

Report

Cabinet

Part 1

Date: 13 July 2022

Subject Revenue Budget Outturn - 2021/22

Purpose This report explains the Council's financial position for the year ending 31 March 2022 and lists year-end reserve transfers for Cabinet's review and approval.

Author Head of Finance

Ward All

Summary The revenue outturn shows an underspend of £18,404k, after core budget contributions to/ from reserves, which represents a 6% variance against budget. This variance against budget has arisen, in the main, due to the following:

- Receipt of significant one-off Welsh Government (WG) funds over and above that received from the 'Hardship Fund' for Covid specific expenditure and lost income.
- Underspends across all service areas due to changes in service provision and working practices caused by Covid, and;
- Underspends against the general revenue contingency budget, capital financing, council tax reduction scheme and council tax income – all of which are non-service budgets.

The underspend has increased by £1,873k since the January forecast and, in the main, this is because of late distribution of additional funding from WG to support education initiatives within schools and other areas.

The report explains the key variances against budget for the financial year ending 31 March 2022 and provides a summary statement of key issues, which have the potential to impact upon financial management in future years.

This report makes recommendations to utilise the one-off underspend available to invest in the local communities and to protect the Council by enhancing its risk mitigation reserves. The details of which can be found within section 5 of this report.

Appendix 1 Overall budget dashboard – March 2022
Appendix 2 Revenue summary monitor - March 2022
Appendix 3 School balance outturn position
Appendix 4 2021/22 reserve movements
Appendix 4a 2021/22 detailed 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 approve use of the underspend and other reserve transfers as set out in section 5 of the report, noting the resulting level of the Council's general and earmarked reserves;
3. Note the school's 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

Background

1 Outturn summary

1.1 The 2021/22 revenue budget out-turn produced a net underspend, after core budgeted contributions to/ from reserves, of £18.4m against the £315.9m budget (6% variance). This variance has arisen for several reasons and individual service analysis of key variances are shown later in this report.

1.2 At a high level, the following explains the position:

- Receipt of significant one-off Welsh Government (WG) funds; over and above that received from the 'Hardship Fund' for Covid specific expenditure and lost income to support other WG policies that were notified late in the financial year.
- Underspends across all services in relation to (i) costs of general administration and service provision due to changes in working practices, (ii) staff savings resulting from recruitment delays and (iii) not undertaking planned/normal services, as they were not required or unable to be carried out due to the prioritisation of Covid response work.
- Resulting directly and indirectly from the above, the Council did not use its general revenue contingency budget. In addition, the Council also underspent on and overachieved on Council Tax reduction scheme and Council Tax income, respectively. Unanticipated capital grants at the end of the year also impacted on the Councils borrowing requirement therefore creating an underspend against the capital financing budget. These are all non-service budget areas.

1.3 The outturn position, which is subject to audit, is summarised below and reflects the above issues:

Underspending across service areas (exc schools)	(£7,789k)
Underspending across non-service areas:	
Capital financing	(£4,310k)
Additional RSG income from WG	(£3,056K)
Budget contingency	(£1,373k)
CTax Reduction Scheme saving	(£1,029k)
CTax income surplus	(£882k)
Other	£35k
Overall underspend	(£18,404k)

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 the current and future years to help the City recover from the impacts of Covid and invest in other priorities.

1.5 Although the full extent of the underspend is not recommended to be allocated at this point, consideration has been given to a range of issues:

- Investing in local communities' infrastructure to encourage greater pride and cohesion.
- Protecting the Council's financial resilience and achievement of its priorities by enhancing its risk mitigation reserves.

- 1.6 The full list of the additions to existing reserves and the new reserves set up for the above are listed in appendix 4. The summary of reserves also shows the 'use from/ contribution to' existing reserves.

Council spending in response to the Covid pandemic and WG funding support

- 1.7 The continuation of the WG Hardship Fund to March 2022 has meant that the 2020/21 and 2021/22 financial years have not been a true representation of the continued challenge that the pandemic has caused. As we embark on a period of identifying and understanding the 'new normal', underlying issues which have been masked during this period by the availability of one-off funding will become apparent.
- 1.8 The financial support to the Council meant that additional costs, and income losses, were not borne by the Council. Key areas of support were as follows:

FUND/FINANCIAL SUPPORT	£'000
Local Government Emergency Hardship Fund - Additional Costs of responding to Covid	19,745
Local Government Emergency Hardship Fund – loss of income compensation	3,642
Council Tax Income Collection – compensation	740
NNDR – Covid admin grant	164
TOTAL	24,291

Additional WG grant received

- 1.9 In addition to the financial assistance from the Local Government Emergency Hardship Fund, unexpected grant income received from WG late in the year resulted in core spend being displaced and funded via external grant; therefore, increasing the overall underspend. These sources of income were as follows:

FINANCIAL SUPPORT	£'000
Amended Local Government revenue settlement announced March 22. The RSG for 2021/22 increased by £60m and Newport's share is as shown. This funding is non-recurrent	3,056
Social Care Winter Pressures	2,538
Education – Including LA Education Grant (LAEG), Winter of Wellbeing (WoW), Recruit, Recover & Raise (RRR), Child and Adolescent Mental Health Services (CAMHS)	665
Additional Sustainable Waste Management Grant	243
TOTAL – NON SCHOOLS	6,502
TOTAL - SCHOOLS – Including LAEG, WoW, RRR, CAMHS (as above)	4,880

2 Main variances against budget

- 2.1 Service area budgets (exc. schools) underspent by just under £8m. It is evident that the pattern that has emerged this year is not too dissimilar to that seen last year as shown in para 1.2 above.
- 2.2 One thing that has differed to previous years is the extent of the additional one-off funding that has been allocated at the end of the year from WG. This income is in the region of £7m, excluding schools, and has impacted significantly on the overall outturn.
- 2.3 The following section explains:
- (i) Key variances against budget for each service area and the position in terms of some of the key recurring risk-based areas.
 - (ii) Delivery of 2021/22 savings.

(i) **Service area budgets**

	£'000
Children's – (£1,788k) overall underspend	
Areas of overspending	
Covid Recovery Grant: A £1.5m grant was received late in the year which was required to be spent in full during 2021/22. Service overspent against the grant allocation.	120
Pathways additional support (Looked after Children family support): A Mother and baby placement directed by the court resulted in an overspend against budget.	149
Areas of underspending	
Out of area residential placements: The budget of £3,155k can afford 20 placements. Numbers throughout the year were lower than what the budget could afford due to providers not accepting placements plus £393k of unbudgeted income from Education and ABUHB towards placements costs.	(689)
Independent fostering agencies: The budget of £2,462k can afford 58 placements. Although the total number of placements increased to 63 at the end of March 2022 compared to 60 at the end of January 2022, 9 placements were claimed from the Hardship fund in 2021/22 at a cost of £319k.	(305)
External legal fees: The budget of £930k has underspent due to a reduced number of care proceeding cases this year.	(226)
Youth offending team/ Child protection: Savings from restructuring and staff vacancies.	(510)
Unaccompanied Asylum Seeker Children (UASC): This is a cost neutral budget, however; the Home Office have confirmed that funding is provided on the number of UASCs as opposed to the costs incurred and that this funding is not repayable. The number of UASC's have increased significantly over the year, 76 in March 2022 compared to 48 in March 2021.	(246)
Adults - (£5,088k) overall underspend	
Areas of underspending	
Community care: Combined budget more than £38m across community care. Underspend has arisen due to one off grant funding to cover winter pressures (£2.5m), the demand for services reduced during 2020 and the numbers have not yet increased to pre covid levels. Although there is a back log of requests for assessments/placements, staff shortages are causing delays. Furthermore, user contributions and £820k property sale income has further increased the underspend against this budget. Whilst the context for this is known, the continuation of this underspend is not certain given the temporary nature of the fluctuations in demand. These budgets require continued close monitoring to gauge the continued impact of the pandemic.	(3,754)
Hospital Team: £284k annual budget - One off grant contributions from Integrated Care Fund (ICF) and Home First.	(198)
In-house Adult residential homes: Annual budget £3,774k exc. fee payer's contribution. Non covid related costs reduced during the pandemic.	(375)

