

## Appendix 1 – 2022/23 Revenue & capital budget outturn report

### Overall Revenue Position

Table 1: 2022/23 Revenue budget outturn summary

Service Area	Original Budget 2022/23	Budget Adjustments	Revised Annual Budget	Actual Outturn	Actual (Under) / Over Spend @ Outturn	Variance since Month 9 forecast
	'000's	'000's	'000's	'000's	'000's	'000's
<b>Social Care, Health &amp; Safeguarding</b>	57,802	893	<b>58,695</b>	<b>62,899</b>	<b>4,204</b>	<b>(1,620)</b>
Children & Young People	58,990	324	<b>59,314</b>	<b>60,658</b>	<b>1,344</b>	416
Communities & Place	23,182	1,284	<b>24,466</b>	<b>22,921</b>	<b>(1,545)</b>	<b>(938)</b>
MonLife	4,430	435	<b>4,865</b>	<b>4,489</b>	<b>(376)</b>	<b>(627)</b>
Chief Executives Unit	3,155	<b>(1,306)</b>	<b>1,849</b>	<b>1,558</b>	<b>(291)</b>	<b>(66)</b>
People & Governance	4,663	323	<b>4,986</b>	<b>4,879</b>	<b>(107)</b>	<b>(184)</b>
Resources	7,142	951	<b>8,093</b>	<b>8,385</b>	<b>292</b>	2
Corporate Costs & Levies	26,207	<b>(2,676)</b>	<b>23,531</b>	<b>24,512</b>	<b>981</b>	<b>(895)</b>
<b>Net Cost of Services</b>	<b>185,571</b>	<b>228</b>	<b>185,799</b>	<b>190,301</b>	<b>4,502</b>	<b>(3,912)</b>
Treasury & Reserves (Budgeted)	6,652	248	<b>6,900</b>	<b>6,237</b>	<b>(663)</b>	<b>(217)</b>
Reserves (Unbudgeted)	0	0	<b>0</b>	<b>(3,503)</b>	<b>(3,503)</b>	<b>(3,503)</b>
<b>Expenditure to be Financed</b>	<b>192,223</b>	<b>476</b>	<b>192,699</b>	<b>193,035</b>	<b>336</b>	<b>(7,632)</b>
Financing	<b>(192,223)</b>	<b>(476)</b>	<b>(192,699)</b>	<b>(193,035)</b>	<b>(336)</b>	101
<b>Net General Fund (Surplus) / Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(7,531)</b>

### 1. Financial results for the year

1.1. A net revenue budget deficit at outturn was recorded of £3,503,000 that requires a contribution from earmarked reserves to fund the additional expenditure incurred.

1.2. **Tables 2 and 3** at the end of this report provide detailed explanations of the service variances recorded during the year, along with Chief Officer's commentary. The primary reasons for the deficit incurred are:

- Over spends within Adult's and Children's social care services of £367,000 and £4,147,000 respectively where increased demand, increased complexity of cases, and high cost placements have been a feature during the year;
- An over spend of £881,000 within Additional learning needs specifically in relation to placement costs in independent and out of county, alongside increased transport costs following a sustained period of inflation;
- Additional costs in relation to Homelessness of £1,352,000 where the Council is unable to claim full housing benefit subsidy for those housed within temporary accommodation, and;
- Where pay awards agreed during the year were £2,050,000 above budgeted levels.
- These have been significantly offset by the receipt of unbudgeted grant, improved income, significant staff vacancies across services, higher than budgeted investment and Council tax income, and lower costs in some non-pay service areas.

- 1.3. The deficit at outturn represents a significant improvement from the position forecast at month 9, with £2,557,000 less needing to be contributed from reserves. This is primarily as a result of:
- £990,000 of additional eligible costs being financed from capital receipts under capitalisation direction;
  - £1,300,000 of additional grant funding being received or allocated to core expenditure in relation to Adult social care costs, and;
  - a net £1,738,000 improvement in service budget positions driven by additional income and staff vacancies being held.
- 1.4. The budget for 2022/23 saw £10.1m of budget pressures being accommodated, notably around the expected levels of pay; Additional learning needs demands; increasing demand and complexity of Children's care cases; increasing demands upon adult social services and; significant service pressures within the passenger transport unit and within recycling and waste.
- 1.5. It is therefore disappointing that despite accommodating the above pressures, that significant further in year service pressures have materialised during the year, with many of these pressures developing in the same key areas that have been provided additional support in the budget.
- 1.6. **Budget forecasting through the year**
- 1.7. The first budget forecast of the year carried out at the end of July 2022 saw an unprecedented forecast over spend against budget of £8.8m. The most concerning aspect was the combined speed and scale that these cost pressures had developed following a balanced budget being set just four months earlier.
- 1.8. Whilst officers rightly revisited the robustness of the budget process undertaken, what became apparent from the outset of the financial year was the immediate and significant impact that the deterioration in the wider economic environment was placing upon Council services. Record price rises on goods and services, supply chain disruption, soaring energy costs, increased interest rates, and recruitment challenges immediately placed unprecedented pressures upon the demand and cost of service delivery.
- 1.9. With the Cost of living crisis having a significant impact on our communities, there has been a growing demand for additional Council services, a reduced call on income generating services, and impacts upon debt recovery. The wider and longer lasting impact of the pandemic has continued to be felt in the areas of Homelessness, Children's services, Adult social care and Children's additional learning needs.
- 1.10. Against this backdrop, Cabinet immediately required Chief Officer's to develop a range of appropriate budget recovery measures to look to arrest the over spend position, whilst noting that the ongoing operating environment and complex external dynamics in place would severely restrict the options available.
- 1.11. To this end, the month 6 report at the end of September 2022 put forward a package of budget measures to combat what was now an updated forecast over spend of £9.15m. These measures relied upon driving service efficiencies, maximising income levels, and extending the flexible use of capital receipts to support the revenue budget. Where all of these service based measures were exhausted, the subsequent deficit was then forecast to be met from useable revenue reserves.
- 1.12. The Month 9 forecast was broadly similar to that of Month 6, with the volatility of Social care costs continuing to present the most significant ongoing risk to the final outturn position for the year.

1.13. The year-end outturn improved significantly for the reasons outlined above, namely extension of capitalisation direction, improved income and grants, and improved service outturn positions. The budget discipline which has brought about the improved service outturn position will be vitally important as we move forward into another difficult financial year.

#### 1.14. Progress against budgeted service savings

Directorate	2022/23 Budgeted Savings £000	Savings forecast £000	Delayed Savings £000	Savings Unachievable £000	% Achieved
Social Care & Health	(120)	(120)	0	0	100%
Communities & Place	(959)	(959)	0	0	100%
Resources	(300)	(300)	0	0	100%
Chief Executives Unit	(33)	(33)	0	0	100%
Corporate Costs & Levies	(717)	(717)	0	0	100%
<b>Total</b>	<b>(2,129)</b>	<b>(2,129)</b>	<b>0</b>	<b>0</b>	<b>100%</b>

1.15. Service savings totalling £2,129,000 were required as part of the original revenue budget for 2022/23 and these have been met in full during the year which is a pleasing result considering the ongoing challenges faced by services in current operating conditions. Full details of the savings can be found at **Appendix 2** to the report.

#### 1.16. Reserves

1.17. Reserves are an integral part of the Council's financial strategy and are used to create long-term budgetary stability and act as contingency against known and unknown risks. As well as being available to fund unexpected funding pressures, they enable the Council to manage organisational change without undue impact on council tax payers and can also be an important funding source to support 'invest to save' initiatives designed to reduce the ongoing cost of providing services.

