



**SUBJECT:** 2025/26 REVENUE BUDGET – FINANCIAL UPDATE  
**MEETING:** PERFORMANCE & OVERVIEW SCRUTINY COMMITTEE  
**DATE:** 10<sup>th</sup> February 2026  
**DIVISION/WARDS AFFECTED:** ALL

**1. PURPOSE:**

1.1 To provide Scrutiny and Cabinet with an update of the progress against the Council's revenue budget for the 2025/26 financial year.

**RECOMMENDATIONS TO PERFORMANCE AND OVERVIEW SCRUTINY COMMITTEE**

- i. That the Performance and Overview Scrutiny Committee scrutinise the latest revenue budget forecast for the 2025/26 financial year;
- ii. That the Committee as part of their role assesses whether effective budget monitoring is in place; the extent to which budgets are spent within the agreed budget and policy framework, including the reasonableness of the explanation for variances and; consider the achievement of progress in meeting budget savings targets.

**2. RECOMMENDATIONS (to Cabinet):**

- 3.1 That Cabinet note a forecast revenue budget underspend at update 3 of £1,146,000, representing a variance of 0.5% of total budget. This is a significant improvement of £1,117,000 from the forecast underspend of £29,000 that was reported at the second financial update.
- 3.2 The improved forecast is primarily driven by changes in Social Care where the ability to maximise the impact of grant funding to meet core expenditure has benefited the forecast by around £600,000, alongside improvements in debt financing budgets of around £500,000.

- 3.3 That Cabinet notes that £800,000 of any confirmed underspend that is realised at year-end will be required to maintain the Council fund reserve at a level of 5% of the proposed net revenue budget for 2026/27.
- 3.4 That Cabinet notes the projected increase of £3,426,000 in the cumulative schools' reserves deficit, a deterioration of £456,000 compared to the previous forecast. School balances are expected to close the financial year at a deficit of £7,517,000, with nineteen of thirty-five schools anticipated to have a deficit balance. Further detail of individual schools' movements are shown in **Appendix 4**.
- 3.5 That Cabinet notes that 75% of the forecast deficit relates to three schools - King Henry VIII 3-19 School, Chepstow Comprehensive School and the Pupil Referral Service, with all three of these schools being a focus of support and challenge from the Local Authority to ensure budgets return to a surplus within the agreed recovery plan timeframe.
- 3.6 That Cabinet notes the forecast Capital budget expenditure for the year of £50.8 million, alongside projected slippage of schemes into 2026/27 of £21.0 million. No significant variances are anticipated at the current time with minor underspends of £35,000 reported across a small number of grant funded schemes. Additionally, the Council's capital contingency budget of £1.3m has not been required and will be released with the funding utilised as part of the 2026/27 budget proposals.
- 3.7 That Cabinet approves the capital budget revisions outlined in **Appendix 5** that have resulted from the receipt of new, or variation of existing grants and external contributions that weren't included in the original capital budget approved at the start of the year. Under the Council's financial procedures, any changes to the capital budget that are fully funded by grants or external contributions must be approved by Cabinet.
- 3.8 That Cabinet notes that as we move towards the remaining weeks of the financial year, many of the risks highlighted in previous updates begin to fall away. There remain a small number of specific budgetary risks that do still have the ability to further impact upon the revenue budget during 2025/26:
  - Inflation increased by 3.4% in the year to December 2025, exceeding government targets and budget projections, which will impact costs for the remainder of the financial year.
  - Debt recovery rates are declining, especially in Council Tax and Social Care.
  - The number of Council tax discounts and exemptions continue to rise which impacts overall collection values.
  - The growing cumulative schools' reserves deficit weakens the Council's financial resilience.

## 4 KEY ISSUES:

### 4.1 Context

4.2 The 2025/26 budget round reflected the sustained period of increased levels and complexity of demand within School ALN provision, and Adults and Children's social care, which were addressed through significant base budget increases.

4.3 The budget set by Council in March also needed to consider other headwinds which continued to impact the Council's service operating environment:

- The wider socio-economic landscape and cost of living challenges that continue to have an impact on our communities, with a consequential increase in demand for Council services, and impact upon income generating services.
- The wider public sector challenges which impact upon Council services, notably within Health where efforts to improve patient pathways impact upon the level and complexity of demand for Social care.
- Headline inflation rates remaining above UK Government targets, with some discrete areas of Council services continuing to experience cost pressures on supplies and services.
- In continuing efforts to combat inflation, interest rates have remained higher for longer and above previous UK Government forecasts.

