

Overall Revenue Position

Table 1: Council Fund 2023/24 Forecast Outturn Summary Statement at Month 5

Service Area	Original Budget 2023/24	Budget Adjustments	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ Month 5
	'000's	'000's	'000's	'000's	'000's
Social Care, Health & Safeguarding	63,735	(90)	63,644	66,620	2,976
Children & Young People	62,420	30	62,449	63,212	763
Communities & Place	26,427	(1,110)	25,317	27,159	1,842
MonLife	8,188	(12)	8,176	8,519	344
Chief Executives Unit	3,009	(4)	3,006	3,019	13
People & Governance	2,715	(2)	2,713	2,904	191
Resources	7,017	1,189	8,206	8,197	(9)
Corporate Costs & Levies	29,344	2,500	31,845	29,706	(2,139)
Net Cost of Services	202,854	2,501	205,355	209,336	3,981
Appropriations	5,661	(2,501)	3,160	2,908	(252)
Expenditure to be Financed	208,515	0	208,515	212,244	3,729
Financing	(208,515)	0	(208,515)	(208,975)	(460)
Net General Fund (Surplus) / Deficit	0	0	0	3,269	3,269

Unbudgeted grant assumption for remainder of year	(1,000)
Budget recovery plan	(2,145)
Net budget pressure at Month 5	124

Table 2: Council Fund 2023/24 Outturn Detailed Statement

Service Area	Original Budget 2023/24	Budget Adjustments	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ Month 5
	'000's	'000's	'000's	'000's	'000's
Adult Services	38,246	34	38,280	41,014	2,734
Children Services	22,209	(26)	22,183	22,424	241
Public Protection	1,790	(4)	1,786	1,849	63
SCH Support	1,489	(94)	1,396	1,334	(62)
Social Care, Health & Safeguarding	63,735	(90)	63,644	66,620	2,976
Emergency Planning	170	0	170	169	(1)
Individual Schools Budget	50,423	30	50,453	50,588	134
Resources	1,140	(1)	1,139	1,125	(14)
Standards	10,686	1	10,687	11,331	643
Children & Young People	62,420	30	62,449	63,212	763
Enterprise, Housing & Community Animation	4,564	(882)	3,682	4,303	621
Facilities & Fleet Management	10,805	(194)	10,610	11,105	495
Neighbourhood Services	9,306	(24)	9,282	10,094	812
Placemaking, Highways & Flood	1,752	(9)	1,743	1,657	(86)
Communities & Place	26,427	(1,110)	25,317	27,159	1,842
Communications	203	0	203	208	5
Countryside & Culture	1,157	0	1,157	1,157	0
Finance & Business Development	4,170	(10)	4,160	4,499	339
Leisure, Youth & Outdoor Adventure	2,658	(2)	2,656	2,656	0
MonLife	8,188	(12)	8,176	8,519	344
Policy, Scrutiny & Customer Service	1,236	(3)	1,234	1,279	46
People	1,773	(1)	1,772	1,740	(32)
Chief Executives	3,009	(4)	3,006	3,019	13
Democratic Services	1,634	(1)	1,633	1,793	160
Legal and Land Charges	1,022	(1)	1,021	1,048	27
People	59	0	59	63	4
People & Governance	2,715	(2)	2,713	2,904	191
Commercial, Corporate & landlord Services	1,597	(4)	1,593	1,700	108
Corporate Health & Safety	77	0	77	77	0
Finance	2,505	1,074	3,579	3,462	(117)
Information Communication Technology	2,837	119	2,957	2,957	0
Resources	7,017	1,189	8,206	8,197	(9)
Precepts & Levies	24,578	0	24,578	24,578	0
Coroner's	171	0	171	189	18
Archives	213	0	213	213	0
Corporate Management	355	0	355	239	(116)
Non Distributed Costs (NDC)	757	0	757	757	0
Strategic Initiatives	1,642	2,500	4,142	2,102	(2,040)