1.18. Despite the replenishment of reserves over the past three financial years, balances remain at the lower end of the scale on an all-Wales comparison when comparing reserve balances as a percentage of the Council's net revenue budget.

1.19. Whilst £2,557,000 more reserves have been carried forward into 2023/24 than previously forecast, there remains only £15.47m of General revenue reserves (those that are not specific to services or schools) available over the medium term to support the Council through an uncertain budgetary period.

1.20. In isolation this could still be considered to provide a sufficient level reserve cover for a Council of Monmouthshire's size, however this needs to be considered within the context of escalating costs and service demand, below inflation funding settlements, a trend of budgetary over spends in high cost service areas, and wider economic uncertainty.

1.21. The more medium-term consequence of a reduction in earmarked reserves is that any up-front investment required to drive service transformation will likely need to be funded from the capital receipts reserve. Any such investment will therefore need to be carefully weighed against capital

investment aspirations, or, more likely, mean that future capital investment aspirations outside of the core programme will need to be met from borrowing.

1.22. It is important that any future use of reserves is made wisely and prudently if the benefits of investment are to be maximised.

### 1.23. **Capitalisation Direction**

1.24. The overall outturn position has been supported by £3,271,000 of identified eligible expenditure to be funded from capital receipts under the flexible use of capital receipts directive. These measures are intended to allow for a period of service transformation which delivers service efficiencies over the longer term. As capital receipts forecast to be generated by the Council start to diminish after 2022/23, the reliance upon this measure will need to be carefully weighed against the other pressing capital pressures and wider capital investment aspirations of the Council.

### 1.25. **Future Focus**

1.26. Demand for Council services is increasing, and the wider economic and inflationary environment continues to impact service delivery in respect of cost, volatility, supply chain disruption, and presenting continued recruitment challenges.

1.27. As we look to the new financial year, the key financial focus centres itself on closely monitoring and managing operational and financial performance, particularly in relation to the high budget risk areas of Social Care, Homelessness, and Additional Learning Needs, as well as ensuring that the service change that is required to deliver budget saving targets is successfully delivered.

1.28. In particular, the volatility of Social care costs continues to present the most significant ongoing risk to the Council as we move into the new financial year.

1.29. Arrangements have been put in place to closely manage and constrain cost wherever possible, whilst having regard to the challenging parameters that have been documented above. In the short term, in Children's services this centres itself around reviewing and planning packages of care with a view to progressing care plans using less costly arrangements, whilst in Adults services the steps in place to re-focus our internal teams to reable clients is intended to avoid the need for more costly care packages.

1.30. It is however recognised that the ability to constrain costs within such a complex operating environment and where strict statutory responsibilities are designated upon the Council is challenging when looking beyond simple value for money considerations. The detailed work to understand, manage and transform service delivery into a model that meets service needs within a reduced cost envelop will take time, and, will be subject to many interlinking external factors that are sometimes beyond the Council's immediate control and influence.

## 2. **SCHOOL BALANCES**

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 balances position based for each Educational Cluster. Individual schools balances and trends over recent years can be found at **Appendix 4**.

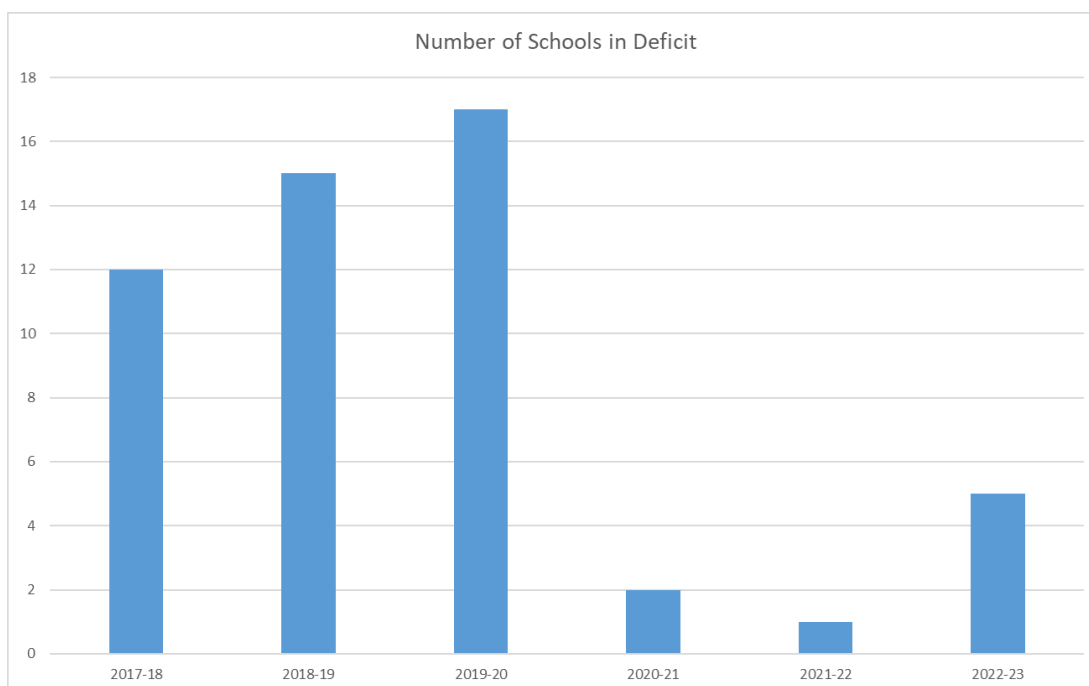
School Balances	(A) Reserve Balances at 01/04/22	(B) Draw / (Contribution) Forecast @ Month 4	(C) Draw / (Contribution) Forecast @ Month 6	(D) Draw / (Contribution) Forecast @ Month 9	(E) Draw/ (Contribution) Actual @ Outturn	(A+E) Reserve Balances at 31/03/23
	£000's	£000's	£000's	£000's	£000's	£000's
<b>Cluster</b>						
Abergavenny	(2,145)	1,181	1,272	1,237	546	(1,598)
Caldicot	(2,165)	1,570	1,284	1,204	1,014	(1,151)
Chepstow	(695)	863	899	827	584	(112)
Monmouth	(1,869)	1,425	1,353	1,211	444	(1,425)
Special	(82)	106	91	174	110	29
<b>Total</b>	<b>(6,956)</b>	<b>5,145</b>	<b>4,900</b>	<b>4,653</b>	<b>2,699</b>	<b>(4,257)</b>

- 2.2. Collective School Balances at the beginning of the financial year amounted to £6,956,114 surplus. The majority of the surplus balance brought forward into 2022/23 was 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. At Month 9, the forecast anticipated draw on reserves was £4,652,365, which would have resulted in a surplus balance of £2,303,749 at year-end.
- 2.4. Since Month 9 additional income (including EAS income, interest on school balances, Ukraine funding not included in school forecasts and a Capital grant) has been received by schools, as well as some schools not investing as planned. This has resulted in the draw on reserves being reduced to £2,698,908.
- 2.5. The Local Authority budget for 2022/23 made allowance for a pay award for school staff up to a threshold of a 3%, with any award agreed above this level to be funded from school balances. This accounts for £1.2m of the overall £2.7m draw upon school balances this year.
- 2.6. The movement of individual schools forecast to be in deficit through the year and at year-end is shown below:

Start of year	Month 4	Month 6	Month 9	Outturn
<b>Total: 1</b>	<b>Total: 7</b>	<b>Total: 8</b>	<b>Total: 9</b>	<b>Total: 5</b>
Chepstow Comprehensive	Chepstow Comprehensive	Chepstow Comprehensive	Chepstow Comprehensive	Chepstow Comprehensive
	Ysgol Y Fenni	Ysgol Y Fenni	Ysgol Y Fenni	
	Archbishop Rowan Williams (CIW)			
	Cross Ash	Cross Ash		
	Kymin View			
	Llandogo	Llandogo	Llandogo	Llandogo
	Pupil Referral Service	Pupil Referral Service	Pupil Referral Service	Pupil Referral Service
		Deri View	Deri View	
		Rogiet		

		Thornwell	Thornwell	
			Llantillio Pertholey	
			The Dell	The Dell
			Overmonnow	
				Our Lady & St Michael's RC Primary School (VA)

- 2.7. 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. Grants awarded to schools at 2020/21 and 2021/22 year-ends resulted in a large increase in overall school balances which has somewhat masked structural budget deficits across some schools.
- 2.8. The return to five schools being in a deficit balance by the end of the year is disappointing and points to structural budget deficits remaining in some cases, or a lack of planning for budgetary risks in the current economic environment. Whilst the current climate is severely challenging, school balances are designed to provide a level of financial resilience to mitigate and smooth such risks and are not expected to fund ongoing day-to-day expenditure. 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.
- 2.9. A number of schools developed grant investment plans in line with the terms and conditions of the grants received in 2020/21 and 2021/22, and balances have reduced considerably during 2022/23. With a difficult budget year ahead in 2023/24 some schools will have restricted investment plans with a view to managing budget deficits moving forward.



- 2.10. 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
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	(Surplus) / Deficit in £000's
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	(4,257)

### 3. CAPITAL BUDGET OUTTURN

Select Portfolio	Slippage B/F	Original Budget	Budget Adjustments	Slippage	Revised Budget 2022/23	Actual Outturn	Variance to Budget
	£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	3,271	621
Development Schemes Over £250k	13,873	330	6,011	(12,042)	8,173	8,330	157
Development Schemes Under £250k	605	2,360	778	(2,533)	1,216	1,098	(118)
Schools & Education	637	13,681	1,666	(6,265)	9,719	9,576	(143)
Infrastructure	1,357	5,593	1,076	(2,455)	5,765	5,719	(46)
ICT Schemes	552	882	410	(866)	979	979	0
Property Maintenance	2,686	2,190	597	(2,027)	3,447	3,013	(433)
Renovation Grants	912	900	(169)	0	1,643	1,643	0
Section 106	1,147	0	162	(828)	287	287	0
Specific Grant Funded	3,679	1,000	11,170	(6,089)	9,760	9,627	(133)
Fixed assets purchased from Revenue	0	0	150	0	150	150	0
<b>Total Expenditure</b>	<b>25,448</b>	<b>29,586</b>	<b>21,853</b>	<b>(33,098)</b>	<b>43,789</b>	<b>43,693</b>	<b>(94)</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	(5,494)	0	(28,869)	8,446	(25,917)	(25,862)	55
S106 Contributions	(1,854)	0	(149)	917	(1,086)	(1,086)	0
Unsupported Borrowing	(14,590)	(19,967)	7,671	20,864	(6,021)	(6,201)	(180)
Earmarked Reserve & Revenue Funding	(192)	0	(505)	305	(392)	(392)	0
Capital Receipts	(3,318)	(3,596)	0	2,565	(4,349)	(4,129)	220
<b>Total Financing</b>	<b>(25,448)</b>	<b>(29,586)</b>	<b>(21,853)</b>	<b>33,098</b>	<b>(43,789)</b>	<b>(43,693)</b>	<b>94</b>

3.1. **Capital budget variances** - The capital expenditure outturn shows a net under spend of £94,000 against budget, the reason for which are as follows:

Scheme Category	Scheme	Over / (Under) Spend £000's	Comment
Other schemes	Capitalisation directive	621	Identification of further revenue costs, over and above the £2.65m already budgeted, that can be categorised as enabling service transformation, and that can be legitimately funded from capital receipts under regulations.
Development Schemes Over £250k	Abergavenny borough theatre refurbishment	180	Increase over and above original construction cost projection due to unforeseen lighting costs and over-run charges from contractor. As per Cabinet report, the over spend will be financed from borrowing and the service will borrow.
Development Schemes Under £250k	Access for all schemes	(208)	Budget can be released as schemes have been progressed using other funding streams such as grants, and the forward budget allocations are sufficient to cover future needs.
Schools & Education	Various small schemes	(54)	Release of retentions on Monmouth / Caldicot Comprehensives and minor under spends on school adaptations.
Infrastructure	Highways and Public Realm	(46)	Savings due to increased grant income covering core expenditure.
Maintenance Schemes	General Property Maintenance	(433)	Budget can be released following review of forward planned works and where future budget allocation is considered sufficient.
Other schemes	Various	(154)	Primarily relating to specific grant funding schemes where variations in grant funding will offset the expenditure variance. The remainder is in relation to finalisation of numerous smaller schemes and where final costs were less than budgeted.

3.2. **Capital Slippage** - 102 capital schemes have required slippage into 2023/24 totalling £33,098,000, representing 42% of the total budget for the year. Whilst delays in progressing capital schemes can be expected due to varying external influencing factors, the large number of schemes requiring slippage, along with the explanations given by budget holders, point to more underlying issues such as unrealistic profiling of budgets and a lack of resourcing to manage the volume of schemes being planned.

3.3. **Capital receipts** – £3,415,000 more capital receipts are forecast to be available over the medium term than forecast at Month 9, following under spends within the capital programme; additional grant being secured for existing schemes, or; where capital receipts forecast over the medium have increased. Whilst positive, there remains a need for caution over committing any further receipts to either capital investment or increasing the level of capitalisation direction given the level of unbanked receipts contained within the forward projections.

Capital Receipts Outturn	Actual 31 <sup>st</sup> March 2023	Forecast 31 <sup>st</sup> March 2024	Forecast 31 <sup>st</sup> March 2025	Forecast 31 <sup>st</sup> March 2026	Forecast 31 <sup>st</sup> March 2027
	£000's	£000's	£000's	£000's	£000's
Balance as at 1st April	8,773	12,447	7,940	8,853	7,891
Capital receipts used for financing	(857)	(3,853)	(1,158)	(1,058)	(1,058)



Capital receipts used to support capitalisation direction	(3,271)	(3,008)	(508)	(508)	(508)
Capital receipts used for redundancies	0	(1,000)	0	0	0
Capital receipts received	7,802	0	0	0	0
Capital receipts forecast	0	3,354	2,579	604	104
<b>Forecast Balance 31st March</b>	<b>12,447</b>	<b>7,940</b>	<b>8,853</b>	<b>7,891</b>	<b>6,429</b>
<b>Month 9 Forecast</b>	<b>9,891</b>	<b>7,106</b>	<b>6,009</b>	<b>4,511</b>	<b>3,014</b>
<b>Increase/Decrease since Month 9</b>	<b>2,556</b>	<b>834</b>	<b>2,844</b>	<b>3,380</b>	<b>3,415</b>