4.4 The above results in a growing need for supportive Council services, pressure on income generating services, increased risks around debt recovery, and a higher-cost operating environment.

### 4.5 Latest revenue budget position

4.6 Full Council approved a total revenue expenditure budget of £236,778,000 for the 2025/26 financial year. This is inclusive of £28,352,000 of precepts or levies for Police, Fire, and Community Council services that are paid directly to these organisations. The Council's net controllable revenue budget spent on delivering Council services is therefore £208,426,000.

4.7 The latest financial update indicates significant improvement against the revenue budget from earlier forecasts:

Financial Update	Forecast Over / (Under) Spend
1	£533,000
2	(£29,000)

4.8 This is broken down at a directorate level as follows:

**Table 1: Revenue budget forecast by directorate**

Directorate	Budget £000's	Forecast £000's	Forecast Overspend / (Underspend) £000's	% Variance to budget
Social Care, Health & Safeguarding	78,187	77,710	(477)	-0.6%
Learning, Skills & Economy	72,635	73,098	462	0.6%
Infrastructure	21,462	20,989	(473)	-2.2%
Place & Community Wellbeing	6,223	6,140	(83)	-1.3%
People, Performance & Partnerships	6,273	6,280	6	0.1%
Legal & Governance	3,089	3,165	76	2.5%
Resources	8,803	8,651	(151)	-1.7%
Debt financing, reserves, precepts & levies, insurances	40,106	40,579	473	1.2%
<b>Expenditure to be financed</b>	<b>236,778</b>	<b>236,612</b>	<b>(166)</b>	<b>-0.1%</b>
Financing	(236,778)	(237,758)	(980)	-0.4%
<b>Total</b>	<b>0</b>	<b>(1,146)</b>	<b>(1,146)</b>	<b>-0.5%</b>

4.9 The principal areas of variance across service budgets are noted below, along with a summary schedule at **Appendix 1** at the end of this report, and a more detailed explanation outlined in **Appendix 2**.

4.10 The position within **Adult Social Care** reflects a significantly improved outlook, with the service now forecasting a year-end underspend of £861,000, representing a £535,000 positive movement since Update 2. This improvement is largely attributable to the in-year allocation of external funding - most notably £914,000 from the Pathways of Care Transformation Grant, and full utilisation of the Regional Integration Fund. Alongside these financial gains, the service has delivered operational efficiencies, including reduced internal care-at-home staffing expenditure and progress in expanding reablement capacity. The service has also exceeded its case review

savings target, achieving £313,000 against a target of £250,000. These actions demonstrate continued focus on cost avoidance, early intervention and supporting individuals to maximise independence.

- 4.11 Despite the improved position, underlying demand pressures remain considerable. Residential care activity continues to rise, with seven additional placements since update 2 and a total of 367 placements across the County, reflecting demographic pressures and increasing complexity, particularly related to later-stage dementia. Demand for care at home is also increasing, coinciding with ongoing winter pressures and sustained hospital discharge activity. Further challenges remain around progressing CHC cases for younger adults with mental health or learning disabilities - a Wales-wide issue impacting the ability to transfer eligible costs to health budgets. While debt linked to unpaid care charges has remained stable over the last period, it continues to require active monitoring and intervention.
- 4.12 **Children's Social care** has experienced its first significant rise in the number of children looked after for several years, increasing from 190 at update 1 to 199 at the end of October, and to 206 by the end of December, including 16 unaccompanied asylum-seeking children (UASC). Despite this increase, the longer-term trend remains relatively stable, but service activity continues to be intense, with 28 children becoming looked after and 23 leaving care in the first six months alone - levels of movement that have continued throughout the year. The financial impact has been partially mitigated by prioritising fostering and kinship placements in line with the placement strategy, and in part by UASC grant funding.
- 4.13 A significant ongoing cost pressure relates to the £368,000 over spend on external counsel and barrister fees, reflecting the complexity and necessity of public law family court proceedings, including two exceptionally complex cases this year. Further pressure has arisen from a £332,000 reduction in the Welsh Government grant that supports Family Support services. Despite the financial impact, Family Support provision has been maintained due to its critical role in safe family functioning, preventing escalation into care and supporting safe reunification. This area remains central to cost avoidance, given the high cost of placements, and forms part of the 2026/27 budget proposals. The service remains on track to achieve 100% of its £1.9 million savings linked to practice changes and placement development. However, the financial position remains highly sensitive to any new high-cost demand entering the system - an area that inherently carries unpredictability and continues to represent a material risk to the service's overall budget sustainability.
- 4.14 **Housing Services** is forecasting an overspend of £501,000, a further deterioration of £135,000 since the last update. The overspend is driven primarily by the delayed opening of Severn View, alongside several voids within existing provision, higher maintenance and repair costs, make-good works following the hand-back of B&B units, rising costs within private leasing arrangements, reduced income from rent arrears and bad debt, and staffing pressures. These issues reflect the inherent complexity and cost of providing emergency and temporary accommodation for individuals with high support needs. Although the service has benefitted from a £254,000 reduction in Housing Benefit clawback, this has not been sufficient to offset the wider cost pressures. Mitigating actions include reducing voids where

