

Performance & Overview Scrutiny 10th February 2026

1. Apologies for Absence

Jill Bond, Su McConnel as substitute. Clare Werrett.

2. Declarations of Interest

None.

3. Public Open Forum

None.

4. Financial Update – To scrutinise the budgetary position (revenue and capital) for services falling within the committee's remit.

Cabinet Member Ben Callard introduced the report and answered the members' questions with Jonathan Davies, Jane Rodgers, Tyrone Stokes, Will McLean, Craig O'Connor and Peter Davies:

What is the timetable for the recovery plans for the three largest deficit schools and how will progress be monitored?

The recovery period is expected to be 8-10 years, aiming for incremental change to avoid drastic impacts. The Council is working closely with the schools, focusing on sustained surplus periods to recover deficits. Responsibility for school budgets lies with governing bodies, and the Council is supporting restructuring and increasing funding.

Are there any opportunities to reduce the reliance on external legal spend in children's services, or is this largely unavoidable? Is there a link to the £332,000 reduction from Welsh Government?

The increase in external legal fees is due to specific complex cases requiring external barristers, which is unavoidable and expected to be one-off. Some pressure will remain, and additional costs are included in next year's budget proposals. The reduction in the Welsh Government family support grant is not connected to the overspend in legal services. The legal overspend is due to volatile, high-cost cases, not grant changes.

What is the recovery plan for housing, and when is the service expected to return to budget?

The housing budget is in transition, with overspend due to delayed opening of Severn View and high costs for property handovers. Severn View is now fully operational, which should help recuperate costs, and processes around handbacks are being reviewed. The delayed opening of Severn View and additional costs for repairs after tenant handovers contributed to the overspend. Full savings are expected next year as occupancy is now established.

Does the Council finance the school deficits over the eight-year recovery period, and where is this reflected in financial reporting? How do we manage the fact that the deficits continue to increase, and are all schools given eight years?

The Council carries the school deficits on its balance sheet as a negative, which means it foregoes income on those balances. The situation is expected to worsen before improving, and the eight-year recovery period is mainly for comprehensive schools to allow a stable transition. The responsibility

for school budgets lies with the governing bodies, and incremental changes are being made to address deficits.

What specific steps are required to bring the school reserves deficit down?

The main cost driver is staff costs. Schools may need to restructure to realise savings, and the Council is increasing funding to support this. Any reduction in staff is to be handled sensitively and at a controlled pace. For high-risk primary schools, tripartite meetings with finance, school improvement, inclusion, and HR colleagues are held to analyse cost drivers and put in early steps to address expenditure. Early decisions on savings have a significant impact, and the Council is working with schools to arrest and improve deficit positions.

Is the headline surplus of £1.1 million more cosmetic than structural, since it is largely driven by grants, financing movements, and vacancies rather than genuine structural control? How are we going to address that?

The surplus is supported by significant one-off grants and changes in debt financing, but the Council would still be in a reasonably strong financial position without them. Reliance on grants is acknowledged, but over £9 million in savings have been delivered, and ongoing efforts focus on making services more efficient and sustainable.

With rising spend and a £462,000 overspend on additional learning needs (ALN), and reliance on external providers, how will the Council deal with this structural pressure that is likely to grow?

The Council continues to see pressure in health and social care, but efforts are being made to improve efficiency and sustainability. The positive position is attributed to ongoing work, though challenges remain.

Is capital slippage in delivery of projects growing, and is this a matter of timing rather than performance? Are projects just being delayed, with benefits postponed?

There is over £20 million of slippage, mainly due to factors outside the Council's direct control, such as reliance on external expertise and regional delays. Timing estimates were likely overly optimistic, and the Council is working to refine these. About half the slippage is financed by borrowing, which delays borrowing but also delays project benefits.

Is the current budget structurally sustainable, or are we just pushing tomorrow's problems forward, given that the surplus is driven by vacancies, grants, and timing, while schools, ALN, and housing pressures worsen?

The Council recognizes the need for vigilance and ongoing improvement, noting that while the current position is positive given the challenging environment, reliance on one-off grants and ongoing pressures mean future risks remain.

Can we have commentary on improvements in debt financing budget – how was the gain achieved, and is it something we can repeat in the future?

The improvement was due to factors such as delayed borrowing (from capital slippage), better-than-expected investment returns, and cautious forecasting. While some gains may be one-off, the Council will continue to monitor and base future estimates on available data but expects more cost next year as the capital programme grows.

Is debt financing the same as borrowing, and are gains from surplus cash investments shown separately in the budget?

Debt financing includes both the cost of borrowing (interest and principal repayments) and investment income from surplus cash. The consolidated position is reported, netting off investment income against loan costs.

