

Appendix 2 – 2025/26 Budget outturn report

Section 1	Revenue budget position at Outturn
Section 2	Detailed service commentary on Outturn
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Section 1 - Overall Revenue Position

Table 1: 2025/26 Revenue budget outturn summary statement

Service Area	Original Budget 2025/26	Budget Adjustments	Revised Annual Budget	Actual Outturn	Actual (Under) / Over Spend @ Outturn	Forecast (Under) / Over Spend @ Update 3	Variance
	'000's	'000's	'000's	'000's	'000's	'000's	'000's
Social Care & Health	77,916	282	78,198	76,073	(2,125)	(477)	(1,648)
Learning, Skills & Economy	73,030	(333)	72,698	73,070	372	462	(90)
Infrastructure & Place	21,442	(192)	21,250	20,955	(295)	(473)	178
Place & Community Wellbeing	6,009	(371)	5,638	5,030	(608)	(83)	(525)
People, Performance & Partnership	6,317	8	6,324	6,242	(82)	6	(88)
Law & Governance	3,050	38	3,088	3,143	55	76	(21)
Resources	9,083	(631)	8,452	8,690	239	(151)	390
Corporate Costs & Levies	29,147	195	29,342	28,550	(793)	516	(1,309)
Net Cost of Services	225,994	(1,004)	224,991	221,754	(3,236)	(123)	(3,114)
Appropriations	10,784	1,419	12,203	11,584	(619)	(43)	(575)
Expenditure to be Financed	236,779	415	237,193	233,338	(3,855)	(166)	(3,689)

Financing	(236,778)	(415)	(237,193)	(237,427)	(233)	(980)	747
Net General Fund (Surplus) / Deficit	0	0	(0)	(4,088)	(4,088)	(1,146)	(2,942)

Table 2: 2025/26 Revenue budget outturn detailed statement

Service Area	Original Budget 2025/26	Budget Adjust- ments	Revised Annual Budget	Actual Outturn	Actual (Under) / Over Spend @ Outturn	Forecast (Under) / Over Spend @ Update 3	Variance
	'000's	'000's	'000's	'000's	'000's	'000's	'000's
Adult Services	47,536	285	47,821	45,205	(2,617)	(861)	(1,755)
Children Services	24,105	202	24,307	24,455	148	2	146
Housing & Homelessness	2,512	208	2,720	3,185	465	502	(37)
Public Protection	1,886	45	1,932	1,898	(34)	2	(36)
SCH Support	1,877	(459)	1,418	1,330	(88)	(121)	33
Social Care & Health	77,916	282	78,198	76,073	(2,125)	(477)	(1,648)
Economy, Employment & Skills	853	(48)	805	676	(129)	7	(136)
Emergency Planning	178	6	184	201	17	17	1
Individual Schools Budget	58,790	6	58,796	58,885	89	(126)	215
Resources	1,217	1	1,218	1,305	87	113	(25)
Standards	11,992	(297)	11,695	12,002	307	451	(144)
Learning, Skills & Economy	73,030	(333)	72,698	73,070	372	462	(90)
Infrastructure Management	559	(213)	345	344	(2)	(13)	11

Facilities & Fleet Management	11,739	558	12,297	12,709	412	158	254
Neighbourhood Services	8,668	(641)	8,027	7,746	(281)	(107)	(175)
Catering & Decarbonisation	476	105	581	157	(424)	(511)	87
Infrastructure & Place	21,442	(192)	21,250	20,955	(295)	(473)	178
Culture and Community Learning	943	(95)	849	849	1	18	(17)
Countryside, Destination and Environment	1,149	(60)	1,088	1,070	(18)	(61)	43
Leisure and Wellbeing	1,764	(144)	1,619	904	(715)	(200)	(515)
Performance, Finance and Resources	1,639	169	1,808	1,681	(127)	(174)	46
Placemaking and Car parking	515	(241)	274	526	252	333	(81)
Place and Community Wellbeing	6,009	(371)	5,638	5,030	(608)	(83)	(525)
Chief Executives Office	2,917	(68)	2,850	2,874	25	35	(10)
People	1,934	(10)	1,924	1,876	(48)	(30)	(18)
Policy, Scrutiny & Customer Service	1,466	85	1,551	1,492	(59)	1	(60)
People, Performance & Partnership	6,317	8	6,324	6,242	(82)	6	(88)
Democratic Services	1,957	38	1,995	2,026	32	28	3
Legal and Land Charges	1,093	0	1,093	1,117	23	48	(25)
Law & Governance	3,050	38	3,088	3,143	55	76	(21)
Commercial, Corporate & landlord Services	2,133	(461)	1,672	2,033	361	(118)	479
Corporate Health & Safety	163	0	163	160	(3)	0	(3)
Finance	3,791	(243)	3,547	3,457	(90)	(11)	(79)

Information Communication Technology	2,996	73	3,069	3,040	(29)	(21)	(7)
Resources	9,083	(631)	8,452	8,690	239	(151)	390
Precepts & Levies	28,699	0	28,699	28,666	(33)	(33)	(1)
Coroner's	278	0	278	318	40	40	0
Archives	228	0	228	228	0	0	0
Corporate Management	452	0	452	247	(205)	(62)	(143)
Non Distributed Costs (NDC)	387	(88)	299	316	17	0	17
Strategic Initiatives	(2,820)	351	(2,470)	(3,081)	(611)	571	(1,182)
Insurance	1,923	(67)	1,856	1,856	(0)	0	(0)
Corporate Costs & Levies	29,147	195	29,342	28,550	(792)	516	(1,309)
Net Cost of Services	225,994	(1,004)	224,990	221,754	(3,236)	(123)	(3,114)
Interest & Investment Income	(788)	0	(788)	(1,326)	(538)	(410)	(128)
Interest Payable & Similar Charges	7,624	0	7,624	7,778	155	135	19
Charges Required under Regulation	6,158	0	6,158	6,016	(143)	(144)	2
Other Investment Income	0	0	0	(5)	(5)	(2)	(3)
Attributable Costs - Fixed Asset Disposal	0	0	0	15	15	0	15
Borrowing Cost Recoupment	(3,918)	0	(3,918)	(4,020)	(102)	(102)	(0)
Capital Expenditure Financing	0	326	326	326	0	0	0

Contributions to/from Reserves	1,708	1,093	2,801	2,801	0	480	(480)
Appropriations	10,784	1,419	12,203	11,584	(619)	(43)	(575)
Expenditure to be Financed	236,779	415	237,193	233,338	(3,855)	(166)	(3,689)
General Government Grants	(100,637)	0	(100,637)	(100,637)	0	0	0
Non Domestic Rates	(34,612)	0	(34,612)	(34,612)	0	0	0
Council tax	(110,596)	(415)	(111,011)	(110,666)	345	(480)	825
Council Tax Benefit Support	9,066	0	9,066	8,488	(578)	(500)	(78)
Financing	(236,778)	(415)	(237,193)	(237,427)	(233)	(980)	747
Net General Fund (Surplus) / Deficit	0	0	0	(4,088)	(4,088)	(1,146)	(2,942)

Section 2 - Directorate – Service Variance Comments

SOCIAL CARE, HEALTH & SAFEGUARDING DIRECTORATE	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	1,074	149	(477)	(2,125)

CHIEF OFFICER COMMENTARY

The directorate is reporting an underspend of £2.125M showing an improvement of £1.648M since the last reported forecast.

