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Friday, 11 November 2022

Notice of Reports Received following Publication of Agenda.

Performance and Overview Scrutiny Committee

Monday, 21st November, 2022 at 10.00 am,

Attached are reports that the committee will consider as part of the original agenda but were submitted to democratic services following publication of the agenda.

Item No	Item	Pages
6.	Month 6 Budget Monitoring Report Scrutiny of the Council's budgetary position (revenue and capital).	1 - 52

Paul Matthews
Chief Executive

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SUBJECT:	REVENUE & CAPITAL BUDGET MONITORING 2022/23 – MONTH 6 FORECAST
MEETING:	PERFORMANCE AND OVERVIEW SCRUTINY COMMITTEE
DATE:	21st November 2022
DIVISION/WARDS AFFECTED:	ALL

1. PURPOSE:

- 1.1 To provide Committee members with information on the Authority's financial forecasts for the 2022/23 financial year in respect of the revenue budget, capital programme, and associated reserves position.
- 1.2 This report is being considered for pre-decision scrutiny by the Performance and Overview Committee as part of their responsibility to:
 - assess whether effective budget monitoring is taking place;
 - monitor the extent to which budgets are spent in accordance with the agreed budget and policy framework;
 - challenge the reasonableness of variances to budget, and;
 - consider the progress in relation to mandated budget savings proposals for the year.
- 1.3 Feedback from this Committee will be included in the report which is due to be received by Cabinet on the 7th December 2022.

RECOMMENDATIONS TO PERFORMANCE AND OVERVIEW SCRUTINY COMMITTEE

- i. That the Performance and Overview Scrutiny Committee perform pre-decision scrutiny on the Authority's Month 6 financial forecasts for the 2022/23 financial year in respect of the revenue budget, capital programme, and associated reserves position.
- ii. That the Committee as part of their role assesses whether effective budget monitoring is in place; the extent to which budgets have been spent within the agreed budget and policy framework, including the reasonableness of the explanation for variances and; consider the achievement of progress in meeting mandated budget savings targets.
- iii. That Committee feedback is provided and included as part of the report which is due to be received by Cabinet at its meeting on the 7th December 2022.

2. RECOMMENDATIONS TO CABINET

- 2.1. That Cabinet recognises the concerning net deterioration of £355k since the previous revenue budget forecast that results in a forecast over spend at Month 6 of £9.15m, driven by an increase of £880k within Children's services to a £4.4m over spend; an increase of £194k in meeting the needs of the Homeless to a £1.5m over spend; offset by a number of

favourable movements, significantly the level of ongoing staff vacancies being carried or held in the workforce.

- 2.2. That Cabinet notes that the Strategic Leadership Team have taken immediate action to arrest the forecast over spend and developed a robust recovery plan as outlined in **table 3** that will result in a balanced outturn position being achieved. These are notably through the one-off use of revenue and capital reserves; reprioritisation of grant funding; and through cost moderation or reduction in service delivery.
- 2.3. That Cabinet note the further financial risk represented by the current volatile environment that both Adult's and Children's services are operating within that is associated with the level and complexity of demand, inflationary pressures, and labour shortages, and the risk this represents to the ongoing financial sustainability of this Council.
- 2.4. That Cabinet require the respective Chief Officers and the Responsible Financial Officer to continue to closely monitor and manage operational and financial performance, specifically in relation to Children's services, Adult's services, and Housing, but also the other service areas highlighting forecast over spends, and to ensure the release of at least £2.185m of highlighted service budget mitigations across all directorates as a consequence of the budget recovery plan.
- 2.5. That Cabinet recognise the ongoing financial risks to the revenue budget of the current wider economic climate, including the inflationary and interest rate environment; supply chain disruption; the volatile energy market; and notably the potential impact of the cost of living crisis on communities, and the associated financial impact this may have on the Council.
- 2.6. That Cabinet recognises the importance of a balanced outturn position being achieved for 2022/23, in that it minimises the need to draw further upon any planned use of reserves and capital receipts and which will be required to assist in meeting the unprecedented projected budget deficit highlighted for 2023/24.
- 2.7. That Cabinet note that the overall revenue budget continues to be subsidised by £2.65m of capital receipts which are being used to fund identified eligible expenditure under the flexible use of capital receipts directive.
- 2.8. That Cabinet note the forecast 100% delivery of the budgeted mandated savings as detailed in **appendix 2** and as approved as part of the budget set by full Council.
- 2.9. Cabinet notes the extent of forecast movements in Schools reserve usage contained in **table 6**, and **appendices 1 & 3** which highlight the possibility of a further seven schools entering into a deficit reserve position by the end of the financial year.
- 2.10. Cabinet considers the forecast capital outturn spend of £59.9m as outlined in **appendix 1** that currently indicates a forecast over spend of £310k, noting the continuing difficulty in delivering capital projects to their allocated budget in the current challenging economic environment.

3. KEY ISSUES:

- 3.1. In setting the 2022/23 budget there was an expectation that the Council would see a gradual return to a more stable operating environment relative to the last two years, with the direct impacts of the pandemic potentially set to ease.
- 3.2. There was a known and accepted risk that the Welsh Government Hardship fund would end and consequently any direct or indirect costs resulting from the pandemic would fall upon the Council to fund. It was also highlighted that the challenges experienced in achieving historic income levels would continue, and that the permanent change in national policy initiative around the needs of the homeless would not be adequately funded by Welsh Government.
- 3.3. The timing and degree to which these risks would manifest was the key uncertainty within the budget setting process, and on that basis, Cabinet agreed a package of measures to combat the known and unknown pressures presenting in terms of a mix of base budget provision of a further £10.1m, and the creation of specific earmarked reserves of £4m.
- 3.4. In respect of the £10.1m of budget pressures that were accommodated, these were notably:
- All pay and pension related spending pressures in our schooling system, up to a threshold of a 3% pay award
 - The increasing demand on schools and the Local Education Authority of pupils with additional learning needs
 - The increasing complexity of cases being placed on our children's social services in respect of looked after children and for whom the Council acts as corporate parent
 - The growing impact of an ageing population on adult social services and the challenges that result from a fragile and unsustainable social care market in Wales
 - Significant service pressures within the passenger transport unit and within recycling and waste and that look to ensure that the Council supports and sustains key service delivery
 - Responding to the needs of homelessness with housing related support
 - Further investment in our Highways and transport infrastructure alongside our IT and network estate
- 3.5. It is therefore disappointing that despite accommodating the above pressures into the 2022/23 budget, that significant further in year service pressures are forecast, with many of these pressures developing in the same key areas that have been provided additional support in the budget.
- 3.6. **Table 1** below summarises the forecast £9.15m net over spend against the Council's revenue budget for the year.

Table 1: 2022/23 Revenue budget forecast as at Month 6

Month 6 Revenue budget forecast	Total budget for the year	Total forecast expenditure / (income)	Total forecast variance to budget	Variance as a % of budget	Change since Month 4
Directorate	£000's	£000's	£000's	%	£000's
Social Care, Health & Safeguarding	57,870	63,581	5,711	9.9%	↑ 655
Children & Young People	59,513	60,245	732	1.2%	↓ 9
Communities & Place	23,713	24,472	759	3.2%	↑ 143
Monlife	4,494	4,957	462	10.3%	↓ 17
Chief Executive Unit	3,108	2,820	(288)	-9.3%	↓ 288
People & Governance	4,856	4,884	28	0.6%	↑ 28
Resources	7,637	8,246	609	8.0%	↓ 147
Corporate**	25,653	27,549	1,896	7.4%	↓ 22
Appropriations	5,853	5,603	(250)	-4.3%	↓ 24
Financing	(192,699)	(193,203)	(504)	0.3%	↑ 38
Total	(0)	9,155	9,155		↑ 355

** Includes the estimated impact (£2.1m) of the non-teaching pay award over and above the 3.5% already budgeted for.

3.7. A full breakdown of the variances forecast by services at Month 6 is contained within **appendix 1**, however at a summary level the principal pressures and mitigating savings forecast are within the areas of:

Table 2: Summary of principal pressures and savings forecast at Month 6

Pressure/Saving	£000's	Change	Description
Children's services	4,399	↑ 880	Children looked after numbers have increased by 7 since month 4, and there continue to be increasing numbers of high cost placements, including extremely costly emergency arrangements for children where there is no regulated placement. Alongside this there is continued use of agency staff to fill vacancies.
Adults Services	1,475	↓ 123	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. Some in-house services are currently undergoing reviews, with in year savings being used to partially offset over spends.
Additional Learning Needs	499	↓ 34	Due to placement costs outside of our own schools (£313k), a reduction in income from other Councils for out of County pupils attending our schools (£108k), and additional support for pupils attending our own schools (£78k).
Housing	1,521	↑ 194	Primarily due to national policy change impacting upon the service and where our housing costs in relation to the needs of the Homeless are not attracting full funding. £228k in net additional costs, and £1.3m where by emergency

Pressure/Saving	£000's	Change	Description
			accommodation placements do not allow the Council to claim full housing benefit subsidy.
MonLife	462	↓ 17	Due to the sections inability to generate the expected income targets in relation to Leisure and Outdoor education services.
Passenger Transport Unit (PTU)	377	↓ 47	Increased pay, fuel and repair costs have meant that operators have handed back contracts resulting in re-negotiated external prices or increased in-house provision required.
Non-teaching pay award	2,017	No change	An allowance is made within the forecast for the result of pay award negotiations over and above the 3.5% budgeted for. Negotiations have concluded between local government employer's representatives and trade unions which will result in an overall award of approximately 6.25%.
Car Parks & Civil Parking Enforcement	242	↓ 13	Parking enforcement fines will not hit budgeted targets and in addition there are over spends in expenditure primarily in transport, premises and software costs.
Markets	137	↑ 8	The number of traders has dropped off considerably since Covid-19 and this has meant the service is struggling to meet income targets alongside increases in waste disposal costs.
Council tax	(504)	↑ 38	Out-performance of budgeted Council tax collection.
Net Borrowing costs	(250)	↓ 25	A reduction in net budgeted borrowing costs reflective of a lower than budgeted interest rate environment at the start of the year, and significant capital slippage at the end of 2021/22 delaying borrowing need.
Staff vacancies	(872)	↓ 376	Significant staff vacancies being carried in the establishment.
Rental income	(172)	↓ 172	Recovery of the rental of Innovation House from the Ukrainian grant funding scheme.
Solar Farm & Sustainability	(153)	↓ 40	Improved income from our Solar Farm and PV installations caused by the increased market rates for energy.
Neighbourhood services	(164)	↑ 63	Primarily due to the improvement gained from the installation of LEDs in our street-lighting over and above budgeted levels (£125k), and Waste contract savings resulting from a strong recycling market (£29k). A downturn in the recycle market has impacted forecasts since month 4.