Is the better outcome simply a reflection of a sensibly cautious approach by the Council?

The Council always takes a sensibly cautious approach, prioritizing stability and security of funds before seeking returns, in line with treasury management principles.

There seems to be a contradiction in the report about debt recovery rates, particularly in social care – are they declining or stable?

The debt position in social care has seen a steady increase in recent years. The reference to stabilization refers to a recent quarter where the debt did not increase, which is positive, but the underlying trend remains upward. Most of the debt is secured, often due to deferred payments or legal processes like establishing power of attorney. The increase in debt correlates with more residents entering care homes, where charges are higher and payment can be delayed. The Council tracks this closely and takes proactive action to recover unsecured debt, including legal processes when necessary. Efforts are being made to ensure financial arrangements are established early, especially for those entering care homes, to mitigate future unsecured debt.

Can we have a breakdown of leisure centre performances, with Caldicot particularly in mind, to see the impact of investment and membership trends?

Membership has increased across all leisure centres, including Caldicot, which grew from 872 to 2,000 gym memberships since 2022/23. Caldicot is a strategic focus for further improvement, and more detailed figures will be provided. – **ACTION: to provide detailed figures**

What alternative savings or service redesign options are being examined in passenger transport, given the overspend and unachievable efficiencies due to statutory requirements?

The overspend is due to unrealised savings from realigning qualifying distances for free home-to-school transport. The Council reviewed routes and reinstated free transport where routes were deemed unsafe. No further savings are being sought in this area for the next year; the budget will remain flat, and no further route reassessments are planned. The focus remains on balancing value with ensuring children's safety.

How will the Council safeguard the capital programme and ensure recovery works from Storm Claudia don't displace other strategic investment priorities, given significant uninsured damage and limited Welsh Government funding?

The Council is in ongoing discussions with Welsh Government, using the Emergency Financial Assistance Scheme (EFAS) to secure 85% funding above the £455,000 threshold for immediate response and recovery costs. However, EFAS does not cover significant infrastructure impacts like the £9 million (with £3.5 million uninsured). The Council is providing further information to Welsh Government and expects to secure funding for current year costs, but most recovery work will occur in the next financial year and beyond, requiring continued dialogue with the next Senedd

administration. Other large unfunded capital schemes will be considered on their merits, with business cases and further discussions with Welsh Government for funding.

If another storm occurs, is the EFAS threshold set per event or for the whole year?

The threshold is for the whole financial year; once breached, 85% of costs for any further events will be covered.

Are contractor charging regimes for school capital works and maintenance being thoroughly reviewed, and is the Council actively monitoring these costs to support schools?

The Council is aware of specific cases of apparently excessive costs and has referred them to property services and the head of landlord services for review. The Council is confident in its best value duty and is working closely with schools. The partnership with Ardal and Cardiff has been strengthened, with support extended directly to schools, including procurement and property services advice.

What incremental changes are high-risk comprehensive schools planning to make over the 8-10 year period to bring their budgets back into balance?

Schools mainly address deficits by reviewing staffing structures, class arrangements, and teaching assistant deployment, possibly reducing headcount. Secondary schools may adjust curriculum breadth and delivery.

Why are some schools classified as low risk (green) and others as high risk? Are there specific examples or events causing differences in spending?

Each school's context differs – workforce stability, staff absence, and external factors can drive overspends. Schools are expected to create and adhere to realistic recovery plans. If a school fails to meet its recovery plan, the local authority can intervene, issue a formal warning notice, and potentially remove the delegated budget, taking direct control of financial decisions.

Are schools linked together to help each other improve financial management?

Among the four secondary schools, effective business managers have worked collectively to share best practices and support each other, though capacity to help can be affected by ongoing savings efforts.

Chair's Summary:

Thank you to the Cabinet Member and officers. The report was moved.

5. Draft Revenue & Capital budget proposals – To scrutinise the 2026/27 Draft Revenue and Capital Budget Proposals.

Cabinet Member Ben Callard delivered a presentation, introduced the report and answered the members' questions with Will McLean and Debra Hill-Howells:

With a proposed 5.95% council tax increase, meaning over 30% rise in recent years, is it reasonable to ask residents to bear this burden? Are we doing enough on efficiency and spend control, and are we prioritising correctly between services and tax burden?

Increasing council tax is not an easy choice, and there are no easy options when setting the budget. The Council can either reduce services or increase tax to maintain or improve them. The draft budget includes over £2 million in service efficiencies, and over £9 million in savings were delivered in the last year, with tens of millions saved in previous years. Residents express a desire for better services, especially in care and schools, and the Council aims to protect these. The cumulative council tax increase reflects high inflation and external pressures, but the alternative – cutting vital services – is considered worse. Councillors themselves pay council tax, and the decision to raise it is made reluctantly to protect services and vulnerable residents.

