

# Report



## Cabinet

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### Part 1

Date: 14 June 2017

**Subject** Revenue Budget Out-Turn - 2016/17

**Purpose** This report presents the Council's financial position in respect of the year ending 31 March 2017, notes recurring budget issues, recommends use of the small underspend to Cabinet and sets out changes to Council reserves.

**Author** Head of Finance

**Ward** All

**Summary** The revenue outturn shows a very small underspend of £326k (0.2% of the net budget excluding schools) compared to a £530k saving forecasted and reported in January – the difference being a further overspend in service areas, which have been offset by further underspends in non-service areas including increased council tax surplus.

This position continues the successful track record of this Council managing within its overall budget, at a time of declining resources and significant pressure on certain budgets.

In 2016/17, like previous years, underspends generated have largely come from non-service budgets, mainly (i) unused budget contingency, (ii) better than anticipated Council Tax income as housing numbers increase and collection rate is improved, (iii) reduced Council Tax reduction scheme costs as claimant numbers have decreased and (iv) some service area underspending, mainly vacancy savings.

In the past, these have been added to reserves to add capacity to the Council's change programme and supporting future major capital projects. In 2016/17, Cabinet agreed to use nearly £900k, supplemented by existing reserves and additional expected underspend from change to minimum revenue provision charging policy in 2017/8, to fund a £2.5m package of one-off spending on key priorities. Also agreed was £1.1m transfer to reserves to fund the 2017/18 budget for schools as agreed in the budget strategy report. The outturn confirms that this spend is now funded, in full, and can proceed as planned.

Whilst the overall position is good, there are significant overspends within service areas totalling £3,502k (including schools). The £1,050k overspend attributable to schools is matched by a corresponding transfer from school balances (reserves) whilst the remainder has been more than offset by non-service underspends on council tax reduction scheme (£1,063k), council tax surplus (£1,539k), budget contingency (£1,473) and teacher's pension savings (£287k).

This has led to an overall underspend of £326k, which is recommended to be transferred to specific earmarked reserves as detailed in the report.

The outturn report points to very significant budget pressures and issues currently in place which will impact on the 2017/18 budget and, if not resolved through management

action, require additional funding in the future and therefore increase significantly the size of the medium term budget gap, and 2018/19 in particular. These are:

- Adult's Social Care - Community Care budget - c£1.1m
- Children's social care – out of area placements - c£800k - £900k
- StreetScene - undelivered MTFP savings - c£850k
- Education - school budgets - n/a – schools deficit

Budgets investments made in 2017/18 will have dealt with some, but not all of these and some issues will be one-off in nature. A significant residual risk still exists and these will need to be addressed appropriately through management action for 2017/18 and flagged up in our 2017/18 budget monitoring. This is crucial to ensure that underlying budget issues are resolved robustly as non-service budgets will not necessarily be able to mitigate against service area overspending in the future at this level and reduces the potential for non-service specific underspending to be utilised by Cabinet for one-off spending to support priorities.

**Proposal** That Cabinet:

1. Note the out-turn position, which is subject to audit and the major variances for the year (paragraphs 3-7);
2. Note the current level of general and specific reserves (appendix 4).
3. To approve the use of the underspend as set out in paragraph 20 of the report;
4. Note the concerns around on-going financial management given the recurring nature of some of the issues which have arisen during 2016/17 monitoring (paragraph 8-9).

**Action by** Head of Finance

**Timetable** Immediate, to meet publication deadline for 2016/17 accounts.

This report was prepared after consultation with:

- Chief Exec
- Directors
- Head of Law & Standards
- Head of HR and Business Change

Appendix 1 Revenue Summary Monitor (March 2017)  
Appendix 2 Budget Dashboards  
Appendix 3 School Balance Outturn Position  
Appendix 4 2016/17 Reserve Movements  
Appendix 5 Projected Reserve Movements  
Appendix 6 Delivery of MTFP Savings

## Background

1. Budget monitoring is a key part of the Councils financial control framework. The Council operates a risk based monitoring process, identifying key risk areas which are reviewed in detail on a monthly basis. This report is a summary statement of key issues that explain the outturn position and which subsequently impact upon financial management. There are monthly, service specific dashboards which Heads of Service (HoS) and Cabinet Members receive, providing more detailed explanations of the financial position, financial risk and action that has been taken to manage budget overspending.
2. The work on the outturn position as at the 31 March 2017 has now been completed, and Cabinet are asked,
  - (i) to note:
    - the draft revenue outturn position (subject to audit) of £326k underspend prior to final approved transfers to reserves;
    - the current and emerging issues which are likely to have a financial impact in 2017/18;
    - the transfers (into)/ out of reserves already included in the above position (as shown in appendix 4). These are transfers (into)/ out of reserves already been approved by Cabinet as part of budget setting, budget monitoring or specific project decisions.
  - (ii) to review and approve:
    - the recommendations for utilising the outturn underspend shown in paragraph 20.

## Outturn position – summary

3. The draft revenue outturn shows budget variances in the following key areas for 2016/17:

	<b>£'000</b>
Overspending in service areas (exc. Schools)	2,452
Overspends in Schools	<u>1,050</u>
<b>Service area overspends</b>	<b>3,502</b>
Schools balances transfer	(1,050)
<i>Non Service underspends:</i>	
Underspend on the Council's capital financing	(82)
Savings on C Tax benefit rebates – lower claimant No's	(1,063)
Council Tax surplus saving – housing growth	(1,539)
Savings against Council's contingency budget	(1,473)
Teacher's pension saving	(287)
Budgeted or previously agreed transfer to reserves	1,587
<i>(i) School revenue reserve</i>	<i>1,100</i>
<i>(ii) Investment reserve</i>	<i>900</i>
<i>(iii) Other - net</i>	<i>(413)</i>
Other (non-service) variances	<u>79</u>
<b>Net Underspend</b>	<b>(326)</b>
Other reserve transfers, subject to approval	326
<b>Net Position (post transfers)</b>	<b>Nil</b>

