



Report of the Cabinet Member for Economy, Finance & Strategy

Cabinet – 16 September 2021

Revenue and Capital Budget Monitoring 1st Quarter 2021/22

Purpose:	To report on financial monitoring of the 2021/22 revenue and capital budgets, including the delivery of budget savings.
Policy Framework:	Budget 2021/22. Transformation and Future Council (Sustainable Swansea –fit for the future)
Consultation:	Cabinet Members, Corporate Management Team, Legal Services and Access to Services.
Recommendation(s):	It is recommended that Cabinet: 1) Notes the comments and variations, including the material uncertainties, set out in the report and the actions in hand to seek to address these. 2) Approves the virements set out in paragraphs 2.7 and 3.2. 3) Encourages Directors to continue to seek to minimise service overspending in year, recognising that the budget overall is currently balanced only by relying heavily on future likely (but far from assured) reimbursement from Welsh Government, centrally held contingency budgets and reserves, but equally recognising that the overspending is almost exclusively due to ongoing , broadly anticipated Covid pressures.
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1. Background and Introduction

1.1 This report details forecast variations from the agreed budget for 2021/22.

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

- projected variations in relation to budget savings agreed by Council in March 2021
- Variations arising from other service pressures not directly linked to specific savings plans (e.g. increased service demand, price and pay inflation, increased, but most often unfunded, regulatory obligations and burdens from both UK and Welsh governments)

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 1st Quarter position

2.1 Appendix 'A' to this report details the approved Revenue Budget for 2021/22 and the forecast variation at this time.

2.2 Other than projected variations on Directorate expenditure, it is still too early to confidently forecast final variations that may arise on some significant Corporate items, including the level of Council Tax collection (which posted a deficit in 2020-21 of £2.4m and 2019-20 of £0.7m). However, given the ongoing impact of COVID and based on the 2020-21 final position on collection an optimistic forecast is that there will be a shortfall in the region of £2.0m in 2021-22. This may be subject to some form of grant underpin support in due course from the Welsh Government, but is far from assured.

2.3 The overall Directorate position is summarised below:-

DIRECTORATE

	FORECAST VARIATION 2021/22 £000	COVID VARIATION 2021/22 £000	OTHER VARIATION 2021/22 £000
RESOURCES	4,473	5,300	-827
PEOPLE - SOCIAL SERVICES	10,719	11,475	-756
PEOPLE - EDUCATION	5,905	4,957	948
PLACE	0	-365	365

NET DIRECTORATE EXPENDITURE

	21,097	21,367	-270
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2.4 Directors' comments on the above variations are shown at Appendix B.

2.5 Within the *Recovery Plan Service Transformation* Programme, work continues to develop service delivery plans linked to savings targets and prioritisation of services. This includes the cross cutting nature of new reviews as well as the completion of current in-flight reviews.

2.6 The table above shows an estimated overspend for the year of £21.1million. Bar some small "Business as usual" fluctuations, this £21.1m is in effect entirely because of the COVID 19 pandemic and relevant increases in expenditure and reductions in income as a result. This figure does not include the Business Support Grants costs and Retail/Hospitality/Rates reductions resulting from Welsh

Government decisions and which are anticipated to be funded in their entirety. Any funding from WG as a result of grant claims actually received at this stage has been included in the figures above. Section 2.7 below shows the level of “service” expenditure that has been deemed as eligible and paid by WG to date.

- 2.7 Currently, monthly claims against additional COVID expenditure (April to July) and a first quarter claim for loss of income as a result of COVID in relation to the services has been submitted to WG. The summary of claims submitted to date and amounts received is set out below:

Summary of claims submitted and payments received to date in 2021/22

	Claim £000's	Paid £000's	
Hardship : April to June	3,988	1,095	June submitted Mid July and WG reviewing various elements of claims primarily Adult Social Care and Free School meals
Loss of Income 1st Quarter	3,958	3,731	Submitted to WG mid-July. Initial response now received .

