

Report

Cabinet

Part 1

Date: 12 July 2023

Subject Revenue Budget Outturn - 2022/23

Purpose This report explains the Council's outturn for its 2022/23 revenue budget and key issues arising.

Author Head of Finance

Ward All

Summary The revenue outturn for 2022/23 shows an underspend of £5,066k, after core budget contributions to/from reserves, which represents a 1.5% variance against the £343m budget. This variance against budget has arisen, in the main, due to the following:

- Underspends against non-service budgets, specifically the general and covid contingency budget. Contingency budgets were temporarily increased for 2022/23 following Covid, none of which were required to balance the budget this year.
- 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.
- Offset by overspending in service areas due to increased demand and costs. The higher than anticipated pay award for NJC staff across the council also significantly contributed to this position.

The underspend has increased by £3,980k since the December forecast and, in the main, this is because of lower than anticipated demand, in particular inter agency adoption fees, better than anticipated income and late distribution of grant funding from Welsh Government (WG), particularly within central education.

The report explains the key variances against budget for the financial year ending 31 March 2023 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 and to protect the Council by enhancing its risk mitigation reserves. The details of which will be announced during the meeting.

Appendix 1 Overall budget dashboard – March 2023
Appendix 2 Revenue summary monitor - March 2023
Appendix 3 School balance outturn position
Appendix 4 2022/23 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 the 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 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 Outturn summary

1.1 The 2022/23 revenue outturn produced a net underspend, after core budget contributions to/from reserves, of £5.1m against the £343m budget (1.5% 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:

- Underspends against non-service budgets, specifically the general and covid contingency budget. Contingency budgets were temporarily increased for 2022/23 following Covid, none of which were required to balance the budget this year.
- 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. In addition, the Council also underspent on the Council Tax reduction scheme.
- These underspends have been offset by overspending in service areas due to increased demand and costs. The higher than anticipated pay award for NJC staff across the council also significantly contributed to this position.

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

Overspending across service areas (exc schools)	£3,278k
Underspending across non-service areas:	
Loans interest payable and interest receivable	(£2,451k)
General budget contingency	(£1,373k)
Covid contingency (temp repurposed budgets)	(£3,298k)
CTax Reduction Scheme saving	(£1,018k)
Other non-service	(£204k)
Overall underspend	(£5,066k)

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 just over £3m. The specific areas of over and underspending are not too dissimilar to those highlighted throughout the 2022/23 financial year to Cabinet:

- Services generally overspending due to increased demand and costs;
- Income levels in some areas not yet returning to pre-pandemic levels.

1.2 This following section will explain 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 – £2,275k overall overspend	
Areas of overspending	
Emergency placements: The number of placements significantly exceeded the budget allocation of £200k. Some placements cost up to £50k per week throughout the year. Most costs were 'internal' to NCC such as agency costs to deal with the placements in the Council's own children's homes. Gross cost of £3,478k offset by Eliminate and Radical reform grant income (£1,543k).	1,733
Out of area residential placements: The budget of £2,889k can afford 15 placements. Placements have been higher than the budget throughout the year with final numbers of 22 at the end of March.	1,089
Legal fees: Overspend against £780k budget largely due to a number of complex cases within the court arena that have required specialist assessments from medical professionals, and this has increased cost.	316
Areas of underspending	
Childrens management account: Head of Service and Service manager posts charged to Radical Reform and Eliminate Bid grant funding. This was a one off in 2022/23.	(362)
Unaccompanied Asylum Seeking Children (UASC): There is a standard fee paid for each UASC and income exceeds the costs incurred. The Home Office do not request repayment.	(344)
Adults - (£1,368k) overall underspend	
Areas of overspending	
Community care: Combined budget of more than £45m across community care. Budget for packages uplifted by 11%, however, providers received uplifts of 15% and over due to the cost of living crisis. Budget realignment completed for 2023/24.	1,677
Areas of underspending	
Community care income: Underspend has arisen due to overachievement against the (£9,111k) income budget. Linked to above overspending on the cost of packages, service users who are required to pay for their package in full were also paying higher fees than budgeted so the overspends on packages were offset by surplus income. Budget realignment completed for 2023/24.	(2,028)
Social work teams: Winter pressure funding of £164k offset core staff costs and there were vacancies within teams.	(287)
Short breaks: Early achievement of 2023/24 MTFP saving on staffing.	(285)
Management account. 2017/18 grant income overclaimed, and for which provision for repayment was in place, will not now be recovered from WG (£164k).	(217)
Prevention & Inclusion – (£342k) overall underspend	
Areas of underspending	
Grant income: Additional grants to fund budgeted posts and staff vacancies. Additional grant income accounts for almost half of the total staff underspend. The balance relates to vacant posts.	(286)

Finance – (£353k) overall underspend	
Areas of overspending	
New finance system project costs absorbed within the Accountancy budget to allow for increased costs 2023/24 due to delayed implementation. Partially offset by staff savings of (£166k).	304
Areas of underspending	
Staff budgets: Underspend against Procurement and Internal Audit staff budgets.	(190)
Grant income: Unbudgeted income for administering various grants over and above additional short term costs incurred.	(303)
People, Policy & Transformation - £350k overall overspend	
Areas of overspending	
Assets: Income loss [£174k], estate management [£406k] overspend for additional repairs, surveys and 'Info Station' building loss of income [£158k].	938
Digital: IT purchases £70k overspend and overspend for system costs (cloud, retained contracts and system support).	193
Areas of underspending	
HR & OD and H&S: Saving of (£420k) against staff and training budgets and additional income of (£68k).	(538)
Partnerships & Policy: (£95k) saving against staff budgets and additional income in respect of safer streets (£104k) and other smaller grants.	(166)
Law & Standards - £68k overall overspend	
Areas of overspending	
Legal - Net overspend of £50k on staffing coupled with income shortfall of £48k on land charges.	94
Housing & Communities - £2,018k overall overspend	
Areas of overspending	
Housing needs & Homelessness: Homeless costs have significantly exceeded the £530k budget (e.g. security [£606k], repairs [£229k], rents [£447k], temporary accommodation [£1,474k]).	2,414
Areas of underspending	
Community cohesion: Home Office dispersal grant exceeded the costs of demand (£224k).	(213)
Environment & Public Protection – (£63k) overall underspend	
Areas of overspending	

