

Section 1	Revenue budget summary forecast
Section 2	Detailed service commentary
Section 3	School balances update

Section 1 - Overall Revenue Position

Table 1: 2025/26 Revenue budget forecast by directorate

Service Area	Original Budget 2025/26	Budget Adjustments	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ Update 1
	'000's	'000's	'000's	'000's	'000's
Social Care, Health & Safeguarding	77,916	66	77,982	79,056	1,074
Learning, Skills & Economy	73,030	(395)	72,635	72,675	40
Infrastructure	21,442	20	21,462	21,402	(61)
Place & Community Wellbeing	7,460	172	7,632	7,773	141
People, Performance & Partnerships	4,596	59	4,655	4,754	99
Legal & Governance	3,050	39	3,089	3,153	64
Resources	9,353	(137)	9,216	9,121	(95)
Corporate, Treasury & Finance	29,147	350	29,497	29,470	(27)
Net Cost of Services	225,994	175	226,169	227,403	1,234
Appropriations	10,784	(175)	10,609	11,094	485
Expenditure to be Financed	236,778	0	236,778	238,497	1,719
Financing	(236,778)	0	(236,778)	(237,964)	(1,186)
Net General Fund (Surplus) / Deficit	0	0	0	533	533

Table 2: 2025/26 Revenue budget forecast by service

Service Area	Original Budget 2024/25	Budget Adjustments	Revised Annual Budget	Forecast Outturn	Forecast (Under) / Over Spend @ Update 1
	'000's	'000's	'000's	'000's	'000's
Adult Services	47,536	8	47,544	47,745	201
Children Services	24,105	40	24,145	24,743	598
Housing & Homelessness	2,512	(21)	2,491	2,729	238
Public Protection	1,886	0	1,887	1,881	(5)
SCH Support	1,877	39	1,916	1,958	42
Social Care, Health & Safeguarding	77,916	66	77,982	79,056	1,074
Economy, Employment & Skills	853	(48)	805	805	0
Emergency Planning	178	0	178	178	0
Individual Schools Budget	58,790	0	58,790	58,796	6
Resources	1,217	(50)	1,167	1,198	31
Standards	11,992	(297)	11,695	11,698	3
Learning, Skills & Economy	73,030	(395)	72,635	72,675	40
Enterprise, Housing & Community Animation	559	(213)	345	348	2
Facilities, Fleet & Decarbonisation	11,692	31	11,723	12,332	609
Neighbourhood Services	8,668	(4)	8,664	8,283	(381)
Operations	523	206	729	439	(291)
Infrastructure	21,442	20	21,462	21,402	(61)
Culture and Community Learning	2,394	(18)	2,375	2,413	38
Countryside, Destination and Environment	1,149	6	1,154	1,140	(14)
Leisure and Wellbeing	1,764	(121)	1,643	1,643	(0)
Performance, Finance and Resources	1,639	130	1,768	1,763	(5)
Placemaking, Highways & Flooding	515	175	691	814	123
Place & Community Wellbeing	7,460	172	7,632	7,773	141
Chief Executives Office	1,197	71	1,268	1,384	117
People	1,934	(10)	1,924	1,910	(14)
Policy, Scrutiny & Customer Service	1,466	(2)	1,464	1,460	(4)
People, Performance & Partnerships	4,596	59	4,655	4,754	99
Democratic Services	1,957	39	1,996	2,035	39