The main area of fluctuation has been in Adult services. The main theme has been the provision and maximisation of external/grant funding to offset either core costs or alleviate demand increase in care provision.

A large contribution has been the full utilisation of the £914K Pathways of Care Transformation grant (hospital discharge) which has helped support the costs of care and service provision within adult services. The service also largely benefits from the continuation of the £1.1M Social Care Workforce Sustainability grant, for which we were also provided with an additional £52K in March.

During the latter part of the year, we were also refunded for our element of the Regional Integration Fund that was removed at the beginning of the year, plus an additional allocation for our share of the regional underspend. Maximising this opportunity also further benefitted the outturn position within adults.

In terms of the directorate savings target when this year's budget was set, if Housing is excluded, this has been met in full and has been exceeded slightly by £65K due to adult review savings pushing past its target. Once Housing's savings are considered, the directorate fell short of its savings target as Housing did not meet its target by £135K due to the delayed opening of Severn View .

Debt, due to clients not paying their adult assessed care charges, increased during the last quarter by £400K closing at £2.8M. This is due to the need to fund placements where clients have lost capacity to manage their finances, but a deputy is not yet appointed. Because of the risks this represents the cost is added to unsecured debt. Once a deputy has been appointed, the finances can be means tested and any associated charges can be reviewed, and eligibility to funding can be determined.

Housing is a new addition into this directorate and shows a £465K overspend at outturn. As we move into 2026/27, we will further gain insight into the causing effects and what can be introduced to tackle this position.

Children's, and other remaining divisions, have seen their outturn positions broadly remain within that reported at update 3, which is pleasing to note.

ADULT SERVICES

Outturn Forecast	Update 1	Update 2	Update 3	Outturn
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Deficit / (Surplus) £'000s	201	(326)	(861)	(2,617)
This division closed the year with a £2.6M underspend. It is a complicated picture across the service with a number of over and underspends against different service areas, reflecting both changing patterns of demand, the allocation of grants part way through the year, and the on-going impact of service re-organisation. The main contributing factor to the improved underspend has been the maximisation of external/grant funding afforded to adults, such as the allocation of £914K via the Pathways of Care Transformation Grant, and through ensuring full spend against the Regional Integration Fund revenue grant. The pathways of care transformation grant were allocated part way through the year. Recruitment against the grant is on-going and is now fully committed against spend into the next financial year. We also benefit from the continuation of the £1.1M Social Care Workforce Sustainability grant, which we had an additional £52K awarded in the last month of the financial year. Savings are also being made against the internal care at home staffing salary with increasing amounts of care being commissioned through external providers. Although there are challenges in recruiting to in-house carers, the service is seeking to increase the number of carers employed into our in-house reablement services. This is in line with our service transformation plan to expand reablement so that more people have the opportunity to maximise their independence. 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 main pressure includes the full year effect of care provision and adult placements made at the end of the previous financial year and the ongoing rise in residential placements. There have been an additional 10 external residential placements during the year [this does not include our own in house provision of Severn View Park]. At the end of the year there are a total of 369 residential placements demonstrating the on-going increased demand throughout the year. This is in keeping with the aging demographic of the county together with the complexity of needs experienced by our older residents. Residential placements for people living with later stage dementia are generating a particular budgetary pressure. During the year the service has continued to achieve its target of reviewing cases and has validated the outcomes from the reviews that have already taken place, yielded savings of £315K meaning that the service has exceeded its saving target by £65K. 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 Opportunities taken to adopt cost avoidance approaches to care have also, even though early stages, contributed to the positive outturn. Our information advice and assistance service (IAA) is now in the initial stages of implementation with 5 new IAA workers now operational. 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.				

Debt due to unpaid Adult social care charges remains a challenge, increasing in the last quarter to its closing position of £2.8M. We are continuing to take actions both preventatively and in ensuring appropriate recovery actions are taken, with the introduction of a Senior Debt Review panel.

CHILDREN'S SERVICES

Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	598	83	2	148

At the start of the year there were 190 children looked after including 15 unaccompanied asylum-seeking children, increasing to 192 (with 16 unaccompanied asylum-seeking children) at the end of the year. Even though the actual children entering and leaving care change over the year, it is promising that overall numbers remain stable and has helped to contribute towards this division broadly remaining within its allocated budget.

Cost pressure of additional children has been mitigated through placing children within fostering and kinship placements (in line with our placement strategy). Cost pressures associated with placement costs have also been mitigated through grant funding for UASC and through a slight delay in our in-house residential provision becoming fully operational.

There continues to be a significant pressure related to the use of external counsel / barrister costs for children who are in a public law process in the family courts, which overspent by £342K. 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. Court costs were inflated this year because of 2 specific complex cases. 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.

Another area of reported overspend relates to pressure that has arisen through a reduction in the Welsh Government grant that supports our Family Support services, which amounted to £317K. 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 cost of placements) and helps us to secure best outcomes for children and families. Most 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. Maintaining family support services at their current level has been put forward as a proposal in the 2026/27 budget.

Another positive note is the service achieved 100% of its £1.9M savings related to practice change in care planning for children and placement development.

HOUSING & HOMELESSNESS

Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	238	366	502	465

The service reported an overspend of £465k at outturn, which was broadly in line with the £502k forecast at Update 3. The main salient causes of the overspend remain as:

- the delayed opening of Severn View leading to additional costs within Bed and Breakfast provision plus the need for extra costs once occupied,
- several voids within existing provision,
- costs associated with the maintenance and repair of existing provision,
- making-good following hand-back of Bed and Breakfast provision,
- costs within private leasing arrangements driven by increased repair, maintenance, and cleaning costs,
- reduced income due to rent arrears and bad debt and,
- staffing costs.

These issues are indicative of providing emergency and temporary housing for people who have high support needs. The bottom-line position within housing has benefitted from £59K due to the Housing benefit clawback reduction; however, this has not been sufficient to offset the current costs.

Moving forward into 2026/27, as this is a new service addition into the directorate, a deep dive into the budget and what potential mitigating actions will be reviewed, along with how the full year effect of new services such as the temporary accommodation service in Severn View settles can be measured.

On a closing positive note, the usage of B&B accommodation continues at the lowest level for many years and stood at just 6 on the last date of the year.

PUBLIC PROTECTION

Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	(5)	0	2	(34)

The service closed the year with a small underspend of £34k. Forecasts remained close to break-even throughout the year, with the final position improving slightly from the £2k overspend reported at Update 3 due to additional income generation.

SCH SUPPORT

Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	42	26	(121)	(88)

The underspend was largely forecast at update 3 and was as a result of delayed recruitment to the Head of Housing and Public Protection, coupled at year end with an opportunity to divert some core staff costs to grant funding.

LEARNING, SKILLS & ECONOMY DIRECTORATE	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	40	169	462	372

CHIEF OFFICER COMMENTARY:

The Directorate's outturn position is an overspend of £372k. This is largely due to an increase in ALN pupils needing support within our schools, which is funded by the LA IDP Budget or Contingency Pot 2. These contingency budgets are overspent by £542k in 25/26, but we have been able to partly offset this overspend with an underspend on Independent placements of -£258k. In addition, the position has worsened by £112k due to a higher business rates bill for King Henry school, which sits within the Individual Schools Budget line. The contingency budgets have been able to increase for 26/27, as we are expecting a further decrease in spend on Independent Placements, as well as reduced spend on pupils receiving ALN bespoke packages, due to plans to open an SEMH (Social, Emotional & Mental Health) Provision in 26/27, which will be able to support those pupils and reduce our costs and reliance on third party providers.