possible and progressing the new temporary accommodation model at Severn View, which is expected to ease future financial pressures depending on demand. Positively, the use of Bed and Breakfast accommodation remains at its lowest level for many years, indicating progress in providing more stable and appropriate accommodation, and reducing reliance on the most expensive forms of provision.

- 4.15 **Learning, Skills & Economy** is forecasted to overspend of £462,000, an adverse variance of £293,000 since the last update due to an increase in the number of pupils accessing Additional Learning Needs (ALN) bespoke support, which remains a costly option due to the use of third party providers. The draft 2026/27 budget proposals aim to open a local SEMH (Social & Emotional Mental Health) provision which will be able to support these pupils and reduce future costs.
- 4.16 **Facilities and Fleet** is forecasting a £158,000 overspend with higher maintenance, fuel, hire and software costs leading to a forecast overspend in fleet operations. Passenger Transport is also forecast to overspend, mainly from pressure on external operator costs caused by shortfalls in distance-eligibility savings, revised pupil numbers, and routes deemed unsafe. Additional pressures stem from PRS contract growth, higher season-ticket costs and unplanned safer-walking-route assessments, with internal operations also experiencing income loss.
- 4.17 **Schools Catering** is reporting a £214,000 underspend, driven by part-year staffing savings, higher UFSM income and reduced supplies costs - with the service is on track to deliver 791,000 meals this year with a 71% take-up. **Decarbonisation** shows a £173,000 underspend, reflecting strong income performance from the solar farm and wider renewables portfolio supported by favourable ROC rates and improved system efficiency, alongside staffing savings, though partially offset by a £102K pressure from a prior-year corporate mileage saving that will not materialise this year. **Corporate energy savings** of £123,000 are forecast due to lower-than-budgeted energy consumption.
- 4.18 **Leisure and Wellbeing** is forecasting a £200,000 underspend, driven by stronger-than-expected income across leisure facilities. Quarter 3 performance has been particularly positive, with the annual membership campaign delivering high take-up and boosting projected income, while Outdoor Adventure, Sports Development and Play services have seen notable improvements.
- 4.19 **Development Management and Building Control** is forecasting a £127,000 overspend, driven by reduced building control fee income, higher software costs, and lower-than-anticipated planning income. **Highways Development and Car Parks** is projecting a £206,000 overspend, primarily due to under-recovery of fixed-penalty income, the filling of previously vacant posts, and higher publication costs linked to new fees and charges. The adverse movement since update 2 reflects £30,000 in additional maintenance costs to replace pay-and-display machines damaged during Storm Claudia, free December parking introduced as part of the storm response, and an overall downturn in pay-and-display income.

4.20 **Increased cost of Employers' National Insurance Contributions (NIC's)** - For the purposes of budget setting, it was assumed that the additional £3.32m pressure relating to the increase in employers' NIC's for directly employed staff would be fully funded. Confirmation was received in July 2025 that Monmouthshire would receive £2.56m of funding, a shortfall of £761k or 23%. Whilst it has been confirmed that the funding will transfer into the Welsh Government grant base for 2026/27, it was necessary to consider the recurrent cost pressure of £761k as part of the budget process for 2026/27.