3.8. Alongside the efforts to put shape to the overall budget recovery plan, it should be noted that the Month 6 forecast includes a variety of measures that services have already undertaken in efforts to arrest the over spend position and in moderating cost, or exploring additional funding. This has resulted in significant forecast savings as noted above offsetting the increases in cost reported primarily within the areas of Children's services and Housing.

4. Ongoing budgetary risks

- 4.1. Whilst immediate mitigating action has been taken to arrest the significant forecast in-year deficit we need to be acutely aware of the further financial risks presenting during 2022/23 and in light of the turbulent socio-economic environment currently facing households, businesses and the public sector alike.
- 4.2. The Cost of living crisis continues to have a significant impact on our communities, with a growing need for additional Council services, the impact upon demand for the Council's income generating services, and risks around future debt recovery. Alongside this, the wider economic and inflationary environment continues to impact service delivery, both in respect of cost and supply chain disruption, and in presenting continued recruitment challenges.

- 4.3. The wider and longer lasting indirect impact of the pandemic continues to impact Council services, particularly in the areas of Homelessness, Children’s services, Adult social care and Children’s additional learning needs. There remains significant latent and complex demands in these areas as a result, and some of these impacts will take a significant period of time to unwind.
- 4.4. Significant savings from existing staff vacancies have already been factored into forecasts and alongside this there is very little scope for further savings in financing and treasury budgets in light of a rising interest rate environment.
- 4.5. Importantly the overall outturn position continues to be supported by £2.65m of identified eligible expenditure to be funded from capital receipts under the flexible use of capital receipts directive. Reliance on these mitigations was a short-term measure only and is not currently sustainable at this level beyond 2022/23 as capital receipts forecast to be generated start to fall away.
- 4.6. In considering all of the above, this presents a unique and unprecedented operating environment for the Council, and one which severely curtails the immediate ability of the Council to influence its primary expenditure and income drivers, and therefore its ability to be able to bear down on cost, or increase income to any significant degree without resorting to more extreme measures.
- 4.7. As we look to the remainder of the financial year the key financial focus now centres itself on two significant areas that will be vital to ensuring that the Council ends the year in a financially sustainable position:
1. Delivering on the range of service budget mitigations identified by the Strategic Leadership Team of at least £2.185m, and that involve a mix of cost moderation and reduction in service delivery;
 2. Close monitoring and management of the operational and financial performance of Children’s services, Adult’s services, and Housing with a view to reassessing and considering what our financially viable “core offer” is in relation to these services.
- 4.8. When looking beyond this financial year, it is important to note that many of the savings that will assist the in-year budget recovery are one-off or temporary in nature and will not necessarily bring any further benefit to future year’s budgets. Conversely, the majority of those pressures highlighted above are demand driven and recurrent in nature and are being scrutinised for consideration as part of the wider budget process for 2023/24 and beyond.

5. Assessment of identified budget mitigation measures

Table 3: Summary of budget mitigation measures identified at Month 6

Mitigation measure	Application	Risks	Forecast usage
Revenue Reserves	Revenue reserves have been replenished by approximately £11m over past two years, with particular focus at the end of 2021/22 in providing protection against some the budget risks now manifesting (In	Reserves only provide a finite and one-off source of mitigation and do not address recurrent and structural budgetary deficits. It is essential that a prudent reserve level continues to be	£5m

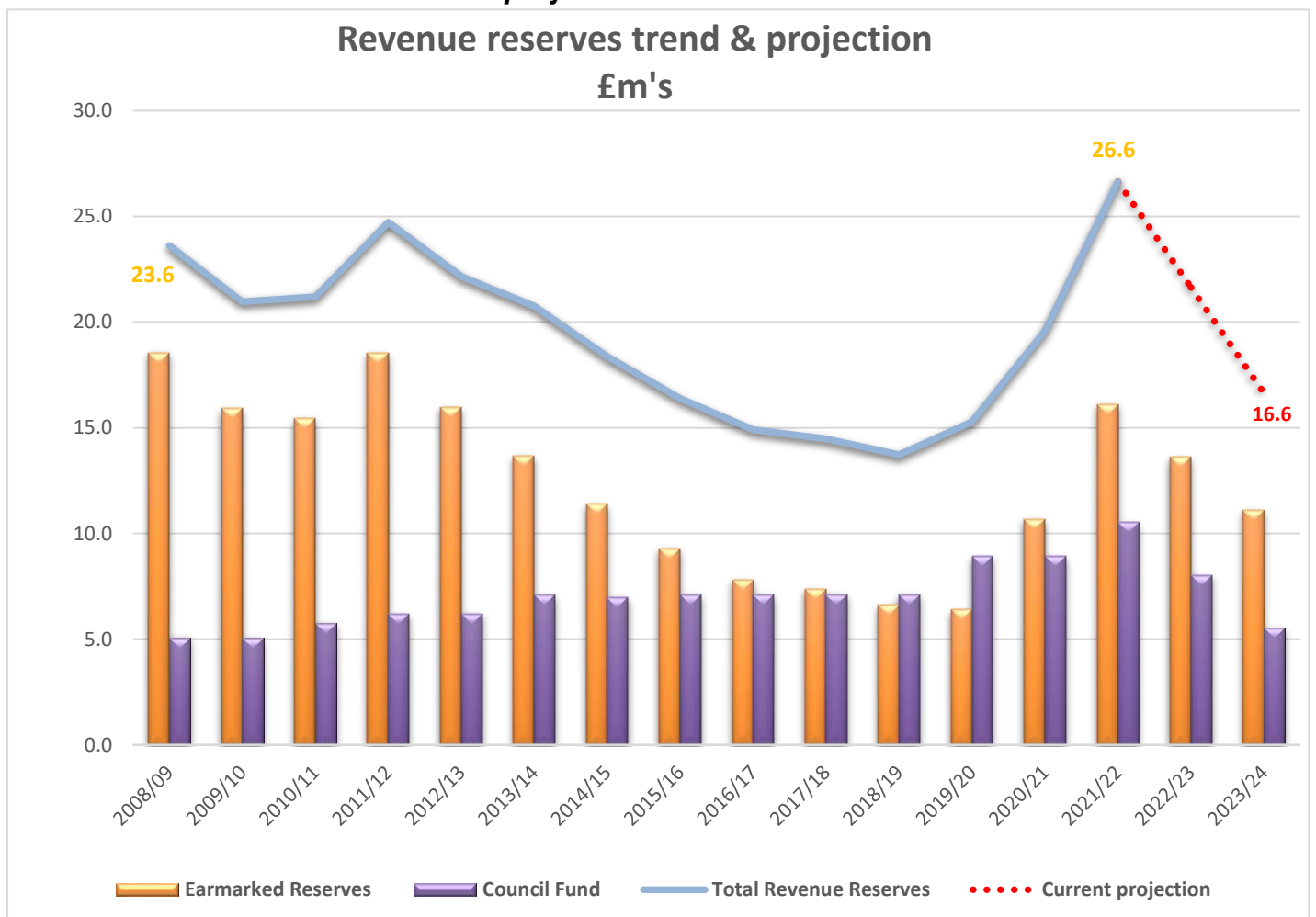
Mitigation measure	Application	Risks	Forecast usage
	particular Social care, Homelessness, Leisure income, and Pay).	in place to ensure ongoing financial resilience in light of the 2023/24 budget situation where unprecedented pressures are materialising around demand, inflation, energy, pay, and levels of funding.	
Capitalisation directive	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 the regulations.	Capital receipts are a one-off source of funding and further use under this measure will restrict the amount available for future capital investment.	£1.27m
Funding	<p>Further unbudgeted grant funding becoming available during the remainder of the year.</p> <p>Of particular note, since month 4 there has been notification from Welsh Government that no further funding will be made available in respect of winter social care pressures. (Circa £1m in previous years.) In mitigation of this, it is estimated that £700k of Social care workforce sustainability grant can be released to aid in budget recovery due to the ongoing inability to recruit or procure care to the levels required to meet unmet care needs.</p>	<p>Nil risk up to £0.7m level.</p> <p>In respect of further funding, all parts of the public sector are facing significant budget challenges in the current global economic environment and notably Welsh Government have made significant funding commitments in 2022/23 in relation to Free School meal provision, the Ukrainian crisis, and the Cost of Living crisis. Further funding commitments to Local Government therefore come with a significant level of uncertainty.</p>	£0.7m
Cost moderation / Reduction in services	<p>Non-pay cost reduction in supplies and services, third party, premises, and transport budgets.</p> <p>Pay budget cost reduction - significant vacancies are currently being held across services with many being forecast to be filled during the Autumn. Given the current recruitment market challenges it is expected that further savings could materialise.</p> <p>Reduce the level of service provision, either through reduced capacity or by the switching off of discretionary services.</p>	As outlined individually within Appendix 4.	£2.185m

6. Usable revenue reserve levels

6.1. Usable revenue reserves (excluding schools) have been replenished by approximately £11m over past two financial years, and stand at £26.6m at the start of 2022/23.

- 6.2. Reserves have been able to be replenished as above through the pandemic as a result of significant Welsh Government hardship funding and one-off grants. This reversed a continuing trend of depleting balances since 2011/12 through a period of financial austerity and challenging budget rounds for Council's.
- 6.3. Reserves are an integral part of the Council's financial strategy and are used to create long-term budgetary stability. 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.
- 6.4. **Table 4** below outlines the trend in revenue reserves levels over time and includes a projection based upon drawing on £5m of revenue reserves as outlined in the above budget recovery plan. For illustrative purposes only, and to demonstrate how such a reliance on reserves would impact upon reserve sustainability, the table makes the further assumption that if no corrective budget action is taken to reduce the Council's overall costs for 2023/24 that £5m of such support would continue to be required.

Table 4: Revenue reserve trend and projection



- 6.5. Despite the replenishment in reserves over the past two 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.

6.6. To put the balances in context, the balance of revenue reserves of £23.6m in 2008/09 represented 18.5% of the Council's net revenue budget, whilst in 2021/22 the balance of £26.6m represents only 14.9%. If projections continue as estimated, this would fall to 9.3% by the end of 2023/24.

7. Progress against 2022/23 budgeted mandated service savings

7.1. The 2022/23 budget included mandated savings totalling £2.129m and the progress against these is summarised in **table 3** below and in more detail in **appendix 2**.

Table 5: Progress against mandated 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%
Total	(2,129)	(2,129)	0	0	100%

7.2. It is pleasing to note the forecast 100% delivery of mandated savings, especially in light of the ongoing challenges faced by services in current operating conditions. Finance officers will continue to work with services to ensure that these mandated savings are fully delivered as well as identifying any further areas of service efficiency which may deliver additional savings.