School balances have deteriorated by £2,788,224 during the year, with a carry forward deficit balance of £6,879,539 into 26/27 and 19 schools in a deficit. All schools that are in a deficit have a recovery plan in place and where they are not meeting their recovery plan, further challenge is being provided by the Local Authority to understand the reasons and to look at mitigating actions that can be taken to ensure recovery plans are met.

Economy, Employment & Skills				
Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'s	0	12	7	(129)
The service reported an underspend of £129k at outturn, due to unbudgeted income received during the year.				
Emergency Planning				
Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'s	0	16	16	17
Emergency Planning reported a £17k overspend at outturn, largely due to budgeted employee-related savings not being fully achieved.				
Individual Schools Budget				
Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	6	6	(126)	89
The service reported a final overspend of £89k. The position worsened late in the year due to a £112k increase in the business rates bill for King Henry school, which sits within this budget line, offsetting the underspend previously reported. This was alongside a number of additional costs arising later in the year. £44k of energy costs were incurred at the Deri View School site while refurbishment works were underway ahead of Ysgol Y Fenni moving to the site from September 2026. £16k of costs related to Mounton House while the site was unoccupied prior to the PRS moving in. £19k of additional funding was provided to Ysgol y Trefynwy because nursery pupils attend full time rather than half days. £32k of costs related to Storm Claudia, including staff overtime and mileage, together with support for Osbaston School to replace damaged furniture, play equipment and resources and to meet cover costs.				
Resources				
Outturn Forecast	Update 1	Update 2	Update 3	Outturn

Deficit / (Surplus) £'000s	31	59	112	87
The service reported a final overspend of £87k. This was mainly due to lower than anticipated photovoltaic recharge income and increased teacher pension costs, together with smaller staffing pressures across support services, School and Student Access, and the Financial Management Services Team. • The largest pressure related to a shortfall in photovoltaic recharge income, as income from school solar panels was lower than expected. • There was also an increase in teacher pension costs, along with smaller staffing pressures across support services, School and Student Access, and the Financial Management Services Team. • These pressures were partly offset by grant funding used to support staffing costs and by Premature Retirement Compensation costs being lower than originally estimated.				
Standards				
Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	3	77	451	307
The service reported a final overspend of £307k. This was mainly driven by continuing pressures within ALN, particularly the cost of supporting a growing number of pupils through the LA IDP and Contingency Pot 2 budgets, alongside pressures in Early Years, Breakfast Clubs and MoST staffing. These were partly offset by savings on out of county placements, ALN transport and Early Years staffing, together with additional grant income and lower than anticipated costs in some ALN bespoke support packages. • Main overspending pressures arose from ALN demand-led budgets, especially the LA IDP and Contingency Pot 2 budgets, as well as pressures in Expansion of Early Years, Breakfast Clubs and MoST staffing. • There were also smaller overspends across ALN management, administration, equipment and psychology services. • These pressures were partly offset by lower costs on out of county placements, reduced ALN transport costs, grant-funded Early Years staffing and additional grant income. • The final position also benefited from ALN bespoke support costs being lower than forecast later in the year.				
INFRASTRUCTURE DIRECTORATE	Update 1	Update 2	Update 3	Outturn

Deficit / (Surplus) £'000s	(61)	(315)	(473)	(295)
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CHIEF OFFICER COMMENTARY

The Directorate has returned a £295k underspend following active in-year management to mitigate a range of operational pressures and utilise underspends across services.

Key challenges were experienced within Facilities & Fleet, particularly around fleet maintenance where increased breakdowns, reactive repairs and reliance on hired vehicles drove significant cost pressures during the year. Passenger Transport also faced demand-led pressures and increasing supply chain costs.

Elsewhere, Operations, Neighbourhood Services and Catering generated underspends, supported by higher income, vacancy savings, efficiencies in waste and highways, and income from renewable energy generation. While some of these underspends were offset by storm-related costs (Storm Claudia), they have been able to mitigate wider Directorate pressures.

Overall, the outturn reflects effective financial management, with services responding proactively to emerging risks, maximising income opportunities, and controlling expenditure. Whilst some underlying demand and cost pressures remain, particularly in fleet and transport - actions are being taken to mitigate these going forward into 2026/27.

Infrastructure Management

Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	2	5	(13)	(2)

The Infrastructure management team has underspent by £2k due to a managed underspend in supplies & services and a part-year staff vacancy.

Facilities & Fleet Management

Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	563	385	157	412

Facilities and Fleet have over spent by £412k, due to:

- **Fleet Maintenance** - £325k overspent – There is a significant overspend within fleet maintenance budgets, primarily driven by increased costs associated with vehicle hire, maintenance, fuel, Electric Vehicle Charging Infrastructure (EVCI) maintenance, and software. During the last quarter, there has been a notable rise in vehicle breakdowns across Passenger Transport, Winter Maintenance, and Waste fleets. This has led to higher repair costs and increased reliance on hired vehicles, either through taking on additional hires or extending existing agreements while vehicles remain off the road. These pressures have resulted in a £300k deterioration in the forecast position since Update 3. The financial impact is being driven primarily by reactive maintenance and unplanned hire requirements and is largely outside of direct service control but officers will be reviewing fleet utilisation going forward to mitigate any potential pressure impacting 26-27.

- **Passenger Transport** – net £96k overspent – As reported previously the overspend is mainly due to a shortfall against the distance-eligibility saving that was included in the 2025/26 budget. The full saving was not achieved as updated pupil numbers differed from original projections and some routes were subsequently assessed as unsafe, requiring transport to continue. On top of this the service has seen a growth in PRS contracts, increased costs of pupil season tickets purchased from external operators, and unbudgeted expenditure on external safer walking route assessments. Internal operations have overspent by £105k driven by income losses following the return of several contracts due to high sickness levels. These pressures are partially offset by a £54k staff saving within the regional transport team through capitalising core staff costs, £110k of transport administration grant income, and a £47k increase in Public Transport Subsidy Grant.

Neighbourhood Services

Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	(381)	(460)	(106)	(281)

Neighbourhood services has under spent by £281k, due to:

- **Waste Services** – £10k overspent – Efficiencies totalling £299k have been achieved during the year through savings on disposal and recycling contracts, increased income, employee underspends arising from vacant posts, and a one-off gain-share receipt from the waste-to-energy partnership. As reported at Update 3, these savings were reallocated to help offset other pressures within the directorate. The remaining net overspend of £10k primarily relates to costs incurred in responding to Storm Claudia.
- **Grounds Maintenance** – £48k over spent – Mainly due to additional staffing, plant, and material costs incurred in response to Storm Claudia.

- **Highways Operations & External Clients** – £12k underspent - mainly due to additional income from external client works within Swtra.
- **Streetlighting** – On Budget
- **Highways Design, Flooding & Road Safety** – £327k net underspent – the service is reporting a net £327k underspend, primarily driven by improved income, staff vacancy savings and reduced expenditure on supplies and services. The improved position reflects higher than anticipated road closure income and SABS income, which were not included in the Update 3 forecast. In addition, grant funding has been used to offset the majority of revenue costs incurred in responding to Storm Claudia.