Legal and Land Charges	1,093	0	1,093	1,118	25
Legal & Governance	3,050	39	3,089	3,153	64
Commercial, Corporate & landlord Services	2,133	(58)	2,075	2,047	(27)
Corporate Health & Safety	163	0	163	163	0
Finance	4,061	(79)	3,982	3,924	(58)
Information Communication Technology	2,996	0	2,996	2,986	(10)
Resources	9,353	(137)	9,216	9,121	(95)
Precepts & Levies	28,699	0	28,699	28,666	(33)
Coroner's	278	0	278	297	19
Archives	228	0	228	228	0
Corporate Management	452	0	452	439	(13)
Non Distributed Costs (NDC)	387	0	387	387	0
Strategic Initiatives	(2,820)	350	(2,470)	(2,470)	0
Insurance	1,923	0	1,923	1,923	0
Corporate Costs & Levies	29,147	350	29,497	29,471	(27)
Net Cost of Services	225,994	175	226,169	227,404	1,234
Interest & Investment Income	(788)	0	(788)	(1,045)	(257)
Interest Payable & Similar Charges	7,624	0	7,624	8,047	423
Charges Required under Regulation	6,158	0	6,158	5,943	(215)
Other Investment Income	0	0	0	(1)	(1)
Borrowing Cost Recoupment	(3,918)	0	(3,918)	(3,918)	0
Contributions to Reserves	2,483	0	2,483	3,018	535
Contributions from reserves	(775)	(175)	(950)	(950)	0
Contribution from Council Fund	0	0	0	0	0
Appropriations	10,784	(175)	10,609	11,094	485
Expenditure to be Financed	236,778	(0)	236,778	238,498	1,719
General Government Grants	(100,637)	0	(100,637)	(100,637)	0
Non Domestic Rates	(34,612)	0	(34,612)	(34,612)	0
Council tax	(110,596)	0	(110,596)	(111,381)	(785)
Council Tax Benefit Support	9,066	0	9,066	8,666	(400)
Financing	(236,778)	0	(236,778)	(237,964)	(1,186)

Net General Fund (Surplus) / Deficit	0	0	0	533	533
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Section 2 - Directorate – Service Variance Comments

SOCIAL CARE, HEALTH & SAFEGUARDING	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	1,074	0	0	0

CHIEF OFFICER COMMENTARY

The overall position for the directorate is showing a forecast overspend of £1.074m.

The pressures within adult services predominantly relate to the cost of care and the number of people requiring costly packages of care due to the needs being presented to the service. Whilst the progress is being made in increasing the numbers of people benefitting from reablement, this is not able to fully mitigate the need for care particularly within adult placements. The service and practice changes that have been put in place are starting to take effect in terms of mitigated the cost and requirement for care, but there is still more to do.

In children's services, the costs of placements are holding steady, however, pressure has arisen through the need to maintain family support despite the loss of some WG grants. Family support is essential to avoid significant increases to placement costs as well as securing better outcomes for children.

Both adults and children services are predicated on demand rates holding steady – which is not easy to predict, particularly heading into the winter period.

In housing the opening of Severn View should help mitigate pressure moving forward; however, rising operating costs and rent and debt arrears within private leasing needs to be explored further for potential mitigation.

Adult Services

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	201	0	0	0

The position at update 1 highlights a projected year end overspend of £201k, which is a more favourable position when compared with update 1 last year.

It is a somewhat complicated picture across the service however where the main pressure includes the full year effect of care provision and adult placements made at the end of the previous financial year.

The current position is predicated on maintaining stable demand; however, winter is a notoriously unpredictable and challenging time for adult services where ongoing pressure from both community and hospital settings is likely to arise. Our residential placements continue to rise and are currently at the highest ever level of 357 across the County. Despite there being a stable level of demand of referrals into the service, more referrals are leading to the need for services. In comparison, domiciliary care is trending down, although this could change.

Our service transformation plan to expand reablement is moving forward with the number of people receiving reablement increasing. This represents cost avoidance for the Local Authority as we continue to reduce the number of people who do not need care and support at the end of a period of reablement.

The significant underspend on staff vacancies in Care at Home is supporting the financial position. A workforce re-modelling exercise is underway and it is likely that recruitment will be a requirement once the structure has been finalised, but we are currently taking steps to mitigate any effect on the budget.

The savings target of £250k is not yet evidenced; however, our review activity has significantly increased. For the first time we met our 70% target of the number of care and support plans reviewed at the end of 24/25 increasing to 74% at the end of the first quarter of 25/26. Savings achieved by reducing packages of care via the review process are already captured in the bottom line and we are still validating the data to demonstrate actual impact.

