

Report of the Cabinet Member for Economy, Finance & Strategy

Cabinet – 19 October 2023

Revenue and Capital Budget Monitoring 1st Quarter 2023/24

Purpose:	To report on financial monitoring of the 2023/24 revenue and capital budgets, including the delivery of budget savings.
Policy Framework:	Budget 2023/24. Transformation and Future Council
Consultation:	Cabinet Members, Corporate Management Team, Legal and Access to Services.
Recommendation(s):	It is recommended that Cabinet: 1) Notes the comments and variations, including the heightened material uncertainties, set out in the report and the actions in hand to seek to address these. 2) Approves the virements and the use of the Contingency fund as set out in 3.2 and the Inflation provision as set out in 4.3 subject to any further advice from the S.151 officer during the year. 3) Cabinet reinforces the need for all Directors to continue to minimise service spending in year, recognising that the budget overall is currently balanced only by relying on future likely (but far from wholly assured) reimbursement from Welsh Government, centrally held contingency budgets and reserves. 4) Note the indicative overspend in 6.1 with further actions to be confirmed in subsequent quarters once it is clearer as to the likely final cost of the pay award pending.
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1. Background and Introduction

1.1 This report details forecast variations from the agreed budget for 2023/24.

- 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 2023
 - 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.
- 1.4 The implementation of Oracle Fusion has delayed reporting by one monthly cycle but is now working sufficiently well enough to give assurance to the S151 Officer that the finance and performance reporting process is working in line with previous expectations. The remaining issues are considered not fundamental to the core budget monitoring and reporting on the financial position.
- 1.5 There is also, as members will be aware widescale reporting of financial pressures especially in England. Risks are growing for the whole of local government and whilst the Council has high earmarked reserves, with an equally ambitious set of spending plans to match, it has especially low General Reserves already at the absolute minimum of acceptability to the S.151 Officer. In line with all other councils, it is now rapidly reviewing once again equal pay claims and potential liabilities. At this stage a new pay liability, even if it were proven fully needed (and it is indeed contingent on other events first), could likely be covered by a raft of financial measures available to the S151 Officer to recommend to Cabinet. If ultimately required.

2. Revenue Outturn Forecast Based on 1st Quarter Position

- 2.1 Appendix 'A' to this report details the approved Revenue Budget for 2023/24 and the forecast variation at this time.
- 2.2 Other than projected variations on Directorate expenditure, it is still too soon to confidently forecast final variations that may arise on some significant Corporate items, including the level of Council Tax collection (which posted a small surplus in 2022/23 of £32k). At present, break-even is assumed, but there may be some scope for a repeated surplus given a very prudent (lower) level of collection rate was set for 2023/24.

- 2.3 The overall Directorate position is summarised below:-

DIRECTORATE

	FORECAST VARIATION 2023/24 £000
CORPORATE SERVICES	-281
FINANCE	-744
SOCIAL SERVICES	3,106
EDUCATION	2,950
PLACE	8,446
NET SERVICE EXPENDITURE	13,477

- 2.4 Directors' comments on the above variations are shown at Appendix B.
- 2.5 Within the *Successful and Sustainable Swansea Corporate Transformation Plan*, 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 service overspend for the year of £13.477million but this will ultimately be heavily influenced by the final pay award once resolved.
- 2.7 Services are now operating business as usual but there will be an ongoing impact from Covid for example where income levels have not recovered fully.
- 2.8 Service variations currently assume the existing local government pay offer will be implemented as is at some point (an average 7% pay award but with wide variations between grades). The pay offer from the Employers remains a flat rate £1,925, which was budgeted for, but all recognised Trade Unions are in dispute with national employers and no resolution is in sight. This is considered the minimum likely award with all risk to the upside and it is why residual sums are being held as a hedge against a higher final deal. Vehicle fuel costs are already feeding into reported forecast overspends in some areas (home to school transport and bus services support) and these are reflected where known but remain volatile. Whilst in year energy costs are being closely monitored and assessed to remain afforded within reasonable tolerance of the overall budgets set for the current year, because of material and **one-off** earmarked use of reserves to provide for **one-off** enhanced central inflation budgets, the position remains extremely volatile and challenging for new energy forward purchases and will undoubtedly be a very significant burden on future year base budgets (£millions).
- 2.9 Corporate Management Team has re-enforced the current arrangements for budget monitoring in particular:
- focus on a range of corrective actions;
 - targeted immediate spend minimisation 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 spending especially given pending unfunded substantially higher than expected national pay award

- but recognising that the overall spend pressures are near wholly post-Covid or pay award related and that reserves were bolstered to temporarily assist with such pressures.