Catering & Decarbonisation

Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	(245)	(245)	(511)	(424)

Operations has under spent by £424k, due to:

- **Schools Catering** - £229k underspent – This position is primarily driven by part-year staffing savings, increased Universal Free School Meals (UFSM) income—reflecting a £0.20 per meal uplift to £3.40 from September—and reduced supplies and services expenditure partly due to a higher take up of pupils choosing the light bite option over the main meal. The service produced 780,584 pupil meals in 2025/26, with average take-up of approximately 73%, compared with 58% prior to the introduction of UFSM.
- **Decarbonisation** - £150k underspent – driven by increased income from the Council's solar farm and wider renewables portfolio. This reflects higher ROC rates, favourable weather conditions, and improved inverter performance. Additional savings arose from a part-year staffing vacancy within the team. These underspends were partly offset by a £102k pressure relating to a prior-year corporate mileage saving that was not achieved, as the corporate pool car scheme did not commence operation until April, resulting in no savings being realised in 2025/26.
- **Corporate Energy Saving** - £45k underspent – final consumption figures for the authority have now been collated and costs have come in £45k below budget.

PLACE & COMMUNITY WELLBEING DIRECTORATE	Update 1	Update 2	Update 3	Outturn
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Deficit / (Surplus) £'000s	142	(21)	(83)	(608)
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CHIEF OFFICER COMMENTARY

The Place and Community Wellbeing Directorate has underspend of £608,000. This favourable variance is primarily attributable to increased income generation within Leisure and Wellbeing services, alongside higher-than-anticipated car park income, particularly from parking penalty charges. This uplift is directly linked to the appointment of additional parking enforcement officers.

The position is further supported by reduced expenditure within the Performance, Finance and Resources division. These savings are largely due to staffing underspends arising from the delayed implementation of the central services restructure, which is now scheduled for delivery in 2026/27.

These favourable variances have mitigated in-year budget pressures resulting from the under-recovery of planning and building control fee income.

The Directorate's outturn position reflects that income performance across a number of service areas has strengthened during 2025/26. The Directorate will seek to sustain this improved income position into 2026/27, as this would provide greater financial resilience and support the implementation of the restructures previously delayed but required across the Directorate. In turn, helping to ensure that the Directorate has the capacity to continue delivering front line services in line with the Council's wider objectives of healthier communities, improved wellbeing, sustainable services and fit-for-purpose community infrastructure.

Culture and Community Learning

Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	38	18	18	1

The Culture and Community Learning division has overspent by £1k, the improvement for update 3 to outturn relates to additional grants.

Countryside, Destination and Environment

Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	(14)	(36)	(61)	(18)

Countryside, Destination and Environment underspent by £18k, primarily as a result of income exceeding budget following the receipt of additional grant funding. The adverse variance between Update 2 and Update 3 reflects income levels being lower than previously forecast.

Leisure and Wellbeing

Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	0	(2)	(200)	(715)

The Leisure and Wellbeing division underspent by £715k, primarily due to income exceeding budget, particularly as a result of the annual January campaign. This improved income performance more than offset the £89k loss of income arising from the closure of Abergavenny Leisure Centre and reduced service level agreement income. The annual membership campaign again performed strongly during the year, contributing to an increase in forecast income, including an additional £100k from direct debit memberships. Outdoor Adventure, Sports Development and Play also reported an improved income position, contributing to the overall favourable movement between Update 3 and outturn.

Performance, Finance and Resources

Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	(5)	(80)	(174)	(127)

The Performance, Finance and Resources division underspent by £127k, primarily as a result of staff vacancies. The variance between Update 3 and outturn relates to an invoice being funded centrally rather than directly through Sports Development, as previously forecast.

Placemaking and car parking

Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	123	78	333	252

The Placemaking, Highways and Flooding division has overspent by £252k due to:

- **Development Management and Building Control** – The section has overspent of £127k, relating to under-recovery of building control fees and increased software costs. Along with lower than anticipated planning fees in particular the delay in one substantial planning application (£65k) until 26-27 has seen an adverse impact on previously forecast income.
- **Highways Development and Car Parks** – The section has over spent by £206k. This is due to the under recovery of fixed penalty charges, filling of previously vacant posts, higher than anticipated publication costs associated with the implementation of the new fees and charges.

PEOPLE, PERFORMANCE & PARTNERSHIPS DIRECTORATE	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	99	48	6	(82)

CHIEF OFFICER COMMENTARY

People, Performance & Partnerships and the Chief Executives Office have a combined overspend by £82k.

Within the CEO's Office, the overall forecast reflects a mixed financial position. Overspends are primarily driven by staffing pressures and reduction in income. Whilst some overspends are offset by other service area underspends, pressures persist and officers will continue to seek mitigation strategies as the year progresses.

Chief Executives Office

Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	117	48	35	25

The Chief Executives Office is currently has overspent by £25k. The principal factors contributing to this position are as follows:

- **Communications and Community Development - £25k overspend** – The overspend is primarily attributable to a budget pressure of arising from the creation of the Head of Communications and Active Travel post, coupled with a reduction in active travel income of £25k. These pressures have been partially offset by a contribution from Welsh Government relating to the secondment of the Head of Communications.

- **Contact Centre - £84k underspend** – An underspend has been achieved due to system and licence spend coming in below budgeted levels.
- **Strategic Change & Programme Assurance - £57k overspend** – The underspend is due to the capitalisation of the change management program.
- **Libraries, Hubs, and Community Learning** – This area is forecast to **underspend by £20k**, with no significant variances expected.
- **Procurement - £47k overspend** – The overspend is due to higher than anticipated contract costs.

People				
Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	(14)	(14)	(30)	(48)

The People sections has underspent by 48k for the financial year. The principal factors contributing to this position area as follows:

- **Organisational Development & Training- £8k underspend** – The overspend is attributable to staff costs exceeding budget, primarily due to the inability to achieve vacancy factor savings offset by a small saving withing the training budget.
- **Payroll & System Support - £123k underspend** – An underspend has been achieved as a result of a reduction in system and supplies & services expenditure of £44k alongside net staff saving of £78k arising from changes in hours and a payroll technician post being held vacant.
- **People Management - £41k overspend** – Additional costs have been incurred due to unachievable staff vacancy factor and extra staff resource being put in place to bolster team capacity.
- **Occupational Health - £42k Overspend** – due to increased demand

Policy, Scrutiny & Customer Service				
Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	(4)	14	1	(59)

Policy, Scrutiny & Customer Services has underspent by £59k, broken down as follows:

- **Corporate - £15k overspend** – mainly due to the inability to achieve staff vacancy factor savings, SLT Pay award and an increase in subscription costs.
- **Scrutiny and Customer Complaints - £13k overspend** – unable to achieve staff vacancy savings.
- **GIS - £24k underspend** – saving in system and supplies & services spend.

- **Levies & Subscriptions - £36k 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 - £42k underspend** – due to staff savings from part year vacant posts.
- **Equalities & Welsh Language - £9k overspend** – the authority is due to enter a new translation SLA with Torfaen, discussions are ongoing around implementation timescales.
- **Partnership management - £39k Underspend**
- **Community Safety – Net £28k Underspend**– due to staff savings from part year vacant posts.

