

Monmouthshire Scrutiny

Performance and Overview Scrutiny Committee ~ Feedback to Cabinet of Meeting held on 18th November 2025

Report Item 4: 2025/26 Revenue Budget – Financial Update

The committee scrutinised the council's financial position, with questions raised about the impact of higher-than-expected interest rates, the management of school deficits, and the council's approach to financial resilience. It was clarified that changes in interest rates would have minimal effect on the current year due to fixed long-term borrowing, and that the council's risk management approach is balanced. Regarding schools in deficit, the council is working closely with those most at risk, particularly in specific clusters and services, to stabilise annual budgets before reducing overall deficits. Recovery plans are in place, and while deficits may worsen before improving, ongoing monitoring and recent investments are supporting gradual improvement.

Further questions addressed the council's use of reserves, with a stated aim to maintain emergency reserves at 5% of the net revenue budget, and the highest risks in budget modelling were identified as service demand in areas like social care and homelessness. The council remains flexible in its modelling to adapt to changing circumstances.

On the topic of grants and funding, it was explained that certain government grants are intended to support system-wide capacity, particularly in hospital discharge, but also help maintain broader services. The council is monitoring the impact of these grants and reviewing savings from practice change programmes, though specific savings are not yet separately identified. Triggers for direct intervention in school financial management were discussed, with intervention reserved for cases where schools lose budgetary control or fail to implement recovery plans; currently, no schools are at this threshold, though some are being closely monitored.

Other issues discussed included the impact of deficit recovery plans on classroom provision, the need for more preventative and proactive support for students with behavioural and emotional needs, and operational matters such as passenger transport overspends (mainly due to unsafe routes) and street lighting policies. The council's dependency on grants and the inclusion of schools in National Insurance shortfall forecasts were also clarified, with further written responses promised on some technical points.

The Chair thanked the Cabinet Member and officers for their continuing work, and for their answers today.

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Report Item 5: Medium-term Financial Plan Update

The committee reviewed the council's Medium-Term Financial Plan, with support expressed for ongoing efforts to streamline services through process mapping and a focus on actual needs. Questions were raised about the submission and monitoring of school recovery plans, with assurances given that all required plans were submitted and are being reviewed regularly. Recovery plans are tailored to each school's circumstances, aiming for sustainable financial discipline while minimising disruption to pupils.

Further scrutiny focused on adult social care, particularly how savings from practice change programmes are measured and whether care package reviews are reducing costs. It was explained that while savings are reflected in overall budgets, isolating specific figures is challenging due to the dynamic nature of care needs. The approach to care is holistic, considering well-being, carer support, and community connections, not just formal care provision. The council is also monitoring trends in residential placements, noting an expected rise due to an ageing population and increasing complexity of needs.

The committee also examined rising legal costs in children's services, questioning the use of external counsel and alternative legal support models. The council has tried external commissioning but found it increased costs, so in-house advocacy is used where possible, with further analysis planned to identify cost-saving opportunities. Some legal costs are mandated by the courts and are not fully controllable.

Other key topics included the balance between Welsh Government funding and Council tax, with Monmouthshire more reliant on Council tax than the Welsh average. The impact of the Local Development Plan and affordable housing on this ratio was discussed, as well as the council's strategy for reducing reliance on capital receipts and borrowing. The council aims to phase out the use of capital receipts for revenue support by 2028/29, prioritising capital investment based on risk and affordability, and ensuring scrutiny committees continue to challenge the robustness and deliverability of savings and transformation plans.

The Chair thanked the officers and Cabinet Member for the report and their responses to the committee's questions.