

Report

Cabinet

Part 1

Date: 17 July 2024

Subject Revenue Budget Outturn – 2023/24

Purpose This report explains the Council's outturn for its 2023/24 revenue budget and key issues arising.

Author Head of Finance

Ward All

Summary The revenue outturn for 2023/24 shows an underspend of £5,433k, after core budget contributions to/from reserves, which represents a 1.45% variance against the £374m budget. This variance against budget has arisen, in the main, due to the following:

- Overspending in service areas due to increased demand and costs (as detailed below).
- Mitigated by savings in non-service budgets (as detailed below).

The underspend has increased by £2,910k since the November forecast and, in the main, this is because of better than anticipated income, particularly in respect of Adult Services, late distribution of grant funding from Welsh Government (WG), particularly within central education, and the introduction of the Council Tax collection surplus.

The report explains the key variances against budget for the financial year ending 31 March 2024 and provides a summary statement of key issues, which have the potential to impact upon financial management in future years.

Recommendations have been made to Cabinet for the utilisation of the one-off underspend available to invest in corporate priorities. The details of which will be announced during the meeting.

Appendix 1 Overall budget dashboard – March 2024
Appendix 2 Revenue summary monitor - March 2024
Appendix 3 School balance outturn position
Appendix 4 2023/24 reserve movements

Proposal That Cabinet:

1. Note the outturn position, which is subject to audit; and the major variances for the year (Sections 1-3);
2. To agree/approve the use of the underspend and other reserve transfers respectively as set out in Section 5 of the report, noting the resulting level of the Council's general and earmarked reserves;
3. Note the schools' outturn and the position on the individual and total school reserves (Section 3).

Action by Head of Finance

Timetable Immediate

This report was prepared after consultation with:

- Leader of the Council
- Chief Executive
- Strategic Directors
- Head of Finance
- Head of Law and Standards
- Head of People, Policy, and Transformation

Signed

1 Background

Outturn summary

- 1.1 The 2023/24 revenue outturn produced a net underspend, after core budget contributions to/from reserves, of £5.4m against the £374m budget (1.45% variance). This variance has arisen for several reasons and individual service analyses of key variances are shown later in this report.
- 1.2 At a high level, the following explains the position:
- Overspending in service areas due to increased demand/costs and other service issues (as detailed below), which were more than offset by
 - Underspends against non-service budgets, specifically:
 - (i) Overachievement of interest receivable due to interest rates rising and higher than anticipated investment balances, and increased savings on interest payable due to the delayed need to undertake borrowing, caused by slippage in the capital programme.
 - (ii) A Council Tax collection surplus due to increases in the tax base, and the one-off unwinding of a historic bad debt provision.
 - (iii) General budget contingency.
- 1.3 The outturn position, which is subject to audit, is summarised below and reflects the above issues:

Overspending across service areas (excl. schools)	£2,903k
Underspensing across non-service areas:	
Capital Financing and Interest	(£4,543k)
General budget contingency	(£1,373k)
Council Tax Reduction Scheme	(£484)
Other non-service	(£720k)
Council Tax Surplus	(£1,216k)
Overall underspend	(£5,433k)

Allocation of the underspend

- 1.4 The resulting saving allows the Cabinet to consider how best to use this one-off resource to spend in current/future years to invest in corporate priorities. Reserve requests for utilisation of the underspend have been submitted for consideration and Cabinet will announce final decisions in the meeting.

2 Main variances against budget

- 1.1 Service area budgets (exc. schools) overspent by net £2.9m with large individual variances in some areas which are described below. The specific areas of over and underspending are not too dissimilar to those highlighted throughout the 2023/24 financial year to Cabinet, namely pressures from increased demand in social care, and in relation to homelessness.
- 1.2 This following section explains the key significant variances against budget for each service area as summarised in Appendix 2. The items listed will not match the overall under/overspend for each service exactly as the focus is on significant variances only.

(i) **Service area budgets**

	£'000
Children's – £2,657k overall overspend	
Areas of overspending	
Out of area residential placements: The budget was set to afford 15 placements. The actual number of placements peaked at 26, before falling slightly to 24 at year end.	3,378
Emergency placements: Overspend was due to exceptional demand and cost, with both the number and cost of placements exceeding budget. Total gross cost was £4.18m, which was partially offset by grant income of £2m, and a £231k contribution from Health.	1,598
Areas of underspending	
Children Services Staffing budget: This is due to recruitment and retention issues experienced across the service area.	(1,287)
Unaccompanied Asylum-Seeking Children (UASC): There is a standard fee paid for each UASC and income exceeds the costs incurred.	(656)
Adults - (£1,463k) overall underspend	
Areas of overspending	
Non-residential Commissioned Care: There was an unbudgeted cost of £265k in respect of transport costs, as care suppliers are no longer providing this directly, and undelivered savings of £85k. The remainder of the variance is due to increased demand.	455
Areas of underspending	
Residential Commissioned Care: Placement costs overspent by £576k, which is mainly due to £484k of additional 1-2-1 support for which there is no specific budget. In addition, fee inflation (after negotiation with suppliers) was higher than budgeted. However, these cost pressures were more than offset by c£1.5m over achievement of income from charges to service users, driven by fee increases, and an increase in the number of full cost payers.	(967)
Short Breaks: Early achievement of a £200k 24-25 budget saving based on service redesign, and further £147k underspend due to vacancies within the new structure.	(357)
Frailty Pooled Budget: underspend due to vacant posts within the pooled budget, and a NCC restructure during the year.	(315)
Adult Services Staffing budgets: This is due to recruitment and retention issues experienced across the service area.	(239)
Prevention & Inclusion – (£283k) overall underspend	
Areas of underspending	
P&I Staffing budgets: Underspend mainly due to additional £139k grant income used to fund core funded posts. The remainder of the variance is due to vacant posts.	(235)

