

<a href="#">Section 1</a>	Revenue budget summary forecast
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**Section 1 - Overall Revenue Position (Update 2)**

**Table 1: 2024/25 Revenue budget forecast by directorate**

Service Area	Original Budget 2024/25	Budget Adjustments	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ Update 2	Forecast (Under) / Over Spend @ Update 1	Variance
	'000's	'000's	'000's	'000's	'000's	'000's	'000's
Social Care, Health & Safeguarding	68,410	(114)	68,296	72,193	3,897	2,494	1,403
Children & Young People	64,853	3	64,856	65,529	673	468	205
Communities & Place	27,249	264	27,513	28,221	708	963	(256)
MonLife	8,088	(115)	7,973	7,851	(122)	(46)	(76)
Chief Executives Unit	3,288	(8)	3,279	3,373	94	68	26
Law & Governance	2,894	0	2,894	2,942	48	51	(3)
Resources	8,344	(62)	8,282	8,137	(145)	18	(163)
Corporate Costs & Levies	29,476	0	29,476	29,508	32	6	26
<b>Net Cost of Services</b>	<b>212,603</b>	<b>(32)</b>	<b>212,571</b>	<b>217,754</b>	<b>5,183</b>	<b>4,022</b>	<b>1,162</b>
Appropriations	7,301	32	7,333	6,853	(480)	(283)	(197)
<b>Expenditure to be Financed</b>	<b>219,904</b>	<b>0</b>	<b>219,904</b>	<b>224,607</b>	<b>4,703</b>	<b>3,739</b>	<b>965</b>
Financing	(219,904)	0	(219,904)	(220,254)	(350)	(350)	(0)
<b>Net General Fund (Surplus) / Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,353</b>	<b>4,353</b>	<b>3,389</b>	<b>964</b>

**Table 2: 2024/25 Revenue budget forecast by service**

Service Area	Original Budget 2024/25	Budget Adjustments	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ Update 2	Forecast (Under) / Over Spend @ Update 1	Variance
	'000's	'000's	'000's	'000's	'000's	'000's	'000's
Adult Services	42,816	(63)	42,753	45,258	2,505	1,534	971
Children Services	22,450	(50)	22,400	23,936	1,536	1,134	402
Public Protection	1,982	(0)	1,981	1,834	(147)	(175)	28
SCH Support	1,162	0	1,162	1,165	3	1	2
<b>Social Care, Health &amp; Safeguarding</b>	<b>68,410</b>	<b>(114)</b>	<b>68,296</b>	<b>72,193</b>	<b>3,897</b>	<b>2,494</b>	<b>1,403</b>
Emergency Planning	170	0	170	186	16	16	0
Individual Schools Budget	52,459	0	52,459	52,459	0	(4)	4
Resources	1,032	0	1,032	1,075	43	17	26
Standards	11,192	3	11,195	11,809	614	440	174
<b>Children &amp; Young People</b>	<b>64,853</b>	<b>3</b>	<b>64,856</b>	<b>65,529</b>	<b>673</b>	<b>468</b>	<b>205</b>
Enterprise, Housing & Community Animation	3,250	(31)	3,218	3,080	(138)	(107)	(31)
Facilities & Fleet Management	11,608	241	11,848	12,475	627	867	(240)
Neighbourhood Services	10,521	87	10,608	10,912	304	263	41
Placemaking, Highways & Flood	1,870	(32)	1,838	1,754	(84)	(58)	(26)
<b>Communities &amp; Place</b>	<b>27,249</b>	<b>264</b>	<b>27,513</b>	<b>28,221</b>	<b>708</b>	<b>963</b>	<b>(256)</b>
Communications	218	0	218	218	0	0	0
Countryside & Culture	1,142	(2)	1,139	1,100	(39)	(6)	(34)
Finance & Business Development	4,336	(31)	4,305	4,479	174	62	112
Leisure, Youth & Outdoor Adventure	2,393	(82)	2,311	2,054	(257)	(102)	(155)
<b>MonLife</b>	<b>8,088</b>	<b>(115)</b>	<b>7,973</b>	<b>7,851</b>	<b>(122)</b>	<b>(46)</b>	<b>(76)</b>
Policy, Scrutiny & Customer Service	1,415	0	1,415	1,433	19	0	19
People	1,873	(8)	1,865	1,940	75	68	7
<b>Chief Executives</b>	<b>3,288</b>	<b>(8)</b>	<b>3,279</b>	<b>3,373</b>	<b>94</b>	<b>68</b>	<b>26</b>
Democratic Services	1,847	0	1,847	1,828	(19)	(22)	3

Service Area	Original Budget 2024/25	Budget Adjustments	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ Update 2	Forecast (Under) / Over Spend @ Update 1	Variance
Legal and Land Charges	1,047	0	1,047	1,114	67	73	(6)
<b>Law &amp; Governance</b>	<b>2,894</b>	<b>0</b>	<b>2,894</b>	<b>2,942</b>	<b>48</b>	<b>51</b>	<b>(3)</b>
Commercial, Corporate & landlord Services	1,320	(91)	1,229	1,296	67	232	(165)
Corporate Health & Safety	92	0	92	92	0	0	0
Finance	3,936	29	3,965	3,768	(197)	(199)	2
Information Communication Technology	2,996	0	2,996	2,981	(15)	(15)	(0)
<b>Resources</b>	<b>8,344</b>	<b>(62)</b>	<b>8,282</b>	<b>8,137</b>	<b>(145)</b>	<b>18</b>	<b>(163)</b>
Precepts & Levies	26,532	0	26,532	26,535	3	0	3
Coroner's	278	0	278	278	(0)	0	(0)
Archives	213	0	213	219	6	6	(0)
Corporate Management	398	0	398	421	23	0	23
Non Distributed Costs (NDC)	577	0	577	577	(0)	0	(0)
Strategic Initiatives	(350)	0	(350)	(350)	0	0	0
Insurance	1,828	0	1,828	1,828	0	0	0
<b>Corporate Costs &amp; Levies</b>	<b>29,476</b>	<b>0</b>	<b>29,476</b>	<b>29,508</b>	<b>31</b>	<b>6</b>	<b>26</b>
<b>Net Cost of Services</b>	<b>212,603</b>	<b>(32)</b>	<b>212,570</b>	<b>217,754</b>	<b>5,183</b>	<b>4,022</b>	<b>1,162</b>
Interest & Investment Income	(1,176)	0	(1,176)	(1,191)	(15)	48	(64)
Interest Payable & Similar Charges	7,252	0	7,252	7,077	(175)	(42)	(133)
Charges Required under Regulation	6,230	0	6,230	6,189	(41)	(41)	0
Other Investment Income	0	0	0	(1)	(1)	(1)	(0)
Borrowing Cost Recoupment	(3,883)	0	(3,883)	(4,131)	(248)	(248)	0
Contributions to Reserves	833	0	833	833	0	0	0
Contributions from reserves	(1,955)	32	(1,923)	(1,923)	(0)	0	(0)
<b>Appropriations</b>	<b>7,301</b>	<b>32</b>	<b>7,333</b>	<b>6,853</b>	<b>(480)</b>	<b>(283)</b>	<b>(197)</b>