Insurance	1,628	0	1,628	1,628	0
Corporate Costs & Levies	29,344	2,500	31,845	29,706	(2,139)
Net Cost of Services	202,854	2,501	205,355	209,336	3,981
Interest & Investment Income	(925)	0	(925)	(1,036)	(111)
Interest Payable & Similar Charges	6,953	0	6,953	6,964	11
Charges Required under Regulation	6,800	0	6,800	6,924	124
Other Investment Income	0	0	0	(24)	(24)
Borrowing Cost Recoupment	(3,658)	0	(3,658)	(3,910)	(252)
Contributions to Reserves	63	0	63	63	0
Contributions from reserves	(3,572)	(1,316)	(4,888)	(4,888)	0
Contribution from Council Fund	0	(1,185)	(1,185)	(1,185)	0
Appropriations	5,661	(2,501)	3,160	2,908	(252)
Expenditure to be Financed	208,515	(0)	208,515	212,244	3,729
General Government Grants	(91,451)	0	(91,451)	(91,451)	0
Non Domestic Rates	(31,224)	0	(31,224)	(31,224)	0
Council tax	(93,642)	0	(93,642)	(93,842)	(200)
Council Tax Benefit Support	7,802	0	7,802	7,542	(260)
Financing	(208,515)	0	(208,515)	(208,975)	(459)
Net General Fund (Surplus) / Deficit	0	0	0	3,269	3,269

DIRECTORATE – DIVISION VARIANCE COMMENTS

SOCIAL CARE, HEALTH & SAFEGUARDING	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	2,976	0	0	0

The Social Care directorate continues to make in-roads into its identified savings targets; however, a number of key areas, particularly within Adults services, remain challenging to deliver. The service continues to deal with high demand and complexity of people's needs making the balance between reducing costs and ensuring that people are safe, and their basic needs are met a challenging one. To assist with this increased oversight of spend is in place across the system.

It is pleasing to note that the work within Children's services placement planning is showing good outcomes, and that the overall numbers of children coming into care continues to remain stable with a slight downward trend over the last 3 years. Similarly, within Adults service effective negotiations with care providers have allowed costs associated with fees and charges to be controlled.

There are a number of key risks within the service which can have an impact of cost including the insufficiency of children's placements. [The numbers of Unaccompanied Asylum Seeking Children entering the county has increased significantly which whilst cost neutral in itself puts renewed pressure on placements and on wider resources.] Additionally the service is benefitting from a number of WG grants, some of which are known to be short-term and others of which remain uncertain with regards to how long they might be available. Services supported by grants are deeply integrated into the core delivery of the service and contribute heavily to managing demand and supporting the delivery of savings.

ADULT SERVICES				
Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	2,734	0	0	0

There is a £2.73M over spend in adults.

Progress against savings mandates remains challenging, particularly with regard to the reduction of care at home hours. Following an initial review pilot process in the central area, initial savings associated with the reduction of care packages was identified as £80K. The work to reduce and change the care packages with individuals is underway and the review process that was established is now extending out across the service based on the work. To monitor this we are tracking the total number of people in receipt of care at home against the total number of care hours delivered. It is also positive to note that the numbers of unmet need care at home hours has continued to show overall reductions.

We continue to show a deficit against saving mandates associated with CHC. Some recent cases have been successfully pursued with health which has allowed us to generate £140K of savings against a target of £550K.

The main pressures are down to the £1.5M provider fee increases. At the beginning of the year this was calculated at £2M; however, after extensive fair fee negotiations with provider agencies we were able to reduce this by £0.5M.

A further pressure of £1.1M has arisen through continued increase in care home placements together with an increase in the average cost of care home placements. A gatekeeping panel has been established to provide oversight to all requests for high-cost care packages including residential placements. Residential placements are now used in situations where the cost of care at home would exceed the cost of a residential placement, contributing to the continued rise in residential placements.

The over spend has been assisted by £900K under spends within My Day My Life and Care at Home vacancies, and the £1.1M Social Care Workforce and Sustainability Grant, leading to the true underlying over spend more in the region of £5M, coupled with debt for care charges still running high at £1.757M.

Budget recovery measures are being enacted including increasing the oversight of all new packages of care against tightened eligibility criteria.

CHILDREN SERVICES

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	241	0	0	0

Children's services have been able to capitalise on their progression planning activity with individual children, bringing children into placements that are closer to home and more in keeping with their care and support needs and longer-term personal outcomes. This has including supporting some children to return home, or, for older children, into more independent settings. Additional family support services have been put in place to support this endeavour – with the service benefitting from WG grants to achieve this.