Countryside service: Tree management and maintenance costs in excess of budget.	361
Waste & Cleansing: Overspend on supplies/ hires/ bin purchase [£181k], Waste Savers recycling contract pressure [£140k], transport and premises overspend [£147k] and reduced income [£180k].	648
Areas of underspending	
Waste & Cleansing: Net staff/agency savings (£303k) and disposal cost underspends (£512k).	(815)
Licensing: Additional income received	(176)
Net zero Newport: Saving on staff budgets and costs charged to capital.	(166)
Infrastructure - £1,716k overall overspend	
Areas of overspending	
Highways assets and planning: £172k overspend in respect of staffing/agency costs; section 38 income shortfall [£143k]; works overspend [£106k].	416
Car Parks: Electricity overspend [£124k], Contribution to capital works [£139k], staffing and agency overspend [£140k], income shortfall [£226k].	466
Fleet administration and depot: £437k overspend on fleet short term hire costs, £336k fuel overspend and repairs £219k.	1,119
Areas of underspending	
Highways network: £201k unbudgeted income plus other non-staff related savings.	(193)
Regeneration & Economic Development – overall (£12k) underspend	
Areas of overspending	
Planning, building control and development: Building Control staffing overspend [£32k] and income shortfall [£123k].	172
Areas of underspending	
Head of service: predominantly due to delayed recruitment to service manager posts.	(105)
Education – (£1,011k) overall underspend	
Areas of overspending	
Overspends associated with Millbrook relocation costs	199
Areas of underspending	
School meals primary: Additional £264k received from WG as a one off additional payment for the UPFSM programme coupled with less demand than the budget could cater for.	(1,100)
Redundancy and pension: Schools make an annual contribution of £375k to the education budget which is top sliced from ISB to cover redundancy and pension strain costs. The draw on this budget was less than the budget allowed for.	(488)

(ii) Non-service area budgets

Non Service – (£8,344k) overall underspend	
Interest payable/ receivable: Overachievement of interest receivable (£1m) due to interest rates rising and higher than anticipated investment balances. The balance, against interest payable (£1.5m) partly due to the delayed need to undertake borrowing, caused by slippage in the capital programme. More fundamentally, following the decision to frontload the revenue funding required to finance the full Capital Programme, as part of recent budgets, it was anticipated that a significant underspend would occur, and this will reduce in the 2023/24 year and again in 2024/25 as projects are delivered and borrowing undertaken.	(2,451)
General contingency budget: Budget was temporarily increased for 2022/23 following Covid and was made up of £980k temporary headroom in city centre investment budget, £1,373k base budget general contingency, £2,000k temporary headroom in capital financing and £500k Covid base budget. None of which were required to balance the budget this year.	(4,671)
Council tax benefits: There were significant underspends due to demand against the £13.5m budget.	(1,018)

(iii) 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 £44k. More significant than the savings shortfall for 2022/23 are the unachieved savings from previous years. This shortfall amounts to almost £300k. The majority of undelivered savings are expected to be delivered in full in 2023/24 or have been dealt with as part of the final budget for 2023/24. This must continue to be closely monitored given the unprecedented level of new savings to be delivered in 2023/24.

Summary by Portfolio	Social Services	Environment & Sustainability	Transformation & Corporate	Non Service	Total
2022/23 MTRP Target (£) Total	380	100	52	280	812
Total Savings Realised by Year End 2022/23	380	70	38	280	768
Variation to MTRP Target	0	-30	-14	0	-44
Variation % to MTRP Target	0%	-30%	-27%	0%	-5%
Undelivered Savings from Previous Years	-166	-41	-90	0	-297
Total Undelivered Savings	-166	-71	-104	0	-341

- 2.4 Conversations are ongoing with HoS to determine the plan of action to address the outstanding items.

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. This shows the individual schools, sector in-year under/overspending for 2022/23 and their reserves position as at the end of the year.
- 3.2 There has been a relatively small movement in school balances which will see school balances reducing from £15.7m to £14.4m (£1.3m overspend against budget). This position has moved considerably since last reported as the December forecast of £5.3m overspend reduced to £1.3m at year end. The movement of almost £4m is summarised below:

- reduction in premises costs as many schools cancelled planned works and stopped spend to protect reserves going into what is expected to be a challenging 2023/24 financial year.
- increase in income received due to late grants which includes School to School (S2S), Post 16 and the Homes for Ukraine grants.

- 3.3 In light of the significant level of savings that schools will need to make during the 2023/24 financial year, 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 Schools are currently finalising their 2023/24 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 2023/24. 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.
- 3.5 40 out of 56 schools had an in-year overspend and 1 school had a closing deficit balance at 31 March 2023. A temporary deficit license has been granted for one primary school; however, a detailed review of balances will likely demonstrate this is not required going forward.

4 Specific budget issues for 2023/24

- 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

- Overspending and underlying budget issues in some service budgets will need to be carefully monitored and action taken where appropriate. In particular, housing needs and homelessness, children's emergency and out of area placements are areas of particular risk as demand and costs continue to increase over and above what the budget is able to afford.

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 (£1.373m) remains and some of the regular non-service underspending (capital financing, for example) should continue during this year, albeit at reduced levels.

Delivery of savings – outstanding

- Whilst delivery of 2022/23 savings was successful, there is almost £300k of savings to be delivered from previous years with some dating back to 2020/21. These will need to be delivered on top of the £19.5m of savings agreed for 2023/24. This will require careful and specific oversight.

2023/24 budget challenges and issues

- There are potential, additional issues that may need to be dealt with, such as the outcome of future NJC and Teacher's pay negotiations, cost increases beyond what was provided for in budgets and increasing demand within social care and housing. These will, no doubt, bring about some challenges and uncertainties in the 2023/24 financial year and will be reported, as needed, via regular monitoring reports.

- 4.2 The table below categorises the recurring elements of key over and underspending. After taking account of 2023/24 budget investments and savings agreed as part of the MTFP process.

	Outturn £'000	Non recurring Variance £'000	Outturn after non recurring spend £'000	2023/24 budget Investment/ (Saving) £'000	Identification of new pressures/ savings £'000	2023/24 position after one offs, MTFP and new proposals £'000
Key areas of over/ (under) spending across service areas						
Housing needs and homelessness	2,414	0	2,414	2,414	0	0
Children's emergency placements	1,733	0	1,733	0	0	1,733
Children's Out of area residential placements	1,089	0	1,089	0	0	1,089
Infrastructure - fuel overspends	336	0	336	275	0	61
Education - School meals uptake	(1,100)	587	(513)	(576)	0	63
Education - redundancy and pension	(488)	376	(112)	(112)	0	0
Adults - early achievement of MTFP saving	(182)	0	(182)	(182)	0	0
Environment - Carbon reduction measures	0	0	0	0	400	400
Other service area variances	(524)	524	0	0	0	0
	3,278	1,487	4,765	1,819	400	3,346
Key areas of over/ (under) spending across non service						
Capital financing - inc MRP and interest	(2,451)	651	(1,800)	0	0	(1,800)
General budget contingency	(1,373)	0	(1,373)	0	0	(1,373)
Covid budget contingency	(3,298)	1,818	(1,480)	(1,480)	0	0
Council tax reduction scheme	(1,018)	0	(1,018)	(800)	0	(218)
Other non service	(204)	204	0	0	(935)	(935)
	(8,344)	2,673	(5,671)	(2,280)	(935)	(4,326)
	(5,066)	4,160	(906)	(461)	(535)	(980)

4.3 The above suggests that risks remain within service areas and whilst the non-service mitigation is available, it will not be to the extent seen in 2022/23. Service areas, therefore, need to make a considerable effort to manage within budget as the overall council position is finely balanced. This also assumes that there are no other emerging issues in year and that the general contingency is available to offset service area overspending.