	£'000
Finance – (£210k) overall underspend	
Areas of overspending	
Benefits: Overspends against staffing budgets of £49k, and postage/printing costs £38k. In addition, DWP housing benefit admin grant income was £20k less than budgeted.	104
Areas of underspending	
Procurement: underspend of £111k against staffing costs. Additionally, income was £72k more than budgeted.	(187)
Internal Audit: The service was mainly delivered by an external contractor during the year. Consequently, staffing costs were £249k less than budgeted, but this was offset by £108k of professional fees.	(105)
People, Policy & Transformation – (£197k) overall underspend	
Areas of overspending	
Operational Buildings & Estates: Premises and repair costs were £215k overspent, and supplies and services costs were £155k overspent (mainly fees and advice). Additionally, rental income was less than budgeted, predominantly in relation to the Station Building where a tenant has vacated during the year resulting in lower income levels.	325
Norse Building Management: Additional contract payment costs mainly relating to impact of the 2023/24 pay award.	209
Areas of underspending	
Human Resources & Organisational Development and Health & Safety: Staffing costs are (£491k) under budget due to vacant posts, and supplies and services costs are £95k under budget.	(614)
Law & Standards – £230k overall overspend	
Areas of overspending	
Legal: Staffing costs were £250k over budget, due to the use of agency staff to cover vacant posts and settlement payments. In addition, income was £74k under budget. The remainder of the variance relates to an overspend against general running costs.	299
Housing & Communities – £2,424k overall overspend	
Areas of overspending	
Housing Needs & Homelessness: Costs of homelessness provision was c£1.7m more than budget, which is due to incurring costs (such as security) that are ineligible for housing benefit funding, and also the under recovery of income in respect of housing benefit / direct contributions from clients. Housing Needs staffing costs were £525k over budget, with staffing numbers continuing to reflect the increase in demand experienced since the Covid-19 pandemic.	2,228
Housing Benefit Subsidy shortfall: this reflects the difference between housing benefit awarded to clients and the subsidy received from the DWP via the housing benefit grant.	638

	£'000
Areas of underspending	
Community Development: Additional grant income of £179k was received in year, and £71k provision for capital financing was not used. These were offset by under recovery of room hire / rental income.	(220)
Environment & Public Protection – (£76k) overall underspend	
Areas of overspending	
Countryside Services: Tree management and maintenance costs more than budget.	336
Refuse Collection: There were additional costs of £128k associated with the sorting of trade waste. There were also additional transport and haulage costs of £23k, and premises costs of £36k.	187
Areas of underspending	
Street Cleansing: Staffing costs were (£206k) less than budgeted. Waste disposal costs were (£82k) less than budgeted.	(290)
Licensing: Underspend mainly due to additional income in respect of taxi vehicle and driver licences driven by high demand.	(181)
Community Safety: Staffing costs were (£115k) less than budgeted, and there were underspends against equipment and CCTV line rentals.	(152)
Infrastructure – (£48k) overall underspend	
Areas of overspending	
Fleet: There was an overspend of £450k on plant and vehicle hire, a £448k overspend on vehicle repair and maintenance, and additional premises costs at Telford Depot. These were partially offset by a £243k underspend on fuel.	729
Assets & Planning: Staffing costs were £125k more than budgeted. There was also a £132k under recovery of income. The balance of the variance relates to overspends on general running costs (e.g. equipment and signage).	332
Areas of underspending	
Home to School Transport: Lower than budgeted contract spend against primary, secondary and college provision.	(463)
Highways Drainage & Operations: Underspend due to £137k additional income, a £119k underspend on staff, and other underspends against usage budgets (e.g. electricity costs for street lighting). These were partially offset by £132k overspend on external repair / traffic management costs to compensate for lack of in-house resources.	(229)
Highways Network: Underspend mainly due to additional income in respect of temporary traffic orders.	(220)
Regeneration & Economic Development – £86k overall overspend	
Areas of overspending	
Newport Live: Budgeted £90k profit share not achieved, and energy costs were £55k more than budgeted.	144
City Regeneration: Overspend is mainly due to unbudgeted external fees for project support.	126

	£'000
Areas of underspending	
Destination: Staffing costs were £77k less than budgeted, and there was a £34k underspend on special events. The remainder of the variance was due to additional grant income.	(146)
Education – (£215k) overall underspend	
Areas of overspending	
ALN Local Provision Development: Overspend within local provision because of additional school ALN contributions and placements requiring additional one-to-one provision.	722
Millbrook Primary Relocation: Unbudgeted costs have been incurred to secure the site until such time as the building is demolished and site made safe.	645
Areas of underspending	
School Meals Primary: Additional income received relating to the increase in Welsh Government subsidy claimable from £2.90 to £3.20 per meal for the Universal Primary Free School Meals provision. This has been backdated to April 2023.	(691)
School Meals – Client Repair & Maintenance: Works normally funded from this budget were covered by the Universal Primary Free School Meals grant in 23/24. No further capital funding is expected in 24/25.	(208)
ALN Out of County Placements: Placement numbers have been lower than anticipated.	(146)
ALN Recoupment Income: Continued overachievement of income received from other local authorities placing pupils within Newport provisions.	(123)

(ii) **Non-service area budgets**

	£'000
Non-service – (£8,335k) overall underspend	
Interest payable/receivable: Overachievement of interest receivable (£2.2m) due to interest rates rising and higher than anticipated investment balances (particularly in the first half of the year). The balance, against interest payable (£1.9m) was the expected result of the decision to frontload the revenue funding required to finance the full capital programme, in 2021/22. The fact that there has been slippage against the capital programme has added to the level of underspend incurred by delaying the need for new borrowing.	(4,098)
Minimum Revenue Provision: As with Interest Payable above, this is the result of frontloading the capital financing budget in 2021/22, and the effect of slippage within the capital programme.	(723)
General contingency budget: This was forecasted throughout the year and provided an offset to service area overspends.	(1,373)
Council Tax Reduction Scheme: Despite significant reductions in this budget over the last few years, the demand against it is under the budget level.	(484)
Council Tax Collection Surplus: A combination of increases to the Council Tax base (at c£729k), beyond that budgeted for, and the effect of unwinding a historic bad debt provision relating to the Covid-19 pandemic, initially, and then the cost-of-living crisis (at £487k).	(1,216)

Delivery of savings

- 2.3 The position on delivery of savings is shown within the table below. It shows that the level of savings achieved at year end are 95% of target, representing a shortfall of £1,034k. Savings unachieved from previous years total £105k. Whilst delivery of savings continues to be good, there remains outstanding savings carried forward into the new year. These will need to be delivered on top of the savings agreed for 2024/25 (£5.3m).