4.21 The **National Joint Council (NJC) pay award** for 2025/26 was agreed in July at 3.2% which is marginally above the budgeted assumption of 3.1%. The resultant additional cost pressure of £0.1m was funded in full by in-year grant support from Welsh Government that was announced in October 2025.

4.22 Welsh Government confirmed a 4% **pay award for teaching staff**, implemented from September 2025. This increase is above the Councils budget assumption of a 3.1% increase and represents an additional cost of around £225,000. Welsh Government have provided additional in-year grant funding to meet the increased cost in full.

4.23 **Debt financing costs** have moved favourably since the last update and are forecast to be £43,000 under budget, reflective of higher than expected cash balances that have mitigated the need for further borrowing. Overall **Council tax collection** is estimated to out-perform budget by £500,000 which is primarily due to a reduced call on the Council Tax Reduction Scheme (CTRS) budget.

### **Impact of Storm Claudia**

4.24 The total revenue cost incurred to date in relation to the response and recovery from Storm Claudia is currently estimated at £556,000. The main categories of expenditure include:

- Additional employee costs, including overtime and time off in lieu
- Plant and machinery costs associated with clean-up operations
- Replacement of damaged street furniture and signage
- Waste disposal costs for flood-damaged goods
- Repairs to CCTV systems and car park ticket machines
- Insurance excess costs
- Specialist cleaning services for sports grounds and skate parks

4.25 This expenditure has been incurred within multiple services and is included within the directorate forecasts outlined in this report. A claim for funding support will be submitted to Welsh Government (WG) to access Emergency Financial Assistance Scheme (EFAS) funding. The Council's de-minimus funding threshold is £455,000, with WG committing to funding 85% of eligible costs incurred above this threshold. Based on current estimates, this results in a potential reimbursement of approximately £86,000, which will partially offset the overall costs incurred. This potential funding is not currently reflected within the forecast given the early stage of preparation for the claim.

4.26 At the time of reporting, £124,000 of householder support payments have been issued, along with £102,000 in payments to support affected businesses. These costs will be met in full by WG grant and have no impact on this forecast.

4.27 The impact on the capital costs for repairing and restoring Council assets is still uncertain. Early estimates were a total cost of around £9 million, with approximately £3.5 million likely to be uninsured. This is because infrastructure assets like highways, footways, culverts, street furniture, and public rights of way are typically uninsurable - they make up a unique, continuous network, cannot be resold, and are impractical to replace or relocate. Insuring these assets would therefore not offer good value for taxpayers. At the time of this report, WG has confirmed additional capital flooding grant of £235,000 to partially fund the capital works required. Ongoing discussions continue with WG officials to explore any opportunity for further funding support.

#### 4.28 Budgeted service savings

4.29 As part of the approved revenue budget, services were required to bring forward and deliver savings totalling £10,701,000. The current forecast indicates that 93.1% (£9,964,000) of these will be achieved – a slight improvement from the 90.4% reported at update 2 due to Adults social care practice change savings being further clarified.

4.30 Full details of progress against individual savings targets can be found at **Appendix 3** to this report. The main variances are as follows:

**Table 2: Progress against budgeted savings targets**

Savings proposals by Directorate	Budgeted Saving £000	Current Forecast £000	Variance £000	Percentage met %	Comment
Social Care, Health & Safeguarding	(2,950)	(2,843)	107	96.4%	£170k Homelessness – Delay in Severn view opening that impacts on 4 months of savings being generated.

						Offset by over-performance of £63k Adult's services practice change.
Learning, Skills and Economy	(745)	(745)	0	100.0%	No variance forecast	
Infrastructure	(5,679)	(5,185)	494	91.3%	£334k Passenger Transport routes - Pupil figures have changed, and some routes are unsafe, requiring continued transport. £160k Waste funding – the final extended producer responsibility funding has been confirmed as slightly lower than anticipated.	
Place & Community Wellbeing	(606)	(531)	75	87.6%	£75k Planning application fee increase – Fees will be increased from 1 <sup>st</sup> December, meaning full £100k based on October start cannot be achieved.	
People, Performance and Partnerships	(165)	(104)	61	63.0%	Savings anticipated from further structure changes are not deemed achievable following further review. Savings in subscriptions has not been achieved.	
Legal & Governance	(1)	(1)	0	100.0%	No variance forecast	
Resources	(555)	(555)	0	100.0%	No variance forecast	
<b>Totals</b>	<b>(10,701)</b>	<b>(9,964)</b>	<b>737</b>	<b>93.1%</b>		

#### 4.31 Schools' budgets and reserves

4.32 The overall level of school reserves are currently forecast to move further into deficit by £3,426,000 by the end of the 2025/26 financial year, to a collective deficit balance of £7,517,000. This is a deterioration of £456,000 since the last update, and £711,000 above the budgets that schools have collectively set for the year.