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 £13m net in 2023/24, from £151.9m to £138.9m at 31 March 2023, as follows:

Opening balance as at 31 March 2022	(£151,852k)
Transfers actioned – base budgeted/approved in year <i>(Appendix 4 - £35,063k transfer out of and (£17,013k) transfer in)</i>	£18,050k
Transfers to be approved – use of underspend (para 5.6)	(£5,066k)
Closing balance as at 31 March 2023	(£138,868k)

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.

5.4 The larger, main transfers already actioned are noted below for Cabinet's attention and information.

- consistent with existing policy / accounting & funding requirements:
 - (i) transferring school overspends from school's specific reserves: -£1,310k;
 - (ii) capital displacement transfer (WG capital funding): -£10,279k;
 - (iii) additional capital grants from WG: +£1,948k

- (iv) capital receipts received in year: +£440k
- specific to the creation of the reserves in the first instance / in base budget:
 - (i) net transfer from MTFP reserve in line with intended purpose: -£1,583k;
 - (ii) transfer from various reserves in line with intended purpose:
 - a. Covid risk reserve: -£1,314k;
 - b. Cost of living support: -£1,503k
 - c. Green recovery task force and community covid recovery: -£1,500k
 - d. Homelessness prevention: -£327k
 - e. Social Services Covid recovery: -£563k
 - (iii) use of approved transformation funds to cover implementation costs of saving proposals: -£176k;
 - (iv) a number of smaller transfers - £7,135k transfers out of and £5,253k transfers into reserves, as detailed within Appendix 4.
- approved specifically in-year
 - (i) allocation of 2021/22 residual underspend to capital expenditure reserve: +£7,895k.

Use of underspend/ allocation

5.5 The following initial reserve transfers are recommended to utilise the £5,066k revenue underspend:

Service delivery:

- | | | |
|-------|---|-------|
| (i) | St. Andrews/ Millbrook primary – support costs, in particular for temporary transport | £609k |
| (ii) | Pillgwenlly Primary – Funding gap to Band B Project | £126k |
| (iii) | Empty homes enforcement interventions, financial assistance and debt recovery | £159k |
| (iv) | Transporter Bridge – match funding for Heritage Lottery Fund (HLF) project | £53k |

Risk:

- | | | |
|------|--|---------|
| (i) | Allocate to existing MTFP reserve to manage operational risks in the context of reduced contingencies and pressure on budget | £1,949k |
| (ii) | Residual balance to be allocated to capital expenditure/ asset maintenance and manage on-going risks | £2,170k |

5.6 Cabinet is asked to note and approve all reserve transfers set out within this section to avoid significant budget implications in 2023/24 and beyond.

5.7 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. At only £6m; the Council's general reserve represents just 2.7% of the Council's net budget (exc. schools budget) which is very low and is the only unallocated reserve other than the currently unallocated underspend. It is also the 'reserve of last resort.'

- 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.

Allocation of underspend

5.8 Although reserve requests for utilisation of the underspend have been submitted for consideration, Cabinet will announce final decisions to utilise the one off underspend of £5,066k 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

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 5.5 above;
2. Cabinet can choose not to approve the reserve transfers and instead report an underspend of £5,066k, 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 £5,066k into specific earmarked reserves.

Comments of Chief Financial Officer

The report set's out the current draft revenue budget outturn for 2022/23 and confirms a draft underspend of c£5m which is a good result for the Council, representing as it does a very low overall variance against the budget after a very challenging year. This is subject to audit and whilst this has not changed in prior years; it will be confirmed after the audit around November-December. It does not stop the Cabinet in allocating this amount at this meeting now.

The report sets out some key current issues which Cabinet are asked to consider in deciding on the use of the underspend, including current unbudgeted short-term costs, and dealing with financial impacts of operational risks. Cabinet is asked to be mindful of the risks and impacts of these, in particular the latter issue.

A key issue in the above, but also in looking forward to the current 2023/24 financial year, is the Council's planned reduced contingencies in the budget and whilst many issues in 2022/23 received budget investment and should therefore not cause overspending this year; certainly, at the 2022/23 levels, a number of outstanding issues and challenges remain which will need careful monitoring and managing.

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

The report describes the budget management process and the outturn position from the previous financial year, in this case 2022-23. 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 and effective management will have a positive impact on current and future years. It is noted that utilisation of the underspend through investment in corporate priorities and transfer into risk mitigation reserves will be announced during the meeting.

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

2022/23 Revenue Monitor reports

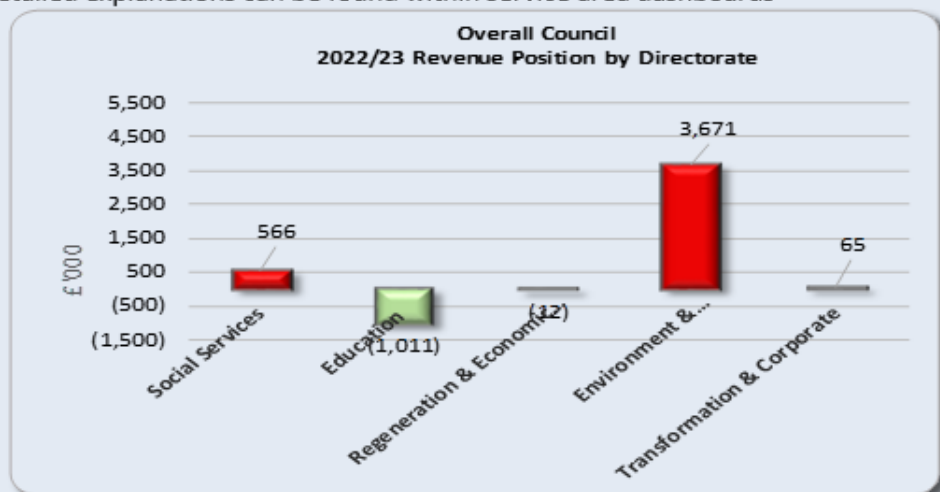
Dated: 6 July 2023

Appendix 1

Budget Monitoring Position – March 2023

Position by Directorate	Current Budget £'000	Outturn £'000	Variance £'000
Social Services	88,395	88,961	566
Education	16,877	15,866	(1,011)
Regeneration & Economic Development	5,775	5,763	(12)
Environment & Sustainability	31,874	35,545	3,671
Transformation & Corporate	24,195	24,260	65
Service Area Budget	167,117	170,395	3,278
Schools	122,267	123,578	1,311
Service Area Budget (inc Schools)	289,384	293,973	4,589
Schools - transfer to reserve	0	(1,311)	(1,311)
Non Service	52,255	45,284	(6,971)
Total Budget (excluding contingency)	341,639	337,946	(3,693)
General Contingency	1,373	0	(1,373)
Total Budget (Including contingency)	343,012	337,946	(5,066)

Detailed explanations can be found within service area dashboards



Undelivered Savings:

- 2022/23 - £44k
- Previous years - £297k
- Overall, projected undelivered savings are resulting in forecast overspend against budget of £341k.