To ensure as accurate forecast position as possible these grants have been allocated to services as they are received and the impact included within the relevant service forecasts in section 2.3 and in APPENDIX A. Approval is sought for these and future Covid grant virements to budgets.

Welsh Government have amended the eligibility criteria for 2021-22 to reflect the relevant easing of restrictions during the financial year. Based on last year it is likely that the eligibility criteria will be further refined as the year progresses. As such, the monthly claims are amended to include only those elements of expenditure deemed eligible based on the most recent Welsh Government guidance.

Grant claims to Welsh Government in relation to TTP and the Welsh Vaccination Certificate Service (WVCS) are ongoing and are anticipated to cover all additional costs arising. The remaining additional cost forecast (after grants received) are included under Resources and currently amount to £6m in 2021/22. It remains unclear how much will be truly additional cost and therefore claimable. An assumption regarding 100% funding of this figure is included in the table below and in APPENDIX A.

In addition to the additional service costs (and grants) in relation to COVID the authority has once again continued to act as an “Agent” on behalf of the Welsh Government in relation to various elements of the Business Grant Support national scheme. All of these costs are anticipated to be funded 100% by the Welsh Government and as such costs incurred and grants received will be reported later in the year once the most recent announcements/schemes have been implemented.

- 2.8 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 and deferral action;
 - spending control on all vacancies and contracts;

- a continued reminder that **no Responsible Officer is authorised to overspend their budget in line with Financial Procedure Rules;**
- and consequently that Directors must work closely with Cabinet Members and the Corporate Management Team to contain, reduce, defer and delay spending as far as possible, having due regard, to existing agreed budget and political priorities to nonetheless seek to limit service overspending
- but recognising that the overall spend pressures are near wholly Covid related and that reserves were bolstered to temporarily assist with pressures.

2.9 Offsetting opportunities do exist to temporarily ameliorate the currently identified service demand and price 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.
- £3.25m was 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 this be released as a compensating corporate saving.
- Use of the Contingency Fund as detailed below.

3. Contingency Fund Provision for 2021/22

3.1 The contingency fund budgeted contribution was set at £3.621m contribution for 2021/22 as set out in the budget report approved by Council in March 2021. As a result of the favourable outturn position, this was added to on a one off basis, to bring the total available in 2021/22 to £13.621m. This is an increased figure to the previous year reflecting additional mitigation against any repeated overspending as a result of COVID, one off costs or business as usual.

3.2 The current potential calls on the contingency fund for 2021/22 are:

Contingency Fund 2021/22	Prediction
	2021/22 (£m)
Budgeted contribution for year.	3.621
Increase from 2020/21 carry forward	10.000
Pay award 21/22 for 1.75% increase. Costs additional to 21/22 budget.	-2.300
Design Print	-0.250
Welsh Translation costs for social media	-0.035
Medical Surgeries	-0.040
TU facility – saving reversal	-0.069
Backfill for Learning & Development support	-0.070
Additional support Strategic Delivery Unit	-0.157
Cabinet and members support	-0.095
Performance Management System replacement	-0.037
Litigation Costs	-0.050
Used to reduce service overspending	-10.518
Balance 31st March 2022	0.000

The above table lists current potential calls on the budgeted contingency fund. All but the impact of the pay award over and above budgeted for in 2021-22 are anticipated to be one off costs. 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.

As at 1st April 2021 some £3m remained within the Restructure Reserve to contribute toward ER/VR or other cost risks that may arise in 2021-22. The S151 officer remains satisfied that this is sufficient for 2021-22 and that there should be no call on contingency this year to fund such costs. The final costs of ER/VR will only be known towards the end of the year once all management actions re savings proposals etc are implemented. At this stage it is assumed that all ER/VR costs will be able to be contained within the sum left in the Restructure Reserve.

Based on current forecast the S151 officer proposes to utilise the current year forecast underspend on the Contingency Fund of £10.518m to provide additional mitigation against the anticipated unfunded elements of cost/loss of income as a result of COVID19.