4. The above analysis shows that there was significant overspending in 2016/17 across service areas of £3,052k, this includes £2,452k of non-schools overspends and £1,050k overspend in schools. These are the net positions and there are some very significant individual issues which have been reduced by in-year savings, very often on staff budgets and (in some areas) overachievement of MTFP savings. This highlights a number of budget issues across the authority that need to be addressed in 2017/18. Directors and HoS have been briefed by accountancy on their positions and will need to work towards addressing these issues in the current (2017/18) financial year.
5. While schools' overspending of £1,050k is offset by a transfer from their balances, it is important to note that this is a worsening position for schools and is not sustainable. Reserve movements are shown in appendix 3. Cabinet should note the large number of schools with relatively low balances which introduce risk of more schools going into a negative balance reserve position if governing bodies do not set balanced budgets both this year and over the medium term.
6. The overall position was assisted in the financial year by significant underspends in non-service areas. These include significant increases in council tax income above budget due to housing growth, council tax benefit rebates due to lower claimant numbers, and non-use of the revenue contingency budget. It would not be prudent for the Council to rely on this level of underspend to continue in these areas in the future, as the council tax base levels have been adjusted in the 2017/18 Medium Term Financial Plan (MTFP) and significant savings have been accepted on the council tax benefits rebate budget. Although budget investments in service areas will have dealt with some of the on-going 'problem' areas, service areas will need to ensure that spending is brought into line with agreed budgets in the future.
7. The main variances across the areas are detailed below:

## **PEOPLE**

### **Children & Family Services - £180k overspend**

- Out of area residential placements - £892k overspend. This is a demand led budget which has seen a significant increase in placements since October 2016 due to new, unexpected placements being made as well as extensions to previously assumed short term placements (currently 17 placements at varying costs against a budget of 12);
- Children & Family staffing – (£505k) underspend. Earlier than anticipated closure of Brynglas Unit. This is not a recurring saving instead an early achievement of 2017/18 saving proposals;
- In-house fostering – (£235k) underspend. Fewer than budgeted in house placements made during the year. As a result management decision made to transfer some of this budget to independent fostering agencies to offset the unachieved budget saving of £200k. This is a sustainable movement given the trends over the last three years;
- Inter-agency adoption fees - £106k overspend;
- Leaving care placements - £104k overspend. Primarily due to a placement for a young offender with specific licensing conditions for 2:1 care costing approximately £90k;
- Lower than expected number of kinship and special guardianship orders – (£71k) underspend;
- Reduced legal fees incurred – (£50k) underspend.

### **Adult & Community Services - £517k overspend**

- Community care - £1,100k overspend. There are some key areas of overspending within the service:

- i) The number of clients receiving community care funding (including residential placements and non-residential care packages) increased towards the end of last year and has continued at this rate (current number of clients 1,586 at varying costs against a budget of 1,566);
  - ii) Income shortfall – This is mainly due to a £190k reduction in Supporting People Grant (SPG);
  - iii) £150k undeliverable double handling saving (full target of £300k);
  - iv) Increase in demand and loss of respite income due to fairer charging policy (£120k);
- Adult services staffing – (£207k) underspend due to one off grant funding for posts and early achievement of 2017/18 savings;
  - Adult services supplies – (£126k) underspend. This underspend has been reallocated as part of the 2017/18 budget process;
  - Early achievement of 2017/18 homecare savings – (£124k) underspend;
  - Adult services contracts paid via Intermediate Care Fund (ICF) grant funding – (£122k) underspend;
  - Integrated community equipment pooled budget – (£110k) underspend
  - Frailty pooled budget – (£92k) underspend.

### Education – £493k overspend

- Pressure due to demand placed upon a number of Special Educational Needs (SEN) budgets - £917k;
- Non Domestic Rates (NDR) credits in respect of school revaluations – (£174k);
- Reduced charges from the Education Achievement Service (EAS) – (£131k) underspend;
- Higher than anticipated statutory maternity payment (SMP) credits – (£74k) underspend;
- Reduced match funding requirements for the Education Improvement Grant (EIG) – (£58k) underspend.

### Schools – £1,050k overspend

- Pressure within Individual School Budgets (ISB) has resulted in a £1,050k reduction in school balances. Total school balances (reserves) reduced from £5.9m to £4.8m during 2016/17. The movements per sector are shown in the table below:

**Table 1:** School Balances (Reserve) Movements by Sector

	Closing balance 2015/16	Closing balance 2016/17	Increase / (Decrease) in balances
Sector	£'000s	£'000s	£'000s
Secondary	2,396	1,683	(713)
Primary	3,340	3,153	(187)
Nursery	49	17	(32)
Special	97	(21)	(118)
<b>Total Balances</b>	<b>5,881</b>	<b>4,831</b>	<b>(1,050)</b>

- The individual schools balances are shown in appendix 3. Three schools are reporting a negative balance position at the end of the year, one from each of the primary, nursery and special sectors and the cumulative deficit for these schools is £38k. A fourth school,

in the secondary sector, is also within a financial recovery period with an internal loan ensuring its reserve is positive;

- The previous monitoring position had indicated there would be a reduction of £1.6m from school balances (reserves) but the year-end position was better than forecast primarily from additional income in the final two months of 2016/17. Schools received allocations of Education Achievement Service (EAS) grant (£450k) and SEN funding (£115k) during this period which improved the year-end position. There were a number of other off-setting variances which included delayed building projects, lower than anticipated fuel bills and sickness and maternity compensation payments.
- A number of schools have a low level of balances at this point as shown in appendix 3 and this increases the risk of further schools going into a negative balance (reserve) position. Schools should have set budgets at this time and Cabinet will be updated on this and the impact on school balances as soon as possible.