Summary by Portfolio	Social Services	Environment & Sustainability	Transformation & Corporate	Regeneration & Economic Development	Education	Non Service	Total
2023/24 MTRP Target (£) Total	2,686	1,619	1,910	953	9,642	2,575	19,385
Total Savings Realised by Year End 2023/24	2,096	1,323	1,830	953	9,574	2,575	18,351
Variation to MTRP Target	-590	-296	-80	0	-68	0	-1,034
Variation % to MTRP Target	-22%	-18%	-4%	0%	-1%	0%	-5%
Undelivered Savings from Previous Years	0	-41	-64	0	0	0	-105
Total Undelivered Savings	-590	-337	-144	0	-68	0	-1,139

3 Schools

- 3.1 The schools outturn summary (Appendix 3) outlines the position on school finances. This shows the individual schools and sector in-year under/overspending for 2023/24, and their reserves position as at the end of the year.
- 3.2 During 2023/24, school balances have reduced from £14.4m to £12.5m (a c£2m overspend against budget). This position has improved significantly since last reported, with the November forecast of £4.7m overspend reducing to £2m at year end.
- 3.3 Officers will continue to closely monitor school balances over the medium term as part of the Council's deficit avoidance and prevention strategy. An analysis on the use of reserves will be undertaken to identify the proportion of one-off and recurring overspending as whilst the majority of the in-year overspending was one-off, the number of schools with low surplus balances has increased and will need to be monitored closely over the medium term to avoid entering a deficit position in future years.
- 3.4 36 out of 56 schools had an in-year overspend and 5 schools had a closing deficit balance on 31 March 2024. Of these five schools, four have been able to set a balanced budget for 2024/25. However, a temporary deficit license has been granted for one secondary school in 2024/25 and officers will provide additional support towards developing a viable recovery plan. Schools at risk of deficit are being closely monitored by the finance team, and regular meetings are held with the Assistant Head of Education to discuss each school in turn. This ensures concerns are shared promptly, allowing intervention plans to be agreed and monitored.
- 3.5 Schools have now finalised their 2024/25 budgets and governing bodies had until 31 May to approve. All were reminded to prepare budgets taking account of their reserves position and provide detail of the use of any reserves for 2024/25. Officers will review budgets to gauge what the reserve position is planned to be over the medium term.

4 Specific budget issues for 2024/25

- 4.1 Whilst the outturn is positive for the Council's finances overall; there are specific issues which have the potential to impact on the forthcoming year.

Wide ranging areas and level of service area overspending

- The analysis shows the individual key budget variances across services and confirms a number of significant budget challenges in going forward. Budget investment for 2024/25 was provided for a number of these but challenges remain across several areas, in

particular, housing needs and homelessness as demand and costs continue to be over and above what the budget can afford currently.

Ongoing budget contingencies and potential for one off funding

- It should be appreciated that a significant proportion of the non-service underspending provides only a one-off, temporary benefit. The Council's core contingency budget (£1.636m from 2024/25) remains and some of the regular non-service underspending (capital financing, for example) should continue during this year, albeit at much reduced levels and will reduce further in 2025/26.

Delivery of savings – outstanding

Whilst delivery of savings continues to be good, there remains outstanding savings carried forward into the new year. These will need to be delivered on top of the savings agreed for 2024/25 (£5.3m).

2024/25 budget challenges and issues

- There are potential, additional issues that may need to be dealt with, such as the outcome of this year's NJC and Teacher's pay negotiations, cost increases beyond that provided for in budgets, and increasing demand within social care and housing. These will inevitably bring about on-going challenges and uncertainties in the 2024/25 financial year and will be reported, as needed, via regular monitoring reports.

4.2 The table below provides a 'snapshot' of the recurring elements of key over and underspending, after taking account of 2024/25 budget investments and savings agreed as part of the MTFP process.

	Outturn Variance £'000	Non-recurring variance £'000	Recurring Variance £'000	2024/25 budget Investment / (Saving) £'000	Indicative 2024/25 Position after one offs and MTFP proposals £'000
Key Areas of over / under spending across service areas					
Housing Needs and Homelessness	2,866	-	2,866	955	1,911
Children's Out of Area Residential Placements	3,378	(1,114)	2,264	2,264	(0)
Children's Emergency Placements	1,598	(1,598)	-	-	-
Children's Independent Fostering Agencies	(620)		(620)	(338)	(282)
Children's Staffing Underspends	(1,229)	1,229	-		-
Children's Unaccompanied Asylum-Seeking Children	(656)	656	-		-
Adults - Non-residential Comm Care overspend	455	(202)	253		253
Adults - Residential Comm Care underspend	(967)	714	(253)	(253)	-
Adults - Short Breaks Early Achievement of Saving	(357)	157	(200)	(200)	-
Adults - Frailty Pooled Budget	(315)	186	(129)	(129)	-
PPT - Operational Buildings and Estates overspend	835		835	205	630
Infrastructure - Fleet overspend	729		729	175	554
Education - ALN Local Provision Development	722		722	212	510
Other service area variances	(3,388)	3,388	-		-
	3,051	3,416	6,467	2,891	3,576
Key Areas of over / under spending across non-service					
Capital Financing Costs	(4,543)	2,843	(1,700)		(1,700)
General Contingency	(1,373)		(1,373)	263	(1,636)
Council Tax Surplus	(1,216)	716	(500)		(500)
Council Tax Reduction Scheme	(484)		(484)	(250)	(234)
Other non-service	(868)	868	-		-
	(8,484)	4,427	(4,057)	13	(4,070)
	(5,433)	7,843	2,410	2,904	(494)

4.3 Although some of the areas are clearly volatile and can vary significantly from year to year (e.g. staff vacancy underspends), the 'snapshot', particularly in respect of the non-service elements gives an early position on the key issues that affected financial management in 2023/24. The above suggests that current budget issues/risks remain within service areas for 2024/25 and whilst the non-service mitigation is available, it will not be to the extent seen in 2023/24 and available to cover overspending to the extent it did last year as described in this report. The analysis does not include new issues that may occur in year. The overall council position is

therefore, at this stage, reasonably finely balanced and will be monitored and reported throughout the year.