Service Area	Original Budget 2024/25	Budget Adjustments	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ Update 2	Forecast (Under) / Over Spend @ Update 1	Variance
<b>Expenditure to be Financed</b>	<b>219,904</b>	<b>0</b>	<b>219,904</b>	<b>224,607</b>	<b>4,703</b>	<b>3,739</b>	<b>964</b>
General Government Grants	(91,149)	0	(91,149)	(91,149)	0	0	0
Non Domestic Rates	(34,871)	0	(34,871)	(34,871)	0	0	0
Council tax	(102,295)	0	(102,295)	(102,295)	0	0	0
Council Tax Benefit Support	8,410	0	8,410	8,060	(350)	(350)	(0)
<b>Financing</b>	<b>(219,904)</b>	<b>0</b>	<b>(219,904)</b>	<b>(220,254)</b>	<b>(350)</b>	<b>(350)</b>	<b>(0)</b>
<b>Net General Fund (Surplus) / Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,353</b>	<b>4,353</b>	<b>3,389</b>	<b>964</b>

## Section 2 - Directorate – Service Variance Comments

<b>SOCIAL CARE, HEALTH &amp; SAFEGUARDING</b>	<b>Update 1</b>	<b>Update 2</b>	<b>Update 3</b>	<b>Update 4</b>
<b>Deficit / (Surplus) £'000s</b>	<b>2,494</b>	<b>3,897</b>	<b>0</b>	<b>0</b>
<p>The directorate projected overspend position at Update 2 has seen a further deterioration of £1,403k. This is largely attributable to new demand pressures within both Adults and Children’s services that have arisen over the preceding 2 months.</p> <p>Adult division is forecast to overspend at Update 2 by £2.505M, an increase of £971K since the previous forecast.</p> <p>Further pressure has arisen through a £230K shortfall against the budgeted cost of in-year fee increases for provider services (including domiciliary care, residential care and support service contracts).</p> <p>External residential care home placements in Adult services have increased by 19 since the budget was set, causing a £620K pressure on the budget (with 12 of these placements being made in the last 2 months. Care at home placements are not made without management oversight and where all other options for care provision have been explored. In the first 4 months of the year, the number of care home placements was increasing by 1 per week on average, this has increased to 1.5 per week/6 per month over the last 2 months. However, it is hard to predict whether care home placements will continue</p>				

to increase and at what rate, particularly as we head in to the winter months and in light of the pressure being exerted on speeding up hospital discharge. The service will continue to monitor the net effects of movement within the care home population over the rest of the year.

Over the last 2 months there has been a significant increase in non residential (care at home) with a sharp uptake since July adding a further £500K of overspend. The detail of this is set out below.

The service is finding it challenging to achieve savings set out within the practice change and partnerships mandates resulting in £838K of pressure. The service has put in additional controls around how new care services are provided, which is helping to ensure that care is provided with parity across the area and allocated according to the most pressing needs. As and when opportunities arise, care at home is being re-brokered to ensure that costs are minimised as far as possible without compromising people's care and support needs. However, where reviews result in a reduction of services delivered in-house, this does not result in a case saving. The ongoing programme of reviewing existing care remains challenging because of the pressure of managing new referrals and assessments. Equally, as health are re-trenching around their own cost pressures, we have been unable to make progress in successfully pursuing Continuing Health Care costs.

A further pressure of £375K has arisen as contrary to previous indications, it appears unlikely that the potential increase to the non-residential weekly care charging cap will be considered in time to have an effect this year.

A workforce pressure of £112K has arisen within our Frailty service (which falls under a Section 33 arrangement with health). The frailty service supports frail older people in the community and avoids unnecessary hospital admissions.

Debt due to non-payment of adult care charges stands at £2.3M which has increased the bad debt provision by £20K.

There are ongoing risks around increased costs of care and the complex needs of an ageing population and processes are in place to manage new demand and reduce the cost of existing packages via a program of reviews. Efforts to embed practice change are ongoing with a recognised need to contribute to support the workforce to understand budget impact whilst also maximising opportunities to re-provision resource firmly around prevention of escalation throughout the care pathway and work closely with providers to maintain quality and cost effectiveness of provision. In response to the ongoing challenges there is a comprehensive practice change agenda in place across the service covering domiciliary care commissioning, service delivery models particularly reablement and ensuring there is a robust and co-ordinated preventative/community wellbeing offer in place. Reviewing the structure of the workforce remains a priority, ensuring that all resources are used to best effect, and it is pleasing to note that the staffing mandate in place for this year has been fully achieved.

With Children's service the Head of Service commentary sets out the challenges arising from the number of children entering the care system and the pressure on the service, placements and costs this creates. There is a comprehensive suite of family support services in place that helps to mitigate risks, and to ensure that children come into care only when there is absolutely no alternative. Equally work continues around supporting children to return to family care or move to semi-independence at the earliest opportunity (where is safe and, in the child's, best interests). The progression planning for children takes dedicated resource and a carefully implemented multi-agency approach. This period has included the step down of 2 children from residential care which is to be commended. Nevertheless, despite achieving £900K against the saving mandate, with another £600K being projected, the pressure of new referrals has generated a £1,536M projected overspend. There are risks associated with the projected savings of £600K because of the dynamic nature of care

planning for children. Equally it is hard to predict whether the current rate of children entering care or requiring intensive services in the community will continue.

As in previous years, the directorate bottom line, continues to benefit from a number of Welsh Government grants approximately £3M including Workforce grant, Regional Integration Fund and the Radical/Eliminate grants, used to bolster core service provision. This creates an additional risk and potential pressure for the service in that there is little certainty over the extent to which these grant streams will be maintained.

## ADULT SERVICES

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	1,534	2,505	0	0

There are ongoing risks around increased costs of care and the complex needs of an ageing population and processes are in place to manage new demand. There is a general trend being experienced not only by this Authority but across the region on the uptake in demand for care, both residential and non-residential.

Residential placements on average have a net increase of 6 per month as opposed to 4 per month previously, with the numbers at the end of Update 2 closed at 327 costing an additional £100K. For non-residential care we had a significant uptake in July and August equating to a 10% increase in externally commissioned packages of care, closing at a number of 452 at the end of September, at an additional cost of £500K.

Since update 1 of the increase in external non-residential care, there has been demand for half hour care packages which attract a 60% proportionate hourly charge. Now that the provider fee reviews exercise has been concluded, a £230K cost pressure has arisen from the outcome of the review. Efforts to embed practice change are ongoing with a recognised need to contribute to support the workforce to understand budget impact whilst also maximising opportunities to re-provision resource firmly around prevention of escalation throughout the care pathway and work closely with providers to maintain quality and cost effectiveness of provision.

The Frailty regional pooled fund is projected to overspend, for our contribution into the pool fund, by £112K due to budget savings as part of agreeing a regional pooled fund for this year.

## CHILDREN SERVICES

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	1,134	1,536	0	0

The first quarter of this year saw an increase in the population of Children Looked After (CLA) which rose from 199 at 2023/24 year end to 208 at the end of July including an increase in the number of residential placements from 21 to 23. This created creating a pressure of £1M.

As at end of Sept the number of children looked after was 205 a reduction of 3. A further net pressure of £403K has arisen due to a further 4 new placements being required 2 of which were costly parent and baby placements. Some anticipated movements in placements were delayed in accordance with the needs of the children thereby reducing the amount of savings that could be achieved.



