



## Report of the S.151 Officer

Cabinet – 16 July 2020

### Revenue Outturn & Savings Tracker 2019/2020

<b>Purpose:</b>	To report on the detailed Revenue financial outturn for 2019/20
<b>Policy Framework:</b>	Budget 2019/20. Transformation and Future Council (Sustainable Swansea –fit for the future)
<b>Consultation:</b>	Cabinet Members, Corporate management Team, Legal Services and Access to Services.
<b>Recommendation(s):</b>	It is recommended that: <ul style="list-style-type: none"> <li>1) The comments and variations in this report be noted, and that the proposed reserve transfers detailed in Section 7.3 are approved</li> </ul>
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#### 1. Background and Introduction

- 1.1 This report details net expenditure for 2019/20 and highlights variances from the revised budget.
- 1.2 The Revenue Budget for 2019/20 was approved at Council on 28<sup>th</sup> February 2019. The budget as approved included the following proposals to address a potential budget deficit of £24.401m

## Appendix 1

<b><u>Budget Proposals 2019/20</u></b>	<b>£'000</b>	<b>£'000</b>
Planned Service Savings.	-12,283	
Cross cutting savings.	-357	
		-12,640
Schools pressures funded by schools.		-4,279
Funding identified for change to Council Tax and Savings Proposals.		-496
Net effect of Council Tax base increase and increased charge.		-6,986
<hr/> <b>Overall resourcing</b>		<hr/> <b>-24,401</b>

- 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 2019/20 marked the sixth 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 2019/20, makes commentary on comparison with in year budget monitoring and, where appropriate, details action already taken in setting the 2020/21 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 2019/20 was £11,240,000 less than the revised budget as follows:

	<b>£000's</b>
<b>Net Expenditure on Services per appendix 'A' - underspend</b>	<b>-7,474</b>
Reduced call on Contingency fund	-4,661
Reduced call on Apprenticeship levy	-197
Inflationary provision not utilised	-850
One off corporate costs/income	1,269
Council Tax collection shortfall	664
Other net overspends	9
<hr/>	
Overall net underspend	<hr/> -11,240 <hr/>

- 2.2 Members will see from the table at 2.1 above that the net overall underspend at year end is primarily the result of a net one off underspend in services of nearly £7.5m, together with the reduced call on Contingency Fund of £4.7m.. During the in-year reporting to members it was highlighted that a significant element of the Contingency fund was likely to be unallocated in the year , based on forecasts , and therefore would be utilised to mitigate future spend in relation to costs arising from risks/demand. The third quarter services position forecast a small net overspend in the region of £0.4m. The improvement during the last quarter to out turn is largely 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. A further major and one off contributor to the final position has been the receipt of significant historic shared costs settlements from the local health board and additional Welsh Government funding, both in relation to Social Services. This has then been offset further by the already agreed actions, namely to utilise unspent budgets on the central inflation provision and Apprenticeship Levy .
- 2.3 Separately, there is, as highlighted during the year, but not until now formally quantified, a significant in year underspend on capital financing of £7.4m. 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 the delivery of the capital programme, the budget and MTFP. Such underspends should therefore be considered temporary, albeit not necessarily solely one off (see 2.4) as the capital programme's financing requirements develop in the later years of the MTFP. Having externalised borrowing up to capital financing requirement (CFR) during 2018/19 and in light of the HM Treasury's decision in Oct 2019 to implement a 1% premium on all PWLB borrowing, no external borrowing has been undertaken in 2019/20. However as the capital programme's financing requirements

## Appendix 1

from 2020/21 onwards arise, the most economically advantageous source of funding shall need to be sourced ( PWLB, market, bond issue) with the accompanying financing charges.