School reserve balances at 31 <sup>st</sup> March <b>(Surplus) / Deficit</b>	2022 £000	2023 £000	2024 £000	2025 £000	2026 (Forecast) £000
Comprehensive schools	(2,253)	(1,259)	976	1,366	1,917

Middle schools	0	0	329	1,386	2,173
Primary schools	(4,622)	(3,027)	(1,142)	(306)	819
Special schools	(79)	31	742	1,645	2,608
<b>Total</b>	<b>(6,955)</b>	<b>(4,255)</b>	<b>905</b>	<b>4,091</b>	<b>7,517</b>

4.33 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.

4.34 All schools with a deficit budget must agree a recovery plan with the Local Authority - this plan will set out clear actions that the school and Governing Body must take to see the school to return to a surplus. These plans are monitored on a frequent basis and where schools do not meet their recovery plans further challenge is provided by the Local Authority to understand the reasons and to look at mitigating actions to bring plans back on track.

4.35 75% of the forecast deficit relates to three schools - King Henry VIII 3-19 School, Chepstow Comprehensive School and the Pupil Referral Service, with all three of these schools being a focus of support and challenge from the Local Authority to ensure budgets return to a surplus within the agreed recovery plan timeframe.

#### 4.36 Capital Programme

4.37 Capital expenditure of £50.84 million is forecast for the year, with no significant variances anticipated at the current time. A small under spend of £35,000 is currently reported across a small number of specific grant funded schemes which has no impact on the Council's available capital funding as it is specific to individual schemes.

4.38 The £1.3m capital contingency budget remains unallocated and will now be released and utilised to fund further capital investment in the 2026/27 capital programme.

4.39 Capital schemes by nature are usually multi-year, and some slippage is to be expected as expenditure profiles change based on flex in project circumstances. A total of 32 capital schemes are indicating that slippage will be required into 2026/27 totalling £21.0 million. This represents slippage of just under a third of the total budget for the year. Recent experience suggests that the final amount of schemes

requiring slippage will increase as the year progresses as scheme progress becomes clearer. A full review of slippage will be undertaken at year-end to establish the need for schemes to continue into 2026/27 or alternatively if any re-prioritisation is required.

4.40 **Capital budget revisions** - During the financial year the Council has received a number of new grants to support capital investment that was not included in the original capital budget approved at the start of the year. Additionally, some existing grant budgets have needed to flex as final allocations or timings are clarified. **Appendix 5** outlines the changes that now need Cabinet approval as per the Council's financial procedures.

4.41 **Capital receipts** – The table below outlines the latest forecast of capital receipts balances available to meet future capital commitments. The full balance of banked capital receipts is fully committed meaning there is little scope to support additional capital investment. This also means that the level of capitalisation direction support to the revenue budget is profiled to taper down to zero over the medium term.

4.42 A significant capital receipt of £2.5 million was received in December 2025 in relation to the sale of the site of the former Mounton House School, Pwllmerryic, Chepstow.

**Table 5: Capital receipts balances**

Capital receipt balances	2025/26	2026/27	2027/28	2028/29	2029/30
	£000's	£000's	£000's	£000's	£000's
Balance as at 1st April	6,083	4,627	4,430	3,474	2,819
Capital receipts used for financing	(289)	(367)	(50)	(50)	(50)
Capital receipts used to support capitalisation direction	(3,770)	(2,708)	(1,708)	(708)	0
Capital receipts Received	2,500	0	0	0	0
Capital receipts Forecast	103	2,878	803	103	103
<b>Forecast Balance as at 31st March</b>	<b>4,627</b>	<b>4,430</b>	<b>3,474</b>	<b>2,819</b>	<b>2,871</b>

#### 4.43 Financial implications and future focus

4.44 The budget planning framework for 2025/26 reaffirmed the need to progress the Council on a path towards financial sustainability including conserving an appropriate and prudent level of financial resilience, of which the Council's reserves are a key component. As a consequence, the final revenue budget proposals for 2025/26 did not include any use of reserves to meet recurrent revenue expenditure.