Education - (£837k) overall underspend	
Areas of overspending	
Home to School and SEN Transport: Annual budget of £2,586k. This overspend is due to increased demand and therefore costs for SEN and Special transport coupled with a duplicate year-end transaction which will be resolved in 22/23.	424
Areas of underspending	
SEN: The budget of £4,115k for Out of County (OOC), Recoupment and Local Provision would normally experience pressure as a result of the cost and volume of out of county placements, however in 2021/22 there was an underspend of (£495k) due to reduced new placements and investment in local provision. In addition, there was higher than budgeted recoupment income of (£110k) due to other local authorities accessing placements within Newport schools.	(736)
Breakfast clubs: Breakfast clubs have not been fully operational and in some instances have not reopened.	(228)
Bridge Achievement Centre: Grant income from Local Authority Education Grant (LAEG)/ Recruit, Recover & Raise (RRR) /Winter of Wellbeing (WoW) and additional income from schools which was received and not budgeted for.	(262)
Psychology/ ALN Team/ Education Welfare: Additional grant income received from schools in respect of ALN grant and LA Education (home elective) funding.	(397)
RIH - (£227k) overall underspend	
Areas of overspending	
Homelessness: Annual budget of £728k. Overspend relates to additional placements which were not recoverable from the Hardship Fund.	320
Commercial & Industrial Estate: Overspend relates to £183k income under recovery and £141k unbudgeted spend on roller shutters to satisfy Health and Safety requirements.	302
Station buildings: Annual budget of £127k. Delays in handover to new tenant has resulted in lost rental income creating the overspend.	164
Areas of underspending	
Development management: There is an annual budget of £345k and within that planning income over-achieved (£182k).	(214)
Community centres: There is an annual budget of £138k, which has no allowance for SLA income on internal room hire, which is being received.	(153)
Centralised properties: The annual budget of £4,341k was underspent as a result of an over achievement of profit share received from Norse (£210k) and reduction in contract payments and utilities (£88k).	(366)
City Services - £793k overall overspend	

Areas of overspending	
Waste disposal site: The annual 'credit' budget of £390k does not include a provision for landfill capping. £747k of costs have been incurred in relation to the revised tip capping provision based on the economic useful life of the site and the assessed intervention required.	595
Surveys & Inspections: The annual base budget of £286k includes no provision for dealing with ash die back and this incurred significant additional spend over and above normal spending levels.	573
Highways: Annual budget of £1,520k. The overspend relates to unplanned essential works.	167
Free bus fares for the month of December as agreed by Cabinet: This initiative was funded from the overall Council budget underspend that was forecast at that time.	233
Areas of underspending	
Head of City Services: The overall budget of £721k includes provision for city centre management which has not been spent (£100k) and further savings achieved against staffing budgets as a result of vacant posts.	(266)
Bus Station: The annual budget of £42k was underspent due to the reduction in the level of bad debt provision.	(218)
Benefits: The annual budget of £170k underspent due to unbudgeted grant income for self-isolation and winter fuel payments schemes offset by an overspend on postages.	(188)
Refuse collection: The annual budget of £3,067k has underspent as a result of decreased volumes collected during lockdown and reduced disposal and landfill tax costs due to waste being diverted away from landfill.	(168)
Directorate - (£47k) overall underspend	
Areas of underspending	
There is an overall budget of £525k, which achieved savings due to staff vacancies, offset partially by recruitment costs.	(47)
Finance - (£167k) overall underspend	
Areas of underspending	
NNDR: The annual credit budget of £237k has seen unexpected additional covid administrative grant income received late in the year. This has resulted in an underspend of £174k.	(174)
People & Business Change - (£70k) overall underspend	
Areas of underspending	
Training and development: The budget of £525k was significantly underspent due to delayed implementation of the training and development programme.	(400)
Areas of overspending	

SRS management fee: There is a budget of £2,836k, which was overspent due to catch up spend incurred during the year to satisfy the requirements of the rolling IT equipment replacement programme (£282k).	156
Council website: One off cost included for Strategic Communication improvements to the Council website.	232
Law & Regulation - (£358k) overall underspend	
Areas of underspending	
Legal Services: The overall budget of £1,217k saw an underspend as a result of staff savings (£53k) and other non-staff costs due to the delayed implementation of the case management system.	(89)
Hackney Carriages/ Private Hire: The annual credit budget of £72k was underspent by £175k as a result of overachieved income of £160k and £15k staff savings.	(175)
Non-service (£10,614k) overall underspend	
Areas of underspending	
Capital Financing Costs and Interest: Following the decision to frontload the revenue funding required to finance the full Capital Programme, as part of the 2021/22 budget, it was always anticipated that an underspend in the region of £2.5m would occur. However, the effect of general slippage across the Capital Programme, coupled with the quantity of WG grant awards in the latter part of the financial year, meant the anticipated level of new borrowing wasn't required. Consequently, a significant underspend against interest payable budgets (amounting to £1.6m) occurred, which was the main reason for the improvement between the January forecast and the final outturn.	(4,310)
Council tax benefits: There were significant underspends due to demand against the £13.4m budget.	(1,029)
Unused contingency budget: As the overall budget was underspent, the contingency budget was therefore not required, creating further underspend.	(1,373)
Revenue Settlement Grant (RSG) funding: In March 2022, an amended Local Government revenue settlement was announced. The RSG for 2021/22 increased by £60m and Newport's share of this was £3,056k. This funding is non-recurrent.	(3,056)
Council Tax collection:	(852)

(ii) Delivery of savings

- 2.4 Although, in some instances, the performance on delivery of savings has continued to be impacted by the Covid-19 situation throughout the year, the levels of achieved savings were 94% of target. In addition to the £190k shortfall this represents, there remains £407k of undelivered savings from 2020/21, which need to be addressed. Whilst the current delay is unavoidable, these areas were considered as part of the 2022/23 budget, although, no pressures were agreed as most of the undelivered savings are deliverable in 2022/23. Conversations are ongoing with Heads of Service to determine the plan of action to address the outstanding items. This is an area of on-going risk which will be closely monitored throughout the year.

Summary by Portfolio	People	Place	Corporate	Non Service	Total
2021/22 MTRP Target (£) Total	1,421	670	430	870	3,391
Total Savings Realised by Year End 2021/22	1,321	580	430	870	3,201
Variation to MTRP Target	-100	-90	0	0	-190
Variation % to MTRP Target	-7%	-13%	0%	0%	-6%
Undelivered Savings from Previous Years	-166	-41	0	-200	-407
Total Undelivered Savings	-266	-131	0	-200	-597

3 Schools

- 3.1 The 'schools' section of the overall dashboard and the schools outturn summary (appendix 1 and 3 respectively) outline the position on school finances. These show the individual schools, sector in-year under/ overspending for 2021/22 and their reserves position as at the end of the year.
- 3.2 There has been a significant improvement in school balances during February and March resulting in the overall school reserves increasing from £9.6m to £15.7m at year-end (£6.1m underspend against budget).
- 3.3 Schools made significant in year savings, mainly due to over £4.8m of unexpected grants being received late in the year. These included Welsh Government Revenue Maintenance (£2,445k) and Recruit, Recover and Raise Standards: the Accelerating Learning Programme (£1,694k), Winter of Wellbeing (£328k) and ALN new system funding (£392k). The outcome is that only two schools have a negative balance position at the end of the current financial year, one from the nursery sector (£123k) and one from the secondary sector (£57k). The cumulative forecast deficit for these two schools has reduced from £644k to £180k since last year.
- 3.4 Whilst the school balances have improved significantly in 2021/22, this is largely due to one off, non-recurring grant income. The nature of the grants means that they should be spent on the issues they were given for e.g., 'maintenance works' and 'catching up initiatives' etc. Therefore, schools will need to robustly monitor and manage their budgets effectively to ensure financial sustainability going forward.
- 3.5 Assuming everything remained equal, without the one off £4.8m WG grants that were allocated to schools at year-end the underspend would likely be in the region of £1m. Schools also claimed a total of c£2.2m from Covid hardship fund during 2021/22.
- 3.6 Schools are currently finalising their 2022/23 budgets and Governing bodies had until 31st May to approve. All were reminded to prepare budgets taking account of their reserves position and also provide detail of the use of any reserves for 2022/23. Officers will review budgets to gauge what the reserve position is planned to be over the medium term. The Head of Finance recommends that the Council's Executive team continue to support a robust monitoring process with the Education management teams to review financial management issues in detail.
- 3.7 There were no applications for licenced deficit requests for 2022/23 financial year although a large contributing factor was the significant grant funding received at year-end and the additional costs that were reimbursed through the WG hardship fund. This will continue to be closely monitored throughout the year.

4 Specific budget issues / focus for 2022/23

- 4.1 Whilst the outturn is positive for the Council's finances overall; it must be appreciated that this is a one-year benefit and that underlying budget issues will need to be carefully monitored and action taken where appropriate.
- 4.2 Whilst delivery of 2021/22 savings was impressive in the circumstances, there is £190k of savings to be delivered from 2021/22 proposals and £407k from 2020/21. The latter is late delivery with some dating back to 2019/20. These will need to be delivered on top of the new 2022/23 budget savings agreed for this year and whilst the Covid situation continues to improve, the context remains challenging in some areas. This will require specific oversight.