2.10 Offsetting opportunities do exist to temporarily ameliorate the currently identified service demand and price pressures as follows.

- £20.330m was set aside mostly **one-off** to meet any significant inflationary increases arising in year, specifically for the increased energy costs. Given the overall financial projection at this stage, it is proposed by the S.151 officer that any residual sum be earmarked as a compensating funding mechanism for likely higher than expected pay awards.
- Use of the Contingency Fund as detailed below.

3. Contingency Fund Provision for 2023/24

3.1 The Contingency Fund budgeted contribution was set at £6.118m contribution for 2023/24 as set out in the budget report approved by Council in March 2023. There was no balance brought forward from 2022/23 as the Contingency Fund was fully utilised, so the total available for use in 2023/24 remains at £6.118m.

3.2 The current potential calls on the Contingency Fund for 2023/24 are:

Contingency Fund 2023/24	2023/24 (£m)
Budgeted contribution for year.	6.118
Funding Agreed deferred specific savings as per Council decision 2 nd March 2023	-0.901
Corporate Services Items -various one off items reflecting known cost pressures (inc. coroners costs, card processing fees) – to be addressed in base in future years	-0.330
Corporate Services - Auditel costs to improve hybrid meeting functionality/stability	-0.027
Corporate Services make good slight shortfall on already agreed Recovery Fund Scheme to support occupational health expansion	-0.018
Potential legal costs – litigations and mitigations	-0.500
Place Services additional costs as per Exempt Cabinet Decisions in year – Regeneration activity	-0.825
Defibrillators - additional roll out	-0.075
Earmarked for as yet unknown final pay costs	-3.442
Balance 31st March 2024	0.0

The above table lists current potential calls on the budgeted Contingency Fund. All (apart from the pay award) 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 2023 the balance of the Restructure Reserve was £2.8m, however on 20th April 2023 Cabinet agreed the use of £2.433m of this for the Workforce and Digital Transformation programmes, leaving a balance of £0.367m to contribute toward ER/VR or other cost risks that may arise in 2023/24. The S.151 officer remains satisfied that this is sufficient for 2023/24 taken in conjunction with the balance 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 either within Services or from existing earmarked reserves.

Based on current forecast the S.151 officer proposes to utilise the current year forecast underspend on the Contingency Fund of up to £3.442m to provide additional mitigation, together with the forecast unused element of the inflation provision of £3.649m (some £7.091m in total) toward the potential unfunded element of the 2023/24 pay issues.

The one-off nature of the funding sources cannot be understated, the excess unbudgeted base costs will impact directly and significantly on the base budget pressures for 2024/25 and do not solve the inflationary pressures, merely defer most of the problem a year.

However, the S.151 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 2023/24, there needs to be continued targeted mitigating action and delivery of savings proposals to help reduce the overall overspend. It looks inevitable as this early stage that some 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 and the enhanced **one-off** central inflation provision. Any inroads to net spending will reduce the necessary draw from reserves and increase the amount of reserves available to carry into 2024/25.
- 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.
- 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 Director of Corporate Services 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 VAT related claims when applicable, there is NO certainty of windfalls from VAT refunds or any other external source being received in the current year.

4. Inflation Provision 2023/24

4.1 The 2023/24 budget includes a provision of £20.330m for both inflation (£19.330m) and the Apprenticeship Levy (£1m). This was increased specifically because of the levels of general inflation forecast for 2023/24 and because of the unprecedented energy price rises.

4.2 The Apprenticeship Levy funding will be wholly needed for the Levy this year, with no underspend available to fund service overspending.