LAW & GOVERNANCE DIRECTORATE	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	64	69	76	55

CHIEF OFFICER COMMENTARY

Law & Governance has overspent by £55k at outturn. The overspend is primarily due to staffing pressures, by-election costs and income shortfalls across service areas; although income improved in the final quarter and is the reason for the £21k improvement from Update 3.

Democratic Services

Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	39	27	28	32

Democratic services has over spent by £32k, this is due to:

- **Members** - £41k overspent – due to staff increases where there is an overspend against superannuation contributions plus an inability to achieve vacancy factor savings.
- **Committee & Election services** - £9k under spent – primarily due to staff savings from part year vacancies and grant support for an apprentice post in Elections, being partially offset by an overspend in by-election costs.

Legal and Land Charges

Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'s	25	42	48	23

Legal & Land Charges has over spent by £23k, due to:

- **Legal** - £30k overspent – primarily due to a reduction in fee income and the inability to achieve staff vacancy factor savings.
- **Land Charges** - £7k under spent – due to savings from a vacant part-time post.

RESOURCES DIRECTORATE	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	(95)	(145)	(151)	239

CHIEF OFFICER COMMENTARY

At outturn, the Resources Directorate reports a £239k overspend, reflecting an adverse movement from the last reported forecast. This is driven primarily by Commercial, Corporate & Landlord Services (£361k overspend), largely from shortfalls against budget at Castlegate Business Park and Newport Leisure Park due to vacant units, and a planned transfer to reserves in lieu of an overall combined surplus on the wider investment portfolio. These pressures are partially offset by underspends across Finance (£90k), ICT (£29k) and Corporate Health & Safety.

Overall, the position highlights ongoing volatility in income-generating assets and the impact of in-year strategic decisions as risk mitigation measures going into 2026-27. Tighter cost control and vacancy management has however delivered mitigating savings across the directorate portfolio.

Commercial, Corporate & landlord Services				
Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	(27)	(151)	(118)	361

Commercial, Corporate and Landlord services has over spent by £361k, due to:

- **Investment Properties** - £225k overspend, due to:
 - **Newport Leisure Park** - £53k overspent – NLP made a £265k surplus in 25/26, however this is £53k below budget due to unbudgeted costs (such as electricity and rates) associated with vacant units, the remaining vacant unit is now under offer.
 - **Castlegate Business Park** - £171k over spent – primarily due to 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. Efforts continue to be made to

work closely with existing tenants to secure the expansion and development of established businesses, whilst also providing incubator spaces for the growth of new ventures. Opportunities to diversify and attract sectoral partners continue to be explored and constructive recent dialogue with Cardiff Capital Region has contributed to a number of promising recent enquiries.

- **Landlord Services** – £191k overspent – our remaining investment portfolio (including County Farms & industrial units) returned a combined surplus of £530k. The opportunity was taken to move £391k of this to reserve and is the main reason for the over spend and adverse swing from Update 3.
- **Building Cleaning & Public Conveniences** - £54k under spent – driven by staffing vacancies, along with savings on maintenance and business rates for public conveniences.
- **Property Services** – On Budget –Property Services has returned a net break-even position. During the year, the service has experienced pressures within accommodation budgets, driven by increased maintenance and rates costs across the office estate (£129k), alongside a reduction in Police fee income (£198k) due to a downturn in the Police works programme. These pressures were identified early in the financial year and have been mitigated through an underspend on employee costs, primarily resulting from the management of staff vacancies.

Corporate Health & Safety

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

Corporate Health & Safety – £3k underspent – all costs incurred in response to directorate H&S matters has been accommodated from within services during the year and reported as part of their outturn position. The underspend within the service is as a result of reduced spend on supplies & services.

Finance

Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	(58)	24	(11)	(90)

The Finance division under spent by £90k, this is mainly due to:

- **Revenues, Systems & Exchequer** - £41k net underspend:

- **Benefits** – £36k underspent - This position reflects £31k of additional grant income and a £23k reduction in non-pay costs, partially offset by an £18k increase in bad debt provision. Compared to the £53k overspend reported at Update 3, this represents an £89k improvement. The majority of this favourable movement is driven by changes in Housing Benefit Subsidy, reflecting the latest caseload profiles.
- **Council Tax** - £68k overspent – overspend is primarily due to summons income received was £40k less than budget, as fewer debtors were taken to court last year. £27k additional service running costs, which are largely attributable to extra printing and postage costs. A £11k overspend relating to a residual budget pressure from the Finance restructure left against this cost centre and £2k unmet vacancy factor savings. These pressures were offset by one off Welsh Government grant income of £12k for the administration of this years Retail Rate Relief scheme.
- **Charity Relief** - £4k underspent – due to a combination of awards for discretionary rate relief being lower than the budget set. Plus some returned Cost of Living Grant payments and one off grant funding for administering the LIDBRSS on behalf of Welsh Government.
- **Debtors** - £2k overspent - Unmet vacancy factor savings, additional National Insurance costs over the budget set and extra postage costs make up this over spend. The improvement since update 3 is largely the result of adjusted payroll costs for maternity leave.
- **Cashiers** - £17k underspent – Card payment fees were £24k over budget, as more payments were made by card. However, these additional costs were offset by reduced security carrier costs, holding off system developments and holding open, for a time, a cashier vacancy to generate an overall saving of £17k against this cost centre. The saving has increased since update 3 as some planned system development work has been deferred to next year.
- **Revenues System Administration** - £9k overspent - The annual contract costs for the Northgate system are £12k more than budget. These were however offset by some one-off grant income from Welsh Government in respect of rate account administration.
- **Financial Systems Support & Vat** - £63k underspent – £31k saving resulting from vacant posts plus a £16k saving against the non pay budget and £16k additional recharge income. The underspend has increased by £17k since update 3 due to an additional vacancy and lower than initially anticipated consultancy costs for the Business World System upgrade.

Finance - £49k under spent - due to part year staff vacancies and the apportionment of officers time to the administration of council tax premiums.

Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	(10)	(18)	(21)	(29)

The ICT division underspent by £29k, this is due to:

- **SRS & Digital Programme Office** – £10k underspent – Final contribution figures from SRS were £1,000 below budget, reflecting late-year software savings which partially offset increased costs relating to O365 licences and PSBA line rentals. In addition, further efficiencies have been achieved through a managed underspend on supplies and equipment. This has resulted in a net underspend of £10,000 within the section.
- **Digital, Design & Innovation** – On budget – As previously reported, the team transitioned to the Shared Resource Service (SRS) in August 2025 following the Cabinet-approved Digital, Data and Technology agreement. The resulting increase in collaboration costs of £73,000 will be funded from the IT reserve, in line with Cabinet's decision. This ensures there is no adverse impact on the Directorate's overall financial position in 2025–26. Ongoing funding requirements have been incorporated into the 2026–27 budget proposals.
- **Cyber Security Partnership** - £13k underspent – no change from update 3 - Cyber Security has underspent by £13k as our partnership contribution was lower than expected due to staff vacancy savings.
- **Telephony** - £6k underspent – saving due to a reduction in annual call charges.