However, the S151 officer proposes to reserve his final position on the recommended levels of use of the restructure reserve and contingency fund until the absolute success or otherwise of reducing the forecast overspend is known at year-end.

- 3.3 The current indication is that, for 2021-22, there needs to be continued targeted mitigating action and delivery of savings proposals to help reduce the overall service overspends. It looks inevitable at this early stage that substantial draws from contingency and earmarked reserves will be needed to achieve a fully balanced budget for the year but this was somewhat anticipated and led to the material bolstering of earmarked reserves at outturn. Any inroads to net spending will reduce the necessary draw from reserves and increase the amount of reserves available to carry into 2022-23.
- 3.4 The action being taken includes working through existing plans on an accelerated delivery basis:
- Management and Business Support Review: ongoing 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
 - Managing the Pay Bill: review of options to contain or 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.
 - Progressing implementation of residual phases Commissioning Reviews and Cross Cutting Themes.
 - Further implementation of the Social Services Saving Plan through which we have identified mechanisms for bringing down overall costs.
 - On the basis that these are existing agreed actions fully set out in the agreed budget set by Council in March, whilst wholly recognising the ability to progress any of the above have been seriously impacted by Covid 19.

- Continuing the extant spending restrictions which have been agreed as necessary by Corporate Management Team.
- Directors detailed action plans as summarised in their Appendix B commentary.
- The Deputy Chief Executive leading the Recovery Plan implementation as agreed by Cabinet to agree alternative mitigating actions and future steps, taking into account post Covid 19 and Brexit.

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 and shows a net £21.1m of shortfall in service revenue budgets, almost entirely in relation to anticipated costs/loss of income as a result of COVID19 which when combined with a forecast £2.0m shortfall in Council Tax collection leads to a total shortfall of £23.1m. To date, some £4.8m has actually been received from WG in relation to service additional costs/loss of income as per 2.7 above. It is assumed that all the TTP costs will also be recovered and for 2021/22 some additional grant is shown below in the overall summary table of £6m. It is also possible that Council tax losses, or part of them at least, will be met by future WG grant support, but this is yet to be assured. In addition as identified above further mitigation is anticipated from the Apprenticeship/Inflation provision of £3.25m and Contingency fund of £10.5m. Additional WG COVID Loss of Income grant for Quarter 1 has been received post writing the original report and is now reflected in the table below. Taking account all of these mitigations this results in a small net forecast underspend (excluding Council Tax) for the council of some £0.4m. Including council tax losses currently anticipated this results in an overspend of £1.6m

Summary

	£'m
Service Forecast overspend	21.1
Council Tax shortfall	2.0
Less Mitigating	
Assumed TTP/WVCS costs recovered	-6.0
Apprenticeship/Inflation	-3.3
Contingency Fund not utilised	-10.5
Late receipt of WG COVID Loss of Income grant for 1 st Quarter not reflected in 2.3 above.	-3.7
Net underspend forecast	-0.4

NB Further claims for re-imbursement of both expenditure and loss of income will be submitted to Welsh Government in accordance with their relevant announcements and terms and conditions. The Welsh Government is continuing to review eligibility and its own available resources in relation to both additional costs and Loss of Income claims across Wales. Any decision re the nature of and subsequent success or otherwise of any further claims to Welsh Government is unknown at that this stage.