4.3 The current potential calls on the Inflation Provision are as follows:

Inflation Provision 2023/24	2023/24 (£m)
Budgeted contribution for year.	19.330
Social Care Energy Costs	-1.000
Education Home to School Transport Costs	-1.000
Schools Energy Costs	-6.000
Council as Corporate Landlord Energy Costs	-6.000
Community Groups Energy Costs support	-0.250
Freedom Leisure Energy Costs support	-1.021
Wales National Pool Energy costs support	-0.200
Arena Energy Costs support	-0.210
Balance 31st March 2024	3.649

5. Savings Tracker 2023/24

5.1 Since the onset of the COVID pandemic, the service savings built into the annual budget have not been specifically and separately monitored. As the budget has been underspent in each year then the savings have been assumed to be met.

5.2 As the operation of the Council is now back to “business as usual” the monitoring of specific savings has resumed. In line with the monitoring process pre-pandemic, each Director monitors and reports on progress of individual savings. A summary of this progress is attached at Appendix C.

- 5.3 The summary shows that against a savings target of £21.9m, £15.4m or some 70% is forecast to be achieved by the end of the year.
- 5.4 In addition to the list of savings deferred one year at Council in March 2023, any minor previous savings proposed funded temporarily in year from contingency as part of Cabinet budget monitoring reports will be treated as equivalently deferred and removed from the target.

6. Revenue Budget Summary

- 6.1 The position reported above reflects the best-known current position and shows a net £13.477m shortfall in service revenue budgets, where £4.8m relates to energy costs which is currently being provided for within the inflation provision. After taking this into account there is a net shortfall of £8.677m. This is as a result of pressures mainly in the care sector and home to school transport.

Summary

	£'m
Service Forecast overspend	13.477
Additional estimated costs arising from the latest pay issues	7.091
Less Mitigating	
Inflation provision earmarked for energy costs included above	-4.800
Contingency Fund and Inflation provision balances after assumed use, to be utilised for potential pay issues	-7.091
Net overspend forecast	8.677

- a. 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 S.151 Officer.
- b. Included in the projected budget for 2023/24 for other corporate items are capital finance charges. At this stage there is a likely £5m minimum underspend on capital finance charges and any underspending will be transferred at year end to the capital equalisation reserve, a strategy previously agreed by Council. This will be reviewed and updated during the year as emerging capital demands arise (Levelling Up bids etc). The implemented capital financing strategy was formulated to smooth the impact of the implementation of the revised MRP policy whilst also taking advantage of drawing down long-term borrowing at historically low interest.
- c. 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 2023/24 national local government/teachers' pay award (average 7% budgeted). Current

mitigation for the shortfall in funding over this budgeted amount is proposed as utilising the currently un-allocated elements of both the Inflation and Contingency provision.

- d. Detailed monitoring of budgets will continue and will be reported to the monthly Departmental Performance and Financial Management meetings.
- e. It remains imperative that sustainable base budget savings are found to replace in year one off actions to stabilise the 2023/24 budget ahead of the 2024/25 budget round.

6.2 Costs in the delivery and implementation of the Oracle Fusion ICT project estimated arising directly as a result of delays related mostly to the pandemic will need to be funded during 2023/24. The S.151 officer proposes to meet these costs from reserves already established and carried forward. A separate project update report is considered elsewhere on this Cabinet agenda.

7. Capital Budget

7.1 Expenditure to 30th June 2023 is £13.606 million, summarised as follows:

Directorate	Budget 2023/24	Actual to 30/06/23	% Spend
	£'000	£'000	
Corporate Services	2,847	166	5.8%
Finance	0	0	0.0%
Education	6,651	456	6.9%
Social Services	1,287	14	1.1%
Place (General Fund)	94,368	7,122	7.5%
Place (HRA)	50,851	5,848	11.5%
Total	156,004	13,606	8.7%

Expenditure on major capital schemes is detailed in Appendix D.

It should be noted that actual spend to June 2023 is provisional whilst the accounting period remains open.

First quarter expenditure figures are traditionally lower, in comparison to subsequent quarters. As more schemes get underway expenditure tends to increase in subsequent months.