We are still experiencing difficulties in progressing CHC cases for younger people with mental health and learning disabilities that is impacting on our ability to move eligible adults into health service budgets. This is an issue for all Welsh Local Authorities. The regional team are in the process of appointing a CHC lead to act on behalf of the Gwent region to address our concerns and gather information with a view to progressing a legal challenge.

Despite the unpredictability of the coming months, the service continues to take every opportunity to adopt cost avoidance approaches to care, our information advice and assistance service (IAA) will be implemented during the latter part of this year with recruitment of 6 posts currently underway. This allows us to develop our preventative offer and will feed our new intake model where reablement is the first consideration to mitigate or prevent care.

Domiciliary care commissioning has concluded in the South. We anticipate this will stabilise cost and improve capacity in the area of most demand.

MCC has had confirmation of a £900k recurring annual funding stream from Welsh Government to support the work that social care does to prevent delayed discharges. This money is subject to a spend plan that will support our transformation work but the actual spend against the whole year allocation and impact against our bottom line is yet to be confirmed.

Children's Services

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	598	0	0	0

At the end of update 1 there are 190 children looked after including 15 unaccompanied asylum-seeking children. Although the number remains stable, the service activity of assessment, family support and risk management remains intense. During this first 4 months of the year 15 children became looked after and 15 children left care. Nevertheless, the service is currently showing a balanced budget for placement costs which is an improvement from previous years.

The overspend reported at update 1 is partly due to the use of external counsel / barrister costs for children who are in a public law process in the family courts. This represents a pressure of £293,262 based on current activity. As at update 1 there were 22 children (16 families) within the family courts. The service only refers children to the family court if it is the only way to secure a child's safety and long-term stability / welfare. The costs associated with a court process are high, and the use of barristers is often unavoidable. In terms of corrective action the service will continue to liaise with the legal team to explore any potential to reduce the costs associated with court.

The other element of the reported overspend relates to pressure that has arisen through a reduction in the Welsh Government grant that supports our Family Support services. This is a pressure of £274k. Family support is critical to supporting children to remain safely at home wherever possible and helps both to safely reduce the numbers of children who need to come into care and safely return children to their families and communities at the earliest opportunity. Although it represents a cost pressure, the service has maintained family support despite the significant reduction in the WG grant. Family support is fundamental to cost avoidance (particularly given the costs of placements) and helps us to secure best outcomes for children and families. The majority of children open to children's services (normally around 550 at any one time) will be

receiving family support of some description, with many others receiving services through early help and community based support. If these services were disrupted or reduced more children would need to come into care.

The current overspend position is predicated on there being no new high-cost demand into the service and on the service achieving 100% of the required service savings. Whilst this is currently on track, there are risks. New demand within the service is not always predictable. The savings are based on our care planning and progression for children, which can on occasions may need to change.

HOUSING & HOMELESSNESS

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'s	238	0	0	0

Housing services is showing an overspend of £238k.

The main reasons are the delay in the opening of Severn View and some additional costs of repairs to B & B premises following hand back representing £154k pressure. Severn View is now operational which should alleviate future pressure on homelessness / temporary accommodation provision (dependant on stable demand patterns).

An additional financial pressure of £186k has emerged within private leasing, driven by increased repair, maintenance, and cleaning costs, alongside reduced income due to rent arrears and bad debt. The area presents a financial risk that warrants further review to identify potential mitigations.

The bottom-line position within housing has benefitted from £197k due to the Housing benefit clawback reduction.

Public Protection

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

This division, even though the first forecast of the year, is forecast to be close to its allocated budget.

SCH Support

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'s	42	0	0	0

There is a £42k budget pressure currently forecast in SCH support due to changes in payroll costings following the Chief officer pay review, changes to employer national insurance contribution rates, and from pay awards.

