



Report of the Cabinet Member for Business Transformation & Performance

Cabinet – 14 February 2019

Revenue and Capital Budget Monitoring 3rd Quarter 2018/19

Purpose:	To report on financial monitoring of the 2018/19 revenue and capital budgets, including the delivery of budget savings.
Policy Framework:	Budget 2018/19 Transformation and Future Council (Sustainable Swansea –fit for the future)
Consultation:	Cabinet Members, Corporate Management Team, Legal Services and Access to Services.
Recommendation:	It is recommended that 1) the comments and variations in this report, and the actions in hand to address these, are noted.
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1. Background and Introduction

1.1 This report details forecast variations from the agreed budget for 2018/19, including the latest assessment of the delivery of savings.

1.2 In respect of Revenue Budgets, this report provides a consolidated forecast which combines:

- projected variations (mainly shortfalls) in relation to budget savings agreed by Council in March 2018

- Variations arising from other service pressures not directly linked to specific savings plans (e.g. increased demand)

1.3 The report includes comments from Directors in relation to the variations highlighted and the action that is in hand or proposed as appropriate.

2. Revenue Outturn Forecast Based on 3rd Quarter position

2.1 Appendix 'A' to this report details the approved Revenue Budget for 2018/19 and the forecast variation at this time.

2.2 Other than projected variations on Directorate expenditure, it is still too early to forecast variations that may arise on some significant Corporate items including the level of Council Tax collection (although it more often than not achieves a modest surplus) – it is assumed at the current time that these remain largely as per the approved budget.

2.3 The overall Directorate position is summarised below:-

DIRECTORATE

	FORECAST VARIATION 2018/19 £000	SAVINGS VARIATION 2018/19 £000	OTHER VARIATION 2018/19 £000
RESOURCES (inc. all Business Support)	1,111	2,039	-928
PEOPLE - POVERTY AND PREVENTION	-536	0	-536
PEOPLE - SOCIAL SERVICES	6,519	4,306	2,213
PEOPLE – EDUCATION	379	-25	404
PLACE	0	590	-590
Reduction in sickness costs	1,000	1,000	0
<u>NET DIRECTORATE EXPENDITURE</u>	8,473	7,910	563

2.4 Directors' comments on the above variations are shown at Appendix B :-

2.5 Within the *Sustainable Swansea* Delivery Programme, work continues to develop service delivery plans that will include all savings requirements across all strands. This includes the cross cutting nature of new reviews as well as the completion of current in-flight reviews. The reduction in sickness costs target is now shown as an individual line in terms of likely variance. This target was originally allocated out to each Directorate and delivery was reliant upon cross council changes to Terms & Conditions, which have not yet been progressed to a point of releasing any cashable savings for 2018-19.

2.6 The above potential overspend remains a significant risk and needs to be immediately addressed on a whole Council basis as it would be unacceptable to have any further risk of a draw from General Fund reserves at year end. A number of the overspend areas follow on from the outturn position for 2017/18 and need to be considered in the

light of the forecast savings going forward within the 2018/19 budget, Medium Term Financial Plan, and the cumulative effect of non-achievement of savings going forward.

2.7 Corporate Management Team has re-enforced the current arrangements for budget monitoring in particular:-

- focus on a range of corrective actions;
- targeted immediate spend reduction action;
- further increased spending control on all vacancies, contracts and areas of discretionary spend to seek to reduce and at very least contain the levels of total overspending.

2.8 Offsetting opportunities do exist to ameliorate some of the identified service pressures as follows.

- £1m was set aside in the budget for the potential costs relating to the impact of the Apprenticeship Levy. The final costs relating to this levy will only be known once final employee related costs are calculated at the year end. Should the full allocation not be required then any saving will be proposed to be used to mitigate service pressures at year end.
- £1m was also set aside to meet any specific and significant inflationary increases arising in year. Given the overall financial projection at this stage it is proposed by the S151 officer that rather than allocate elements to any potential specific inflationary pressures that the whole amount is immediately used to offset the pressures listed above. This is likely to exacerbate reported service spending pressures further in due course but is a necessary immediate step to be taken.