The £241K over spend within children's service is largely due to the increased cost of new placements and demand.

The service continues to have an over-reliance on agency staff working in critical areas of the service particularly child-protection. The service is reviewing all agency assignments and accelerating agency exit plans wherever possible to contribute to budget recovery measures. The service is working in accordance with the All-Wales pledge in order to control the costs associated with agency-worker fees.

PUBLIC PROTECTION

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'s	63	0	0	0

The deficit results from the SCH2a saving mandate not being delivered, as a consequence of the Head of Public Protection post being retained. A vacant EHO post has been deleted which partly offsets this budget pressure.

SCH SUPPORT

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(62)	0	0	0

Due to vacancy savings within the directorate finance team.

CHILDREN & YOUNG PEOPLE DIRECTORATE

	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	763	0	0	0

CHILDREN & YOUNG PEOPLE DIRECTOR'S COMMENTARY:

The Directorate's Month 5 position is an overspend of £762,846. This overspend is largely due to ALN Transport (£650k) and a reduction in ALN Recoupment (£358k).

We have partly been able to offset our overspend by successfully developing our in County ALN provision, which has resulted in a reduction of the number of ALN pupils attending Out of County or Independent placements.

All opportunities to make savings are being reviewed. This includes the cost of ALN Transport and any vacancies that may occur in the Directorate.

Emergency Planning

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'s	(1)	0	0	0

Individual Schools Budget

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	134	0	0	0

The overspend is largely due to an increase in transport costs and we are working with the PTU to try and minimise these costs going forward:

- £56k Post-16 Transport
- £20k Bus to Caldicot School
- £12k Llandenny to Usk Transport

A further overspend has been due to the 2022-23 Pay Award, which has caused the SRS costs to increase for all schools. This pressure was not known at the time of agreeing the Service Level Agreements (SLA's) and so it could not be passed onto the schools:

- £46k SRS Charges

Resources

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(14)	0	0	0

The under spend of £14k is due to receiving a grant, which has subsequently been utilised to offset the ALN Licence costs.

Standards

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	643	0	0	0

The over spend of £643k is due to the following:

- £650k ALN Transport – forecast revised based on Q1 actuals and September actuals, and following re-tender where costs have significantly increased.
- £358k reduction in ALN Recoupment – with the recent changes in ALN formula for schools, all out of county recoupment for mainstream schools will be delegated to support pupils.
- £59k Breakfast clubs – increase in catering costs and reduction in income
- £16k - ALN Administration Service – unable to currently make the employee related savings

Offset by:

- -£378k saving on ALN Out of County – reduction in number of pupils in out of county schools has resulted in a saving

- -£55k saving in independent schools – reduction in the number of pupils requiring places
- -£7k saving in Education Psychology – due to staff savings

COMMUNITIES & PLACE DIRECTORATE	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	1,842	0	0	0

The Directorate is forecasting an overspend of £1.842m at Month 5. The inflationary rises, supply chain issues, market instability and a post-covid environment continue to impact upon the cost of the provision of key services. In addition, national policy changes are impacting upon the services particularly within school catering (Universal Free School Meals) and housing (Homelessness) which are not attracting full funding.

Each service area sets out the detail behind these projections 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. All opportunities to make savings are being reviewed.

Enterprise, Housing & Community Animation				
Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	621	0	0	0

Enterprise & Community Animation is forecasting a £621k over spend at month 5, this is mainly due to: -

- **Enterprise Mgt** - £52k over spend – Our partner contribution towards City Deal has increased over and above available budget by £13k, on top of this senior management costs have exceeded budget due to the inability to make vacancy factor savings and an over spend in subscription and software costs.
- **Housing** - £636k over spend, this can be broken down into these main areas: -
 - **Homelessness** – £428k over spend:

The cost of providing B&B accommodation remains high, even though we have reduced the number of rooms in use (67 as at M5) room rates have increased resulting in the total cost remaining constant. We are projecting to spend £2.512m on B&Bs this year with an additional £624k on ancillary spend including security and damage repairs. The majority of this cost will be offset by Housing Prevention grant of £467k and Housing Benefit of £1.683m, but leaves a £128k shortfall. The service also benefited from a significant budget uplift as part of the 23-24 MTFP.