It has been a particularly pressurised period for the service with 30 children becoming looked after and 24 children ceasing to be looked after. The new entrants have included a family of 5 siblings, a family of 3 siblings and 5 families of 2 siblings. The needs of the children and the lack of suitable alternative in house placement options has resulted in 2 new entrant children being placed in residential care and 5 in For Profit Foster care. In addition, 8 of these children have entered "Parent and Child" assessment placements which includes a parent with 4 siblings and 3 individual children with their respective parents. Whilst such placements are time limited (approx. 12 weeks) they are high cost with each placement mandated by Family Court during proceedings.

In addition, during the first part of the year, a higher than usual number of children's placements have broken down, such that there is then no option but to place in high-cost placement.

Lack of placements for children remain a significant challenge within the service with ongoing instability and uncertainty within external providers of both residential and IFA placements, resulting in increased costs for external placements, more competition for placements and less movement. The recruitment of in house foster carers also remains a challenge. The service is continuing to develop its own provision including a step-down provision for young people aged 16+ expected to be operational from November and a children's residential home expected to be operational by the end of this financial year.

The service continues to review all CLA children's placements with a focus on high-cost placements. The service is able to utilise the suite of family support services that are in place to ensure that all opportunities for children to remain in family care or return to family care are maximised.

In this way, £900K of the £1.3M saving target has already been achieved with a further projected saving of £600K profiled into the rest of the year. This does present some ongoing risk of achievability, in that the current cohort of children looked after having longer standing histories of being in care and more complex trauma presentations, making it harder to achieve step down placements.

Alongside the pressure arising from children's placements, there is a further pressure of approximately £200K within the Family Time team out of hours service. The establishment of the out of hours service in 2023 was in response to the significant costs of using private nursing agencies to manage risk in the community (keeping children at home or under supervision in a hospital whilst safeguarding investigations are ongoing). This is a cost avoidance (overspend management) strategy which has seen a reduction of up to 60% in the use of external agencies despite the service supporting 2 children to step down from residential care placements.

## **PUBLIC PROTECTION**

<b>Outturn Forecast</b>	<b>Update 1</b>	<b>Update 2</b>	<b>Update 3</b>	<b>Update 4</b>
<b>Deficit / (Surplus) £'s</b>	<b>(175)</b>	<b>(147)</b>	<b>0</b>	<b>0</b>

The underspend is mainly as a result of staff vacancies, including the head of service role. 2 posts having external funding and expected income above budget.

## **SCH SUPPORT**

<b>Outturn Forecast</b>	<b>Update 1</b>	<b>Update 2</b>	<b>Update 3</b>	<b>Update 4</b>
<b>Deficit / (Surplus) £'000s</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>

This budget area is broadly in line with budget, with a small £2k variance.

<b>CHILDREN &amp; YOUNG PEOPLE DIRECTORATE</b>	<b>Update 1</b>	<b>Update 2</b>	<b>Update 3</b>	<b>Update 4</b>
<b>Deficit / (Surplus) £'000s</b>	<b>468</b>	<b>673</b>	<b>0</b>	<b>0</b>

The Directorate's current position is a forecasted overspend of £673k.

This is largely due to additional learning needs (ALN), with an unexpected increase in ALN placements at both Independent and Out of County Schools. There has also been a large increase of ALN pupils receiving EOTAS (Education Other Than At School) Bespoke packages, costing an estimated £143k. However, this is considerably more cost effective than the pupils attending Independent Schools. CYP have also been liable for £56k of the Post-16 Specialist Placement Costs for 23-24, as the Joint Contribution was not funded, as previously thought.

Further additional costs across the Directorate are £30k of employee related savings, which are unlikely to be met (although grant funding may be able to meet these costs), a forecasted overspend of £33k for ALN transport, mainly due to a 2% increase in external contracts from September and £45k of additional costs for the Premature Retirement Contributions.

We have been able to mitigate some costs using part of a grant to offset a salary, not filling a vacancy immediately and through income generation.

<b>Emergency Planning</b>				
<b>Outturn Forecast</b>	<b>Update 1</b>	<b>Update 2</b>	<b>Update 3</b>	<b>Update 4</b>
<b>Deficit / (Surplus) £'s</b>	<b>16</b>	<b>16</b>	<b>0</b>	<b>0</b>

The overspend of £15,736 is due to employee related savings not being met (although, as previously advised, grant funding may be able to meet these costs)

<b>Individual Schools Budget</b>				
<b>Outturn Forecast</b>	<b>Update 1</b>	<b>Update 2</b>	<b>Update 3</b>	<b>Update 4</b>
<b>Deficit / (Surplus) £'000s</b>	<b>(4)</b>	<b>0</b>	<b>0</b>	<b>0</b>

The division is currently forecasting in line with budget.

<b>Resources</b>				
<b>Outturn Forecast</b>	<b>Update 1</b>	<b>Update 2</b>	<b>Update 3</b>	<b>Update 4</b>
<b>Deficit / (Surplus) £'000s</b>	<b>17</b>	<b>43</b>	<b>0</b>	<b>0</b>



The overspend of £43k is due to receiving a revised estimate for the Premature retirement contributions.

### Standards

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / <b>(Surplus)</b> £'000s	440	614	0	0

The overspend of £613,655 is due to the following:

- £510k ALN – Independents (5 new starters at Independent Schools (£254k) + 1 pupil staying on for Year 14 (£49k) + additional support for 2 existing pupils (£7k) + liable for £56k of Post-16 Specialist Placement Costs for 23-24 (as we had thought the Joint Contribution was being funded) + an increase in the number of pupils receiving EOTAS (Education Other Than At School) Bespoke packages (£143k)
- £53k ALN – OOC (6 new starters in out of county schools (£73k), reduced by estimated costs for another pupil being less than expected (-£19k))
- £33k ALN Transport -£12k invoice received regarding 23-24. Estimated £20k increase due to 2% increase in external contracts from September
- £14k Employee Related Savings not met (although grant funding may be able to meet these costs)
- £47k Expansion of Early Years Grant – an increase in the number of nursery places being taken up, particularly in non-maintained settings
- £35k Primary Breakfast Initiative Grant – an increase in catering and staff costs
- £5k ALN Equipment Budget – additional funding required for ALN Equipment

We have been able to mitigate some of the costs above by using a grant to offset a salary (£51k), as well as a saving on staff costs due to a vacancy not being filled immediately (£13k) and income generation (£19k)

COMMUNITIES & PLACE DIRECTORATE	Update 1	Update 2	Update 3	Update 4
Deficit / <b>(Surplus)</b> £'000s	963	708	0	0

### COMMUNITIES & PLACE DIRECTOR'S COMMENTARY:

The directorate is forecasting to overspend by £708k, an improvement of £256k since Update 1. A detailed explanation for each service area is provided below but we continue to see budget strain within our services with the main pressures falling within School & Passenger Transport, Housing, Fleet Maintenance and Waste services.

We are currently on course to make £557k (60.1%) of our £927k saving target. As at Update 1 the main reason for this shortfall is due to the delay in the relocation of tenants into Severn View resulting in £320k of the £400k saving not being met this year, although this has mostly been offset by unbudgeted discretionary housing grant.