CORPORATE COSTS & LEVIES DIRECTORATE	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	(27)	680	516	(788)

Precepts & Levies

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

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

Coroners Services

Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	18	18	40	40

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

Archives (Gwent Joint Records)				
Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	0	0	0	0
No variance forecast				
Corporate Management				
Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	(13)	(67)	(62)	(201)
Unbudgeted income that cannot be attributed to services				
Non-Distributed Costs				
Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	0	0	0	17
A small over spend was reported at outturn following late adjustments to pension strain costs.				
Strategic Initiatives				
Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	0	761	571	(611)
Funding shortfall in relation to increased employer's national insurance contributions. The final funding allocation received from Welsh Government was considerably short of the increased costs incurred.				
Insurance				
Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	0	0	0	0
No variance				
TREASURY & RESERVES				
Deficit / (Surplus) £'000s	486	541	(43)	(619)
Interest & Investment Income				
Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	(257)	(257)	(410)	(538)

Lower-than-anticipated expenditure resulted in higher average investment balances over the year, leading to returns exceeding the income budget. Performance was further supported by continued strong yields from pooled fund investments.

In addition, investment balances were temporarily increased in the final quarter due to additional borrowing, further enhancing overall returns

Interest Payable & Similar Charges

Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	423	429	135	155

The Authority's borrowing requirement for the year was lower than initially forecast, which has reduced financing costs and mitigated the anticipated overspend.

Borrowing costs increased marginally during the final quarter as additional borrowing was secured to provide greater cost certainty. This was undertaken during a temporary reduction in rates, against a backdrop of market volatility linked to the Iran conflict.

Charges Required Under Regulation

Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	(215)	(215)	(144)	(143)

Capital slippage funded from borrowing was higher than anticipated at the end of the previous year which has resulted in lower than anticipated charges. Underspend has decreased due to disposal of vehicles in year resulting in additional MRP charges being made. The adverse movement is matched by an increase in underspend against borrowing recoupment.

Other Investment Income

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

Minor income received. Slightly increased from Update 3.

Borrowing Cost Recoupment

Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	0	8	(102)	(102)

The underspend is due to several vehicles being disposed of in year and all remaining borrowing charges being made in year. This underspend is offset by an increase in charges required under regulation.

Attributable Costs - Fixed Asset Disposal				
Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	0	0	0	15
Minor variance as revenue budget was used to supplement capital disposal budget which would have been overspent.				
Contributions to/from Earmarked reserves				
Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	535	576	480	0
Earmarked reserves were adjusted for any changes in reserve utilisation so that service revenue budgets could reflect their amended positions.				
The movement from month 6 is due to the previously unbudgeted contribution to Council Tax Premium reserve being recognised with a year end budget adjustment. The movement was mirrored by a corresponding adverse movement within Council tax.				
FINANCING	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	(1,185)	(1,205)	(980)	(233)
Council Tax Reduction Scheme				
Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	(400)	(420)	(500)	(578)
Caseloads for the year were lower than the budget set, a trend that continued through to year end.				
Council Tax				
Outturn Forecast	Update 1	Update 2	Update 3	Outturn
Deficit / (Surplus) £'000s	(785)	(785)	(480)	345
The tax base for the year has been met and continues to increase. However, there has been a significant upward shift in the number of properties awarded an exemption or discount, which continued through to year end. This is partly because of the November floods which rendered some properties uninhabitable and requiring significant remedial works. As a result there was a shortfall in council tax income compared to the budget set for the year. The Council Tax Premium collection rate was 70% by the end of March 2026 which is higher than anticipated when the budget was set. A decision has therefore been made to top up the Council Tax Premium Reserve, which is the main reason for the movement between update 3 and 4.				
General Government Grants				
Outturn Forecast	Update 1	Update 2	Update 3	Outturn

Deficit / (Surplus) £'000s	0	0	0	0
Income received to budget.				

3. School Balances

- 3.1. 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 Schools' balances position, for each Educational Cluster.

School Reserves in £000's	(A) 2025/26 Opening Reserves (Surplus) / Deficit	(B) Draw / (Contribution) @ Update 1	(C) Draw / (Contribution) @ Update 2	(D) Draw / (Contribution) @ Update 3	(E) Draw/ (Contribution) @ Outturn	(A+E) 2025/26 Year-end Deficit
Cluster						
Abergavenny	1,351	635	817	1,025	1,043	2,393
Caldicot	(37)	641	826	866	684	647
Chepstow	989	26	(27)	139	(231)	757
Monmouth	144	407	392	433	125	270
Pupil Referral Service	1,645	1,126	961	963	1,167	2,813
Total	4,092	2,835	2,970	3,426	2,788	6,880

3.2. The movement of individual schools 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: 18	Total: 18	Total: 19
King Henry VIII 3-19	King Henry VIII 3-19	King Henry VIII 3-19	King Henry VIII 3-19	King Henry VIII 3-19
Gilwern	Gilwern	Gilwern	Gilwern	Gilwern
Our Lady & St Michael's	Our Lady & St Michael's	Our Lady & St Michael's	Our Lady & St Michael's	Our Lady & St Michael's
Ysgol y Fenni	Ysgol y Fenni	Ysgol y Fenni	Ysgol y Fenni	Ysgol y Fenni
Caldicot School	Caldicot School	Caldicot School	Caldicot School	Caldicot School
Rogiet	Rogiet	Rogiet	Rogiet	Rogiet

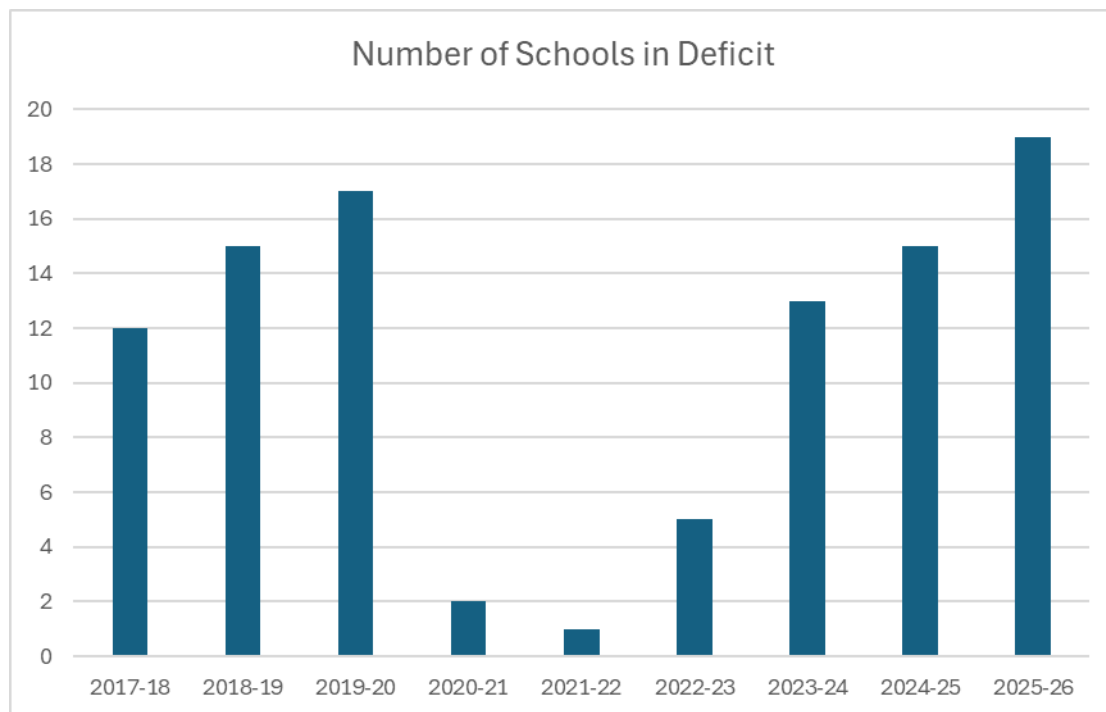
Ysgol y Ffin	Ysgol y Ffin	Ysgol y Ffin	Ysgol y Ffin	Ysgol y Ffin
Chepstow School	Chepstow School	Chepstow School	Chepstow School	Chepstow School
The Dell	The Dell	The Dell	The Dell	The Dell
Thornwell	Thornwell	Thornwell	Thornwell	Thornwell
Kymin View		Kymin View	Kymin View	Kymin View
Osbaston	Osbaston	Osbaston	Osbaston	Osbaston
Overmonnow	Overmonnow	Overmonnow	Overmonnow	Overmonnow
Ysgol y Trefynwy	Ysgol y Trefynwy	Ysgol y Trefynwy	Ysgol y Trefynwy	Ysgol y Trefynwy
PRS	PRS	PRS	PRS	PRS
	Castle Park	Castle Park	Castle Park	Castle Park
	Monmouth Comprehensive	Monmouth Comprehensive	Monmouth Comprehensive	Monmouth Comprehensive
	Cross Ash	Cross Ash	Cross Ash	Cross Ash
	Llandogo			
				Llantilio Pertholey