- a. Currently, all revenue grant income from WG in relation to COVID claims for the services, including schools, has been allocated “back” to departments.
- b. Corporate Management Team have reinforced the expectation that both service and overall net expenditure **must** be, as far as practicable, contained within the relevant limits of the current year budget as set by Council, and certainly within any agreed level of tolerance set by Cabinet on the advice of the s151 Officer, recognising the extreme nature of the covid 19 impact.
- c. As previously mentioned, an early forecast as to the potential outturn on corporate items such as Council Tax collection is estimated to result in a shortfall in collection of £2m.
- d. Included in the projected budget for 2021/22 for other corporate items are capital finance charges. At this early stage an underspend variance of £5m is forecast, any underspending or overspending will be transferred at year end to or from the capital equalisation reserve, a strategy previously agreed by Council. This will be reviewed and updated during the year as various capital schemes/programmes progress.
- e. There continue to be risks around general inflationary pay and price pressures this year, including increases to the National Living Wage which will significantly impact contractors to the Council in some service areas. It will also put further pressure on the lower end of the current local government pay spine in future years. There is, as yet, no resolution to the national local government pay award offer (1% budgeted) although the latest offer is in the region of 1.75%. The above budgeted pay offer for teachers, also of 1.75%, is currently wholly unfunded by WG. Whilst all are entirely welcomed from a policy perspective, the Council simply cannot afford to fund them in isolation. Unless additional support is forthcoming from UK and Welsh Governments, savings will have to be made elsewhere to meet such pressures.
- f. Detailed monitoring of budgets will continue and will be reported to the monthly Departmental Performance and Financial Management meetings.
- g. It remains imperative that sustainable, but sensitive in the ongoing unusual circumstances of Covid 19, base budget savings are found to replace in year one off actions to stabilise the 2021-22 budget ahead of the finalisation of the 2022-23 budget round.

5. Capital Budget

5.1 Expenditure to 30th June 2021 is £28.908 million, summarised as follows:

Directorate	Budget 2021/22	Actual to 30/06/21	% spend
	£'000	£'000	
Resources	14,777	94	0.6%
Education	21,571	4,231	19.6%
Social Services	750	238	31.7%
Place (General Fund)	130,957	15,627	11.9%
Place (HRA)	60,009	8,718	14.5%
Total	228,064	28,908	12.7%

Expenditure on major capital schemes is detailed in Appendix C.

It should be noted that the actual spend to 30 June may only have 1 or 2 months costs relating to external invoices. The impact of COVID continues to have an impact on the timing and potential slippage of the original capital programme. Schemes will be reprofiled during the year as the impacts of timing / slippage become known. This will have an impact on the revenue Capital Financing Charges in 2021/22 and future years.

6. Housing Revenue Account

6.1 The economic impact of the Covid pandemic on rent collection rates is being closely monitored. During Quarter 1, collection rates have not been significantly affected however; it is difficult to forecast the longer-term impact. It is too early in the year to forecast the full impact on rent arrears and the budgeted Bad Debt Provision. Revenue repairs expenditure has increased as a result of the back log of repairs from 2020/21 caused by the pandemic and an overspend of £1.5m in 21/22 is forecast. Spend in this area will continue to be closely monitored. In addition, there are currently significant problems procuring materials for both revenue repairs and capital projects. This has led to a sharp increase in materials costs which may impact on the overall cost of delivering the Capital Programme.

7. Legal Issues

7.1 There are no legal issues contained within this report.

8. Integrated Assessment Implications

8.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, 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.
- Deliver better outcomes for those people who experience socio-economic disadvantage
- Consider opportunities for people to use the Welsh language
- Treat the Welsh language no less favourably than English. Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

8.2 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

8.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

8.4 The Revenue budget of the Council was approved following the application of the corporate Equality Impact Assessment (EIA) process throughout the Budget setting process (now replaced by IIA's). It is essential where service levels are affected by changes to the Revenue Budgets (including savings options) that the IIA 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 2021/22