## **PLACE**

### **Regeneration, Investment & Housing (RIH) – (£131k) underspend**

- RIH staffing – (£321k) underspend;
- Provision market – enhancement of condition and income shortfall - £148k overspend
- Facilities management contracts – £141k overspend. A number of essential large maintenance projects were undertaken such as changes to PAC (integrated access control) system and redecoration of specific areas;
- Carbon reduction - reduced number of carbon credits required – (£138k) underspend;
- Higher than budgeted building control and development income in addition to insurance claims – (£93k) underspend;
- Private sector housing – costs associated with the mandatory element of the disabled facilities grant function - £91k overspend;
- Provision of accommodation for the homeless - £86k overspend.

### **Street-Scene & City Services - £2,018k overspend**

- £856k underachieved MTFP savings including:
  - i) Landfill and commercial waste income - £350k
  - ii) Weekly cardboard collection saving - £80k
  - iii) Parks and open spaces review - £17k
  - iv) Street cleansing service review - £91k
  - v) Grounds maintenance service review - £46k
  - vi) Special collections service review - £45k
  - vii) Streetscene service review - £227k
- Additional costs associated with the setting up of provisions and increases in bad debt provision for a number of operational matters - c£600k overspend;
- Permitted overspend in respect of potholes and Pride in Newport (PINT) - £350k overspend;
- Street lighting – failure to properly accrue for 2015/16 costs during the year end cut off meant that costs were included within 2016/17 and therefore unbudgeted - £221k overspend;
- Staffing – £192k overspend;
- Benefits – decrease in funding from Department for Works and Pensions (DWP) - £126k overspend.

## Corporate – (£625k) underspend

- Staff under-spending across the corporate portfolio – (£341k);
  - Welsh Language translation – (£147k) underspend;
  - Increased licensing income – (£84k) saving;
  - Savings in respect of insurance premiums (£72k).
8. The identification of key risks and opportunities is crucial to ensure robust financial management as we continue into 2017/18. During the year the Councils monitoring process identified financial pressures in a number of service areas, notably Streetscene & City Services, Social Services and Education. This reflected a range of factors including increased demand for services, shortfall in income and the failure to fully achieve the savings targets set as part of the 2016/17 budget. The Head of Finance, with his teams are now working through the detail of the outturn with HoS of Service to:
- (i) identify any permanent, on-going savings that can be identified early in 2017/18 or included within the MTFP as recurring opportunities;
  - (ii) identify any on-going budget issues that will impact on this current year's financial management, developing strategies to mitigate against these whilst giving consideration to future years impact.

## Summary of key issues coming out of the outturn

9. As noted above, there are a number of areas where budgets are under significant pressure and are likely to impact upon the 2017/18 financial management. This has been identified as a key issue with management teams and the following summary are high level areas requiring urgent management attention and action, where appropriate:
- **Undelivered MTFP savings** – a number of budget savings have not been delivered, mainly in the Streetscene area and these will cause in year budget management issues in the current year until delivered – further details are shown below;
  - **Children and Young People** – out of area residential placements. A £400k budget pressure was identified in 2017/18 MTFP to address part of this issue; however, the costs and demand continue to increase beyond this. There are some areas of one off spend in 2016/17 but the focus in 2017/18 must be how to reduce the spend on placements. One area of work that continues both regionally and nationally is intended to address the issue of placements for teenagers. The early achievement of MTFP savings (£113k) will not be available in 2017/18 to mitigate against this and other pressures within the area;
  - **Adult & Community Services** – Community care. The strict oversight of placements by service managers and team managers via the Equality & Consistency of Outcomes (ECO) process continues. Further work is being undertaken both locally and regionally to contest continuing healthcare decisions where appropriate. The In Reach project is being rolled out across wards in the Royal Gwent Hospital and St. Woolos and it is hoped that this will positively impact on the number of people moving directly from hospital into residential care. Again, management teams should be mindful that the early achievement of MTFP savings has been used as one off mitigation and will not be available in 2017/18 (Adult services overachieved MTFP income by £206k);
  - **Education** – SEN Out of county placements. This pressure should reduce in 2017/18 following the transfer of the in year funding adjustments budget to the individual school budget. This budget will continue to be carefully monitored;
  - **Schools** – schools will need to set balanced budgets for 2017/18, in particular those with a low level of balances, to ensure they do not fall into negative reserve position;

- **RIH** – Communities First. Welsh Government have notified all local authorities that a 30% cut to the grant should be expected in 2017/18. The HoS is currently working through a number of scenarios to determine the possible impact in terms of service delivery and redundancies for 2017/18 and beyond;
- **Streetscene** – Waste strategy and undelivered MTFP savings. Delivery of previous MTFP savings remains a key pressure on the budget. Work is ongoing on the waste strategy to determine how the authority can deliver against reducing grant whilst achieving future recycling targets. The 2017/18 MTFP provides for a 5% annual reduction in waste grant but anything beyond this will result in further in year budget pressure and consideration of the impacts on the MTFP.

## Delivery of MTFP Savings

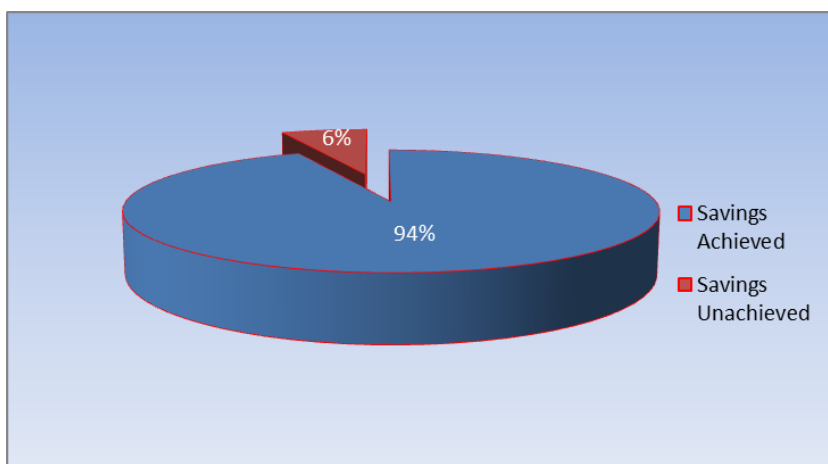
10. Appendix 6 shows the delivery of savings across the service areas and, in the main, shows good performance on achievement of these savings (94% of the £8,958k savings target for 2016/17 has been achieved), however the balance outstanding does represent a significant budget problem in itself at almost £900k. A number of projects are yet to achieve the full extent of the proposed saving and unless there is management action to mitigate, this will remain as a recurring issue and cause pressure in 2017/18 and beyond in the MTFP meaning that if they are simply undeliverable, budgets will be required to be reinstated. All areas of the Council continue to manage and mitigate significant budget challenges. Where they are able to be quantified and all options to mitigate exhausted they have been incorporated into the MTFP. As highlighted in the analysis above, a significant non-delivery of savings was seen in the StreetScene area of £856k, a number of these have been addressed in the 2017/18 budget, however, there remain savings from 2016/17 that are still to be delivered in 2017/18.