5 Use of reserves

5.1 The Council's reserves are an integral part of how the Council deals with its financial risks, achievement of key priorities and complying with appropriate accounting practice. The reserves the Council holds, earmarked for the uses shown, illustrates how planning for and using reserves is integrated into the Council's strategic financial planning.

In year reserve transfers

5.2 The total reserve balances will decrease by £9.6m net in 2023/24, from £137.3m to £127.7m on 31 March 2023, as follows:

Opening balance as of 31 March 2023	(£137,311k)
Transfers actioned – base budgeted/approved in year (Appendix 4 - £23,926k transfer out of and (£8,887k) transfer in)	£15,039k
Transfers to be approved – use of underspend (para 5.6)	(£5,433k)
Closing balance as of 31 March 2024	(£127,705k)

5.3 In terms of the 'in-year' reserve transfers / transfers actioned; all are included in the outturn. They are consistent with one or more of (i) in line with existing policy / accounting & funding requirements (ii) were integral to the base budget approved by Council previously / in relation to the original creation of the reserve, and (iii) approved specifically in year.

5.4 The larger, main transfers already actioned are noted below for Cabinet's attention and information with the full list including explanation of each movement is shown in Appendix 4.

(i) In line with existing policy / accounting & funding requirements:

- a. transferring school overspends from school's specific reserves: (£1,975k)
- b. capital grants received in prior years used to fund capital expenditure: (£2,269k)
- c. capital receipts used to fund capital expenditure: (£3,225k)
- d. capital receipts received in year: £249k

(ii) specific to the creation of the reserves in the first instance / in base budget:

- a. transfer from various reserves in line with intended purpose:
 - Capital expenditure reserve: (£881k)
 - MTFP Reserve (£2,262k)
 - Parks and Open Spaces reserve: (£996k)
 - Southern Distributor PFI reserve: (£1,145k)
 - Home to School Transport reserve: (£458k)
- b. use of approved transformation funds to cover implementation costs of saving proposals: (£1,335k)
- c. a number of smaller transfers: (£3,590k) transfers out of, and £2,847k transfers into reserves, as detailed within Appendix 4

(iii) approved specifically in-year:

- a. allocation of 2022/23 revenue underspend to various reserves:
 - MTFP reserve: £1,949k
 - Capital expenditure reserve: £2,294k
 - Home to school transport reserve: £509k
 - Empty Homes reserve: £159k

- Transporter Bridge reserve: £53k
- b. repurposing of various existing reserves to create Emergency Placements reserve: £800k

5.5 Following a review of each reserve, the following balances have been identified as being available for repurposing, either where the amount is no longer required for its intended purpose, or where the immediate risk for which it provides mitigation has reduced:

(i)	Pay Reserve – following NJC pay offer, 2024/25 pay budgets are expected to be sufficient and assumes prudent view of future pay budgets will be maintained	£1,418k
(ii)	General Investment Risk Reserve – amount no longer required	£68k
(iii)	MTFP Reserve – amount no longer required	£167k
(iv)	School Reserve Other – amount no longer required	£27k
(v)	City Economic Development Reserve – amount no longer required	£50k
(vi)	Voluntary Sector Grants – amount no longer required	£27k
(vii)	Feasibility Reserve – amount no longer required	£120k
(viii)	Prior-year underspend – amount no longer required	£101k

The balances available for repurposing total £1,978k.

Use of 2023/24 underspend / balance available for repurposing

5.6 The Council reserves have been categorised according to the planned use of funding and type of reserve, whether this be risk, enabling, smoothing or other. Reserves are currently:

- (i) All earmarked for specific purposes except for the ‘general reserves,’ meaning that any use outside of those original purposes would require the original intention to be deferred/cancelled or the reserve paid back. At only £6.5m; the Council’s general reserve represents just 2.5% of the Council’s net budget (exc. school budgets) which is very low and is the only unallocated reserve other than the currently unallocated underspend. It is also the ‘reserve of last resort.’
- (ii) All, with exception of the capital receipts reserve, can be used to fund either capital or revenue costs and are therefore transferrable to other reserves, if it were needed, subject to any notification and/or authorisation required where needed e.g. PFI.

5.7 The HoF has indicated a small number of reserve related issues to the Council when they approved the 2024/25 budget and Cabinet are asked to bear these in mind when finalising decisions on the allocation of the underspend and any identified residual reserves available for re-allocation.

Reserve requests for utilisation of the underspend, and repurposing of existing reserves, have been submitted to the Council Leader for consideration and Cabinet will announce final decisions to utilise the one-off underspend of £5,433k within the meeting.

Timetable

Ongoing

Risks

Detailed financial risks are included in the report and appendices where applicable

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Outturn post audit is different	L-M	L	It will be possible to reduce the recommended transfer to reserves if required	HoF

* Taking account of proposed mitigation measures

Balancing the Council's medium-term budget is also recognised as a risk within the Corporate Risk Register. Whilst an underspend has been achieved for 2023/24 and a balanced budget has been set for 2024/25, the medium-term outlook remains challenging.

Links to Council Policies and Priorities

A balanced budget position is reported, and the use of the contingency budget was not required to achieve this. The one-off underspend provides support to contribute towards the Council's key priorities.

Options Available and considered

1. Cabinet can choose to accept officers' recommendation and transfer the underspend into specific earmarked reserves, in line with paragraph 5.7 above;
2. Cabinet can choose not to approve the reserve transfers and instead report an underspend of £5,433k, this would be transferred to the general reserve;
3. Cabinet can choose not to approve the reserve transfers and move to alternative earmarked reserves.