8. School balances

8.1. From a financial perspective, 2021/22 was another unprecedented year for schools who continued to receive several significant Welsh Government grants to support them and their pupils during, and following a period of significant disruption to learning. This resulted in all but one of our schools bringing forward a surplus balance into the 2022/23 financial year, with the vast majority carrying significant surplus balances above those guided by Welsh Government school funding regulations (£50k for a Primary, £100k for a Secondary or Special school).

8.2. The Authority requires schools carrying balances above those levels guided by Welsh Government to provide investment plans setting out how they intended to spend the excess balances being held. These plans informed the budget process for 2022/23.

8.3. At month 6, the forecast is for an overall contribution from school balances of £4.9m, resulting in a forecast surplus at year-end of £2.05m.

Table 6: Forecast movement in school balances for 2022/23

Draft Council Fund Outturn 2022/23 – School Balances Summary outturn position at Month 6	(A) Opening Reserves (Surplus) / Deficit Position 2022/23	(B) Draw / (Contribution) from / (to) School Balances @ Month 4	(C) Draw / (Contribution) from / (to) School Balances @ Month 6	(D) Draw / (Contribution) from / (to) School Balances @ Month 9	(A+C) Forecast Reserve Balances at 2022/23 Outturn
	£000's	£'000	£'000	£'000	£'000
Cluster					
Abergavenny	(2,145)	1,181	1,272		(873)
Caldicot	(2,165)	1,570	1,284		(881)
Chepstow	(695)	863	899		204
Monmouth	(1,869)	1,425	1,353		(516)
Special	(82)	106	91		9
Total	(6,956)	5,145	4,900		(2,057)

- 8.4. The budget for 2022/23 made allowance for a pay award for schools staff up to a threshold of 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 current level of pay offer put forward by the independent Welsh pay review body. This accounts for £1.2m of the overall £4.9m forecast draw upon school balances this year.
- 8.5. It should be noted that the teaching unions are currently balloting over industrial action in respect of the current pay offer and that this represents an associated downside risk to the current forecasts in place.
- 8.6. The investment plans enacted by schools look to deliver the best learning outcomes for pupils in line with the purpose of the grant funding provided over the past two financial years. **Appendices 1 & 3** outline the forecast movement in individual school balances for the year, and whilst it is clear that the investment plans enacted will bring many school balances more in line with those levels guided by Welsh Government, it is disappointing to note that a further seven schools are now forecast to move into deficit by year-end.
- 8.7. There remains significant concern from a financial perspective that the inherent structural budget deficits that led to a significant number of schools being in deficit pre-pandemic in some cases still remain. Whilst the current economic climate is severely challenging, schools 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.

9. Capital outturn forecast

9.1. The capital expenditure forecast detailed in **appendix 1** indicates a net forecast over spend of £310k, with numerous pressures presenting themselves totalling £1.165m, offset by the identification of over-capacity in the Disabled facilities grant budget of £855k.

Scheme Category	Scheme	Over / (Under spend) £000's	Comment
Development Schemes Over £250k	Crick Road Care Home	151	Additional costs in fitting-out equipment required for resident's privacy. An additional bid has been submitted to ABuHB for additional RIF funding to offset the over spend.
Development Schemes Over £250k	Property Acquisition for Children and Young People with Complex Needs	114	Additional refurbishment costs over and above original cost projection. A bid has been made to the Regional Integration Fund and we are waiting for a decision to offset the forecasted overspend.
Development Schemes Over £250k	Abergavenny borough theatre refurbishment	333	Currently running at a projected overspend due to increased construction costs over and above original cost projection due to unforeseen lighting costs and over-run charges from contractor. If further funding cannot be obtained from joint partners in the project, then additional borrowing funded from the service budget will be utilised as per the cabinet decision.
Infrastructure	Tintern Wireworks Bridge	130	The refurbishment of the Tintern Wireworks Bridge at Tintern in conjunction with Gloucestershire County Council is currently forecast to overspend by £130k, due to the complexity of restoring this listed structure and the increased cost of materials.
Specific Grant Funded	Essential flooding works	360	Cost overruns for essential flooding works required at Capel-y-Ffin and Glan-Grywny embankments for works that couldn't be delayed any further. Urgently seeking clarification of potential Welsh Government flooding grants that could offset.
Specific Grant Funded	Siltbuster	76	The Siltbuster project is forecast to be £76k overspent due to increased costs. This will be funded from additional borrowing which will be funded by the Highways revenue budget.
Disabled Facilities grants	Disabled Facilities grants	(855)	There is an off-setting under spend on Disabled Facilities grants as referrals (over 50 to date) that have to be completed within year have been reached. Part of the overall budget assigned for DFG's can be released to aid in

9.2. Finance officers will continue to work with the project managers concerned to seek budget mitigation measures, either through cost reduction measures or through the alternative funding mechanisms identified above.

- 9.3. As outline in **appendix 1**, nine schemes are indicating delays at this early stage in the year, with £6.2m forecast slippage following revision of project timescales. Whilst the month 6 forecast highlights £6.2m of capital slippage, previous year's trends would indicate that this will increase substantially as the year progresses, and as more certainty becomes available both in terms cost and contract delivery timescales.
- 9.4. The current economic environment continues to have a significant impact on the overall capital programme with cost inflation and supply chain issues continuing to present a challenge to project delivery. Whilst every effort is being made by project managers to work within the budgetary plans and timescales set, it is inevitable as the year progresses that further cost pressures will materialise. This will in turn limit the scope of project delivery, especially in the areas of property maintenance and Infrastructure works where less schemes can be delivered within the overall budget allocated.
- 9.5. The forecast movement in capital receipts balances for the year is shown below. Whilst overall balances on the face of it are healthy, there remains the risk that forecast receipts receivable for 2023/24 onwards are at comparatively low levels, and combined with the fact that receipts are continuing to be used to subsidise the revenue budget through capitalisation direction means that the scope for further capital investment funded via receipts will be limited.

Table 7: Forecast movement in capital receipt balances

Month 6 update	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000
Balance as at 1st April	10,414	12,398	13,509	12,565	11,068
Capital receipts used for financing	(3,776)	(1,547)	(1,194)	(1,094)	(1,094)
Capital receipts used to support capitalisation direction	(2,650)	(507)	(507)	(507)	(507)
Capital receipts received	7,071	-	-	-	-
Capital receipts forecast	1,338	3,165	756	104	104
Forecast Balance as at 31st March	12,398	13,509	12,565	11,068	9,572

10. RESOURCE IMPLICATIONS:

- 10.1. The report itself covers the resource implications of the entirety of the revenue and capital budget activity during the year. There are no further resource implications as a result of the recommendation in this report.

11. EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):

- 11.1. This report provides Members with information on the forecast revenue and capital outturn position of the Authority and carries no decisions. There are therefore no equality of future generations' implications directly arising from this report.

12. CONSULTEES:

Strategic Leadership Team
Performance & Overview Scrutiny Committee
Cabinet

Feedback from Performance & Overview Scrutiny Committee 21st November 2022:

13. BACKGROUND PAPERS:

Appendix 1 – Detailed outturn statements and directorate commentaries

Appendix 2 – Progress against mandated budget savings

Appendix 3 – Forecast movement in individual school balances

Appendix 4 – Detailed service budget recovery plan

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Overall Revenue Position

Table 1: 2022/23 Revenue budget summary forecast at Month 6

Service Area	Original Budget 2022/23	Budget Adjustments	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ M6	Forecast (Under) / Over Spend @ M4	Forecast Variance M4 to M6
	'000's	'000's	'000's	'000's	'000's	'000's	'000's
Social Care, Health & Safeguarding	57,877	312	58,189	63,581	5,711	5,056	655
Children & Young People	58,990	523	59,513	60,245	732	741	(9)
Communities & Place	23,588	99	23,687	24,472	759	616	143
MonLife	4,430	137	4,567	4,957	463	479	(16)
Chief Executives Unit	3,155	89	3,244	2,820	(288)	0	(288)
People & Governance	4,663	70	4,733	4,884	28	0	28
Resources	6,660	1,004	7,664	8,246	609	756	(147)
Corporate Costs & Levies	26,207	(554)	25,653	27,549	1,896	1,918	(22)
Net Cost of Services	185,570	1,680	187,250	196,754	9,909	9,567	342
Appropriations	6,652	(1,204)	5,448	5,604	(250)	(225)	(24)
Expenditure to be Financed	192,223	476	192,699	202,358	9,659	9,342	318
Financing	(192,223)	(476)	(192,699)	(193,202)	(503)	(542)	38
Net General Fund (Surplus) / Deficit	0	0	0	9,155	9,155	8,800	355

Table 2: 2022/23 Revenue budget detailed forecast at Month 6

Service Area	Original Budget 2022/23	Budget Adjustments	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ M6	Forecast (Under) / Over Spend @ M4	Forecast Variance M4 to M6
	'000's	'000's	'000's	'000's	'000's	'000's	'000's
Adult Services	9,548	(47)	9,501	9,073	(428)	(355)	(73)
Children Services	17,795	33	17,828	22,227	4,399	3,519	879
Community Care	26,111	269	26,380	28,449	2,069	2,081	(11)
Commissioning	1,418	(265)	1,152	1,056	(96)	(74)	(22)
Partnerships	436	8	445	445	0	0	0
Public Protection	1,910	(9)	1,901	1,739	(162)	(61)	(101)
Resources & Performance	659	4	663	592	(71)	(54)	(17)
Social Care, Health & Safeguarding	57,877	(7)	57,870	63,581	5,711	5,056	655
Individual Schools Budget	47,775	500	48,276	48,498	222	176	47
Resources	1,162	5	1,167	1,178	11	32	(21)
Standards	10,053	17	10,070	10,569	499	533	(35)
Children & Young People	58,990	523	59,513	60,245	732	741	(9)
Enterprise, Housing & Community Animation	2,921	(84)	2,837	3,120	283	337	(54)
Facilities & Fleet Management	6,958	3,636	10,594	11,158	564	511	53
Neighbourhood Services	11,944	(3,175)	8,769	8,605	(164)	(227)	63
Placemaking, Highways & Flood	1,765	(252)	1,513	1,589	76	(5)	81
Communities & Place	23,588	125	23,713	24,472	759	616	143
Countryside & Culture	1,101	22	1,122	1,117	(5)	(3)	(2)
Finance & Business Development	2,263	21	2,283	2,276	(7)	14	(21)
Leisure, Youth & Outdoor Adventure	1,067	23	1,089	1,564	475	469	6
MonLife	4,430	65	4,494	4,957	463	479	(17)
Policy, Scrutiny & Customer Service	3,155	(47)	3,108	2,820	(288)	0	(288)
Chief Executives	3,155	(47)	3,108	2,820	(288)	0	(288)