**Table 2** Change Programme Financial Improvement Programme (FIP) by Directorate

By Portfolio	People	Place	Corporate	Non Service	Total 16/17
<b>2016/17 MTRP Target (£) Total</b>	£2,189,000	£3,163,000	£963,000	£2,283,000	£8,598,000
<b>Total Savings Realised by Year End 2016/17</b>	£2,508,637	£2,307,320	£952,048	£2,283,000	£8,051,005
<b>Variation to MTRP Target</b>	£319,637	-£855,680	-£10,952	£0	-£546,995
<b>Variation % to MTRP Target</b>	14.6%	-27.1%	-1.1%	0.0%	-6.4%



**Chart 1** Overall Council Position – 2016/17 Achieved Revenue Savings



11. In the face of increased pressure facing the public sector in 2017/18 and beyond, it is imperative that the Council maintains a balanced budget and the financial capacity to function within a planned and coherent strategy for change. Given the quantum, delivery of agreed budgetary savings is key in ensuring this.
12. Whilst budget investments were made against many known problem areas for the 2017/18 year, many issues remain outstanding, further work to identify the issues is now in progress the accounts.
13. The first budget monitor summary reported to Cabinet in July will focus on:
  - Budget issues identified within the year end outturn and what impact they will have on 2017/18 budget management;
  - Known or emerging issues early in the year.

## Reserves Planning

14. The Council's reserves are an integral part of how the Council deals with its financial risks as well as its high level strategic financial planning. Over the last 4-5 years it is evident that the Council's reserves have increased, whilst at the same time, the Council has been making significant savings and increasing council tax. Therefore, it is useful to give an explanation of why these reserves have increased and their link to strategic financial planning and management.
15. Over this time period, key issues facing the Council have included;
  - (i) Maintenance of the Council's general reserve;
  - (ii) Friars walk risk reserve;
  - (iii) Increasing usable capital receipts used fund 21<sup>st</sup> Century School Band A programme;
  - (iv) Additional school investment for 2017/18 funded via revenue underspends and use of specific earmarked reserves;
  - (v) Other investments earmarked by Cabinet out of the 2016/17 projected underspend.

All of the above have required the Council to incorporate appropriate financial plans to manage the risks and / or support the activity and enable them to happen.

Whilst the above explains the reasons for the increase in reserves over this period, it also shows how planning for and using reserves is integrated into the Council's strategic financial planning. As financial austerity continues, it becomes even more important that the Council considers and uses financial reserves to both protect its financial health and enabling its ambitions and priorities.

## In Year Reserve Transfers

16. There has been an increase in the reserve balances as set out in appendix 4 – growth from £101m at 31 March 2016 to £107m at 31 March 2017. A number of the transfers (into)/ from reserves have already been included within the outturn position. These transfers are:

- Consistent with existing policy;
  - (i) transferring school overspends out of school's specific reserves - £1,050k;
  - (ii) transferring surplus income achieved through the Friar's Walk loan into the Friar's Walk reserve (£3,809k);
- specific to the creation of the reserves in the first instance, the significant transfers include:
  - (i) Usable capital receipts (£3,683k)
  - (ii) use of invest to save reserve to fund implementation costs of approved saving proposals at £2,003k;
  - (iii) Transfer out of capital expenditure reserve £1,267k;
- already been approved specifically by Cabinet as part of the base budget:
  - (i) use of base budget to credit into specific reserves such as Private Finance Initiative (PFI) (£544k), Invest to Save (£170k) and MMI (£250k);
  - (iii) utilise pay reserve budgets £530k.
- already approved by Cabinet in March 2017 when an underspend was forecast including:
  - (i) (£1,100k) into the school reserves other;
  - (ii) (£1,500k) into the investment reserve funded by revenue underspends and transfers from Council Tax Reduction Scheme (CTRS) reserve (£500k) and £100k from the legal reserve as they were deemed no longer required.

17. The reserves have been categorised according to the planned use of funding and type of reserve, whether this be risk, enabling, smoothing or other. Most reserves are earmarked for specific purposes, most can be used to fund either capital or revenue costs and are transferrable to other reserves, if deemed appropriate. Within the total, only a handful of individual reserves makes up the majority of the total, namely PFI reserves (43%), Invest to Save (10%), Capital Receipts (11%), capital funding reserve (5%) and Friar's Walk (9%). Of the balance, half is then made up of the Council's general and school's balances. There are no reserves that are freely available and there are only a very small number of reserves that are yet to be earmarked to specific projects.

18. There remain a number of smaller miscellaneous reserves that have been created previously and officers have been asked to confirm the timing of their use. If it is unlikely that they will be used in the first part of 2017/18 there is a chance that they will be removed to an alternative reserve during the year. It is important that appendix 4 is kept up to date and regularly reviewed as part of the 2017/18 budget monitoring process.

19. While the levels of reserves have been increasing, from appendix 5, it is evident that these reserves will now begin to be utilised. A new capital programme; continuation of the change/efficiency programme; and the conclusion of Friars Walk, will see the level of reserves beginning to reduce steadily over the medium term.