4.45 The delivery of the forecast underspend at year-end, alongside budget recovery action being delivered within schools is fundamental in maintaining financial stability and limiting any further impact upon the Council's reserves.

4.46 The Council's revenue contingency budget of £850,000 remains fully in-tact despite the in-year budget accommodating some significant cost pressures, notably from Storm Claudia, and from the shortfall in funding for increased employers' national insurance costs. Should the contingency budget remain uncalled upon, it will increase the forecast underspend position currently reported. This will allow the Council the opportunity to maintain reserves at a prudent level in line with the aspirations of the Medium Term Financial Strategy.

4.47 Services are forecasting to achieve over 93% of the targeted savings which indicates a strong improvement compared to recent trends and demonstrates the effectiveness of ongoing efforts to implement service changes that preserve quality of provision while reducing overall costs.

4.48 The service commentaries provided do indicate that there remain underlying cost pressures that will be recurrent into 2026/27 unless successfully reversed or mitigated. These have been assessed and validated as part of the draft budget process for 2026/27, with additional budget provision made if considered appropriate.

4.49 The need for strong collective financial discipline remains crucial. The increasing school's deficit places additional strain on the Council's financial resilience, reducing overall cash balances and the ability to mitigate against financial risks over the medium term.

4.50 In light of this, the range of measures that have been used successfully over recent periods will continue to be implemented, including, but not limited to:

- Maximising all grant and income opportunities, including the transfer of core costs into grant where conditions allow
- Vacancy management with a strategic and thoughtful approach to the filling vacant posts that is in line with the needs of the service, and the longer term objectives of the Council through its Community & Corporate plan.
- Maximising the opportunity to meet the costs of organisational reform from capital receipts where regulations allow

#### **4.51 Remaining budgetary risks**

4.52 As we move towards the remaining weeks of the financial year, many of the risks highlighted in previous updates fall away. There remain a small number of specific budgetary risks that do still have the ability to further impact upon the revenue budget during 2025/26:

- **Further non-delivery of budget savings targets**, especially where these involve income generation, changes to structures, alternative delivery models or those involving community or other partners.
- The trend of **reducing debt recovery**, particularly within Council tax and Social Care where there has been a slowing down in collection rates, and where there are increasing numbers of discounts and exemptions being awarded.
- The number of **Council tax discounts and exemptions** awarded continues to trend upwards, impacting the overall value of income collected.
- **The recruitment market** remains challenging, with some services encountering difficulty hiring and retaining suitably qualified and skilled staff. Whilst this will result in a reduction in immediate expenditure, it will impact the ability to deliver services in line with the Council's objectives.
- **Inflation** rose by 3.4% in the 12 months to December 2025 and remains well above government targets and above budgeted assumptions. This has the consequence of increasing costs and contracts agreed over the remainder of the financial year.
- **Schools reserve balances** – the further forecast draw on balances for 2025/26 of £3.4 million would significantly increase the cumulative schools reserve deficit that is being carried on the Council's balance sheet. This consequently impacts upon the Council's overall financial resilience and increases its risk exposure by reducing available balance sheet resources.

## 5 RESOURCE IMPLICATIONS:

5.1 The report itself covers the resource implications of the entirety of the revenue budget activity during the year. There are no further resource implications as a result of the recommendations in this report.

## 6 EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):

6.1 This report provides Members with an update on the progress being made against the revenue budget of the Authority and carries no decisions. There are therefore no equality and future generations' implications directly arising from this report.

## CONSULTEES:

Senior Leadership Team  
Cabinet

**BACKGROUND PAPERS:**

***Appendix 1*** – Summary service variances

***Appendix 2*** – Detailed service variances and commentary, Schools reserves, Capital programme

***Appendix 3*** – Progress against budgeted savings

***Appendix 4*** – Individual school balance forecasts

***Appendix 5*** – Capital budget revisions

**AUTHORS:**

Jonathan Davies, Head of Finance (Deputy Section 151 officer)