- 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. This will result in a Capital Equalisation Reserve of £21.1m as at the start of 2020/21.
- 2.5 The improved final position, lower overspend and reduced cost of ER/VR scheme, has resulted in no call on the Restructure Reserve in year. 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 2020-21, again only where there is an evidenced business case and reasonable payback period, as in previous years.
- 2.6 Details of net expenditure variations are given in Section 2.9 and onwards below.
- 2.7 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.
- 2.8 The Directorate/Services outturn position itself is made up of a mix of over and under spends and it is clear that some individual elements of the overspends within service areas may continue into 2020/21 and large one off income gains are unlikely to fully continue. However, the approved budget for 2020/21 addressed a number of the major underlying budget issues from previous years. This was all, of course, before the Covid 19 pandemic impact which will fundamentally affect the 2020-21 budgets
- 2.9 The following sets out the major service specific variances in 2019/20.

### Resources Directorate

#### Summary of variances:

	£
Net Employee Costs	-2,598,000
Savings exercise in-year to meet Sustainable Swansea Savings/Service savings targets	1,790,000
Digital Services Contracts & Hardware/Software	-559,000
Council Tax Reduction Scheme (CTRS)	-461,000
Housing Benefits/Rent Allowances	-474,000
Other net variances	47,000
<b>Total</b>	<b>-2,255,000</b>

**Director Comments:-**

1. As reported in the 2018/19 outturn, there was a shortfall in the target attributable to Sustainable Swansea savings in the Directorate. These were primarily historical savings targets which had not been achieved and carried over into this financial year. The Deputy Chief Executive in conjunction with Heads of Service undertook measures to proactively underspend to control the in-year budget.

This action meant a steady reduction of in-year spending related to staff costs through the management of both vacancies through a vacancy freeze, ER/VR, renegotiation of contracts and reducing non-essential spend. A key role of The Resources Directorate is to support the other directorates and due to the reduction in staffing this has had a substantial impact on other services and service delivery. These actions resulted in a rebalanced Directorate budget during 2019/20 with a projected underspend, although its longer-term sustainability remains challenging with the requirement for substantial transformation within these services to ensure a future balanced sustainable budget. This transformation would be ready to implement by the end of 19/20 to rebalanced the budget. However a number of restructures and planned efficiencies have not been started due to the Coronavirus Crisis which hit towards the end of the financial year.

2. Savings which were programmed in the earlier years and carried forward have not been achieved due to the changes in the demand for the service during the subsequent year, making the saving even more challenging. This relates to the Welsh Translation Service saving of £150,000.

Alternative proposals are being reviewed within the directorate and a plan to address these areas is being developed for 20/21 financial year.

In-year savings exercise to meet Sustainable Swansea Savings target and other Service savings:

<b>Savings exercise in-year:</b>	<b>£</b>
Employee costs	998,000
Corporate Health and Safety Wellbeing & Communications Model	306,000
Commercial Services Income	130,000
CTRS	353,000
Other	3,000
<b>Total</b>	<b>1,790,000</b>

3. A third area of underspend variance relates to the Digital and Transformation savings and IT contract cost savings due to Oracle support and maintenance contract which has been negotiated as part of the Oracle Cloud implementation, training of support team on new contact centre technology and other contract costs,

4. A fourth area of Underspend variance relates to Legal Services, where vacancies have not been filled. This has resulted in case management increasing per lawyer which in turn has had implications on the speed of which work is completed. In addition successful cases such as liberty stadium has seen increased income.
5. The final major variances 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 2019-1920 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. The other balance is Housing Benefit and Rent Allowances variance relating to a net over recovery of income and a write off of a previous year creditor transaction.
6. Detailed plans and proposals are now in place to deliver alternative savings to the above variances. Individual service overspends have occurred in year where they have adopted a new unplanned saving mid-year which will not materialise until 2020/21. This is not without difficulty in some areas where vacant posts have been left unfilled and ultimately deleted in the savings proposals. This continues to create pressure across Resources and work has been prioritised accordingly.