- 4.3 Global economic outlook – the pandemic has hugely fallen away as the highest risk impacting on the Council and instead Russia’s invasion of the Ukraine is adding to the pressures of global supply chains with associated significant cost increases across a range of goods and services. Reports from the UK Government and Welsh Government are indicating further inflationary and economic pressures throughout 2022 which will undoubtedly have specific financial implications for the Council. Some of these have already been reported to Cabinet via increases to capital budget for some projects and it will be important that budgets are closely monitored for this issue throughout 2022/23. The HoF has already issued specific advice and guidance on this aspect throughout the Council.
- 4.4 The WG Hardship Fund came to an end in March 2022. This has clear financial impacts as some specific costs and impacts on income budgets are still present. The budget for 2022/23 explained what mitigation was put in place for this and will need careful monitoring.
- 4.5 There are potential, additional issues that may need to be dealt with, such as future NJC and Teacher’s pay negotiations, cost increases beyond what was provided for in budgets, demand within social care, maintenance issues and catching up on the delivery of projects; albeit still within a challenging environment. These will, no doubt, bring about some challenges and uncertainties into 2022/23 financial year and will be reported, as needed, via regular monitoring reports.
- 4.6 The Council’s budget has contingency and some of the regular non-service underspending (capital financing, for example) should continue during this year, albeit at reduced levels.
- 4.7 Overspending in some non-service budgets, in particular on housing benefit costs require specific review and is an area of particular risk as demand and costs increase over and above what can be recovered from the Department for Works & Pension (DWP).

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. As financial risk and uncertainty continues, it becomes even more important that the Council considers and uses financial reserves to both protect its financial health and enable its ambitions and priorities.

In year reserve transfers

- 5.2 The total reserve balances will increase by £41.1m net in 2022/23, from £108.3m to £149.4m at 31 March 2022, as follows:

Opening balance as at 31 March 2021	(£108,270k)
Transfers actioned – base budgeted/approved in year <i>(appendix 4 - £6,477k transfer out of and (£29,212k) transfer in)</i>	(£22,735k)
Transfers to be approved – use of underspend (para 5.6)	<u>(£18,404k)</u>
Closing balance as at 31 March 2022	(£149,409k)

- 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 Cabinet previously (iii) in relation to the original creation of the reserve and (iv) approved specifically in year.

The larger, main transfers already actioned are noted below for Cabinet’s attention, information, and comment and further detail can be found in appendix 4a:

- consistent with existing policy / accounting & funding requirements;

- (i) transferring school underspends into school's specific reserves - +£6,179k;
- (ii) capital displacement headroom resulting from late WG capital funding - +£10,279k;
- (iii) additional capital grants from WG - +£3,210k
- (iv) capital receipts received in year - +£2,655k

- specific to the creation of the reserves in the first instance / in base budget:

- (i) transfer from MTFP reserve in line with intended purpose - -£2,128k;
- (ii) use of approved invest to save funds to cover implementation costs of saving proposals - -£897k;
- (iii) transfer into general investment risk reserve to mitigate against potential future risk - +£651k
- (iv) a number of smaller transfers - £3,452k transfers out of and £23,742k transfers into reserves, as detailed within appendix 4.

- approved specifically in –year

- (i) creation of a 'discretionary rate relief' fund for city centre businesses - +£900k

Use of underspend / allocation

5.4 The following initial reserve transfers are recommended to utilise the £18,404k revenue underspend:

Investments previously announced/committed:

- | | | |
|------|---|---------|
| (i) | Parks & Open Spaces investment – In addition to the £300k permanent funding over two years to maintain play areas and equipment, agreed as part of the 2022/23 budget, additional resource is being allocated to support the positive health benefits of being outdoors and spending time in green spaces. | £2,500k |
| (ii) | Domiciliary care support - The amended 21/22 RSG sets out the Minister's intention for £500k of the £3,056k to be set aside to enable a response to increasing domiciliary care support service capacity through funding driving lessons and providing access to electric vehicles | £500k |

Service delivery:

- | | | |
|-------|--|-------|
| (iii) | St. Andrews primary – support costs of temporary accommodation whilst work ongoing | £305k |
|-------|--|-------|

Risk:

- | | | |
|------|--|---------|
| (iv) | General investment risk reserve to support city centre regeneration scheme | £792k |
| (v) | Allocate to existing MTFP reserve to support achievement of the corporate plan and support future budget risks | £6,412k |

The above represents those key transfers which require funding to be set aside for the reasons shown at this point. It is recommended that a decision on the balance is taken later in the financial year when there is more certainty on some key budget risks, especially in relation to the Council's capital programme and key projects which officers are clarifying over the next few weeks.

- | | | |
|------|---|---------|
| (vi) | Residual balance to be allocated by Cabinet during Sept/Oct meeting | £7,895k |
|------|---|---------|

5.5 Cabinet is asked to note and approve all reserve transfers set out within this section.

5.6 The 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:

- 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.
- 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.

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

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 for the City to recover from the impacts of Covid and 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;
2. Cabinet can choose not to approve the reserve transfers and instead report an underspend of £18,404k, 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, as the £18,404k underspend is being reserved for future investment in the areas outlined in paragraph 5.4.

Comments of Chief Financial Officer

The report deals with the outturn for the financial year 2021/22 and confirms a significant underspend of c£18m, for the reasons shown in the report.

The report recommends that Cabinet defer allocation of nearly £8m of this until officers have worked through some risks and issues in relation to a number of capital projects and other issues and will be brought to Cabinet again in September / October. In the meantime, a number of transfers are recommended for allocation now as they are needed to protect the Council's financial resilience and achievement of its priorities. These are therefore key issues for addressing at this point.

Comments of Monitoring Officer

There are no legal issues arising from the Report. The use of the underspend and the approval of reserve transfers are executive decisions for Cabinet.

Comments of Head of People, Policy and Transformation

There are no direct HR implications arising from this report.

The revenue out-turn report describes the budget management process and outcome from the previous financial year, in this case 2020-21. The Well-being of Future Generations Act requires local authorities to ensure they consider the impact of decisions taken today on future generations. The report shows an overall underspend against the revenue budget; managing the budget effectively will have a positive impact on current and future years.

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**

This update is against a backdrop of continued uncertainty that has been faced throughout the global pandemic and more recently Russia's invasion of the Ukraine adding to the pressures of global supply chains. Since the start of the year, the global economic challenges and uncertainty has continued to put pressure on households and businesses as costs continue to rise. The cost-of-living increases are not just affecting low-income households but also middle-income households as salaries are not keeping pace with the costs of living. Although these will have a lasting impact on the economy and the local community, the availability of the one-off resources allows the Council to support economic recovery and invest in the local community over the medium term.

Wellbeing of Future Generations (Wales) Act 2015 forms an integral part of the financial management of the Council and the MTFP process of which the outturn of the Council is essential part. Analysis and review of reserves are an important aspect on the future generations and the Head of Finance reviews and assesses the robustness and adequacy of these reserves as part of this outturn report.

Consultation

N/A

Background Papers

2021/22 Revenue Monitor reports

Dated: 6 July 2022

Appendix 1

Budget Monitoring Position – March 2022

Position by Directorate

	Current Budget £'000	Outturn £'000	Variance £'000
People (exc Schools)	93,861	86,149	(7,712)
Place	36,634	37,200	565
Corporate	19,651	19,009	(642)
Service Area Budget	150,146	142,357	(7,789)
Schools	111,731	111,731	0
Service Area Budget (Inc Schools)	261,877	254,088	(7,789)
Schools - transfer to reserve	0	0	0
Non Service	52,681	43,439	(9,242)
Total Budget (excluding contingency)	314,558	297,527	(17,031)
General Contingency	1,373	0	(1,373)
Total Budget (including contingency)	315,931	297,527	(18,404)

Detailed explanations can be found within service area dashboards



Undelivered Savings:

- 2021/22 - £190k
- Previous years - £407k
- Overall, undelivered savings are resulting in overspend against budget of £597k. This is predominantly due to delays in implementation, some of which are due to the impact of COVID-19.