There is a further related over spend of £300k relating to B&B placements for which we are unable to claim full housing benefit subsidy. The cost of providing the accommodation remains constant due to an uplift in room rates, which means the gap between what we pay and what we can claim back is significant creating a budget pressure. 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.

This is a volatile area where accommodation demands can fluctuate month by month and officers are continually reviewing placement options to try and limit costs.

- **Shared Housing & Private Leasing** - £215k over spend – We are seeing significant increases in maintenance costs across our hostel and leased accommodation to rectify damage caused by tenants. This was also an issue in 22-23 but it was covered by additional HPG grant that we do not have this year.
- **Strategic Services** – £7k under spend – Staff under spend due to savings from a vacancy.
- **Business Growth & Enterprise** – £85k under spend – Under spend as a result of staff savings due to core costs in Economic development being funded by grant and staff vacancy savings in the Strategic Operations Team due to the delay in the restructure that has only just been agreed.
- **Procurement** – £18k over spend – Software & system costs have increased above available budget.

Facilities & Fleet Management

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	495	0	0	0

Facilities, Fleet & De-carbonisation are forecasting a £495k over spend, due to-

- **Schools Catering** – Break-even - We have now fully rolled out the universal free school meal to all primary pupils. This has resulted in a significant jump in expenditure due to the need for additional staff, materials and equipment to cope with the uplift in meal numbers and has resulted in costs **exceeding budget by £215k**. WG are currently paying us £2.90 per meal but this isn't sufficient to cover costs. This is an issue across Wales and WG are reviewing the meal rate and we will know in the autumn of the updated meal rate so we are currently assuming that this shortfall will be fully funded. Given the overall Welsh Government budget challenges this year there is a degree of risk that further funding will not materialise and we will have to cover the shortfall.
- **Passenger Transport** – £153k over spend – We are predicting a £353k over spend in external operator costs, this is due to a number of factors:
 - We had to re-issue 11 contracts due to the unfortunate death of one of our operators and as a consequence of market forces these contracts were priced at a premium.
 - We had to commission 18 more contracts due to late applications from parents pushing up pupil numbers resulting in the need for extra transport.
 - A bus operator removing a service route which had to be covered by MCC.

These costs have been part offset by a £29k under spend in internal commissioning mainly due to hire income and £170k of bus operator grant income.
- **Regional Transport Team** - £37k under spend – Staff under spend as we have been able to use capitalisation directive to fund core service cost.
- **Car Salary Sacrifice Scheme** – £12k over spend - the number of members in the scheme has reduced in recent years to a point where the actual savings being made have fallen below budgeted levels.
- **Fleet maintenance** - £318k over spend – Fuel and parts inflation remain high driving costs up, in addition we are also experiencing supply chain issues for replacement parts meaning in some instances we have to outsource repairs to external contractors to ensure vehicles are back on the road as quickly as possible. Downtime of vehicles is also driving up hire costs as we have to cover vehicles that are off the road.

- **Building Cleaning & Public Conveniences** - £31k under spend – mainly down to part year staff vacancy savings.
- **Solar Farm & Sustainability** - £77k under spend – due to improved income mainly from our PV installations caused by the increased market rates for energy.
- **De-Carbonisation Team** - £155k over spend - staff savings of £122k have been offset by the inability to achieve the full corporate energy target by £177k and the total mileage saving of £100k.

Neighbourhood Services

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	812	0	0	0

Neighbourhood Services are forecasting to over spend by £812k, this is due to-

- **Highways, Swtra & Streetlighting** – Break-even – currently all areas are reporting a balanced budget. The Highways budget can be affected by adverse weather during the winter months with the possibility of snow events or additional gritting, but the service will look to amend its programme accordingly to ensure there is no over spend.
- **Waste & Street Scene** - £812k over spend – this can be broken down into 2 main areas:
 - **Waste Services** - £765k over spend – The recycling market remains volatile and delays in rolling out polyprop reusable bags due to depot infrastructure and vehicles is adding to pressure. Income target for green waste service have been achieved but income targets on trade waste remain challenging.
 - **Grounds Maintenance** - £48k over spend - The income targets are challenging with many customers looking to reduce costs of grounds maintenance. Costs associated with materials and equipment are above inflation and placing further pressure on budgets despite budget mandates being achieved.