2.9 It should be noted that on the basis of bids already committed to the Council's remaining Transformation Fund reserve (balance at 1 April 2018 remaining was £193,000)this remains committed and cannot therefore be used to fund further transformative work unless and until monies advanced for existing plans start to crystallise additional and significant savings to pay back to the fund, not merely help unlock already planned budgeted savings.

3. Contingency Fund Provision for 2018/19

3.1 The contingency fund was set at a £3.45m contribution for 2018/19 as set out in the budget report approved by Council on 6th March 2018. This is significantly lower than in recent years.

3.2 The current potential calls on the contingency fund for 2018-19 are:-

Contingency Fund 2018/19	Prediction
	2018/19 (£m)
Original contribution for year	3.450
City Deal revenue contribution.	-0.050

Statutory Data Protection Officer post (but to be reimbursed from the Restructure Reserve £53k)	0.000
Occupational Health support	-0.033
Targeted social care provider support	-0.275
Key Cities subscription	-0.010
Tidal Lagoon support***	-0.053
ER/VR in year costs	-1.367
Balance 31st March 2019	1.662

*** Interim funding only – expected to be reimbursed by Welsh Government grant

The above table lists potential calls on the budgeted contingency fund. The final amounts will be dependent on a number of factors during the year including speed of implementation, actual costs/commitments incurred and final Directorate outturn position. Spend approvals will be deliberately limited to seek to maximise underspend here as part of mitigating budget savings action. Updates have been provided during the financial year as part of the routine quarterly reporting to members with the final position reported as part of the outturn report.

City Deal contribution of £50k per annum will be met initially in 2018/19 from the Contingency and be base budgeted for in future years. There will also be access to a 1.5% top slice fee which will, where at all possible, be funded by capital flexibilities (and thus charged to capital) as part of the final agreed City Deal terms when the grant offer is finally made.

Any departures under ER/VR in 2018-19 up to a maximum of £1.367m are again currently planned to be charged to the contingency fund as a one off cost to release future revenue savings. Any excess costs will have to fall to the restructure reserve, simply to conserve some headroom in the contingency fund.

The remaining balance of £1.662m is proposed by the S151 Officer to be utilised to fund forecast service pressures outlined in table 2.3 above and shown in Appendix A.

The Budget report approved by Council in March 2018 included the proposal that Schools would be able to specifically access up to £1.3m of the Restructure Reserve in 2018-19 on a one off basis. This funding has been primarily utilised in meeting ER/VR costs and facilitating some smaller scale innovative and transformative working and will therefore not be charged against the Contingency Fund. This sum has already been fully utilised, further depleting the Restructure Reserve..

The S151 officer proposes at this late stage in the year to utilise the whole of the remaining balance on the Restructure Reserve to ensure the 2018-19 budget and projected outturn can remain technically balanced, notwithstanding the ongoing directorate overspending.

- 3.3 The scale of potential overspends for 2018/19 remain significantly in excess of any potential revenue sums available to offset that shortfall. The current indication is that there still needs to be yet more urgent and decisive action to pursue additional savings across the Council to ensure particularly that 2019-20 onwards is re-balanced.

3.4 The action being taken includes working through existing plans on an accelerated delivery basis :

- Management and Business Support Review: ongoing comprehensive review of the management structure across the Council and future requirements given the Council's priorities, future challenges and the changing nature of the role of managers
- Reducing the Pay Bill: review of options to reduce employee costs across the Council as part of our overall future workforce strategy (subject to trade union consultation at the appropriate time)
- Commercialism through third party Procurement Savings and Income Generation: review of further options to increase income from fees and charges, trading etc, in addition to the targets already set for 2018/19
- Progressing Commissioning Reviews and Cross Cutting Themes.
- Implementation of the Leading Learners transformation programme for Education that outlines a range of projects.
- Further implementation of the Adult Services Saving Plan through which we have identified mechanisms for bringing down overall costs.
- Strengthening and tightening further the extant spending restrictions which have been reviewed, refreshed and reissued by Corporate Management Team.

3.5 It should be noted that at this time, although the Council continues to pursue a number of VAT related claims, some are more advanced than others, there is NO certainty of windfalls from VAT refunds or any other external source being received in the current year.

4. Revenue Budget Summary

4.1 The position reported above reflects the best known current position. A net £8.47m of shortfall in revenue budgets, offset by £2.66m of identified additional savings from the non-allocation of the Inflation provision (£1m) together with restricting the use of the Contingency Fund to release a residual £1.66m. In addition as per 4.9 below , following S151 officer proposal and agreement by Council a one off usage of £3m from a review of ear marked reserves has already been implemented and this leaves a forecast overall of some £2.8m overspend for the year at the end of the third quarter. This overall position remains virtually identical to the second quarter forecast.

4.2 Corporate Management Team have reinforced the expectation that overall net expenditure must try to be contained within the limits of the current year budget as set by Council. At this stage in the year, given the scale of overspending, however, it is now much more about rebalancing in anticipation of the start of 2019-20 and taking whatever one off action that can be progressed to ameliorate the in year position.

4.3 As previously mentioned, it is too early to provide an accurate forecast as to the potential outturn on corporate items such as Council Tax collection which is in itself potentially affected by the effects of welfare reform measures, but offset by an often increasing tax base. These are thus not fully factored into the budgeted figures but a planning assumption is made in section 4.9 below for the purposes of at least technically rebalancing 2018-19.

4.4 Included in the projected budget for 2018/19 for other corporate items were budgeted increases in capital finance charges, recognising the need to commence funding for the ambitious Capital Programme. At previous budget monitoring intervals, no variance was forecast, as the Swansea Central Scheme was scheduled to pass

through the corporate approval mechanism in Q1 2019/20, and material construction and funding is envisaged to commence soon after. Following the approval of the revised Minimum Revenue Provision (MRP) Policy in December 2018, the resultant re-profiling of the MRP schedule (of supported borrowing) has resulted in a significant underspend in principal repayments against budget. Interest payments are also underspent as funding has been deferred and timed to minimise cost of carry (i.e. servicing the interest on the debt) and ensure long-term value. In line with a strategy previously agreed by Council, to help bridge the envisaged delivery time frame with the 15 year funding profile of the City Deal, any underspending will be transferred at year end to the capital equalisation reserve. This is currently forecast, for 2018/19, at a total of £7.2m as per Appendix A.

- 4.5 The overall judgement at this point is that there is a continued urgent need to identify significant additional budget savings across all Council Services to try to improve the 2018/19 position and perhaps more pressingly rebase for the start of 2019-20. Based on the level of the current forecast this achievement for 2018/19 is looking once again, extremely challenging.
- 4.6 There remains a degree of confidence that some further minor inroads can be made into the forecast overspend position by ongoing management and member action. Equally, the scale remains such, that it would be on balance highly unlikely that spending can be fully contained in year without wide scale mitigation actions, including those set out in this report.
- 4.7 There continue to be increasing risks around general in year inflationary pressures (including a much higher than previously budgeted teachers' pay award from September, with only a part funding offer from Welsh Government, and financial sustainability of some social care provision). Nevertheless longer term the Council simply cannot afford to fully fund them, savings will have to be made elsewhere to meet such pressures.
- 4.8 Detailed monitoring of budgets will continue to be carried out and reported to Departmental Performance and Financial Management meetings on a monthly basis.
- 4.9 Within the Council approved budget for 2018-19 was an element of funding from the General Reserve of £1 million to fund support for Minority Ethnic achievement and the education of Gypsy/ Traveller learners and School Uniform Grants. The grant funding having been effectively simply withdrawn by the Welsh Government. Following concerns and lobbying from members and officers across Wales as to the impact of this reduction in grant, Swansea Council received a letter on the 17th May from the Welsh Government stating that it would provide the majority of the funding previously withdrawn for 2018-19, albeit in slightly different ways. The shortfall in funding related to the School Uniform Grant and amounted to approximately £60,000. Welsh Government has recently announced an effectively wider replacement scheme for this aspect of funding as well. Therefore, the whole original planned emergency draw from General Reserves has been fully unwound.

To help mitigate overspend pressures further, in light of general reserves being at the minimum declared safe level, and thus no meaningful overspend being acceptable, the S151 officer has consulted previously with Directors and proposed to draw £3m from earmarked reserves. This has also been previously reported and agreed by Council in October.

The proposed draw includes relative modest sums from the restructure reserve and the insurance reserve, but more importantly exhausts over 20 other reserves in full. This draw includes the Supporting People reserve which due to its nature relates specifically and wholly to Social Services. The remaining element of the £3m (some £2.276m) has been shown as funding against the overall service overspend position and not against specific service areas. This is a clear emergency measure and, as reserves are one off, is not a sustainable funding strategy. Furthermore these reserves were set up to fund known and expected future spend commitments and thus will mean the costs will have to be met when they actually fall due in future years budgets (e.g. the full cost of running the next local government election), when budgets are likely to be under even further strain.

CMT agreed at the end of the first quarter a nominal additional savings stretch target of £1m per directorate – £3m in total, designed to ensure residual overspends are addressed by offsetting underspends elsewhere. The success of this approach to date has been very limited as can be seen from the current forecast service position which is virtually identical to that at the second quarter indicating that no meaningful additional savings have been delivered yet by the services (excepting Poverty & Prevention). Further emergency action will have to be considered during the final quarter and in the meantime a more decisive fall back plan set out to ensure the overall position remains technically balanced (to avoid any further significant draw from already depleted General Reserves)

For the avoidance of doubt, an overall overspend at year end is simply unacceptable to the S151 officer given it would mean otherwise that General Reserves go below the level already declared the bare minimum safe level, a level already proportionately below most other councils in Wales.

CMT has now further resolved to tighten vacancy freeze arrangements with immediate effect on the basis that the current overspend forecast is unacceptable and to maximise redeployment opportunities going forward given the outlook for public finances. The Chief Executive and Section 151 Officer are also personally reviewing larger scale contract and procurement spend with a view to ensuring it is strictly necessary.

In any case, it is imperative that sustainable base budget savings are found to replace these in year one off actions to stabilise the 18-19 budget ahead of an anticipated extremely challenging 2019-20 budget round, now confirmed by the very disappointing provisional local government finance settlement.

The Summary budget forecast position following the already agreed mitigating actions as outlined in 4.1 and above would now be :

Agreed mitigating actions

Revenue Budget 2018/19	Prediction
	2018/19 (£m)
Service shortfall	8.473
Non allocation of Inflation provision.	-1.000
Non allocation of Contingency Fund	-1.662
One off use of Earmarked Reserves : £3m Social Services	-0.724

Against all services	-2.276
Remaining overspend 2018/19 (per Appendix A)	2.811

Further fall back actions if no material improvement in final quarter

Revenue Budget 2018/19	Prediction
	2018/19 (£m)
Remaining overspend 2018/19	2.811
Exhaust estimated balance on Restructure Reserve in full during 2018-19. (1)	-2.311
Potential (but not guaranteed surplus) on collection fund at outturn. (2)	-0.500
Impact at outturn - technically balanced	0.000

(1) The balance on the restructure reserve is itself dependent upon final costs of ERVRS charged to the reserve in year and this represents a prudent estimate of what may be available. It will mean the reserve is then planned to be fully exhausted in 2018-19 and crucially not available to centrally support ANY costs in 2019-20 thus increasing risks facing the 2019-20 budget position.

(2) This is far from certain and assured. It is plausible given previous year's outturns. Equally however it is conceivable that there could be a deficit on the collection fund in any one year. Thus it is imperative ongoing mitigating actions are taken by all Responsible Officers to contain all spending in the final quarter.

5. Capital Budget

5.1 Expenditure to 19 December 2018 is £55.509 million, summarised as follows:

Directorate	Budget 2018/19	Actual to 19/12/18	% spend
	£'000	£'000	
Corporate Services	5,425	541	10.0%
People	9,363	3,685	39.4%
Place (General Fund)	59,345	28,345	47.8%
Place (HRA)	57,744	22,938	39.7%
Total	131,877	55,509	42.1%

Expenditure on major capital schemes is detailed in Appendix D.

It should be noted that the actual spend to 19 December may only have 7 or 8 months costs relating to external invoices.

6. Housing Revenue Account

6.1 The current repairs forecast is £150k overspend, however this is partly offset by some anticipated underspends on employee costs (currently forecast at around £100k). As it stands, the slippage on the capital programme will lead to a reduction in capital finance costs. It is too early in the year to make an accurate forecast, however, these could be in the region of £1m. There are no other material budget issues to flag at this stage of the year.

7. Legal Issues

7.1 There are no legal issues contained within this report.

8. Equality and engagement implications

8.1 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.

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: Appendix A – Revenue Budget forecast 2018/19

Appendix B – Directors comments on variances

Appendix C – Savings tracker summary

Appendix D - Expenditure on major Capital Schemes

REVENUE BUDGET PROJECTION QUARTER 3 2018/19

<u>DIRECTORATE</u>	BUDGET 2018/19 £000	PROJECTED 2018/19 £000	VARIATION 2018/19 £000
RESOURCES	42,164	43,275	1,111
PEOPLE - POVERTY AND PREVENTION	6,634	6,098	-536
PEOPLE - SOCIAL SERVICES	111,984	118,503	6,519
PEOPLE – EDUCATION	167,091	167,470	379
PLACE	57,068	57,068	0
Reduction in Sickness costs	-1,000	0	1,000
NET DIRECTORATE EXPENDITURE	383,941	392,414	8,473
SPECIFIC PROVISION FOR APPRENTICESHIP LEVY/INFLATION	2,000	1,000	-1,000
CONTINGENCY FUND	3,029	1,367	-1,662
OTHER ITEMS			
LEVIES			
SWANSEA BAY PORT HEALTH AUTHORITY	86	86	0
CONTRIBUTIONS			
MID & WEST WALES COMBINED FIRE AUTHORITY	12,631	12,631	0
CAPITAL FINANCING CHARGES			
PRINCIPAL REPAYMENTS	16,066	10,623	-5,443
NET INTEREST CHARGES	16,643	14,887	-1,756
NET REVENUE EXPENDITURE	434,396	433,008	-1,388
MOVEMENT IN RESERVES			
GENERAL RESERVES	0	0	0
EARMARKED RESERVES	-1,580	2,619	4,199
TOTAL BUDGET REQUIREMENT	432,816	435,627	2,811
DISCRETIONARY RATE RELIEF	400	400	0
TOTAL CITY AND COUNTY OF SWANSEA REQUIREMENT	433,216	436,027	2,811
COMMUNITY COUNCIL PRECEPTS	1,403	1,403	0
TOTAL REQUIREMENT	434,619	437,430	2,811
FINANCING OF TOTAL REQUIREMENT			
REVENUE SUPPORT GRANT	239,946	239,946	0
NATIONAL NON-DOMESTIC RATES	79,141	79,141	0
COUNCIL TAX - CITY AND COUNTY OF SWANSEA	114,129	114,129	0
COUNCIL TAX - COMMUNITY COUNCILS	1,403	1,403	0
TOTAL FINANCING	434,619	434,619	0

Director of Resources

Variance	£000	Explanation and Action
<u>Savings Variation</u>		
Management review of grade 10 and above	113	The management team is reviewing all grade 10 and above posts across the Directorate in order to achieve the savings by year-end.
Service review/regional working/shared services	89	These two savings are interdependent. As part of the review of grades 10 and above, Corporate Services is reviewing opportunities for service integration and further change. The Service Review saving has been reduced to reflect over achievement on Business Support.
Stopping or reducing services through new ways of working	597	
Working commercially across the Council on income / contract spend, prioritising resources as per strategy and plan	1,150	The new contract monitoring governance process is working well and both procurement income savings and new commercial income are being delivered. However, there are issues of Services using additional income to offset emerging Service pressures, which is impacting delivery of the corporate target. For the new budget commercial targets will be distributed across Directorates.
Merging of Land Charges with Planning and Building Control as per the Commissioning Review	25	Plans are in place to merge the Planning and Land Charges team and savings achieved in the Place Directorate. It was planned that new ways of working would release this £25k in legal, however, this is no longer possible therefore alternative savings are now being sought.
Establishing Business Support hubs in the People and Place Directorates	0	Plans are now agreed to deliver the original £600k target. The Social Services – Education hub will also deliver an additional £150k in year (reflected in the reduced service review target above).
Transfer and review of the Welsh Translation Unit, including cost and charges	65	The Welsh Translation Unit is continuing to review potential areas of change as a result of the review.
Savings Variation Total	2,039	
Other		

Council Tax Reduction Scheme (CTRS)	-750	At the end of Quarter three the Council Tax Reduction Scheme underspent by £750k. However, this budget delivers important support and is dependent on demand, particularly with the introduction of changes to Universal Credit. Hence, the final variance is extremely difficult to forecast.
Other net underspends across Resources	-178	In order to off-set the timing delay of some savings in Corporate Services, teams have proactively underspent or delayed expenditure wherever possible.
Total Variation	1,111	

The Directorate has proactively and strictly managed spending in order to allow more time for the delivery of the more complex transformational savings. The table above identifies variances against those savings targets that are taking more time to deliver, particularly where they involve multiple services or external partners. Strict management of Directorate spend will continue for the remainder of the year to manage the cash position. Digital Services is reviewing forecast contract spend in January which may temporarily help the in-year underspend position further. This depends on the outstanding contract renewals expected in the next months and also any development costs required by the end of March 19, which are being finalised by the end of December.

Director of Social Services

Social Services

Variance	£000	Explanation and Action
Savings Variation		
Independent placements - Reduce current residential placements by 7 in 2018-19	1,400	Like most Councils across the UK, we are experiencing increased numbers of looked after children. Due to the demand for external provision, the cost of such placements continues to rise.
Independent placements - Reduce current IFA placements by 5 in 2018-19	250	A new model of social work practice is designed to have a positive impact on the numbers of children in such placements.
Reduce mother and baby residential placements to 0 by 2018-19	50	The numbers requiring these placements have reduced and work to eliminate the need for such will continue.
Review of CHC arrangements - Maximise Health contribution for packages of care	1,000	Issues continue with resistance from partners to discuss equitable and appropriate contributions towards identified packages of care.
Maximising Ty Nant resource post relocation - Reduce running cost with relocation	50	The service has recently moved to a new location and whilst savings will occur from the move, they are yet to materialise.

Senior Staffing - Review/Reduce posts at senior level (linked to implementing preferred options of Adult Services Commissioning Reviews and fit for purpose structure)	157	The achievement of these savings are substantially linked to the outcome of the Commissioning Reviews noted below. In the interim, alternative savings arising from staffing reviews have been allocated here
Residential Care for Older People - Implement preferred options as outcome of Commissioning Review leading to reduction of in-house beds	134	Following the decision taken by Cabinet in September, work to implement these proposals is continuing.
Provide day services to those who are eligible only	110	
Implement preferred options as outcome of Commissioning Review (LD, PD & MH service provision commissioning review)	343	The commissioning review remains in its early stages. Despite this, the identification of savings in the running of Llanfair have provided an alternative contribution to the savings target
Review of CHC Arrangements/LD MH Right Sizing and Review - Review all Mental Health and Learning Disability packages of care, to ensure that they are fit for purpose and those eligible for health funding receive it.	269	Full process review completed & next steps/change in processes agreed. Invest to save support, including legal assistance, in process of recruitment
Test and challenge residential care - Reduce overall number of funded residential care placements by 20 per year	143	
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	250	A strategy has been developed and actions decided - review of structure for the administration of such payments will provide an immediate reduction in spend.
Charging Policy and Annual Fee Increases - Increased client income through uplifts and more efficient processes following transfer of Income and Finance Team to Corporate Finance	150	Delays in the commencement of some charges, specifically Day Services, mean that the overall target will be partially achieved.
Other		
Independent Child and Family Placements	800	This overspend is an extension of the unachieved savings in this area.

Child and Family Direct Payments	150	This is reflective of an increase in complexity of the cases funded through Direct Payments as well as increases in the cost of night cover.
Child and Family - Staffing Underspends	-525	This underspend has accrued through tight vacancy management.
Child and Family - Other	-400	Areas such as the Youth Offending Service and Third Sector payments have contributed to this underspend
MHLD Complex Care	883	Spend in this area remains under extreme pressure, although reviews of care packages have achieved savings. The cost of night provision as well as general living wage increases continue to raise the unit cost of such care.
External Domiciliary Care (Older Persons)	294	Work to control the demand and cost of such care continues and has had some success. Overall, overspends in this area remain but these are now solely linked to unachieved savings noted above.
External Residential Care	1,774	This area continues to be exposed to both demographic and cost pressures. Work to ensure placements are appropriate and cost effective continues.
Internal Staffing and Services	-739	Tight vacancy/contract management has resulted in underspends in these area.
Third Party Spend	-24	
Overall Variation	6,519	

The Social Services position is due to a combination of both unachieved savings and fee and demand pressures across externally commissioned services. Significant action is underway to improve this position.

Poverty & Prevention

Variance	£000	Explanation and Action
Savings Variations		
All savings targets met	0	Saving targets are removed from the base budget at the beginning of the financial year and no overspends in these areas are predicted, therefore all saving targets have been met
Other Variations		
Partnerships and Commissioning	-155	Underspends have been achieved through maximising grant income whilst maintaining tight control on core spend.
Early Intervention Service	-130	
Young Peoples Service	-65	
Adult Prosperity & Wellbeing Service	-77	
Cross Directorate	-94	
Head of Service	-15	
Overall variation	-536	

Director of Education

Variance	£000	Explanation and Action
Savings Variations		
Further assumed reductions in Regional Consortium School Improvement Grant - matching funding requirements.	11	This variation has occurred due to a Welsh Government requirement for the Council to maintain match funding at the same cash levels as 2017/18. This is despite an 11% reduction in the value of the grant.
Early achievement of WJEC savings target	-36	Following review and wider regional discussions, this saving was brought forward from 2019/20 to the current year.
All other savings target are expected to be met		
Other Variations		
Servery	30	Estimated costs for the refurbishment of the civic centre servery – agreed as part of commissioning review on the assumption that the cost will be offset over time by future reduction in net cost of the provision
Catering and Cleaning	350	The service has been subject to substantial inflationary pressures on the cost of food and staff. This has been partially offset by a combination of management cost control and positive take up of paid meals.
Music	30	Reduced buy in from schools has caused a loss of income.
Transport costs	500	Inflationary fuel pressures and continuing demand, particularly within the ALN and post 16 sector continue to increase costs. In spite of continuing robust management action, these pressures are inherently volatile and uncontrollable within current transport policy.
EOTAS	-450	Further slippage in delivery of full new model of provision. Subject to further detailed review.
Software Licences	-50	Anticipated one off rebate
Other Miscellaneous Issues	-6	This includes the cost of unfunded ERVR departures as well as increases in the cost of translation required to comply with legislation, offset by cost control and vacancy management.
Overall Variation	379	

Director of Place

A number of issues need to be highlighted for the purpose of visibility. These include unfunded budget pressures as follows:

- Significant increased electricity costs of £112k
- Reduced recycling prices in waste management of £165k
- Increased costs for maintaining and replacing aging social services fleet £436k

In year savings of £590k have been identified as being delayed and will not be fully achieved by year end and these comprise mainly of IT delays in delivering the mobile working solution in Building services, the transfer of the Leisure assets to Freedom leisure (now complete) and Integrated Transport Unit savings.

In addition there are some challenges in achieving all of the “cross cutting” saving identified for 18/19 in particular

- Sickness reduction of £400k which requires a change in policy to reduce sickness costs

The directorate is working to offset these spending pressures to ensure it returns a balanced budget.

Appendix D

Capital expenditure on major schemes to 19 December 2018 (where spend greater than £250k)	£000's
People	
Pentrehafod Comprehensive School Remodelling	2,895
Corporate services	
Place	
Highways - footways	480
Highways - carriageway resurfacing	3,356
Highways - invest to save schemes	761
Drainage works	294
Kingsway Urban Park	3,308
Swansea Central Phase 1	2,666
Corporate Building services (various schemes)	3,341
Property portfolio acquisitions	8,242
Disability Facilities Grants	2,697
Mini adaptation grants	391
Sandfields Renewal programme	362
Property appreciation loans	257
Place (HRA)	
HRA capital programme (including More Homes schemes)	22,938

Total scheme value where spend greater than £250k

51,988