



## Report of the S151 Officer

Cabinet - 18 July 2019

### Revenue Financial Outturn 2018/19

<b>Purpose:</b>	To report on the detailed Revenue financial outturn for 2018/19
<b>Policy Framework:</b>	Budget 2018/19, Sustainable Swansea
<b>Consultation:</b>	Cabinet Members, Corporate Management Team, Legal Services and Access to Services.
<b>Recommendation:</b>	It is recommended that the comments and variations in this report be noted, and that the proposed reserve transfers detailed in Section 7.3 are approved
<b>Report Author:</b>	Ben Smith
<b>Finance Officer:</b>	Ben Smith
<b>Legal Officer:</b>	Tracey Meredith
<b>Access to Services Officer:</b>	Rhian Millar

#### 1. Background and Introduction

- 1.1 This report details net expenditure for 2018/19 and highlights variances from the revised budget.
- 1.2 The Revenue Budget for 2018/19 was approved at Council on 6<sup>th</sup> March 2018. The budget as approved included the following proposals to address a potential budget deficit of £28.928m

<b><u>Budget Proposals 2018/19</u></b>	<b>£'000</b>	<b>£'000</b>
Planned Service Savings	-10,252	
Cross cutting savings	-1,055	

Invest to Save savings*	-4,295	
Reduction to Contingency Fund	-1,400	
		-17,002
Schools pressures funded by schools.	-2,698	
Reserve Changes(Restructure, Specific grants)	-2,195	
Draw from General Fund reserve	-1,000	
Net effect of Council Tax base increase and increased charge	-6,033	
<b>Overall resourcing</b>		<b>-28,928</b>

\* Invest to Save savings were predominantly in respect of packages of care and direct payments in Adult Services (£1.7m) and in respect of implementing the Safe Looked After Children Strategy and the commissioning review recommendations (£2.7m).

- 1.3 The specific savings proposals detailed above were incorporated into Directorate budgets at service level and have been the subject of specific monitoring via the budget savings tracker, reported to Cabinet on a quarterly basis during the year.
- 1.4 2018/19 marked the fifth year following the introduction, from 1<sup>st</sup> April 2014, of the Council's single status pay and grading scheme relating to all staff on NJC grades. The scheme specifically excludes Teaching staff, those on the Soulbury Scheme and Senior Officers at Head of Service/Director level.
- 1.5 The introduction of the scheme has been accompanied by an extensive appeals process for those staff adversely affected by pay and grading allocations made during the original allocation process. Despite significant inroads made to the numbers of appeals, elements of the appeals and grievance process does remain ongoing.
- 1.6 The extent to which appeals are successful in terms of job allocation will inevitably affect financial performance on an annual basis and impact on future budget planning.
- 1.7 The modelled costs of single status as at the implementation date have been incorporated in revenue budgets going forward. However, costs in respect of successful appeals have not, and any costs arising from appeals and grievances will have to be met from within existing Directorate Budgets.
- 1.8 The report that follows details the Revenue outturn position for 2018/19, makes commentary on comparison with in year budget monitoring and, where appropriate, details action already taken in setting the 2019/20 Revenue Budget based on anticipated outcome at quarter 3 of the year. It remains critical that the progress on savings adopted under *Sustainable Swansea* is subject to constant review and

updated during each financial year and that future budgets are constantly informed by outcomes from the monitoring process.

## 2. Detailed Outturn Position

2.1 Overall direct revenue expenditure for 2018/19 was £883,000 more than the revised budget as follows:

	<b>£000's</b>
<b>Net Expenditure on Services per appendix 'A' - overspend</b>	<b>2,806</b>
Reduced call on Apprenticeship levy	-220
Inflationary provision not utilised	-1,000
One off corporate costs/income	-1,079
Council Tax collection shortfall	328
Other net overspends	48
<hr/> <b>Overall net overspend</b> <hr/>	<hr/> <b>883</b> <hr/>

2.2 Members will see from the table at 2.1 above that the net overall overspend at year end is primarily the result of a net overspend in services of nearly £3m, a lower than anticipated overspend (which had ranged from £6-9m in the in-year reports ), predominantly as a result of the action taken in the third and fourth quarter by all Directorates to contain or reduce overspending, in line with Cabinet decisions and target setting, following receipt of the in-year quarterly monitoring reports. This has then been significantly offset further by the already agreed actions, namely to utilise unspent budgets on the central inflation provision and Apprenticeship Levy, and boosted by some further one off corporate income.