Service Area	Original Budget 2022/23	Budget Adjustments	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ M6	Forecast (Under) / Over Spend @ M4	Forecast Variance M4 to M6
Communications	239	2	241	275	34	0	34
Democratic Services	1,597	132	1,730	1,757	27	42	(15)
Emergency Planning	158	2	160	184	24	0	24
Legal and Land Charges	963	7	969	962	(7)	(29)	22
People	1,706	51	1,757	1,706	(51)	(13)	(38)
People & Governance	4,663	194	4,856	4,884	28	0	28
Commercial, Corporate & landlord Services	1,115	532	1,647	1,449	(198)	71	(268)
Finance	2,659	430	3,089	3,960	871	749	123
Future Monmouthshire	4	1	5	0	(5)	(5)	0
Information Communication Technology	2,883	14	2,897	2,837	(60)	(58)	(2)
Resources	6,660	977	7,637	8,246	609	756	(148)
Precepts & Levies	22,319	312	22,630	22,630	0	(1)	1
Coroner's	171	0	171	171	0	0	0
Archives	196	0	196	196	0	0	0
Corporate Management	385	0	385	348	(37)	(2)	(34)
Non Distributed Costs (NDC)	651	0	651	651	0	0	0
Strategic Initiatives	867	(867)	0	2,017	2,017	2,017	0
Insurance	1,619	1	1,620	1,536	(84)	(96)	12
Corporate Costs & Levies	26,207	(554)	25,653	27,549	1,896	1,918	(22)
Net Cost of Services	185,570	1,275	186,845	196,754	9,909	9,567	342
Interest & Investment Income	(100)	0	(100)	(649)	(549)	(192)	(357)
Interest Payable & Similar Charges	3,956	0	3,956	4,628	672	192	480
Charges Required under Regulation	6,714	0	6,714	6,667	(47)	(51)	4
Other Investment Income	0	0	0	0	0	(49)	49
Borrowing Cost Recoupment	(3,520)	0	(3,520)	(3,845)	(325)	(325)	0

Service Area	Original Budget 2022/23	Budget Adjustments	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ M6	Forecast (Under) / Over Spend @ M4	Forecast Variance M4 to M6
Contributions to Reserves	188	0	188	188	0	0	0
Contributions from reserves	(586)	(799)	(1,385)	(1,385)	0	200	(200)
Appropriations	6,652	(799)	5,853	5,604	(250)	(225)	(24)
Expenditure to be Financed	192,223	476	192,699	202,358	9,659	9,342	317
General Government Grants	(77,524)	0	(77,524)	(77,524)	0	0	0
Non Domestic Rates	(34,753)	0	(34,753)	(34,753)	0	0	0
Council tax	(87,309)	(476)	(87,785)	(88,085)	(300)	(320)	20
Council Tax Benefit Support	7,363	0	7,363	7,160	(203)	(222)	18
Financing	(192,223)	(476)	(192,699)	(193,202)	(503)	(542)	38
Net General Fund (Surplus) / Deficit	0	0	0	9,155	9,155	8,800	355

DIRECTORATE – DIVISION VARIANCE COMMENTS

SOCIAL CARE, HEALTH & SAFEGUARDING DIRECTORATE	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	5,056	5,711	0	0

SOCIAL CARE, HEALTH & SAFEGUARDING DIRECTOR'S COMMENTARY:

For the midpoint of this financial year we are predicting an over spend of £5.711m based on known commitments and expectations against the directorate budget. Since month 4 the over spend has risen by £655K as a result of increasing expenditure within the Children's Services division.

The in-year budget recovery plan attached to this report provides details of the mitigations that the service has identified and is implementing to arrest the concerning trend in increasing costs within this budget area. It should be noted that both Adult's and Children's services remain in a highly volatile operating position with risks continuing to be associated with demand levels, the complexity of demand, inflationary pressures, and labour shortages.

Within the Children's Service budget there is an estimated over spend of £4.399m, due to the increasing numbers and costs of high cost placements, including extremely costly emergency arrangements for children where there is no regulated placement. Another influencing factor is the continued use of 11 agency staff to fill vacancies and stabilise the workforce within the division. 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. As at the end of September the number of Children Looked After increased by 7 since month 4 to a total of 211.

The combined Adults budget is forecast to over spend by £1.475m, which remains largely within predictions at month 4. As with month 4 the over spend has been as a result of 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, with 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. This division is currently benefitting from a number of external grant funding streams, the main one being the Social Care Workforce Sustainability Grant of £1.1M, used to offset the over spend and limit the effects of Winter Pressures.

Public Protection is at present forecasting an under spend of £163k due to savings from vacant posts, which are currently in the process of being recruited to.

Adult Services

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(355)	(428)	0	0

The under spend is largely in the My Day My Life and Budden Crescent services 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

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	3,519	4,399	0	0

Due to the increasing numbers and costs of high cost placements, including extremely costly emergency arrangements for children where there is no regulated placement. There is continued use of 11 agency staff to fill vacancies and help stabilise the workforce. 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				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	2,081	2,069	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. This division is benefiting from a £1.1M Social Care Workforce Sustainability grant to help offset over spends and limit the effects of Winter Pressures.				
Commissioning				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'s	(74)	(95)	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)	(163)	0	0
Savings from staff vacancies.				
Resources & Performance				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(54)	(71)	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	732	0	0
CHILDREN & YOUNG PEOPLE DIRECTOR'S COMMENTARY:				
The Directorate's Month 6 position is an over spend of £732k, which is a reduction of £9k on the Month 4 forecast. This improvement is largely due to forecasted ALN cost reductions, reported in the Standards section below, alongside some smaller savings in ICT costs and staff vacancy; offset by increased costs in relation to back pay and legal costs as noted within the ISB section.				
Individual Schools Budget				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn

Deficit / (Surplus) £'000s	175	222	0	0
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The £47k increase in over spend compared to the Month 4 forecast is due to the following:-

- back pay for staff (£26k)
- legal costs (£17k)

The remaining ISB over spend of £175k 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)

Resources

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	32	11	0	0

There is a £32k over spend due to several cost centres not being able to meet the 2% staff employee cost efficiency savings target fully.

This has been offset since Month 4 by a £21k reduction in over spend due to:

- ICT saving i.e. the Cloud going live early in March 2022, rather than July 2022 (£15k)
- vacancy saving (the position has now been filled) (£6k)

Standards

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	533	499	0	0

The over spend of £533k at month 4, was largely due to ALN, which had seen costs increase due to the following:

- 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)
- 2 new pupils attending an independent school (£105k)
- 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))
- 1 pupil accessing SALT and Seirrah Therapies (£24k)
- 1 pupil attending MonLife (£30k)
- 3 new pupils attending schools in Blaenau Gwent & increase in costs for an existing pupil (£105k)
- 2 new pupils attending schools in Newport (£17k)
- 1 new pupil moving to a Bristol school (£9k)
- 1 new pupil potentially to attend a school in Torfaen, currently going through Tribunal (£50k)
- Staff costs due to the expansion of Pembroke SNRB (£32k)
- 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)

The remainder of the over spend 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.

The £54k reduction in over spend against the Month 4 Forecast, is due to the following:

- 6 pupils no longer attending out of county schools (-£129k), offset by;
- 3 further pupils 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 (£40k)
- 1 new pupil attending an independent school, which has been offset by some smaller savings regarding existing pupil placement costs (£31k)
- Backfill costs for a staff member who is supporting the Deri View Virtual School (SNRB) and Outreach (£27k).

COMMUNITIES & PLACE DIRECTORATE	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	616	758	0	0

COMMUNITIES & PLACE DIRECTOR'S COMMENTARY:

The Directorate is forecasting an outturn position of £758k adverse at Month 6. 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.

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.

Enterprise, Housing & Community Animation

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	337	283	0	0

Enterprise & Community Animation is forecasting a £283k over spend at month 6, this is mainly due to:

- **Borough Theatre** – £20k over spend – The completion of the refurbishment works will now run into January 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. Officers are looking at ways to mitigate this position.
- **Enterprise Mgt** - £28k over spend – Due to an increase in staff costs over and above available budget and an increase in contribution to City Deal.
- **Housing** - £302k over spend, this can be broken down into these main areas: -
 - **Homelessness** – £228k over spend – Current projections for the year indicate the authority will spend circa £2.330m on B&B accommodation for our homeless and an additional £688k 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 (£1.521m) but the service will still be left with a £228k over spend against budget to manage. This is a volatile area where accommodation demands can fluctuate month by month, officers are reviewing placement requirements to try and mitigate this cost by year end.
 - **Shared Housing & Private Leasing** - £29k over spend – Current projections are forecasting that maintenance costs will exceed budget. 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.

- **Strategic Services & Renovation Grants** – net £26k over spend – Mainly due to additional software and subscription costs in strategic services and increased administration costs for renovation grants.
- **Sewage Treatment Plants** - £20k over spend - due to delays in progressing the plant replacement projects which means the plants have to be emptied until the works are completed to resolve the issues.
- **Business Growth & Enterprise** – £46k under spend – Due in the main to the Strategic Operations Team forecasting a £44k under spend, recruitment into the team is ongoing but delays in filling posts have resulted in further staff saving.
- **Community & P/Ships development** - £22k 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 / (Surplus) £'000s	511	564	0	0

Facilities & Fleet management are forecasting a £564k over spend, due to -

- **Schools Catering** – £129k over spend – No change from Month 4 projection. The cost of increased staff recruitment alongside food inflation has driven the total cost of the catering service above the available funding. 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** – £377k 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 £204k over spend due to an increase in external contract prices and contract variations from September. This figure includes the contracts that were handed back and retendered at month 04. The forecast is based on the payment figure as at October.
 - **Internal Operations** – £173k over spend – due to the need to purchase vehicles and employ extra staff to run contracts in-house as a consequence of operator hand backs. There is a £33k improvement from M4 due to an increase in Private hire income as we are seeing a return to pre-Covid-19 levels.
- **Car Salary Sacrifice Scheme** – £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** - £99k over spend – This is mainly due to the effect of inflation increases on fuel & spare parts, in addition employee costs have increased due to the regrading of part of the workforce as a consequence of a job evaluation exercise.
- **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
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Deficit / (Surplus) £'000s	(227)	(164)	0	0
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Neighbourhood Services are forecasting to under spend by £164k, 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 - £29k under spend – The under spend has reduced by £63k since Month 4, this is mainly due to a change within Waste services where we are now forecasting a break-even position due to a downturn in the recycle market and an increase in staff costs due to a change in bank holiday entitlement that was not known at Month 4. This has partially been offset by an under spend in Grounds Maintenance due to a previously reported over spend in fuel now being reflected in Transport as a result of the centralisation of budgets.