Action Plans for Resources include:

- Releasing of vacancies in each service
- Ensuring all legacy savings are achieved, which were previously allocated to services
- Service budget reviews to release additional savings, reviewing the risk across the Council including impact on other Directorates.
- Review of the CTRS which is a demand-led service
- Bringing forward savings as a result of digital wherever possible
- Reducing and stopping fees and subsidies wherever possible.
- A range of other measures are being considered as part of budget savings considerations.

However at the time of writing the budget and planned transformation programmes have been impacted through the Coronavirus and the planned action plans have not been implemented due to this and a review will need to take place within all service once the crisis has been resolved to a level where it can take place.

**Director of Social Services****Children's and Adult Services**

	£
All Savings targets were met or achieved via alternative means	
Independent Child and Family Placements	-904,000
External Domiciliary Care (Older Persons)	-604,000
External Residential Care	-1,077,000
MHLD Complex Care	2,789,000
Internal Services (Adults)	-2,633,000
Internal Services (Children's)	-1,811,000
Adoptions	445,000
Community Equipment	-793,000
Other	6,000
	-4,582,000

**Director's Comments**

There have been significant improvements in the Social Services position throughout the year. This is the first time in recent years where both Adult Services and Child and Family have underspent.

In recent years, significant levels of unachieved savings have required exceptionally tight control of business as usual spend as well as reviews of grant eligible activity to ensure as much spend as possible is claimed through available grants. This process continued into 2019/20 and explains much of the improved performance.

The resolution of a long-standing dispute with partners around contributions to Children's placements saw a one off accounting adjustment of £1.7m applied to Child and Family. Whilst such adjustments are one off in nature and will not be repeated, the principles established for sharing costs will support the Council in the coming years.

The increased reliance on grant income to maintain services that would historically have attracted core Council funding is a concern in the medium term but manageable for 2020/21. At this stage the level of exposure to known short term grant funding is c.£9 million.

Despite the improved financial performance cost pressures for externally commissioned care have continued to rise. The combination of increased costs and higher demand are continuing to cause pressure. Many of these pressures have been managed through budget realignments and work to seek fair contributions from partners that will continue into 2020/21.

## Appendix 1

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

	£
Young People's Services	-71,000
Early Intervention Services	-123,000
Tackling Poverty	-120,000
Joint People Directorate Commissioning	-53,000
Other	-1,000
	<u>-368,000</u>

### Directors Comments:-

The core budget of Poverty and Prevention funds 24% of service spend, 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 creates underspends and one off savings to core budgets.

The continued integration of commissioning services, as well as closer working with early intervention and prevention activity has provided additional opportunities for core funding underspends.

### Director of Education

	£
School Catering	953,000
Cleaning Services	159,000
Home to School Transport	916,000
Out of County / Independent Placements	184,000
Other additional learning needs (ALN) pressures	138,000
Other continuing non-delegated schools pressures	122,000
Education Other Than At School (EOTAS)	-599,000
Managed savings in staffing costs	-226,000
Continuing scrutiny of costs	-152,000
Further cost recovery and income generation	-202,000
Retention of grant monies	-901,000
Other net variances	-24,000
	<u>368,000</u>



**Directors Comments:-**

**Education**

Catering and Cleaning: Overspends in this area are primarily due to the impact of pay awards, other food cost pressures, and unfunded national changes in free school meal entitlements. However, these have been exacerbated by the significant late impact of the closure of schools in March that resulted in a significant loss of income, as well as additional costs to maintain support for those entitled to free school meals. Cost pressures had been mitigated in part by continuing management action to further increase income and efficiencies within the services, and action taken to address the underlying base budget shortfall through a review of future service level agreements (SLA) charges. Nevertheless, changes to the support for those eligible for free school meals during the current lockdown will continue to have a significant financial impact in 2020-2021 unless the full additional costs being incurred are recovered in some way.

Home to School Transport: This 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.

Out of County / Independent Placements: The overspend is significantly lower than earlier projections, reflecting the continuing management action to mitigate the scale of cost pressures which include contributions to the educational cost of social services placements. Like all independent placements, this is an inherently volatile demand-led budget.