Appendix B – Directors comments on variances and action plans

Appendix C – Expenditure on major Capital Schemes

REVENUE BUDGET PROJECTION QUARTER 1 2021/22

<u>DIRECTORATE</u>	BUDGET 2021/22 £000	PROJECTED 2021/22 £000	VARIATION 2021/22 £000
RESOURCES	55,091	59,564	4,473
PEOPLE - SOCIAL SERVICES	129,494	140,213	10,719
PEOPLE – EDUCATION	188,384	194,289	5,905
PLACE	64,616	64,616	0
<i>NET DIRECTORATE EXPENDITURE</i>	437,585	458,682	21,097
SPECIFIC PROVISION FOR APPRENTICESHIP LEVY/INFLATION	4,250	1,000	-3,250
CONTINGENCY FUND	12,818	2,300	-10,518
<i>Assumed additional TTP grant to cover costs</i>	0	-6,000	-6,000
<i>OTHER ITEMS</i>			
LEVIES			
SWANSEA BAY PORT HEALTH AUTHORITY	88	88	0
CONTRIBUTIONS			
MID & WEST WALES COMBINED FIRE AUTHORITY	14,120	14,120	0
<i>CAPITAL FINANCING CHARGES</i>			
PRINCIPAL REPAYMENTS	16,368	13,868	-2,500
NET INTEREST CHARGES	20,010	17,510	-2,500
<i>NET REVENUE EXPENDITURE</i>	505,239	501,568	-3,671
<i>MOVEMENT IN RESERVES</i>			
GENERAL RESERVES	0	0	0
EARMARKED RESERVES	-16,796	-15,125	1,671
<i>TOTAL BUDGET REQUIREMENT</i>	488,443	486,443	-2,000
DISCRETIONARY RATE RELIEF	418	418	0
<i>TOTAL CITY AND COUNTY OF SWANSEA REQUIREMENT</i>	488,861	486,861	-2,000
COMMUNITY COUNCIL PRECEPTS	1,641	1,641	0
<i>TOTAL REQUIREMENT</i>	590,502	488,502	-2,000
<i>FINANCING OF TOTAL REQUIREMENT</i>			
REVENUE SUPPORT GRANT	269,725	269,725	0
NATIONAL NON-DOMESTIC RATES	82,917	82,917	0
COUNCIL TAX - CITY AND COUNTY OF SWANSEA	136,219	134,219	2,000
COUNCIL TAX - COMMUNITY COUNCILS	1,641	1,641	0
<i>TOTAL FINANCING</i>	490,502	488,502	2,000

Service related COVID19 funding already received from WG IS included above.

Director's comments on budget variances

Director of Resources

The budget position in the first quarter shows the resources directorate underspending in a number of areas. This is mainly due to employee recruitment which has been delayed due to COVID. A recruitment programme is underway. The TTP and WVCS programmes will both recover all costs.

Variance (under -)/over spend	£000	Explanation and Action
COVID-19 Variation:		
Test Trace & Protect Programme (TTP)/Wales Vaccination Certificate Service(WVCS)	6,000	Additional £14m funding has been awarded to the Region of which £6m is the forecast cost for Swansea Council. This forecast is based on the latest position which includes the extension to the WVCS service. The expenditure is expected to be fully recoverable from Welsh Government Grant.
Design Print	250	Loss of trading income which relates mainly to internal recharges to Council departments.
Council Tax Reduction Scheme (CTRS)	-950	The base budget reflects an increase of £2,346k for the year. This has resulted in an underspend based on the caseloads as at the 1st Quarter, however, this may change by the 2 nd Quarter as furlough is about to unwind which may lead to more demand and hence additional costs. There is no guarantee that it is going to be the same position at year end but it does seem to be favourable at the moment.
Net COVID-19 variation	5,300	
Other Variations:		
Net variations	-827	Net Employee, Supplies & Services underspends across the Directorate.
Total Other Variations	-877	
Total Forecast Variation	4,473	

Director of Social Services

Variance	£000s	Explanation and Action
Covid 19 Variation		
Projected Hardship Costs	9,613	<p>This is the current estimated additional cost of actions taken in accordance with Welsh Government guidance around the Hardship Fund. This spend supports the commissioned sector and ensures we are best placed to support the national response to Covid-19.</p> <p>Such actions include</p> <ul style="list-style-type: none">• increasing capacity within the domiciliary care market• participating in a Welsh Government scheme to provide financial support to our private residential providers• providing support to supported living providers• providing additional respite capacity
Projected Income Loss	1,959	<p>This loss of income relates to income that would have been received from citizens and partners were it not for the pandemic. It covers day services, respite services and the Gower Activity Centres.</p>
Hardship Funding Received to date	-97	<p>A first tranche of funding has been received and allocated to the Directorate</p>
Other		
Internal Staffing and Services	-756	<p>Several grants have been received that are able to support the overall financial position. Work to ensure services are designed in a way that enables the Council to access all funding sources continues. The Directorate continues to maintain a rigorous approach to cost management to ensure that our services are sustainable for the future.</p>
Overall Variation	10,719	