### Enterprise, Housing & Community Animation

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(107)	(138)	0	0

Enterprise & Community Animation is forecasting to under spend by £138k, this is mainly due to: -

- **Enterprise Mgt** - £130k underspend – Employee savings due to senior staff vacancies of £147k have been offset by a £17k overspend on our City Deal contribution.
- **Community & Partnership Development** - £43k underspend – Staff savings as we can use grant funding to pay for core staff costs.
- **Housing** - £222k over spend, this can be broken down into these main areas: -
  - **Housing** - £270k net overspend – an increase of £60k since Update 1 – pressure continues across our B&B and leased accommodation portfolio where annual operating costs are projected to exceed available budget. The relocation of tenants to Severn View is still on track for February, the delay has impacted on the ability to make the £400k saving built into the budget, it is anticipated that only an £80k saving will be generated this year resulting in a shortfall of £320k. It is fortunate this year that this pressure has been mostly covered by the receipt of one-off WG discretionary homelessness grant, resulting in an overall net budget overspend of £270k for 24-25. The increase in overspend since Update 1 is due to the receipt of some late B&B invoices that relate to a previous financial year that was not factored in original forecast.
  - **Careline** – £48k under spent – due to the ability to offset staff costs against grant funding and also in the reduction in equipment spend as stocks were replenished last year (via grant) reducing the need for in-year spending this year.
- **Business Growth & Enterprise** – £188k under spend – a £77k improvement from Update 1 - this is due to the ability to offset core costs with grant funding, a £38k saving in employee costs as a senior officer post currently on maternity has not been backfilled and a recent IT systems post that became vacant in September will not be filled, and a £9k saving on professional & specialist fees.

### Facilities & Fleet Management

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	867	627	0	0

Facilities, Fleet & De-carbonisation are forecasting a £627k overspend, this is due to :-

- **Decarbonisation** - £72k net overspend – this can be attributed to the following factors :-
  - Corporate Mileage Saving - £100k over spend – £20k adverse swing from Update 1 – latest projections are that the required changes to the current corporate travel and disbursement policy will not be made this year so we won't be able to implement the roll-out of the Pool car scheme and other initiatives resulting in all of the £100k budget saving not being achieved.
  - Solar Farm - £115k deficit – updated projections are now forecasting that income will improve on what was reported at Update 1 but will still be down due to poor weather and grid outages, the surplus has increased slightly to £288k but this is still £115k less than the budgeted surplus of £403k.
  - De-Carbonisation Team - £134k under spend – this is due to staff vacancy savings, recruitment into the team is proving difficult with only 2 (Decarbonisation Mgr and 1 Project Officer) of the 5 posts filled. We are currently in the process of recruiting into 2 of the 3 remaining posts with the one energy officer vacancy frozen until April to aid with in-year budget recovery.
- **Schools Catering** - £91k under spent – mainly due to staff savings caused by the delay in recruiting into vacant posts, this has been part offset by a £30k cost of providing laptops into the kitchens.
- **Building Cleaning & Public Conveniences** - £56k under spent – a £48k underspend in Building Cleaning mainly due to staff savings from vacant posts and a £8k rates and maintenance saving in Public Conveniences.
- **Passenger Transport** – £583k net over spend– as per Update 1 we are projecting a major budget pressure within the PTU section, this can be attributed to increased service demand as pupil numbers have increased, increases in external operator contract costs due to rate increases and a shortfall in public bus service funding. These have been part offset by an underspend in our Regional Transport Team due to the receipt of funding linked to the administration of the regional Bus Network Grant.
- **Fleet Maintenance** - £110k overspend – continuing pressures through parts inflation, supply chain delays, vehicle hire growth and increased borrowing spend. In addition, we have had to invest in more EV charge points and a new vehicle management system.

### Neighbourhood Services

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	263	304	0	0

Neighbourhood Services is forecasting to overspend by £304k, due to :-

- **Streetlighting** - £20k overspend – due to an increase in the number and cost of repairs resulting in the budget being exceeded, this is a £10k improvement from Update 1 due to contract inflation coming in less than expected helping to reduce the overspend.
- **Highways Operations** – On Budget – Current indications are that our 24-25 programme of works will come in within budget, a bad winter will potentially impact on costs, but officers will look to mitigate this through adjusting the programme accordingly.

- **Highways External** - £100k underspend - current projections indicate that income from external works will exceed original targets. The partnership works we do for SWTRA (South Wales Trunk Road Agency) will be on budget as per the cost recovery arrangement.
- **Waste & Grounds Maintenance** - £384k overspend – The volatility and reduced values of recycle continues to negatively impact the waste budget. The introduction of Workplace recycling regulations and the associated changes in charging structures to accommodate this has seen a large reduction in trade waste collection income plus additional recycling collection costs. These coupled with the volatility of end market values has resulted in an increasing pressure on the bottom line. In addition, the 24/25 budget was built on the premise that our polyprop service would be fully operational from the 1<sup>st</sup> April, delays in vehicle delivery have meant that the service won't start until early Autumn resulting in our early year disposal costs being higher than originally anticipated. Our Grounds service is currently forecasting a break even budget.

### Placemaking, Highways & Flood

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(58)	(84)	0	0

Placemaking, Highways & Flooding is forecasting to under spend by £84k, due to :-

- **Building Control** – £73k over spent – a £3k adverse swing from Update 1 - forecasts continue to indicate a similar position to last year where fee income was impacted by the economy resulting in reduced applications. In addition, the introduction of the Building Safety Act 2022 has increased the amount of statutory non-chargeable works having to be undertaken adversely affecting staff and income budgets.
- **Planning & Development Control** - £72k over spent – a £27k adverse swing from Update 1 – application fee income projections still indicate that we will not meet our budgeted targets this year, in addition we now think our Fast Track application targets will not be met and is the reason for the downturn in position since update1. As stated previously councils are lobbying WG to increase the planning fee rate given that they have not risen with inflation and have remained fixed since 2020. WG are currently reviewing this matter.
- **Car Parks & Civil Parking Enforcement** - £60k under spent – no change from Update 1 - Underspend is mainly due to improved income as our annual pay & display projection is currently exceeding budget, in addition the position has been helped by employee savings due to full year vacant posts.
- **Highways management & flooding** - £169k under spent – an improvement of £58k from Update 1 - Employee under spend due to full and part year vacancies coupled with improved income mainly from additional development fees and capital programme fees. The development fees were not confirmed at update 1 but we have now received them and is the reason for the improvement.

MONLIFE DIRECTORATE	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(46)	(122)	0	0

The directorate is forecast to underspend by £122k an improvement of £76k on financial update 1.

Delayed implementation of the area management restructure, delayed staff savings within the museums service and reduced income at our attractions have been offset by increased income from our leisure services and markets. This is due to increased income from our marketing campaigns along with the sections hard work improving the customer experiences leading to new members joining and better membership retention.

There is still a significant risk around income predictions in both a leisure services, outdoor adventure centre and Borough Theatre, update 2 forecast relies on £5.1m of income generation from these 3 services alone, we will continue to monitor income closely as the year continues.

### (Monlife) Countryside & Culture

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(6)	(39)	0	0

**Countryside & Culture section** is forecast to underspend by £39k an improvement of £33k from update 1 this is due to additional grant income and confirmed income that has previously been unknown.

### (MonLife) Communications

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	0	0	0	0

**Central communications** are forecast to achieve a balanced position.

### (Monlife) Finance & Business Development

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	62	174	0	0

The Finance, Business and Development sections is forecast to overspend by £174k, we continue to see income pressure.