Placemaking, Highways & Flood

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(86)	0	0	0

Placemaking, Highways & Flood is forecasting to under spend by £86k, this is as a result of -

- **Planning & Building Control** – £84k over spend – the downturn in the economy has affected income where applications are down in both Planning and Building Control – in addition we have incurred additional IT costs for essential server upgrades (£8k) and the ongoing digital update to the microfiche system (£30k).
- **Planning Policy & LDP** – Reporting a balanced budget.
- **Car Parks & Civil Parking Enforcement** - £72k over spend – we are forecasting a shortfall in income across the service of £85k. PCN fines are down due to staff absence, pay & display income is down due to the new car parks at Severn Tunnel and Wyebridge street not bringing in expected levels and we are also seeing a reduction in the issue of parking permits. We are also forecasting an increase in professional services fees, card payment fees, machine maintenance fees and software costs (total £30k), these have been offset by under spends on rates (£22k) and staff savings from part vacant posts (£21k).

Highways management & flooding - £209k under spend – Early forecasts indicate that fee income across the department will exceed budgets particularly in Road Closure & inspection fees and SABs fees, in addition staff costs have under spent due to part year staff vacancy savings.

MONLIFE DIRECTORATE	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	344	0	0	0

The Monlife directorate is forecasting to over spend by £344k, with the primary areas of pressure being the Borough Theatre, Attractions, Markets, and the Contact Centre. The the Borough Theatre has only reopened this year and is still recovering from the covid pandemic. This year's adverse weather has been detrimental to income delivery at our attractions, our Markets have not returned to pre covid levels and the contact centre remains under pressure due to increased demand and software updates. Monlife are looking at each business unit assessing the best options for future sustainability and the tactics needed to improve performance in these areas.

(MonLife) Communications

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

Central communications are predicted to over spend by £5k due to higher than anticipated software and subscription costs.

(Monlife) Finance & Business Development

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	339	0	0	0

Finance and Business Development are predicted to over spend by £339k, the primary areas of significant pressure are:

Borough Theatre which is predicted to over spend by £210k due to lower than anticipated income levels, the section is still recovering, and full growth is not expected for another 12months. The service is looking at any grant opportunities that can reduce this over spend in the short term.

Attractions which are predicted to over spend by £86k due to lower-than-expected income. Visitor numbers to all our attractions have been significantly impacted by the adverse weather conditions, the section will look to reduce further costs and look at any opportunities for further income generation, this is limited as the service approaches season closure.

Contact Centre which is predicted to over spend by £54k due to higher than anticipated staffing levels to cover long term sick, delays in implementing restructure which impacted forecast savings, failure to meet employee related savings along with inflation on existing essential contracts.

(Monlife) Leisure, Youth & Outdoor Adventure

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

Leisure, Youth & Outdoor Adventure are predicted to balance, with the over spend in outdoor adventure and youth being mitigated by higher than anticipated income at Monmouth Leisure Centre and higher than budgeted grant in sports development.

This remains an area of concern and requires close monitoring due to the significant income targets and the effect of the cost-of-living crisis on disposable income and future memberships.

CHIEF EXECUTIVE'S UNIT DIRECTORATE	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	14	0	0	0

CHIEF OFFICER – PEOPLE, PERFORMANCE AND PARTNERSHIPS COMMENTARY -:

Chief Executives is forecasting to overspend by £14k. This is largely due to salaries increased above available budgets and an inability to achieve the 3% vacancy factor which is built into budgets due to low staff turnover. We have also seen an increase in the subscriptions charged by external bodies. The major area of service overspend is Welsh language translations which are required to comply with the Welsh Language Standards. A key post has been held vacant with work being done by other officers to try and redress the overspend.