2.3 Separately, there is, as highlighted during the year, a significant in year underspend on capital financing of £7.7m. An element of capital programme slippage has contributed to the capital charge underspend. There is a strategy to monitor interest rates and average in the borrowing requirement over a period of time but inevitably as the need to fund the capital financing requirement increases so will the capital charges in line with budget. Such underspends should therefore be considered temporary, albeit not necessarily solely one off. Further borrowing will be externalised where rates, which are monitored on a constant basis, are favourable. Indeed already in 2018/19, £60m of that external borrowing has now occurred to lock in favourable rates. The indicative minimum revenue provision at current 2.5% rates would cost £1.5m per annum and interest a further £1.5m per annum in the following full year (2019/20).

2.4 As outlined throughout the year (and set out in Section 7 below) it is proposed that the whole underspend on the Capital Charges be transferred in its entirety to the Capital Equalisation Reserve to help prudently meet part of future capital costs. This approach was re-affirmed by Council in its review of all reserves.

- 2.5 As reported to Cabinet in the 1<sup>st</sup> Quarter monitoring report as a result of concerns and lobbying from both members and officers, the Welsh Government provided, belatedly, funding in respect of Minority Ethnic Achievement Grant and School Uniform Grant. As a result the original anticipated budget draw of £1m from the General Fund reserve was not required.
- 2.6 Council approved, in October 2018, the S151 officer's recommendation of utilising up to £3m of earmarked reserves, in light of general reserves being at the minimum declared safe level, to help mitigate the forecast overspend pressures at that time. The final position indicates that some £0.673m is actually required in 2018/19. An element of the balance not utilised related specifically to Social Services and will now be available for use in later years by that service. The remaining balance amounting to £1.6m is proposed to be added to the Capital Equalisation Reserve to provide further funding for the future capital programme.
- 2.7 The improved final position, lower overspend and reduced cost of ER/VR scheme, has resulted in a reduced transfer from the Restructure Reserve (originally anticipated that the entire reserve would be exhausted in 2018-19). This allows the S151 officer to propose that £3 million is retained in the Restructure Reserve to be used to continue to contribute towards helping centrally fund the costs of ER/VR in 2019-20, again only where there is an evidenced business case and reasonable payback period, as in previous years.
- 2.8 Details of net expenditure variations are given in Section 2.11 and onwards below.
- 2.9 Recommendations in terms of Reserve Movements and Review as a result of the final outturn position as set out in Section 2.1 to 2.3 are made in Section 7 of this report.
- 2.10 The Directorate/Services outturn position itself is made up of a mix of over and under spends and it is clear that some elements of the overspends in particular will substantially continue into 2019/20. Consequently, urgent management action and, in some cases, further Member decisions, will inevitably be required to address the underlying base budget issues, which at present stands at around £5 million as set out further in directors' comments.
- 2.11 The following sets out the major service specific variances in 2018/19.

### **Resources Directorate**

	£
Net Employee Costs	-1,598,000
Shortfall in Sustainable Swansea savings target – predominantly ongoing spend pressure (see below)	2,505,000
Council Tax Reduction Scheme (CTRS)	-837,000
IT spend delayed to conserve budgets	-824,000

Other net variances

285,000

-469,000

**Director Comments:-**

1. As reported in the 2017/18 outturn, there was a shortfall in the target attributable to Sustainable Swansea savings in the Directorate. This was compounded with a further shortfall into 2018/19 and highlighted at quarterly monitoring throughout the year. The shortfall in both years was due to a timing delay. Several change projects had to be delivered first before savings could be realised. Both the interim Director and Deputy Chief Executive (appointed in November), in conjunction with existing Heads of Service undertook measures to proactively underspend to control the in-year budget.

This action meant a steady reduction of in-year spending mostly related to staff costs through the management of both vacancies and ER/VR applications during the restructure, which began in January 2018. A key role of The Resources Directorate is to support the other directorates and due to the reduction in staffing this has had a serious impact on other services and service delivery. These actions resulted in a temporarily rebalanced Directorate budget ready for the start of 2019/20, although its longer-term sustainability remains challenging.