Capital expenditure continues to be subject to the effects of inflationary pressures occurring within the general economy. Schemes and the associated costs remain under constant review with the aim of managing costs within expected budgets. However, material increases above 5% of the cost of a programme are required to be formally approved.

There is an expected impact on the revenue Capital Financing Charges in 2023/24 and future years.

8. Housing Revenue Account

8.1 The HRA has faced significant inflationary pressures over recent years. These pressures continue and have led to the need to increase revenue budgets

significantly for 2023/24. Higher than forecast increases in employee costs, increases in utility costs and in particular increases in materials costs for revenue and capital repairs has meant that there will be less financial resources available to the HRA to fund Capital projects in the medium and longer term.

8.2 The revenue repairs budget for 2023/24 has been increased by £4.4m however there are still significant additional demands on this budget. These include, the back log of repairs following Covid, additional spend on void repairs to speed up relet times because of the Homelessness crisis and the additional repair requirements of the Welsh Government's Renting Homes legislation. This budget will be closely monitored over the course of the year to ensure there is sufficient funding to meet these needs.

8.3 The current economic climate and cost of living crisis, along with Welfare Reform and the continued implementation of Universal Credit are impacting rent collection rates, and it is being closely monitored with measures employed to mitigate these impacts. During this quarter, rent arrears and the number of households in rent arrears have risen and it is projected they will continue to increase throughout this year. It is too early in the year to forecast the full impact on rent arrears and the budgeted Bad Debt Provision.

9. Legal Issues

9.1 There are no legal issues contained within this report.

10. Integrated Assessment Implications

10.1 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.

10.2 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'.

10.3 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.

- 10.4 The Revenue budget of the Council was approved following the application of the corporate Integrated Impact Assessment (IIA) 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 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 2023/24

Appendix B – Directors comments on variances and action plans

Appendix C – Savings Tracker

Appendix D – Expenditure on major Capital Schemes

REVENUE BUDGET PROJECTION QUARTER 1 2023/24

<u>DIRECTORATE</u>	BUDGET 2023/24 £000	PROJECTED 2023/24 £000	VARIATION 2023/24 £000
CORPORATE SERVICES	21,867	21,586	-281
FINANCE	33,738	32,994	-744
SOCIAL SERVICES	157,025	160,131	3,106
EDUCATION	214,453	217,403	2,950
PLACE	68,135	76,581	8,446
<i>NET DIRECTORATE EXPENDITURE</i>	495,218	508,695	13,477
SPECIFIC PROVISION FOR APPRENTICESHIP LEVY/INFLATION	20,330	11,881	-8,449
CONTINGENCY FUND	4,842	1,400	-3,442
<i>Estimated effect of Employers Pay Offer</i>	0	7,091	7,091
OTHER ITEMS			
LEVIES			
SWANSEA BAY PORT HEALTH AUTHORITY	89	89	0
CORPORATE JOINT COMMITTEE	212	212	0
CONTRIBUTIONS			
MID & WEST WALES COMBINED FIRE AUTHORITY	17,122	17,122	0
CAPITAL FINANCING CHARGES			
PRINCIPAL REPAYMENTS	15,574	15,574	0
NET INTEREST CHARGES	23,360	18,360	-5,000
<i>NET REVENUE EXPENDITURE</i>	576,747	580,424	3,677
MOVEMENT IN RESERVES			
GENERAL RESERVES	0	0	0
EARMARKED RESERVES	-17,213	-20,890	-3,677
<i>TOTAL BUDGET REQUIREMENT</i>	559,534	559,534	0
DISCRETIONARY RATE RELIEF	418	418	0
<i>TOTAL CITY AND COUNTY OF SWANSEA REQUIREMENT</i>	559,952	559,952	0
COMMUNITY COUNCIL PRECEPTS	1,829	1,829	0
<i>TOTAL REQUIREMENT</i>	561,781	561,781	0
<i>FINANCING OF TOTAL REQUIREMENT</i>			
REVENUE SUPPORT GRANT	339,280	339,280	0
NATIONAL NON-DOMESTIC RATES	79,002	79,002	0
COUNCIL TAX - CITY AND COUNTY OF SWANSEA	141,670	141,670	0
COUNCIL TAX - COMMUNITY COUNCILS	1,829	1,829	0
<i>TOTAL FINANCING</i>	561,781	561,781	0

Director's comments on budget variances

Director of Corporate Services

The budget position in the first quarter reports that the Corporate Services directorate is forecasting an underspend by the year end.