Position Summary

- The revenue forecast reflects an underspend of £5.1m, after core contributions to/from reserves, which represents a 1.5% variance against the £343m budget.
- Overspending in service areas (£3.2m) is largely due to the impact of the pay awards, increased demand in services such as Children's Services and Housing & Communities (in relation to out of area and emergency placements - £1.7m, homelessness provision - £2.4m and the impact of inflation in Infrastructure.
- The impact of service area overspending is being offset by underspending in non service areas:
 - Underspend against general contingency (£1,373k)
 - Underspend against COVID contingency (£3,298k)
 - Underspend against loans interest and interest receivable (£2,451k)
- Schools forecast position shows an overspend against available budget, which will be offset against surplus balances carried forward.
- Due to the continued challenging economic context, there is a requirement for services to continue to review their respective positions and take action to reduce overspending to avoid further financial challenges in 2023/24 as much as possible. These actions may include:
 - Delivery of in year and prior year savings
 - Identification of in-year savings
 - Utilisation of additional grant funding to offset expenditure already incurred
 - Absorbing emerging pressures within existing budget

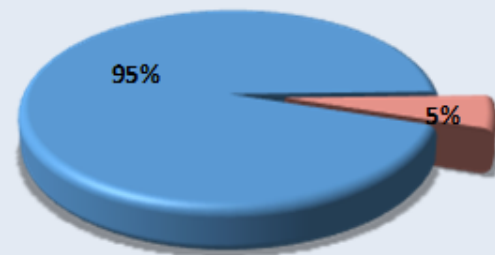
Budget Monitoring Position – March 2023

Staff Forecasts

Overall Staffing	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Budget (£'000)	74,306	74,306	74,306	74,685	76,723	74,510	75,637	75,372	75,372	75,756	75,756	75,758
Forecast (£'000)	74,306	74,306	77,388	77,904	79,607	77,728	78,670	77,685	77,908	77,277	77,277	77,238
Variance (£'000)	0	0	3,082	3,219	2,884	3,218	3,033	2,313	2,536	1,521	1,521	1,479

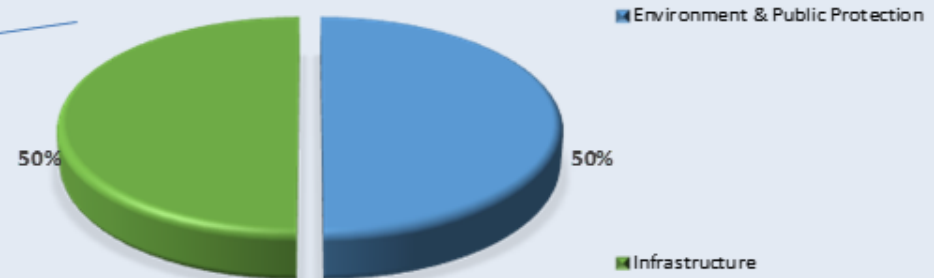
- The main reason for the overspend shown is the impact of the 2022/23 pay awards. In addition, there are a number of vacancies across the Council and the challenges with recruiting to certain posts has resulted in in-year savings arising. In some cases, these savings are being offset by an increased requirement for additional staff time and agency staff.

2022/23 Delivery of Savings (Forecast)



■ Savings Achieved ■ Savings Unachieved

Analysis of Unachieved Savings



- The first chart shows that 95% of the total savings are forecast for full delivery in 2022/23;
- The second chart illustrates the areas where savings are forecast not to be delivered (5% of overall target);
- The delivery of savings in 2022/23 has been significantly affected by the ongoing pandemic and the resulting overspends against budget have been reflected within the forecast;
- In addition to the £44k undelivered savings in 22/23 there remains £297k of undelivered savings from previous years. £166k within social care, £41k within Infrastructure, £26k within Finance, and £64k within People Policy & Transformation.

Overall Summary by Directorate	Social Services	Environment & Sustainability	Transformation & Corporate	Education	Regeneration & Economic Development	Non Service	Total
2022/23 MTRP Target (£) Total	380	100	52	0	0	280	812
Total Savings Realised by Year End 2022/23	380	56	52	0	0	280	768
Variation to MTRP Target	0	-44	0	0	0	0	-44
Variation % to MTRP Target	0%	-44%	0%	0%	0%	0%	-5%
Undelivered Savings from Previous Years	-166	-41	-90	0	0	0	-297
Variation to MTRP Target - previous and current year	-166	-85	-90	0	0	0	-341

Budget Monitoring Position – March 2023

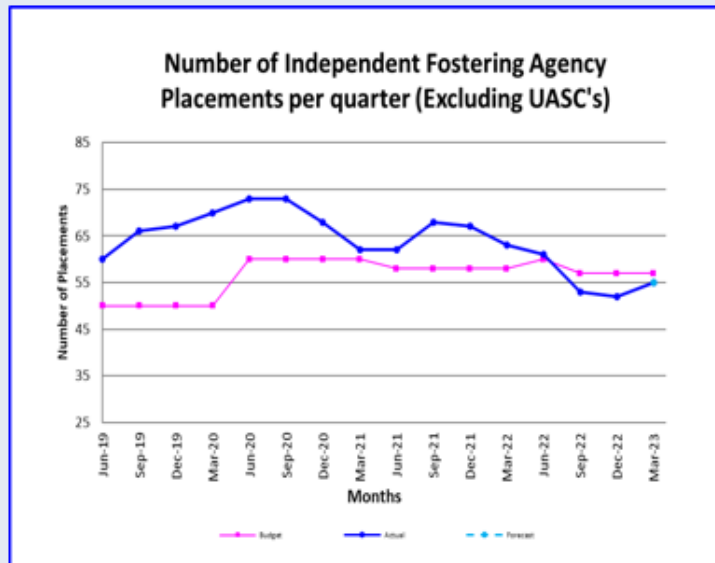
	Annual Budget £'000	Outturn £'000	Variance £'000
Risk Based Areas			
Children Services			
Independent Fostering Agencies	2,415	2,324	(91)
Out of Area Residential	2,889	3,978	1,089
In House Fostering	3,708	3,524	(184)
When I'm Ready	268	127	(141)
Special Guardianship Orders	1,304	1,387	83
Legal fees	780	1,096	316
In House Residential	2,105	2,278	173
Emergency Placements	200	1,933	1,733
Inter-Agency Adoption Fees	375	198	(177)
Direct Payments - Children Services	280	249	(31)
Adult Services			
Community Care - Residential Service	26,373	29,267	2,894
Community Care - Supported Living	13,650	12,762	(888)
Community Care - Non Residential Service	14,294	14,184	(110)
Community Care Income - Residential & Non Residential	(9,111)	(11,139)	(2,028)
Education			
SEN Out of County Placements	3,850	3,738	(112)
SEN Local Provision Development	931	1,390	460
Special Home to School Transport	881	1,141	260
SEN Transport	1,806	1,734	(72)
Catering FSM (Primary)	923	(452)	(1,375)
Catering FSM (Secondary)	101	129	28
Catering FSM (Special)	5	43	38
SEN Recoupment Income	(320)	(624)	(303)
Regeneration & Economic Development			
Development Control Fee Income	(742)	(750)	(8)
Housing & Communities			
Homelessness B&B Net Cost	530	2,576	2,046
Environment & Public Protection			
Commercial/ Asbestos Income	(1,306)	(1,263)	43
Infrastructure			
Home to School Transport - Primary	1,080	1,045	(35)
Home to School Transport - Secondary	1,279	951	(328)
Home to School Transport - College	128	54	(74)
CPE - Fines income	(715)	(603)	112
Car parking income	(1,564)	(1,338)	226
People, Policy & Transformation			
Commercial & Industrial Properties Income	(1,411)	(950)	461
Total Net Budget	64,985	68,989	4,004

- In 2022/23, there are over 25 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 are currently forecast underspent against budget, they will be continually monitored given the potential to have a significant impact should the forecast worsen.