- 3.3. 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.
- 3.4. 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 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 the plans back on track. The majority of the deficit (86%) relates to three schools; King Henry VIII 3-19 School, Chepstow School and the Pupil Referral Service. All three of these schools are a focus of support and challenge from the Local Authority, to ensure budgets return to a surplus within the agreed recovery plan timeframe.

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	6,880

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



4. **Capital budget Outturn**

4.1. The summary Capital outturn position is as follows:

	Slippage B/F	Original Budget	Budget Adjustments	Slippage to 2026/27	Revised Budget 2025/26	Actual Outturn	Variance to budget at Outturn
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Expenditure							
Capitalisation Directive	63	3,708	0	(223)	3,547	3,547	0
Development Schemes Over £250k	9,083	730	(1,110)	(6,928)	1,774	1,811	37
Development Schemes Under £250k	1,955	90	259	(1,284)	1,020	1,018	(2)
Schools & Education	33	12,282	277	(5,269)	7,323	7,323	0
Infrastructure	3,958	6,076	723	(4,821)	5,936	5,498	(438)
Insurance Schemes	0	0	5,000	(4,987)	13	13	(0)
ICT Schemes	272	463	35	(274)	495	502	7
Budget contingency	1,300	0	0	(1,867)	(567)	0	567
Property Maintenance	716	2,659	1,639	(1,353)	3,661	3,601	(60)
Renovation Grants	192	900	494	(601)	985	981	(4)
Section 106	1,454	288	(11)	(1,335)	394	407	13
Specific Grant Funded	6,009	500	17,103	(16,275)	7,337	6,986	(352)
Vehicle Leasing	0	1,500	0	0	1,500	504	(996)
Fixed Assets Purchased from Revenue	0	0	326	0	326	326	0
Total Expenditure	25,033	29,195	24,734	(45,218)	33,744	32,515	(1,229)
Financing							
Supported Borrowing	0	(2,432)	0	0	(2,432)	(2,432)	0
General Capital Grant	0	(3,046)	0	0	(3,046)	(4,416)	(1,370)
Grants and Contributions	(8,860)	0	(19,649)	15,349	(13,160)	(12,946)	215
S106 Contributions	(1,621)	(288)	11	1,468	(430)	(440)	(11)
Unsupported Borrowing	(13,661)	(18,068)	205	22,398	(9,126)	(8,238)	888
Earmarked Reserve & Revenue Funding	(272)	(103)	(5,301)	5,235	(441)	(442)	(1)
Capital Receipts	(619)	(3,758)	0	768	(3,609)	(3,602)	7
Leasing	0	(1,500)	0	0	(1,500)	0	1,500
Total Financing	(25,033)	(29,195)	(24,734)	45,218	(33,744)	(32,515)	1,229

4.2. The capital expenditure at outturn showed a net under spend of £1.229 million. This was primarily due to the following schemes:

Scheme	Budget	Over / (Under) spend	Comments
Infrastructure	10,757	(438)	Given that the 2026/27 Infrastructure programme is fully funded, the £438k underspend on the 2025/26 programme can be released and carried forward to provide budget contingency in 2026/27.
Property Maintenance	5,014	(60)	Minor individual under spends within the programme that can be released as budget contingency for 2026/27.
Vehicles	1,500	(996)	Vehicle purchases are made in line with the operational requirements of individual services as identified throughout the financial year. During 2025/26, £504k of vehicle purchases were required.
Grant funded schemes	23,612	(352)	A number of new grant awards were made during 2025/26, requiring new schemes to be delivered quickly or eligible existing capital expenditure to be identified and charged to the grants. Where this was not possible in full within the year, a small underspend against the overall grant funding resulted.
Capital budget contingency	1,300	567	In total, £1.867m of capital budget contingency can be carried forward to 2026/27 following receipt of additional in-year funding from Welsh Government of £1.37m and the under spends within the wider programme as identified above.

4.3. Capital Slippage

4.4. Capital slippage for the year was £45.218 million. Schemes reporting slippage are:

Scheme category	Scheme	Slippage £000's	Comment
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Development Schemes	South East Wales CJC Capital contribution	2,678	The South East Wales CJC capital delivery programme has been delayed and, as a result, local authority contributions will need to be reprofiled. The requested slippage will therefore be phased across future financial years in line with the latest delivery programme.
Development Schemes	Property Acquisition for Children and Young People with Complex Needs	1,831	This is a multi-year scheme that is dependent on identifying suitable properties to meet assessed demand.
Development Schemes	Asset Investment Fund	1,781	There was no call on this budget during the year. The funding will therefore be carried forward to support any future capital expenditure required at the Council's existing commercial investment sites.
Development Schemes	Housing Provision Borrowing Headroom	802	Funding is to be carried forward to enable continued investment in alternative temporary accommodation and to support delivery of the rapid rehousing policy as opportunities arise.
Development Schemes	RE:FIT Programme	250	Slippage is requested to meet outstanding Phase 1 costs, including retention, verification and capitalised monitoring costs, and to retain contingency funding for Phase 2 pending Cabinet/Council approval of the business case.
Development Schemes	Trellech Primary Nursery Childcare Scheme	191	The scheme was completed in early 2025, due to the timing of the Welsh Government grant the budget will be slipped to enable the final part of the grant to be claimed in 2026-27.
Development Schemes	Shire Hall/Monmouth Museum Move	183	Slippage required – this is a multi-year scheme. The works are fully committed; however, the scheme will not be finalised and full expenditure will not be realised until February 2027.
Development Schemes	Solar Farm Development Cost	150	Slippage is requested due to limited progress in 2025/26 arising from uncertainty over grid capacity, energy use, the delivery model and delays to the replacement Local Development Plan. Work is expected to progress in 2026/27 alongside the RLDP.