Placemaking, Highways & Flood

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(5)	76	0	0

Placemaking, Highways & Flood is forecasting to over spend by £76k, this is as a result of -

- **Planning & Building Control** – £71k over spend – Over spend in Planning due to the inability to make staff vacancy savings (£21k), hardware and software costs to update microfiche system (£59k) offset by a net improvement in income (£9k).
- **Planning Policy & LDP** – Break-Even.
- **Car Parks & Civil Parking Enforcement** - £242k over spend – due to a shortfall in parking enforcement fines of £168k coupled with over spends in expenditure primarily in transport, premises and software costs of £74k.

Highways management & flooding - £237k under spend – position has improved since month 4 by £100k as a result of an increase in road closure and SAB income, the remaining under spend is due to delays in filling vacant posts.

MONLIFE DIRECTORATE	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	479	462	0	0

MonLife DIRECTOR'S COMMENTARY:

The Monlife directorate is forecasting to over spend by £462k, 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 have seen an improvement of £17k since month 4 this is mainly due to reduced supplies and services.

(Monlife) Countryside & Culture

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(3)	(5)	0	0

Countryside & Culture is forecasting to under spend by £5k due to a small under spend on third party contracts.

(Monlife) Finance & Business Development

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	14	(8)	0	0

Finance & Business Development is forecasting to under spend by £8k the variance from month 4 to month 6 relates to reduced supplies and services.

(Monlife) Leisure, Youth & Outdoor Adventure

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	469	475	0	0

Leisure, Youth & Outdoor Adventure is forecasting to over spend by £475k, this is mainly due to: -

Leisure Services - £279K 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 - £196k over spend mainly due to: -

Youth Services - £16k 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 - £180k 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..

CHIEF EXECUTIVES UNIT DIRECTORATE	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	0	(288)	0	0

HEAD OF POLICY, PERFORMANCE AND SCRUTINY COMMENTARY:

The current underspend of £288k is being achieved by numerous vacant posts across the department. This means existing staff are doing more and is not a sustainable long-term position. The month 6 forecast is also artificially inflated by the delay in purchasing a new telephony system to replace the current end-of-life solution. The position also reflects income to support refugees which is presently sat in the Chief Executive's budgets but will be used to offset overspends in other departments such as housing, community development, education and Passenger Transport who have been providing essential services to refugees from Ukraine.

Policy, Scrutiny & Customer Experience				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	0	(288)	0	0
<p>Policy, Scrutiny & Customer Experience are forecasting a £288k under spend at Month 6, the outturn position is made up of a number of under and over spends across the directorate with the main variances being :-</p> <ul style="list-style-type: none"> • Partnerships Mgmt - £40k under spend – The service has been able to fund core staff costs from a WHO grant resulting in an employee under spend. • Contact Centre - £16k under spend – the contact centre continues to see employee cost pressures through maternity cover and non-achievable vacancy factor savings but this is currently being offset by savings due to the delay in purchasing a new telephony system. • Equalities & Welsh Language - £52k under spend – There was a delay in employing the new welsh language officer and we are yet to fill the Equalities post, this has resulted in savings against the staff budget which have been partially offset by a significant over spend of £30k on external translation costs. • GIS Project - £30k under spend – Mainly due to employee savings as we are able to passport core staff time spent on digital innovation to capitalisation directive. • Ukraine Grant - £200k under spend – This is a temporary position and will be offset by corresponding over spends within other department's outturn figures resulting in a cost neutral position across the authority. The budget is being spent on housing, temporary accommodation, transport, education, well-being and exercise opportunities for refugees. <p>Offset by over spends in :-</p> <ul style="list-style-type: none"> • Levies, Subscriptions & Donations - £15k over spend – membership subscriptions to external bodies such as the WLGA and LGA have increased over and above available budget. • Community Hubs & Libraries - £36k over spend – This is mainly due to unachievable staff efficiency savings. 				
PEOPLE & GOVERNANCE DIRECTORATE	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	0	28	0	0
<p>PEOPLE & GOVERNANCE DIRECTOR'S COMMENTARY:</p> <p>People & Governance is reporting a £28k overspend at Month 6. Where gaps can be held and recruitment frozen it is being done with a view to an end of year underspend and important systems implementation is being undertaken to derive efficiencies in the next financial year and improve whole authority efficiency.</p>				
Communications				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	26	35	0	0
<ul style="list-style-type: none"> • Communications - £35k over spend - due to 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. 				
Democratic Services				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	21	27	0	0

Democratic Services is forecasting to over spend by £27k, this is due to -

- **Organisational Development** – £5k over spend – mainly due to inability to achieve staff vacancy saving.
- **Members Costs** - £22k over spend – due to cost pressures caused by transition to new cabinet membership structure and software maintenance costs.

Emergency Planning

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'s	0	24	0	0

Emergency Planning - £24k over spend – duty officer standby costs are forecasting to exceed available budget.

Legal and Land Charges

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'s	(7)	(7)	0	0

- **Land Charges** - £29k under spend – this is as a result of improved search income and savings from a vacant post.
- **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).

People

Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(39)	(51)	0	0

People Services is forecasting to under spend by £51k at Month 6.

- **People Services** – net £35k under spend – mainly due to net under spends in staffing across the department, we are carrying 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 saving in Occupational Health due to a reduction in demand. This has been part offset by the projected cost of the implementation of a new recruitment system within payroll of £161k, there is a potential for this cost to be capitalised so the in-year under spend could increase.
- **Corporate Training** – £16k under spend – mainly due to savings from staff vacancies.

RESOURCES DIRECTORATE

	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	756	608	0	0

RESOURCES DIRECTOR'S COMMENTARY:

The Resources Directorate is demonstrating continuing signs of budget pressure. Departments will continue in their efforts to reduce or contain pressures and to implement the budget mitigations identified 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	871	0	0

Finance is forecasting to over spend by £871k, this is mainly due to -

- **Revenues** - £1.176m over spend, this is due in the main to –
 - **Housing Benefits** - £1.293m 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 has increased by £304k since month 4, which is a reflection of current placement activity. Work is ongoing to find alternative accommodation options which may result in fewer placements in later months. However, there is currently no certainty that this will mitigate demand and reduce the pressure on the budget.
 - **Council Tax** - £102k 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 £15k lower than budgeted.
 - **Debtors and Charity relief** - £219k under spend – The forecast under spend is made up of a number of elements. A saving of £126,000 is expected as money set aside for a business rate scheme is unlikely to be utilised this year. A further £87,000 administration grant funding (net of known expenditure) is expected for the various grant support schemes that are being administered on behalf of Welsh Government. In addition, there is a small under spend in Debtors due to reduced printing & postage costs (£5k).
- **Finance** - £212k under spend – This is a result of vacancies at senior management and where we are anticipating that these positions will be filled by December/January.
- **Audit** - £71k under spend – This is due to staff vacancy savings.
- **Systems & Cashiers** – £22k under spend – due to-
 - **Cashiers** - £4k 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 and reduced collection costs for our Security Carrier, bringing the over spend down to £4,000. The over spend has reduced by a further £8,000 since month 4, as we have seen a reduction in card payment fees compared to last year's activity.

Systems - £26k under spend - At the start of the year the team were carrying vacancies, generating savings of £17,000. These have now largely been filled, although some took longer to fill than expected hence the swing in forecast. A further £7,000 additional income has been received for the purchase card rebate.

Future Monmouthshire

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

ICT is forecasting to under spend by £59k 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** - £10k 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	(197)	0	0

Commercial & Corporate Landlord is forecasting to under spend by £197k, due to-

- **Investment Properties** - £53k over spend, due to –
 - **Newport Leisure Park** - £8k under spend – currently projecting to generate an £8k 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** - £61k 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 £76k in this financial year but this will be rectified in 2023/24 once full year rental is payable.
- **Landlord Services** - £236k under spend – this is a £199k improvement from month 4 and is mainly due to a rental income increase of £172k as we were able to recover the rental of Innovation House from the Ukrainian Grant Fund, which was not known at M4. In addition, there are further delays in filling vacant posts resulting in staffing savings increasing to £64k.
- **County Farms** - £35k 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.
- **Solar Farm & Sustainability** - £153k under spend – due to improved income from our Solar Farm and PV installations caused by the increased market rates for energy.
- **Industrial Units** - £33k under spend – Rental income has increased above budget due to a number of new lettings.

- **Markets** - £137k over spend. This is due to the markets still recovering from Covid-19. Whilst rent prices have returned to pre Covid-19 levels we have seen a decrease in the number of traders. The layout at Abergavenny market has now been amended to a pre Covid-19 layout and we hope to see an increase in traders over the coming months.⁴ Income is currently predicted to be 107k less than budget, there is also a potential net increase in spend of £30k mainly due to an increase on waste disposal costs.
- **Property Services** – Break-Even -We are seeing a budget pressure in accommodation mainly due to unfunded borrowing costs relating to the refurbishment of J Block (£70k) and an increase in cleaning spend as post Covid-19 requirements have increased costs above available budget (£60k), this has been offset by a managed under spend on Corporate Building Maintenance.

CORPORATE COSTS & LEVIES DIRECTORATE	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	1,918	1,896	0	0
Precepts & Levies				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(2)	(0)	0	0
No variance forecast.				
Coroners Services				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	0	0	0	0
No variance forecast.				
Corporate Management				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(2)	(37)	0	0
Forecast has increased following notification of the anticipated Crematorium dividend.				
Non-Distributed Costs				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	0	0	0	0
No variance forecast.				
Strategic Initiatives				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	2,017	2,017	0	0
Current pay modelling based on the now agreed pay award offer of £1,925 for non-teaching staff which is estimated to result in a pressure of around £2.017m within services. For month 6 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 costs.				
Insurance				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(95)	(84)	0	0

The Council recently went out to tender on its insurance cover which has resulted in premiums payable for 2022/23 being less than anticipated reflective of a very competitive insurance market.