Budget Monitoring Position – March 2023

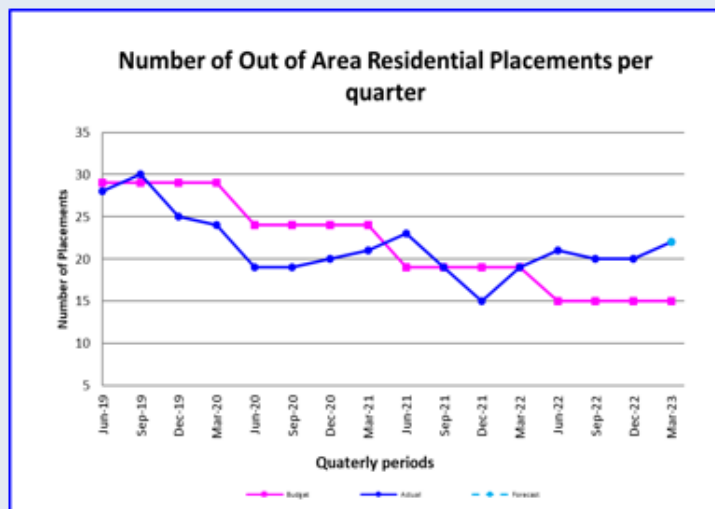
Risk Based Monitoring graphs –

Independent Fostering Agencies



- The 2022-23 budget was set to be able to afford 60 placements per month at an average monthly cost of £2,809 (£648 per week). A £130,000 virement has been done to Special Guardianship Orders and the budget is now able to afford 57 placements per month.
- The Service ended the 2021-22 financial year with 63 placements in Independent Fostering Agencies. The total number of placements at the end of March 2023 was 55 this was an increase from 53 at the end of January 2023.
- The individual placement cost can vary significantly per child reflecting individual care needs.
- 61.82% of current placements fall within the £727 to £900 per week price range. Over 80% of placements are costing more than the average weekly cost the budget can afford. Any potential overspend from this is offset by the lower placement numbers.

Out of Area (OOA) Residential Placements

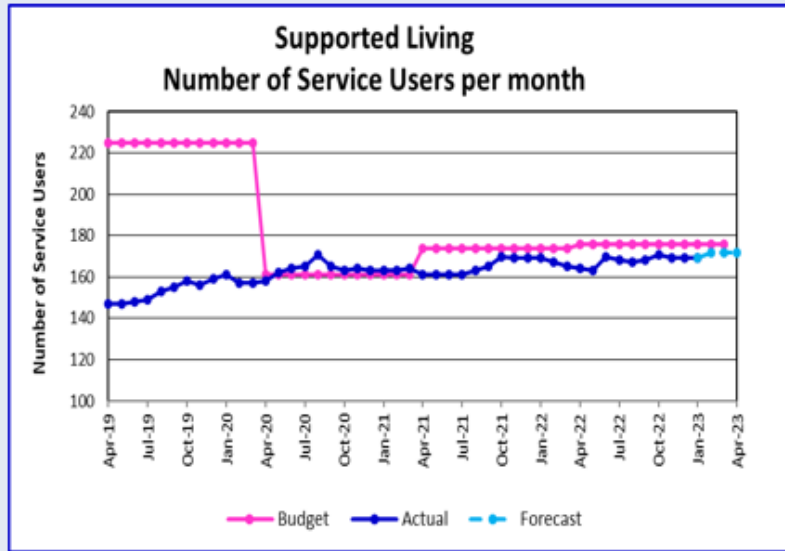


- The 2022-23 gross budget for out of area placements is £4,185,985 with a grant contribution of £1,297,000. This is sufficient to fund 15 placements per month at an average monthly cost of £22,533 (£5,200 per week).
- The Service ended the 2021-22 financial year with 19 placements. The total number of placements at the end of March 2023 was 22.
- The individual placement cost can vary significantly per child reflecting individual care needs.
- 45.45% of placements fall within £5,801 to £12,700 per week price range.
- There is a £135.5k expected contribution from Health and £131.2k internal recharge to Education included in the forecast that was not budgeted for.

Budget Monitoring Position – March 2023

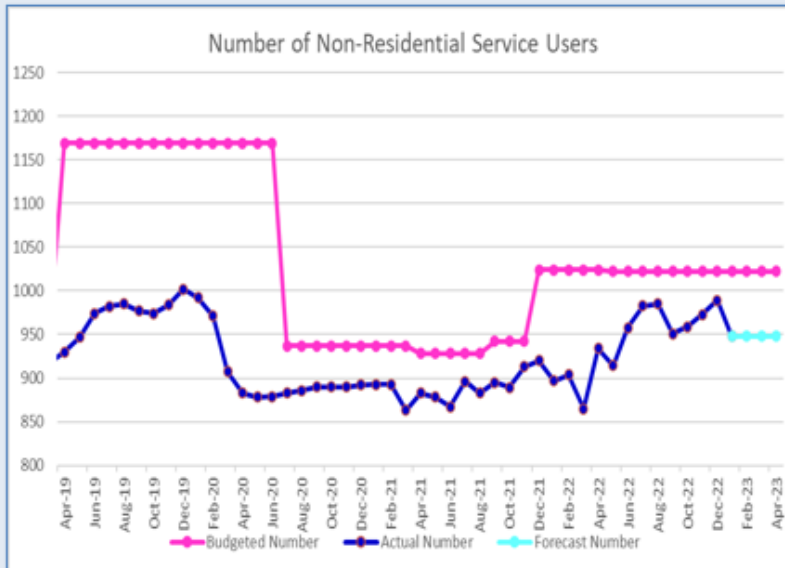
Risk Based Monitoring graphs

Community Care – Supported Living



- The 22/23 budget can support 176 service users at an average weekly cost of £1,487.
- The average weekly cost is calculated based on 22/23 actual average package cost plus an assumption of 11% for fee increase due to the need to pay the real living wage.
- Due to individual needs, package costs for supported living currently vary from £565 per week to £5653 per week.
- Full year forecasts at the end of March 2023 show that just under 60% of weekly package costs are below the average package costs level.
- Some of this will be as a result of fee negotiations achieving lower percentage increases in this sector than was allowed for in the budget. This will offset other areas where fee negotiations were higher and once negotiations are concluded across all providers/sectors the budgets will be realigned by Heads of Service for 23/24.
- The number of care packages are less than budgeted as at March 2023 resulting in an underspend at the end of the year.

Community Care – Non Residential

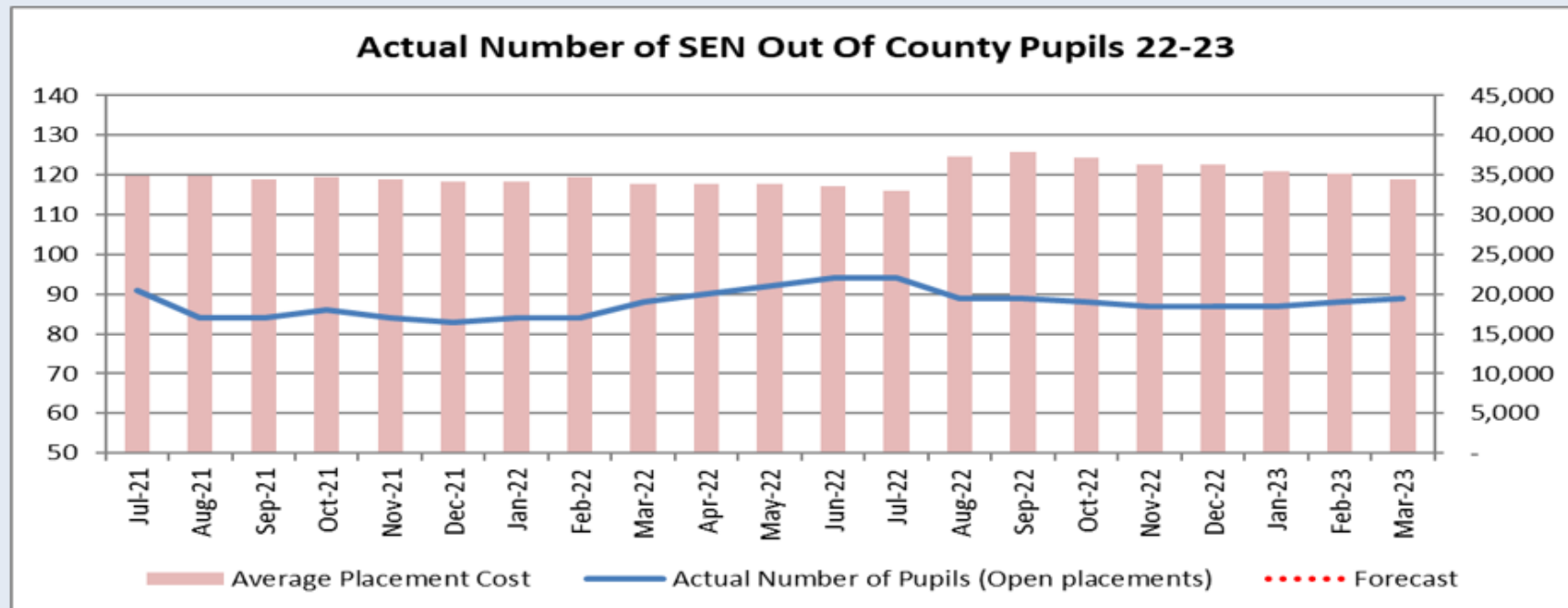


- The budget for 22/23 can afford 1022 service users at an average cost of £269 per week.
- The forecast includes 948 services user who were in receipt of, or expected to start a service.
- There are currently 555 service users with a care package cost of under the current average weekly amount. This calculates to 58% of the current level of users which is contributing to an overspend on the non-residential budget.
- A remaining balance of a prior year MTRP saving for community opportunities of £100k will not be achieved in 22/23 as a result of non-residential services for Learning Disability service users being due for re-tender.
- Fee increases for the sector are anticipated to be up to 30% compared to the budgeted increase of 11%.

Budget Monitoring Position – March 2023

Risk Based Monitoring graphs

SEN Out of County Placements – Local Authority and Independent



- At month 12 (March 2023) there were 89 open placements.
- The demand for SEN support/placements has increased over the past few years and this trend is expected to continue, in particular for pupils with Social and Emotional Behaviour Disorder (SEBD) needs, Autistic Spectrum Disorder (ASD) and Profound Multiple Learning Difficulties (PMLD). An ASD base at Rogerstone and increased capacity at Ysgol Bryn Derw has been established to retain pupils in County and avoid higher Out of County costs. The team is also sourcing additional places within schools.
- The 2022-23 SEN OOC budget can accommodate 106 placements at the current average cost of £36k. There are currently 89 open placements and Inclusion previously anticipated 92 placements by the end of the financial year.
- Placements ranging between £10k and £20k account for 21% of the total number of placements.
- There are 2 placements in excess of £100k per year due to the complex needs of the individuals.

Budget Monitoring Position – March 2023

Schools

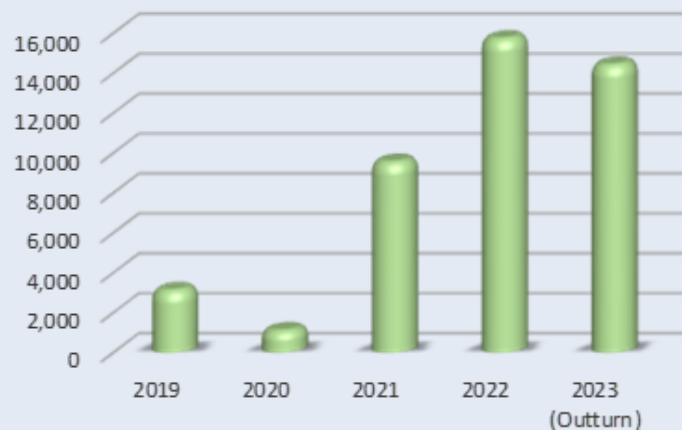
There has been a significant reduction in the in-year overspend from £5.288m projected in January to £1.311m in March. This is due to many schools cancelling planned works and reducing spend to protect reserves going into 2023/24 as well as late additional grant funding being received. This is reflected in the individual schools balances and results in the overall school reserves reducing from £15,736m to £14,426m in 2022/23.

40 out of 56 schools had an in year overspend and 1 school had a closing deficit balance at 31 March 2023.

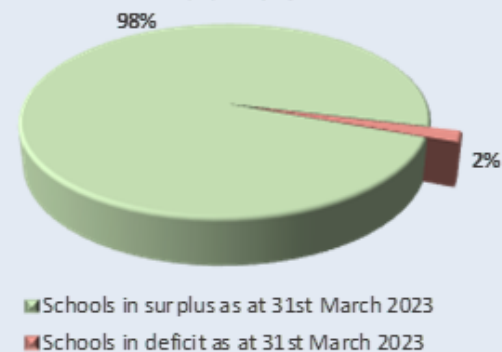
The local authority will continue to closely monitor school balances over the medium term as part of our deficit avoidance and prevention strategy. An analysis on the use of reserves will be taken again at budget setting to identify the proportion of one-off and recurring overspending as whilst the majority 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 reporting a deficit position in future years.

Schools in deficit at YE	December
Llanwern High School	0
Maindee Primary School	0
Pilgwenlly Primary School	(72)
St Andrews Primary School	0
St Woolos Primary School	0
Total Net Budget	(72)

Balances held by Schools as at 31st March



Proportion of Schools in deficit as at 31st March 2023



APPENDIX 2 Revenue Summary Monitor - March 2023

Summary Revenue Budget 2022/23	Current Budget	Outturn before proposed transfers	Variance against budget
	£'000	£'000	£'000
Social Services			
Children Services	28,207	30,482	2,275
Adult Services	59,264	57,896	(1,368)
Prevention & Inclusion	925	583	(342)
	88,395	88,961	566
Transformation & Corporate			
Finance	5,155	4,802	(353)
People, Policy & Transformation	14,428	14,778	350
Law & Standards	4,612	4,680	68
	24,195	24,260	65
Environment & Sustainability			
Housing & Communities	4,573	6,591	2,018
Environment & Public Protection	15,197	15,134	(63)
Infrastructure	12,104	13,820	1,716
	31,874	35,545	3,671
Chief Executive			
Regeneration & Economic Development	5,775	5,763	(12)
Education	16,877	15,866	(1,011)
Schools	122,267	123,578	1,311
	144,919	145,207	288
Capital Financing Costs and Interest			
Capital Financing Costs and Interest (Non-PFI)	14,564	12,113	(2,451)
Public Finance Initiative (PFI)	9,007	9,007	(0)
	23,571	21,120	(2,451)
Sub Total - Service/Capital Financing	312,955	315,093	2,138
Contingency Provisions			
General Contingency	1,373	-	(1,373)
Covid Contingency	3,298	-	(3,298)
Centralised Insurance Fund	604	604	(0)
Non Departmental Costs	40	-	(40)
Other Income and Expenditure	1,228	1,337	109
	6,543	1,941	(4,602)
Levies / Other			
Discontinued Operations - pensions	1,651	1,337	(314)
Discontinued Operations - Ex Gratia Payments	3	3	(0)
Levies - Drainage Board, Fire service etc	9,416	9,474	58
CTAX Benefit Rebates	13,458	12,440	(1,018)
	24,528	23,254	(1,274)
Transfers To/From Reserves			
Base budget - Planned Transfers to/(from) Reserves	(1,015)	(1,015)	(0)
Earmarked reserves: Transfer to/(from) Capital	-	-	-
Earmarked reserves: Transfer to/(from) Schools	-	(1,311)	(1,311)
Earmarked reserves: Transfer to/(from) Schools Redundancy	-	-	-
Invest to Save Reserve	-	-	-
Invest to Save Reserve (from)	-	-	-
	(1,015)	(2,326)	(1,311)
Total	343,012	337,962	(5,050)
Funded By			
WG funding (RSG and NNDR)	(265,612)	(265,617)	(5)
Council Tax	(77,400)	(77,400)	-
Council Tax Deficit	-	(11)	(11)
Total	0	(5,066)	(5,066)

APPENDIX 3 School Balance Outturn Position

School Name	Opening Reserve 22/	Final ISB Allocation (inc Post 16)	In Year U/(O) Spend March 23	Closing Reserve 31/03/23
	£	£	£	£
Bassaleg School	932,981	8,705,565	(244,878)	688,103
Newport High	567,967	5,979,463	(100,131)	467,836
Caerleon Comprehensive	279,815	7,551,932	201,876	481,691
The John Frost School	550,230	7,592,714	317,825	868,055
Llanwern High	296,723	5,487,007	327,095	623,817
Lliswerry High	(56,833)	5,803,378	430,324	373,491
St Josephs R.C. High	597,736	6,890,793	95,046	692,782
St Julians School	1,091,911	8,112,976	155,352	1,247,263
Ysgol Gyfun Gwent Is Coed	300,908	2,916,844	(51,937)	248,971
Sub Total	4,561,437	59,040,672	1,130,572	5,692,010
Alway Primary	257,659	1,712,411	(74,821)	182,838
Caerleon Lodge Hill	255,388	1,451,761	(84,689)	170,699
Charles Williams CIW	620,879	1,974,680	90,745	711,625
Clytha Primary	102,111	918,355	(81,511)	20,600
Crindau Primary	253,609	1,525,167	(38,074)	215,536
Eveswell Primary	571,440	1,703,194	54,282	625,722
Gaer Primary	275,986	1,927,971	(209,691)	66,296
Glan Usk Primary	336,535	2,428,370	9,434	345,969
Glan Llyn Primary	231,043	1,864,371	131,292	362,335
Glasllwch Primary	116,351	929,632	(67,683)	48,668
High Cross Primary	78,684	1,017,838	(43,991)	34,693
Jubilee Park	281,615	1,525,502	(9,745)	271,870
Langstone Primary	242,091	1,285,897	(40,491)	201,600
Llanmartin Primary	167,842	813,437	(16,790)	151,052
Lliswerry Primary	226,510	2,237,060	(177,678)	48,832
Maesglas Primary	97,174	1,171,074	(60,315)	36,860
Maindee Primary	225,681	2,031,669	(118,288)	107,393
Malpas CIW Primary	158,433	1,158,734	(114,616)	43,818
Malpas Court Primary	138,272	1,287,989	(73,169)	65,103
Malpas Park Primary	226,501	967,446	26,929	253,430
Marshfield Primary	188,750	1,675,561	(68,762)	119,988
Millbrook Primary	187,728	1,282,709	20,958	208,686
Milton Primary	250,483	1,863,198	(94,983)	155,501
Monnow Primary	230,381	1,638,875	(160,796)	69,584
Mount Pleasant	105,385	967,488	(46,745)	58,640
Pentrepoeth Primary	173,703	1,788,278	(128,753)	44,950
Pillgwenlly Primary	69,023	2,404,503	(141,225)	(72,203)
Ringland Primary	149,982	1,122,389	(10,445)	139,537
Rogerstone Primary	97,972	2,451,307	16,067	114,039
Somerton Primary	136,211	675,290	7,258	143,469
St Andrews Primary	294,235	2,800,405	(118,638)	175,597
St Davids RC Primary	216,769	907,454	(21,721)	195,048
St Gabriels RC Primary	205,523	770,539	(70,688)	134,835
St Josephs RC Primary	117,732	830,020	(23,062)	94,670
St Julians Primary	697,925	2,403,131	(327,055)	370,870
St Marys Rc Primary	302,078	1,525,005	(32,155)	269,924
St Michaels RC Primary	192,218	885,601	(110,889)	81,330
St Patricks RC Primary	128,100	834,625	(1,336)	126,764
St Woolos Primary	93,178	1,313,286	(53,957)	39,221
Tredegar Park Primary	722,700	1,720,795	(127,963)	594,736
Ysgol Gym Bro Teyrnnon	392,833	881,506	(52,918)	339,915
Ysgol Gym Casnewydd	369,166	1,472,984	(85,585)	283,581
Ysgol Gym Ifor Hael	214,689	787,627	(97,589)	117,100
Ysgol Gym Nant Gwenlli	123,397	479,350	188,610	312,007
Sub Total	10,523,965	63,414,485	(2,441,239)	8,082,726
Newport Nursery	127,060	291,240	(3,861)	123,199
Sub Total	127,060	291,240	(3,861)	123,199
Maes Ebbw	231,844	4,047,671	65,496	297,340
Bryn Derw	292,670	2,500,583	(61,569)	231,101
Sub Total	524,514	6,548,254	3,927	528,441
Grand Total	15,736,976	129,294,650	(1,310,601)	14,426,375