### Use of 2016/17 budget underspend

20. The following reserve transfers are recommended to utilise the £326k revenue underspend:

(i)	Invest to save transfer – Streetscene (New)	£170k
(ii)	Adult & Community Services additional works reserve	£72k
(iii)	Welsh Community Care Information System (New)	£54k
(iv)	CRM project (New)	£21k
(v)	Metro Co-ordinator (New)	£9k

### Timetable

Ongoing

### Risks

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, this has allowed support to services going forward, thus contributing 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 £326k, this would be transferred to the general reserve;
3. Cabinet can choose not to approve the reserve transfers and move to alternative earmarked reserves such as adding to their recently agreed 'spending priorities'.

### Preferred Option and Why

Option 1, as the £326k underspend is being reserved for future investment in the areas outlined in paragraph 17.

### **Comments of Chief Financial Officer**

Under difficult circumstances, the Council has produced a near balanced out-turn position and delivered most of its change programme.

A number of large areas of budget overspending are in place and along with a worsening position in schools, represents a significant risk to the Council unless robust management action is undertaken to mitigate. The level of undelivered MTFP savings, whilst relatively small in percentage terms, still represents a relatively large issue in going forward and points towards the increasingly difficult task in delivering savings each year. The new Scrutiny arrangement will help in the governance of this as they focus more on these kinds of issues.

As the report notes, the first 2017/18 budget monitor will pick up on impacts of the 2016/17 outturn in going forward, taking into account budget investments made. This should provide a useful forward look for this current year.

### **Comments of Monitoring Officer**

There are no legal implications from this report.

### **Comments of Head of People and Business Change**

There are no direct staff implications from this report.

### **Comments of Cabinet Member**

N/A

### **Local issues**

N/A

### **Scrutiny Committees**

### **Equalities Impact Assessment and the Equalities Act 2010**

N/A

### **Children and Families (Wales) Measure**

N/A

### **Wellbeing of Future Generations (Wales) Act 2015**

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.

### **Crime and Disorder Act 1998**

N/A

**Consultation**

N/A

**Background Papers**

N/A

## APPENDIX 1 – Revenue Summary Monitor (March 2017)

Summary Revenue Budget					
	Apr-16	Current	Actual	(Under)/Over	Change
2016/2017	Approved Budget	Budget		spend	since last
					Statement (exc I2S)
	£'000	£'000	£'000	£'000	£'000
<b>PEOPLE</b>					
Children & Young People	21,084	21,033	21,213	180	(75)
Adult & Community Services	39,676	39,748	40,266	517	387
Education	13,869	13,807	14,300	493	11
Schools	89,835	90,000	91,050	1,050	(549)
	<b>164,464</b>	<b>164,588</b>	<b>166,829</b>	<b>2,240</b>	<b>(226)</b>
<b>PLACE</b>					
Regeneration, Investment & Housing	9,100	9,041	8,910	(131)	(223)
Streetscene & City Services	17,092	16,911	18,929	2,018	1,015
	<b>26,192</b>	<b>25,952</b>	<b>27,839</b>	<b>1,887</b>	<b>792</b>
<b>CHIEF EXECUTIVE</b>					
Directorate	552	552	504	(48)	17
Finance	2,678	2,742	2,620	(122)	(30)
People & Business Change	6,371	6,420	6,204	(216)	(60)
Law & Regeneration	6,474	6,521	6,282	(239)	(170)
	<b>16,075</b>	<b>16,235</b>	<b>15,610</b>	<b>(625)</b>	<b>(243)</b>
<b>CAPITAL FINANCING COSTS &amp; INTEREST</b>					
Capital Financing Costs MRP	10,813	10,813	10,731	(82)	-
Interest Payable	9,145	9,145	9,562	417	417
Interest Receivable	(37)	(37)	(3,721)	(3,684)	(3,684)
Investment Props	-	-	-	-	-
PFI	8,261	8,262	8,262	-	-
	<b>28,182</b>	<b>28,183</b>	<b>24,834</b>	<b>(3,349)</b>	<b>(3,267)</b>
<b>SUB TOTAL - SERVICE/CAPITAL FINANCING</b>					
	<b>234,913</b>	<b>234,958</b>	<b>235,112</b>	<b>153</b>	<b>(2,944)</b>
<b>CONTINGENCY PROVISIONS</b>					
General Contingency	1,473	1,473	-	(1,473)	(1,473)
Restructuring / Other Savings	-	-	-	-	-
Centralised Insurance Fund	570	570	570	-	-
Non Departmental Costs	5	5	14	9	5
Other Income & Expenditure	3,761	4,111	4,139	28	67
	<b>5,809</b>	<b>6,159</b>	<b>4,723</b>	<b>(1,436)</b>	<b>(1,401)</b>
<b>LEVIES / OTHER</b>					
Discontinued Operations - pensions	1,790	1,790	1,503	(287)	6
Discontinued Operations - Ex Gratia Payments	2	2	3	1	-
Levies - Drainage Board, Fire service etc	8,210	8,208	8,235	27	(2)
Non distributed grants	-	-	-	-	-
CTAX Benefit Rebates	11,735	11,735	10,672	(1,063)	(17)
Extraordinary Items	-	-	-	-	-
Charity Rate Relief	37	-	14	14	14
	<b>21,774</b>	<b>21,735</b>	<b>20,427</b>	<b>(1,308)</b>	<b>1</b>
<b>TRANSFERS TO/FROM RESERVES</b>					
Base budget - Planned Transfers to/(from) Reserves	1,442	1,086	2,998	1,913	1,949
Earmarked reserves: Queensbury Loan			3,267	3,267	3,267
Earmarked reserves: Transfer to/(from) Capital				-	-
Earmarked reserves: Transfer to/(from) Schools			(1,050)	(1,050)	549
Earmarked reserves: Transfer to/(from) Schools Redundancy			-	-	-
Invest to Save Reserve			1,833	1,833	(807)
Invest to Save Reserve (from)			(1,833)	(1,833)	807
	<b>1,442</b>	<b>1,086</b>	<b>5,215</b>	<b>4,130</b>	<b>5,765</b>
<b>TOTAL</b>	<b>263,938</b>	<b>263,938</b>	<b>265,477</b>	<b>1,539</b>	<b>1,421</b>
<b>Funded by</b>					
WAG funding (RSG & NNDR)	(209,142)	(209,142)	(209,142)	-	-
Council Tax	(54,720)	(54,720)	(54,720)	-	-
Council Tax Surplus	(76)	(76)	(1,615)	(1,539)	(891)
<b>TOTAL</b>	<b>-</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>530</b>