**Table 2: 2022/23 Revenue budget outturn detailed**

Service Area	Original Budget 2022/23	Budget Adjustments	Revised Annual Budget	Actual Outturn	Actual (Under) / Over Spend @ Outturn	Variance since Month 9 forecast
	'000's	'000's	'000's	'000's	'000's	'000's
Adult Services	36,721	844	37,565	37,932	367	(1,245)
Children Services	18,012	21	18,033	22,180	4,147	(277)
Public Protection	1,834	(18)	1,816	1,665	(151)	(60)
SCH Support	1,235	46	1,281	1,122	(159)	(38)
<b>Social Care, Health &amp; Safeguarding</b>	<b>57,802</b>	<b>893</b>	<b>58,695</b>	<b>62,899</b>	<b>4,204</b>	<b>(1,620)</b>
Individual Schools Budget	47,775	380	48,155	48,733	578	300
Resources	1,162	(67)	1,095	979	(116)	(45)
Standards	10,053	11	10,064	10,946	882	161
<b>Children &amp; Young People</b>	<b>58,990</b>	<b>324</b>	<b>59,314</b>	<b>60,658</b>	<b>1,344</b>	<b>416</b>
Enterprise, Housing & Community Animation	2,921	135	3,056	2,817	(239)	(101)
Facilities & Fleet Management	6,552	4,182	10,734	10,030	(704)	(792)
Neighbourhood Services	11,944	(2,888)	9,056	8,954	(102)	247
Placemaking, Highways & Flood	1,765	(145)	1,620	1,120	(500)	(292)
<b>Communities &amp; Place</b>	<b>23,182</b>	<b>1,284</b>	<b>24,466</b>	<b>22,921</b>	<b>(1,545)</b>	<b>(938)</b>
Countryside & Culture	1,101	91	1,192	1,130	(62)	(56)
Finance & Business Development	2,262	18	2,280	2,048	(232)	(191)
Leisure, Youth & Outdoor Adventure	1,067	326	1,393	1,311	(82)	(380)
<b>MonLife</b>	<b>4,430</b>	<b>435</b>	<b>4,865</b>	<b>4,489</b>	<b>(376)</b>	<b>(627)</b>
Policy, Scrutiny & Customer Service	3,155	(1,306)	1,849	1,558	(291)	(66)
<b>Chief Executives</b>	<b>3,155</b>	<b>(1,306)</b>	<b>1,849</b>	<b>1,558</b>	<b>(291)</b>	<b>(66)</b>
Communications	239	7	246	262	16	(6)

Democratic Services	1,547	168	1,715	1,791	76	54
Emergency Planning	158	30	188	198	10	(9)
Legal and Land Charges	963	31	994	981	(13)	(26)
People	1,756	87	1,843	1,647	(196)	(197)
<b>People &amp; Governance</b>	<b>4,663</b>	<b>323</b>	<b>4,986</b>	<b>4,879</b>	<b>(107)</b>	<b>(184)</b>
Commercial, Corporate & landlord Services	1,521	507	2,028	1,738	(290)	41
Finance	2,659	450	3,109	3,836	727	(51)
Future Monmouthshire	4	1	5	0	(5)	0
Corporate Health & Safety	76	0	76	21	(55)	(10)
Information Communication Technology	2,882	(7)	2,875	2,790	(85)	22
<b>Resources</b>	<b>7,142</b>	<b>951</b>	<b>8,093</b>	<b>8,385</b>	<b>292</b>	<b>2</b>
Precepts & Levies	22,319	312	22,631	22,630	(1)	0
Coroner's	171	0	171	171	0	1
Archives	196	0	196	196	0	0
Corporate Management	385	16	401	132	(269)	(184)
Non-Distributed Costs (NDC)	651	(88)	563	328	(235)	(250)
Strategic Initiatives	866	(2,916)	(2,050)	0	2,050	1
Insurance	1,619	0	1,619	1,055	(564)	(463)
<b>Corporate Costs &amp; Levies</b>	<b>26,207</b>	<b>(2,676)</b>	<b>23,531</b>	<b>24,512</b>	<b>981</b>	<b>(895)</b>
<b>Net Cost of Services</b>	<b>185,571</b>	<b>228</b>	<b>185,799</b>	<b>190,301</b>	<b>4,502</b>	<b>(3,912)</b>
Capital Expenditure Financing	0	76	76	76	0	0
Interest & Investment Income	(100)	0	(100)	(1,049)	(949)	(247)
Interest Payable & Similar Charges	3,956	0	3,956	4,748	792	163
Charges Required under Regulation	6,714	0	6,714	6,664	(50)	(3)
Other Investment Income	0	0	0	(7)	(7)	(6)
Borrowing Cost Recoupment	(3,520)	0	(3,520)	(3,969)	(449)	(124)
Contributions to Reserves (Budgeted)	188	1,447	1,635	1,635	0	0
Contributions from reserves (Budgeted)	(586)	(1,275)	(1,861)	(1,861)	0	0
<b>Treasury &amp; Reserves</b>	<b>6,652</b>	<b>248</b>	<b>6,900</b>	<b>6,237</b>	<b>(663)</b>	<b>(217)</b>
Contributions from reserves (Unbudgeted)	0	0	0	(3,503)	(3,503)	(3,503)
<b>Expenditure to be Financed</b>	<b>192,223</b>	<b>476</b>	<b>192,699</b>	<b>193,035</b>	<b>336</b>	<b>(7,632)</b>
General Government Grants	(77,524)	0	(77,524)	(77,524)	0	0
Non-Domestic Rates	(34,753)	0	(34,753)	(34,753)	0	0
Council tax	(87,309)	(476)	(87,785)	(87,886)	(101)	90
Council Tax Benefit Support	7,363	0	7,363	7,129	(234)	11
<b>Financing</b>	<b>(192,223)</b>	<b>(476)</b>	<b>(192,699)</b>	<b>(193,035)</b>	<b>(336)</b>	<b>101</b>

Net General Fund (Surplus) / Deficit	0	0	0	0	0	(7,531)
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**Table 3: Detailed service variance commentary**

SOCIAL CARE, HEALTH & SAFEGUARDING	Month 2	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	5,056	5,664	5,799	4,204

### CHIEF OFFICER COMMENTARY

The directorate has seen on-going demand pressures across all services caused by a number of inter-related factors. Children's Services represents a considerable financial risk to the authority with an overspend position of £4.147m. The majority of this overspend has resulted from the statutory requirement to safeguard and protect children who need to be looked after, often at very high cost. The service continues in its efforts to recruit in-house foster carers, develop in-house residential options, support family placements, and implement services aimed at supporting children who are at risk to remain safely within their own homes and communities.

Within adult services whist we have been able to reduce care at home waiting lists, winter pressures and the opening-up of care provision post-COVID has also seen an increase in care home placements with a resultant impact on the budget. The service has put in additional oversight measures, is undertaking service reviews and supporting a renewed emphasis on enabling approaches to practice to ensure that limited resources are used to the best effect. Even though a good end of year result for Adults, the use of grant funding and one off end of year additional funding such as RIF does mask the on going financial challenges facing Adult Services.

The £1.5m variance in outturn was the result of last minute WG grants and the application of RIF slippage funding. The overall directorate budget benefits currently from £1mil social care workforce grant and £2.3m of RIF money supporting core services.

### Adult Services

Outturn Forecast	Month 2	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	1,703	1,548	1,612	367

Demand for services within adult care have remained on an upward trajectory over the year with increased waiting lists for social work and occupational therapy, the ageing demographic, together, with the on-going impact of the COVID pandemic and other respiratory viruses. Winter saw additional pressures on hospitals and the need to support timely hospital discharge and an emphasis to support people to remain within their own homes where possible. This has resulted in a number of costly packages of care and an increase in care home placements. At the same time the service has reduced its waiting list for care at home hours with a flow through impact on the budget.

The outturn overspend position of £367,000 saw a £1,245,000 variance since month 9 with the service benefitting from last minute RIF money (from project and winter planning slippage).

The service currently benefits from a £1m Social Care Workforce Grant.