Learning, Skills & Economy DIRECTORATE

Update 1	Update 2	Update 3	Update 4	
Deficit / (Surplus) £'000s	40	0	0	0

CHIEF OFFICER COMMENTARY

The Directorate's current position is a forecasted overspend of £39,751, which is mainly due to an increase in management costs and a reduction in income (please see further detail in Resources below).

Economy, Employment & Skills

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

Economy, Employment & Skills are currently reporting a balanced budget

Emergency Planning

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

Emergency Planning are currently reporting a balanced budget

Individual Schools Budget

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	5	0	0	0

There is currently a small forecasted overspend due to several small, unexpected costs relating to schools

Resources

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	31	0	0	0

The current forecasted overspend of £31,007 is due to the following:

- £15,779 increase in management staff costs, due to the restructure
- £9,488 reduction in income, as we no longer receive income for the administration of the EIG, now that it is part of the LA Education Grant
- £5,740 SIMS costs not budgeted

Standards

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

There is currently a small forecasted overspend of £3,223, which is mainly due to Agency costs covering an absence.

Whilst there is not a financial impact at this stage, it is important to note that the ALN LA IDP Budget is currently overspent by £108k, but this can be offset with the reduction in the Independents Budget, as several pupils have recently left independent placements.

INFRASTRUCTURE DIRECTORATE	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(61)	0	0	0

CHIEF OFFICER COMMENTARY

Whilst the Directorate is forecasting a £61k underspend this is largely due to a one off share receipt from our waste incineration partnership with Cardiff County Council and increased income from the solar farm. The Directorate is still managing financial pressures amounting to £563k from home to school transport and fleet. Changes to the home to school policy have not realised the savings target due to walking route assessments and a changed learner cohort from the time of the initial forecasts. Work will continue to identify opportunities to mitigate the pressures in fleet through different tenure models.

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

Small overspend due to the inability to fully meet staff vacancy savings.

Facilities & Fleet				
Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	563	0	0	0

Facilities and Fleet is forecasting a projecting a £563k overspend, due to:

- **Fleet Maintenance** - £171k overspend – Fleet Maintenance is forecasting a £171k overspend, driven by early-year pressures including increased fuel costs, hire charges, and EVCI maintenance expenses. The service will continue to monitor vehicle utilisation closely with the aim to reducing this overspend by year end.
- **Passenger Transport** – net £392k overspend – The service is currently forecasting a £265k shortfall against the £447k catchment area saving built into the 2025/26 budget. Pupil figures have changed since original projections were prepared and some routes have been deemed unsafe meaning transport still has to be provided. From September, early forecasts suggest savings of only £26k per month on contracts, significantly below original assumptions.

Internal operations are also under pressure, as contract changes have reduced income and adjustments to vehicle and staffing costs are taking time to implement. These overspends have been partially offset by transport admin grant income. The service is actively exploring mitigation options, but accurate figures will not be available until pupil numbers and contracts are confirmed in September.

Neighbourhood Services				
Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(381)	0	0	0

Neighbourhood services is forecasting to return a £381k underspend, broken down as follows:

- **Waste Services** - £285k underspend – this is primarily due to a one-off gain share receipt from Cardiff City Council related to the waste incineration partnership. This resulted from an improvement in green and trade waste income. Additionally, forecasted savings on disposal and recycling contracts, as well as savings in staff costs due to part-year vacant posts, contributed to the underspend. However, recycle prices are volatile, so this could change. Notice is also awaited from the Welsh Government on the Sustainable Waste Grant award, where a lower-than-budgeted allocation could reduce the underspend.
- **Grounds Maintenance** - £76k underspend – this is due to staff savings from part-year vacant posts and an anticipated increase in fee income.
- **Highways Operations & External Clients** – On Budget
- **StreetLighting** – On Budget
- **Highways Design, Flooding & Road Safety** – £20k net underspend – this is due to reduced expenditure on professional fees and supplies & services across the department, these savings have

been partially offset by increased costs associated with flooding including for tide watches and sandbagging provision.