APPENDIX 4 2022/23 Reserve Movements

Reserve	Balance at 31-Mar-22	Movement in Reserves (within Out turn position)		Proposed Transfers	Balance at 31-Mar-23
		Transfers Out	Transfers In	Transfers In	
Council Fund:	(6,500)	-	-	-	(6,500)
Balances held by schools for future use	(15,737)	2,445	(1,135)	-	(14,427)
Earmarked Reserves:					
Music Service	(127)	-	(7)	-	(134)
Pay Reserve	(1,418)	-	-	-	(1,418)
Insurance Reserve	(1,162)	-	(593)	-	(1,755)
MMI Insurance Reserve	(602)	-	-	-	(602)
Education Achievement Service	(92)	92	(79)	-	(79)
Schools Redundancies	(1,098)	-	(487)	-	(1,585)
General Investment Risk Reserve	(2,567)	265	(374)	-	(2,676)
European Funding I2A & CFW	(1,398)	88	(330)	-	(1,640)
GEMS Redundancies	(78)	-	-	-	(78)
COVID Risk Reserve	(1,884)	1,314	-	-	(570)
SUB TOTAL - RISK RESERVES	(10,426)	1,759	(1,870)	-	(10,537)
Capital Expenditure	(9,928)	1,199	(7,919)	-	(16,648)
Displacement headroom	(10,279)	10,279	-	-	-
Capital Grants Unapplied	(3,210)	-	(1,948)	-	(5,158)
Invest to Save	(7,567)	176	-	-	(7,391)
Super Connected Cities	(170)	128	-	-	(42)
Landfill (fines reserve)	(332)	343	(11)	-	-
School Reserve Other	(929)	471	-	-	(458)
School Works	(27)	-	-	-	(27)
Schools ICT Sustainability	(50)	-	(50)	-	(100)
Usable Capital Receipts	(9,390)	-	(440)	-	(9,830)
Streetscene Manager Support	(11)	11	-	-	-
SUB TOTAL - ENABLING RESERVES	(41,892)	12,607	(10,368)	-	(39,653)
Municipal Elections	(180)	180	-	-	(0)
Local Development Plan	(515)	-	(30)	-	(545)
Glan Usk PFI	(1,607)	93	-	-	(1,514)
Southern Distributor Road PFI	(39,940)	501	-	-	(39,439)
Building Control	(124)	-	-	-	(124)
Loan modification technical reserve (IFRS 9)	(513)	255	-	-	(258)
Kingsway	(64)	64	-	-	-
SUB TOTAL - SMOOTHING RESERVES	(42,943)	1,093	(30)	-	(41,880)
Works of art	(21)	-	-	-	(21)
Theatre & Arts Centre	(232)	-	-	-	(232)
Environmental Health - Improve Air Quality	(49)	-	-	-	(49)
Apprenticeship Scheme	(7)	7	-	-	-
City Economic Development Reserve	(90)	-	(280)	-	(370)
Welsh Language Standards	(127)	27	-	-	(100)
Port Health	(20)	-	-	-	(20)
Financial System Upgrade	(600)	163	-	-	(437)

Reserve	Balance at 31-Mar-22	Movement in Reserves (within Out turn position)		Proposed Transfers	Balance at 31-Mar-23
		Transfers Out	Transfers In	Transfers In	
SS COVID Recovery Reserve	(563)	563	-	-	-
Events	(275)	-	(7)	-	(282)
MTFP Reserve	(9,401)	1,926	(343)	-	(7,818)
Voluntary Sector Grants	(27)	-	-	-	(27)
Feasibility Reserve	(54)	28	(109)	-	(135)
IT Development	(53)	-	-	-	(53)
Chartist Tower	(256)	256	-	-	-
Joint Committee City Deal Reserve	(662)	-	-	-	(662)
NEW - Civil Parking Enforcement	(193)	182	-	-	(11)
Community Covid Recovery Fund	(500)	500	-	-	-
City Services – refurbishment & cleansing of open spaces	(19)	19	-	-	-
Green Recovery Task Force	(1,000)	1,000	-	-	-
Business Recovery Fund	(250)	-	-	-	(250)
Business Development Grants	(81)	-	-	-	(81)
Community Occupational Therapy	(53)	53	-	-	-
Directly Managed Community Centres Maintenance	(50)	50	-	-	-
IT Infrastructure	(647)	338	-	-	(309)
PSB Contribution	(40)	35	-	-	(5)
COVID Reserve	(426)	75	-	-	(351)
Homelessness Prevention	(327)	327	-	-	-
Chief Education Grant	(568)	238	(1,878)	-	(2,208)
Home to School Transport	(499)	185	-	-	(314)
Housing Supply review	(25)	9	-	-	(16)
Anniversary tree planting / green canopy	(3)	3	-	-	-
Cariad Casnewydd	(170)	4	-	-	(166)
Soft Loan interest equalisation reserve	(1,648)	123	(59)	-	(1,584)
Community Gardening Schemes	(180)	-	-	-	(180)
Market Arcade Owner contributions	(51)	-	-	-	(51)
Strategic Development Plan	(110)	-	(55)	-	(165)
Parks & Open Spaces	(2,500)	410	-	-	(2,090)
Discretionary Rate Relief	(900)	-	-	-	(900)
Domiciliary Care Service Capacity	(500)	466	-	-	(34)
Social Services PPE Reserve	(212)	212	-	-	-
Prior year Underspend - 21-22	(7,895)	7,895	-	(5,065)	(5,065)
Communications Corporate Requirement	(232)	-	-	-	(232)
Decarbonisation Projects	(90)	90	-	-	-
St Andrew's Primary	(305)	153	-	-	(152)
Residential Care Home Equalisation Reserve	(940)	319	-	-	(621)
Cost of Living Support Scheme Reserve	(1,503)	1,503	-	-	-
Growing Space	-	-	(100)	-	(100)
Spring Gardens	-	-	(200)	-	(200)
Partnership funding from ABUHB	-	-	(57)	-	(57)
Future Levelling Up Bids	-	-	(38)	-	(38)
Cost of Living Support	-	-	(485)	-	(485)
SUB TOTAL - OTHER RESERVES	(34,354)	17,159	(3,611)	(5,065)	(25,871)
RESERVES TOTAL	(151,852)	35,063	(17,014)	(5,065)	(138,868)