Position Summary

- Revenue outturn reports an underspend of £18,404k. This assumes that all expenditure and lost income connected to the COVID-19 pandemic will be reimbursed to the end of March.
- Whilst service area underspending (£7,789k) contributes to the outturn position, a large proportion of the underspending comes from:
 - £1,373k underspend against general contingency;
 - £4,310k underspend against capital financing costs;
 - £1,911k underspend against council tax benefit rebates and council tax surplus;
 - £3,056k additional RSG funding from Welsh Government (WG).
- Schools significantly underspent against budget. Not only did they have the ability to claim from the Hardship Fund for additional costs and lost income throughout the year but they also received £4.8m of unexpected grants late in the year relating to wellbeing and other education initiatives.
- The outturn has benefitted from one-off budget savings:
 - Delays and difficulties in recruitment resulting in lower staff costs;
 - Lower costs being incurred as resources continue to be focussed on covid related issues;
 - Demand and income levels, in some areas, not yet returning to pre pandemic levels;
 - Reimbursement of additional covid related costs and lost income;
 - Non service budgets significantly underspending, and the revenue contingency budget not being required;
 - Significant, unexpected grant income received from WG which has impacted on a number of areas.

Budget Monitoring Position – March 2022

- Although the overall position is positive there are key budget issues to be addressed:
 - Undelivered 21/22 and prior year savings (£597k);
 - Increased demand/ costs for SEN home to school transport (£424k);
 - Increased demand for homelessness placements that were not recoverable from the Hardship Fund (£320k);
 - Overspend within the commercial and industrial portfolio as a result of income under recovery (£183k) and replacement roller shutter doors following health and safety checks (£141k);
 - Environmental services overspend due to increase expenditure on trees (£573k);

Key Assumptions and Risks

- Whilst the outturn is positive for the Council finances overall; service areas must appreciate that this is a one-year benefit and that underlying budget issues must continue to be carefully monitored and action taken where appropriate.
- The outturn is based on WG Hardship Fund reimbursing the Council for all additional costs and lost income that was claimed to the end of March. As the Hardship came to an end in March 2022 managers must be reminded that any costs continuing into 2022/23 must be met from within existing budget provision. This will also be the case for any continuation of overtime costs following the recent consideration of extending and making permanent increased overtime rates.
- Whilst delivery of 2021/22 savings was impressive in the circumstances, there is £190k of savings to be delivered from 2021/22 proposals and £407k from 2020/21. The latter is linked to late delivery with some dating back to 2019/20. These will need to be delivered on top of the new 2022/23 budget savings agreed for this year and whilst the Covid situation continues to improve, the context remains challenging in some areas. This will require specific oversight from the Executive Board.
- The pandemic has hugely fallen away as the highest risk impacting on the Council and instead Russia's invasion of the Ukraine is adding to the pressures of global supply chains. Since the start of the year, the global economic challenges and uncertainty has continued to put pressure on households and businesses as costs continue rise. The cost-of-living increases are not just affecting low-income households but also middle-income households as food, fuel and energy costs are increasing but salaries are not keeping pace. Businesses are also having to increase their own costs due to the ongoing inflationary pressures and are being passed onto the consumer. Reports from the UK Government and Welsh Government are indicating further inflationary and economic pressures throughout 2022 which will undoubtedly have specific financial implications for the Council. It is therefore important that costs are closely monitored and escalated where appropriate with any material.
- Overspending in non-service budgets, in particular on housing benefit administration/ costs require specific review.

Budget Monitoring Position – March 2022

Other Assumptions/ Key Points

- The financial support to the Council meant that additional costs were not borne by the Council. Key areas of support were as follows:

FUND/FINANCIAL SUPPORT	£'000
Local Government Emergency Hardship Fund - Additional Costs of responding to Covid	19,745
Local Government Emergency Hardship Fund – loss of income compensation	3,642
Council Tax Income Collection – compensation	740
NNDR – Covid admin grant	164
TOTAL	24,291

- In addition to the financial assistance from the Local Government Emergency Hardship Fund, unexpected grant income received from WG late in the year resulted in core spend being displaced and funded via external grant therefore increasing the overall underspend. These sources of income are as follows:

FINANCIAL SUPPORT	£'000
Amended Local Government revenue settlement announced March 22. The RSG for 2021/22 increased by £60m and Newport's share is as shown. This funding is non-recurrent	3,056
Social Care Winter Pressures	2,538
Education – Including LA Education Grant (LAEG), Winter of Wellbeing (WoW), Recruit, Recover & Raise (RRR), Child and Adolescent Mental Health Services (CAMHS)	665
Additional Sustainable Waste Management Grant	243
TOTAL	6,502
Schools – Including LAEG, WoW, RRR, CAMHS (as above)	4,880

- In summary the outturn position is made up of the following:

Underspending across service areas (exc schools)	(£7,789k)
Underspending across non-service areas:	
Capital financing	(£4,310k)
Additional RSG income from WG	(£3,056k)
Budget contingency	(£1,373k)
CTax Reduction Scheme saving	(£1,029k)
CTax income surplus	(£882k)
Other	£35k
Overall underspend	(£18,404k)

Budget Monitoring Position – March 2022

Staff Forecasts

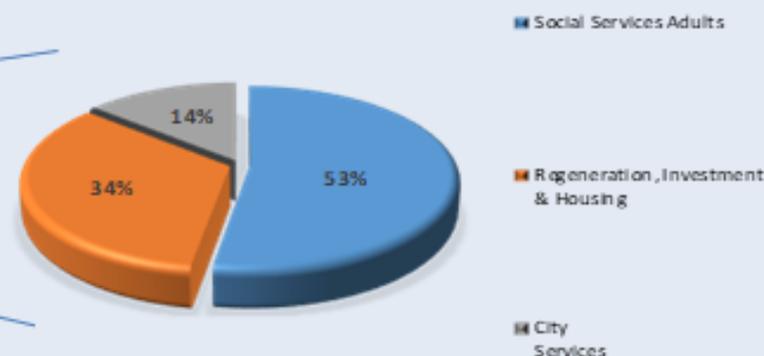
Overall Staffing	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Budget (£'000)		61,327	61,295	61,091	61,120	61,244	61,264	62,413	62,433	62,433	62,433	63,251
Forecast (£'000)		61,477	60,539	61,000	61,239	60,788	60,355	61,089	60,961	60,841	60,841	60,255
Variance (£'000)		0	150	(796)	(91)	139	(456)	(909)	(1,324)	(1,472)	(1,592)	(2,996)

- Whilst there have been a number of vacancies across the council and recruitment has been delayed in some areas these savings are being offset in part by an increased requirement for additional staff time and agency staff.

2021/22 Delivery of Savings



Analysis of Unachieved Savings



- The first chart shows that 94% of the total savings that were delivered in full in 2021/22;
- The second chart illustrates the areas where savings will not be delivered in year (6% of overall target);
- The delivery of savings in 2021/22 has been affected by the ongoing pandemic and the resulting overspends against budget have been reflected within the outturn;
- In addition to the £190k undelivered savings in 21/22 there remains £407k of undelivered savings from previous years, of which £166k relates to social care.

Overall Summary by Directorate

	People	Place	Corporate	Non Service	Total
2021/22 MTRP Target (£) Total	1,421	670	430	870	3,391
Total Savings Realised by Year End 2021/22	1,321	580	430	870	3,201
Variation to MTRP Target	-100	-90	0	0	-190
Variation % to MTRP Target	-7%	-13%	0%	0%	-6%