APPROPRIATIONS DIRECTORATE	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(225)	(250)	0	0
Fixed Asset Disposal Costs				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	0	0	0	0
No variance forecast.				
Interest & Investment Income				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(241)	(550)	0	0
Improved returns against the authority's investments due to a faster than expected increase in interest rates.				
Interest Payable & Similar Charges				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	191	672	0	0
Increased due to £15m of additional long-term borrowing taken since M4 to give more certainty to medium term budgets, along with an increase in interest payable to CSC due to increased interest rates. This increase is offset by an increase in interest earned in Interest and Investment Income.				
Charges Required Under Regulation				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(51)	(47)	0	0
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.				
Borrowing Cost Recoupment				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(325)	(325)	0	0
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	0
An over spend of £200k was shown at M4 to match 200k under spend in Planning Policy for reserves no longer required in year. A budget adjustment has since been made resulting in 200k favourable movement which will be matched by a 200k adverse movement within the planning section.				
FINANCING DIRECTORATE	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(542)	(504)	0	0
Council Tax Benefit Support				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(222)	(204)	0	0
It is currently difficult to forecast the outturn position with any certainty. Caseload is now closer to pre-pandemic levels. However, numbers are starting to pick up again as the cost of living crisis deepens, hence the swing between month 4 and 6.				
Council Tax				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(320)	(300)	0	0
Continue to anticipate a surplus in income collected this year, although things have changed slightly since month 4. Generally, the tax base remains strong. However, the upward trend noted at month 4 of an increase in exemptions and discounts awarded has continued, which has a negative impact on the tax base. The surplus also reflects a continued strong collection rate over time, over and above the 99% rate used for budget setting.				
General Government Grants				
Outturn Forecast	Month 4	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	0	0	0	0
Income received to budget.				

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 forecast Schools' balances position based on month 6 projections for each Educational Cluster.

Draft Council Fund Outturn 2022/23 – School Balances Summary outturn position at Month 6	(A) Opening Reserves (Surplus) / Deficit Position 2022/23	(B) Draw / (Contribution) from / (to) School Balances @ Month 4	(C) Draw / (Contribution) from / (to) School Balances @ Month 6	(D) Draw / (Contribution) from / (to) School Balances @ Month 9	(A+C) Forecast Reserve Balances at 2022/23 Outturn
Cluster	£000's	£'000	£'000	£'000	£'000
Abergavenny	(2,145)	1,181	1,272		(873)
Caldicot	(2,165)	1,570	1,284		(881)
Chepstow	(695)	863	899		204
Monmouth	(1,869)	1,425	1,353		(516)
Special	(82)	106	91		9
Total	(6,956)	5,145	4,900		(2,057)

- 2.2. Collective School Balances at the beginning of the financial year amounted to £6,956,114 surplus. At Month 4, the Schools forecasted anticipated draw on reserves was £5,145,631, resulting in a forecasted surplus balance of £1,810,483 at year-end. At Month 6, the forecast anticipated draw on reserves has reduced by £246,131 to £4,899,501, resulting in a forecast surplus balance of £2,056,614 at year end.

(The majority of the surplus balance brought forward into 2022-23 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 school 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 £4.9m 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:

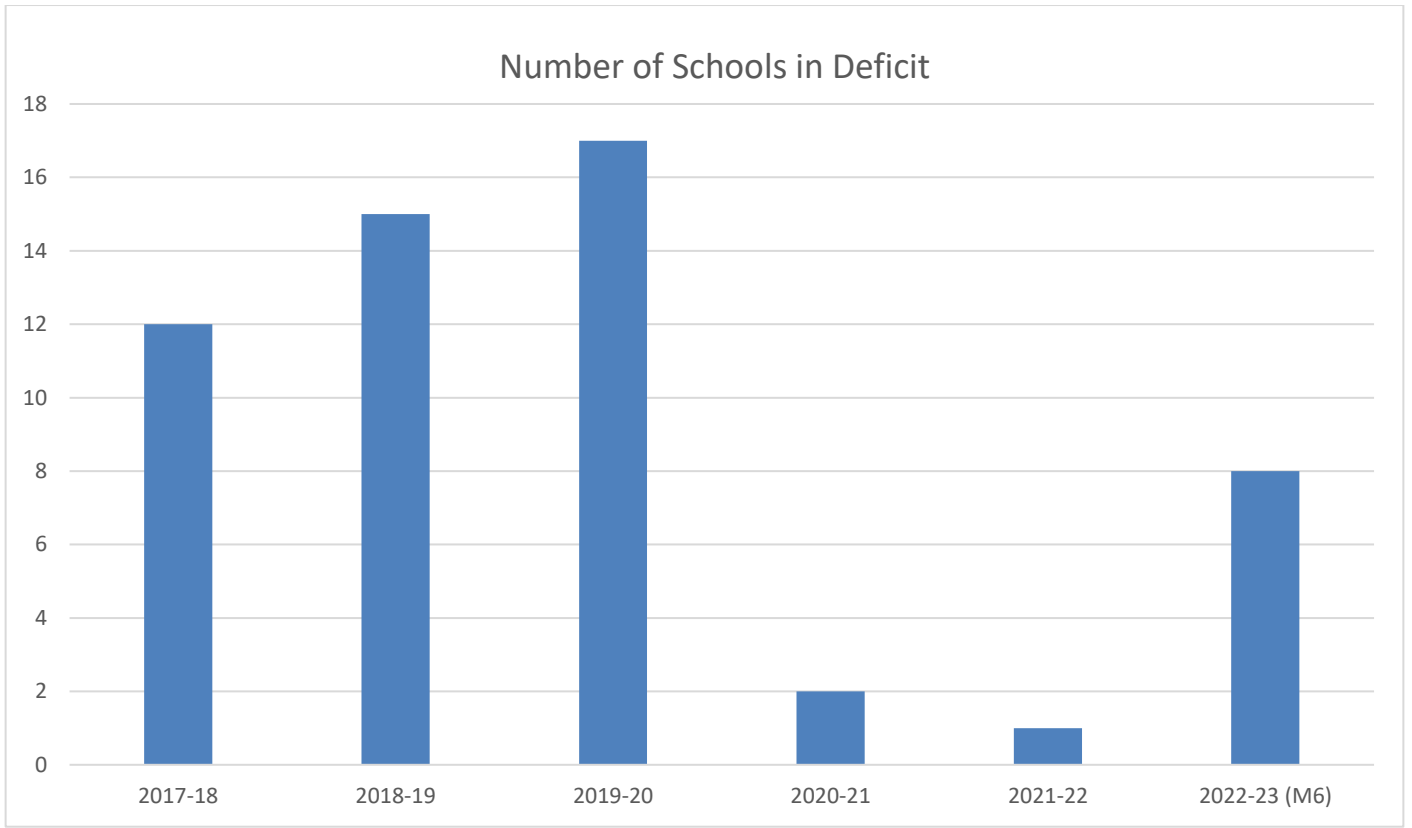
Start of year	Month 4	Month 6	Month 9
Total: 1	Total: 7	Total: 8	Total:
Chepstow Comprehensive	Chepstow Comprehensive	Chepstow Comprehensive	
	Ysgol Y Fenni	Ysgol Y Fenni	
	Archbishop Rowan Williams (CIW)		

	Cross Ash	Cross Ash	
	Kymin View		
	Llandogo	Llandogo	
	Pupil Referral Service	Pupil Referral Service	
		Deri View	
		Rogiet	
		Thornwell	

- 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 eight 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)	(2,057)

- 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. Unfortunately, the current projection is a return of eight schools into deficit balance by the end of the year:-



3. CAPITAL OUTTURN

3.1. The summary forecast Capital position at Month 6 is as follows:

Scheme Category	Slippage B/F	Original Budget	Budget Adjustments	Provisional Slippage	Revised Budget 2022/23	Forecast	Variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Expenditure							
Capitalisation Directive	0	2,650	0	0	2,650	2,650	0
Development Schemes Over £250k	13,873	330	2,792	(2,959)	14,037	14,635	598
Development Schemes Under £250k	605	2,360	733	(2,235)	1,463	1,463	0
Schools & Education	637	13,681	1,666	0	15,984	15,984	0
Infrastructure	1,357	5,593	20	0	6,969	7,100	130
ICT Schemes	552	882	0	(153)	1,281	1,281	0
Property Maintenance	2,686	2,190	(273)	0	4,604	4,604	0
Renovation Grants	912	900	0	0	1,812	957	(855)
Section 106	1,147	0	0	(95)	1,052	1,052	0
Specific Grant Funded	3,679	1,000	4,317	(800)	8,196	8,632	436
Vehicle Leasing	0	1,500	0	0	1,500	1,500	0
Total Expenditure	25,448	31,086	9,256	(6,242)	59,548	59,858	310
Financing							
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	(16,927)	0	(22,421)	(22,421)	0
S106 Contributions	(1,854)	0	0	895	(958)	(958)	0
Unsupported Borrowing	(14,590)	(19,967)	7,671	5,112	(21,774)	(22,337)	(563)
Earmarked Reserve & Revenue Funding	(192)	0	0	0	(192)	(192)	0
Capital Receipts	(3,318)	(3,596)	0	235	(6,679)	(6,426)	253
Leasing	0	(1,500)	0	0	(1,500)	(1,500)	0
Total Financing	(25,448)	(31,086)	(9,256)	6,242	(59,548)	(59,858)	(310)

3.2. The capital expenditure forecast outturn at month 6 is demonstrating a net overspend £310k, due to the following variance identified:

Scheme Category	Scheme	Over / (Under spend) £000's	Comment
Development Schemes Over £250k	Crick Road Care Home	151	Additional costs in fitting-out equipment required for resident's privacy. An additional bid has been submitted to ABuHB for additional RIF funding to offset the over spend.
Development Schemes Over £250k	Property Acquisition for Children and Young People with Complex Needs	114	Additional refurbishment costs over and above original cost projection. A bid has been made to the Regional Integration Fund and we are waiting for a decision to offset the forecasted overspend.
Development Schemes Over £250k	Abergavenny borough theatre refurbishment	333	Currently running at a projected overspend due to increased construction costs over and above original cost projection due to unforeseen lighting costs and over-run charges from contractor. If further funding cannot be obtained from joint partners in the project, then additional borrowing funded from the service budget will be utilised as per the cabinet decision.
Infrastructure	Tintern Wireworks Bridge	130	The refurbishment of the Tintern Wireworks Bridge at Tintern in conjunction with Gloucestershire County Council is currently forecast to overspend by £130k, due to the complexity of restoring this listed structure and the increased cost of materials.
Specific Grant Funded	Essential flooding works	360	Cost overruns for essential flooding works required at Capel-y-Ffin and Glan-Grywny embankments for works that couldn't be delayed any further. Urgently seeking clarification of potential Welsh Government flooding grants that could offset.
Specific Grant Funded	Siltbuster	76	The Siltbuster project is forecast to be £76k overspent due to increased costs. This will be funded from additional borrowing which will be funded by the Highways revenue budget.
Disabled Facilities grants	Disabled Facilities grants	(855)	There is an off-setting under spend on Disabled Facilities grants as referrals (over 50 to date) that have to be completed within year have been reached. Part of the overall budget assigned for DFG's can be released to aid in

3.3. There is a £6.242m forecast of Capital Slippage at month 6, as nine schemes have advised of delays within their project timescales.

