

<b>SUBJECT:</b>	<b>2022/23 REVENUE &amp; CAPITAL BUDGET OUTTURN STATEMENT</b>
<b>MEETING:</b>	<b>PERFORMANCE &amp; OVERVIEW SCRUTINY COMMITTEE</b>
<b>DATE:</b>	<b>21<sup>st</sup> June 2023</b>
<b>DIVISION/WARDS AFFECTED:</b>	<b>ALL</b>

**1. PURPOSE:**

- 1.1 To provide Committee members with information on the Authority's final financial results 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 considered by Cabinet when they receive this report at their meeting on the 5<sup>th</sup> July 2023.

**RECOMMENDATIONS TO PERFORMANCE AND OVERVIEW SCRUTINY COMMITTEE**

- i. That the Performance and Overview Scrutiny Committee perform pre-decision scrutiny on the Authority's financial results 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 to Cabinet who will receive this report at their meeting on the 5<sup>th</sup> July 2023.

## **2. RECOMMENDATIONS TO CABINET:**

2.1 That Cabinet recognises a net revenue budget deficit at outturn of £3,503,000 that requires a contribution from earmarked reserves to fund the additional expenditure incurred.

2.2 The primary drivers of this budget deficit are:

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

2.3 That Cabinet recognise that the deficit at outturn represents a significant improvement from the position forecast at month 9, with £2,557,000 less needing to be contributed from reserves. This is primarily as a result of £990,000 of additional eligible costs being financed from capital receipts under capitalisation direction; £1,300,000 of additional grant funding being received or allocated to core expenditure in relation to Adult social care costs, and; a net £1,738,000 improvement in service budget positions driven by budget recovery action enacted by services during the year, and significantly where additional income has been identified and staff vacancies have been held.

2.4 That Cabinet note the ongoing financial risk represented by the current volatile operating environment within Adult's and Children's services and require the respective Chief Officers and the Responsible Financial Officer to continue to closely monitor and manage operational and financial performance to ensure that all possible remedial action is taken to constrain cost, and that this is reported to the Cabinet Portfolio Holder regularly.

- 2.5 That Cabinet endorse the strategy to rationalise reserves as noted within paragraph 4.10 of this report, and task officers with considering a further rationalisation exercise once the medium-term financial strategy is developed that outlines the financial framework and alignment to the Council's approved Community & Corporate plan.
- 2.6 That Cabinet approve the use of capital receipts totalling £3,271,000 to fund the eligible revenue expenditure as outlined in **Appendix 3** under the Welsh Government's "flexible use of capital receipts" direction.
- 2.7 That Cabinet acknowledge the reduction in Schools balances during the year of £2,698,908 as outlined in **Appendix 1** and **Appendix 4**, significantly lower than the £4,653,000 that had been previously forecast. Five schools ended the year in a deficit balance with several schools continuing to carry structural budget deficits that will need to be addressed.
- 2.8 That Members note capital expenditure for the year of £43,693,000, with £33,098,000 of budget requested to be slipped into 2023/24. As a result of net under spends across various smaller schemes within the programme, £220,000 of capital receipts can be released back to reserve to support future investment.
- 2.9 That Cabinet approve the capital slippage requests of £33,098,000 as listed in **Appendix 5**, acknowledging the challenging operating conditions and external influences that have delayed schemes progressing during the year.
- 2.10 That Cabinet approve the capital budget revisions as outlined in **Appendix 6**, which are required following finalisation of grant funding awards for the financial year.