Budget Monitoring Position – March 2022

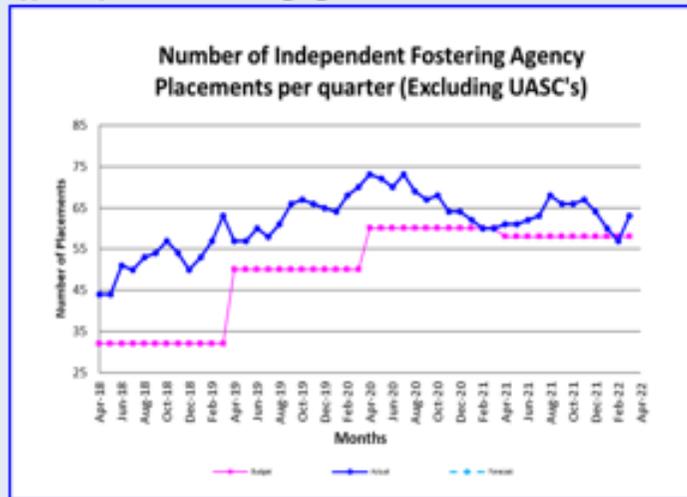
	Annual Budget £'000	Forecast £'000	Variance £'000	Graph Reference
Risk Based Areas				
Children & Young People				
Independent Fostering Agencies	2,462	2,157	(305)	I
Out of Area Residential	3,155	2,466	(689)	II
In House Fostering	3,587	3,467	(120)	
When I'm Ready	24	83	59	
Legal fees	930	704	(226)	
In House Residential	1,968	1,988	20	
Emergency Placements	200	46	(154)	
Inter-Agency Adoption Fees	326	399	73	
Direct Payments - Children Services	176	248	72	
Adult & Community Services				
Community Care - Residential	22,600	23,890	1,290	
Community Care - Supported Living	11,713	11,500	(213)	III
Community Care - Non Residential	12,805	11,748	(1,057)	IV
Community Care Income - Residential & Non Residential	(8,615)	(12,390)	(3,775)	
Education				
SEN Out of County - Local Authority	2,105	1,201	(904)	V
SEN Out of County - Independents	1,935	2,386	451	V
SEN Local Provision Development	879	739	(140)	
SEN Transport	1,739	1,938	199	
Special Home to School Transport	848	1,072	225	
Bridge Achievement Centre	1,250	998	(252)	
SEN Recoupment Income	(308)	(418)	(110)	
St Andrews contingency	0	315	315	
Regeneration, Investment & Housing				
Homelessness - B & B Costs	139	230	91	
Commercial & Industrial Properties Income	(1,406)	(1,207)	199	
City Services				
Commercial/ Asbestos Income	(1,424)	(1,660)	(236)	
Home to School Transport - Primary	1,029	981	(48)	
Home to School Transport - Secondary	1,218	1,319	101	
Home to School Transport - College	122	63	(59)	
CPE - Fines Income	(691)	(755)	(64)	
Burial fees	(653)	(710)	(57)	
Car parking income	(1,598)	(1,568)	30	
Law & Regulation				
Licensing - Hackney carriages / private hire	(369)	(538)	(169)	
Total Net Budget	56,144	50,691	(5,453)	

- In 2021/22, there are almost 30 budget areas identified as having the potential to be high risk or highly volatile. This list is reviewed on an on-going basis
- Although some of these areas have come in underspent against budget, they have continued to be monitored given the potential to have a significant impact, should the position worsen in any of these areas.
- There are six budget 'hotspot' areas within the risk based monitoring which demonstrate the significant financial impact and risk that only a small number of areas pose to the financial position of the Authority (graph ref i – v)
- The figures here do not reflect the COVID-19 related loss of income being claimed from WG to highlight the risk in these areas.

Budget Monitoring Position – March 2022

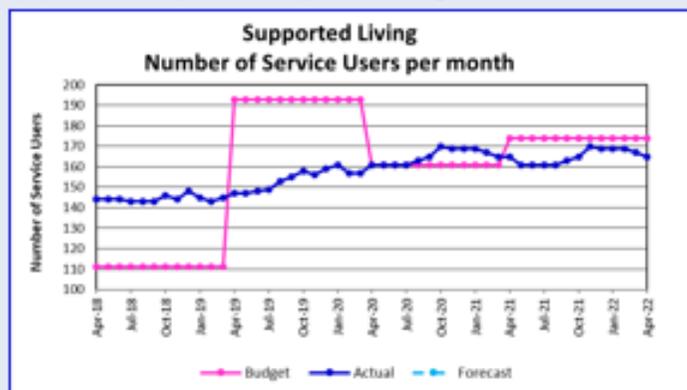
Risk Based Monitoring graphs

(i) Independent Fostering Agencies



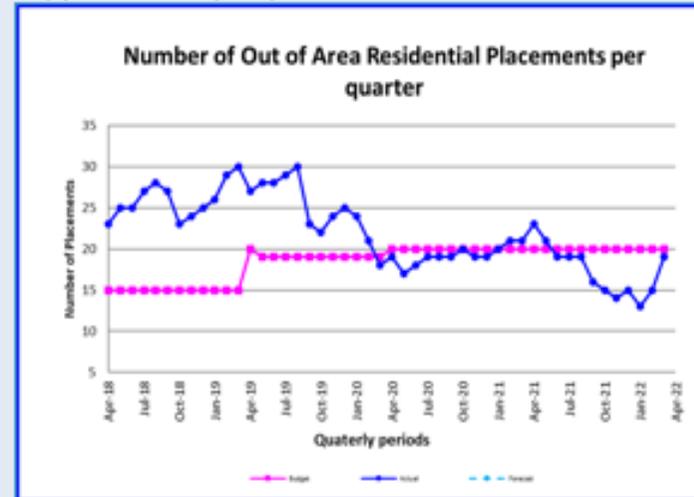
- The 2021/22 budget could afford 58 placements at an average cost. The number of placements increased to 63 at the end of March therefore reducing the underspend forecast previously to £304k. The underspend, in the main is due to certain costs being claimed against the Hardship Fund.

(iii) Community Care – Supported Living



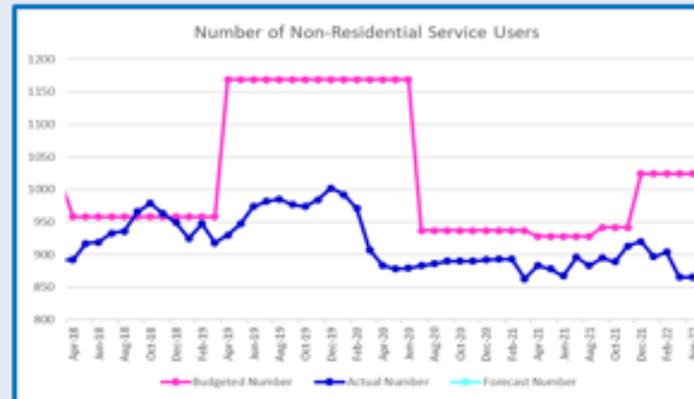
- Budget can afford 174 placements at an average cost. Numbers in March at 165 although almost a third of costs are higher than the average. £563k of placement costs were funded from the COVID recovery grant.

(ii) Out of Area (OOA) Residential Placements



- Budget can afford 20 placements at an average cost. Numbers throughout the year were lower than the budget could afford due to providers not accepting placements plus £393k of unbudgeted income from Education & ABUHB towards placements costs. £689k underspent reported at outturn

(iv) Community Care – Non Residential

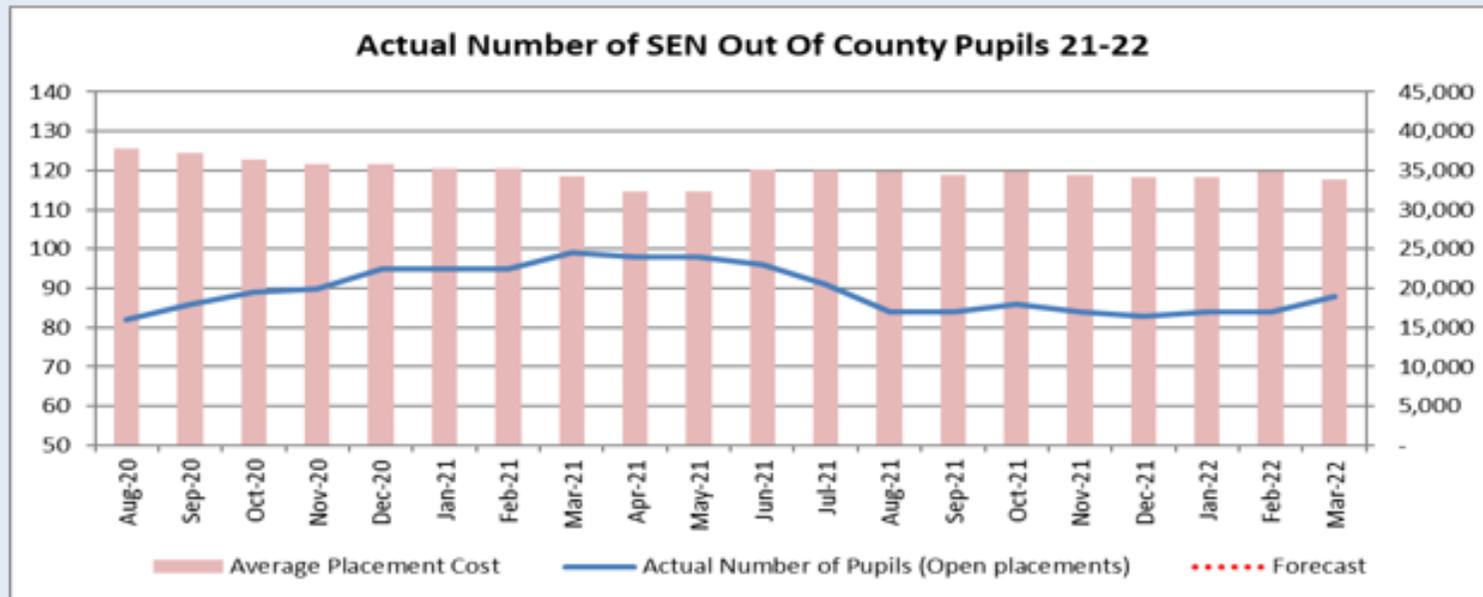


- Budget can afford 1,024 users per month at an average cost. Of the 865 users, there are currently 128 users with a care package cost of over £500 per week which is contributing to the overall position.