Is it a false dichotomy to present the choice as either high council tax increases or service cuts? Shouldn't the Council focus on transforming service delivery, as businesses do, rather than simply increasing costs?

The Council has been transforming how it delivers services, with over £9 million in savings in the last year and more than £50 million over the past decade. Transformation includes investing in homes for looked-after children and reablement strategies in social care, targeting resources efficiently. Many businesses would leave the market if faced with the legal obligations councils have. The draft budget balances service demands with targeted investment and measured efficiency, continuing the Council's transformation.

How can the Council justify council tax increases that are 10 percentage points above UK inflation rates over the last five years?

Council tax is a fixed cash sum, not a percentage, so it must increase to cover rising costs, especially staff wages, which are a major expense. Unlike income tax, which rises automatically with pay, council tax must be raised explicitly. The Council faces growing demand and complexity in services, such as an aging population and additional support needs in schools. The extra income from Welsh Government and council tax goes directly into services. Despite the large numbers, the Council believes it delivers value for money and will continue to do so.

Does this budget ensure we can address all potholes at speed? Is there sufficient capacity for speedy repairs?

The budget invests significantly more in pothole repairs, but the backlog is over £60 million, so not all potholes can be fixed. Capacity is also a structural issue; even with more funding, contractor and internal resources can't be expanded overnight. Reporting potholes helps to prioritise urgent repairs.

Does temporary pothole repair (cold fill) cause greater long-term costs, and is it counterintuitive?

Temporary patching is used for immediate safety concerns. While it may seem wasteful, it buys time until more thorough resurfacing can be scheduled. The approach prioritises safety but is acknowledged as frustrating and resource-consuming.

Is the £5 million for Chainbridge repair supported by Welsh Government assistance?

50% of the Chainbridge repair funding comes from Welsh Government, following extended negotiations.

Does the £1 million over inflation fully cover 2026/27 pay awards and ALN pressures? Is the allocation £96 per child, regardless of school type?

Pay and pension costs for teachers are fully funded, and the £1 million is additional. The £96 per pupil relates to the extra £1 million, with actual funding higher due to other lines. Allocation follows the current formula. ALN funding is also increased.

Will there be a shortfall in National Insurance funding next year, as seen this year?

All services, including schools, will be given full allowance for National Insurance costs next year. Any shortfall is managed by the authority, not by individual services.

Is there financial resilience in the budget against the possibility of another extreme weather event next year, such as Storm Claudia?

The Council is proposing a contingency fund of £850,000 for the next financial year, similar to the previous year, to respond to such events. Assets that are insurable are insured, but highways infrastructure is not. The Council works with Welsh Government for support on losses from extreme weather.

The Llanthony landslip was due to a lack of proactive maintenance, specifically overgrown trees becoming waterlogged, falling, and causing the road to slip. Is reactive spending on barriers and investigations not more costly than proactive road network maintenance?

The challenge is acknowledged, especially in rural areas like Monmouthshire, where adjoining land issues (such as tree maintenance and field runoff) impact road infrastructure. The Council works with landowners to address these issues, but the rural and hilly terrain makes proactive management difficult and consequences more severe, as seen in Llanthony.

Would the proposed 3.8% rise in fees and charges (affecting planning, car parking, leisure centres, etc.) apply across all areas or only some?

The 3.8% increase is applied across the board to all relevant fees and charges, updating them in line with inflation. These charges affect only residents who use the specific services.

Can any of the extra £5.5 million for Highways be used for new technology, machinery, or staff training to increase hot potholing, and can a proportion be ring-fenced for footways and rights of way?

£0.5 million is allocated specifically for footpath maintenance, with a planned maintenance scheme being developed. Currently, none of the funding is earmarked for new technology; it is all directed toward bridge maintenance, repairs, and resurfacing of existing carriageways.

Chair's Summary:

Thank you to the members for their questions, and to the Cabinet Member and officers for the report and their answers today. The report was moved.

6. Council and Cabinet Work Planner

Noted.

7. Performance and Overview Work Planner and Action Lists

- P&O Action List 18th November 25

- P&O Special Action List 3rd Dec 25
- P&O Action List 27th Jan 26

Noted.

8. To confirm minutes of previous meetings

- 18th November 2025
- 3rd December 2025 (Special)
- 27th January 2026 (Special)

The minutes were agreed.

9. Next Meeting: 10th March 2026