### 3. KEY ISSUES:

#### Table 1: Overall 2022/23 Revenue budget outturn

Directorate	Over / (Under) Spend (£,000s)	% Variance to budget	Over spend	Under spend
<b>Social Care, Health &amp; Safeguarding</b>	<b>4,204</b>	7.20%	Children's services £4.1m (complexity, reliance on independent providers, agency staff)	Staff savings in public protection and support services £270k
			Adults £367k (demand, complexity of cases)	
<b>Children &amp; Young People</b>	<b>1,344</b>	2.30%	ALN transport £633k (contract costs)	Central staff savings, increased income (£116k)
			ALN placements and recoupment costs £317k	
			Schools support budgets £578k (NI increase not recouped), teachers salary protections, Gwent music, post-16 transport)	
<b>Communities &amp; Place</b>	<b>(1,545)</b>	<b>-6.30%</b>	Fleet Maintenance £185k (inflation)	Planning & Development Control £155k (LDP delay)
			Waste £133k (Inflation and reduced income)	Highways & Flooding £518k (Income & staff vacancies)
			Highways Ops £66k (inflation & winter maintenance)	Street Lighting £201k (energy reduction)
			Car Parks & parking enforcement £172k (income shortfall)	Grounds £123k (Income),
				Building cleaning £118k (income)
				Solar farm £175k (energy)
				Schools catering £392k (FSM grant)
				Passenger Transport £153k (income/grant)
				Housing incl Homelessness £113k (grant)
				Youth Enterprise £108k (Grant)
	Management support £59k (Staff)			
<b>Monlife</b>	<b>(376)</b>	<b>-7.70%</b>		£237k system costs met from additional capitalisation direction
				Outperformance of budgeted income levels - both Leisure & Outdoor due to re-engage programme £260k

Directorate	Over / (Under) Spend (£,000s)	% Variance to budget	Over spend	Under spend
				Additional grants received £73k
<b>Chief Executive Unit</b>	<b>(291)</b>	<b>-15.80%</b>		Hub/Contact centre £83k (system savings and grant) Comm Ed £61k (grant), Policy/Partnerships £129k (grant, capitalisation directive)
<b>People &amp; Governance</b>	<b>(107)</b>	<b>-2.10%</b>	Democratic services £76k (Additional staff costs, members mileage and remuneration)	HR £164k (Software costs met from additional capitalisation direction & staff savings) Training £33k (income)
<b>Resources</b>	<b>292</b>	<b>3.60%</b>	Newport leisure park £109k (reduced income) Castlegate £160k (Service charge met centrally for vacant units) Housing benefits £1.34m (Homelessness impact on benefit subsidy) Markets £110k (income shortfall)	ICT £86k (lower activity) Finance/Audit £216k (staff vacancies) Charity Relief £217k (grant) Corporate H&S £55k (staff vacancy) Property Services £266k (covered from capital) Cemeteries £92k (income) Asset management £321k (Staff vacancies/Ukrainian funding)
<b>Corporate</b>	<b>981</b>	<b>4.20%</b>	Pay award £2.05m above budgeted levels	Insurance £565k (reduced claim costs) Pension costs £235k (covered by capitalisation direction) Rate refunds £170k Other Corporate income £100k

Directorate	Over / (Under) Spend (£,000s)	% Variance to budget	Over spend	Under spend
Treasury & Reserves	(663)	-9.30%		Lower net borrowing costs reflective of a lower interest rate environment at the start of the year, and significant capital slippage at the end of 2021/22
Financing	(336)	-0.20%		Out-performance of budgeted Council tax collection
Year-end Deficit	3,503			
Transfer from Reserves	(3,503)	N/A	Amount required to finance year end deficit	
Total	0			

**Table 2: Reconciliation from Month 9 forecast**

	£000's	£000's
Month 9 Forecast overspend	7,531	
Extension of capitalisation direction	(990)	
Grant funding - Social Care	(1,300)	
Improvement in service budgets	(1,738)	
<b>Sub-Total</b>		<b>3,503</b>
Contribution from earmarked reserves		(3,503)
<b>Balanced outturn</b>		<b>0</b>

### 3.1 Headlines

3.2 A final year-end revenue budget deficit of £3,503,000, which has required a contribution from earmarked reserves to finance the additional expenditure incurred. This is a significant improvement of £2,557,000 from the forecast at month 9 where £6,060,000 of was forecast to be required from reserves.

3.3 The improvement of £2,557,000 since month 9 is due to three main factors:

- £990,000 of additional eligible costs have been financed from capital receipts under capitalisation direction;
- £1,300,000 of additional grant funding has been received or has been allocated to core expenditure towards the end of the year in relation to Adult social care costs. This relates to £700,000 Social care workforce sustainability grant, and £600,000 from the Regional Integration Fund;
- A net £1,738,000 improvement in service positions following budget recovery action being enacted during the year by all services, where additional income has been identified, or where staff vacancies have been held. This can be summarised as follows:

<b>Communities &amp; Place</b>	<b>(£746,000)</b>	Increased income which was not forecast at Month 9 - Car parking, Highways & Flooding, Solar Farm, Schools Catering, Passenger transport
<b>Insurances</b>	<b>(£425,000)</b>	Savings in self-insured costs, premiums, and where the provision for settlement of outstanding claims has reduced year-on-year
<b>Corporate</b>	<b>(£239,000)</b>	Rate refunds and Corporate income have been notified at year end
<b>Treasury &amp; Council Tax</b>	<b>(£115,000)</b>	Unbudgeted borrowing costs were recouped from services. Interest rates movements towards the end of the year increased investment returns generated. Offset by Council tax income forecast reducing since month 9.
<b>Monlife</b>	<b>(£390,000)</b>	Outperformance of the income levels forecast at Month 9 - both Leisure & Outdoor due to re-engage programme. Countryside grants notified late in year.
<b>Social Care</b>	<b>(£319,000)</b>	Continued staff vacancies throughout workforce
<b>Children &amp; Young People</b>	£496,000	ALN transport charges higher than forecast at Month 9. Late invoice for Gwent music charge where related income was recognised in previous year
<b>Total</b>	<b>(1,738,000)</b>	

3.4 **Appendix 1** provides the detailed explanation of the reasons for the variance to budget, alongside a full assessment of the movement in School balances, and details of the progress of the Authority's Capital programme during the year.

- 3.5 **Budgeted service savings** – Service savings totalling £2,129,000 were required as part of the original revenue budget for 2022/23. These have been met in full during the year which is a pleasing result considering the ongoing challenges faced by services in current operating conditions. Full details of the savings can be found at **Appendix 2** to the report.
- 3.6 **Homes for Ukraine scheme** – a surplus of £1,340,000 was recorded at year-end, representing surplus grant received for 2022/23 compared to the costs incurred in operating the welcome centre and supporting Ukrainian people coming to Wales under the Homes for Ukraine scheme. This surplus has been transferred to a specific reserve to finance future costs that will be incurred in supporting families.
- 3.7 **School balances** – schools drew upon £2,698,908 of their accumulated balances during the year, which was significantly lower than the £4,653,000 that had been forecast at month 9. This was primarily due to additional income EAS income, interest on school balances, Ukrainian funding not included in school forecasts, and a capital grant received by schools, as well as some schools not investing as planned.
- 3.8 Closing schools balances are £4,257,205 with five schools in deficit, compared to nine forecast to be in deficit at Month 9. Several schools continue to carry structural budget deficits which will need close monitoring as we move into a difficult budget year for schools in 2023/24.

**Table 3: Movement in Schools balances**

2022/23 School Balances	1 <sup>st</sup> April 2022	Draw upon Reserves	31 <sup>st</sup> March 2023
	£000's	£000's	£000's
Comprehensives	(2,253)	994	(1,259)
Primaries	(4,622)	1,595	(3,027)
Special	(82)	110	29
<b>Total</b>	<b>(6,956)</b>	<b>2,699</b>	<b>(4,257)</b>



3.9 **Capital budget** – Capital expenditure totalled £43,693,000 for the year, with an under spend of £94,000 reported. After allowing for year-end capital financing adjustments this releases £220,000 of capital receipt funding back to reserves. The overall under spend is primarily due to:

Capital Scheme	Over / (Under) Spend	Funding used or released
Capitalisation direction	£621,000	Increased capital receipts
Abergavenny Borough Theatre	£180,000	Increased unsupported borrowing that will be recouped from service revenue budget
Property Maintenance	(£433,000)	Reduced capital receipts
Infrastructure	(£46,000)	Reduced capital receipts
Schools & Education	(£54,000)	Reduced capital receipts
Access for All schemes	(£208,000)	Reduced capital receipts
Other Schemes	(154,000)	Reduced capital receipts/Grant

3.10 **Capital slippage** – A total of 102 capital schemes require slippage into 2023/24 totalling £33,098,000, representing 42% of the total budget for the year. 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 the impact of these external influencing factors is clear, the large number of schemes requiring slippage along with the explanations for delay given by budget holders does point to more underlying issues in project planning, such as unrealistic profiling of budgets and a lack of resourcing to manage the volume of schemes being planned. Finance teams will continue to work with budget holders to assess if any further amendment to project delivery plans are required.