### Children's Services

Outturn Forecast	Month 2	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	3,519	4,399	4,423	4,147

The overspend position within Children's Services is largely the result of the increased demand and very high cost placements for children who are looked after. Although the overall number of children who are looked after has remained stable for the last 3 years, showing a slight reduction, the children leaving care have tended to be those in lower cost placements. At the same time there are insufficient in-house foster placements for children entering the care system, resulting in an over-reliance on the need to purchase placements from the independent sector, at higher cost. Bespoke, solo placements for 3 young people have also been required this year, in one particular situation necessitating the deployment of agency staff, at considerable financial cost.

The workforce position within children's services remains challenging, with increasing demand pressures across the board. Within child protection in particular, the service remains reliant on employing agency workers with a resultant impact on the budget.

The service benefitted this year from £1m additional grant funding to support the development of services to support the eliminate agenda.

### Public Protection

Outturn Forecast	Month 2	Month 6	Month 9	Outturn
Deficit / (Surplus) £'s	(61)	(163)	(135)	(151)

Savings from staff vacancies.

### SCH Support

Outturn Forecast	Month 2	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(105)	(120)	(121)	(159)

Vacant posts within the Finance team.

CHILDREN & YOUNG PEOPLE DIRECTORATE	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	741	732	927	1,344

### CHIEF OFFICER COMMENTARY

The Directorate's outturn position is an overspend of £1.3m, which is an increase of £416k on the Month 9 forecast. This is mainly due to an increase in ALN Transport costs, with previous forecasts under estimating final cost levels.

### Individual Schools Budget

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	175	222	278	578

The remaining ISB overspend of £578k is due to the following, which was not included in the budget:-

- The 1.25% increase in NI finished at the end of November, so funding was reduced in the ISB Budget, but we were unable to claw this back from schools (£120k)
- Backfill costs for a Headteacher secondment (£55k)
- 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 budget. 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)
- back pay for staff (£26k)
- legal costs (£17k)
- A 21-22 invoice from Gwent Music, which had not previously been provided for (£131k)
- ILW recharge from SRS, which was not expected in 22-23 (£69k)
- Post-16 Transport cost (£57k)
- PRU Borrowing Charge (£39k)
- Offset by: Staff cost savings for the EST Team, as agreed at Month 6 through CYP Recovery Plan (-£122k)

## Resources

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	32	11	(71)	(116)

There have been savings of £45k since Month 9, due to the following:-

- £10k charge for YGG Transport was not incurred
- £6k Missing Person's cost was not incurred, as the person in the role left
- £20k income released for ALN New Systems Funding
- £10k saving re Premature Retirement Compensation, as pension contributions were less than expected

The remaining Resources underspend of £71k is mainly due to the following:-

- -£89k was released as part of the recovery plan agreed at Month 6
- Pay Award costs of £14k

## Standards

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	533	499	720	881

- ALN – Recoupment (£171k)

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. With the recent changes in the ALN formula for schools, some of the out of county recoupment was delegated to schools to support pupils.

- ALN – Independent and out of county (£145k)

New pupil placements at Independent Schools and out of county schools.

- ALN Transport - all operators have been given a % increase due to rising fuel costs and contract negotiations have seen significant uplifts in costs (£633k)
- ALN Admin Service - Staff costs due to the expansion of Pembroke SNRB and Deri View SNRB/Virtual School (£56k)
- Reduction in income for Early Years, as was not able to bid for a grant as expected (£25k)
- Breakfast Club - increase in staff and catering costs (£65k)

The above overspend has been partly offset with:

- Grant funding being released to fund staff costs (-£194k)
- Capital Grant able to fund ALN equipment (-£23k)

COMMUNITIES & PLACE DIRECTORATE	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	616	758	(607)	(1,545)

## CHIEF OFFICER COMMENTARY

The Communities and Place Directorate delivered an outturn position of £1.544m surplus at year end. This is an improved position since Month 9 and the details of these changes are provided within the next sections of this report.

Many service areas have been successful in securing grant funding which has enabled us to passport core costs to grant funding activity. Since month 9, a number of service areas have been able to report a significantly improved position as income has been higher than anticipated, grant funding has increased or has been provided beyond what was anticipated and costs have been managed where possible following budget recovery action.

The impact of inflation can be seen across a number of service areas and within these areas that are sensitive to inflationary pressures adverse variances continue to present.

## Enterprise, Housing & Community Animation

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	337	283	(137)	(238)

Enterprise & Community Animation has under spent by £238k in 22-23, this is mainly due to:

- **Enterprise Mgt** - £21k over spent – Due to an increase in staff costs over and above available budget and an increase in contribution to City Deal.
- **Housing** - £96k under spent, this can be broken down into these main areas: -
  - **Homelessness** – £137k under spent – Total spend on B&B accommodation for 22-23 was £2.481m (a £48k increase from Month 9 projection) and an additional £893k (up £29k M9) on ancillary spend including security and damage repairs in our hostels and leased accommodation. This cost has been offset by pre-paid Covid-19 grant (£760k), Housing Prevention grant (£1.008m) and Housing Benefit (£1.743m) creating an underspend against budget of £137k. The underspend will be used to offset the overspend in our

Revenues budget (currently £1.177m) within the Resources Directorate caused by the Housing Benefit subsidy cap on B&B accommodation.

- **Shared Housing & Private Leasing** – £10k over spent – mainly due to an increase in rent arrears, the impact of which we cannot accurately quantify until year end. We have also seen an increase in damage repair costs, but these have been offset by a WG grant.
- **Strategic Services & Renovation Grants** – net £30k over spent – Mainly due to additional software and subscription costs in strategic services and increased administration costs for renovation grants.
- **Sewage Treatment Plants** - £19k over spent – unbudgeted costs associated with emptying the plants whilst the replacement infrastructure is being implemented.
- **Careline** - £26k under spent – savings in equipment spend and improved turnover.
- **Business Growth & Enterprise** – £194k under spent – mainly as a result of staff savings in the Strategic Operations Team as vacant posts were only filled part way through the year and in Youth Enterprise where we were able to cover core office costs with grant funding.
- **Community & P/Ships development** – £17k under spend - savings resulting from the ability to passport staff costs to UKG Ukraine funding and software spend not being as high as originally projected have been part offset by the additional running costs of the Together Works scheme.

The improved outturn position from Month 9 of £147k is mainly due to :-

- (£116k) improvement in Youth Enterprise as core costs were covered by grant, the level of which could not be quantified at Month 9.
- (£32k) net improvement in Housing services that was not projected at Month 9.

## Facilities & Fleet Management

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / <b>(Surplus)</b> £'000s	511	564	88	<b>(704)</b>

Facilities & Fleet management have under spent by £542k at outturn, due to -

- **Schools Catering** – £392k under spent – the service budget has benefited in 22-23 from £188k of admin support grant funding (FSM holiday meals £94k, UFSM admin support £94k), and notification of £162k grant to support UFSM implementation, both of which have helped offset core service costs. The remaining £42k underspend is mainly due to: 1) a reduction in staffing cost as recruitment has been slower than expected and 2) paid meal uptake was better than expected at year end.
- **Passenger Transport** – £102k under spent :-
  - **Operations** – £73k over spent – inflation has impacted the services during the year resulting in increased running costs and contractor hand-backs meaning costs exceeded available budgets by £334k – this has been partially covered by BES funding and private hire income. The £217k improvement since month 9 is mainly due to additional BES income and improved hire income that was unknown in December.
  - **Transport Planning** – £176k under spent – is due to increased grant funding to help subsidise public transport costs, the amount of funding was not known until later in the year and is the reason for the variance from month 9.
- **Regional Transport Team** - £50k under spent – core costs have been covered by additional BSSG grant, this was not known at Month 9.
- **Car Salary Sacrifice Scheme** – £12k over spent - 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** - £185k over spent – the service has been heavily impacted by inflationary increases this year, particularly in fuel, spare parts and hire vehicle costs - this has made it difficult to accurately predict spend for the year and is the main reason for the £105k increase

since M9. In addition, employee costs have increased due to a regrading of part of the workforce as a consequence of a job evaluation exercise.