Budget Monitoring Position – March 2022

Risk Based Monitoring graphs

(v) SEN Out of County Placements – Local Authority and Independent



- SEN OOC budget can accommodate 120 placements at an average cost of £34k. There were 88 open placements at the end of the financial year which has meant that SEN out of county placements underspent against budget of £904k.
- Placements ranging between £10k and £20k account for 27% of the total number of placements. There are 2 placements costing in excess of £100k per year due to the complex needs of the individuals.

Budget Monitoring Position – March 2022

Schools

There has been a significant improvement in school balances during February and March resulting in the overall school reserves increasing by £9.6m to £15.7m at year-end (£6.1m underspend against budget). This assumes that the financial impact of COVID-19 is neutralised via the Hardship Fund. It is important to note that significant additional income (£4.8m) was received at year end, contributing to the in year underspend and therefore being added to school balances to enable schools to utilise next financial year.

8 out of 58 schools report an in year overspend.

Outturn by sector are shown below;

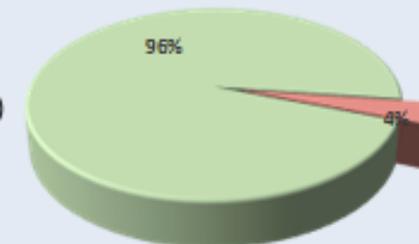
- Nursery £99k underspend (1 out of 3 nurseries reporting an in-year overspend position)
- Primary £1,995k underspend (7 out of 44 schools reporting an in-year overspend position)
- Secondary £3,701k underspend (0 out of 9 schools reporting an in-year overspend position)
- Special £290k underspend (0 out of 2 special schools reporting an in-year overspend position)

Schools forecasting deficit reserves at YE	March
Liswerry High	(57)
Kimberley Nursery	(123)
Total Net Budget	(180)

Schools are reporting an in year underspend of £6.1m therefore increasing school balances to £15.7m as at the end of March 2022. (£92k balance transfer relates to Kimberley & Fair oak reserve balance that has been transferred to Education).

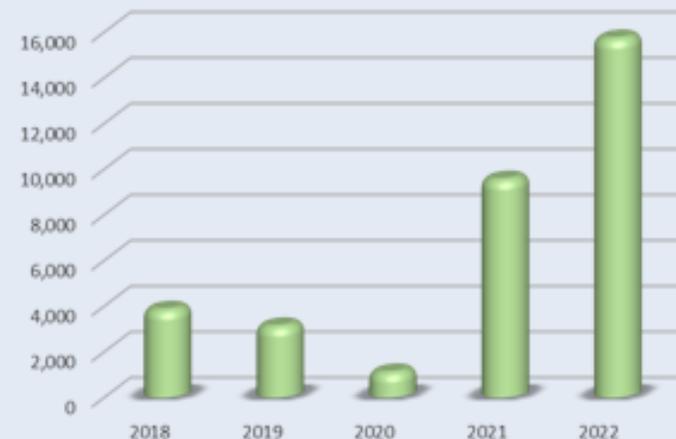
The significant underspend is largely due to one off, non-recurring grant income. The nature of the grants means that they should be spent on the issues they were given for e.g. 'maintenance works' and 'catching up initiatives' etc. Therefore, schools will need to robustly monitor and manage their budgets effectively to ensure financial sustainability going forward as without the savings made this year, some schools would have had minimal balances remaining on 31 March 2022 and the number of schools reporting a deficit position in 2022/23 would have increased.

Proportion of Schools Forecasting Deficit as at 31st March 2022



■ Schools in surplus as at 31st March 2022
 ■ Schools in deficit as at 31st March 2022

Balances held by Schools as at 31st March



APPENDIX 2 Revenue Summary Monitor - March 2022

Summary Revenue Budget 2021/22	Current Budget	Outturn before proposed transfers	Variance against budget	Change Since Last Statement
	£'000	£'000	£'000	£'000
People				
Children and Young People	26,743	24,955	(1,788)	311
Adult and Community Services	51,475	46,387	(5,088)	(409)
Education	15,643	14,807	(837)	(171)
Schools	111,731	111,731	-	2,022
	205,593	197,880	(7,712)	1,754
Place				
Regeneration, Investment and Housing	11,002	10,775	(227)	(216)
City Services	25,632	26,425	793	362
	36,634	37,200	565	145
Chief Executive				
Directorate	525	478	(47)	10
Finance	3,251	3,084	(167)	(167)
People and Business Change	9,117	9,047	(70)	395
Law and Regulation	6,758	6,400	(358)	(272)
	19,651	19,009	(642)	(34)
Capital Financing Costs and Interest				
Capital Financing Costs and Interest (Non-PFI)	16,455	12,361	(4,094)	(1,355)
Public Finance Initiative (PFI)	9,007	8,792	(216)	(216)
	25,462	21,153	(4,310)	(1,571)
Sub Total - Service/Capital Financing	287,340	275,241	(12,099)	294
Contingency Provisions				
General Contingency	1,373	-	(1,373)	0
Restructuring / Other Savings	-	-	-	-
Centralised Insurance Fund	593	599	7	7
Non Departmental Costs	40	-	(40)	-
Other Income and Expenditure	3,013	3,181	168	3,840
	5,018	3,780	(1,238)	3,847
Levies / Other				
Discontinued Operations - pensions	1,447	1,334	(113)	(29)
Discontinued Operations - Ex Gratia Payments	3	3	(0)	(0)
Levies - Drainage Board, Fire service etc	9,200	9,212	12	20
CTAX Benefit Rebates	13,375	12,346	(1,029)	(646)
Extraordinary Items	-	-	-	-
	24,025	22,895	(1,130)	(655)
Transfers To/From Reserves				
Base budget - Planned Transfers to/(from) Reserves	(452)	(452)	-	-
Earmarked reserves: Transfer to/(from) Capital	-	-	-	-
Earmarked reserves: Transfer to/(from) Schools	-	-	-	(2,022)
Earmarked reserves: Transfer to/(from) Schools Redundancy	-	-	-	-
Invest to Save Reserve	-	-	-	(1,113)
Invest to Save Reserve (from)	-	-	-	1,113
	(452)	(452)	-	(2,022)
Total	315,930	301,464	(14,467)	1,464
Funded By				
WG funding (RSG and NNDR)	(240,796)	(243,852)	(3,056)	(3,056)
Council Tax	(75,134)	(75,134)	-	-
Council Tax Surplus	-	(882)	(882)	(282)
Total	(0)	(18,404)	(18,404)	(1,873)