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

**Table 4: Capital receipts balances**

Capital Receipts Outturn	Actual 31 <sup>st</sup> March 2023	Forecast 31 <sup>st</sup> March 2024	Forecast 31 <sup>st</sup> March 2025	Forecast 31 <sup>st</sup> March 2026	Forecast 31 <sup>st</sup> March 2027
	£000's	£000's	£000's	£000's	£000's
Balance as at 1st April	8,773	12,447	7,940	8,853	7,891
Capital receipts used for financing	(857)	(3,853)	(1,158)	(1,058)	(1,058)
Capital receipts used to support capitalisation direction	(3,271)	(3,008)	(508)	(508)	(508)
Capital receipts used for redundancies	0	(1,000)	0	0	0
Capital receipts received	7,802	0	0	0	0
Capital receipts forecast	0	3,354	2,579	604	104
<b>Forecast Balance 31st March</b>	<b>12,447</b>	<b>7,940</b>	<b>8,853</b>	<b>7,891</b>	<b>6,429</b>
<b>Month 9 Forecast</b>	<b>9,891</b>	<b>7,106</b>	<b>6,009</b>	<b>4,511</b>	<b>3,014</b>
<b>Increase/Decrease since Month 9</b>	<b>2,556</b>	<b>834</b>	<b>2,844</b>	<b>3,380</b>	<b>3,415</b>

#### 4 RESERVES POSITION

Table 6: Summary Reserves position at outturn

Reserve	31st March 2022 Actual £000's	31st March 2023 Actual £000's	31st March 2024 Forecast £000's	31st March 2025 Forecast £000's	31st March 2026 Forecast £000's	31st March 2027 Forecast £000's
Council Fund	(10,527)	(11,104)	(11,104)	(11,104)	(11,104)	(11,104)
General Earmarked Reserves	(12,387)	(8,617)	(4,942)	(4,751)	(4,560)	(4,369)
<b>Sub-Total – General reserves</b>	<b>(22,914)</b>	<b>(19,721)</b>	<b>(16,046)</b>	<b>(15,855)</b>	<b>(15,664)</b>	<b>(15,473)</b>
Service Earmarked Reserves	(3,729)	(2,933)	(2,997)	(3,060)	(3,123)	(3,056)
School Balances	(6,955)	(4,256)	(4,256)	(4,256)	(4,256)	(4,256)
<b>Total Reserves</b>	<b>(33,598)</b>	<b>(26,910)</b>	<b>(23,299)</b>	<b>(23,171)</b>	<b>(22,043)</b>	<b>(22,785)</b>

#### 4.1 **Reserves - Key considerations**

- 4.2 £3,503,000 of earmarked reserves have been drawn upon at year-end to finance the additional expenditure incurred on the revenue budget. The reserves utilised had been set aside to meet the pressures expected to materialise as services managed the recovery from the pandemic, and the additional demands this placed upon a variety of services across the Council.
- 4.3 £509,000 of the Rural development plan reserve balance can be released back to general reserves following finalisation of all costs involved in the process. Costs were either lower than expected or were covered by substantial grant funding. A further £67k is released from the Homeless prevention reserve upon review of the purpose of the reserve, which is not considered to be for a specific use.
- 4.4 **Inflationary risk/Pay award pressures** – these have traditionally been dealt with through the budget process via budget pressures and assumptions. However, given the difficult economic conditions continuing to present themselves as we move into 2023/24, consideration should be given to increasing specific cover.
- 4.5 **Redundancy & pension reserve** –£1m of capital receipts have been earmarked in 2023/24 to cover the anticipated level of redundancy and strain cost resulting from the impact of budget saving mandates. The reserve is therefore deemed at an adequate level at the current time.
- 4.6 **Insurance reserve** – An actuarial review was undertaken in Autumn 2022 which confirmed the existing level of reserve is within a prudent range.
- 4.7 **Invest to save/Priority investment reserves** – these reserves are forecast to be extinguished by the end of 2023/24. In effect service redesign is being currently being financed through capitalisation direction.
- 4.8 **Council fund level** – the recommended prudent level is between 4-6% of the Council's net revenue budget (£189.6m for 2023/24). The current level of Council fund is 10.53m or 5.5% of net revenue budget.
- 4.9 **Support for wider administration priorities** – The Community & Corporate plan sets out the Cabinet's priorities such as tackling the climate and nature emergency, reducing inequality and poverty, and improving opportunities for both residents and businesses. The upcoming medium term financial strategy will look to link these priorities with the financial resources available to the Council over the medium term.