Preferred Option and Why

Option 1, accept officers' recommendation and transfer the underspend of £5,433k into specific earmarked reserves, to provide mitigation for the financial impact of certain operational risks and unbudgeted short-term costs.

Comments of Chief Financial Officer

The report sets out the current draft revenue budget outturn for 2023/24 and confirms an underspend of c£5.4m representing a very low overall variance against the budget after a challenging year. This is subject to audit and whilst that process has not resulted in changes to outturn positions in previous years, there is the possibility that changes could occur until the point at which the audit concludes around November. This possibility does not, however, stop the Cabinet allocating this amount at this meeting now.

The report sets out some potential repurposing of existing reserves and these could be considered alongside the 2023/24 underspend. The HoF indicated a small number of reserve related issues to the Council when they approved the 2024/25 budget and service area reserve requests have been submitted to the Council Leader for consideration by Cabinet including current unbudgeted short-term costs, and dealing with financial impacts of operational risks. Cabinet are asked to bear these in mind when finalising decisions on the allocation of the underspend and any identified residual reserves available for re-allocation.

A key issue in the above, but also in looking forward to the current 2024/25 financial year, is the Council's planned reduced level of unofficial contingency within the budget, which predominantly relates to the capital financing budget. Whilst many of the issues experienced in 2023/24 received budget

investment and should therefore not cause overspending or the same levels of overspending this year, several outstanding issues and challenges remain which will need careful monitoring and managing. With a challenging medium-term outlook, it is important that budget holders demonstrate robust budget management and escalate those financial pressures which may impact upon the medium-term financial plan.

Comments of Monitoring Officer

There are no legal issues arising from the report. The allocation of the funds realised as a result of the underspend and the application of reserves are matters to be determined by the Cabinet. The options with regard to this, together with the recommendations of the Head of Finance are set out above. In making any decisions, members are required to have regard to the advice of the Council's s.151 officer (Head of Finance), which is set out in the report.

Comments of Head of People, Policy, and Transformation

The Well-being of Future Generations Act requires local authorities to ensure they consider the impact of decisions taken today on future generations and requires them to act sustainably, particularly within the context of a challenging medium-term outlook.

The report outlines the budget management process and the outturn position from the previous financial year, in this case 2023-24. The outturn shows a very low overall variance against the budget after a challenging year and without use of the contingency budget. The resulting underspend can be invested in corporate priorities with the report recommending transfer into earmarked reserves.

There are no direct HR implications arising from this report.

Scrutiny Committees

N/A

Fairness and Equality Impact Assessment:

- **Wellbeing of Future Generation (Wales) Act**
- **Equality Act 2010**
- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

For this report, a full Fairness and Equality Impact Assessment has not been undertaken. This is because this report is not seeking any strategic decisions or policy changes, with its purpose being to update Cabinet on the current year financial performance against the budget agreed for the year. However, fairness and equality are considered as part of service delivery and will feature in annual finance reports, such as the Budget Report and Capital Strategy.

In terms of the Wellbeing of Future Generations (Wales) Act, and the five ways of working contained within it, this report highlights examples of these being supported. For example, whilst this report is focussed on the current year, there are references to the longer-term impact, via medium term financial planning, and on taking preventative action, to ensure that financial problems existing now are addressed as quickly as possible, to ensure they do not have a detrimental impact in future years. Analysis and review of reserves, which are critical for financial resilience over the long term, is regularly undertaken by the Head of Finance and detailed in this report.

In the case of the Welsh Language, the service will continue to ensure that, wherever possible, services or information is available in the medium of Welsh.

Consultation

N/A

Background Papers

2023/24 Revenue Monitor reports

Dated: 10 July 2024

APPENDIX 1 Revenue Budget Dashboard

Revenue Monitoring Dashboard 2023-24

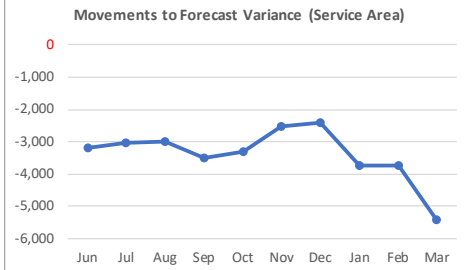
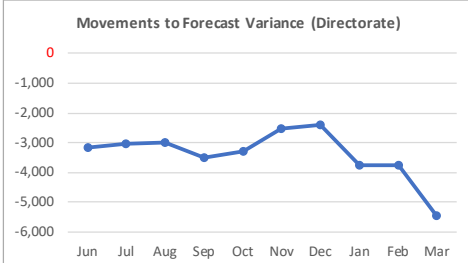
Select Month

Jun	Jul	Aug
Sep	Oct	Nov
Dec	Jan	Feb
Mar		

- Chief Executive
- Environment & Sustainability
- Non Service
- Social Services
- Transformation & Corporate

- Adult Services
- Children Services
- Education
- Contingency Provisions
- Environment & Public Prot...
- Finance
- Housing & Communities
- Infrastructure
- Law & Standards
- Levies / Other
- People, Policy & Transform...
- Prevention & Inclusion
- Regeneration & Economic ...
- Schools
- Capital Financing Costs & L...
- Reserve Transfers (includi...

The following tables, charts and figures give an indication of the financial performance of each Directorate and Service Areas across the Council.



Subjective	Budget £'000	Outturn £'000	Variance £'000
Employees	244,449	245,401	952
Premises	31,936	32,385	448
Transport	11,262	13,128	1,865
Supplies & Services	62,574	66,691	4,117
Agency & Contracted Services	160,174	166,980	6,806
Transfer Payments	51,211	52,827	1,616
Support Services	0	1	1
Income	-190,919	-214,187	-23,268
Miscellaneous	-7,684	-3,861	3,823
Minimum Revenue Position	10,673	8,880	-1,793
Grand Total	373,677	368,244	-5,433

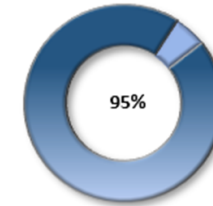
The following tables and charts provide an update on the financial performance for identified risk areas across the Council.