Policy, Scrutiny & Customer Experience

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	46	0	0	0

Policy, Scrutiny & Customer Experience is forecasting to over spend by £46k, the outturn position is made up of a number of under and over spends across the directorate with the main variances being :-

- **Corporate** - £45k over spend - Mainly staffing overspend due to the full cost of CEO's PA which only had budget for a part time post, increase in a senior officer's banding after a realignment of responsibilities at Strategic Leadership Team which has no budget, and the inability to meet vacancy factor savings
- **Equalities & Welsh Language** - £19k under spend – Currently projecting a £69k under spend in staffing due to the delay in filling the Equalities officer post, this has been mostly offset by a £49k over spend in Welsh language costs due to the volume of external translation expected this year.
- **Levies, Subscriptions & Donations** - £20k over spend – membership subscriptions to external bodies such as the WLGA and LGA have increased over and above available budget.
- **Scrutiny** - £8k over spend – staffing costs are exceeding budget mainly own to inability to make vacancy factor savings.
- **Policy & Partnerships** – £8k under spend – net under spend mainly due to staff vacancy savings in the community safety team.

People (CEO)

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(32)	0	0	0

People Services is forecasting to under spend by £32k, the main variances are as follows:

- **Payroll & System support** - £31k over spend – The service is currently in the process of changing the recruitment system and have exceeded budget due to the overlap costs of changing from one system to the other, some of these costs have been offset by staff savings due to vacancies that are being held at present until we have a better understanding of future resource need.
- **People Management** - £55k over spend – Staff costs have exceeded budget by £85k mainly as a result of the employment of 2 temporary staff to help with the implementation of the new HR system plus the inability to meet the vacancy factor saving. This has been offset by an increase in income as SLA recharges have exceeded budget.
- **Occupational Health** - £11k under spend – service demand is down resulting is an under spend against budget.
- **Corporate Training** - £108k under spend – Mainly as a result of staff vacancies (3) within the unit, one of which is the Head of Workforce planning & Development - the delay in filling this post has generated a sizeable in-year saving.

PEOPLE & GOVERNANCE DIRECTORATE

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	191	0	0	0

PEOPLE & GOVERNANCE DIRECTOR'S COMMENTARY:

People & Governance is forecasting to over spend by £191k, primarily due to an increase in members costs, alongside income shortfalls in Legal and land charges.

Every effort is being made to identify mitigating savings to recover the overall position, with £65k currently identified as part of the wider budget recovery plan. This includes looking at all uncommitted expenditure, the potential to capitalise system costs, and holding vacant posts open.

Democratic Services

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	160	0	0	0

Democratic Services is forecasting to over spend by £160k, this is due to:

- Members** - £147k over spend – the cost of elected members has increased over budget this year and is down to a number of factors. The members pay award was agreed at 4.75% for 23-24, this is over the 4.25% built into the budget so has caused a small pressure. The number of co-opted members has increased and the projected cost for these is anticipated to be £28k over previous years. We have seen a higher uptake in members joining the Superannuation scheme than in previous years and this has increased staff oncosts over available budget. There is a vacancy factor saving built into the budget, this will not be achieved this year causing a pressure.

Democratic Services - £13k over spend – this is mainly due to an increase in the cost of our ModGov support within the committee section offset by improved grant in Electoral Management

Legal and Land Charges

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'s	27	0	0	0

Legal and Land charges is forecasting a £27k over spend:

- Legal** - £13k over spend – staff savings generated by the gap in filling the Head of Governance post have been offset by a projected under recovery of income due to the inability this year to charge core staff costs to capital projects.
- Land Charges** - £14k over spend – Search fees have been impacted by the downturn in the housing market resulting in a budget pressure in income, in addition an essential server upgrade has meant that we have a £3k over spend in supplies & services, this has been part offset by a saving in staffing due to a vacant post.

People

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

- Organisational Development** - £4k over spend – Staff over spend due to the inability to meet vacancy factor saving.

RESOURCES DIRECTORATE

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

At month 5 the Resources directorate is forecasting to under spend by £9k, primarily due to pressures within the corporate & commercial landlord budget, which is offset by savings within finance.

The performance in being able to deliver budgeted savings has deteriorated by £80k since the early forecast produced and presented to Cabinet in late July, specifically in relation to a delay in property rationalisation savings being realised.

