that the position will improve by year end.
- **Property Services** – Currently forecasting a break-even budget.

### CORPORATE COSTS & LEVIES DIRECTORATE

Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	1,918	0	0

### Precepts & Levies

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(2)	0	0	0
Minor variance to original budget forecast following clarification of final precepts due.				
<b>Coroners Services</b>				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	0	0	0	0
No variance forecast.				
<b>Corporate Management</b>				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(2)	0	0	0
Minor variance currently forecast following some small unbudgeted income streams.				
<b>Non-Distributed Costs</b>				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	0	0	0	0
No variance forecast.				
<b>Strategic Initiatives</b>				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	2,017	0	0	0
Current pay modelling is based on a pay award offer of £1,925 for non-teaching staff which would result in a forecast pressure of around £2.017m within services. For month 4 forecasting purposes an allowance for this pressure has been made within the Corporate directorate until such time that the Council has certainty on the final offer agreed.				
<b>Insurance</b>				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(95)	0	0	0
The Council recently went out to tender on its insurance cover which has resulted in premiums payable for 2022/23 being £95k less than anticipated reflective of a very competitive insurance market.				
<b>APPROPRIATIONS DIRECTORATE</b>				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(225)	0	0	0
<b>Fixed Asset Disposal Costs</b>				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	0	0	0	0
No variance forecast.				
<b>Interest &amp; Investment Income</b>				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn

<b>Deficit / (Surplus) £'000s</b>	<b>(241)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<p>A significant upward movement in the interest rates available on investment balances has been seen since the budget was set for 2022/23. Whilst this is welcomed, the Council overall is a net borrower from the market and consequently will also see borrowing costs increase significantly as fixed rate periods end.</p>				
<b>Interest Payable &amp; Similar Charges</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	<b>191</b>	<b>0</b>	<b>0</b>	<b>0</b>
<p>As above, the rising interest rate environment in placing upward pressure on borrowing costs as fixed rate periods come to an end. This has been mitigated somewhat by entering into longer term loans at comparably lower rates, however short term borrowing costs have risen more quickly than originally budgeted.</p>				
<b>Charges Required Under Regulation</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	<b>(51)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<p>This budget covers the statutory amount the Council is obliged to set aside to fund future loan repayments and the forecast is slightly lower than the £6.7m budget due to significant slippage in the capital programme which has reduced the need to borrow as quickly as anticipated.</p>				
<b>Borrowing Cost Recoupment</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	<b>(325)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<p>This budget represents a technical accounting adjustment where by borrowing costs relating to the purchase of capital assets is repatriated from service budgets to ensure that the full life cost of assets is borne by the end user. The variance to budget relates to vehicles purchased at the end of 2021/22 which were originally anticipated to be financed through a sale and leaseback arrangement, however following an options appraisal were found to be more cost effective to be purchased outright and financed from borrowing.</p>				
<b>Contributions to / from Reserves</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>0</b>
<p>Due to delay on Local development plan costs, the £200k reserve contribution will not be required this financial year.</p>				
<b>FINANCING DIRECTORATE</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	<b>(542)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Council Tax Benefit Support</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	<b>(222)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<p>Caseload currently continues to fall and is now closer to pre-pandemic levels. We may however see numbers increase over coming months as the cost of living crisis deepens.</p>				

<b>Council Tax</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	<b>(320)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Overall, we currently anticipate a surplus in income collected. Generally, the tax base remains strong, although there are signs of an increase in exemptions and discounts being awarded. The surplus reflects a continued strong collection rate over time, over and above the 99% rate used for budget setting.				
<b>General Government Grants</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'000s</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Income received to budget.				

## 2. **SCHOOLS**

- 2.1. A Board of Governors who are responsible for managing the school's finances directly governs each of the Authority's Schools. However, the Authority also holds a key responsibility for monitoring the overall financial performance of schools. Below is a table showing the outturn forecast Schools' balances position based on month 4 projections for each Educational Cluster.

<b>Draft Council Fund Outturn 2022/23 – School Balances Summary outturn position at Month 4</b>	<b>(A) Opening Reserves (Surplus) / Deficit Position 2022/23</b>	<b>(B) Draw / (Contribution) from / (to) School Balances @ Month 4</b>	<b>(C) Draw / (Contribution) from / (to) School Balances @ Month 6</b>	<b>(D) Draw / (Contribution) from / (to) School Balances @ Month 9</b>	<b>(A+B) Forecast Reserve Balances at 2022/23 Outturn</b>
<b>Cluster</b>	<b>£000's</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Abergavenny	<b>(2,145)</b>	1,181			<b>(963)</b>
Caldicot	<b>(2,165)</b>	1,570			<b>(596)</b>
Chepstow	<b>(695)</b>	863			<b>168</b>
Monmouth	<b>(1,869)</b>	1,425			<b>(443)</b>
Special	<b>(82)</b>	106			<b>24</b>
<b>Total</b>	<b>(6,956)</b>	<b>5,145</b>			<b>(1,810)</b>

- 2.2. Collective School Balances at the beginning of the financial year amounted to £6,956,114 surplus. At Month 4 the Schools forecast anticipated draw on reserves is £5,145,631, resulting in a forecast surplus balance of £1,810,483 at year-end. (The majority of the surplus balance brought forward is due to several grants being awarded to schools at 2021-22 year end; Revenue Maintenance, Winter



of Wellbeing, ALN New System, Recruit Recover & Raise Standards, Attendance Support & Community Schools, RISG and LA Education Grant).