Director's Comments

It is again expected that the Council's response to Covid-19 will dominate the financial outlook for the year. Our response is in line with Welsh Government Guidance and has seen significant resource directed at our services. Our alignment of process with Welsh Government guidance ensured we were successful in reclaiming almost all of our additional costs last year and we will continue with this approach this year.

Forecasts for Covid related expenditure and income loss are subject to the progression of the pandemic through the remainder of the financial year and further guidance around the use of the Hardship Fund.

Activity levels in several of the services we commission continue to be lower than they were before the Pandemic. In producing these financial forecasts, we have made assumptions around service activity increasing during the second half of the year. We will monitor these assumptions throughout the year and will revise our financial forecasts when the data support this.

Director of Education

Variance	£000	Explanation and Action
Covid 19 Variations		
Additional direct cost of maintaining provision of lunches / food bags / BACS payments for FSM eligible pupils	2,504	Reflects significant additional food costs, considerably greater coverage of eligible families (with transitional protection), and additional provision over holidays – including Y11 & Y13 costs for Summer Term Finishing
Additional cost of face masks in excess of funding provided by WG	180	Forecasted for Summer Term based on previous year expenditure. £180K per term.
Additional staffing costs over normal contracted hours (catering, cleaning and school support teams)	570	Continuing additional staffing costs of enhanced cleaning. Daytime cleaning regime continues to be required and will continue until WG grant ceases to support this.
Additional hours for teaching assistants outside of term	381	Claims from schools for those staff being paid for additional non-contracted hours
Additional transport, PPE, and utility costs.	80	Claims from Schools for continue for Covid related expenditure
Additional costs of licences to support Chromebooks and continuity of learning for pupils	24	Additional cost over and above core broadband and other IT infrastructure costs and available base budget after MTFP savings
Loss of paid School Meal Income	500	Based on 20/21 Q1 Claim of £790K when schools were closed totally - claims will continue until take up of paid meals can return to pre-Covid levels
Loss of other income such as from school clerking services and penalty notices	12	On the basis of comparison with previous year - Was reimbursed by WG at £6K/quarter last year.
Loss of income to schools for example from school lettings and breakfast and other clubs	706	Reflects detailed analysis of income lost across our maintained schools.
Total Covid 19 variations	4,957	
Non Covid Variations		
Continuing additional costs	335	Considerable increase in those entitled to