Other ALN pressures are also apparent, particularly in areas such as additional specialist teaching (STF) facility support needs, education at home, equipment and the assessment team.

Other continuing non-delegated schools pressures primarily relate to unfunded historic pension costs and maternity costs.

EOTAS: A number of one off underspends were identified in year to support the department's financial position through a thorough review of budgets in this area, in line with the continuing development of the new model of EOTAS provision.

Robust management action has been taken throughout the year to as far as possible mitigate the scale of the underlying base budget cost pressures through the identification of managed staffing savings, the continuing scrutiny of costs, and wherever possible further cost recovery and income generation. A one-off retention of grant funding was agreed to further mitigate the overall scale of underlying cost pressures to be managed.

Without the late impact of the closure of schools on the catering service outturn, which added £328,000 to the overall overspend through the loss of income and the additional food costs incurred, the ED budget as a whole would have been virtually balanced, having managed cost pressures amounting to £2.5m identified at the start of the financial year.

The significant areas of unavoidable service and demand pressures identified above will continue into 2020/2021, whilst many of the mitigating savings identified during 2019/2020 are one off in nature. However, there is a robust medium term financial plan to continue to address the areas of underlying base budget shortfall, subject to the severe financial impact of the continuing lockdown on the cost of catering provision being recovered by the local authority.

### **Place Directorate**

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

Notwithstanding the ongoing financial challenges, significant cross directorate performances continues to be made against base budget and savings targets. The directorate had remained on target to achieve a balance budget but was asked to take further measures to mitigate overspend elsewhere within the authority and seek to achieve a £500k underspend. The final outturn slightly better this with an overall underspend of £638k. This has been achieved by effective budget management and a significant increase in income. This has also mitigated some end of year challenges resulting from COVID 19 and its resultant impacts which are likely to amount to several hundred thousand pounds per month and particularly affect services areas which are income dependant e.g. car parking

The main overall variances are as follows

Highways and transportation overspend of £1.3m resulting from overspend in car parks (£443k), unachieved savings (£463k), park and ride (£347k), increased maintenance of fleet cost (£486k), and highway utility cost (£298k). partly offset by underspend in bus station (-£111k) and Civic parking enforcement income (-£360k) and other underspends

Waste management, parks and cleansing overspend of £984k resulting from cumulative unfunded Waste budget pressures and fall in recycling income (£467k), neighbourhood working (£468k including an RCCO of £180k) and other minor variances

Building Services net underspend of -£1.7m mainly as a result of increased income and fee recovery as a result of significant increase in turnover

Property services underspend of -£415k made up of increase income from assets and investments portfolio partly offset by shortfall in income from Quadrant (£263k)

Culture Tourism sport and Leisure underspend of -£226k made up of underspend in libraries (-£282), special events for addition large events (-£202k) party offset by overspend in the grand theatre (£234) largely resulted from delayed savings now in place for 20/21

Housing and Public protection overall underspend of -£985 mainly resulting from underspend in housing options (-£325k), Food safety (-£97k), Registrars from increased income (-£111k) and area renewals from increased income and staff underspends (-£225) and general fund housing budgets of (-£147k)

Economic regeneration and planning overspend of £104k mainly resulting from shortfall in market income (£199k) offset by underspends

In addition proactive budget management has also reduced overall spend levels across the directorate. This will assist the directorate try and meet the challenges coming in 20/21 resulting from additional COVID costs and significant reduction in income in the early months.

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

3.1 The Council Report on 28th February 2019 highlighted a number of risks that may need to be met from the Contingency Fund in 2019/20.

3.2 The £1.695m Outturn figure shown at Appendix 'A' represents the cost of the ER/VR exercise for 2019/20 which has been charged to the Contingency Fund on an 'Invest to Save' basis. This is approximately half of the previous year's cost and this reduction contributes significantly to the reduction in usage/underspend on the revised contingency budget This £1.695m reflects the inevitable workforce restructures implicit within the budget proposals for 2019/20 and 2020/21 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 equipment for a new depot (£313,400) , Range of events to celebrate the 50<sup>th</sup> Anniversary of Swansea City status (£158,000) ,High Street car park lift repairs (£135,000) , Interim support arrangements for Chief Executive including regional working (£30,000) , Community Help/Initiatives Consultation (£33,000) , Western Powerhouse subscription (£20,000), Key Cities subscription (£10,000).

3.4 Items charged to the fund represent one off costs which, apart from ER/VR costs, will not re-occur during 2020/21. The budgeted Contingency fund for 2020/21 is £3,621,000. The unspent and unused elements of the contingency fund from 2019-20 will be potentially available to significantly boost, on a one off basis, the level accessible during 2020-21. This is considered necessary in light of likely risks and issues facing the council, including the financial impact of Covid 19.

## Appendix 1

3.5 The proposed use for the un-allocated element of the Contingency Fund in 2019/20 (£4.661m) is set out in section 7.

### 4. Schools Expenditure and Reserves Position

4.1 The Schools delegated budget for 2019/20 was £150,720,000.

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 2019/20 Schools expenditure overall was £871,123 more than the delegated budget, equating to an overspend of approximately 0.006%

4.4 This overspend will be taken from the schools own reserves.

The following is a summary of overall Schools Reserves since 2017:

	Balance 31/3/2017	Balance 31/3/2018	Balance 31/3/2019	Balance 31/3/2020	Overall change over last 3 year period (%)
Primary	5,433,323	5,310,963	5,694,092	4,697,855	<b>-13.5</b>
Secondary	1,687,157	1,612,646	2,730,332	2,777,164	<b>+64.6</b>
Special	454,287	177,098	176,008	254,290	<b>-44.0</b>
<b>Total</b>	<b>7,574,767</b>	<b>7,100,707</b>	<b>8,600,432</b>	<b>7,729,309</b>	<b>+2.0</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 decrease of £871,123 or 10.1% in year has to be viewed in the context of an overall increase in Schools funding of £3.707m in 2019/20.

4.7 It is expected that the outturn position for 2020/21 for schools will evidence a further net call on existing reserves.

### 5. Ongoing implications for the 2020/21 budget

5.1 There are ongoing risks from planned savings not achieved from 2019/20 budget which cumulatively impact future years.

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

- Sustainable Swansea 2019/20 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 2020/21 budget around:

- Sustainable Swansea workstream savings 2020/21;
- Additional Learning Needs;
- Ongoing costs relating to residual Single Status appeals; and
- Uncertainty of impact of Brexit Transition Period.
- Impact of COVID19 costs, scope for recovery of costs from Welsh Government and consequential reduction in income.

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

- Risks to public finances generally through Covid 19 spending and lost national taxation receipts;
- Risk of redistribution of block government grant;
- Continued loss of existing 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; and
- Ongoing Brexit Transition Period uncertainty.

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 oft delayed 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 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 - COVID19 impact**

6.1 During 2019/20 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 last reported position (at third quarter) as shown by the savings tracker for 2019/20 showed an overall achievement of 82%.
- 6.3 The tracker was not completed during lockdown and emergency response to the Covid 19 pandemic as part of pragmatic and practical reprioritisation of essential work (focus on outturn, closure, statement of accounts, maintaining supply lines for payroll, accounts payables, receivables and distribution of emergency grant aid). It is likely the performance would have improved in the final quarter and 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 2019/20 reflects a significant improvement on the forecast position at quarter 3 (Reported to Cabinet in February 2020) as a result of actions taken and additional income and Welsh Government funding in particular regarding Social Services .
- 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 report to Council in October 2019 reviewing its reserves proposed utilising some earmarked reserves to enhance the Capital Equalisation reserve. Based on the net Revenue position arising out of the actual final outturn position it is recommended that:-
- 7.3.1 The following transfers are made TO earmarked Revenue Reserves as follows:-
- Social Care Resilience Fund(Adults) £1,894,346,
  - Social Care Resilience Fund(Childrens) £1,894,346,
  - Community Equipment Service Section 33 agreement £793,000 ,
  - Commuted Sums Received £72,000 ,
  - Vibrant and Viable City Centre £13,000 ,
  - Joint Archives service £26,000 ,
  - Workways extension/match funding £42,000 ,
  - Members Environmental Improvements £25,000
  - Tawe Barrage lock maintenance £20,000
  - Crematorium sinking fund £7,000,
  - Various Joint Ventures with WG £13,000
  - Capital Equalisation Reserve £7,413,000.
  - Contingency Fund £1,646,000
- 7.4 In addition to the above recommended transfers to earmarked reserves the S151 Officer, as a result of the outturn position proposes that the final unutilised balance of the Contingency Fund in 2019/20 (£4,661,000) as per APPENDIX A remains as a Contingency Fund reserve into 2020/21. This being further mitigation against potential unfunded costs /loss of income as a result of COVID19 . Combined

