

Directors comments on budget variances

Appendix 'B'

**Director of Corporate Services**

Variance	£000	Explanation and Action
<b><u>Savings Variation</u></b>		
<b><u>Comms &amp; Consultation</u></b> :		
Governance Review	40	As per Tracker
Rationalisation of Cabinet / Exec Support	40	As per Tracker
New Communications model	160	As per Tracker
<b><u>HR&amp;OD</u></b> :		
Implementation of Business Support Review	100	As per Tracker
CHS&WB Trading Income	80	As per Tracker
Restructure of H&S Team	40	As per Tracker
<b><u>Sustainable Swansea (Directorate Target)</u></b> :		
Senior Staff Review	140	As per Tracker
T&C's	150	As per Tracker
Commercial Savings	55	As per Tracker
Additional Sustainable Swansea savings	910	As per Tracker
Lean Systems Thinking	80	As per Tracker
Training	20	As per Tracker
<b><u>Other Variation</u></b>		
<b><u>Comms &amp; Consultation</u></b> :		
Web Development Team	100	Proposed funding of posts via re-basing of Corporate Services budget following Business Support Review which has slipped.
Net supplies & services	-45	Savings on running costs throughout Service
<b><u>HR&amp;OD</u></b> :		
CHS&WB Trading Income	70	Not likely to progress – alternative funding will need to be found

<i>Finance &amp; Delivery :</i>		
Additional Allowances – ex employees	-15	Likely underspend based on current trend
External Audit Fees	-75	Likely underspend based on historic evidence.
Additional HB DWP Grant	-25	Some of which can be absorbed via business as usual
<i>Service wide</i>	-300	Agreed management savings

Given the overall financial position of the Council the Directorate will continue to identify further savings opportunities on an on-going basis.

### **Director of People**

#### **Social Services**

Variance	£000	Explanation and Action
Potential shortfalls in originally planned savings targets	1,567	As per tracker. Areas include the Domiciliary Review and allocated savings targets. We are not on target to achieve the senior staff review savings in 2016/17, but have developed proposals to achieve this and the full target in 2017/18. Whilst we are not on target to achieve reduced spend in 2016/17 the work to realign Adult Services budgets will incorporate the Commercial target alongside other corporate targets, adding to the challenge to reduce spend and increase income. Robust management action is taking place to reduce costs and to identify offsetting savings throughout the year.
Mental Health and Learning Disability Supported Care Planning	2,225	Substantial time and resource has been invested into understanding the cost base for Mental Health and Learning Disability placements. Whilst this work has resulted in a much improved understanding of costs in this area, it has also given a greater ability to forecast cost pressures from new placements and transition. In 2015/16 this area overspent by £1.7m and we have been advised of growth in the order of £700k in the current year. Work to review packages in this area is ongoing and will be accelerated.
Domiciliary Care	327	This area overspent by more than £2m in 2015/16 and whilst additional budget has

		been allocated to meet some of this pressure, the effect of increases in minimum wage as well as the levels of demand mean that an overspend is forecast.
Residential Care	252	It is hoped that this projected overspend will be mitigated by above budget income.
Community Alarms	150	A substantial increase in the costs levied by Carmarthenshire County Council for the infrastructure on which the system relies has been imposed. Work is ongoing to ensure that these increases are minimised and where appropriate offset by increased income
Safeguarding and Wellbeing	-378	Underspends are forecast due to increased grant utilisation, better use of resources and staff vacancies.
Internal Services	-285	
Training Realignment	-520	A realignment of training reserves provides the opportunity for a one off benefit to the revenue position.
Miscellaneous	44	Aggregate position of cost centres not included within the above.

The above position includes £1.3m funded by release of central inflation and living wage provisions.

A reorganisation of budgets within Social Services is proposed. Should this be approved; whilst there will be no effect on the bottom line, there will be significant changes to the individual variances reported above.

Significant management action is proposed to improve the overall position of the Department.

### Education

Variance	£000	Explanation and Action
Potential shortfalls in originally planned savings targets	620	Areas include Behaviour Review, corporate IT, Integrated Transport Review savings, and allocated corporate savings targets such as relating to Terms and Conditions
Recoupment / Independent Special School Fees (net of 150k inflation provision)	850	Pressures are likely to continue to grow in spite of work to mitigate costs unless action is taken to enhance provision available within Swansea. Processes tightened to monitor costs at commitment stage but transitional and management capacity issues to still resolve.
Pupils Educated at Home	100	To avoid more costly places out of County the cost of pupils educated at home has increased.

		Pressures likely to increase further without enhanced placements within Swansea. This area currently under review.
Behaviour Review	408	Slippage in delivery of further savings as originally envisaged in previous years to provide funding to devolve to schools. The strategy for delivering these savings has been reviewed in the light of growing demand. An alternative strategy is now being pursued to implement these, as well as robust management action to identify alternative savings.
Home to School Transport (net of 150k inflation provision)	50	Significant pressures on SEN/Statemented and Post 16 SEN transport, offset by savings in mainstream transport, Specialist Teaching Facilities and Special Schools
Other demand-led pupil specific support for special needs	109	Continuing pressures likely without wider strategy to delegate budget and responsibilities and/or enhance mainstream capacity within schools
Other non-delegated schools cost pressures	158	Detailed scrutiny of non-delegated school cost centres show higher than budgeted levels of spending in areas such as maternity, and schools at risk, partially offset by one-off management action.
Proposed Managed Savings	-618	To seek to mitigate unavoidable cost pressures reported above

*The above position assumes that £0.3m will be centrally funded by release of central inflation provision.*

#### Poverty & Prevention

Variance	£000	Explanation and Action
Child & Poverty Projects	-70	This budget is in place to support Child Poverty Projects as need arises. There was no call on this budget in 15/16 and therefore no spend plan in place for 16/17. The reduced spend reflect the success in additional sponsorship monies for the High Five awards, along with improved management of external funding.
Young Peoples Service	-50	There is a projected underspend in budgets within Young Peoples Service due to a delay in recruitment of posts to new NEETs service and a delay in the implementation Youth Club Commissioning Review. Both have now been addressed and spend profile back on track for the remainder of the year.

Early Intervention Service	-20	WG have now confirmed the amount of money we will receive in terms of Childcare Grants, this grant will be maximised in 16/17 and therefore realised an underspend on core funds.
Community Safety	-20	Planned reductions in budget spend through the implementation of the CCTV and Community Safety Commissioning Review which are now in implementation phase.
Tackling Poverty Service	-40	The underspend has been caused by a delay in recruitment to the Tackling Poverty Manager Post and backfill for parts of this post have been claimed through Grant.

### **Director of Place**

The directorate has responded positively to the spending pressures and is projecting an overall improvement against the budget of £1.45m. Much of this is based on the deliverability of savings proposals and a number caveats outlined below. Some of the key variances are as follows

- Overspends have occurred within leisure and culture due to delays in actioning a number of budget reductions including the closure of Plantasia, the continued operation of Cefn Hengoed Leisure centre partly offset by additional income and underspends resulting in a net overspend of £117k
- Savings built into the waste commissioning review have been actioned but as they will not have been in place for the full financial year this results in an overspend on a one off basis
- Contribution to cross cutting targets for terms and conditions which hasn't been progressed corporately and commercial income which is included within the normal service reporting and "overlap" budget referred to below
- Inability to make savings in building maintenance budget due to retention of larger asset base than was expected

These overspend have been more than offset by the following:-

- Early achievement of savings and from increased income and efficiency across a number of areas of the directorate
- In year commission savings for CBPS following acceptance of the commissioning review report by cabinet of £600k
- Achievement of cross cutting savings from asset reductions of £610k
- Adjustments to the base budget to take into account any potential "overlap" between various saving stands

## Risks

The figures are only based on 4 months accurate ledger data (April to July) due to incomplete costs in the ledger of August meaning that any end of year projections have to be treated with caution

In addition there is uncertainty over the full cost for back pay across the directorate as due to a shortage in corporate funding all costs are now being charged back to the service budget and there is limited information to know the total sums involved

After given consideration of all of the above and noting the risks involved the current projected out-turn is an "underspend" of £1459k