2.3. The Local Authority budget for 2022/23 made allowance for a pay award for schools staff up to a threshold of a 3%, with any award agreed above this level to be funded from schools balances. The above forecast is predicated upon a further pressure of 2% over and above the 3% budgeted based upon the most likely outcome of the initial pay discussions. This accounts for £1.2m of the overall £5.145m forecast draw upon school balances this year.

2.4. The movement of individual schools forecast to be in deficit at the end of the year is shown below:

Start of year	Month 4	Month 6	Month 9
<b>Total: 1</b>	<b>Total: 7</b>	<b>Total:</b>	<b>Total:</b>
Chepstow Comprehensive	Chepstow Comprehensive		
	Ysgol Y Fenni		
	Archbishop Rowan Williams (CIW)		
	Cross Ash		
	Kymin View		
	Llandogo		
	Pupil Referral Service		

2.5. There isn't a consistent picture of schools' balances. There has been a fluctuating trend for some time with some schools showing a continuing reduction in schools balances, which is of concern, and others a more stable trend. However, as previously advised, grants awarded to schools at 2020/21 and 2021/22 year-ends have resulted in a large increase in overall school balances. Schools have developed grant investment plans in line with the terms and conditions of these grants and the balances are expected to reduce considerably during 2022/23.

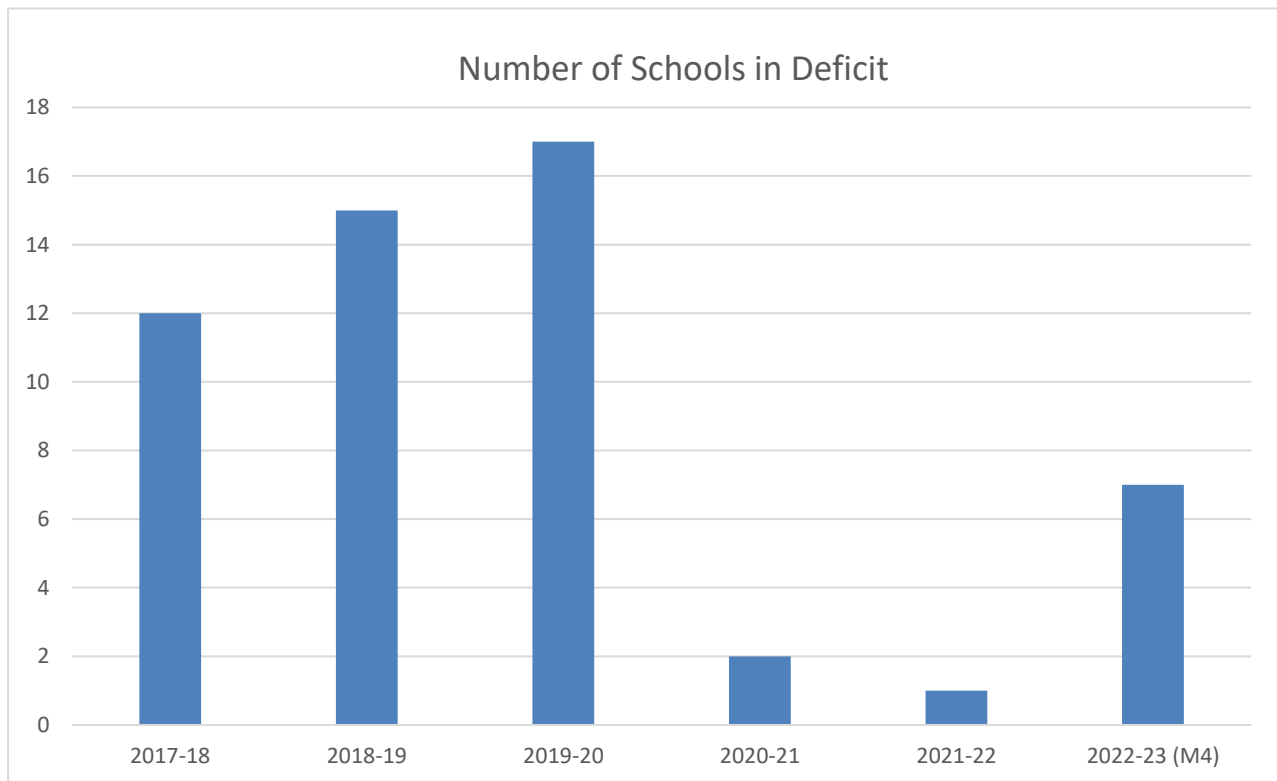
2.6. The projected return of six schools into deficit balance by the end of the year is disappointing and points to inherent structural budget deficits remaining in some cases, or a lack of planning for budgetary risks in the current economic environment. Finance officers will continue to work closely with those schools of concern and look to aid the return to a more sustainable budget plan over the medium term.