Risk Based Areas	Budget £'000	Outturn £'000	Variance £'000
Adult Services			
Community Care - Non Residential Service	15,879	17,093	1,214
Community Care - Residential Service	34,342	34,918	576
Community Care - Supported Living	14,826	14,828	2
Community Care Income - Residential & Non Residential	-10,968	-13,269	-2,301
Children Services			
Emergency Placements	332	1,930	1,598
In House Fostering	3,856	3,799	-57
In House Residential	2,379	2,292	-87
Independent Fostering Agencies	2,517	1,897	-620
Out of Area Residential	2,960	6,337	3,377
Special Guardianship Orders	1,351	1,444	93
Education			
ALN Local Provision Development	877	1,599	722
ALN Out of County Placements	4,235	4,089	-146
ALN Transport	2,592	2,156	-436
Special Home to School Transport	1,275	1,629	354
Grand Total	76,453	80,742	4,289

The figures and charts below report the performance against the 2023/24 savings target.

Service Area	MTRP Target	Savings Realised	Variation to MTRP Target	Variation % to MTRP Target
Adult Services	1,394	804	-590	-42%
Children Services	1,200	1,200	0	0%
Contingency Provisions	1,575	1,575	0	0%
Education	1,387	1,319	-68	-5%
Environment & Public Protection	616	616	0	0%
Finance	408	408	0	0%
Housing & Communities	413	117	-296	-72%
Infrastructure	590	590	0	0%
Law & Standards	188	156	-32	-17%
Levies / Other	1,000	1,000	0	0%
People, Policy & Transformation	1,314	1,266	-48	-4%
Prevention & Inclusion	92	92	0	0%
Regeneration & Economic Development	953	953	0	0%
Schools	8,255	8,255	0	0%
Grand Total	19,385	18,351	-1,034	

2023/24 Delivery of Savings



% of MTRP Target Achieved

APPENDIX 2 Revenue Summary Monitor - March 2024

	Current Budget	Outturn	Variance against Budget
Summary Revenue Budget 2023/24	£'000	£'000	£'000
Social Services			
Children Services	29,405	32,062	2,657
Adult Services	69,153	67,690	(1,463)
Prevention & Inclusion	913	630	(283)
	99,471	100,382	911
Transformation & Corporate			
Finance	5,581	5,368	(213)
People, Policy & Transformation	15,095	14,898	(197)
Law & Standards	4,975	5,206	230
	25,651	25,472	(179)
Environment & Sustainability			
Housing & Communities	8,249	10,673	2,424
Environment & Public Protection	16,320	16,244	(76)
Infrastructure	15,269	15,222	(48)
	39,838	42,138	2,301
Chief Executive			
Regeneration & Economic Development	6,363	6,449	86
Education	17,672	17,456	(215)
Schools	129,127	131,102	1,975
	153,162	155,008	1,846
Sub Total - Service Areas (inc schools)	318,122	323,000	4,878
Earmarked reserves: Transfer to/(from) Schools		(1,975)	(1,975)
Sub Total - Service Areas (net of school reserves)	318,122	321,025	2,903
Capital Financing Costs and Interest			
Capital Financing Costs and Interest (Non-PFI)	16,564	11,733	(4,831)
Public Finance Initiative (PFI)	9,700	9,988	288
	26,264	21,721	(4,543)
Sub Total - Service/Capital Financing	344,386	342,746	(1,640)
Contingency Provisions			
General Contingency	1,373	-	(1,373)
Centralised Insurance Fund	616	617	1
Non Departmental Costs	40	-	(40)
Other Income and Expenditure	2,997	2,365	(632)
	5,026	2,981	(2,044)
Levies / Other			
Discontinued Operations - pensions	1,451	1,340	(111)
Discontinued Operations - Ex Gratia Payments	3	3	0
Levies - Drainage Board, Fire service etc	10,810	10,872	62
CTAX Benefit Rebates	13,739	13,255	(484)
	26,002	25,471	(532)
Transfers To/From Reserves			
Base budget - Planned Transfers to/(from) Reserves	(1,739)	(1,739)	-
	(1,739)	(1,739)	-
Total	373,676	369,459	(4,217)
Funded By			
WG funding (RSG and NNDR)	(289,522)	(289,522)	-
Council Tax	(84,154)	(84,154)	-
Council Tax Surplus	-	(1,216)	(1,216)
Total	(0)	(5,433)	(5,433)