2. Secondly, the ER/VR scheme significantly contributed to the accelerated reduction in staff costs.
3. A third area of underspend variance relates to the deliberate holding back of ICT development spend to contain overall directorate costs. However, this is beginning to have significant implications for the roll out of digital solutions across the Council and could imperil other future efficiency savings if not developed. The impact has meant a drop in performance by the digital service desk, with more open cases as a result of vacancies not filled. In addition, several key development projects were delayed, e.g. passenger transport, schools LAN replacement, network consolidation and mobile device management.
4. A fourth area of Underspend variance relates to Legal Services, where vacancies have not been filled, left the Authority or been on maternity leave. This has resulted in case management increasing per lawyer which in turn has had implications on the speed of which work is completed and increased complaints from customers and service users.
5. The final major variance relates to budget overprovision for CTRS (Council Tax Reduction Scheme), which is predominantly demand led. Some significant reduction in this overall budget was factored into the 2018-19 budget but it remains under review with the wider rollout of the Universal Credit system and wider efforts by Welsh Government to encourage and maximise local take up of the scheme.

6. The shortfalls in Sustainable Swansea savings targets are predominantly:

<b>Unachieved Savings</b>	<b>£</b>
Management Review of senior staff in corporate services – ongoing spend pressure	113,000
Service Reviews/Regional Working/Shared Services - ongoing	239,000
Stopping Services - areas where services could stop or reduce through new ways of working – ongoing spend pressure	597,000
Working commercially across the Council on income / contract spend, prioritising resources as per strategy and plan	1,150,000
Other Net Saving Targets (pre 2018/19 £602k, Business Hubs in People & Place £-221k, Other £25k) - ongoing spend pressure	406,000
<b>TOTAL</b>	<b>2,505,000</b>

The Commercial Services shortfall is primarily as a result of the target being held corporately, whilst any additional income earned/reduced contract spend as a result of actions taken is already reflected within service budgets and outturns. The totality of commercial activity in terms of income generation and procurement activity across all directorates has been significant and this will be reported upon separately.

The remaining shortfall of approximately £1.4m will currently recur without further action and the Director has therefore committed to produce a further update report and action plan to either address this through direct management action or identify alternative options for Cabinet to consider as part of the first quarter monitoring for 2019-20.

## **Director of Social Services**

### **Children's and Adult Services**

	<b>£</b>
<b>Unachieved Savings</b>	
Review of CHC arrangements - ongoing spend pressure	1,000,000
Reduce Number of Independent Residential placements - ongoing spend pressure	1,400,000
Reduce number of independent fostering placements - ongoing spend pressure	250,000
Reduce mother and baby residential placements – ongoing spend pressure	50,000
Senior Staffing - Review/Reduce posts at senior level	54,000
Reduction in Number of In House Beds	87,000
Provide day services to those who are eligible only	22,000
Implement preferred options as outcome of LD, PH and MH	63,000
Commissioning Review	
Reduce overall number of funded residential care	142,000

placements	
Direct Payments Strategy - Targeted increase in recourse to direct payments as alternative to non-complex domiciliary care packages and complex care packages for MH & LD	158,000
Charging Policy and Annual Fee Increases - Increased client income through uplifts and more efficient processes	183,000
	3,409,000

**Other – net £127,000\***

Independent Child and Family Placements	314,000
External Domiciliary Care (Older Persons)	108,000
External Residential Care	1,305,000
Internal Services	-2,539,000
Community Equipment	-371,000
MHLD Complex Care	1,674,000
Third Party Spend	-237,000
Other	-127,000
	<u>3,536,000</u>

\*Note that the net variance on other overspending is £127,000 but the major variations are set out for completeness. The Director will seek to vire sums as appropriate in 19-20 to ensure budgets are closer aligned to spend within the overall budget envelope

**Director's Comments**

There have been significant improvements in the Social Services position throughout the year.

In adult services, the savings target was c £4 million against the headings detailed above. £3.3 million was achieved. Of the £700k not achieved, £550k remains deliverable but over a longer period than originally intended.

In children services, unachieved savings are more significant and linked to large increases to the number of looked after children and a complete cessation of health board funding for children with complex needs.