- **Building Cleaning & Public Conveniences (PCs)** - £118k under spent – under spend is mainly found in Building cleaning (£105k) due to improved turnover and reduced supplies and services spend. Public Conveniences has under spent by £13k due to a reduction in business rates.
- **Decarbonisation** - £240k under spent – due to improved income from our Solar Farm and PV installations caused by the increased market rates for energy (£213k) and staff savings within the de-carb team of £27k due to the delayed recruitment of an Energy Officer post to help with in-year budget recovery.

The improved outturn position from Month 9 of £629k is mainly due to :-

- (£229k) improvement in Schools catering due to FSM grant and improved meal uptake not factored in at M9.
- (£443k) improvement in PTU due to unknown BES/BSSG grant and improved hire figures.
- (£38k) improvement in decarbonisation as Solar Farm income further exceeded month 9 projections.
- (£23k) improvement in cleaning due to material costs not coming in as high as projected.
- +£105k increase in overspend in Fleet maintenance due to unknown impact of inflationary increases.

### Neighbourhood Services

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(227)	(164)	(349)	(102)

Neighbourhood Services has under spent by £102k, this is due to-

- **Highways, SWTRA & Streetlighting** – £129k under spent :-
  - Street Lighting - £202k under spent due to energy underspends of £127k, staff savings of £2k and a £69k saving in maintenance as we were able to move qualifying revenue spend to available capital budget as part of the authority's budget recovery plan.
  - Highways Operations - £66k over spent – the effect of inflation has impacted on material costs, we were hoping to contain this within budget but the cost of our winter maintenance service was higher than expected pushing the section into an overspend.
  - SWTRA & External Clients - £6k over spent – mainly due to an overspend in Wonastow pumping station where maintenance costs exceeded available budget.
- **Waste & Street Scene** - £26k over spent – Grounds Maintenance has under spent by £105k due to increased income but this has been offset by an overspend in Waste of £133k due to shortfalls in Trade Waste and Green Waste income £86k and the effect of inflation on supplies & services.

The reduction in underspend between outturn and month 9 of £247k is mainly down to :-

- +£66k increase in Highways Ops due to Winter maintenance overspend and inflation impacts not known at M9.
- +£133k increase in Waste services as a result of Trade and green Waste income reduction and inflation increases, both not known at M9.
- +£41k increase in Grounds maintenance due to a reduction in projected turnover and unbudgeted building rates cost, both of these were not known in December.

### Placemaking, Highways & Flood

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(5)	76	(208)	(500)



Placemaking, Highways & Flood has under spent by £500k, this is as a result of -

- **Planning & Building Control** – £36k over spent – inability to make staff vacancy savings in Planning (£21k), hardware and software costs to update microfiche system
- **Planning Policy & LDP** – £192k under spent – mainly due to the delays in the progression of the LDP resulting in in-year expenditure not happening as planned (£139k), in addition we have seen staff savings of £36k due to a retirement and vacant post and increased Pre-Planning income of £17k received between Jan and March.
- **Car Parks & Civil Parking Enforcement** - £172k over spent – shortfall in parking enforcement fine income of £79k coupled with over spends in expenditure primarily in transport, premises and software costs of £92k.
- **Highways management & flooding** - £518k under spent – income has exceeded budget on Road closure income, Fixed Penalty Notices and SAB recharges and core service costs have been covered by a WG flooding grant. In addition, some in-year costs were able to be funded by our capital programme which reduced our maintenance spend. We have also seen savings in staffing due to a number of vacancies across the department, with recruitment frozen as part of corporate budget recovery plan.

The improvement in outturn from Month 9 of £292k can be attributed to the following :-

- (£50k) improvement due to software costs in planning and car parks being funded by capitalisation direction.
- (£77k) improvement in LDP as spend hasn't materialised as planned due to delay in LDP.
- (£93k) improvement in Highways development & flooding due to income exceeding month 9 projections.
- (£65k) improvement in car parks as ticket income between Jan and March was more than month 9 estimates.

MONLIFE DIRECTORATE	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	479	462	251	(376)

## CHIEF OFFICER COMMENTARY

The Monlife directorate has underspent by £376k, an improved position of £566k. The three main reasons for this variance are increased income from our leisure facilities (166k) and outdoor adventure (94k), additional grants (£73k) and increased opportunities within the capitalisation directive (£237k).

MonLife have seen significant improvements month on month since completing deep dives and introducing various targeted campaigns in both leisure and outdoor adventure with a fantastic annual memberships campaign, winter residential offer and continued growth within our re-engage program at Gilwern all contributing to the favourable outturn position.

### (Monlife) Countryside & Culture

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(3)	(5)	(6)	(62)

Countryside & Culture has under spent by £62k which has resulted from increased one off grant income of 30k and higher than anticipated staff costs recovery from grants and specific project delivery.

### (Monlife) Finance & Business Development

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
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<b>Deficit / (Surplus) £'000s</b>	14	(8)	(41)	(232)
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Finance & Business Development has under spent by £232k. The variance from month 9 to outturn relates additional capitalisation directive, vacant posts remaining vacant through to year end, along with increase project management recovery from our grants as agreed in the budget recovery plan (£43k).

### **(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	475	298	(82)

Leisure, Youth & Outdoor Adventure has under spent by £82k, this is mainly due to: -

**Leisure Services and Sport Development** - £107K underspend mainly due to further growth in memberships, the sections monthly membership Direct Debit has grown from £166k in October 2022 peaking at £186k in April 2023 having grown significantly and consistently over the past 12 months now exceeding pre pandemic levels. We continue to work hard with teams looking at targeted campaigns and service offers to ensure continued growth.

**Youth & Education** - £25k overspend mainly due to: -

Outdoor Adventure Service - £25k overspend, a favourable variance from month 9 to outturn of £94k. An excellent winter campaign saw an increase in residential uptake along with a growth in our re-engage program allowed the section to maximise the full potential of the site providing a wide range of service offers. Post pandemic confidence is growing and we are seeing a return of schools both internal and externally, this trend looks to continue into early 23-24.

<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	(288)	(225)	(291)

### **CHIEF OFFICER COMMENTARY**

The directorate has under spent by £291k for the year and is achieved by a number of posts being held vacant across the department to help contribute to the in-year budget recovery. It is also aided by some core staffing costs being funded by grant contributions from other agencies. This is not a sustainable long-term position and is dependent on key staff working above and beyond their contracted hours. The position is also inflated by the continued delay in purchasing a new telephony system until October 2023 to replace the current end-of-life solution.

The improvement since Month 9 is largely due to system costs reducing, building rates savings and some core spend being covered by grant.