**Attraction** sites are forecast to overspend by £56k due to lower than anticipated visitor numbers this has been caused by the adverse weather experience during the summer. The section has look to mitigate the reduction of income through one off events and grant opportunities.

The **Borough Theatre** is expected to overspend by £60k due to lower than anticipated income, the section is still recovering post-pandemic and the site closures, the site has seen a reduction of 50 seats which is limiting the opportunity for larger performances to use our site.

**Learning** is forecast to overspend by £20k due to reduced income.

**Museums** are expected to overspend by £47k due to delayed staff savings and higher than anticipated expenditure, the section will look to use any grant opportunities or reserve balance to mitigate this where possible.

**Management** is forecast to overspend by £42k due to delayed implementation of the area management structure, this process is underway, and we are likely to see the changed structure being implemented in the final quarter of 24-25.

This has been offset by small underspends in grants and an underspend in the contact centre of £50k due to staff vacancies.

### (Monlife) Leisure, Youth & Outdoor Adventure

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(102)	(257)	0	0

**Leisure, Youth and Outdoor Adventure** are forecast to underspend by £257k, this is due to increase income at our four leisure facilities, we have seen continued growth in our monthly Direct Debit memberships, improved membership retention due to improving our customers journey and investing in digital and site improvements. Along with additional grants which have been used where applicable to offset core staffing costs whilst still delivering the outcome of the grant.

**The Outdoor Adventure Centre** has improved its residential income position on 23-24 but we continue to see some pressure on the income budgeted from our re-engage program, we will need to continue to monitor this closely over the rest of the budget year.

CHIEF EXECUTIVE'S UNIT DIRECTORATE	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	68	94	0	0

Chief Executives is forecasting to overspend by £94k.

The People function is in the middle of a period of change following the approval of the People Strategy and appointment of our new Head of HR. We are introducing automation into recruitment and payroll, improving customer experience and back-office efficiency. However, this is taking longer than anticipated due to challenges with system integration and as a result savings will not be realised until 2025-26. We have taken the steps we can to lower costs, including entering a collaborative arrangement with other authorities for our new training system which has reduced license costs. However, there have been some one-off costs attached to entering the collaboration meaning the financial benefits of collaboration will not be seen until next year..

The biggest financial pressure in Policy, Scrutiny and Customer Relations is for Welsh language translations. This is a statutory obligation. While we can do little about demand, a business case has been developed to provide the service in a different way which would help reduce supply side costs from 2024-25 onwards. We are also trialling the use of new AI driven translation software to try and reduce the overspend position in the current year.

### Policy, Scrutiny & Customer Relations



Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / <b>(Surplus)</b> £'000s	0	19	0	0

Policy, Scrutiny & Customer is forecasting to overspend by £19k, this is due to :-

- **Corporate** - £24k under spent – no change from Update 1 - mainly because of core staff costs being funded by Ukraine grant funding as capacity is diverted to manage this situation.
- **Customer Relations** - £25k overspent – the volume and cost of undertaking independent investigations has increased this year with current projections estimating spend will exceed available budget. This was not known at Update 1 and is the main reason for the adverse swing for the division.
- **Scrutiny** - £6k over spent – due to the inability to make staff vacancy factor savings.
- **Policy & Partnerships** – £11k over spent – Equalities and Welsh Language is forecasting to overspend by £65k due to translation demand outstripping available budget and our corporate subscriptions costs are expected to exceed budget by £20k. These overspends have been part offset by underspends in GIS (£32k) and Community Safety (£14k) due to part year vacant posts and a £29k staff saving in Performance & Data as we have passported core staff costs to capital.

People				
Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / <b>(Surplus)</b> £'000s	68	75	0	0

People Services is forecasting to over spend by £75k, the main variances are as follows:

- **Payroll** - £46k under spent – no change from Update 1 - Net underspend mainly due to staff secondment savings and system costs being lower than budgeted for this year. This underspend is being used to partly off-set a temporary increase in capacity in People Management.
- **People Management** - £84k over spent – Employee costs are currently forecasting to exceed budget by £68k, this is mainly due to interim arrangements put in place to cover service demand whilst awaiting the appointment of the new HR manager. In addition, SLA income is expected to come in £40k lower than budgeted and supplies and services have increased due to software increases and the purchase of IT equipment for additional staff.
- **Occupational Health** - £31k overspend – current forecasts are indicating that occupational health appointment costs will exceed available budget mainly due to an increase in activity.
- **Corporate Training** - £1k over spent – £6k improvement from Update 1 as income projections have improved.
- **Organisational Development** - £4k over spent – Inability to meet staff vacancy savings.

LAW & GOVERNANCE DIRECTORATE (PG)	Update 1	Update 2	Update 3	Update 4
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<b>Deficit / (Surplus) £'000s</b>	<b>51</b>	<b>48</b>	<b>0</b>	<b>0</b>
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The overspend in legal is, as was the case at the previous update, a result of a significant shortfall in expected income for the commercial law team. As was reported previously, avenues for increasing this income were to be explored, which has resulted in a £6k improvement since Update 1. This will continue to be monitored to ensure we recoup income where possible, and to ensure future target setting is realistic. As previously reported there has been an increase in staffing costs following the regrading of a post to ensure the Council has a deputy monitoring officer as required by law, as well as honoraria payments made at the appropriate grade in the interim before re-grading was finalised.

### Democratic Services

<b>Outturn Forecast</b>	<b>Update 1</b>	<b>Update 2</b>	<b>Update 3</b>	<b>Update 4</b>
<b>Deficit / (Surplus) £'000s</b>	<b>(22)</b>	<b>(19)</b>	<b>0</b>	<b>0</b>

Democratic Services is forecasting to underspend by £19k, this is due to :-

- **Members** - £21k under spend – resulting from a reduction in payroll costs due to savings from a part-year vacant position due to a councillor becoming an MP and a reduction in co-opted member costs.
- **Committee & Elections** – £2k overspend – due to an overspend in supplies and printing costs.

### Legal and Land Charges

<b>Outturn Forecast</b>	<b>Update 1</b>	<b>Update 2</b>	<b>Update 3</b>	<b>Update 4</b>
<b>Deficit / (Surplus) £'s</b>	<b>73</b>	<b>67</b>	<b>0</b>	<b>0</b>

Legal and Land charges is forecasting to overspend by £67k, this is due to :-

**Legal Services** - £67k overspend – a £6k improvement from Update 1 – overspend is due to a shortfall in rechargeable income, and an overspend in staffing due to a post regrading and honoraria payments.

**Land Charges** – On Budget.

<b>RESOURCES DIRECTORATE</b>	<b>Update 1</b>	<b>Update 2</b>	<b>Update 3</b>	<b>Update 4</b>
<b>Deficit / (Surplus) £'000s</b>	<b>18</b>	<b>(145)</b>	<b>0</b>	<b>0</b>

The Resources directorate is forecasting an underspend of £145k, primarily due to savings within finance that are offset by pressures within the corporate & commercial landlord budget.

Within Landlord services there remains a shortfall against budgeted savings targets of £50k where rental income is currently below targets following some staggering of rent increases, and some vacant units remaining to be filled. There has been significant improvement since the first update in rental income which is pleasing and reflective of the ongoing work to maximise the potential of our asset base.

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

Work continues into the review and rationalisation of our buildings portfolio, but this has been slower than originally anticipated and we are projecting a shortfall of £151k against the previous year's £215k budget saving requirement. Officers continue work in this area and there is a possibility that this will change before year end.

These overspends have been part managed by employee savings due to staff vacancies only being filled part way into the year in both finance and commercial and landlord services.

The directorate will continue to support the wider budget recovery action and is exploring all opportunities of limiting expenditure, holding vacancies, and maximising all avenues of income and grants.

However the scope to introduce significant further levels of savings within the Resources budget at this stage of the year is very constrained, given the limited amount of controllable budget. However, work will continue to secure further savings which will be reported in future reporting periods.

## Finance

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(199)	(197)	0	0

Finance is forecasting to return a £197k underspend, this is mainly due to -

- **Revenues** - £16k net overspend :-
  - Benefits - £14k overspend – due to anticipated subsidy and debt costs. It is still too early to accurately forecast this budget and will remain subject to change as placements and caseloads move throughout the year.
  - Council Tax - £17k overspend – there are a number of factors that make up this position. There is a £16k residual staff budget pressure, the current debt profile for council tax and business rates indicates that the bad debt provision for court costs will need to be topped up by £17k. However these additional costs have been offset by one off admin grant of £17k from WG. The £9k increase from Update 1 reflects an anticipated increase in running costs for the shared service plus an increase in the bad debt provision as the number of summonses issued increases.
  - Charity Relief & Debtors - £16k underpend – due to staff vacancy savings in debtors and charity relief payments coming in under budget.
- **Systems & Exchequer** – £31k under spend – an increase in annual contract costs and essential system development for the revenue and benefits system has been offset by managed staff vacancies, holding system development in cashiers and systems support and an increase in in-year

recharge income. The increase in underspend of £8k is mainly due to the decision to freeze a cashiers post until April to aid with in-year budget recovery.

- **Finance** - £182k under spend – Underspend due to a combination of staff vacancies and the ability to recharge core staff costs to other sources of funding.
- **Audit** – On Budget.

### Future Monmouthshire

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / <b>(Surplus)</b> £'000s	0	0	0	0

Future Monmouthshire is forecasting to return a balanced budget.

### Corporate Health & Safety

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / <b>(Surplus)</b> £'000s	0	0	0	0

Corporate Health & Safety is forecasting to return a balanced budget.

### Information, Communication & Technology

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / <b>(Surplus)</b> £'000s	<b>(15)</b>	<b>(15)</b>	0	0

The ICT division is forecasting a £15k under spend, this is due to :-

- **Digital Programme Office** – On Budget.
- **SRS Contribution** – £11k over spend - SRS have informed us that early year forecasts are indicating an overspend against our contribution budget, this is mainly due to increases in Checkpoint Firewall costs and PSBA line costs.
- **Digital Design & Innovation** - £22k under spent - due to savings from managed staff vacancies.
- **Cyber Security Team** - £4.5k under spent – Due to staff savings through part year vacancy and a managed reduction in non-essential spend.
- **Telephony** – On Budget.

### Commercial & Corporate Landlord

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	232	67	0	0

Commercial & Corporate Landlord services is forecasting to over spend by £67k, due to :

- **Investment Properties** - £142k over spend, due to –
  - **Newport Leisure Park** - £112k over spent – NLP is forecasting to achieve a surplus position of £234k after borrowing costs (an improvement of £143k on 23-24 outturn) but a variance of £112k on the budgeted target due to changes in some of the existing tenancy agreements reducing the expected annual rental. The variance from Update 1 relates to increased electricity standing charges following the surrender of previous tenants.
  - **Castlegate Business Park** - £29k over spent – No change from Update 1 - Castlegate is forecasting a £29k overspend due to increased rates and service charges relating to vacant units.
  
- **Landlord Services** - £115k under spend – an improvement of £193k since Update 1 – this is because of employee savings of £200k due to staff vacancies only being filled part way through the year. There has been a major improvement in income since we reported last and we have been able to use some of this to offset our Property Rationalisation saving so that the shortfall is now only £151k of the original £215k, there are a number of reasons for the income increase 1) we now have a more accurate position as rental agreements have been confirmed for the year 2) we are receiving new rental streams from re-purposed properties 3) the return of a £68k one-off retainer relating to the Cattle market works that was not factored in at Update 1.
  
- **County Farms & Industrial Units** - £55k overspend – a £12k improvement from Update 1 - Income budgets were increased as part of the 24/25 MTFP to reflect the uplift in rent from filling our vacant farm properties and industrial units. Further progress has been made in finding tenants but with new rental agreements and existing rental uplifts staggered in-year we will only see a part year receipt of additional rent, also as we currently have vacant properties we are now liable to cover the council tax - current forecasts have assumed a full year liability but this could change if we find tenants in-year.
  
- **Cemeteries** - £5k underspend – Income projections are indicating that burial income will exceed budgeted targets.
  
- **Property Services** – On Budget.

CORPORATE COSTS & LEVIES DIRECTORATE	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	6	31	0	0
<b>Precepts &amp; Levies</b>				
Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	0	3	0	0

Slight increase in drainage levies (£2,950) at update 2 than budgeted

### Archives (Gwent Joint Records)

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	6	6	0	0

Final fees slightly above budgeted precept at budget setting.

### Corporate Management

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	0	23	0	0

The joint Crematorium service dividend is expected to be £44k lower than budgeted due to net service income being lower than anticipated. This is offset by other minor under spends.

### Non-Distributed Costs

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	0	0	0	0

No variance forecast

### Strategic Initiatives

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	0	0	0	0

No variance forecast

### Insurance

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	0	0	0	0

No variance forecast currently at Update 2

### TREASURY & RESERVES

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(283)	(480)	0	0



<b>Interest &amp; Investment Income</b>					
<b>Outturn Forecast</b>	<b>Update 1</b>	<b>Update 2</b>	<b>Update 3</b>	<b>Update 4</b>	
<b>Deficit / (Surplus) £'000s</b>	<b>48</b>	<b>(15)</b>	<b>0</b>	<b>0</b>	
The combination of a higher investment balance and a slower-than-anticipated reduction in interest rates has led to an improvement in interest income returns since the last quarter.					
<b>Interest Payable &amp; Similar Charges</b>					
<b>Outturn Forecast</b>	<b>Update 1</b>	<b>Update 2</b>	<b>Update 3</b>	<b>Update 4</b>	
<b>Deficit / (Surplus) £'000s</b>	<b>(42)</b>	<b>(175)</b>	<b>0</b>	<b>0</b>	
Reduced market interest rates have led to small saving which has been further improved due to short-term balances being higher than anticipated.					
<b>Charges Required Under Regulation</b>					
<b>Outturn Forecast</b>	<b>Update 1</b>	<b>Update 2</b>	<b>Update 3</b>	<b>Update 4</b>	
<b>Deficit / (Surplus) £'000s</b>	<b>(41)</b>	<b>(41)</b>	<b>0</b>	<b>0</b>	
Underspend due to capital expenditure financed by borrowing in 23/24 being less than budgeted for.					
<b>Other Investment Income</b>					
<b>Outturn Forecast</b>	<b>Update 1</b>	<b>Update 2</b>	<b>Update 3</b>	<b>Update 4</b>	
<b>Deficit / (Surplus) £'000s</b>	<b>0</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	
Minor unbudgeted income.					
<b>Borrowing Cost Recoupment</b>					
<b>Outturn Forecast</b>	<b>Update 1</b>	<b>Update 2</b>	<b>Update 3</b>	<b>Update 4</b>	
<b>Deficit / (Surplus) £'000s</b>	<b>(248)</b>	<b>(248)</b>	<b>0</b>	<b>0</b>	
Budget was set before additional capital financing for 2023/24 vehicle purchases was finalised. Partially offset by additional MRP charges.					
<b>FINANCING</b>					
<b>Outturn Forecast</b>	<b>Update 1</b>	<b>Update 2</b>	<b>Update 3</b>	<b>Update 4</b>	
<b>Deficit / (Surplus) £'000s</b>	<b>(350)</b>	<b>(350)</b>	<b>0</b>	<b>0</b>	

<b>Council Tax Reduction Scheme</b>				
<b>Outturn Forecast</b>	<b>Update 1</b>	<b>Update 2</b>	<b>Update 3</b>	<b>Update 4</b>
<b>Deficit / (Surplus) £'000s</b>	<b>(350)</b>	<b>(350)</b>	<b>0</b>	<b>0</b>
Caseload currently remains below the budget set.				
<b>Council Tax</b>				
<b>Outturn Forecast</b>	<b>Update 1</b>	<b>Update 2</b>	<b>Update 3</b>	<b>Update 4</b>
<b>Deficit / (Surplus) £'000s</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
No variance currently forecast, as It is too early in the financial year to accurately determine the outturn position. The council tax base remains healthy and is close to the tax base set for the year. However council tax discounts and exemptions continue to grow, which have a negative impact on the tax base. It remains unclear how much income will result from council tax premiums. Properties continue to move in and out of the lists. There is some evidence that the premiums are starting to bring properties back into use.				
<b>General Government Grants</b>				
<b>Outturn Forecast</b>	<b>Update 1</b>	<b>Update 2</b>	<b>Update 3</b>	<b>Update 4</b>
<b>Deficit / (Surplus) £'000s</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Income received to budget.				

## 2. Section 3 – 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, for each Educational Cluster.

School Reserves	(A) Opening Reserves (Surplus) / Deficit Position 2024/25	(B) Draw / (Contribution) from / (to) School Balances @ Update 1	(C) Draw / (Contribution) from / (to) School Balances @ Update 2	(D) Draw / (Contribution) from / (to) School Balances @ Update 3	(E) Draw/ (Contribution) to Reserves at Update 4	(A+CB) Forecast 2024/25 Reserves
Cluster	£000's	£'000	£'000	£'000	£'000	£'000
Abergavenny	143	1,133	1,278	0	0	1,421
Caldicot	(87)	1,152	776	0	0	689
Chepstow	658	800	949	0	0	1,607
Monmouth	(552)	1,066	1,165	0	0	614
Special	741	778	719	0	0	1,459
<b>Total</b>	<b>904</b>	<b>4,929</b>	<b>4,887</b>	<b>0</b>	<b>0</b>	<b>5,791</b>

2.2. Collective School balances at the beginning of the Financial Year amounted to a deficit of £903,636. The anticipated further draw on reserves at Update 1 was £4,928,604, against a budgeted draw on reserves of £5,015,104, which resulted in a forecast deficit balance of £5,832,251 by year end. At Update 2, the draw on reserves has reduced slightly to £4,886,770, resulting in a forecast deficit balance of £5,790,406 by year end.

2.3. The movement of individual schools forecast to be in deficit at the end of the year is shown below:

Start of year	Update 1	Update 2	Update 3	Update 4
<b>Total: 13</b>	<b>Total: 19</b>	<b>Total: 20</b>	<b>Total:</b>	<b>Total: 0</b>
Chepstow Comprehensive	Chepstow Comprehensive	Chepstow Comprehensive		
Pupil Referral Service	Pupil Referral Service	Pupil Referral Service		
The Dell	The Dell	The Dell		
Our Lady & St Michael's RC	Our Lady & St Michael's RC	Our Lady & St Michael's RC		

Primary School (VA)	Primary School (VA)	Primary School (VA)		
Ysgol y Fenni	Ysgol y Fenni	Ysgol y Fenni		
Caldicot School	Caldicot School	Caldicot School		
Ysgol y Ffin	Ysgol y Ffin	Ysgol y Ffin		
Osbaston	Osbaston	Osbaston		
Overmonnow	Overmonnow	Overmonnow		
Gilwern	Gilwern	Gilwern		
Rogiet	Rogiet	Rogiet		
Thornwell	Thornwell	Thornwell		
King Henry VIII 3-19 School	King Henry VIII 3-19 School	King Henry VIII 3-19 School		
	Goytre Fawr	Goytre Fawr		
	Llantilio Pertholey	Llantilio Pertholey		
	Dewstow			
	Monmouth Comprehensive	Monmouth Comprehensive		
	Llandogo	Llandogo		
	Usk	Usk		
		Castle Park		
		Cross Ash		

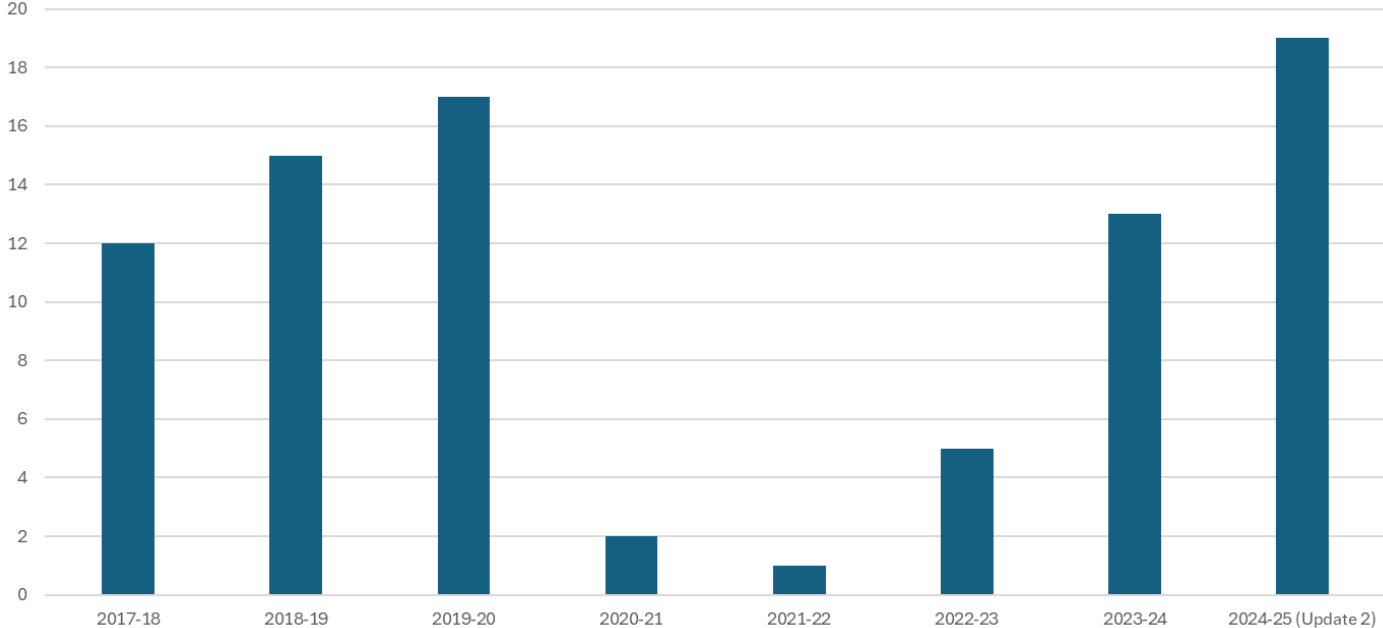
2.4. The legacy impact of the pandemic continues within the school environment, particularly in respect of attendance, behaviours and increased additional learning needs. This has required increased staff and specialist resources to tackle the issues presenting and increased overall costs of provision. Higher than budgeted pay awards have also impacted upon budgets.