Operations

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(245)	0	0	0

Operations is forecasting to underspend by £245k, due to:

- **Schools Catering** - £93k underspend – mainly due to part-year staff vacancy savings and favourable UFSM income.
- **Decarbonisation** - £152k underspend – this is primarily due to increased income from our solar farm and renewables portfolio due to improved ROC rates, favourable weather and improved inverter performance (£184k) and a £45k staff saving in the decarbonisation team due to a vacant post, offset by an overspend in a prior year corporate mileage saving of £77k where the proposal has been delayed by procurement issues and won't be rolled out until later in the year.

PLACE & COMMUNITY WELLBEING	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	142	0	0	0

CHIEF OFFICER COMMENTARY

The Place and Community Wellbeing Directorate is currently forecasting an overspend of £142k. This is primarily due to income pressures related to the under recovery of parking penalty charges and building control fees.

Overall, the directorate is actively monitoring these variances and exploring mitigation options to ensure financial stability and continued service delivery.

Culture and Community Learning

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	38	0	0	0

The Culture and Community Learning division is projected to experience an overspend of £38k. This is primarily due to higher than budgeted staffing costs, inflationary pressures and increased expenses relating to supplies and services contracts.

Countryside, Destination and Environment

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(14)	0	0	0

The Countryside, Destination and Environment division is forecast to underspend by £14k due to higher than budgeted income.

Leisure and Wellbeing

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

The Leisure and Wellbeing division expects a balanced budget, as higher income from leisure facilities has offset the £89k loss of income due to Abergavenny LC's closure and reduced service agreement income.

Performance, Finance and Resources

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(5)	0	0	0

The Performance, Finance and Resources division is forecasting a small underspend of £5k due to staff vacancies.

Placemaking, Highways & Flooding

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	123	0	0	0

The Placemaking, Highways and Flooding division is forecasting to overspend by £123k due to:

- **Development Management and Building Control** – The section is forecasting an overspend of £14k, relating to under-recovery of building control fees and increased software costs.
- **Planning Policy** – This section is currently on budget. Spending levels will be closely monitored and aligned with the approval of the RDLP.
- **Highways Development and Car Parks** – The section is forecast to overspend by £109k. This is mainly due to the under recovery of fixed penalty charges and higher than anticipated publication costs associated with the implementation of the new fees and charges.
- **Strategic Projects** – This area is currently on budget

PEOPLE, PERFORMANCE & PARTNERSHIPS

	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	106	0	0	0

CHIEF OFFICER COMMENTARY

People, Performance & Partnerships and the Chief Executives Office is forecasting to over spend by £106k. The overall picture within PPP masks variability within services, particularly staffing budgets. There is still a degree of risk attached to changes to the Welsh language translation service which need to be fully implemented in the second half of the year. In year staffing savings made in HR during 2024-25 have proved difficult to maintain resulting in an overspend in 2025-26 as capacity has been bolstered. Within the CEO's Office, the overall forecast reflects a mixed financial position. Overspends are primarily driven by staffing pressures, reduced income, and an unbudgeted contribution to the Tour of Britain event. Some areas are offset by underspends, but key pressures remain that officers will look to mitigate as the year progresses.

Chief Executives Office

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	125	0	0	0

The Chief Executives Office is forecasting a £125k overspend, this is due to:

- **Communications** - £88k overspend – This is primarily due to a budget pressure of £56k for the creation of the Head of Communications and Active Travel post, and a £50k reduction in income. These pressures are partially offset by £37k relating to the secondment of the Head of Communications.
- **Contact Centre** - £39k underspend – due to system and licence spend coming in below budget.

- **Strategic Change** - £15k overspend – due to insufficient budget to cover our City Deal contribution.
- **Community & Partnership developments** - £50k overspend - Tour Of Britain has no budget provision to cover the £25k contribution to TOB organisers plus the estimated £25k required for security, road closures, and cleansing.
- **Libraries, Hubs, and Community Learning** – Forecast to underspend by £20k due to staff vacancies and higher than budgeted income.
- **Strategic Operations** - £8k overspent – inability to make vacancy factor savings.