Commercial investments continue to fall short of budgeted net income targets though this expects to improve as lettings are secured through the last half of the financial year.

The directorate is playing its part in supporting the wider budget recovery plan in ceasing non-essential expenditure and holding vacancies, the savings for which feature in the forecast to the extent that they have not subsequently been identified as a result of the budget recovery plan. Further out performance against budget has been achieved through increased income being achieved from county farms, industrial units and cemeteries which is pleasing to see at this stage of the financial year.

Finally, the budget recovery plan sees the directorate bringing forward a further £187k of savings and that relates to additional funding and income being secured, further savings from posts being held vacant and managed reductions in supplies and services. The scope to introduce significant levels of savings at this stage of the year is very constrained. However, work will continue to secure further savings and any such savings will be reported in future reporting periods.

Finance

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(117)	0	0	0

Finance is forecasting to under spend by £117k, this is mainly due to -

- **Revenues:**
 - **Council Tax** - £3k over spend – due to a £16k residual budget pressure from the Finance restructure and potentially reduced summons income. Partially offset by one off administration grant income for Welsh Government Retail Relief scheme.
 - **Debtors and Charity relief** – Break-even.
- **Finance** - £153k under spend – Staff savings due to vacancies as service is awaiting a restructure.
- **Audit** – Break-even.
- **Systems & Exchequer** – £28k over spend - due to additional costs for the Revenues & Benefits system.

Future Monmouthshire

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

Future Monmouthshire is forecasting to return a balanced budget.

Information, Communication & Technology

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

ICT is forecasting to return a balanced budget.

Commercial & Corporate Landlord

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	107	0	0	0

Commercial & Corporate Landlord services is forecasting over spend by £107k, due to :-

- **Investment Properties** - £158k over spend, due to –
 - **Newport Leisure Park** - £47k over spend – NLP is expected to generate a £290k surplus after loan repayments, however this falls short of the £337k budget target for 23-24. The £47K shortfall relates to unbudgeted rates on vacant units and rent-free periods for new tenants reducing turnover in 23-24. In 24-25 we will see these unexpected expenses reduce and income increase as the rent-free period ends.
 - **Castlegate Business Park** - £111k over spend – Castlegate is forecasting to over spend by £111k, this relates to the unbudgeted utility costs associated with our vacant units, the section continues to work on improving the vacancy rate which will help reduce this over spend by year end.
- **Landlord Services** - £74k over spend – The budget includes a £215k saving from the rationalisation of our property portfolio – currently we are only estimating to find £50k this financial year. This over spend has been part offset by improved rental income and a one-off grant to cover the Ukrainian welcome centre.
- **Shared Accommodation** - £21k under spend – Staff savings due to a vacant cleaner post and improved income.
- **County Farms** - £29k under spend – Lettings have improved resulting in increased rental income.
- **Industrial Units** - £24k under spend – Rental income has increased above budget due to a number of new lettings.
- **Cemeteries** - £50k under spend. Burial income is projected to come in higher than budget.
- **Property Services** - Break-Even – Potential pressure within accommodation is being managed by under spends in other areas of the service.

CORPORATE COSTS & LEVIES DIRECTORATE	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	0	0	0	0

Precepts & Levies

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

No variance forecast at month 5.

Coroners Services

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	18	0	0	0

Coroner's Service are forecasting an over spend due to the urgent restructuring of the service as required by the Chief Coroner of England and Wales.

Corporate Management

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(116)	0	0	0

Increased income due to favourable rateable value adjustments on Council owned properties.

Non-Distributed Costs

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

No Forecast variance at Month 5

Strategic Initiatives

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(2,040)	0	0	0

Unallocated reserve funded budgets that are mitigating the overall over spend within the Authority.

Insurance

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

The Council has been out to tender for its insurance cover which resulted in premiums payable for 2023/24 being slightly less than anticipated and reflective of a very competitive insurance market. Additional premiums can arise during the year if further assets are acquired by the authority and require insurance cover.

APPROPRIATIONS DIRECTORATE

Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(251)	0	0

Interest & Investment Income

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(111)	0	0	0

The performance of investments in money market funds and DMO deposits continue to improve with raising interest rates.