### **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	(288)	(225)	(291)

Policy, Scrutiny & Customer Experience has under spent by £291k, the outturn position is made up of a number of under and over spends across the directorate with the main variances being :-

- **Partnerships Mgmt & Health and Wellbeing** - £34k under spent – staff saving due to the ability to fund core staff costs from a WHO grant resulting in an employee under spend.
- **Contact Centre** - £43k under spent – overspends in staffing due to maternity cover and vacancy factor shortfall have been offset by savings due to the delay in the implementation of a new telephony system.
- **Equalities & Welsh Language** - £26k under spent – mainly due to staff savings from a delay in employing the new Welsh language officer and Equalities post which has been partially offset by an over spend on external translation costs due to demand increases.
- **GIS Project** - £45k under spent – Mainly due to employee savings as we are able to passport core staff time spent on digital innovation to capitalisation directive.
- **Performance & Data** - £42k underspent – due to savings in employee costs as we are able to move officer cost for time spent on Ukraine support against UKG grant funding and posts were held vacant to aid budget recovery.
- **Community Hubs & Libraries** - £41k underspent – due to employee savings as core staff costs have been covered by the UKG Ukraine grant part offset by a reduction in income as budget is unachievable since the removal of fines in our libraries.
- **Community Education** - £61k under spent – mainly due to core service costs being covered by zero carbon and digital grants and an underspend in rates.
- **Corporate Services** - £15k under spent – staffing savings as officer time could be recharged to Ukraine funding.
- **Complaints** - £5k under spent – investigation costs have been reallocated to Children’s services.
- **Ukraine Grant** – Break-even

Offset by over spends in :-

- **Levies, Subscriptions & Donations** - £15k over spent – this is due to an overspend on membership subscriptions to external bodies such as the WLGA and LGA.
- **Scrutiny** - £4k over spent – this is due to staff costs exceeding available budget.

The £66k improvement in under spend from month 9 is mainly due to :-

- (£23k) improvement in contact centre as system costs less than projected at M9.
- (£32k) improvement in Community Education as the size of the building rates saving and grant cover was not known at M9.

<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>	<b>0</b>	<b>28</b>	<b>79</b>	<b>(107)</b>

## **CHIEF OFFICER COMMENTARY**

People & Governance has under spent by £106k in 22-23 following budget recovery action being undertaken wherever possible. A hold on recruitment and important systems implementation is being undertaken to derive efficiencies in the next financial year and improve whole authority efficiency.

The improvement from the month 9 forecast is due to a £176k improvement in People where system implementation costs have been met from capitalisation directive and additional staff savings. There has been a £22k improvement in Training as turnover exceeded month 9 projections and grant funding was able to cover core costs. This was offset by increased costs in elections and member services.

<b>Communications</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>	26	35	22	16
<ul style="list-style-type: none"> <li>• <b>Communications</b> - £16k overspent - 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.</li> </ul>				
<b>Democratic Services</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>	21	22	22	76
Democratic Services has over spent by £76k, this is due to -				
<ul style="list-style-type: none"> <li>• <b>Members Costs</b> - £61k over spent – this is mainly as a result of an overspend on member remuneration where salaries have exceeded available budget, in addition the mileage claim budget has over spent – the budget was reduced post pandemic to reflect an anticipated reduction in claims due to more online meeting attendance, this didn't happen in 22-23, member attendance has been higher than in previous years, some of this is as a result of attendance at County Hall for training and induction courses.</li> <li>• <b>Elections &amp; Committee Section</b> - £15k over spent – outturn is made up of a number of variances across the department with the main reasons being an overspend on core staff costs due to post re-gradings and the costs associated with an unscheduled by-election.</li> </ul>				
Outturn is £54k more over spent than reported at Month 9, mainly due to :-				
<ul style="list-style-type: none"> <li>• +£15k increase in Elections due to the cost of the unplanned by-election and the impact of staff re-gradings not being fully known at M9.</li> <li>• +£39k increase in members services as the increase in salaries and mileage was not known until after December.</li> </ul>				
<b>Emergency Planning</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'s</b>	0	24	19	10
<ul style="list-style-type: none"> <li>• <b>Emergency Planning</b> - £10k over spent – Mainly due to duty officer standby costs exceeding available budget.</li> </ul>				
<b>Legal and Land Charges</b>				
<b>Outturn Forecast</b>	<b>Month 4</b>	<b>Month 6</b>	<b>Month 9</b>	<b>Outturn</b>
<b>Deficit / (Surplus) £'s</b>	(7)	(7)	12	(13)
<ul style="list-style-type: none"> <li>• <b>Land Charges</b> - £19k under spent – this is as a result of improved search income and savings from a vacant post and reduced supplies &amp; services.</li> <li>• <b>Legal Services</b> - £6k over spent – due to increases in legal costs and systems &amp; software contracts (£27k), potential under recovery of fee income (£38k) offset by under spends in staffing due to delays in recruiting posts (£39k).</li> </ul>				
<b>People</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>	(39)	(46)	2	(196)
People Services has under spent by £196k, due to :-				
<ul style="list-style-type: none"> <li>• <b>People Services</b> – net £134k under spent – mainly as result of under spends in staffing across the department, we have seen savings as a result of a senior post retirement that will not be filled along with savings generated by the delay in filling posts when a staff member leaves. In addition we are seeing a £11k saving in Occupational Health due to a reduction in demand. The</li> </ul>				

improvement in position since Month 9 is due to the decision to fund the implementation of the new Thingi and E-Recruitment systems from capital.

- **Organisational Development** – £1k over spent – mainly due to inability to achieve staff vacancy saving.
- **Corporate Training** – £33k under spent – turnover has come in higher than projected at month 9 and we have seen reduced employee costs due to staff retirement and maternity leave, in addition core costs within the Kick Start scheme have been covered by grant funding.

The outturn position is a £198k improvement from Month 9 and is mainly due to :-

- (£176k) improvement in People mainly due to the movement of system costs into capital and additional staff savings, these were not known at M9.
- (£22k) improvement in Training as turnover exceeded M9 projections and grant funding was able to cover core costs.

RESOURCES DIRECTORATE	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	756	608	290	292

## CHIEF OFFICER COMMENTARY

The most significant factor driving the over spend for the year 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 and has been covered by additional grant funding, the shortfall in housing benefit subsidy claimable on temporary accommodation of £1.352m is a significant additional cost to the Resources directorate. The Council is currently engaging in alternative housing options that will provide for a more permanent and lower cost solution.

There are significant offsetting under spends within the directorate as a result of targeted budget recovery action, and 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 now actively ongoing to rectify this with posts starting to be filled.

Additional grant funding secured has covered core costs within revenues and landlord services and qualifying property services costs have been met from the capital budget.

## Finance

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	748	871	779	728

Finance has over spent by £728k, this is mainly due to -

- **Revenues** - £1.072m over spend, this is due in the main to –
  - **Housing Benefits** - £1.177 over spent - The over spend is due to £1.352m emergency homeless B&B placement costs, for which we were unable to claim full housing benefit subsidy. These were offset by savings of £175,000: - £110,000 was Welsh Government administration funding for the household fuel support scheme, a £36k saving against the DHP budget as we prioritised the use of grant funding and a £29k saving against bad debt and service running costs. The £60k improvement since month 9 reflects a general reduction in Housing Benefit Subsidy and homeless costs.
  - **Council Tax** - £50k over spent – The outturn position is a combination of budget pressures and savings. Summons income was £65,000 lower than budget, as the number of court proceedings undertaken remained below pre pandemic levels. There was also a

budget pressure of £23,000, as budget was vired to finance as part of a restructure. However these were partially offset by £22,000 managed non pay savings and £16,000 Welsh Government administration funding for the Retail Relief Scheme. The £6,000 improvement since month 9 is a combination of factors, mostly attributable to non-pay budget savings.