## Appendix 1

with the proposed transfer above this will result in additional Contingency Fund of £6,306,000 being available, on a one off basis, as at 31 March 2021.

- 7.5 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.
- 7.6 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. The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
  - Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - Foster good relations between people who share a protected characteristic and those who do not.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

- 9.2 The Revenue budget of the Council was approved following the application of the corporate Equality Impact Assessment (EIA) process throughout the Budget setting process. It is essential where service levels are affected by changes to the Revenue Budgets (including savings options) that the EIA process (alongside consultation and engagement as appropriate) is applied to ensure due regard is paid to the potential equality impacts of any proposals prior to decision making.

**Background papers:** None

#### **Appendices:**

Appendices: Appendix 'A' Revenue Outturn Summary 2019/20

## OUTTURN 2019-20

## APPENDIX A

## Directorate

	Revised Budget £'000	Revenue Outturn £'000	Variance £'000	Variance %
Resources	45,984	43,729	-2,255	-4.9
People - Social Services	120,320	115,370	-4,950	-4.1
People - Education	170,613	170,981	368	0.2
Place	56,810	56,173	-637	-1.1
<b>Net Directorate expenditure</b>	<b>393,727</b>	<b>386,253</b>	<b>-7,474</b>	<b>-1.9</b>
Financed from Contingency Fund	6,356	1,695	-4,661	
<b>Total Service costs</b>	<b>400,083</b>	<b>387,948</b>	<b>-12,135</b>	
Inflation /Apprenticeship levy	1,850	803	-1,047	
Corporate items		1,269	1,269	
<i>Levies:</i>				
Swansea Bay Port Health	86	86	0	
<i>Contributions:</i>				
Combined Fire Authority	12,971	12,971	0	
	<b>414,990</b>	<b>403,077</b>	<b>-11,913</b>	
<i>Capital financing charges</i>				
Principal repayments	14,478	10,357	-4,121	-28.5
Net interest charges	18,119	14,828	-3,291	-18.2
<b>Net Revenue Expenditure</b>	<b>447,587</b>	<b>428,262</b>	<b>-19,325</b>	<b>-4.3</b>
<b>Movement in balances</b>				
General Balances	0	0	0	
Earmarked reserves	-4,661	13,989	18,650	
<b>Total Budget Requirement</b>	<b>442,926</b>	<b>442,251</b>	<b>-675</b>	
Discretionary NNDR relief	400	410	10	2.5
<b>Total CCS requirement</b>	<b>443,326</b>	<b>442,661</b>	<b>-665</b>	
Community Council precepts	1,465	1,465	0	
<b>Total spending requirement</b>	<b>444,791</b>	<b>444,126</b>	<b>-665</b>	<b>-0.1</b>
Revenue Support Grant	242,197	242,197	0	
NNDR	80,014	80,013	-1	
Council Tax	122,580	121,916	-664	-0.5
<b>Total financing</b>	<b>444,791</b>	<b>444,126</b>	<b>-665</b>	<b>-0.1</b>