Interest Payable & Similar Charges

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	12	0	0	0

Interest payable remains near target despite raising interest rates. The budget has been helped by a lower-than-expected temporary loan requirements combined with forward starting loans locking into beneficial rates. A Lender Option Borrower Option (LOBO) loan has also been repaid early reducing in year interest.

Charges Required Under Regulation

Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	124	0	0	0

This budget covers the statutory amount the Council is obliged to set aside to fund future loan repayments (Minimum revenue provision – MRP) and the forecast is slightly higher than the £6.7m budget due to higher spend than anticipated in the 2022/23 capital programme that was funded from borrowing (MRP costs start the year after the corresponding expenditure).

Other Investment Income				
Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(24)	0	0	0
Unexpected one-off income related to discharge of SRS business capital advance.				
Borrowing Cost Recoupment				
Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(252)	0	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 2022/23 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. An insurance settlement has also been made on a vehicle and as such additional borrowing charges recouped from the service.				
FINANCING DIRECTORATE				
Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	0	0	0	0
Council Tax Benefit Support				
Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(260)	0	0	0
Caseload activity is currently running slightly below budgeted historical numbers.				
Council Tax				
Outturn Forecast	Month 5	Month 6	Month 9	Outturn
Deficit / (Surplus) £'000s	(200)	0	0	0
The tax base is increasing slightly as we progress through the year which reflects new housing developments within the County becoming occupied.				
General Government Grants				
Outturn Forecast	Month 5	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 forecast Schools' balances position based on month 5 projections for each Educational Cluster.
- 2.2. The LA and Governing Body have not formally agreed a 2023-24 budget for Chepstow Comprehensive. This will be agreed at the Governing Body Meeting in October.

Council Fund Outturn 2023/24 – School Balances Summary outturn position	(A) Opening Reserves (Surplus) / Deficit Position 2023/24	(B) Draw / (Contribution) from / (to) School Balances @ Month 5	(C) Draw / (Contribution) from / (to) School Balances @ Month 6	(D) Draw / (Contribution) from / (to) School Balances @ Month 9	(E) Draw/ (Contribution) to Reserves at Outturn	(A+B) Forecast 2023/24 Reserves £'000
Cluster	£000's	£'000	£'000	£'000	£'000	
Abergavenny	(1,598)	1,059	0	0	0	(540)
Caldicot	(1,151)	915	0	0	0	(236)
Chepstow	(112)	180	0	0	0	69
Monmouth	(1,425)	1,032	0	0	0	(393)
Special	29	478	0	0	0	506
Total	(4,257)	3,663	0	0	0	(594)

2.3. At Month 5, the forecast anticipated draw on reserves is £3,663,351, against a budgeted draw on reserves of £3,344,722. This will result in a forecast surplus balance of £593,885 at year-end. Grants awarded to schools at 2020/21 and 2021/22 year-ends resulted in a large increase in overall school balances and schools developed grant investment plans in line with the terms and conditions of these grants, hence the large draw on reserves during 2022/23 and 2023/24.

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 5	Month 6	Month 9	End of year
Total: 5	Total: 11	Total: 0	Total: 0	Total: 0
Chepstow Comprehensive	Chepstow Comprehensive			
Llandogo	Llandogo			
Pupil Referral Service	Pupil Referral Service			
The Dell	The Dell			
Our Lady & St Michael's RC Primary School (VA)				
	Deri View			
	Ysgol y Fenni			
	Caldicot School			
	Archbishop Rowan Williams			
	Ysgol Y Ffin			
	Osbaston			
	Overmonnow			

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. As previously advised, grants awarded to schools at 2020/21 and 2021/22 year-ends resulted in a large increase in overall school balances, which has somewhat masked structural budget deficits across some schools.

2.6. The projected return of eleven schools into deficit balance by the end of the year is disappointing and points to inherent structural budget deficits remaining in some cases.

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 (Surplus) / Deficit in £000's
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2014-15	(1,140)
2015-16	(1,156)
2016-17	(269)
2017-18	(175)
2018-19	232
2019-20	435
2020-21	(3,418)
2021-22	(6,956)
2022-23	(4,257)
2023-24 (forecast)	(594)

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 eleven schools into deficit balance by the end of the year:

