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Section 1 - Overall Revenue Position (Update 3)

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 3 | Forecast (Under) / Over Spend @ Update 2 | Variance |
|---|-------------------------|--------------------|-----------------------|------------------|--|--|----------------|
| | '000's | '000's | '000's | '000's | '000's | '000's | '000's |
| Social Care, Health & Safeguarding | 68,410 | (214) | 68,196 | 72,407 | 4,211 | 3,897 | 314 |
| Learning, Skills and Economy | 65,152 | (34) | 65,118 | 65,390 | 272 | 524 | (252) |
| Infrastructure & Place | 26,187 | 126 | 26,313 | 26,983 | 671 | 955 | (284) |
| Customer, Culture and Wellbeing | 8,304 | (99) | 8,205 | 7,869 | (336) | (165) | (170) |
| People, Performance and Partnerships | 3,288 | (29) | 3,259 | 3,253 | (6) | 94 | (100) |
| Law & Governance | 2,894 | (19) | 2,875 | 2,877 | 2 | 48 | (46) |
| Resources | 8,891 | (49) | 8,842 | 8,412 | (430) | (201) | (230) |
| Corporate Costs & Levies | 29,476 | 287 | 29,763 | 28,156 | (1,607) | 32 | (1,639) |
| Net Cost of Services | 212,603 | (32) | 212,571 | 215,347 | 2,776 | 5,183 | (2,407) |
| Appropriations | 7,301 | 32 | 7,333 | 6,768 | (565) | (480) | (85) |
| Expenditure to be Financed | 219,904 | 0 | 219,904 | 222,115 | 2,210 | 4,703 | (2,492) |
| Financing | (219,904) | 0 | (219,904) | (220,521) | (617) | (350) | (267) |
| Net General Fund (Surplus) / Deficit | 0 | 0 | 0 | 1,593 | 1,593 | 4,353 | (2,760) |

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 3 | Forecast (Under) / Over Spend @ Update 2 | Variance |
|---|-------------------------|--------------------|-----------------------|------------------|--|--|--------------|
| | '000's | '000's | '000's | '000's | '000's | '000's | '000's |
| Adult Services | 42,816 | (62) | 42,754 | 44,794 | 2,040 | 2,505 | (464) |
| Children Services | 22,450 | (137) | 22,313 | 24,781 | 2,468 | 1,536 | 932 |
| Public Protection | 1,982 | (32) | 1,950 | 1,671 | (279) | (147) | (132) |
| SCH Support | 1,162 | 17 | 1,179 | 1,161 | (18) | 3 | (21) |
| Social Care, Health & Safeguarding | 68,410 | (214) | 68,196 | 72,407 | 4,211 | 3,897 | 314 |
| Economy, Employment & Skills | 299 | (4) | 295 | 136 | (159) | (149) | (10) |
| Emergency Planning | 170 | 0 | 170 | 195 | 25 | 16 | 9 |
| Individual Schools Budget | 52,459 | 0 | 52,459 | 52,500 | 41 | 0 | 41 |
| Resources | 1,032 | (12) | 1,020 | 1,037 | 17 | 43 | (26) |
| Standards | 11,192 | (18) | 11,174 | 11,522 | 348 | 614 | (266) |
| Learning, Skills and Economy | 65,152 | (34) | 65,118 | 65,390 | 272 | 524 | (252) |
| Enterprise, Housing & Community Animation | 2,735 | (126) | 2,609 | 2,505 | (104) | 54 | (158) |
| Facilities & Fleet Management | 10,123 | 401 | 10,524 | 11,063 | 539 | 774 | (235) |
| Neighbourhood Services | 11,305 | 72 | 11,377 | 11,836 | 459 | 237 | 222 |
| Placemaking, Highways & Flood | 2,024 | (221) | 1,803 | 1,579 | (223) | (110) | (113) |
| Infrastructure & Place | 26,187 | 126 | 26,313 | 26,983 | 671 | 955 | (284) |
| Communications | 434 | (9) | 425 | 387 | (38) | (43) | 5 |
| Countryside & Culture | 1,141 | (9) | 1,132 | 1,067 | (65) | (39) | (26) |
| Finance & Business Development | 4,336 | 44 | 4,380 | 4,424 | 44 | 174 | (130) |
| Leisure, Youth & Outdoor Adventure | 2,393 | (125) | 2,268 | 1,991 | (277) | (257) | (20) |
| Customer, Culture and Wellbeing | 8,304 | (99) | 8,205 | 7,869 | (336) | (165) | (170) |
| Policy, Scrutiny & Customer Service | 1,415 | (3) | 1,412 | 1,384 | (28) | 18 | (46) |
| People | 1,873 | (26) | 1,847 | 1,869 | 22 | 75 | (53) |
| People, Performance and Partnerships | 3,288 | (29) | 3,259 | 3,253 | (6) | 94 | (100) |
| Democratic Services | 1,847 | (2) | 1,845 | 1,825 | (20) | (19) | (1) |
| Legal and Land Charges | 1,047 | (17) | 1,030 | 1,051 | 21 | 67 | (46) |

| | | | | | | | | |
|---|----------------|-------------|----------------|----------------|----------------|--|--------------|----------------|
| Law & Governance | 2,894 | (19) | 2,875 | 2,877 | 2 | | 48 | (46) |
| Commercial, Corporate & landlord Services | 1,867 | (118) | 1,749 | 1,710 | (39) | | 11 | (50) |
| Corporate Health & Safety | 92 | 63 | 155 | 155 | (0) | | 0 | (0) |
| Finance | 3,936 | 4 | 3,940 | 3,589 | (351) | | (197) | (154) |
| Information Communication Technology | 2,996 | 2 | 2,998 | 2,958 | (40) | | (15) | (25) |
| Resources | 8,891 | (49) | 8,842 | 8,412 | (430) | | (201) | (230) |
| Precepts & Levies | 26,532 | 0 | 26,532 | 26,535 | 3 | | 3 | 0 |
| Coroner's | 278 | 0 | 278 | 278 | 0 | | (0) | 0 |
| Archives | 213 | 0 | 213 | 219 | 6 | | 6 | 0 |
| Corporate Management | 398 | 0 | 398 | 407 | 9 | | 23 | (14) |
| Non Distributed Costs (NDC) | 577 | 0 | 577 | 759 | 182 | | (0) | 182 |
| Strategic Initiatives | (350) | 287 | (63) | (1,829) | (1,766) | | 0 | (1,766) |
| Insurance | 1,828 | 0 | 1,828 | 1,787 | (41) | | 0 | (42) |
| Corporate Costs & Levies | 29,476 | 287 | 29,763 | 28,156 | (1,607) | | 32 | (1,639) |
| | | | | | | | | |
| Net Cost of Services | 212,603 | (32) | 212,571 | 215,347 | 2,776 | | 5,183 | (2,407) |
| | | | | | | | | |
| Interest & Investment Income | (1,176) | 0 | (1,176) | (1,142) | 34 | | (15) | 49 |
| Interest Payable & Similar Charges | 7,252 | 0 | 7,252 | 6,913 | (339) | | (175) | (164) |
| Charges Required under Regulation | 6,230 | 0 | 6,230 | 6,398 | 168 | | (41) | 209 |
| Other Investment Income | 0 | 0 | 0 | 0 | 0 | | (1) | 1 |
| Borrowing Cost Recoupment | (3,883) | 0 | (3,883) | (4,347) | (464) | | (248) | (216) |
| Contributions to Reserves | 833 | 0 | 833 | 1,050 | 217 | | 0 | 217 |
| Contributions from reserves | (1,955) | 32 | (1,923) | (2,104) | (181) | | (0) | (181) |
| Appropriations | 7,301 | 32 | 7,333 | 6,768 | (565) | | (480) | (85) |
| | | | | | | | | |
| Expenditure to be Financed | 219,904 | 0 | 219,904 | 222,115 | 2,210 | | 4,703 | (2,492) |
| | | | | | | | | |
| 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) | (102,387) | (92) | | 0 | (92) |

| | | | | | | | |
|---|------------------|----------|------------------|------------------|--------------|--------------|----------------|
| Council Tax Benefit Support | 8,410 | 0 | 8,410 | 7,885 | (525) | (350) | (175) |
| Financing | (219,904) | 0 | (219,904) | (220,521) | (617) | (350) | (267) |
| Net General Fund (Surplus) / Deficit | 0 | 0 | 0 | 1,593 | 1,593 | 4,353 | (2,759) |

Section 2 - Directorate – Service Variance Comments

| SOCIAL CARE & HEALTH | Update 1 | Update 2 | Update 3 | Update 4 |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Deficit / (Surplus) £'000s | 2,494 | 3,897 | 4,211 | |

The directorate projected overspend position at Update 2 saw a deterioration of £1.403M, which was largely attributable to new demand pressures within both Adults and Children's services. Update 3 has seen a further deterioration of £314K.

Adult division is forecast to overspend at Update 3 by £2.040M representing an improvement of £465k from update 2.

At update 2 pressure had 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). This pressure has remained.

External residential care home placements in Adult services have increased by 30 to 338 since the budget was set (including 11 new placements since update 2) causing a £620K pressure on the budget. Care at home placements are not made without management oversight and where all other options for care provision have been explored. Nevertheless the needs of our residents are such that the increase in requirements for care home placements remains on an upward trajectory (between 1 and 1.5 new placements weekly over the year to date). It is hard to predict at what rate care home placements will continue to increase particularly as we remain in the winter period with 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.

Leading up to update 2 there was a significant increase in non-residential (care at home) with a sharp uptake since July adding a further £500K of overspend. The rate of increasing demand for care at home has stabilised at update 3, with the caveat that the full impact of winter pressures may not yet be fully known.

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; however additional resource has now been turned to reviewing care arrangements using some external funding. As health are re-trenching around their own cost pressures, we have been unable to make progress in successfully pursuing Continuing Health Care costs; however individual cases remain under regular review.

A further pressure of £375K has arisen as contrary to previous indications, WG have confirmed that any potential increase to the non-residential weekly care charging cap will not go ahead. A small amount of grant totalling £70K has been awarded to offset this.

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 £2.5M, an increase of £200K since update 2, which in turn has increased the bad debt provision by £40K.

The improved position within adults services has arisen because of vacancies being carried within domiciliary care, and care being purchased through the external market. This represents an in-year saving which we will be utilising moving forward into 25/26 to allow us to re-launch an enhanced reablement (in-house) service.

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 £1M against the saving mandate, with another £197K being projected, the pressure of new referrals has generated a £2.5M projected overspend. Equally it is hard to predict whether the current rate of children entering care or requiring intensive services in the community will continue during the final quarter of the year.

As in previous years, the directorate bottom line, continues to benefit from a number of Welsh Government grants at approximately £3M including Workforce grant, Regional Integration Fund and the Radical/Eliminate grants, which are 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 in the medium term. The directorate has additionally benefited from some forecast savings in public protection largely as a result of savings against posts.

ADULT SERVICES

| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
|----------------------------|----------|----------|----------|----------|
| Deficit / (Surplus) £'000s | 1,534 | 2,505 | 2,040 | |

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 net increased by 4 per month, with the numbers at the end of Update 3 closing at 338, an increase of 11 since update 2.

For non-residential care, since the significant uptake in July and August detailed in update 2, at the close of update 3 we have not experienced any further significant increases, but the usual pressures of winter are yet to conclude.

The Frailty regional pooled fund is projected to overspend, for our contribution into the pool fund, by £112K due to the 10% saving target as part of the regional pooled fund for this year, which for MCC equates to £160K. The majority of the spend is staff related which has given us little opportunity to mitigate the full savings without a negative impact on operational delivery for this most vulnerable group. It has been agreed that a regional review will take place to determine the benefits / dis-benefits of retaining regional pooled funding arrangements.

The improving picture in adult social care is due to an £800k underspend in the Care at Home service as we are currently carrying a large number of staff vacancies, whilst the reablement project is underway (re-design the workforce). Whilst currently a fortuitous underspend, vacancies also present an opportunity to redesign the specialist reablement provision which will allow the service the potential to deliver longer - term savings in a more sustainable way. We have been able to offset the impact on service delivery through increased ability to commission from the external market.

The new commissioning arrangements for domiciliary care in the South from April will offer better opportunities to accurately forecast spend as hours are purchased in blocks and premium rates eliminated from the pricing structure.

Additional hours have been allocated to staff to conduct reviews, for which external funding has been secured in order to offset the staff costs over the 3 month period until 31st March 2025.

CHILDREN SERVICES

| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
|----------------------------|----------|----------|----------|----------|
| Deficit / (Surplus) £'000s | 1,134 | 1,536 | 2,468 | |

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. During this period 30 children became looked after and 24 children ceased to be looked after. The new entrants 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 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. A further net pressure of £403K has arisen due to the needs of these children.

At the end of Dec although the numbers of children being looked after has remained stable, the degree of change and movement underneath the headline figure has continued to impact the in-year forecast. This has included one high cost residential placements, a further 6 parent and child placements and extensions to 2 others. This has created a further in-year pressure of £932K.

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. In addition, this year has seen a higher than usual number of children's placements breaking down, such that there is then no option but to place in a higher-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, £1M saving target has already been achieved with a further projected saving of £197K 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

| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
|-------------------------|----------|----------|----------|----------|
| Deficit / (Surplus) £'s | (175) | (147) | (279) | |

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

| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
|----------------------------|----------|----------|----------|----------|
| Deficit / (Surplus) £'000s | 1 | 2 | (18) | |

This budget area is broadly in line with budget, with a small under spend currently forecast.

LEARNING, SKILLS & ECONOMY DIRECTORATE

| Update 1 | Update 2 | Update 3 | Update 4 |
|----------------------------|----------|----------|----------|
| Deficit / (Surplus) £'000s | 468 | 523 | 272 |

The Directorate's current position is a forecasted overspend of £272,000.

This is largely due to additional learning needs (ALN), with an unexpected increase in ALN placements at both Independent and Out of County Schools. Since Update 2, we have been able to mitigate the additional costs following receipt of an ALN Grant.

There has also been a large increase of ALN pupils receiving EOTAS (Education Other Than At School) Bespoke packages. However, this is considerably more cost effective than the pupils attending Independent Schools. The directorate 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 anticipated.

Further additional costs across the Directorate have been offset with additional grant funding, holding vacancies and through income generation.

Economy, Employment & Skills

| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
|-------------------------|----------|----------|----------|----------|
| Deficit / (Surplus) £'s | 0 | (149) | (159) | |

An ability to passport core costs to grant funding, and a reduction in supplies and services.

Emergency Planning

| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
|-------------------------|----------|----------|----------|----------|
| Deficit / (Surplus) £'s | 16 | 16 | 25 | |

The overspend is due to employee related savings not being met.

Individual Schools Budget

| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
|----------------------------|----------|----------|----------|----------|
| Deficit / (Surplus) £'000s | (4) | 0 | 41 | |

The overspend is due to additional funding of £16k agreed for Gwent Music relating the top up of hardship funding for eligible pupils, and £20k funding for Transport (Bus to Caldicot School), along with several smaller costs relating to schools, such as licences, Welsh Translations etc

Resources

| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
|----------------------------|----------|----------|----------|----------|
| Deficit / (Surplus) £'000s | 17 | 43 | 17 | |

The overspend is due to receiving a revised estimate for the Premature Retirement contributions, and a reduction in income against the Photovoltaic Grids.

We have generated income to offset this through a member of staff conducting Estyn visits.

| Standards | | | | |
|--|-----------------|-----------------|-----------------|-----------------|
| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
| Deficit / (Surplus) £'000s | 440 | 614 | 348 | |
| <p>The overspend of £613,655 at Update 2 was largely due to an increase in new starters at Independent and Out of County Schools. However, we have recently received additional ALN Grant Funding, which we have been able to use to offset costs. Therefore, the current forecasted overspend of £347,684 is due to the following:</p> <ul style="list-style-type: none"> • £286k ALN – Independents (new starters at Independent Schools, pupils staying on for Year 14 and additional support for existing pupils. We are also 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. Costs have reduced since Update 2 due to receiving additional ALN Grant Funding) • £54k ALN – OOC (new starters in out of county schools, reduced by estimated costs for a pupil being less than expected) • £16k ALN – Recoupment (unable to meet expected recoupment, due to out of county pupils leaving Monmouthshire schools) • £51k ALN Transport - £12k invoice received regarding 23-24, 2% increase in external contracts from September and an increase in personal travel budgets • £31k Expansion of Early Years Grant – an increase in the number of nursery places being taken up, particularly in non-maintained settings • £39k Primary Breakfast Initiative Grant – an increase in catering and staff costs • £5k ALN Equipment Budget – additional funding required for ALN Equipment • -£134k of grant funding able to offset existing costs | | | | |
| INFRASTRUCTURE & PLACE DIRECTORATE | Update 1 | Update 2 | Update 3 | Update 4 |
| Deficit / (Surplus) £'000s | 963 | 955 | 671 | |
| COMMUNITIES & PLACE DIRECTOR'S COMMENTARY: | | | | |

The directorate is forecasting to overspend by £671k, an improvement of £285k since Update 2. A detailed explanation for each service area is provided below but we are continuing to see budget strain in our demand led services with the main pressures falling within School & Passenger Transport, Housing, Fleet Maintenance and Waste services. We have seen slight improvements in the overspend positions for Fleet, Homelessness and PTU but this has been offset by an adverse swing in waste where our recycle contract renewal has been delayed resulting in our costs remaining higher than forecast, although officers are currently looking at options to mitigate.

We are currently on course to make £467k (50.4%) of our £927k saving target. As at Update 2 the main reason for this shortfall is due to the delay in the relocation of tenants into Severn View resulting in all 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) | 54 | (104) | |

Enterprise & Community Animation is forecasting to under spend by £104k, this is mainly due to: -

- **Enterprise Mgt** - £255k underspend – Employee savings due to vacant senior management posts that have been frozen as part of the recent SLT restructure (£154k), further staff savings within our Strategic Operations team from not backfilling a senior officer post whilst on maternity leave and a vacant IT officer post that will not be filled (£39k) and a £62k saving on our City Deal contribution as this has been moved to capital as part of the authority's in-year budget recovery plan.
- **Housing** - £150k over spend, this can be broken down into these main areas: -
 - **Housing** - £197k net overspend – an improvement of £73k since Update 2 – 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 now expected to start at the end of March and this delay has meant we will not make any of the £400k saving built into the budget this year. We have been fortunate that this pressure has been mostly covered by the receipt of a one-off WG discretionary homelessness grant, in addition, due to the ongoing work to replace B&Bs with alternative accommodation we are now seeing a reduction in our Housing Benefit subsidy penalty, revised projections are estimating a £114k saving against budget which is a £24k improvement from Update 2. On top of this we have been able to passport £39k of staff costs against the HSG grant reducing the overall net budget pressure to £197k.
 - **Careline** – £47k under spent – no change from Update 2 - due to the ability to offset staff costs against grant funding and in the reduction in equipment spend as stocks were replenished last year (via grant) reducing the need for in-year spending this year.

Facilities & Fleet Management

| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
|----------------------------|----------|----------|----------|----------|
| Deficit / (Surplus) £'000s | 867 | 773 | 539 | |

Facilities, Fleet & De-carbonisation are forecasting a £539k overspend, this is due to :-

- **Decarbonisation** - £11k net underspend – this can be attributed to the following factors :-
 - Corporate Mileage Saving - £100k over spend – 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 - £79k deficit – an improvement of £35k since update 2 – income has improved in the latter half of the year but poor weather and grid outages earlier in the year have impacted on the budget, the solar farm is forecasting to make a surplus of £323k this year but this is £79k less than the budgeted surplus of £403k.
 - De-Carbonisation Team - £146k under spend – due to staff vacancy savings, only 2 (Decarbonisation Mgr and 1 Project Officer) of the 5 posts within the team are currently filled and out of the remaining 3 vacant posts 2 are forecast to be filled in March and the remaining energy officer vacancy frozen until April to aid with in-year budget recovery.
 - Sustainability - £45k underspend – due to energy savings generated from our renewable energy portfolio that is installed throughout our buildings.

- **Passenger Transport** – £505k net over spend– improvement of £77k since Update 2 – overspend is due to increased service demand as pupil numbers have increased resulting in additional contract costs coupled with a shortfall in public bus service funding. These have been part offset by the receipt of funding linked to the administration of the regional Bus Network Grant plus a one-off windfall payment relating to a balance owing from last financial year. We have also received income from the sale of 2 coaches and been able to passport £50k of qualifying spend to capital as part of the in-year budget recovery plan resulting in an overall improvement in position since September.

- **Fleet Maintenance** - £44k overspend – an improvement of £64k since update 2 – we have been able to move qualifying ICT, EV and maintenance costs to capital (as per budget recovery plan) which has helped in reducing the overspend. The budget has been impacted this year with the rising cost of parts, supply chain delays, the growth in hire vehicles and increased borrowing spend as we transition to fleet to EV.

| Neighbourhood Services | | | | |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
| Deficit / (Surplus) £'000s | 263 | 237 | 459 | |

Neighbourhood Services is forecasting to overspend by £459k, due to :-

- **Streetlighting** – On Budget – an improvement of £20k since Update 2, this is due to maintenance costs being passported to capital as part of in-year budget recovery.
- **Highways Operations** – On Budget – No change from Update 2 - current projections indicate 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 – as per update 2 – income projections for 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.
- **Highways Design & Road Safety** - £119k underspend – underspend mainly as a result of 4 staff vacancies that will now not be filled until the new financial year to aid with in-year budget recovery.
- **Waste & Grounds Maintenance** - £678k overspend – a £293k adverse swing from Update 2 – as reported last time out we are still experiencing volatility and reduced values of our recycle, our early year forecasts assumed that the new contract would be in place for January generating savings but this has been delayed causing further pressure to the budget. Income has been affected by the introduction of Workplace recycling regulations, the changes we have made to charging structures to accommodate this has resulted in 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 1st April, delays in vehicle delivery have meant that the service did not start in full until November resulting in our early year disposal costs being higher than originally anticipated. Officers are currently working to mitigate this pressure and are looking into options to reduce contract and supplies and services spend but we will not know until update 4 on the level of reduction. 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) | (110) | (223) | |

Placemaking, Highways & Flooding is forecasting to under spend by £223k, due to :-

- **Building Control** – £61k over spend – a £12k improvement from Update 2 - 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. The improvement since update 2 is because we have managed to move qualifying expenditure to capital as part of the in-year budget recovery plan.
- **Planning & Development Control** - £80k overspend – as per update 2 application fee income projections are indicating that we will not meet our budgeted targets this year as well as our Fast Track application targets. 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 2 - Underspend is 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 Development & flooding** - £170k under spent – an improvement of £67k from Update 2 - Employee under spend in Flooding due to full and part year vacancies coupled with improved income mainly from additional Highways development fees and capital programme fees, we now have a better understanding of the level of development fees that we will be receiving this year and this has been reflected in the forecast and is the main reason for the improvement in position since update 2.
- **Schools Catering** - £133k underspend – an improvement of £42k since Update 2 – mainly because of in-year staff savings due to the delay between a staff member leaving and appointing someone into the post, in addition we have moved £30k of qualifying IT costs against capital as per the budget recovery plan.

| CUSTOMER, CULTURE & WELLBEING DIRECTORATE | Update 1 | Update 2 | Update 3 | Update 4 |
|--|-----------------|-----------------|-----------------|-----------------|
| Deficit / (Surplus) £'000s | (46) | (165) | (336) | |

The directorate is forecasted to underspend by £336k, representing an improvement of £171k compared to financial update 2.

The delays in the implementation of the area management restructure, alongside deferred staff savings within the museum service and reduced income at our attractions, have been offset by the increased revenues from our leisure services, markets, and countryside departments. This improvement in income is attributable to our marketing campaigns and the diligent efforts of our sections to enhance customer experiences. Consequently, these efforts have resulted in the addition of new members and improved membership retention. Notably, this year's annual campaign has already generated 274 new memberships, translating to an income of £73k, with three weeks remaining.

There remains a significant risk around income predictions in both the leisure services, outdoor adventure centre, and Borough Theatre. Update 3 forecast relies on £5.3m of income generation from these three services alone. We will continue to monitor income closely as the year progresses.

(Monlife) Countryside & Culture

| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Deficit / (Surplus) £'000s | (6) | (39) | (66) | |

Countryside & Culture section is forecast to underspend by £66k an improvement of £27k from update 2 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 | (44) | (38) | |

Central Communications is projected to achieve a significant underspend of £38k. This financial efficiency has been realised through strategic allocation of staffing costs to individual grants within the community and partnership division, thereby reducing our reliance on core funding.

(Monlife) Finance & Business Development

| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
|-------------------------|-----------------|-----------------|-----------------|-----------------|
| | | | | |

| | | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| Deficit / (Surplus) £'000s | 62 | 174 | 44 | |
| <p>The Finance, Business and Development section is forecast to overspend by £44k. There continue to be income pressures in some service areas, but significant improvements have been observed in key areas of risk, such as The Borough Theatre, Attractions, and Management.</p> <p>Attraction sites are forecast to overspend by £51k due to lower than expected visitor numbers, which were affected by adverse weather during the summer. Efforts are being made to offset the reduction in income through one-off events and grant opportunities.</p> <p>The Borough Theatre is expected to overspend by £30k due to lower than anticipated income. The section is still recovering post-pandemic and from site closures. Additionally, there has been a reduction of 50 seats, limiting opportunities for larger performances. However, there has been an improvement in the third quarter of 24-25, which is hoped to continue into the next financial year, reducing reliance on core funding.</p> <p>Learning is forecast to overspend by £16k due to reduced income.</p> <p>Museums are expected to overspend by £40k due to delayed staff savings and higher than anticipated expenditure. The section will seek to use any available grant opportunities or reserve balance to mitigate this where possible.</p> <p>Management is forecast to overspend by £19k due to delayed implementation of the area management structure. This process is underway, and the changed structure is likely to be implemented in the final quarter of 24-25.</p> <p>These overspends have been offset by underspends in other areas: markets (£32k), business support (£22k), hubs (£7k), and the contact centre (£50k) due to increased income, reduced overheads, and staff vacancies.</p> | | | | |
| (Monlife) Leisure, Youth & Outdoor Adventure | | | | |
| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
| Deficit / (Surplus) £'000s | (102) | (257) | (276) | |
| <p>Leisure, Youth and Outdoor Adventure are forecast to underspend by £276k, 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.</p> <p>The Outdoor Adventure Centre has improved its residential income position on 23-24.</p> | | | | |
| PEOPLE, PERFORMANCE & PARTNERSHIP DIRECTORATE | Update 1 | Update 2 | Update 3 | Update 4 |

| | | | | |
|-----------------------------------|-----------|-----------|------------|--|
| Deficit / (Surplus) £'000s | 68 | 94 | (6) | |
|-----------------------------------|-----------|-----------|------------|--|

Chief Executives is forecasting to underspend by £6k.

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. There have been some teething problems but this will ultimately improve customer experience and back-office efficiency. 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 reduced staffing levels to contribute to the budget recovery. We have taken 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 2025-26 onwards. We have seen a small reduction in demand above forecast levels in the second half of the year, which along with not back-filling a temporary vacancy in the Performance team, has helped improve the forecast between update 2 and 3.

Policy, Scrutiny & Customer Relations

| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Deficit / (Surplus) £'000s | 0 | 19 | (27) | |

Policy, Scrutiny & Customer is forecasting to underspend by £27k, this is due to :-

- **Corporate** - £29k under spent – due to core staff management costs being partially covered by Ukraine grant funding as capacity is diverted to manage this project.
- **Customer Relations** - £32k over spent – the volume and cost of undertaking independent investigations continues to rise with a further increase of £7k over and above our projections in September.
- **Scrutiny** - £5 over spent – due to the inability to make staff vacancy factor savings and a small overspend in supplies and services.
- **Policy & Partnerships** – £35k underspend – an improvement of £47k since update 2 - Equalities and Welsh Language is forecasting to overspend by £36k due to translation demand outstripping available budget although projected activity has decreased since Update 2 by £29k and is the main reason for the improvement in outturn position. Our corporate subscriptions costs are expected to exceed budget by £20k but these overspends have been offset by underspends in GIS (£26k) and Community Safety (£14k) due to part year vacant posts and a £53k staff saving in Performance & Data as we have passported core staff costs to capital along with in year staff vacancy savings due to a career break.

People

| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Deficit / (Surplus) £'000s | 68 | 75 | 22 | |

People Services is forecasting to overspend by £22k, the main variances are as follows:

- **Payroll & People Management** - £14k net underspend – a £52k improvement since update 2 – underspend is mainly due to staff savings where structures have now been realigned to fit resource requirements, and we have been able to reduce temporary support hours and the team are covering maternity leave in-house rather than backfilling the post to contribute to the recovery effort.
- **Occupational Health** - £31k overspend – no change from Update 2 - forecasts are indicating that occupational health appointment costs will exceed available budget mainly due to an increase in activity.
- **Corporate Training** – On Budget.
- **Organisational Development** - £4k over spent – Inability to meet staff vacancy savings.

| LAW & GOVERNANCE DIRECTORATE (PG) | Update 1 | Update 2 | Update 3 | Update 4 |
|--|-----------------|-----------------|-----------------|-----------------|
| Deficit / (Surplus) £'000s | 51 | 48 | 2 | |

The outturn has improved significantly to a predicted overspend of £2k, which is a £46k improvement from what was reported at Update 2. This is largely as a result of a reduction in expected licensing costs and improved income. The position will continue to be monitored to ensure that we recoup further income where possible.

Democratic Services

| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Deficit / (Surplus) £'000s | (22) | (19) | (19) | |

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

- **Members** - £21k under spend – no change from update 2 – due to a reduction in payroll costs because of 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

| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|
| Deficit / (Surplus) £'s | 73 | 67 | 21 | |

Legal and Land charges is forecasting to overspend by £21k, this is due to :-

Legal Services - £26k overspend – a £41k improvement from Update 2 – overspend is due to a shortfall in rechargeable income and court fees, this has been offset by a part year staff saving and an underspend in supplies and services.

Land Charges – £5k underspend - as a result of moving IT server costs to capital.

| RESOURCES DIRECTORATE | Update 1 | Update 2 | Update 3 | Update 4 |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Deficit / (Surplus) £'000s | 18 | (201) | (430) | |

The Resources directorate is forecasting an underspend of £430k, which is a significant improvement of £229k compared to Update 2 and reflective of the budget recovery efforts to support the wider budget position.

Corporate & Commercial Landlord services is now forecasting an overall under spend for the year reflective of significant savings within Landlord services, notably driven by staff vacancy savings. There continues to be an upward trajectory in rental income which is 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 slightly as lettings are secured through the remainder 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 £58k against the previous year's £215k budget saving requirement. Officers continue to proactively work in this area to establish further opportunities.

Across the wider directorate work continues 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 now introduce any 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.

Finance

| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Deficit / (Surplus) £'000s | (199) | (197) | (351) | |

Finance is forecasting to return a £351k underspend, this is mainly due to -

- **Revenues** - £57k net underspend:-
 - Benefits - £68k underspend – an improvement of £82k since update 2 - Housing benefit subsidy spend is now forecast to be £36k under budget and is the main cause of the improvement since update 2, this reflects the current subsidy and debt position and may change again in future forecasts as benefits applications change. In addition, there is a further £32k saving which is a combination of additional one-off grant income and managed service savings.
 - Council Tax - £23k 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 £21k (a £4k uplift from update 2). There is also a £2k overspend against unmet staff vacancy savings. However, these additional costs have been part offset by one off admin grant of £17k from WG.

- Charity Relief & Debtors - £12k underspend – due to staff vacancy savings in debtors and charity relief payments coming in under budget.
- **Systems & Exchequer** – £49k under spend – an increase in annual contract costs and essential system developments for the revenue and benefits system have been offset by managed staff vacancies, holding system development in cashiers and systems support and an increase in in-year recharge income. The £18k improvement from Update 2 is a mixture of additional managed staff and supplies and services savings to aid with in-year budget recovery.
- **Finance** - £222k under spend – an increase of £41k since update 2 – it is now anticipated that only 1 of the 4 vacant posts will be appointed before the start of the new financial year so the savings from staff vacancies has increased and is the reason for the improvement from Update 2, in addition the service has been able to recharge core staff costs to other sources of funding which has increased the underspend further.
- **Audit** – £22k underspend – staff savings due to part year vacancies that were filled later than originally thought and is the reason for the increase in underspend since Update 2.

Future Monmouthshire

| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
|----------------------------|----------|----------|----------|----------|
| Deficit / (Surplus) £'000s | 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 / (Surplus) £'000s | 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 / (Surplus) £'000s | (15) | (15) | (41) | |

The ICT division is forecasting a £41k under spend, this is due to:-

- **Digital Programme Office** – £19k underspend – due to managed savings in supplies and services.

- **SRS Contribution** – £9k overspend – Overspend in our contribution to the Shared Resource Service, this is because of increases in Firewall costs and PSBA line costs.
- **Digital Design & Innovation** - £24k under spend - due to savings from managed staff vacancies.
- **Cyber Security Team** - £4k under spend – Due to staff savings through part year vacancy and a managed reduction in non-essential spend.
- **Telephony** – £4k underspend – due to a reduction in our call charges for 24-25.

Commercial & Corporate Landlord

| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
|----------------------------|----------|----------|----------|----------|
| Deficit / (Surplus) £'000s | 232 | 11 | (38) | |

Commercial & Corporate Landlord services is forecasting to under spend by £38k, due to :

- **Investment Properties** - £142k over spend, due to –
 - **Newport Leisure Park** - £112k over spent – No change from Update 2 - 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 and increased electricity standing charges following the surrender of previous tenants.
 - **Castlegate Business Park** - £29k over spent – No change from Update 2 - Castlegate is forecasting a £29k overspend due to increased rates and service charges relating to vacant units.
- **Landlord Services** - £190k under spend – an improvement of £66k since Update 2 – income increases reported in September have allowed us to mitigate a shortfall in our Property Rationalisation saving to only £58k of the original £215k, on top of this there is employee savings of £249k due to staff vacancies – at update 2 it was assumed that 3 of these posts would be filled by December but they will now not be filled until the new financial year and is the main reason for the improvement in position.
- **County Farms & Industrial Units** - £39k overspend – an improvement of £16k since update 2 - income has increased since September due to rental from a new tenancy and a rent review increase that was backdated to June 24. Rental income is down against budgeted targets due to the staggering of rent review uplifts and new tenancies only starting mid-way through the year, this has meant that we have only seen a part receipt of expected additional rental income in 24-25. In addition, as we continue to hold vacant units, we are liable to cover the running costs such as council tax which adds to the pressure - current forecasts have assumed a full year liability but this could change if we find tenants between now and year end.
- **Cemeteries** – On Budget – £5k adverse swing from Update 2 – latest income projections are showing a slowdown in burial income against earlier forecasts.

- **Building Cleaning & Public Conveniences** - £31k underspend – mainly due to staff savings from vacant posts and an £8k saving on maintenance and rates.
- **Property Services** – On Budget – underspends in staffing due to part year staff vacancies have been offset by overspends on maintenance and rates within office accommodation.

| CORPORATE COSTS & LEVIES DIRECTORATE | Update 1 | Update 2 | Update 3 | Update 4 |
|---|-----------------|-----------------|-----------------|-----------------|
| Deficit / (Surplus) £'000s | 6 | 31 | (1,607) | |
| Precepts & Levies | | | | |
| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
| Deficit / (Surplus) £'000s | 0 | 3 | 3 | |
| Slight increase in drainage levies (£2,950) compared to forecast. | | | | |
| Archives (Gwent Joint Records) | | | | |
| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
| Deficit / (Surplus) £'000s | 6 | 6 | 6 | |
| 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 | 9 | |
| 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 numerous minor over and under spends. | | | | |
| Non-Distributed Costs | | | | |
| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
| Deficit / (Surplus) £'000s | 0 | 0 | 182 | |
| Additional pension strain costs due to premature retirements. This will be covered from additional contributions from the redundancy and pension reserve. | | | | |
| Strategic Initiatives | | | | |

| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
|----------------------------|----------|----------|----------|----------|
| Deficit / (Surplus) £'000s | 0 | 0 | (1,766) | |

WG award of Funding in relation to support for additional NJC pay pressures

Insurance

| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
|----------------------------|----------|----------|----------|----------|
| Deficit / (Surplus) £'000s | 0 | 0 | (41) | 0 |

There is a small saving predicted on premium payments and staff costs.

TREASURY & RESERVES

| Update 1 | Update 2 | Update 3 | Update 4 |
|----------|----------|----------|----------|
| (283) | (480) | (565) | |

Interest & Investment Income

| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
|----------------------------|----------|----------|----------|----------|
| Deficit / (Surplus) £'000s | 48 | (15) | 34 | |

The rates available on some investments have reduced at a quicker rate than anticipated while one Pooled Fund has also seen a downturn in dividend.

Interest Payable & Similar Charges

| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
|----------------------------|----------|----------|----------|----------|
| Deficit / (Surplus) £'000s | (42) | (175) | (339) | |

Reduced market interest rates have led to small saving which has been further improved due to short-term balances being higher than anticipated.

Charges Required Under Regulation

| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
|----------------------------|----------|----------|----------|----------|
| Deficit / (Surplus) £'000s | (41) | (41) | 168 | |

Underspend due to capital expenditure financed by borrowing in 23/24 being less than budgeted for. Additional vehicles have been disposed of in Q3 with any outstanding MRP charges provided for in year. The movement will be matched with an equal and opposite movement in Borrowing Cost Recoupment.

| Other Investment Income | | | | |
|--|-----------------|-----------------|-----------------|-----------------|
| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
| Deficit / (Surplus) £'000s | 0 | (1) | (1) | |
| Minor unbudgeted income. | | | | |
| Borrowing Cost Recoupment | | | | |
| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
| Deficit / (Surplus) £'000s | (248) | (248) | (464) | |
| Budget was set before additional capital financing for 2023/24 vehicle purchases was finalised. Additional vehicles have been disposed of in Q3 with any outstanding borrowing charged in year. The movement will be matched with an equal and opposite movement in Charges Required Under Regulation. | | | | |
| FINANCING | | | | |
| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
| Deficit / (Surplus) £'000s | (350) | (350) | (617) | |
| Council Tax Reduction Scheme | | | | |
| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
| Deficit / (Surplus) £'000s | (350) | (350) | (525) | |
| Caseload continues to reduce and currently remains below the budget set | | | | |
| Council Tax | | | | |
| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
| Deficit / (Surplus) £'000s | 0 | 0 | (92) | |
| Council tax income is expected to be £125k less than budgeted. The council tax base remains healthy and is running ahead of the tax base set for the year. However council tax discounts and exemptions continue to rise which have a negative impact on the overall position. | | | | |
| Council Tax Premium: Taking account of payments made to date and potential unpaid premiums turning bad in the future, estimate that an additional £217k will be collected this year. This will be transferred to the Council tax premium reserve. | | | | |
| General Government Grants | | | | |
| Outturn Forecast | Update 1 | Update 2 | Update 3 | Update 4 |
| Deficit / (Surplus) £'000s | 0 | 0 | 0 | |

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+D) Forecast 2024/25 Reserves |
|-----------------|---|--|--|--|--|--|
| Cluster | £000's | £'000 | £'000 | £'000 | £'000 | £'000 |
| Abergavenny | 143 | 1,133 | 1,278 | 1,592 | 0 | 1,735 |
| Caldicot | (87) | 1,152 | 776 | 775 | 0 | 689 |
| Chepstow | 658 | 800 | 949 | 804 | 0 | 1,462 |
| Monmouth | (552) | 1,066 | 1,165 | 1,180 | 0 | 629 |
| Special | 741 | 778 | 719 | 889 | 0 | 1,630 |
| Total | 904 | 4,929 | 4,887 | 5,240 | 0 | 6,144 |

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.

2.3. At Update 2, the draw on reserves had reduced slightly, however at Update 3, the draw on reserves has increased to £5,240,192, resulting in a forecast deficit balance of £6,143,839 by year end.

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

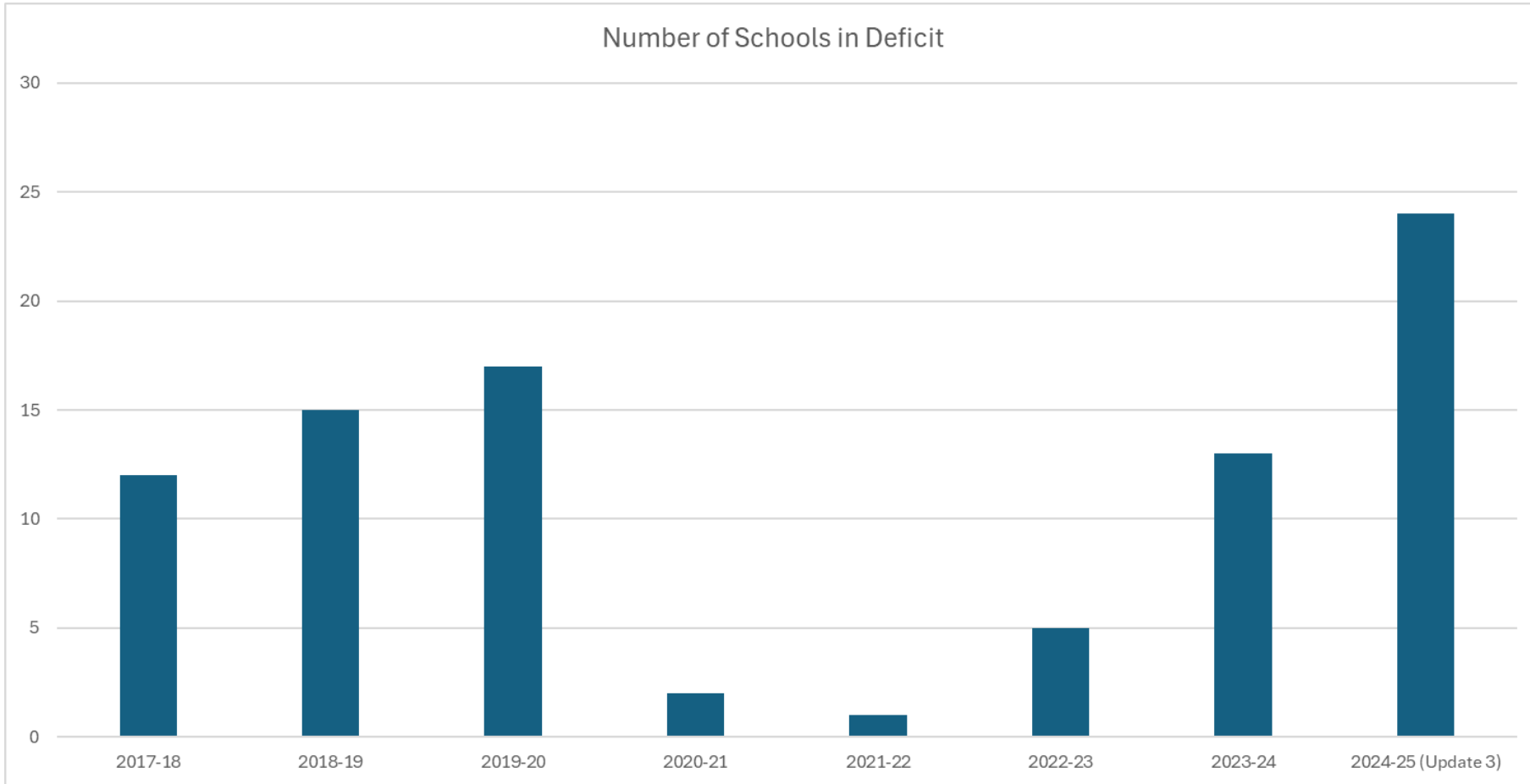
| Start of year | Update 1 | Update 2 | Update 3 | Update 4 |
|------------------------|------------------------|------------------------|------------------------|-----------------|
| Total: 13 | Total: 19 | Total: 20 | Total: 24 | Total: 0 |
| Chepstow School | Chepstow School | Chepstow School | Chepstow School | |
| Pupil Referral Service | Pupil Referral Service | Pupil Referral Service | Pupil Referral Service | |
| The Dell | The Dell | The Dell | The Dell | |

| | | | | |
|--|--|--|--|--|
| Our Lady & St Michael's RC Primary School (VA) | Our Lady & St Michael's RC Primary School (VA) | Our Lady & St Michael's RC Primary School (VA) | Our Lady & St Michael's RC Primary School (VA) | |
| Ysgol y Fenni | Ysgol y Fenni | Ysgol y Fenni | Ysgol y Fenni | |
| Caldicot School | Caldicot School | Caldicot School | Caldicot School | |
| Ysgol y Ffin | Ysgol y Ffin | Ysgol y Ffin | Ysgol y Ffin | |
| Osbaston | Osbaston | Osbaston | Osbaston | |
| Overmonnow | Overmonnow | Overmonnow | Overmonnow | |
| Gilwern | Gilwern | Gilwern | Gilwern | |
| Rogiet | Rogiet | Rogiet | Rogiet | |
| Thornwell | Thornwell | Thornwell | Thornwell | |
| King Henry VIII 3-19 School | King Henry VIII 3-19 School | King Henry VIII 3-19 School | King Henry VIII 3-19 School | |
| | Goytre Fawr | Goytre Fawr | Goytre Fawr | |
| | Llantilio Pertholey | Llantilio Pertholey | Llantilio Pertholey | |
| | Dewstow | | Dewstow | |
| | Monmouth Comprehensive | Monmouth Comprehensive | Monmouth Comprehensive | |
| | Llandogo | Llandogo | Llandogo | |
| | Usk | Usk | Usk | |
| | | Castle Park | Castle Park | |
| | | Cross Ash | Cross Ash | |
| | | | Ysgol y Trefynwy | |
| | | | Undy | |
| | | | Kymin View | |

- 2.5. 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.
- 2.6. 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 currently being reviewed, and where required, further support being given.

| Financial Year-end | Net level of School Balances (Surplus) / Deficit in £000's |
|---------------------------|---|
| 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) | 6,144 |

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



3. Section 4 – Capital budget Forecast Outturn

3.1 The forecast summary Capital position at Update 3 is as follows:

| Category | Slippage B/F | Original Budget | Budget Adjustments | Provisional Slippage to 2025/26 | Revised Budget 2024/25 | Forecast Outturn | Over / (Under) spend |
|--------------------------------------|-----------------|-----------------|--------------------|---------------------------------|------------------------|------------------|----------------------|
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| Expenditure | | | | | | | |
| Capitalisation Directive | 387 | 3,357 | 0 | 0 | 3,744 | 3,744 | 0 |
| Development Schemes Over £250k | 8,222 | 100 | 4,590 | (6,351) | 6,561 | 6,340 | (221) |
| Development Schemes Under £250k | 2,013 | 590 | 390 | (1,619) | 1,374 | 1,351 | (22) |
| School modernisation programme | 8,604 | 19,507 | (12,087) | (42) | 15,981 | 15,981 | 0 |
| Infrastructure | 3,250 | 6,345 | 250 | (3,429) | 6,415 | 6,415 | 0 |
| ICT Schemes | 765 | 303 | (230) | (181) | 658 | 658 | 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 | 1,160 | 0 | 870 | (1,196) | 833 | 833 | 0 |
| Regeneration - Specific Grant Funded | 2,791 | 500 | 10,092 | (382) | 13,001 | 13,001 | 0 |
| Vehicles | 0 | 1,500 | 0 | 0 | 1,500 | 1,500 | 0 |
| Other | 0 | 0 | 0 | | 0 | | 0 |
| Total Expenditure | 28,606 | 35,241 | 4,267 | (13,199) | 54,915 | 54,672 | (243) |
| Financing | | | | | | | |
| Supported Borrowing | 0 | (2,436) | 0 | 216 | (2,221) | (2,221) | 0 |
| General Capital Grant | 0 | (2,502) | 0 | 0 | (2,502) | (2,502) | 0 |
| Grants and Contributions | (3,596) | (13,850) | (9,408) | 3,032 | (23,822) | (23,822) | 0 |
| S106 Contributions | (1,122) | 0 | (870) | 1,238 | (754) | (754) | 0 |
| Unsupported Borrowing | (22,325) | (10,553) | 5,929 | 8,196 | (18,753) | (18,510) | 243 |
| Earmarked Reserve & Revenue Funding | (148) | (253) | 0 | 163 | (238) | (238) | 0 |
| Capital Receipts | (1,415) | (4,147) | 82 | 355 | (5,125) | (5,125) | 0 |
| Leasing | 0 | (1,500) | 0 | 0 | (1,500) | (1,500) | 0 |
| Total Financing | (28,606) | (35,241) | (4,267) | 13,199 | (54,915) | (54,672) | 243 |

3.2 The forecast capital expenditure at update 3 is demonstrating a net underspend £243k, primarily due to the following variances identified:

| Scheme | Over / (Under) spend £'000's | Comment |
|--------------------------------|---------------------------------|---|
| Crick Road Care Home | (175) | Scheme completed and facility is operational. The under spend has mitigated the need to further call on borrowing headroom. |
| Decarbonisation Surveys | (45) | Surveys completed under budget |
| Old Station Tintern Investment | (22) | Scheme completed slightly under budget. |

3.3 Capital Slippage

3.4 Provisional Capital slippage forecast at update 3 is £13.199m:

| Scheme Category | Scheme Name | Slippage £000's | Comment |
|----------------------|-------------------------------|--------------------|--|
| Economic Development | Capital Region City Deal | 1,473 | Based on capital funding profile from CCRC where there has been a delay in identifying and progressing suitable schemes |
| Economic Development | Asset Investment Fund | 1,853 | Budget held for any required capital improvements at commercial investment sites. No works currently anticipated for 2024/25 |
| Economic Development | Caerwent House, Major Repairs | 51 | Listed Heritage building requires further legal and planning clearance before the scheme can progress |
| Economic Development | Wye Bridge Chepstow works | 265 | Reconstruction works delayed to 2025/26 – Profiling of budget corrected – construction phase cost was built in too soon – survey, investigation & design works ongoing – construction phase to start next year. |
| Economic Development | Wye Bridge Monmouth works | 2,033 | Reconstruction works delayed to 2025/26 – Profiling of budget corrected – construction phase cost was built in too soon – survey, investigation & design works to potentially start in 25-26 but indications from Highways officers that construction won't start until 26-27 at earliest. |
| Economic Development | Solar Farm Development Cost | 150 | Delays due to capacity of grid connections, uncertainty over future service provider, and LDP concerns delaying the planning application |

| Scheme Category | Scheme Name | Slippage £000's | Comment |
|----------------------|--|-----------------|---|
| Highways | Carriageway improvements – additional allocation | 667 | Works rescheduled for early 2025/26 – the £1m additional capital budget will be profiled over 3 years to allow for better planning of maintenance projects to meet identified need. |
| Highways | Clydach Gateway Reinstatement and Devil's Bridge Associated Works A465 | 248 | Works to be undertaken in 2025/26 – delay has been caused by the grant awarding body (LEI) – with administration and concerns over safety at the site due to potential landslide. |
| Education | Welsh Medium School and Nursery | 2,630 | Further options for Welsh Medium provision are being discussed in February 2025 to identify the most appropriate way forward for the scheme. |
| Education | Mounton House Refurbishment | 200 | Contractor delays due to inclement weather |
| Children's Services | Property Acquisition for Children and Young People with Complex Needs | 144 | Multi-year scheme for asset acquisition to alleviate out of County Children's supported housing provision |
| Housing | Housing Purchasing Provision | 1,340 | Multi-year scheme which is dependent upon suitable opportunities arising. |
| ICT Schemes | ICT Desktop replacement budget | 50 | Repurposed schemes to be identified early in 2025-26 |
| ICT Schemes | Network Estate replacement budget | 118 | Repurposed schemes to be identified early in 2025-26 |
| ICT Schemes | Provision of online facilities for Revenue's section | 13 | Repurposed schemes to be identified early in 2025-26 |
| Transport / Highways | Feasibility study: Transport Depot South of County | 129 | Survey feasibility works have been commissioned to meet Planning Application requirements on identifying a suitable site. |
| Infrastructure | Footway, Reconstruction | 131 | Essential works being completed, some schemes, due to inclement weather, will slip into 2025-26 |
| Infrastructure | Walls. Safety Fence upgrades | 84 | Essential works being completed, some schemes, due to inclement weather, will slip into 2025-26 |
| Leisure Schemes | Monmouth Leisure Centre Redesign | 42 | Delay to Car Park improvements at Monmouth Leisure Centre |

| Scheme Category | Scheme Name | Slippage £000's | Comment |
|--------------------|---------------------------------------|-----------------|---|
| Grant Funded | NHLF Woodland Investment Grant | 154 | Likely to be a two year scheme spanning 2024-2026 |
| Investment Schemes | Investment Schemes match funding | 228 | Budget to support match funded grant applications made by the Authority which are dependent upon opportunities arising. |
| S106 | Various S106 schemes | 781 | Completion of schemes delayed due to bad weather and delays in the acquisition of new playground equipment |
| S106 | Castle Park Primary Remodelling Works | 415 | Works needs to be completed when school shut in summer |
| | | 13,199 | |

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.

| Capital receipt balances | 2024/25 £000's | 2025/26 £000's | 2026/27 £000's | 2027/28 £000's | 2028/29 £000's |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Balance as at 1st April | 9,984 | 5,052 | 3,332 | 1,116 | 635 |
| Capital receipts used for financing | (1,381) | (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 |
| Forecast Balance as at 31st March | 5,052 | 3,332 | 1,116 | 635 | 175 |