2.7. All schools that do register a deficit balance at the end of a financial year are required to bring forward budget recovery plans. These recovery plans will be confirmed with both the Local Education Authority and each School's Governing Body. Once finalised the schools with significant deficits will be monitored by the Cabinet member for both Children and Young People and Resources on a termly basis.

Financial Year-end	Net level of School Balances
2014-15	(1,140)
2015-16	(1,156)
2016-17	(269)
2017-18	(175)
2018-19	232

2019-20	435
2020-21	(3,418)
2021-22	(6,956)
2022-23 (Forecast)	(1,810)

2.8. The increase in school balances during 2020/21 and 2021/22 resulted in a reduction in the number of schools in deficit, as illustrated in the following table: -



### 3 CAPITAL OUTTURN

3.1 The summary forecast Capital budget position at Month 4 is as follows:

#### Forecast Capital Outturn Position 2022/23 at Month 4

	Slippage B/F	Original Budget	Budget Adjust ments	Provisional Slippage	Revised Budget 2022/23	Forecast Expenditure / (Financing)	Variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Expenditure</b>							
Capitalisation Directive	0	2,650	0	0	2,650	2,650	0
Development Schemes Over £250k	13,893	330	0	0	14,224	14,433	209
Development Schemes Under £250k	844	2,698	0	(2,000)	1,541	1,541	0
Schools & Education	27,865	13,681	0	0	41,546	41,546	0
Infrastructure	1,062	3,428	0	(100)	4,390	4,390	0
ICT Schemes	552	882	0	(153)	1,281	1,281	0
Property Maintenance	2,686	4,017	0	0	6,704	6,704	0
Renovation Grants	912	900	0	0	1,812	1,812	0
Section 106	1,147	0	0	(25)	1,122	1,122	0
Specific Grant Funded	3,715	1,000	3,922	0	8,637	8,637	0
Vehicle Leasing	0	1,500	0	0	1,500	1,500	0
<b>Total Expenditure</b>	<b>52,676</b>	<b>31,086</b>	<b>3,922</b>	<b>(2,278)</b>	<b>85,406</b>	<b>85,615</b>	<b>209</b>
<b>Financing</b>							
Supported Borrowing	0	(2,431)	0	0	(2,431)	(2,431)	0
General Capital Grant	0	(3,593)	0	0	(3,593)	(3,593)	0
Grants and Contributions	(32,382)	0	(3,922)	0	(36,304)	(36,304)	0
S106 Contributions	(1,854)	0	0	25	(1,829)	(1,829)	0
Unsupported Borrowing	(14,930)	(19,967)	0	2,253	(32,644)	(32,853)	(209)
Earmarked Reserve & Revenue Funding	(192)	0	0	0	(192)	(192)	0
Capital Receipts	(3,318)	(3,595)	0	0	(6,913)	(6,913)	0
Leasing	0	(1,500)	0	0	(1,500)	(1,500)	0
<b>Total Financing</b>	<b>(52,676)</b>	<b>(31,086)</b>	<b>(3,922)</b>	<b>2,278</b>	<b>(85,406)</b>	<b>(85,615)</b>	<b>(209)</b>

- 3.2 The capital budget forecast outturn at month 4 is an over spend £209k, with £114k being attributed to extra refurbishment costs on properties acquired for Children’s Services and £95k at Crick Road Care Home for additional equipment required for resident’s privacy.
- 3.3 It should be noted that there is a risk surrounding the refurbishment of the Tintern Wireworks Bridge at Tintern in conjunction with Gloucestershire County Council which is facing cost pressure due to the complexity of restoring this listed structure and the increased cost of materials.
- 3.4 There is £2.278m forecast Capital Slippage at month 4 as four schemes have advised of delays within their project timescales:
- £2m for Housing provision for the homeless due to the complex lead time of acquiring properties;
  - £153k delay in the SRS Data Hall migration due to issues encountered with commercial providers;
  - £100k for the Penyrhiw Sewage Treatment Works where the scheme has encountered delays in progressing survey and design works due to external factors;
  - £25k for the Abergavenny Skate Park S106 Scheme as additional funding is being sought from external partners to deliver on the preferred project within budget.

### 3.5 Useable Capital Receipts Available

- 3.6 In the table below, the effect of the changes to the forecast capital receipts on the useable capital receipts balances available to meet future capital commitments are illustrated.

	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance as at 1st April	10,414	13,289	13,204	12,259	10,763
Capital receipts used for financing	(4,263)	(1,294)	(1,194)	(1,094)	(1,094)
Capital receipts used to support capitalisation direction	(2,650)	(507)	(507)	(507)	(507)
Capital receipts Received or Forecast	9,788	1,715	756	104	104
<b>Forecast Balance as at 31st March</b>	<b>13,289</b>	<b>13,204</b>	<b>12,259</b>	<b>10,763</b>	<b>9,266</b>