APPENDIX 3 School Balance Outturn Position

School Name	Opening Reserve 21/22	Final ISB Allocation (inc Post 16)	In Year U/(O) Spend March 22	Closing Reserve 31/03/22
	£	£	£	£
Bassaleg School	750,960	6,853,323	182,021	932,981
Newport High	172,214	4,880,553	395,753	567,967
Caerleon Comprehensive	(607,091)	5,995,556	886,906	279,815
The John Frost School	415,936	6,510,797	134,294	550,230
Llanwern High	(120,987)	4,475,243	417,709	296,723
Llswerry High	(548,940)	4,423,659	492,107	(56,833)
St Josephs R.C. High	403,577	5,505,961	194,160	597,736
St Julians School	292,851	6,785,879	799,060	1,091,911
Ysgol Gyfun Gwent Is Coed	102,196	2,389,120	198,711	300,908
Sub Total	860,716	47,820,090	3,700,722	4,561,438
Alway Primary	201,676	1,613,475	55,983	257,659
Caerleon Lodge Hill	231,628	1,238,648	23,760	255,388
Charles Williams CIW	459,262	1,854,721	161,617	620,879
Clytha Primary	78,885	830,600	23,225	102,111
Crindau Primary	210,870	1,402,682	42,740	253,609
Eveswell Primary	366,809	1,601,593	204,631	571,440
Gaer Primary	254,663	1,713,422	21,323	275,986
Glan Usk Primary	255,337	2,214,173	81,198	336,535
Glan Llyn Primary	114,736	1,305,693	116,307	231,043
Glasllwch Primary	115,850	840,437	501	116,351
High Cross Primary	26,327	948,719	52,357	78,684
Jubilee Park	145,587	1,382,021	136,028	281,615
Langstone Primary	224,708	1,208,496	17,383	242,091
Llanmartin Primary	94,405	794,472	73,437	167,842
Llswerry Primary	356,802	2,077,255	(130,292)	226,510
Maesglas Primary	113,867	1,077,511	(16,693)	97,174
Maindee Primary	203,186	1,791,780	22,494	225,681
Malpas CIW Primary	106,911	1,122,974	51,522	158,433
Malpas Court Primary	158,924	1,166,022	(20,652)	138,272
Malpas Park Primary	142,273	882,649	84,228	226,501
Marshfield Primary	133,314	1,509,125	55,436	188,750
Millbrook Primary	208,194	1,113,283	(20,466)	187,728
Milton Primary	172,468	1,690,230	78,015	250,483
Monnow Primary	217,620	1,554,695	12,761	230,381
Mount Pleasant	84,154	910,020	21,231	105,385
Pentrepoeth Primary	108,221	1,639,995	65,482	173,703
Pillgwenlly Primary	194,196	2,199,875	(125,173)	69,023
Ringland Primary	136,473	1,050,356	13,509	149,982
Rogerstone Primary	178,970	2,152,773	(80,998)	97,972
Somerton Primary	154,768	609,891	(18,557)	136,211
St Andrews Primary	230,911	2,460,472	63,324	294,235
St Davids RC Primary	157,110	800,892	59,659	216,769
St Gabriels RC Primary	120,919	710,750	84,604	205,523
St Josephs RC Primary	117,521	755,557	211	117,732
St Julians Primary	589,669	2,267,753	108,256	697,925
St Marys Rc Primary	182,770	1,395,508	119,308	302,078
St Michaels RC Primary	165,210	819,493	27,008	192,218
St Patricks RC Primary	100,364	767,250	27,736	128,100
St Woolos Primary	73,302	1,156,511	19,877	93,178
Tredegar Park Primary	536,353	1,566,863	186,347	722,700
Ysgol Gym Bro Teyrnnon	289,981	846,799	102,852	392,833
Ysgol Gym Casnewydd	341,608	1,340,992	27,558	369,166
Ysgol Gym Ifor Hael	171,794	761,357	42,895	214,689
Ysgol Gym Nant Gwenlli	0	228,509	123,397	123,397
Sub Total	8,528,594	57,376,291	1,995,371	10,523,965
Fairoak Nursery	29,783	67,640	908	30,690
Kimberley Nursery	(95,112)	92,904	(28,349)	(123,462)
Newport Nursery	0	291,216	127,060	127,060
Sub Total	(65,330)	451,759	99,618	34,288
Maes Ebbw	21,990	3,717,761	209,854	231,844
Bryn Derw	212,451	1,978,244	80,219	292,670
Sub Total	234,441	5,696,004	290,072	524,514
Assumed additional grant and other compensation			0	0
Kimberley & Fairoak reserve balance transfers to Education			0	92,772
Q3 & Q4 Covid Financial Impact - Alert Level 1			0	0
Grand Total	9,558,422	111,344,145	6,085,783	15,736,976

APPENDIX 4 2021/22 Reserve Movements

Reserve	Balance at 31-Mar-21	Movement in Reserves (within Out turn position)		Proposed Transfers	Balance at 31-Mar-22
		Transfers Out	Transfers In	Transfers In	
Council Fund:	(6,499)	-	(1)	-	(6,500)
Balances held by schools for future use	(9,558)	-	(6,179)	-	(15,737)
Earmarked Reserves:					
Music Service	(127)	-	-	-	(127)
Pay Reserve	(1,418)	-	-	-	(1,418)
Insurance Reserve	(1,162)	-	-	-	(1,162)
MMI Insurance Reserve	(602)	-	-	-	(602)
Health & Safety	(16)	16	-	-	-
Education Achievement Service	(92)	-	-	-	(92)
Schools Redundancies	(985)	-	(113)	-	(1,098)
General Investment Risk Reserve	(1,188)	64	(651)	(792)	(2,567)
European Funding I2A & CFW	(984)	36	(450)	-	(1,398)
Metro Bus	(9)	9	-	-	-
GEMS Redundancies	(78)	-	-	-	(78)
COVID Risk Reserve	-	-	(1,884)	-	(1,884)
SUB TOTAL - RISK RESERVES	(6,661)	125	(3,098)	(792)	(10,426)
Capital Expenditure	(9,928)	-	-	-	(9,928)
Displacement headroom	-	-	(10,279)	-	(10,279)
Capital Grants Unapplied	-	-	(3,210)	-	(3,210)
Invest to Save	(8,464)	897	-	-	(7,567)
Super Connected Cities	(298)	128	-	-	(170)
Landfill (fines reserve)	(332)	-	-	-	(332)
School Reserve Other	(432)	-	(497)	-	(929)
School Works	(27)	-	-	-	(27)
Schools ICT Sustainability	-	-	(50)	-	(50)
Investment Reserve	(497)	497	-	-	-
Usable Capital Receipts	(6,753)	18	(2,655)	-	(9,390)
Streetscene Manager Support	(66)	55	-	-	(11)
SUB TOTAL - ENABLING RESERVES	(26,796)	1,595	(16,691)	-	(41,892)
Municipal Elections	(164)	-	(16)	-	(180)
Local Development Plan	(688)	173	-	-	(515)
Glan Usk PFI	(1,607)	-	-	-	(1,607)
Southern Distributor Road PFI	(40,392)	452	-	-	(39,940)
Building Control	(81)	-	(43)	-	(124)
Loan modification technical reserve (IFRS 9)	(513)	-	-	-	(513)
Kingsway	(64)	-	-	-	(64)
SUB TOTAL - SMOOTHING RESERVES	(43,509)	625	(59)	-	(42,943)
Works of art	(21)	-	-	-	(21)
Theatre & Arts Centre	(232)	-	-	-	(232)
Cymorth Income	(25)	25	-	-	-
Blaen Y Pant	(4)	4	-	-	-
Homelessness Prevention	(38)	38	-	-	-

Reserve	Balance at 31-Mar-21	Movement in Reserves (within Out turn position)		Proposed Transfers	Balance at 31-Mar-22
		Transfers Out	Transfers In	Transfers In	
Environmental Health - Improve Air Quality	(49)	-	-	-	(49)
Refurbishment of a Children / Older People Homes	(41)	41	-	-	-
Apprenticeship Scheme	(17)	10	-	-	(7)
City Economic Development Reserve	(90)	-	-	-	(90)
Welsh Language Standards	(129)	2	-	-	(127)
Port Health	(16)	-	(4)	-	(20)
CRM	(52)	52	-	-	-
Financial System Upgrade	(600)	-	-	-	(600)
SS COVID Recovery Reserve	-	-	(563)	-	(563)
Events	(216)	-	(59)	-	(275)
MTFP Reserve	(5,117)	2,128	-	(6,412)	(9,401)
Voluntary Sector Grants	(43)	16	-	-	(27)
Bus Subsidy	(15)	15	-	-	-
Feasibility Reserve	(54)	-	-	-	(54)
IT Development	(53)	-	-	-	(53)
Leisure Delivery Plan	(103)	103	-	-	-
Chartist Tower	(256)	-	-	-	(256)
Joint Committee City Deal Reserve	(289)	-	(373)	-	(662)
NEW - Civil Parking Enforcement	(245)	52	-	-	(193)
Community Covid Recovery Fund	(500)	-	-	-	(500)
City Services – refurbishment & cleansing of open spaces	(500)	481	-	-	(19)
Green Recovery Task Force	(1,000)	-	-	-	(1,000)
Business Recovery Fund	(250)	-	-	-	(250)
Business Development Grants	(56)	-	(25)	-	(81)
Children's Service legal fees	(150)	150	-	-	-
Community Occupational Therapy	(53)	-	-	-	(53)
Directly Managed Community Centres Maintenance	(50)	-	-	-	(50)
IT Infrastructure	(120)	-	(527)	-	(647)
PSB Contribution	(40)	-	-	-	(40)
COVID Reserve	(596)	170	-	-	(426)
Highways road repairs [potholes]	(116)	116	-	-	-
Homelessness Prevention	(289)	-	(38)	-	(327)
Chief Education Grant	(765)	197	-	-	(568)
Home to School Transport	(801)	302	-	-	(499)
Housing Supply review	(25)	-	-	-	(25)
Anniversary tree planting / green canopy	(20)	17	-	-	(3)
Cariad Casnewydd	(170)	-	-	-	(170)
Soft Loan interest equalisation reserve	(1,861)	213	-	-	(1,648)
Community Gardening Schemes	(180)	-	-	-	(180)
Market Arcade Owner contributions	-	-	(51)	-	(51)
Strategic Development Plan	-	-	(110)	-	(110)
Parks & Open Spaces	-	-	-	(2,500)	(2,500)
Discretionary Rate Relief	-	-	(900)	-	(900)
Domiciliary Care Service Capacity	-	-	-	(500)	(500)
Social Services PPE Reserve	-	-	(212)	-	(212)
St Andrews Primary	-	-	-	(305)	(305)
Prior year Underspend - 21-22	-	-	-	(7,895)	(7,895)
Communications Corporate Requirement	-	-	(232)	-	(232)
Decarbonisation Projects	-	-	(90)	-	(90)
SUB TOTAL - OTHER RESERVES	(15,247)	4,132	(3,184)	(17,612)	(31,911)
RESERVES TOTAL	(108,270)	6,477	(29,212)	(18,404)	(149,409)