- £2.2m for the Asset investment fund as this has been put on hold awaiting a new strategic direction of investments by the Cabinet;
- £2m for Housing homeless provision due to the complex lead time of acquiring properties;
- £759k for new EV charging infrastructure at County Hall due to implementation and supply delays;
- £234k Shire Hall / Museum move as awaiting grant approvals from third parties;
- £153k delay in the SRS Data Hall migration due to delays involving commercial providers

Section 106 Schemes

- £25k for the Abergavenny Skate Park as further funding needs to be acquired to facilitate a viable project;
- £25k for Children's Voices in Play project has been delayed due to third party issues;
- £28k for Little Mill Trail due to land ownership delays;
- £18k for Off Road Cycling Feasibility Study delayed by planning issues

3.4. Useable Capital Receipts Available

- 3.5. 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.

Month 6 update	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000
Balance as at 1st April	10,414	12,398	13,509	12,565	11,068
Capital receipts used for financing	(3,776)	(1,547)	(1,194)	(1,094)	(1,094)
Capital receipts used to support capitalisation direction	(2,650)	(507)	(507)	(507)	(507)
Capital receipts received	7,071	-	-	-	-
Capital receipts forecast	1,338	3,165	756	104	104
Forecast Balance as at 31st March	12,398	13,509	12,565	11,068	9,572

Disinvestment Matrix 2022-23

REF.	Disinvestment 2022-23	2022/23 Budgeted Savings £000	Value of Saving forecast at Month 4 £000	Value of Saving forecast at Month 6 £000	Value of Saving forecast at Month 9 £000	Value of Saving achieved at Outturn £000	Delayed Savings £000	Savings deemed Unachievable YTD £000
	Social Care & Health	(120)	(120)	(120)	0	0	0	0
	Communities & Place	(959)	(959)	(959)	0	0	0	0
	Resources	(300)	(300)	(300)	0	0	0	0
	Chief Executives Unit	(33)	(33)	(33)	0	0	0	0
	Corporate Costs & Levies	(717)	(717)	(717)	0	0	0	0
	Totals Disinvestments by Directorate	(2,129)	(2,129)	(2,129)	0	0	0	0

		2022/23 Budgeted Savings £000	Value of Saving forecast at Month 4 £000	Value of Saving forecast at Month 6 £000	Value of Saving forecast at Month 9 £000	Value of Saving achieved at Outturn £000	Delayed Savings £000	Savings deemed Unachievable £000	Traffic Light based Risk Assessment	Assessment of Progress	Risk of current forecast saving NOT being achieved (High / Medium / Low)
Page 39	SOC6 Social Care & Health										
	SOC6 Fees & Charges 2022/23	(120)	(120)	(120)	0	0	0	0	🟢	On Target	Low
	SOC6 Total Social Care & Health	(120)	(120)	(120)	0	0	0	0			
	C&P10 Communities & Place										
	C&P10 Increase in discretionary Fees & Charges	(13)	(13)	(13)	0	0	0	0	🟢	On Target	Low
	C&P4 Waste management savings - Contract & dry recyclates rates	(856)	(856)	(856)	0	0	0	0	🟢	On Target	Low
C&P4 Street Lighting - Energy Savings	(90)	(90)	(90)	0	0	0	0	🟢	On Target	Low	
	Total Communities & Place	(959)	(959)	(959)	0	0	0	0			
	Chief Executive's Unit										
PCEO0003	Reversal of previous pressure - Contact Centre - Additional staff to cope with booking system at HWRC	(33)	(33)	(33)	0	0	0	0	🟢	On Target	Low
	Total Chief Executive's Unit	(33)	(33)	(33)	0	0	0	0			
	Resources										
RES 11	Solar farm income increase	(300)	(300)	(300)	0	0	0	0	🟢	On Target	Low
	Total Resources	(300)	(300)	(300)	0	0	0	0			
	Corporate Costs & Levies										
CORP 5	Increase in Capitalisation directive	(442)	(442)	(442)	0	0	0	0	🟢	On Target	Low
CORP 10	Council tax base increase	(275)	(275)	(275)	0	0	0	0	🟢	On Target	Low
	Total Corporate Costs & Levies	(717)	(717)	(717)	0	0	0	0			

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	A	B	C	D	A + D
	Opening Reserves 2022-23 (Surplus)/Deficit	In Year position at Month 4 (Surplus)/Deficit	Difference reported from Month 4 to Month 6 (Surplus)/Deficit	In Year position at Month 6 (Surplus)/Deficit	Projected carry forward at year end 2022-23 (Surplus)/Deficit
Abergavenny cluster					
E003 King Henry VIII Comprehensive	(755,570)	389,048	0	389,048	(366,522)
E073 Cantref Primary School	(254,092)	134,790	1,001	135,791	(118,301)
E072 Deri View Primary School	(189,790)	133,741	70,051	203,791	14,001
E035 Gilwern Primary School	(230,955)	116,685	0	116,685	(114,270)
E037 Goytre Fawr Primary School	(117,735)	81,985	323	82,308	(35,427)
E093 Llanfoist Fawr Primary School	(219,419)	86,308	(2,184)	84,124	(135,296)
E044 Llantillio Pertholey CiW Primary School (VC)	(109,698)	91,517	(5,744)	85,773	(23,925)
E045 Llanvihangel Crucorney Primary School	(136,822)	23,616	22,485	46,100	(90,722)
E090 Our Lady and St Michael's RC Primary School (VA)	(58,649)	24,920	7,788	32,708	(25,941)
E067 Ysgol Gymraeg Y Fenni	(72,015)	98,709	(3,090)	95,619	23,604
Caldicot cluster					
E001 Caldicot School	(807,785)	734,528	(160,201)	574,327	(233,458)
E068 Archbishop Rowan Williams CiW Primary School (VA)	(171,322)	187,566	(88,345)	99,221	(72,101)
E094 Castle Park Primary School	(159,298)	133,874	(26,318)	107,556	(51,742)
E075 Dewstow Primary School	(358,616)	100,426	23,375	123,801	(234,816)
E034 Durand Primary School	(104,979)	84,811	(10,976)	73,835	(31,144)
E048 Magor CiW Primary School (VA)	(196,816)	105,942	(50,047)	55,895	(140,921)
E056 Rogiet Primary School	(89,223)	79,041	25,269	104,310	15,088
E063 Undy Primary School	(210,643)	101,561	(944)	100,617	(110,025)
E069 Ysgol Gymraeg Y Ffin	(66,783)	42,083	2,561	44,644	(22,139)
Chepstow cluster					
E002 Chepstow School	124,934	369,873	21,875	391,748	516,682
E091 Pembroke Primary School	(218,667)	126,891	0	126,891	(91,776)
E057 Shirenewton Primary School	(239,292)	107,939	22,215	130,154	(109,138)
E058 St Mary's Chepstow RC Primary School (VA)	(104,932)	33,934	20,442	54,376	(50,556)
E060 The Dell Primary School	(146,839)	119,246	(40,510)	78,736	(68,103)
E061 Thornwell Primary School	(110,622)	105,398	12,194	117,592	6,970
Monmouth cluster					
E004 Monmouth Comprehensive	(814,258)	591,414	(2,547)	588,867	(225,391)
E032 Cross Ash Primary School	(79,755)	86,620	(3,500)	83,120	3,365
E092 Kymin View Primary School	(133,714)	152,013	(39,963)	112,050	(21,664)

	Opening Reserves 2022-23 (Surplus)/Deficit	In Year position at Month 4 (Surplus)/Deficit	Difference reported from Month 4 to Month 6 (Surplus)/Deficit	In Year position at Month 6 (Surplus)/Deficit	Projected carry forward at year end 2022-23 (Surplus)/Deficit
E039 Llandogo Primary School	(214)	9,060	(285)	8,775	8,561
E074 Osbaston CiW Primary School (VC)	(93,147)	43,288	26,052	69,340	(23,807)
E051 Overmonnow Primary School	(162,470)	155,228	(11,966)	143,262	(19,208)
E055 Raglan CiW Primary School (VC)	(160,593)	31,876	14,442	46,318	(114,275)
E062 Trellech Primary School	(153,939)	93,103	7,532	100,635	(53,304)
E064 Usk CiW Primary School (VC)	(270,840)	262,834	(62,259)	200,575	(70,265)
Cluster Totals	(6,874,560)	5,039,867	(231,274)	4,808,594	(2,065,967)
Special School					
E095 PRU	(81,554)	105,764	(14,857)	90,907	9,353
Special School Total	(81,554)	105,764	(14,857)	90,907	9,353
Total	(6,956,114)	5,145,631	(246,131)	4,899,501	(2,056,614)

Service budget recovery plan - Month 6

Directorate	Initial target £000's	Initial proposals £000's
Children & Young People	217	217
Social Care, Health & Safeguarding	1,122	800
Communities & Place	457	546
MonLife	88	88
People & Governance	91	11
Chief Executives Unit	63	147
Resources	148	377
Total	2,185	2,185

Children & Young People

Indicative saving target: (£000's) 217

Initial options 217

Ref	Service	Proposal	Amount	Recovery method	Details	Risk Factor
			£000's	<i>i.e. Not filling vacant post, reduction in supplies or services, additional income, curtailing service, etc.</i>	<i>A brief description of the proposal including any risks to being able to deliver</i>	<i>Low, Medium, High</i>
CYP1	Education Psychology	Saving generated by not filling 0.4 FTE of a post	22	Not filling a vacant post	Following a recent recruitment process for a full time Education Psychology post the successful applicant has asked to work 3 days leaving 2 days vacant. The service is able to accommodate this.	Low
CYP2	Primary Behaviour support	Due to the delay in being able to recruit to the posts this has generated a saving	106	Delay in recruiting to the service	Due to a restructure there has been a delay in recruiting to this service therefore 9 months saving has been made on the budget.	Low
CYP3	Photovoltaic Recharges (Schools)	To release some of the surplus balance to support the recovery plan	89	Releasing some of the reserve	Following the installation of photovoltaic panels on at some school the recharges have been put in a reserve to be used for energy efficiency projects, the surplus reserve has been increasing year on year and no projects have been proposed. If agreed this would still leave £136k for projects	Low

Social Care, Health & Safeguarding

Indicative saving target: (£000's)