## **APPENDIX 2 – Budget Dashboards**

Attached:

- Overall Council dashboard
- Individual service area dashboards within People, Place and Chief Executive portfolios

### APPENDIX 3 – School Balance Outturn Position

School	Balance as at 31st March 2017	2016/17			
		In-year actual movement	Projected in-year movement at final visit	Variance	Comments On Variance Reason
Bassaleg School	489,360	70,244	-6,515	76,759	£50k transfer to capital scheme
Newport High	115,980	-45,233	-38,424	-6,809	
Caerleon Comprehensive	136,070	80,276	36,428	43,848	Previously received a loan to bring out of deficit
The John Frost School	81,940	-90,856	-96,396	5,540	
Llanwern High	245,592	-245,588	-313,496	67,908	
Lliswerry High	46,544	-171,735	-201,797	30,062	
St Josephs R.C. High	246,619	4,087	-9,138	13,225	
St Julians School	276,436	40,891	26,735	14,156	£150k transfer to capital scheme
Ysgol Gyfun Gwent Is Coed	44,082	-355,073	-360,000	4,927	
<b>Total Secondary Schools</b>	<b>1,682,623</b>	<b>-712,988</b>	<b>-962,603</b>	<b>249,615</b>	
Alway Primary	135,575	1,237	-11,474	12,711	£9.5k Grant contribution towards staffing costs (Foundation Phase / MySid)
Caerleon Lodge Hill Primary	33,760	-10,916	-15,574	4,658	
Charles Williams Cw Primary	72,122	-20,878	-18,848	-2,030	
Clytha Primary	36,527	-19,229	-26,845	7,616	
Crindau Primary	139,466	-41,890	-51,826	9,936	
Duffryn Infants	86,281	26,897	-12,083	38,980	Disputed gas invoices for 2016/17 & prior year (£29,348); adjustment re Nursery nurses regradings (£9,300)
Duffryn Junior	77,491	48,783	11,236	37,547	Disputed gas invoices for 2016/17 & prior year (£17031) inv for DHT cover not paid Jan-Mar (£15,189), miscoded mat invoices (£2,560) EAS income (£3,000)
Eveswell Primary	237,714	<b>25,917</b>	16,384	9,533	
Gaer Primary	57,379	-2,187	-7,523	5,336	
Glan Usk Primary	92,871	-13,801	-15,005	1,204	
Glasllwch Primary	70,246	15,197	-740	15,937	EAS £15,158 EAS Income received March (unanticipated)
High Cross Primary	70,524	14,014	22,078	-8,064	
Langstone Primary	73,749	-3,406	-5,115	1,709	
Llanmartin Primary	43,530	-9,120	-6,387	-2,733	
Lliswerry Primary	52,326	-16,315	-19,314	2,999	
Maesglas Primary	42,405	-18,662	-27,744	9,082	
Maindee Primary	29,215	-24,067	-33,278	9,211	
Malpas Church In Wales Infants	26,732	-15,657	-23,038	7,381	
Malpas Church In Wales Junior	102,435	22,120	-44,912	67,032	£60k deferred building project
Malpas Court Primary	56,038	-12,725	-9,889	-2,836	
Malpas Park Primary	59,280	-27,617	-66,716	39,099	Grant contributions, sickness some savings from expenditure headings



Marshfield Primary	63,076	17,405	-3,001	20,406	
Millbrook Primary	67,547	-23,359	-35,572	12,213	EAS Income rec'd in March 2017:- £4,300 Excellence in Leadership, £6k Pioneer Capacity & £2,700 ITE
Milton Infants	47,746	-41,542	-51,426	9,884	
Milton Junior	4,330	-19,119	-15,292	-3,827	
Monnow Primary	141,293	43,181	29,029	14,152	£8,200 EAS income rec'd in March
Mount Pleasant Primary	46,331	-4,068	-22,157	18,089	
Pentrepoeth Primary	73,777	9,486	10,022	-536	
Pillgwenlly Primary	79,350	-77,501	-76,012	-1,489	
Ringland Primary	22,604	-65,299	-64,919	-380	
Rogerstone Primary	73,101	1,956	-13,014	14,970	
Somerton Primary	54,362	908	1,301	-393	
St. Andrews Primary	39,612	-82,378	-116,187	33,809	£28,100 additional contingency - pupil no.s
St. Davids Rc Primary	79,610	12,512	10,573	1,939	
<b>St. Gabriels Rc Primary</b>	<b>30,001</b>	1,337	-5,705	7,042	
St. Josephs Rc Primary	35,188	-573	-3,895	3,322	
St. Julians Primary	201,531	63,127	40,922	22,205	
St. Marys Rc Primary	89,292	22,313	21,340	973	
St. Michaels Rc Primary	59,508	13,539	2,459	11,080	£4k Grant contribution towards staffing costs (Foundation Phase), £1,850 EAS Income rec'd March Growth Mindsets & £4k underspend within Building Maint-Courtyard painting not completed
St. Patricks Rc Primary	29,730	-3,705	-10,541	6,836	
St. Woolos Primary	-6,408	-6,496	-13,317	6,821	
Ysgol Gymraeg Bro Teyrnnon	125,795	53,850	41,654	12,196	£15,000 Grant contribution towards staffing costs
Ysgol Gymraeg Casnewydd	101,119	-14,463	-6,798	-7,665	
Ysgol Gymraeg Ifor Hael	98,860	-5,381	-7,971	2,590	
<b>Total Primary Schools</b>	<b>3,153,018</b>	<b>-186,574</b>	<b>-635,120</b>	<b>448,546</b>	
Fairoak Nursery	26,845	-12,148	-18,442	6,294	
Kimberley Nursery	-9,842	-20,165	-18,859	-1,306	
<b>Total Nursery Schools</b>	<b>17,003</b>	<b>-32,313</b>	<b>-37,301</b>	<b>4,988</b>	
Maes Ebbw	-21,337	-118,056	-116,445	-1,611	
<b>Total All Schools</b>	<b>4,831,307</b>	<b>-1,049,932</b>	<b>-1,751,469</b>	<b>701,537</b>	

## APPENDIX 4 – 2016/17 Reserve Movements

Reserve	Balance at 31-Mar-16	Movements between Reserves		Via Comprehensive I&E Account (Within outturn position)		Via Comprehensive I&E Account (New - use of outturn)		Balance at 31-Mar-17
		Transfers Out	Transfers In	Transfers Out	Transfers In	Transfers Out	Transfers In	
	£'000	£'000	£'000	£'000	£'000			£'000
Council Fund:	(6,500)							(6,500)
Balances held by schools for future use	(5,881)			1,050				(4,831)
<b>Earmarked Reserves:</b>								
Music Service	(205)			38				(167)
Capital Expenditure	(7,084)			1,267				(5,817)
Insurance Reserve	(1,925)			469	(250)			(1,706)
MMI Insurance Reserve	(352)	-			(250)			(602)
Legal Claims	(100)		100					-
Health & Safety	(16)							(16)
Council Tax Reduction	(500)		500					-
Education Achievement Service	(92)							(92)
Schools Redundancies	(453)				(255)			(708)
Friars Walk	(6,176)				(3,809)			(9,985)
Gem Services Reserves	(100)			100				-
NEW - European Funding I2A & CFW	-				(79)			(79)
NEW - Metro Bus	-				(9)			(9)
<b>SUB TOTAL - RISK RESERVES</b>	<b>(17,003)</b>	<b>-</b>	<b>600</b>	<b>1,874</b>	<b>(4,652)</b>	<b>-</b>	<b>-</b>	<b>(19,181)</b>
Pay Reserve	(1,948)			530				(1,418)
Invest to Save	(12,838)			1,959	(170)			(11,050)
Super Connected Cities	(748)			78				(670)
Landfill (fines reserve)	(131)				(214)			(345)
Christmas Lights	(47)			32				(15)
Capital Works - Move to Capital Expenditure reserve	-							-
Usable Capital Receipts	(8,059)				(3,683)			(11,742)
<b>SUB TOTAL - ENABLING RESERVES</b>	<b>(23,771)</b>	<b>-</b>	<b>-</b>	<b>2,599</b>	<b>(4,067)</b>	<b>-</b>	<b>-</b>	<b>(25,240)</b>
STEP School Computers	(638)			165				(473)
Municipal Elections	(120)				(34)			(154)
Local Development Plan	(528)				(44)			(572)
Glan Usk PFI	(972)				(527)			(1,499)
Southern Distributor Road PFI	(44,498)				(17)			(44,515)
<b>SUB TOTAL - SMOOTHING RESERVES</b>	<b>(46,757)</b>	<b>-</b>	<b>-</b>	<b>165</b>	<b>(622)</b>	<b>-</b>	<b>-</b>	<b>(47,214)</b>

Works of art	(21)							(21)
School Works	(272)				(273)			(545)
Theatre & Arts Centre	(232)							(232)
Cymorth Income	(38)			5				(33)
Pupil Referral Unit	(60)							(60)
Chartist Commission	-							-
Gypsy and Traveller Site	(7)							(7)
Homelessness Prevention	(38)							(38)
Environmental Health - Improve Air Quality	(50)			1				(49)
Refurbishment of a Children / Older People Homes	(115)			85	(72)			(102)
ECDL Training Package - <b>Change to Apprenticeship Scheme</b>	(80)							(80)
City Deal Reserve - Rename - <b>City Economic Development Reserve</b>	(195)			105				(90)
Great Western Cities	-							-
Welsh Language Standards	(240)							(240)
YS Dilapidation Costs Information Shop	(51)							(51)
NEW - School Reserve Other	-				(1,100)			(1,100)
NEW - Port Health	-				(3)			(3)
NEW - CRM	-				(21)			(21)
NEW - WCCIS	-				(54)			(54)
NEW - Investment Reserve	-		(600)		(900)			(1,500)
<b>SUB TOTAL - OTHER RESERVES</b>	<b>(1,399)</b>	<b>-</b>	<b>-</b>	<b>196</b>	<b>(2,423)</b>	<b>-</b>	<b>-</b>	<b>(4,226)</b>
<b>RESERVES TOTAL</b>	<b>(101,310)</b>	<b>-</b>	<b>600</b>	<b>5,884</b>	<b>(11,764)</b>	<b>-</b>	<b>-</b>	<b>(107,190)</b>

## APPENDIX 5 – Projected Reserve Movements

<b>MTFP Reserve Movements - 2017/18 to 2020/21</b>					
<b>Reserve</b>	<b>Balance at 31-Mar-17</b>	<b>Balance at 31-Mar-18</b>	<b>Balance at 31-Mar-19</b>	<b>Balance at 31-Mar-20</b>	<b>Balance at 31-Mar-21</b>
	£'000	£'000	£'000	£'000	£'000
Council Fund:	(6,500)	(6,500)	(6,500)	(6,500)	(6,500)
Balances held by schools for future use	(4,831)	(4,831)	(4,831)	(4,831)	(4,831)
<b>Earmarked Reserves:</b>					
Music Service	(167)	(167)	(167)	(167)	(167)
Capital Expenditure	(5,817)	(4,317)	(2,817)	(1,317)	-
Insurance Reserve	(1,706)	(1,706)	(1,706)	(1,706)	(1,706)
MMI Insurance Reserve	(602)	(302)	-	-	-
Legal Claims	-	-	-	-	-
Health & Safety	(16)	(16)	(16)	(16)	(16)
Council Tax Reduction	-	-	-	-	-
Education Achievement Service	(92)	(92)	(92)	(92)	(92)
Schools Redundancies	(708)	(508)	(308)	(108)	(8)
Friars Walk	(9,985)	(9,985)	(9,985)	(9,985)	(9,985)
NEW - European Funding I2A & CFW	(79)	-	-	-	-
NEW - Metro Bus	(9)	-	-	-	-
<b>SUB TOTAL - RISK RESERVES</b>	<b>(19,181)</b>	<b>(17,093)</b>	<b>(15,091)</b>	<b>(13,391)</b>	<b>(11,974)</b>
Pay Reserve	(1,418)	(1,418)	(1,418)	(1,418)	(1,418)
Invest to Save	(11,050)	(8,680)	(8,209)	(8,189)	(7,189)
Super Connected Cities	(670)	(550)	(430)	(310)	(190)
Landfill (Door Stepping Campaign)	(345)	(195)	-	-	-
Christmas Lights	(15)	-	-	-	-
Usable Capital Receipts	(11,742)	(3,742)	(2,742)	(2,242)	(1,742)
<b>SUB TOTAL - ENABLING RESERVES</b>	<b>(25,240)</b>	<b>(14,585)</b>	<b>(12,799)</b>	<b>(12,159)</b>	<b>(10,539)</b>
STEP School Computers	(473)	(373)	(273)	(173)	(73)
Municipal Elections	(154)	(54)	(84)	(114)	(144)
Local Development Plan	(572)	(534)	(433)	(260)	(160)
Glan Usk PFI	(1,499)	(1,499)	(1,499)	(1,499)	(1,499)
Southern Distributor Road PFI	(44,515)	(44,303)	(43,963)	(43,485)	(42,935)
<b>SUB TOTAL - SMOOTHING RESERVES</b>	<b>(47,213)</b>	<b>(46,763)</b>	<b>(46,252)</b>	<b>(45,531)</b>	<b>(44,811)</b>

Works of art	(21)	(21)	(21)	(21)	(21)
School Works	(545)	(545)	(545)	(545)	(545)
Theatre & Arts Centre	(232)	(232)	(232)	(232)	(232)
Cymorth Income	(33)	-	-	-	-
Pupil Referral Unit	(60)	(60)	(60)	(60)	(60)
Gypsy and Traveller Site	(7)	-	-	-	-
Homelessness Prevention	(38)	-	-	-	-
Environmental Health - Improve Air Quality	(49)	-	-	-	-
Refurbishment of a Children / Older People Homes	(102)	-	-	-	-
Apprenticeship Scheme	(80)	-	-	-	-
City Economic Development	(90)	(45)	-	-	-
Welsh Language Standards	(240)	(180)	(120)	(60)	-
YS Dilapidation Costs Information Shop	(51)	-	-	-	-
NEW - School Reserve Other	(1,100)	-	-	-	-
NEW - Port Health	(3)	-	-	-	-
NEW - CRM	(21)	-	-	-	-
NEW - WCCIS	(54)	-	-	-	-
NEW - Investment Reserve	(1,500)	-	-	-	-
<b>SUB TOTAL - OTHER RESERVES</b>	<b>(4,226)</b>	<b>(1,083)</b>	<b>(978)</b>	<b>(918)</b>	<b>(858)</b>
<b>RESERVES TOTAL</b>	<b>(107,190)</b>	<b>(90,855)</b>	<b>(86,451)</b>	<b>(83,330)</b>	<b>(79,513)</b>

## APPENDIX 6 – Delivery of MTFP Savings

### Financial Improvement Plan – May 2017 (Final sign off of 2016/17 savings)

Overall Summary	Education	Childrens	Adults	RIH	Streetscene	PBC	Finance	L&R	Non Service	Total 16/17
<b>2016/17 MTRP Target (£) Total</b>	£60,000	£417,000	£1,712,000	£948,000	£2,215,000	£411,000	£222,000	£330,000	£2,283,000	<b>£8,598,000</b>
<b>Total Savings Realised by Year End 2016/17</b>	£60,000	£530,217	£1,918,420	£948,000	£1,359,320	£409,268	£222,000	£320,780	£2,283,000	<b>£8,051,005</b>
<b>Variation to MTRP Target</b>	£0	£113,217	£206,420	£0	-£855,680	-£1,732	£0	-£9,220	£0	-£546,995
<b>Variation % to MTRP Target</b>	0%	27%	12%	0%	-39%	0%	0%	-3%	0%	-6%
<b>Undelivered Savings from Previous Years (C&amp;CC)</b>								-£52,500	-£547,813	-£600,313
<b>Impact of Savings Realised Early for project greater than one year duration</b>										
<b>Variation to MTRP Target</b>	£0	-£80,500	-£232,180	£0	-£855,680	-£1,732	£0	-£9,220	£0	-£1,179,312
<b>Variation % to MTRP Target</b>	0%	-19%	-14%	0%	-39%	0%	0%	-3%	0%	-14%

By Portfolio	People	Place	Corporate	Non Service	Total 16/17	Undelivered savings Previous Years
<b>2016/17 MTRP Target (£) Total</b>	£2,189,000	£3,163,000	£963,000	£2,283,000	£8,598,000	£687,118
<b>Total Savings Realised by Year End 2016/17</b>	£2,508,637	£2,307,320	£952,048	£2,283,000	£8,051,005	£86,805
<b>Variation to MTRP Target</b>	£319,637	-£855,680	-£10,952	£0	-£546,995	-£600,313
<b>Variation % to MTRP Target</b>	14.6%	-27.1%	-1.1%	0.0%	-6.4%	-87.4%