Development Schemes	Depots – Feasibility works: Transport Depot South of County	148	Slippage is requested as feasibility and design work has been delayed by the revised RLDP timetable, urgent health and safety works at existing depots and wider capacity pressures. The replacement depot remains a key requirement for fleet transition and service consolidation.
Development Schemes	Mounton House Refurbishment	104	Slippage arising from the timing of Property Services works which are due to be fully completed in 2026/27.
Development Schemes	Decarbonisation Investment	93	Slippage is requested due to capacity constraints arising from delays in recruiting decarbonisation posts, which has slowed delivery of investment projects. Staff are now in place and will begin reviewing and implementing measures in 2026/27, building on the surveys that have now been completed.
Disabled Facility Grants	Disabled Facilities Grants	601	Slippage is requested due to an underspend arising from limited contractor availability and the late receipt of HCF funding. Additional contractors have now been secured for 2026/27, together with part-time surveyor capacity to support delivery.
ICT Schemes	SRS Data Hall Migration	149	Slippage is requested as decommissioning work remains on hold. The project is being led by Torfaen and progress is therefore dependent on their programme. Funding will be required in 2026/27 once the project is completed.
ICT Schemes	Social Care Case Management System Replacement	98	The budget will be carried forward to support any final development work required.
ICT Schemes	ICT Desktop replacement budget	27	Slippage is requested as the in-year underspend on laptop replacements will be repurposed to support the 2026/27 programme. The remaining underspend of £2.4k offsets scheme 96069.
Infrastructure	Wye Bridge Monmouth works	2,166	Slippage is required as the original budget profiling assumed the construction phase would commence earlier than is now expected. Survey, investigation and design work may begin in 2026/27; however, current indications from Highways officers are that construction is unlikely to start before 2027/28.

Infrastructure	Reconstruction of Bridges & Retaining Walls	1,153	Slippage is requested across a number of bridge and retaining wall schemes that have been delayed or now span financial years. This includes Redbrook Rail Bridge, Chainbridge Refurbishment, Wye Bridge Monmouth scour works, Penrhos embankment repairs, landslip works supported by late Welsh Government grant funding, and Bethel Lane. Funding is therefore required to be carried forward into 2026/27 to complete outstanding design, investigation and construction activity.
Infrastructure	Carriageway Resurfacing - Various	450	Slippage is requested for Llanfoist Bridge surfacing, which has moved into 2026/27 and forms part of the wider active travel programme.
Infrastructure	Carriageway improvements - additional	363	Slippage is requested as the works are being delivered over a three-year period, as agreed with the Cabinet Member, to support more effective planning of maintenance projects. Funding has already been incorporated within the 2026/27 budget setting process.
Infrastructure	Highways (LGBI) Maintenance	190	Slippage is requested as delivery has been delayed by weather, ecological constraints and design issues. Welsh Government has extended the grant completion date to October 2027, allowing the remaining works to continue in 2026/27.
Infrastructure	Structural Repairs - PROW	185	Slippage required – Bridge replacements and repairs have been commissioned and ordered. However, due to supply chain constraints and limited resources, the works had commenced but were not completed by 31 March. Slippage is therefore required to fund the remaining balance in 2026/27.
Infrastructure	Wye Bridge Chepstow works	171	Slippage is requested following delays caused by the bridge closure. Funding will be carried forward to support further investigation, design and scour works in 2026/27.
Infrastructure	PROW - Survey's and Closures	73	Staff vacancies have resulted in lower than anticipated staffing costs associated with surveys and closures, with these costs being met through revenue funding. The staffing portfolio is now fully resourced and future use of this funding will be required to ensure that the surveys are completed, and the repairs and replacement capital project is delivered.

Infrastructure	Street Lighting Defective Column Programme	71	Slippage is requested as the Chepstow Wye Bridge traffic light scheme was placed on hold following closure of the bridge, resulting in an underspend. The unspent budget is requested to be carried forward to support the next tranche of light replacements, alongside the wider column and lamp replacement programme, including the Wye Bridge scheme should it recommence.
Insurance Schemes	Drybridge House Flood Insurance Claim	4,987	Works underway, however the main contract of works will take place during 2026/27 to align with Insurers programme of works
Other	Capital budget contingency	1,867	Released budget of £1.867 million will be carried forward into 2026/27 as a contingency to mitigate capital programme risks, including cost pressures on existing schemes and new risks emerging during the year.
Other	Capitalisation Directive	223	Final qualifying revenue expenditure was slightly lower than budget and will be carried forward to support the 2026/27 programme.
Property Maintenance	Property Maintenance schemes	1,353	Slippage mainly reflects the timing of planned maintenance works across the property estate, with some schemes carried forward to meet the forward programme of works and to align delivery with operational access, contractor availability and wider property priorities.
Schools & Education	King Henry VIII - Future Schools Tranche B	5,269	The final stages of the works will be completed during 2026/27.
Section 106 Schemes	Section 106 Schemes	1,322	Slippage reflects the need to carry forward unspent developer contributions where approved schemes were not fully delivered within the year, so that committed works can be completed in 2026/27 in line with the relevant funding conditions.
Specific Grant Funded	ATF Core Llanfoist Bridge & Meadow Links	9,595	Slippage is required as this is a multi-year scheme and dependent upon final profile of agreed contractor works.
Specific Grant Funded	Chepstow Transport Hub & Connectivity Improvements	5,180	Grant funding received in year is available to be carried forward into 2026/27 to complete final works.

Specific Grant Funded	Grant – Match Funding Support Allocation	611	No call on the match funding budget during the year and budget will be carried forward to support any qualifying schemes in 2026/27.
Specific Grant Funded	Placemaking Grant programme	347	Match funding will be required in 2026/27 to complete final works.
Specific Grant Funded	UKSPF – Gwent Green Grid	186	Slippage is required to support delivery of this multi-year project.
Specific Grant Funded	WG – Flood Recovery Grant	133	Grant funding received in year is available to be carried forward into 2026/27 to complete final works.
Specific Grant Funded	Woodside Usk Flood Alleviation Scheme Grant	107	Grant funding received in year is available to be carried forward into 2026/27 to complete final works.
Specific Grant Funded	Flood & Coastal Erosion Risk Management Grant	86	Grant funding received in year is available to be carried forward into 2026/27 to complete final works.
Specific Grant Funded	TT Caldicot Placemaking 2025-26	30	Grant funding received in year is available to be carried forward into 2026/27 to complete final works.

4.5. Useable Capital Receipts Available

- 4.6. **Capital receipts** – The table below sets out the capital receipts available to support future capital commitments. The current balance of banked capital receipts is fully committed, leaving limited flexibility to support additional capital investment. This also means that the use of capital receipts to support the revenue budget through the capitalisation direction is expected to taper to zero over the medium term.
- 4.7. A significant capital receipt of £2.5 million was received in December 2025 in relation to the sale of the site of the former Mouton House School, Pwllmeryic, Chepstow.

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	4,540	3,291	2,336	1,680
Capital receipts used for financing	(606)	(595)	(50)	(50)	(50)
Capital receipts used to support capitalisation direction	(3,547)	(2,931)	(1,708)	(708)	0
Capital receipts to meet redundancy costs	0	0	0	0	0
Capital receipts Received	2,610	0	0	0	0
Capital receipts Forecast	0	2,278	803	103	103
Forecast Balance as at 31st March	4,540	3,291	2,336	1,680	1,733