**CONTACT DETAILS:**

**Tel:** (01633) 644114

**E-mail:** [jonathandavies2@monmouthshire.gov.uk](mailto:jonathandavies2@monmouthshire.gov.uk)

## Appendix 1 – Summary of service variances forecast

Directorate	Update 3 Forecast Overspend / <b>(Underspend)</b> (£000s)	% Variance to budget	Overspend	Underspend
<b>Social Care, Health &amp; Safeguarding</b>	<b>(477)</b>	-0.6%	<b>Housing &amp; Homelessness</b> £502k – Delay in opening of Severn view, void and repair costs, rent arrears	<b>Adult services</b> £861k – ability to meet core costs from available grant funding
				<b>Support services</b> £121k – delayed recruitment of Head of housing and public protection
<b>Children, Learning, Skills &amp; Economy</b>	<b>462</b>	0.6%	<b>ALN costs</b> £425k – Primarily due to increased demand for pupil support, offset by out of county placement and transport savings <b>Breakfast clubs</b> £45k – Additional staffing and catering costs	
<b>Infrastructure</b>	<b>(473)</b>	-2.2%	<b>Passenger transport</b> £138k – Shortfall in meeting pupil transport route savings £223k, reduced income on internal operations £98k offset by additional grant <b>Fleet Maintenance</b> £43k – hire charges and EV charging inspection and maintenance	<b>Corporate energy saving</b> £123k – reduction in consumption <b>Decarbonisation</b> £173k – increased income from the Solar farm, staff vacancies, offset by inability to meet corporate mileage savings <b>Schools catering</b> £214k – increased grant and staff vacancies <b>Highways design, flooding &amp; road safety</b> £106k – savings in professional fees, supplies & services and some staff vacancies
<b>Place &amp; Community Wellbeing</b>	<b>(83)</b>	-1.3%	<b>Car parking</b> £206k – under recovery of fixed penalty charges, higher than anticipated publication costs, reduced P&D income, Storm Claudia impact	<b>Performance, Finance and Resources</b> £174k – staff vacancies

Directorate	Update 3 Forecast Overspend / (Underspend) (£000s)	% Variance to budget	Overspend	Underspend
			<b>Development Management and Building Control</b> £127k - under-recovery of building control fees, increased software costs, lower than anticipated planning fees	<b>Leisure &amp; Wellbeing</b> £200k – Higher income from leisure facilities has offset temporary closure at Abergavenny LC.
People, Performance and Partnerships	6	0.1%	<b>Communications</b> £60k - Staffing structure changes and reduction in income. <b>People Management</b> £51k – unachievable staff vacancy factor and extra staff resource being put in place to bolster team capacity	<b>Payroll &amp; System Support</b> £113k – reduction in system and supplies & services spend and staff vacancy <b>Contact centre</b> £50k – reduction in system and licence costs
			<b>Procurement</b> £45k – higher than anticipated contract costs	
Legal & Governance	76	2.5%	<b>Members</b> £43k – overspend against superannuation contributions plus an inability to achieve vacancy factor savings, coupled with an increase in Mod Gov system charges. <b>Legal</b> £64k – inability to achieve staff vacancy factor savings and an anticipated reduction in court fee income	<b>Staff savings</b> £31k
Resources	(151)	-1.7%	<b>Castlegate</b> £93k - increased operating costs associated with vacant units that fall to the authority to manage <b>County Farms</b> £77k – Void Property Costs from covering running costs of vacant units, professional fees for valuations and succession reports needed for tenancy management	<b>Landlord services</b> £292k - staff vacancies offset by a shortfall in other rental income

Directorate	Update 3 Forecast Overspend / <b>(Underspend)</b> (£000s)	% Variance to budget	Overspend	Underspend
Debt financing, precepts, levies & insurances	473	1.2%	<b>Earmarked reserves</b> £480k – unbudgeted contribution to Council Tax Premium reserve is forecast. This will be mirrored by a corresponding underspend within financing section	<b>Lower net borrowing costs</b> £523k - reflective of higher than anticipated cash balances, forward starting loans, and capital slippage.
			<b>Employers' national insurance</b> £761k – Funding shortfall from Welsh Government to cover increased costs incurred	<b>Non-specific grants</b> £245k – funding relating to pay award pressures that has not been distributed to services
Financing	(980)	-0.4%		<b>Council tax reduction scheme</b> £500k - cases have tracked slightly lower than budgeted for the year <b>Council tax premiums</b> £480k – The collection rate is currently higher than anticipated when setting the budget
<b>Total</b>	<b>(1,146)</b>	<b>-0.5%</b>		