of FSM transitional protection		FSM with lockdown and transitional protection will maintain these numbers without any certainty of additional core funding from WG
Loss of additional paid meal income from previously proposed MTFP increased prices (April 20 and Sept 20)	80	£125k loss of income from political decision to remove increase from April and further £80k part year impact as unable to start to consult on an increase in September.
Home to School Transport - further underlying cost pressures and undeliverable savings target relating to creation of additional walking routes, allocated from Place Directorate	280	MTFP reflects robust management action to mitigate scale of demand and cost pressures but underlying pressures continue to grow. The overall shortfall in delivery of the MTFP savings targets transferred to Education would be greater again at £280,000 for 2021-22 and at least £186,550 for 2022-23 and £143,300 thereafter until the third walking route is delivered.
Home to School Transport - Additional cost pressures of additional transport requirements for Education from September 2021.	107	Additional costs for Ysgol Penybryn anticipated from September but savings from Clase bus being taken off. Additional bus needed for Y G Gwyr from September to deal with increased pupil numbers. Additional costs for YGG Tirdeunaw from September anticipated.
Implications of school decisions on SLA buy back on services	25	Reflects existing pressures on areas such as Music Service, as far as possible mitigate by robust management action
One-off additional contribution to Regional Improvement Partnership	28	PYE of ERW additional charge at £28K. Ongoing work with new partnership.
Difference in Teacher's Pay Award. 0.75 of a 1.75% increase is unfunded.	333	Lobbying of Welsh Government for funding to cover the additional percentage element of teachers pay award. Full year impact would be £571K if this is not met going forward.
Other continuing pressures (Primarily Historic Pension Costs, Maternity etc)	300	Will continue to mitigate as far as possible and contain such costs
One-off managed savings with delay to full implementation of new EOTAS model	-300	Further managed savings can be delivered whilst the new EOTAS model cannot be fully implemented
One-off managed savings identified in year in addition to those already reflected in MTFP	-240	Challenging to identify significant further savings in addition to MTFP requirements
Net non-Covid 19 projected overspend	948	Continuing robust management action will seek to identify further savings in addition to MTFP requirements but the remaining projected overspend reflects the scale of externally driven and uncontrollable cost pressures

TOTAL PROJECTED PRESSURES	5,905	Reflects impact of decisions preventing the delivery of current year MTFP savings assumptions and unrecovered additional Covid-19 costs
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The Council response to Covid-19 continues to dominate the financial outlook for the year. The Council's response is in line with Welsh Government Guidance and has required significant resource directed at Education.

Forecasts for Covid related expenditure and income loss are subject to the progression of the pandemic through the remainder of the financial year and further guidance around the use of the Hardship Fund. It is hoped that most costs considered Covid related will be recovered from available WG grant funding but there is clearly a risk that some costs may not be fully reclaimable.

The non-Covid 19 projected overspend is more than accounted for by the impact of WG or local decision which has increased the uncontrollable and statutory cost pressures, prevented the delivery of significant elements of current year MTFP savings assumptions, and incurred unrecoverable additional Covid-19 costs.

There are other areas of identified demand and cost pressures, in spite of the continuing delivery of the Education strategy, but these are anticipated to be partially offset by further one-off managed savings in addition to those already reflected in the MTFP. However, the underlying base budget shortfall facing the Education portfolio budget, potentially at almost £948k, is clearly of concern even though almost £720k directly reflects the full year impact of national or local decisions.

Director of Place

The directorate is currently projecting a "break-even" position for the year ahead based on a number of assumptions. The main factors influencing this is contingency allocated to the directorate coupled with the fact the Welsh Government continue to provide funding for Covid expenditure and loss of income and the assumption is that this will continue for the full year ahead. The totality of these likely costs could be between £10m and £14m which is less than the actual costs for 20/21 but comparable as things start to return to normal. The main concern is the loss of income for core services, which include fees and charges and car park income, which if not fully funded will impact on the overall position significantly

As is the case with any large directorate there are some other "non Covid" projected overspends as is often the case early in the financial year but as in previous years the directorate would seek to achieve a balanced budget for these elements hence the net balanced budget projection.

Appendix C

Capital expenditure on major schemes to 30 June 2021 (where spend greater than £250k)	£000's
Education	
Bishopston Comprehensive School refurbishment	1,126
YG Gwyr extension	308
YGG Tan y Lan new build	668
YGG Tirdeunaw new build	1,814
Place	
City Deal Development Phase 1 (Arena schemes)	9,952
Hafod Copper Powerhouse scheme	839
Wind Street improvements	472
City Centre acquisition	1,823
Corporate Building Services (including schools)	783
Highways carriageway resurfacing including invest to save	451
Fabian Way	1,487
Disability Facility Grants	614
HRA	
HRA capital programme (More Homes schemes)	1,955
Wind and Weatherproofing Tan-y-Coed	352
External Facilities	1,296
Adaptations	360
Boiler and heating upgrades	307
HRA Kitchens & Bathrooms	2,626

Total scheme value where spend greater than £250k

27,233