1,122

Initial options

800

Ref	Service	Proposal	Amount	Recovery method	Details	Risk Factor
			£000's	<i>i.e. Not filling vacant post, reduction in supplies or services, additional income, curtailing service, etc.</i>	<i>A brief description of the proposal including any risks to being able to deliver</i>	<i>Low, Medium, High</i>
SCH1	Children's	Reduce Placement Support Costs	38	Reduction in services	We have moved a younger person out of an OWR into a supported accommodation placement and are in the process of reducing the child's level of support	L - the care plan is on track
SCH2	Children's	Placement Cost	20	Reduction in services	We have moved a younger person from an OWR onto Skirrid which is now registered as a 2 bed (previously 1 bed). The plan is to move another child into the 2nd placement which will reduce the costs of the 2nd child's placement at £5,700 per week	M - sibling group complex needs, recently come into care, aim for joint March is achievable, pending on successful transition.
SCH3	Children's	Placement Cost	50	Changed Supplier	Child in OWR placement requiring agency residential care. A new supplied is now available at reduced cost.	L - change in supplier has already been made
SCH4	Children's	Placement Cost	22	Change of Care Plan	Child was rehabilitated to family member, which was not identified in M6 forecast	L - it has already happened
SCH5	Children's	Placement Cost	150	Reduction in services	At M6 forecast was based on a 6 :1, the current clinical assessment indicates 5:1 moving to 4:1. The child will be moving to bespoke accommodation.	M - £100K is Low risk as this equates to the reduction of 1 carer which is now in place. The further reduction of 1 carer will depend on outcome of clinical assessment following transition to new accommodation.
SCH6	Children's	Recruitment	8	Convert agency to T & C	An agency safeguarding TM has been in place, who has now been successfully appointed on T & C	L - successful appointment has been enacted, awaiting checks.
SCH7	Children's	Delay recruitment	12	Not filling vacancy	3 day Social Work post in the Children With Disabilities team	L - this is the status quo, so the work / risk is currently managed.
SCH8	Children's	Delay recruitment	4	Not filling vacancy	1 day Social Work post Families Together team	L -this is the status quo, so the work / risk is currently managed.
SCH9	Children's	Service re-design	12	Changing posts	Convert x2 agency Social Worker posts in the Long Term Support Team to x2 Family Support Workers	M - the risk is whether we are able to recruit in time to realise the savings

Social Care, Health & Safeguarding

Indicative saving target: (£000's)

1,122

Initial options

800

Ref	Service	Proposal	Amount	Recovery method	Details	Risk Factor
			£000's	<i>i.e. Not filling vacant post, reduction in supplies or services, additional income, curtailing service, etc.</i>	<i>A brief description of the proposal including any risks to being able to deliver</i>	<i>Low, Medium, High</i>
SCH10	DMT	Staffing	6	Not filling vacancy and releasing agency	0.5 Chief Officer Business Support and use Business Support for Head Of Adult Service instead	L - the post is shared with CO CYP so this may be jeopardised
SCH11	DMT	Delay recruitment	8	Delay recruitment	Delay arrival of Head Of Adult Service by 3 weeks	L - the risk is delay in further development and implementation of the MTFP
SCH12	Transformation	Utilise a WG grant	40	Additional income	An in-year Performance Grant has been awarded which can be used against a reconfigured performance post (to off-set core funding)	L - grant already claimed
SCH13	Transformation	Utilise a WG grant	50	Additional income	An in-year Workforce Development Grant has been applied for which can be used to off-set core funding for recruitment activity that has already been undertaken	M - the outcome of the application process is still pending
SCH14	YOS	Utilise a WG grant	10	Additional income	A Ministry Of Justice grant has been awarded to the YOS for prevention which we propose is used to off-set core funding	L - the grant criteria still needs to be worked through
SCH15	Directorate Staffing	Delays to recruitment	50	Delay filling vacancies	Delay to 1 data and performance lead, 1 EHO and 1 BS.	L - continues the status quo
SCH16	Directorate Staffing	Delays to recruitment	50	Delay filling vacancies	There are currently at least 36 vacancies within the directorate, which can be actively managed to mitigate the pressures.	M - this will require control via any recruitment being authorised by DMT. It will create workforce pressures regarding the unmet need.
SCH17	Adult Services	POC costs	200	Reduction in services	There are approximately 18 24 hour live-in care packages which are not pegged to our Fair Fee for residential care	M - social work time required to undertake the review, query over how much of the care can be safely reduced within this year.
SCH18	Adult Services	Debt Recovery	10	Additional income	The saving is predicted on targeted reduction of £100,000 in debt, which in turn will reduce the bad debt provision by £10K.	M - Reason for medium is the length and value of debt will be difficult to recover

Social Care, Health & Safeguarding
 Indicative saving target: (£000's) 1,122
 Initial options 800

Ref	Service	Proposal	Amount	Recovery method	Details	Risk Factor
			£000's	<i>i.e. Not filling vacant post, reduction in supplies or services, additional income, curtailing service, etc.</i>	<i>A brief description of the proposal including any risks to being able to deliver</i>	<i>Low, Medium, High</i>
SCH19	Adult Services	Means Tested Policy	60	Additional income	Ensure social workers discuss means tested charges with clients before care is provided and ensure the financial assessment process has been started.	L - Should be done as its laid down in legislation and the Authority's charging policy and procedures. Challenge is in embedding correct control mechanism

Communities & Place
 Indicative saving target: (£000's)

457

Initial options 546

Ref	Service	Proposal	Amount	Recovery method	Details	Risk Factor
			£000's	<i>i.e. Not filling vacant post, reduction in supplies or services, additional income, curtailing service, etc.</i>	<i>A brief description of the proposal including any risks to being able to deliver</i>	<i>Low, Medium, High</i>
C&P1	Street Lighting	Reduction in in-year revenue maintenance spend.	50	Passporting qualifying spend to capital budgets	Passporting qualifying spend to capital budgets	Low
C&P2	Grounds Maintenance	Drawing of S106 Commuted sum payment	200	Additional income	Further draw on S106 commuted sum - using unspent funds saved up from previous years. One-off benefit.	Low
C&P3	Car Parks	Realisation of Pay & Display income from opening of Severn Tunnel junction car park - Jan-March	10	Additional income	New car park coming on line in January. There is a risk around whether this level of income is achievable but this risk is felt to be low.	Low
C&P4	Highways Traffic Mgt	Further release of potential Road Closure income	41	Additional income	Projections show that road closure income will exceed what was included at month 4.	Low
C&P5	Highways Dev & Flooding	Freeze vacant post until new financial year	54	Temporary hold on filling vacant post	Temporary hold on filling vacant post	Low
C&P6	Building Cleaning	Managed reduction in material spend	28	Reduction in supplies & Services	Re-assessment of stock levels allows for further budget recovery	Low
C&P7	Schools Catering	Staff cost reduction	73	Temporary hold on filling vacant posts	Re-assessment of staffing requirement since month 4. The forecast indicates potential slow down in recruitment required in this financial year.	Medium
C&P8	Schools Catering	Windfall grant	56	Additional income	Windfall grant relating to WG Free Sschool Meals and covid grant administration that has been provided. This was not known at M4.	Low
C&P9	Borough Theatre	Delay staff recruitment until new financial year	9	Temporary hold on filling vacant post	Hold off on filling new structure until we understand future resource requirements.	Low
C&P10	Strategic Operations	Freeze vacant post until new financial year	25	Temporary hold on filling vacant post	Temporary hold on filling vacant post	Low

MonLife
 Indicative saving target: (£000's) 88
 Initial options 88

Ref	Service	Proposal	Amount	Recovery method	Details	Risk Factor
			£000's	<i>i.e. Not filling vacant post, reduction in supplies or services, additional income, curtailing service, etc.</i>	<i>A brief description of the proposal including any risks to being able to deliver</i>	<i>Low, Medium, High</i>
ML1	Finance & Business	Freeze Vacant Post - Business Support Team Leader	26	Freeze Vacant Post	Post is currently vacant, low risk but adds additional pressure to the business support unit.	Low
ML2	Finance & Business	Freeze Vacant Post - Project Officer	18	Freeze Vacant Post	Post is currently vacant, low risk as major projects in MONLIFE have reduced significantly.	Low
ML3	Leisure, Youth & Outdoor Adventure	Outdoor Adventure - Increase income through winter promotions	20	Additional Income	Requires school uptake during a period where there has been limited interest previously, the section will look to use promotions to make this period more attractable to schools.	Medium
ML4	Finance & Business	Project Management - Grants	24	Additional Income	Recharge core staff to grant projects	Low

People & Governance

Indicative saving target: (£000's) 91

Initial options 11

Ref	Service	Proposal	Amount	Recovery method	Details	Risk Factor
			<i>£000's</i>	<i>i.e. Not filling vacant post, reduction in supplies or services, additional income, curtailing service, etc.</i>	<i>A brief description of the proposal including any risks to being able to deliver</i>	<i>Low, Medium, High</i>
PG1	Communications	Staff cost reduction	8	Staff cost reduction	Temporary saving that will be achieved between staff member leaving and filling of vacant post	Low
PG2	Communications	Staff cost reduction	2.5	Reduction in staff hours	A mutually agreed reduction in working hours for two staff	Low

Chief Executives Unit
 Indicative saving target: (£000's) 63
 Initial options 147

Ref	Service	Proposal	Amount	Recovery method	Details	Risk Factor
			£000's	<i>i.e. Not filling vacant post, reduction in supplies or services, additional income, curtailing service, etc.</i>	<i>A brief description of the proposal including any risks to being able to deliver</i>	<i>Low, Medium, High</i>
CEO1	Department wide	Moving qualifying staff costs to Ukraine Funding	115	Moving qualifying staff costs to Ukraine Funding	Since M6 report we have identified further staff costs that can be pushed against the Ukraine grant	Low
CEO2	Department wide	Freeze filling of vacant posts	22	Not filling vacant post	Freeze filling of vacant posts until new year	Low
CEO3	Improvement Team	Decision taken to not purchase MadeOpen subscription	10	Reduction in supplies & Services	Curtail purchase of MadeOpen subscription.	Low

Resources

Indicative saving target: (£000's)

148

Initial options

377

Ref	Service	Proposal	Amount	Recovery method	Details	Risk Factor
			£000's	<i>i.e. Not filling vacant post, reduction in supplies or services, additional income, curtailing service, etc.</i>	<i>A brief description of the proposal including any risks to being able to deliver</i>	<i>Low, Medium, High</i>
RES1	Property Services	Reduction in corporate Building maintenance	270	Make use of spare capital budget to fund maintenance	No risk - using spare capital funding to cover qualifying maintenance repairs from revenue.	Low
RES2	ICT	Reduce equipment spend through to year end	35	reduction in supplies & services	Managed underspend on equipment - majority of laptop spend can be pushed to capital budget.	Low
RES3	Insurances	Reduction in professional fees and ICT costs	20	reduction in supplies & services	Fees for the actuarial review are lower than budgeted, alongside delaying some further ICT investment	Low
RES4	Investment income	Additional investment income	52	Additional income	Additional investment income in light of rising interest rate environment and where we may be able to look at alternative counterparties	Medium