People

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(14)	0	0	0

People is forecasting to underspend by £14k, due to:-

- **Organisational Development** - £15k overspend – due to staff costs exceeding budget due to the inability to achieve vacancy factor savings.
- **Payroll & System Support** - £73k underspend – due to a reduction in system and supplies & services spend of £39k and a net staff saving in staff costs of £27k due to changes in hours and a payroll technician post being held vacant.
- **People Management** - £44k overspend – additional costs incurred due to unachievable staff vacancy factor and extra staff resource being put in place to bolster team capacity.

Policy, Scrutiny & Customer Service

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

Policy, Scrutiny & Customer Services is forecasting to underspend by £4k, broken down as follows:

- **Corporate** - £17k overspend – mainly due to the inability to achieve staff vacancy factor savings and an increase in subscription costs.
- **Scrutiny** - £4k overspend – unable to achieve staff vacancy savings.
- **GIS** - £21k underspend – saving in system and supplies & services spend.
- **Levies & Subscriptions** - £32k overspend – corporate subscription costs (WLGA, LGA) have exceeded available budget, in addition the authority has made the decision to renew the membership of New Local causing a further pressure as this budget was removed as part of 25/26 budget savings.
- **Performance & Data** - £19k underspend – due to staff savings from part year vacant posts.
- **Equalities & Welsh Language** - £3k underspend – the authority is due to enter into a new translation SLA with Torfaen Council in October, with current projections indicating that this will generate a 3k saving.
- **Community Safety** – Net £15k underspend – due to staff savings from part year vacant posts.

LAW & GOVERNANCE DIRECTORATE	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	64	0	0	0

CHIEF OFFICER COMMENTARY

Law & Governance is forecasting to overspend by £64k mainly due to staffing pressures and income shortfalls across the service areas. Officers will look to mitigate these in the coming months and will provide an update on progress at Month 6.

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

Democratic services is forecasting to overspend by £39k, this is due to:

- **Members** - £54k overspend – mainly due to staffing where there is an overspend against superannuation contributions plus an inability to achieve vacancy factor savings, coupled with an increase in Mod Gov system charges.
- **Committee & Election services** - £15k underspend – primarily as a result of 2 staff retirements and the saving generated from the delay in filling the posts.

Legal and Land Charges				
Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'s	25	0	0	0

Legal & Land Charges is forecasting to overspend by £25k, due to:

- **Legal** - £32k overspend – This has been caused by the inability to achieve staff vacancy factor savings and an anticipated reduction in court fee income.
- **Land Charges** - £7k underspend – due to savings from a vacant part-time post.

RESOURCES DIRECTORATE				
Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(95)	0	0	0

CHIEF OFFICER COMMENTARY

It is pleasing to see a small net underspend being forecast for this first formal reporting period. The majority of the under spend has resulted from vacancies across Landlord Services and Building Cleaning along with savings forecast against some non-pay budgets. With recruitment currently being progress vacancy savings will be one-off in nature as posts are successfully filled.

This under spend has been offset by overspends against investment properties and county farms resulting from increased operating costs, fees and unbudgeted costs resulting from a small number of vacant units. These overspends will be mitigated where tenancies can be secured for the remaining lettings, contributing to a further strengthening of the directorate's financial position this year.

Commercial, Corporate & landlord Services				
Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(27)	0	0	0

Commercial, Corporate and Landlord services is forecasting to underspend by £27k, due to:

- **Investment Properties** - £135k overspend, due to:
 - **Newport Leisure Park** - £44k overspend – NLP is forecasting to generate a surplus of £278k in 25/26, however this is £44k below budget due to unbudgeted costs (such as electricity and rates) associated with a vacant unit. There is potential for this position to improve if a tenant can be found for the unit during the year.
 - **Castlegate Business Park** - £90k overspend – The overspend is driven by increased operating costs associated with vacant units that fall to the authority to manage, including higher-than-expected rates, electricity charges, and one-off fees. As above there is potential for this position to improve if tenants can be found during the year.