#### 4.10 Proposed reserves rationalisation:

- That the £576,000 released from the Rural development plan reserve and the Homeless prevention reserve is transferred to the Council fund to increase overall resilience to 5.85% of the Council's net revenue budget during a period of economic turbulence, increasing cost pressures and below inflation funding settlements;
- That the remaining Covid reserve balance of £1,316,000 is released and instead earmarked for future Pay inflation pressures;
- That any further rationalisation is deferred until the medium-term financial strategy is developed that will outline the financial framework and alignment to the Council's Community & Corporate plan.

**Table 7: Detailed Reserves position at outturn including the above rationalisation proposal**

Useable revenue reserve balances	Actual 31st March 2022	Actual usage in 2022/23	Actual 31st March 2023	Forecast 31st March 2024	Forecast 31st March 2025	Forecast 31st March 2026	Forecast 31st March 2027
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Council Fund	(10,527)	(577)	(11,104)	(11,104)	(11,104)	(11,104)	(11,104)
<b>General Earmarked Reserves</b>							
Invest to Redesign Reserve	(1,456)	29	(1,427)	73	73	73	73
IT Transformation Reserve	(931)	185	(746)	(564)	(461)	(358)	(255)
Insurances & Risk Management Reserve	(925)	0	(925)	(925)	(925)	(925)	(925)
Capital Receipt Generation Reserve	(365)	51	(314)	(314)	(314)	(314)	(314)
Treasury Equalisation Reserve	(590)	0	(590)	(590)	(590)	(590)	(590)
Redundancy and Pensions Reserve	(769)	0	(769)	(681)	(593)	(505)	(417)
Capital Investment Reserve	(627)	2	(625)	(625)	(625)	(625)	(625)
Priority Investment Reserve	(1,905)	0	(1,905)	0	0	0	0
Covid19 Reset Reserve	(4,000)	4,000	0	0	0	0	0
Covid19 Hardship Fund Equalisation	(819)	819	0	0	0	0	0
Pay inflation	0	(1,316)	(1,316)	(1,316)	(1,316)	(1,316)	(1,316)
<b>Sub-total General Reserves</b>	<b>(22,914)</b>	<b>3,193</b>	<b>(19,721)</b>	<b>(16,046)</b>	<b>(15,855)</b>	<b>(15,664)</b>	<b>(15,473)</b>
<b>Service Reserves</b>							

Museums Acquisitions Reserve	(53)	17	(36)	(36)	(36)	(36)	(36)
Elections Reserve	(245)	119	(126)	(161)	(196)	(231)	(136)
Grass Routes Buses Reserve	(166)	(5)	(171)	(176)	(181)	(186)	(191)
Youth Offending Team	(150)	0	(150)	(150)	(150)	(150)	(150)
Building Control trading reserve	5	(2)	3	3	3	3	3
CYP maternity	(196)	(101)	(297)	(298)	(298)	(298)	(298)
Plant & Equipment reserve (Highways)	(189)	47	(142)	(142)	(142)	(142)	(142)
Homeless Prevention Reserve Fund	(68)	68	0	0	0	0	0
Solar Farm Maintenance & Community Fund	(240)	82	(158)	(181)	(204)	(227)	(250)
Newport Leisure Park Reserve	(365)	188	(177)	(177)	(177)	(177)	(177)
Castlegate Reserve	(437)	312	(125)	(125)	(125)	(125)	(125)
Local Resilience Forum Reserve (Gwent PCC)	(154)	25	(129)	(129)	(129)	(129)	(129)
Sustainability - PV Invertor Replacement	(65)	0	(65)	(65)	(65)	(65)	(65)
Cost of Living Discretionary	(499)	499	0	0	0	0	0
SCH Electric Vehicle & Driving Lessons	(214)	214	0	0	0	0	0
Ukrainian Support Reserve	0	(1,341)	(1,341)	(1,341)	(1,341)	(1,341)	(1,341)
Rural Development Plan Reserve	(693)	674	(19)	(19)	(19)	(19)	(19)
<b>Sub-total Service Earmarked Reserves</b>	<b>(3,729)</b>	<b>796</b>	<b>(2,933)</b>	<b>(2,997)</b>	<b>(3,060)</b>	<b>(3,123)</b>	<b>(3,056)</b>
School Balances	(6,955)	2,699	(4,256)	(4,256)	(4,256)	(4,256)	(4,256)
<b>Total Reserves</b>	<b>(33,598)</b>	<b>6,688</b>	<b>(26,910)</b>	<b>(23,299)</b>	<b>(23,171)</b>	<b>(23,043)</b>	<b>(22,785)</b>