The value of unachieved savings has required significant remedial action to offset. This has predominantly involved reducing discretionary spend and freezing vacancies. At the same time reviews of grant spend has provided opportunities to reduce the net cost of internal services.

These remedial actions have been built into budget allocations for the coming year with the intention of maintaining lower staff levels and stopping discretionary services where this is safe to do so (and would not lead to increased pressure and spend elsewhere in the service).

The increased reliance on grant income to maintain prevention services that would historically have attracted core Council funding is a concern in the medium term but manageable for 2019/20. At this stage the level of exposure to known short term grant funding is c.£7 million.

The additional cost pressures linked to internal wage inflation should begin to ease in the new financial year. However cost pressures for externally commissioned care will continue to rise. The combination of inflated costs and higher demand are continuing to cause some of the bigger overspends highlighted in the budget variances above (ext dom care, ext res care, MH/ LD complex care, ind. Placements). Again these pressures have been reflected in budget allocations for the coming year as far as possible.

Underspends in respect of the Community Equipment Store are representative of the higher contributions received from partners, alongside the service's success in attracting external funding. The partnership agreement for this service requires that such underspends are set aside for the ongoing benefit of the service.

### Poverty & Prevention

	£
Adult Wellbeing and Prosperity	-338,000
Young People's Services	-63,000
Early Intervention Services	-156,000
Joint People Directorate Commissioning	-164,000
Other	-61,000
	<u>-782,000</u>

### Directors Comments:-

The core budget of Poverty and Prevention funds 33% of the service, with the remainder funded by income, mostly Welsh Government grants. The principle adopted by the service is to maximise grant funding where legitimate and able to do so. Where this approach is successful it can create underspends and one off savings to core budgets.

The increased integration of commissioning services has provided additional opportunities for core funding underspends.

The Director has set out ambitious plans to reduce the budget for poverty and prevention by over £2m by closer integrating early intervention and prevention work with Social Services and also with Education. This is likely to remove opportunities for further underspending against the new lower budget in 2019-20.

Director of Education	£
EOTAS/One to One	-336,000
Recoupment/Independent Placements – ongoing spend pressure	288,000
Home to School Transport – ongoing spend pressure	599,000
Cleaning	100,000
School Catering	199,000
Other Catering	96,000
Other net variances	40,000
	<u>986,000</u>

## **Directors Comments:-**

### **Education**

EOTAS/One to One Support : A number of one off underspends were identified in year to support the department's financial position and robust management action taken to contain pressures in the 'one to one' and other areas of the additional learning needs budget. A review of budgets in this area will continue in line with the development of the new model of EOTAS provision.

Recoupment/ Independent Placements: The overspend is in respect of contributions to the educational cost of social services placements. Like all independent placements, this is an inherently volatile demand-led budget.

Home to School Transport remains a significant area of concern, as it is inherently volatile and uncontrollable within existing national and local policy. Expectations continue to be raised through Welsh Government action and legal challenges. There has been some success in mitigating inflationary pressures through process reviews and the achievement of service efficiencies.

Catering and Cleaning: Overspends in this area are primarily due to cost pressures, particularly the effect of the 2018/19 Pay Award, food inflation and free school meal entitlement. This has been mitigated in part by continuing management action to further increase income and efficiencies within the services.

The significant areas of unavoidable service and demand pressures identified above will predominantly continue into 2019/20, especially around specialist provision and this is anticipated to become a growing pressure with the Additional Learning Needs Act provisions, whilst many of the mitigating savings identified during 2018/19 are one off in nature. Work will continue to mitigate the areas of continuing pressure.

### **Place Directorate**

#### **Director Comments:-**

Notwithstanding the ongoing financial challenges, significant progress has been made against the 18/19 savings targets with 87% of savings achieved and mitigation delivered for any that were undelivered or delayed. In addition a number of savings have been accrued earlier than planned and extra income also derived which in many cases will be sustained into 2019/20. Proactive budget management has also reduced overall spend levels across the directorate. This will assist the directorate in achieving a balanced budget in 2019/20 with Heads of Service looking to further align any budget variances and amend the base budgets to reflect any recurring underspends as part of its overall budget strategy and savings programme.

## Unachieved savings

	£
Mobile working delayed IT solution (building services)	150,000
Grand theatre savings (part unachieved)	180,000
Integrated transport cross cutting savings (part unachieved)	110,000
Unachieved sickness saving	400,000
	<u>840,000</u>

## Main areas of variance

	£
Highways and Transportation additional income from car parks, fees and charges and staff underspends offset by additional costs fleet management costs and unachieved ITU savings	-710,000
Waste management overspend arising from reduced value of recyclates and increases vehicles charges mitigated by in years changes to recycling and HWRC	431,000
Property services increases income from letting strategy and commercialism of the estate (*note below)	-928,000
Unachieved sickness saving as a result of delayed introduction of new policy	400,000
Overspend as service picked up the "management fee" to Freedom Leisure funded from underspend within the linked budgets (Indoor leisure) and delayed creation of new model of delivery for Plantasia	253,000
Swansea market overspend resulting from additional staffing and agency costs resulting from short term staffing issues, under achievement of income due to falling occupancy levels, one-off staff back pay.	222,000
Housing options underspend due to additional funding this year from the RSG for Homelessness prevention and whilst a robust spending plan is being developed there is a short term underspend which will be linked with longer term improvements and capital investment.	-917,000
City Centre regeneration short term overspend on staff until Swansea Central FPR report approved and capitalisation of staff authorised due to be addressed in 2019	265,000
Other overspends /underspends	<u>-20,000</u>
Total underspend	-1,004,000

**(\*)Note-**

It should be noted that the substantial income outperformance in respect of the property investment fund will with effect from 2019-20 be used to reduce the net cost of unsupported borrowing (capital financing) and thus not be available to help support the Place Directorate overall financial position going forward.

**3. Items met from the Contingency Fund**

- 3.1 The Council Report on 6th March 2018 highlighted a number of risks that may need to be met from the Contingency Fund in 2018/19.
- 3.2 The £3.511m shown at Appendix 'A' represents the cost of the ER/VR exercise for 2018/19 which has been charged to the Contingency Fund on an 'Invest to Save' basis. Of this amount some £1.115m will be funded, as approved by Council on the 6<sup>th</sup> March 2018, out of the Restructure Reserve specifically towards Teachers ER/VR costs. This £3.511m reflects the inevitable workforce reductions implicit within the budget proposals for 2018/19 and 2019/20 contained within the 'Sustainable Swansea- Fit for the Future' Budget strategy adopted by the Council. As in prior years access to ER/VR requires a maximum payback period of three years for an employee who leaves under the scheme.
- 3.3 In addition to the above, other costs have been funded from the contingency in year including funding for a Data Protection Post (£53,000), City Centre Regeneration , City Deal and Tidal Lagoon costs (£113,000 – initial costs – where future reimbursement materially expected from Welsh Government), Adult Services 'invest to save' staffing costs and targeted social care support costs (£308,000) and additional staffing costs to deal with Occupational Health support (£33,000).
- 3.4 Items charged to the fund represent one off costs which, apart from ER/VR costs, will not re-occur during 2019/20. The budgeted Contingency fund for 2019/20 is £7,072,000 (approximately half one – off and half base funded). The level has been increased from 2018/19 as further risk mitigation against repeated overspending in 2019/20.

**4 Schools Expenditure and Reserves Position**

- 4.1 The Schools delegated budget for 2018/19 was £147,013,217.
- 4.2 This delegated budget in reality reflects in actual expenditure as shown in the education directorate line of the outturn summary given at appendix 'A', and any variation in expenditure incurred by Schools at a level greater/less than overall delegated budgets will result in a movement in ring-fenced delegated schools reserves.
- 4.3 During 2018/19 Schools expenditure overall was £1,499,725 less than the delegated budget, equating to an underspend of 0.01%

4.4 This underspend will be added to the schools own reserves.

The following is a summary of overall Schools Reserves since 2016:

	Balance 31/3/2016	Balance 31/3/2017	Balance 31/3/2018	Balance 31/3/2019	Overall change over last 3 year period (%)
Primary	7,026,483	5,433,323	5,310,963	5,694,092	<b>-18.9</b>
Secondary	2,188,589	1,687,157	1,612,646	2,730,332	<b>+24.7</b>
Special	331,635	454,287	177,098	176,008	<b>-46.9</b>
<b>Total</b>	<b>9,546,707</b>	<b>7,574,767</b>	<b>7,100,707</b>	<b>8,600,432</b>	<b>-9.9</b>

4.5 The above table is presented to reflect the quantum of schools reserves against each stream and the position within individual schools may vary quite considerably from the trend shown.

4.6 The above overall movement in Schools Reserves – a net increase of £1,499,725 or 21.1% in year has to be viewed in the context of an overall increase in Schools funding of £3.045m in 2018/19. The position was also affected by a late decision by Welsh Government to release additional specific grant funding for schools (principally the pay grant at £1.2m) which effectively had to go into schools reserves with an expectation of spend immediately thereafter in 2019/20.

4.7 It is expected that the outturn position for 2019/20 for schools will evidence a net call on existing reserves.

## 5 Ongoing implications for the 2019/20 budget

5.1 There are ongoing risks from planned savings not achieved from 2018/19 budget which cumulatively impact future years.

5.2 There are ongoing overspend risks arising from the outturn position in the following areas

- Sustainable Swansea 2018/19 savings targets;
- Social Services both Adults and Children;
- Home to School Transport; and
- Education catering and cleaning.

5.3 There are inherent risks in the current 2019/20 budget around:

- Sustainable Swansea workstream savings 2019/20;
- Additional Learning Needs;
- Ongoing costs relating to residual Single Status appeals; and
- Uncertainty of impact of Brexit.

5.4 There are emerging and continuing risks going forward in future years arising from national developments around:

- Risk of redistribution of block government grant (especially re sparsity factors);
- Continued loss of specific grants;
- Ongoing demographic pressures especially in the older age population, pressures and interlinkages with NHS health care funding and a relative fragile private sector care sector;
- Higher than expected cases of looked after children;
- Affordability of the national employer pay awards to address National minimum and Living Wage issues and the effective, but unfunded, removal, of the public sector pay cap;
- Potential changed costs from the triennial revaluation of the pension fund;
- Ongoing Brexit uncertainty; and
- Increased costs from changes to the way the employer contribution costs are calculated in respect of the teachers' pension scheme (the current arrangements are such that the part first year impact is temporarily funded by substantial one off grant - a more sustainable, and base budgeted, funding solution needs to be assured by Welsh Government).

5.5 Continued uncertainty at national government level means there remains doubt as to the timing, completion, or otherwise, and also the depth of the scheduled forthcoming Spending Review. This means there is less certainty of a definitive redrawing of UK government departmental cash limits, consequential Welsh government cash limits and consequently the scope for considering the rebasing of the Welsh local government settlement. Budgets risk being broadly cash flat, simply rolled over, with a temporary continuation of some one-off grants that could have otherwise been hoped to have been more definitively built into base budget settlements.

5.6 We can anticipate therefore that the authority's overall budget position will remain under significant pressure for the foreseeable future, with added uncertainty and thus all efforts to live within budget must be redoubled.

## **6. Use of the savings tracker and outturn position**

6.1 During 2018/19 the Council continued with use of a tracking mechanism in order to monitor progress against the specific savings proposals contained within service and overall budgets proposals.

6.2 The detailed final position as shown by the savings tracker for 2018/19 showed an overall achievement of 62% and specific details on the outturn position are given at Appendix B

6.3 Given the overall outturn position it is clear that some additional compensating savings have been made where specific savings have been delayed or have not been achieved.

## 7 Summary of Outturn Position and Recommendations

- 7.1 The outturn position for 2018/19 reflects a significant improvement on the forecast position at quarter 3 (Reported to Cabinet in February 2019) i.e. a much reduced level of overspend, as a result of actions taken, but nonetheless continued overall directorate service overspending, which is not sustainable.
- 7.2 This is the minimum that should be expected in terms of Service Revenue Budgets as a result of in year budget monitoring, management action and spending restrictions.
- 7.3 The Revenue Budget as set by Council in March 2018 approved the use of Earmarked Reserves to support the 2018/19 budget. In addition the report to Council in October 2018 reviewing its reserves proposed utilising some earmarked reserves to offset forecast service budget shortfalls together with any underspends/savings in budgeted Capital Financing charges to a Capital Equalisation reserve. Based on the net Revenue position arising out of the actual outturn position it is recommended that:-
- 7.3.1 The following transfers are made TO earmarked Revenue Reserves as follows:-
- Commuted Sums Received £533,000 ,
  - Crematorium mercury abatement reserve £108,000 ,
  - Community Equipment Service Section 33 agreement £371,000 ,
  - ICT schools development £159,000 ,
  - Vibrant and Viable City Centre £73,000 ,
  - Proceeds of Crime/Home Office £55,000 ,
  - Homelessness Prevention £200,000 ,
  - Joint Archives service £45,000 ,
  - Communities for work £60,000 ,
  - Workways extension/match funding £33,000 ,
  - Design Print relocation costs £19,000 ,
  - Online booking system development £15,000 ,
  - Capital Equalisation Reserve £12,005,000.
- 7.4 Notwithstanding these proposed transfers, it is a duty of the Section 151 Officer to consider levels of General and earmarked reserves in order to continually monitor their adequacy and projected use. This has to be done in terms of both current known and projected future liabilities.
- 7.5 It is the opinion of the Section 151 Officer at this point that there is no scope within General reserves to fund any additional expenditure of the Council given the current risks facing the Council in terms of continuing single status issues, ongoing spending pressures and the uncertainty of future Welsh Government funding streams. That means that subject to any limited emergency one off use of earmarked reserves, and other limited action the S151 Officer can propose immediately in year, all spending must otherwise be wholly contained within existing budgets.

## **8. Legal Implications**

- 8.1 There are no legal implications relating to matters contained within this report.

## **9. Equality and Engagement Implications**

- 9.1. There are no direct equalities implications arising from this report. Equalities implications are identified and addressed by departments via the Equality Impact Assessment process at the time that budgets are developed.

**Background Papers:** None

**Appendices:**

Appendix 'A' Revenue Outturn Summary 2018/19

**Revenue Outturn Summary 2018/19****Appendix 'A'****Directorate**

	<b>Revised Budget £'000</b>	<b>Revenue Outturn £'000</b>	<b>Variance £'000</b>	<b>Variance %</b>
Resources	42,094	41,625	-469	-1.1
People - Poverty and Prevention	6,576	5,794	-782	-11.9
People - Social Services	111,614	115,150	3,536	3.2
People - Education	166,876	167,862	986	0.6
Place	57,553	56,549	-1,004	-1.7
<b>Net Directorate expenditure</b>	<b>384,713</b>	<b>386,980</b>	<b>2,267</b>	<b>0.6</b>
Financed from Contingency Fund	2,972	3,511	539	
<b>Total Service costs</b>	<b>387,685</b>	<b>390,491</b>	<b>2,806</b>	
Inflation /Apprenticeship levy	2,000	780	-1,220	
Corporate items		-1,079	-1,079	
<i>Levies:</i>				
Swansea Bay Port Health	86	86	0	
<i>Contributions:</i>				
Combined Fire Authority	12,631	12,631	0	
	<b>402,402</b>	<b>402,909</b>	<b>507</b>	
<i>Capital financing charges</i>				
Principal repayments	16,066	10,654	-5,412	-33.7
Net interest charges	16,643	14,367	-2,276	-13.7
<b>Net Revenue Expenditure</b>	<b>435,111</b>	<b>427,930</b>	<b>-7,181</b>	<b>-1.7</b>
<b>Movement in balances</b>				
General Balances	0	0	0	
Earmarked reserves	-2,295	4,510	6,805	
<b>Total Budget Requirement</b>	<b>432,816</b>	<b>432,440</b>	<b>-376</b>	
Discretionary NNDR relief	400	448	48	12.0
<b>Total CCS requirement</b>	<b>433,216</b>	<b>432,888</b>	<b>-328</b>	
Community Council precepts	1,403	1,403	0	
<b>Total spending requirement</b>	<b>434,619</b>	<b>434,291</b>	<b>-328</b>	<b>-0.1</b>
Revenue Support Grant	239,946	239,946	0	
NNDR	79,141	79,141	0	
Council Tax	115,532	115,204	-328	-0.3
<b>Total financing</b>	<b>434,619</b>	<b>434,291</b>	<b>-328</b>	<b>-0.1</b>