- **Landlord Services** – £94k underspend – mainly due to staff vacancy savings offset by a shortfall in rental income. The Head of Landlord services has now been appointed, and it is anticipated that the current service vacancies will be addressed as part of a wider management and portfolio review.
- **County Farms** - £78k overspend: Mainly due to (1) Void Property Costs (£50k) from covering running costs of vacant farms and cottages, which aren't included in the base budget. This issue is expected to resolve next year as a farm has been re-let and cottage disposals are being considered. (2) Professional Fees (£20k) are higher because of increased demand for valuations and succession reports needed for tenancy management.
- **Cemeteries** – £17k under spend primarily due to savings on supplies and services. There is potential that this could change if any unforeseen repairs or emergency tree works are required later in the year.
- **Building Cleaning & Public Conveniences** - £130k underspend – due to full and part-year staff vacancies as the service implements a restructure, as well as savings on maintenance and business rates in public conveniences.
- **Property Services** – On Budget - the service is forecasting overspends on maintenance and rates within office accommodation and a shortfall in external fees but these have been offset by employee underspends due to managed staff vacancies.

Corporate Health & Safety

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

Corporate Health & Safety is forecasting a balanced budget, any costs incurred in response to directorate H&S matters will be accommodated from within services and reported as part of their outturn position.

Finance

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

The Finance division is forecasting to under spend by £58k, this is mainly due to:

- **Revenues, Systems & Exchequer** - £54k net underspend:
 - **Benefits** - £40k underspend - A reduction in non-pay costs and additional grant income is forecast to save £31k and the Housing Benefit Budget is currently forecast to underspend by £9k.
 - **Council Tax** - £12k overspend - The majority of spend pressures for this cost centre are managed by one off Welsh Government grant income for the administration of this year's Retail Rate Relief scheme. The remaining £11k overspend relates to a residual budget pressure from the Finance restructure which was left against this cost centre.
 - **Charity Relief** - £3k underspend – early indications are awards will be lower than budget.
 - **Debtors** - £4k overspend - Unmet vacancy factor savings and additional National Insurance costs.
 - **Cashiers** - £7k underspend - Card payment fees are estimated to over spend by £26k, as more payments are made by card. However these additional costs are offset by reduced security carrier costs, holding off system developments and holding open, for a time, a cashier vacancy to generate an overall saving against this cost centre.
 - **Revenues System Administration** - £18k overspend - due to increased annual contract costs for the Northgate system.

- **Financial Systems Support & Vat** - £39k underspend – a £21k saving resulting from vacant posts plus an £8k saving against the non-pay budget and £10k additional recharge income.

- **Finance** - £12k under spent - due to part year staff vacancies.

Information, Communication & Technology

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(10)	0	0	0

The ICT division is forecasting to underspend by £10k, this is due to:

- **SRS** - £10k overspend – the latest forecasts from SRS indicate that our contribution will be £10k over budget due to increased costs in O365 licences and PSBA line rental.
- **Digital, Design & Innovation** – On budget – As of August 2025, the team moved under the Shared Resource Service (SRS) via the Cabinet-approved Digital, Data and Technology agreement. This caused a forecasted £33,000 overspend due to higher collaboration costs, exceeding the current budget. In line with Cabinet's decision, this shortfall will be covered by the IT reserve, so there is no negative effect on the Directorate's overall financial position.
- **Cyber Security Partnership** - £13k underspend - the Cyber Security Partnership is scheduled to transfer to SRS from 1st September 2025 and indications are that we will see an in-year underspend of £13,000 due to vacancy savings.
- **Telephony** - £6k underspend – due to a reduction in call charges.