2.5. All schools that are budgeting to register a deficit balance at the end of the 2024/25 financial year are required to bring forward budget recovery plans. These recovery plans will be confirmed with both the Local Education Authority, each School's Governing Body and, in some cases, the plans will need to be agreed by the relevant Cabinet Member. All recovery plans are expected to be received by October Half Term.

<b>Financial Year-end</b>	<b>Net level of School Balances (Surplus) / Deficit in £000's</b>
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	904
2024-25 (forecast)	5,791

2.6. The decrease in school balances has resulted in an increase in the number of schools in deficit, as illustrated in the following table:

Number of Schools in Deficit





### 3. Section 4 – Capital budget Forecast Outturn

3.1 The forecast summary Capital position at Update 2 is as follows:

Category	Slippage B/F	Original Budget	Budget Adjustments	Provisional Slippage to 2024/25	Revised Budget 2024/25	Forecast Outturn	Over / (Under) spend
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Expenditure</b>							
Capitalisation Directive	387	3,357	0	0	3,744	3,744	0
Development Schemes Over £250k	8,222	100	4,590	(3,579)	9,333	9,247	(86)
Development Schemes Under £250k	2,012	590	390	(1,714)	1,278	1,278	0
School modernisation programme	8,604	19,507	(12,087)	(42)	15,982	15,981	0
Infrastructure	3,250	6,345	250	(3,367)	6,478	6,478	0
ICT Schemes	765	303	(230)	0	838	838	0
Property Maintenance	1,279	2,140	86	0	3,505	3,505	0
Renovation Grants	110	900	158	0	1,168	1,168	0
LCHO	27	0	148	0	175	175	0
Section 106	1,159	0	850	(596)	1,413	1,406	(7)
Regeneration - Specific Grant Funded	2,791	500	10,092	0	13,383	13,383	0
Vehicles	0	1,500	0	0	1,500	1,500	0
Other	0	0	0	0	0	0	0
<b>Total Expenditure</b>	<b>28,606</b>	<b>35,241</b>	<b>4,247</b>	<b>(9,298)</b>	<b>58,796</b>	<b>58,703</b>	<b>(93)</b>
<b>Financing</b>							
Supported Borrowing	0	(2,436)	0	0	(2,436)	(2,436)	0
General Capital Grant	0	(2,502)	0	0	(2,502)	(2,502)	0
Grants and Contributions	(3,596)	(13,850)	(9,408)	250	(26,604)	(26,604)	0
S106 Contributions	(1,122)	0	(850)	638	(1,334)	(1,327)	7
Unsupported Borrowing	(22,325)	(10,553)	5,929	8,230	(18,720)	(18,633)	86
Earmarked Reserve & Revenue Funding	(148)	(253)	0	0	(401)	(401)	0
Capital Receipts	(1,415)	(4,147)	82	180	(5,300)	(5,300)	0

Leasing	0	(1,500)	0	0	(1,500)	(1,500)	0
<b>Total Financing</b>	<b>(28,606)</b>	<b>(35,241)</b>	<b>(4,247)</b>	<b>9,298</b>	<b>(58,796)</b>	<b>(58,703)</b>	<b>93</b>

3.2 The forecast capital expenditure at update 2 is demonstrating a net underspend £93k, primarily due to the following variances identified:

Scheme	Over / (Under) spend £000's	Comment
Crick Road Care Home	(86,085)	Scheme completed and facility is operational slightly below budget.
S106 - Star Road/School Lane Zebra Crossing	(6,729)	Works completed below original estimated cost

### 3.3 Capital Slippage

3.4 Provisional Capital slippage forecast at update 2 is £9,298m:

Scheme Category	Scheme Name	Slippage £000's	Comment
Economic Development	Capital Region City Deal	1,472,762	Based on capital funding profile from CCRC
Economic Development	Asset Investment Fund	1,852,738	Budget held for any required capital improvements at commercial investment sites. No works currently anticipated for 2024/25
Economic Development	Caerwent House, Major Repairs	50,800	Listed Heritage building requires further legal and planning clearance before the scheme can progress
Economic Development	Wye Bridge Chepstow works	257,703	Reconstruction works delayed to 2025/26 – Construction phase has been delayed with survey, investigation & design works ongoing – construction phase to start next year.
Economic Development	Wye Bridge Monmouth works	2,142,231	Reconstruction works delayed to 2025/26 – Construction phase has been delayed with survey, investigation & design works to potentially start in 25-26. However indications from Highways officers that construction won't start until 26-27 at earliest.
Highways	Carriageway improvements	667,000	Works rescheduled for early 2025/26 to allow for better planning of maintenance projects.

<b>Scheme Category</b>	<b>Scheme Name</b>	<b>Slippage £000's</b>	<b>Comment</b>
Highways	Clydach Gateway Reinstatement and Devil's Bridge Associated Works A465	250,000	Works to be undertaken in 2025/26 – delay has been caused by the grant awarding body (LEI) and resolving concerns over safety at the site due to potential landslide.
Children's Services	Property Acquisition for Children and Young People with Complex Needs	202,824	Multi-year scheme for asset acquisition to alleviate out of County Children's supported housing provision
Housing	Housing Purchasing Provision	1,585,252	Assessing potential housing acquisitions will lapse into 2025/26 financial year
Transport / Highways	Feasibility study: Transport Depot South of County	129,202	Ongoing feasibility work to identify suitable south of County depot for operational depot
Environmental	Structural Repairs – Public Rights of Way	50,000	Essential works being completed, some schemes, due to bad weather, will slip into 2025-26
Leisure Schemes	Monmouth Leisure Centre Redesign	42,089	Delays to improvements at Monmouth Leisure Centre
S106	Various S106 schemes	596,001	Completion of schemes delayed due to bad weather and delays in the acquisition of new playground equipment
		<b>9,298,466</b>	

### 3.5 Useable Capital Receipts Available

3.6 The table below outlines the latest forecast of capital receipts balances available to meet future capital commitments. All banked and forecast capital receipts have been committed to funding the indicative forward capital programme. Therefore any further use will be dependent upon forecast capital receipts being realised.

<b>Capital receipt balances</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Balance as at 1st April	9,984	4,877	3,157	941	460
Capital receipts used for financing	(1,556)	(640)	(460)	(460)	(460)

Capital receipts used to support capitalisation direction	(3,744)	(3,358)	(2,358)	(324)	0
Capital receipts Received	91	0	0	0	0
Capital receipts Forecast	103	2,278	603	303	0
<b>Forecast Balance as at 31st March</b>	<b>4,877</b>	<b>3,157</b>	<b>941</b>	<b>460</b>	<b>0</b>