APPENDIX 4a 2021/22 Detailed Reserve Movements

Reserve	Balance at 31-Mar-21	Movement in Reserves (within Out turn position)		Proposed Transfers	Balance at 31-Mar-22	Notes
		Transfers Out	Transfers In	Transfers In		
Balances held by schools for future use	(9,558)	-	(6,179)	-	(15,737)	Consistent with existing policy - transfer of school underspend into individual school balances
Earmarked Reserves:						
Health & Safety	(16)	16	-	-	-	Repurposed to create covid risk reserve
Schools Redundancies	(985)	-	(113)	-	(1,098)	Used in line with intended purpose - to cover redundancy costs that arise in schools that face financial issues
General Investment Risk Reserve	(1,188)	64	(651)	(792)	(2,567)	Created to mitigate against potential future risk
European Funding I2A & CFW	(984)	36	(450)	-	(1,398)	Used and topped up in line with intended purpose. Requirement of partnership agreement to cover any one off 'exit' costs associated with the projects
Metro Bus	(9)	9	-	-	-	Repurposed to create covid risk reserve
COVID Risk Reserve	-	-	(1,884)	-	(1,884)	Repurposed to create covid risk reserve
SUB TOTAL - RISK RESERVES		125	(3,098)	(792)		
Displacement headroom	-	-	(10,279)	-	(10,279)	Late grant received from WG
Capital Grants Unapplied	-	-	(3,210)	-	(3,210)	Additional WG funding to compensate for lower allocation in 22/23
Invest to Save	(8,464)	897	-	-	(7,567)	Used in line with intended purpose - to enable funding of change and transformation projects to achieve savings to the revenue budget
Super Connected Cities	(298)	128	-	-	(170)	Used in line with intended purpose - to fund the costs associated with the Community Safety Network
School Reserve Other	(432)	-	(497)	-	(929)	Created for school specific schemes
Schools ICT Sustainability	-	-	(50)	-	(50)	Created for school specific schemes
Investment Reserve	(497)	497	-	-	-	Repurposed to create covid risk reserve
Usable Capital Receipts	(6,753)	18	(2,655)	-	(9,390)	To hold proceeds of sale of property, plant and equipment to finance new capital expenditure
Streetscene Manager Support	(66)	55	-	-	(11)	Used in line with intended purpose
SUB TOTAL - ENABLING RESERVES		1,595	(16,691)	-		
Municipal Elections	(164)	-	(16)	-	(180)	Increased in line with intended purpose - to ensure budget requirement over cyclical period is sufficient
Local Development Plan	(688)	173	-	-	(515)	Used in line with intended purpose - to ensure budget requirement over cyclical period is sufficient
Southern Distributor Road PFI	(40,392)	452	-	-	(39,940)	Used in line with intended purpose - to fund payments to the contractor
Building Control	(81)	-	(43)	-	(124)	Increased in line with intended purpose - held in line with Cipfa Local Authority building control accountancy guidelines
SUB TOTAL - SMOOTHING RESERVES	(41,325)	625	(59)	-		

Reserve	Balance at 31-Mar-21	Movement in Reserves (within Out turn position)		Proposed Transfers	Balance at 31-Mar-22	Notes
		Transfers Out	Transfers In	Transfers In		
Cymorth Income	(25)	25	-	-	-	Repurposed to create covid risk reserve
Blaen Y Pant	(4)	4	-	-	-	Repurposed to create covid risk reserve
Homelessness Prevention	(38)	38	-	-	-	Amalgamated with other homelessness prevention reserve
Refurbishment of a Children / Older People Homes	(41)	41	-	-	-	Repurposed to create covid risk reserve
Apprenticeship Scheme	(17)	10	-	-	(7)	Repurposed to create covid risk reserve
Welsh Language Standards	(129)	2	-	-	(127)	Repurposed to create covid risk reserve
Port Health	(16)	-	(4)	-	(20)	Increased in line with intended purpose - Port Health Authority reserve
CRM	(52)	52	-	-	-	Used in line with intended purpose - to cover associated costs of the project
SS COVID Recovery Reserve	-	-	(563)	-	(563)	Created to support learning disability pressure in 22/23 budget
Events	(216)	-	(59)	-	(275)	Annual budgeted transfer to fund events throughout the city
MTFP Reserve	(5,117)	2,128	-	(6,412)	(9,401)	Repurposed to create covid risk reserve (£1,185k). Balance used in line with intended purpose - to support operational and budget risks
Voluntary Sector Grants	(43)	16	-	-	(27)	Repurposed to create covid risk reserve
Bus Subsidy	(15)	15	-	-	-	Repurposed to create covid risk reserve
Leisure Delivery Plan	(103)	103	-	-	-	Used in line with intended purpose - to cover associated costs of the plan
Joint Committee City Deal Reserve	(289)	-	(373)	-	(662)	Technical reserve - increase NCC share of the CCRCDD reserve
NEW - Civil Parking Enforcement	(245)	52	-	-	(193)	Used in line with intended purpose
City Services – refurbishment & cleansing of open spaces	(500)	481	-	-	(19)	Used in line with intended purpose
Business Development Grants	(56)	-	(25)	-	(81)	Create additional funding for business development grants
Children's Service legal fees	(150)	150	-	-	-	Used in line with intended purpose
IT Infrastructure	(120)	-	(527)	-	(647)	To deliver a number of IT relates initiatives
COVID Reserve	(596)	170	-	-	(426)	Used in line with intended purpose - to fund delayed infrastructure work and administration of business grants following the pandemic
Highways road repairs [potholes]	(116)	116	-	-	-	Used in line with intended purpose
Homelessness Prevention	(289)	-	(38)	-	(327)	To create additional capacity within homelessness prevention
Chief Education Grant	(765)	197	-	-	(568)	Used in line with intended purpose - to provide temporary financial support to schools

Reserve	Balance at 31-Mar-21	Movement in Reserves (within Out turn position)		Proposed Transfers	Balance at 31-Mar-22	Notes
		Transfers Out	Transfers In	Transfers In		
Home to School Transport	(801)	302	-	-	(499)	Used in line with intended purpose - to fund additional transport costs associated with St Andrews temporary accommodation
Anniversary tree planting / green canopy	(20)	17	-	-	(3)	Used in line with intended purpose
Soft Loan interest equalisation reserve	(1,861)	213	-	-	(1,648)	Used in line with intended purpose - drawdown of technical reserve
Market Arcade Owner contributions	-	-	(51)	-	(51)	
Strategic Development Plan	-	-	(110)	-	(110)	Created to cover associated future costs
Parks & Open Spaces	-	-	-	(2,500)	(2,500)	To provide one off investment in parks and open spaces
Discretionary Rate Relief	-	-	(900)	-	(900)	To fund local discretionary relief for non domestic rates
Domiciliary Care Service Capacity	-	-	-	(500)	(500)	To cover ministerial intention to provide support service capacity
St Andrews Primary	-	-	-	(305)	(305)	To support costs of temporary accommodation whilst work ongoing
Social Services PPE Reserve	-	-	(212)	-	(212)	Technical reserve for the potential write off of PPE
Prior year Underspend - 21-22	-	-	-	(7,895)	(7,895)	In year underspend to be allocated by Cabinet
Communications Corporate Requirement	-	-	(232)	-	(232)	To fund necessary improvements to the Council website
Decarbonisation Projects	-	-	(90)	-	(90)	To complete unfinished decarbonisation projects
SUB TOTAL - OTHER RESERVES		4,132	(3,184)	(17,612)		
RESERVES TOTAL		6,477	(29,212)	(18,404)		