## 5 IMPLICATIONS OF THE OUTTURN POSITION

- 5.1 £2,557,000 more reserves have been carried forward into 2023/24 than previously forecast, which provides a greater level of financial resilience leading into a difficult budget year in 2023/24.
- 5.2 There are however only £15.47m of General revenue reserves (those that are not specific to services or schools) available over the medium term to support the Council through a period of increasing service demands and costs, and a continuing uncertain economic environment. ***It will be important that any future use of reserves is made wisely and prudently if the benefits of investment are to be maximised.***

- 5.3 Capitalisation direction has benefited the revenue budget during 2022/23 by £3,271,000, with a further £3,008,000 budgeted to be used in 2023/24 before reducing to £508,000 per annum thereafter. Capitalisation direction has effectively been used as a tool to aid in service redesign since being first used in 2019/20 and through a difficult budgetary period. Historically service redesign would have been achieved through calling upon general earmarked reserves, with each investment requiring a robust business case prior to being approved. ***As an Authority, we need to ensure we are explicitly identifying and monitoring the service benefits and efficiencies that are resulting from capitalisation direction, so that these are clearly captured within future service operating models.***
- 5.4 **Recurrent pressures impacting 2023/24** - Eight (non-corporate) service areas returned a budget deficit at outturn totalling £6,800,000. However, 99% of this concentrated itself in just five main service areas: Adults services, Children’s services, Homelessness, Additional learning needs, and central CYP costs. The majority of these pressures will be re-current in 2023/24, and whilst these will have been accommodated for during the 2023/24 budget process, they will continue to require close monitoring to ensure such trends are not repeated.
- 5.5 **Recurrent savings impacting 2023/24** - The remaining non-corporate service divisions returned a combined surplus at outturn totalling £3,120,000. A number of these were re-current from 2021/22 and therefore finance teams will need to reassure themselves whether accuracy of budgeting is an issue in these areas as we move into 2023/24.
- 5.6 **Robustness of budget forecasting during the year:**

**Table 5: Budget forecasting at formal reporting periods**

<b>(Surplus) / Deficit forecast in £000's at:</b>	<b>Overall</b>	<b>SCH</b>	<b>CYP</b>	<b>C&amp;P</b>	<b>Monlife</b>	<b>RES</b>	<b>CEO</b>	<b>P&amp;G</b>	<b>Other</b>
<b>Month 2</b>	<b>8,317</b>	5,560	581	1,586	426	59	0	0	105
<b>Month 4</b>	<b>8,800</b>	5,056	741	616	479	757	0	0	1,151
<b>Month 6</b>	<b>9,155</b>	5,711	732	759	462	609	(288)	28	1,142
<b>Month 9</b>	<b>7,531</b>	5,823	927	(607)	251	290	(225)	79	993
<b>Outturn</b>	<b>3,503</b>	4,204	1,344	(1,545)	(376)	292	(291)	(107)	(18)

There were significant variations in forecasting as the year progressed, however it has been another difficult year to obtain any budget certainty due to:

- Significant unbudgeted grant being notified during the year – Homelessness £1,000,000, Social Care £2,300,000;
- Use of unbudgeted capitalisation direction of £990,000;
- Services were asked to engage in £2,000,000 of budget recovery action part way through the year;
- The high inflationary environment remained for the whole year;
- Pay awards were significantly above initial projections obtained from external data;
- Grant administration continues to draw significant finance resources away from supporting services

## **6 RESOURCE IMPLICATIONS:**

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.

## **7 EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):**

- 7.1 This report provides Members with information on the 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.
- 7.2 Any such impacts will be fully considered subsequently when Council receives further budget proposals.

## **CONSULTEES:**

Senior Leadership Team  
Performance & Overview Scrutiny Committee  
Cabinet

## **BACKGROUND PAPERS:**

**Appendix 1** – Revenue and capital outturn report including school balances  
**Appendix 2** – Progress made against mandated savings

**Appendix 3** – Capitalisation directive schedule

**Appendix 4** – Movement in individual school balances

**Appendix 5** – Capital slippage schedule

**Appendix 6** – Capital budget revisions requiring Cabinet approval

**AUTHORS:**

Jonathan Davies, Head of Finance (Deputy S151 officer)

**CONTACT DETAILS:**

**Tel:** (01633) 644114

**E-mail:** [jonathandavies2@monmouthshire.gov.uk](mailto:jonathandavies2@monmouthshire.gov.uk)