- **Debtors and Charity relief** - £220k under spent – under spend due to a £126,000 saving, as money set aside for a business rate scheme was not utilised in 22-23 and £88,000 Welsh Government administration grant funding (net of expenditure) for the various grant support schemes that the council have administered on their behalf. In addition, there is a £3k underspend in debtors which reflects reduced printing and postage costs as we continue to send more invoices/correspondence by email, although they weren't quite as much as was originally anticipated.
- **Finance** - £133k under spent – Savings from staff vacancies.
- **Audit** - £84k under spent – No change from M9, due to staff vacancies including decision to freeze recruitment of 1 post as part of budget recovery plan.
- **Systems & Cashiers** – £63k under spent – due to-
  - **Cashiers** - £6k under spent - the delay in fully implementing the decision to remove cheques meant we were unable to achieve the £20,000 staff saving that was carried over in the budget from 2020/21. This pressure was however offset by in year staff vacancies and reduced Security Carrier collection costs. The £9k movement since month 9 is due to a budget adjustment for reserve funding.
  - **Systems** - £57k under spent - The underspend is made up of £17,000 savings due to in year vacancies, a £28,000 saving against the system programme budget as some project work has been deferred into 2023/24 and £12,000 additional income received for purchase card rebates and recharges. The increase in the under spend since month 9 reflects additional recharges for officer's time spent administering payments for Ukrainian refugees.

### Future Monmouthshire

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(5)	(5)	(5)	(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)	(59)	(108)	(86)

ICT has underspent by £86k at year end, this is due to-

- **Digital Programme Office** - £26k under spent – due to staff savings (£6k) and a managed reduction in equipment spend (£20k) as part of budget recovery plan.
- **Shared Resource Service** - £23k under spent – actual contribution for 22-23 was lower than available budget.
- **Digital Design & Innovation** - £28k under spent - savings in staffing where a post was replaced at a lower grade.
- **Cyber Security** - £21k under spent - staff savings as a post was only filled in May and savings on supplies & services.

- **Mobile Telephony** - £13k over spent – mainly due to increased equipment costs.

### Commercial & Corporate Landlord

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	71	(197)	(331)	(290)

Commercial & Corporate Landlord has under spent by £290k, due to:-

- **Investment Properties** - £269k over spent, due to:-
  - **Newport Leisure Park** - £110k over spent – NLP has returned a £2k surplus after repayment of debt this is £110k below our budgeted target. The swing from month 9 to outturn relates to a bad debt provision for a tenant who has gone into administration. We have since re-let this unit and another vacant unit which will provide a considerable increase income in next financial year.
  - **Castlegate Business Park** - £159k over spent – Castlegate has significantly improved its position securing rentals of 3 vacant units this year, which has considerably reduced our landlord liabilities, the variance from month 9 to outturn relates to higher than anticipated energy cost. The rent-free period which forms part of any new rental agreement means that the section has fallen short of its income targets. The rent free period is now complete and in 23-24 will see a full year of rental income increasing the income generated next year by £134k.
- **Landlord Services** - £321k under spent – mainly due to improved income as a result of the recovery of the rental of Innovation House from the Ukrainian Grant Fund (£172k). The department also has a number of vacant posts that has meant employee costs have come in under budget. Since M9 we have also seen a reduction in projected materials and fees and is the main reason for the £47k improvement from M9.
- **Cemeteries** - £92k under spent – Outturn is showing an improved position from month 9 of £58k as income has continued to exceed projections, this also includes a £15k child burial grant that was not known at month 9.
- **County Farms** - £53k over spent – income is down due to a number of empty farms, but this has been part offset by late windfall grant income, we have also seen increases in utilities and rates that were not factored in at M9 and is the reason for the £41k increase in overspend.
- **Industrial Units** - £20k under spent – due to improved rental income as a result of a number of new lettings.
- **Markets** - £110k over spent. The impact of Covid 19 reduced the number of traders which in turn effected income generation. We have also seen a net increase in costs mainly due to an uplift in waste disposal costs. Since the implementation of the new layout at Abergavenny market we have seen a small improvement in rents and is the reason for the £17k improvement from M9.
- **Property Services** – £266k under spent – due to a managed underspend in Corporate Building Maintenance as part of the authority budget recovery plan resulting in the passporting of £320k of qualifying spend from revenue to available capital funding. In addition, there was a £36k underspend due to staff vacancies and improved fee income offset by a net budget pressure of £90k in accommodation, mainly due to unfunded borrowing costs relating to the refurbishment of J Block and an increase in cleaning spend as post Covid-19 requirements have increased costs above available budget.

CORPORATE COSTS & LEVIES DIRECTORATE	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	1,918	1,896	1,889	981

<b>Corporate Management</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>	(2)	(37)	(84)	(269)
<p>The Crematorium dividend was higher than expected by £37k, and business rate refunds that are non-service specific have been received (£170k). Other smaller items of Corporate income such as income write offs and creditor refunds make up the remaining variance.</p>				
<b>Non-Distributed Costs</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>	0	0	15	(235)
<p>Pension strain costs associated with early retirements as part of service restructuring proposals have been capitalised which accounts for the variance since month 9.</p>				
<b>Strategic Initiatives</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>	2,017	2,017	2,049	2,050
<p>The agreed pay award offer of £1,925 for non-teaching staff during 2022/23 has resulted in a pressure of £2.050m for the authority. The overall cost of pay awards are accurately shown within the various service forecasts throughout this report, however a corresponding budget has also been transferred from the Corporate section to services to reflect the pressure over and above the budgeted pay award. This ensures that services are fully funded for the additional pressure and ensures future budgets accurately reflect the expected pay bill.</p>				
<b>Insurance</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>	(95)	(84)	(91)	(565)
<p>The Council has been out to tender for its insurance cover which resulted in premiums payable for 2022/23 being less than anticipated and reflective of a very competitive insurance market (£190k). Self-insured costs came in £121k less than budgeted following lower claims costs. The provision for outstanding claims costs has reduced year on year by £229k, reflective of our insurers updated estimate of expected costs falling upon the Council.</p>				
<b>TREASURY &amp; 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>	(225)	(250)	(446)	(663)
<b>Interest &amp; Investment Income</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>	(241)	(550)	(702)	(949)
<p>Interest income has progressively improved during the year in line with increased UKG base rates and higher than expected cash balances due to capital slippage and increased grants.</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>	191	672	629	792
<p>Conversely to interest income, payable has also increased sharply in line with interest rate rises. The Council has been somewhat sheltered from these rises during 2022/23 due to fixed loans in place and capital slippage reducing the need for cash.</p>				



### Charges Required Under Regulation

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(51)	(47)	(47)	(50)

This budget covers the statutory amount the Council is obliged to set aside to fund future loan principal repayments and the outturn as slightly lower than the £6.7m budget due to slippage in the 2021/22 capital programme that was funded from borrowing (set aside starts the year after the corresponding expenditure).

### Borrowing Cost Recoupment

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(325)	(325)	(325)	(449)

This budget represents a technical accounting adjustment where 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.

### Contributions to / from Reserves

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	200	0	0	(3,503)

To finance the end of year revenue budget deficit.

FINANCING DIRECTORATE	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(542)	(504)	(437)	(336)

### Council Tax Benefit Support

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(222)	(204)	(245)	(234)

The number of awards made continued to fluctuate through to year end. Caseload activity has largely returned to normal and is currently below pre pandemic levels.

### Council Tax

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(320)	(300)	(192)	(102)

Generally, the tax base remained strong during the year. However the upward trend, noted earlier in the year, of an increase in discounts awarded, continued through to year end. Hence the reduction in the final surplus generated.

### General Government Grants

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

Income received to budget.