APPENDIX 3 School Balance Outturn Position

School Name	Opening Reserve 23/	Final ISB Allocation (inc Post 1£	In Year U/(O) Spend March 24	Closing Reserve 31/03/24
	£	£	£	£
Bassaleg School	688,103	9,277,282	(70,940)	617,163
Newport High	467,836	6,263,483	(192,542)	275,294
Caerleon Comprehensive	481,691	7,560,059	88,097	569,788
The John Frost School	868,055	7,945,626	(289,511)	578,544
Llanwern High	623,817	5,900,031	195,238	819,055
Lliswerry High	373,491	6,134,641	323,490	696,981
St Josephs R.C. High	692,782	7,210,534	(112,767)	580,015
St Julians School	1,247,263	8,105,617	(400,770)	846,493
Ysgol Gyfun Gwent Is Coed	248,971	2,911,031	(732,905)	(483,934)
Sub Total	5,692,010	61,308,302	(1,192,611)	4,499,399
Alway Primary	182,838	1,791,926	(122,115)	60,724
Caerleon Lodge Hill	170,699	1,444,693	(39,748)	130,951
Charles Williams CIW	711,625	2,015,298	(121,341)	590,284
Clytha Primary	20,600	967,976	(45,957)	(25,357)
Crindau Primary	215,536	1,702,467	120,853	336,389
Eveswell Primary	625,722	1,843,314	(28,133)	597,589
Gaer Primary	66,296	2,037,435	5,194	71,489
Glan Usk Primary	345,969	2,440,236	(124,361)	221,608
Glan Llyn Primary	362,335	2,078,907	11,141	373,476
Glasllwch Primary	48,668	954,349	(29,039)	19,629
High Cross Primary	34,693	1,084,439	(1,025)	33,668
Jubilee Park	271,870	1,589,535	(67,505)	204,365
Langstone Primary	201,600	1,335,160	(60,214)	141,386
Llanmartin Primary	151,052	830,676	(47,943)	103,109
Lliswerry Primary	48,832	2,388,093	73,235	122,067
Maesglas Primary	36,860	1,304,255	(13,152)	23,708
Maindee Primary	107,393	2,192,405	(37,371)	70,023
Malpas CIW Primary	43,818	1,199,983	36,424	80,242
Malpas Court Primary	65,103	1,367,837	(64,809)	294
Malpas Park Primary	253,430	1,009,751	(66,645)	186,785
Marshfield Primary	119,988	1,750,144	(11,356)	108,632
Millbrook Primary	208,686	1,417,298	30,511	239,197
Milton Primary	155,501	2,048,574	(116,558)	38,943
Monnow Primary	69,584	1,793,831	69,234	138,819
Mount Pleasant	58,640	1,042,740	21,064	79,703
Pentrepoeth Primary	44,950	1,816,500	79,047	123,997
Pillgwenlly Primary	(72,203)	2,558,974	7,333	(64,869)
Ringland Primary	139,537	1,177,985	(146,009)	(6,472)
Rogerstone Primary	114,039	2,448,770	(3,530)	110,509
Somerton Primary	143,469	794,145	25,638	169,107
St Andrews Primary	175,597	3,124,626	31,883	207,480
St Davids RC Primary	195,048	949,911	8,920	203,968
St Gabriels RC Primary	134,835	842,797	(31,824)	103,011
St Josephs RC Primary	94,670	860,471	(5,208)	89,462
St Julians Primary	370,870	2,598,060	69,828	440,698
St Marys Rc Primary	269,924	1,631,763	(47,498)	222,425
St Michaels RC Primary	81,330	959,455	(12,942)	68,387
St Patricks RC Primary	126,764	893,623	45,103	171,867
St Woolos Primary	39,221	1,359,490	(87,741)	(48,520)
Tredegar Park Primary	594,736	1,833,716	(5,607)	589,129
Ysgol Gym Bro Teyrnnon	339,915	924,251	(41,156)	298,759
Ysgol Gym Casnewydd	283,581	1,552,008	(50,672)	232,908
Ysgol Gym Ifor Hael	117,100	882,893	(48,356)	68,744
Ysgol Gym Nant Gwenlli	312,007	699,011	286,326	598,333
Sub Total	8,082,726	67,539,774	(556,083)	7,526,643
Newport Nursery	123,199	306,425	26,864	150,063
Sub Total	123,199	306,425	26,864	150,063
Maes Ebbw	297,340	4,347,964	(194,259)	103,080
Bryn Derw	231,101	3,078,537	(58,567)	172,534
Sub Total	528,441	7,426,501	(252,826)	275,615

Grand Total	14,426,375	136,581,003	(1,974,656)	12,451,719
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APPENDIX 4 2023/24 Reserve Movements

Reserve	Balance at 31-Mar-23 £'000	Movement in Reserves (within Outturn)		Proposed Transfers In £'000	Balance at 31-Mar-24 £'000	Explanation of movement
		Out £'000	In £'000			
Council Fund	(6,500)	-	-		(6,500)	
Balances held by schools for future use	(14,427)	2,002	(27)		(12,452)	Consistent with existing policy - transfer school under/overspends to individual school balances
		-	-		-	
Earmarked Reserves:		-	-		-	
Music Service	(134)	1	-		(133)	Used in line with intended purpose - to fund shortfall between income and operating costs
Pay Reserve	(1,418)	-	-		(1,418)	
Insurance Reserve	(1,755)	237	-		(1,518)	Used in line with intended purpose - additional top up to the insurance provision
MMI Insurance Reserve	(602)	-	-		(602)	
Education Achievement Service	(79)	79	-		-	
Schools Redundancies	(1,585)	218	-		(1,368)	Used in line with intended purpose - to fund school redundancy costs
General Investment Risk Reserve	(2,676)	464	(453)		(2,665)	£200k repurposed to create Emergency Placements reserve. Balance used in line with intended purpose - management of risks arising from regeneration activities and supporting developments within the city centre (£264k). Transfer in also relates to the ongoing management of these risks.
European Funding I2A & CFW	(1,640)	156	(192)		(1,676)	Used in line with intended purpose - to manage residual costs of grant schemes
GEIMS Redundancies	(78)	-	-		(78)	
MTFP Reserve	(7,818)	2,262	(1,949)		(7,505)	Used in line with intended purpose - to manage a small number significant operational / budget risks. Transfer in relates to the allocation of the 22/23 budget underspend, as approved by Cabinet.
COVID Risk Reserve	(570)	570	(1)		-	Repurposed to create Emergency Placements reserve (£420k), and £150k base budget transfer.
SUB TOTAL - RISK RESERVES	(18,355)	3,986	(2,595)	-	(16,963)	
Capital Expenditure	(13,508)	881	(2,296)		(14,924)	Used in line with intended purpose - to fund capital projects as agreed by cabinet. Transfer in relates to the allocation of the 22/23 budget underspend.
Capital Grants Unapplied	(5,158)	2,269	-		(2,889)	Technical reserve - Capital grants received in prior years used to fund capital expenditure
Feasibility Reserve	(134)	-	(19)		(154)	Transfer of 23/24 feasibility budget underspend to reserve to support future feasibility studies
Transformation Reserve	(7,391)	1,335	-		(6,056)	Use of transformation funds to cover implementation costs of saving proposals, as approved
Super Connected Cities	(42)	43	-		-	Used in line with intended purpose
School Works	(458)	200	(10)		(267)	Used in line with intended purpose - replacement windows at John Frost School
School Reserve Other	(27)	-	-		(27)	
Schools ICT Sustainability	(100)	-	(50)		(150)	Budgeted contribution to develop sustainability fund for schools ICT infrastructure.
Usable Capital Receipts	(9,830)	3,225	(249)		(6,853)	Technical reserve - capital receipts used to fund capital expenditure (£3,225k), and capital grants received in year (£249k)
SUB TOTAL - ENABLING RESERVES	(36,647)	7,953	(2,624)	-	(31,320)	