CORPORATE COSTS & LEVIES DIRECTORATE	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(27)	0	0	0

Coroners

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	18	0	0	0

Final levy is expected to be higher than budgeted due to additional requirements of the services following Chief Coroner review.

Precepts & Levies

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(33)	0	0	0

Forecast saving due to the South Wales Fire Service precept being lower than originally anticipated for the financial year.

Archives

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

No variance forecast

Corporate Management

Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(13)	0	0	0

Minor unbudgeted income that cannot be attributed to services				
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				
TREASURY & RESERVES				
	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	486	0	0	0
Interest & Investment Income				
Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(257)	0	0	0
Higher than anticipated cash balances along with higher than budgeted rates have increased the return on the authority's investments leading to a forecast underspend of £257k.				
Interest Payable & Similar Charges				
Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	423	0	0	0
The rate payable on new borrowing has not decreased as previously projected. Additionally, additional borrowing undertaken late in the previous year has contributed to a forecasted overspend of £423k.				
Charges Required Under Regulation				
Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(215)	0	0	0
Capital slippage funded from borrowing was higher than anticipated at the end of the previous year which has resulted in lower than anticipated charges.				
Other Investment Income				
Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(1)	0	0	0
Minor income received.				

Borrowing Cost Recoupment				
Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	0	0	0	0
No variance forecast.				
Contributions to / from Reserves				
Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	535	0	0	0
An unbudgeted contribution to Council Tax Premium reserve is forecast. This will be mirrored by a corresponding underspend within Council tax.				
FINANCING				
Deficit / (Surplus) £'000s	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(1,185)	0	0	0
Council Tax Reduction Scheme				
Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(400)	0	0	0
Anticipated underspend as in year caseloads are lower than the budget set.				
Council Tax				
Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	(785)	0	0	0
The Council Tax Premium collection rate is currently higher than anticipated when setting the budget which results in forecast additional income of £535,000. Alongside this, the changes in the domestic registration list of properties chargeable has resulted in an increase of income forecast of £250,000.				
General Government Grants				
Outturn Forecast	Update 1	Update 2	Update 3	Update 4
Deficit / (Surplus) £'000s	0	0	0	0
No Variance forecast				

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 Balances (Surplus) / Deficit Position 2025/26 £000's	(B) Draw / (Contribution) on School Balances @ Update 1 £'000	(C) Draw / (Contribution) on School Balances @ Update 2 £'000	(D) Draw / (Contribution) on School Balances @ Update 3 £'000	(E) Draw/ (Contribution) on School Balances @ Update 4 £'000	(A+B) Forecast 2025/26 Balances £'000
Cluster						
Abergavenny	1,351	635	0	0	0	1,985
Caldicot	(37)	641	0	0	0	604
Chepstow	989	26	0	0	0	1,015
Monmouth	144	407	0	0	0	552
Special	1,645	1,126	0	0	0	2,771
Total	4,092	2,835	0	0	0	6,926

2.2. Collective School balances at the beginning of the Financial Year amounted to a deficit of £4,091,578. The anticipated further draw on reserves is £2,834,735, against a budgeted draw on reserves of £2,714,668, resulting in a forecast deficit balance of £6,926,313 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
Total: 15	Total: 18	Total:	Total:	Total: 0
KHS VIII 3-19	KHS VIII 3-19			
Gilwern	Gilwern			
Our Lady & St Michael's	Our Lady & St Michael's			
Ysgol y Fenni	Ysgol y Fenni			
Caldicot School	Caldicot School			
Rogiet	Rogiet			
Ysgol y Ffin	Ysgol y Ffin			
Chepstow School	Chepstow School			
The Dell	The Dell			

Thornwell	Thornwell			
Kymin View				
Osbaston	Osbaston			
Overmonnow	Overmonnow			
Ysgol y Trefynwy	Ysgol y Trefynwy			
PRS	PRS			
	Castle Park			
	Monmouth Comprehensive			
	Cross Ash			
	Llandogo			

- 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 2025/26 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.

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	4,092
2025-26 (forecast)	6,926

- 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