Reserve	Balance at 31-Mar-23	Movement in Reserves (within Outturn)		Proposed Transfers	Balance at 31-Mar-24	Explanation of movement
		Out	In	In		
	£'000	£'000	£'000	£'000	£'000	
Municipal Elections	-	-	(33)		(33)	Increased in line with intended purpose - to ensure budget requirement is sufficient over election cycle
Local Development Plan	(545)	28	-		(516)	Used in line with intended purpose - to ensure budget requirement over cyclical period is sufficient
Strategic Development Plan	(165)	-	(55)		(220)	Increased in line with intended purpose - to ensure budget requirement over cyclical period is sufficient
Glan Usk PFI	(1,514)	-	-		(1,514)	
Southern Distributor Road PFI	(39,439)	1,145	-		(38,294)	Used in line with intended purpose - to fund payment to contractor
Building Control	(124)	-	-		(124)	
Loan modification technical reserve (IFRS 9)	(258)	244	-		(14)	Technical reserve
SUB TOTAL - SMOOTHING RESERVES	(42,045)	1,417	(88)	-	(40,715)	
Works of art	(21)	-	-		(21)	
Theatre & Arts Centre	(232)	-	-		(232)	
Environmental Health - Improve Air Quality	(49)	-	-		(49)	
City Economic Development Reserve	(370)	205	-		(165)	£115k budgeted reserve contribution. Balance £90k transferred to Events reserve, as per intended purpose
Welsh Language Standards	(100)	55	-		(45)	Used in line with intended purpose - to fund translation costs
Port Health	(20)	-	-		(20)	
Financial System Upgrade	(437)	331	-		(106)	Used in line with intended purpose - to fund implementation of new finance system
Events	(282)	-	(90)		(372)	Transfer of balance from City Economic Development reserve, as per intended purpose
Voluntary Sector Grants	(27)	-	-		(27)	
IT Development	(53)	53	-		-	Used in line with intended purpose - to fund software support costs
Joint Committee City Deal Reserve	(2,246)	-	-		(2,246)	
Civil Parking Enforcement	(11)	11	-		-	Used in line with intended purpose - to cover income shortfall
Business Development Grants	(250)	19	-		(231)	Used in line with intended purpose - to fund business grants
Business Support	(81)	-	-		(80)	
IT Infrastructure	(309)	201	-		(107)	Used in line with intended purpose - to deliver IT initiatives
PSB Contribution	(5)	-	-		(5)	
COVID Reserve	(351)	180	-		(171)	Repurposed to create Emergency Placements reserve
Chief Education Grant	(2,208)	209	(50)		(2,049)	Used in line with intended purpose - contribution to costs associated with Millbrook school relocation

Reserve	Balance at 31-Mar-23	Movement in Reserves (within Outturn)		Proposed Transfers	Balance at 31-Mar-24	Explanation of movement
		Out	In	In		
	£'000	£'000	£'000	£'000	£'000	
Home to School Transport	(314)	458	(509)		(366)	Used in line with intended purpose - contribution to transport costs associated with St Andrew s and Millbrook schools relocation.
Housing Supply review	(16)	-	-		(17)	Transfer in relates to the allocation of the 22/23 budget underspend, as approved by Cabinet
Cariad Casnewydd	(166)	-	-		(166)	
Soft Loan interest equalisation reserve	(1,584)	-	(224)		(1,808)	Technical reserve
Community Gardening Schemes	(180)	28	-		(152)	Used in line with intended purpose - to fund specific capital projects
Market Arcade Owner contributions	(51)	51	-		-	Used in line with intended purpose - to fund capital works
Parks & Open Spaces	(2,090)	996	-		(1,094)	Used in line with intended purpose - to fund improvements to open spaces
Discretionary Rate Relief	(900)	159	-		(741)	Used in line with intended purpose - NNDR Discretionary Rate Relief costs
Domiciliary Care Service Capacity	(34)	34	-		-	Used in line with intended purpose - to fund 2 posts within Commissioning service
Prior year Underspend	(5,066)	4,964	-	(5,433)	(5,534)	Allocation of the 22/23 budget underspend, as approved by Cabinet, and pending allocation of the 23/24 underspend (to be agreed)
Communications Corporate Requirement	(232)	69	-		(163)	Used in line with intended purpose - fund necessary improvements to the Council website
St Andrew's Primary	(152)	152	-		-	Used in line with intended purpose - to fund ongoing costs associated with St Andrew s school relocation
Residential Care Home Equalisation Reserve	(621)	-	(1,063)		(1,684)	Technical reserve - accrued charges against service users property assets, to ensure income is reflected in the correct period
Growing Space	(100)	50	-		(50)	Budgeted contribution from reserve
Spring Gardens	(200)	200	-		-	Budgeted contribution from reserve
Partnership funding from ABUHB	(57)	-	-		(57)	
Future Levelling Up Bids	(38)	38	-		-	Used in line with intended purpose - to fund costs of leveling up bids
Cost of Living Support	(485)	105	-		(380)	Used in line with intended purpose - Food vouchers for families to support cost of living
Emergency Placements	-	-	(800)		(800)	Creation of new reserve as agreed by Cabinet as part of 24/25 budget process
Empty Homes	-	-	(218)		(218)	Allocation of the 22/23 budget underspend, as approved by Cabinet (£159k). Transfer of 23/24 service underspend for future enforcement action (£59k)
Transporter Bridge	-	-	(127)		(127)	Allocation of 22/23 budget underspend, as approved by Cabinet (£53k), and 23/24 service underspend (£74k) , as contribution to HLF project.
Low Carbon Heat Reserve	-	-	(471)		(471)	Match funding for Low Carbon Heat Project
SUB TOTAL - OTHER RESERVES	(19,338)	8,567	(3,552)	(5,433)	(19,755)	
RESERVES TOTAL	(137,312)	23,926	(8,887)	(5,433)	(127,705)	