Variance (under -)/ overspend	£000	Explanation and Action
Director of Corporate Services	-121	Forecast underspend is a result of in-year efficiency measures within the directorate.
Communications and Marketing	-19	Net employee and Supplies and Services underspend across the services.
Digital and Customer Services	-74	Mainly due to a forecasted £250k underspend on ICT contracts, however, this may change by year end as it is dependent on tender negotiations. This is offset by a forecast £196k overspend on provision of business-as-usual support for the Oracle Fusion system.
Human Resources and Organisational Development	5	Compensating under and overspends on Employees and Supplies and Services.
Legal and Democratic Services	-72	Various forecast underspends on employee costs due to vacancies offset by forecast expenditure on external legal costs.
Total Forecast Variation	-281	

Director of Finance

The budget position in the first quarter shows the Finance directorate underspending.

Variance (under -)/ overspend	£000	Explanation and Action
Council Tax Reduction Scheme (CTRS)	-502	Demand led spending which continues to be carefully managed to contain costs. Demand is monitored monthly and is rising month on month and consequently the current year end forecast underspend may yet reduce further during the year.
Other variations	-242	Modest underspending across a range of employee and supplies and services costs.
Total Forecast Variation	-744	

Director of Social Services

Variance (under -)/ overspend	£000	Explanation and Action
Adult Services, Prevention and Tackling Poverty	3,408	£2.6m of these pressures relate to support for those with Mental Health and Learning Disabilities, with £1.8m of this attributable to the cost of external residential care. An overspend of £739k is forecast in respect of Direct Payment costs.
Child & Family Services	-422	A forecast staffing underspend of £1m has been offset by an expected overspend within Independent Placements.
Grants, Commissioning & Partnerships	-91	Underspends forecast in this area are attributable to staffing.
Integrated Services for Older People	318	We are forecasting overspends in respect of the Domiciliary Care and Residential Care that we commission. This is partially offset by forecast underspends for Direct Payments and within our own staffing establishment.
Resources Hub	-107	An underspend on staffing is currently forecast
Total Social Services	3,106	

Director's Comments

We are currently forecasting an overall overspend of £3.1m for the Directorate. The largest area of overspend is Externally Commissioned Care and we have identified pressures across the Directorate that contribute to this in respect of both income and expenditure.

Whilst the overall forecast is that the Directorate will overspend, there are several significant underspends currently forecast with the majority pertaining to staffing. We are conscious of the impact of staffing vacancies and actions to fill vacant posts are a business priority. Current forecasts presume current vacancies will be filled on a timely basis.

We continue to focus on controlling our costs and maximising income from partners and grants. We will seek opportunities to use grant funding to offset core costs where this is allowable.

Director of Education

Variance (under -)/ overspend	£000	Explanation and Action
Vulnerable Learner Service	800	£740k of this overspend relates to Maes Derw/ PRU. This is due to overspends on staff/ agency and transport. There is also a projected overspend of £550k for additional teaching assistant hours at specialist teaching facilities (STFs) in schools to support individual learners. These are partially offset by forecast underspends due to some in-year grants offsetting core budget.
Education Planning and Resources	-1,015	A forecast underspend on maternity/ paternity and pension payments for schools, and also the Schools Meals Service, where income is achieved from the roll out of universal free school meals.
Achievement and Partnership Service	-120	Underspends forecast in this area are largely attributable to staffing and some supplies and services.
School Transport	3,285	We are forecasting overspends in respect of Home to School Transport again (covering all sectors - primary and secondary mainstream, special schools, and additional learning needs (ALN)).
Total Education	2,950	

Director's Comments

The Education Directorate is currently forecasting an overall overspend of £2.95m for the directorate. However, we will try to mitigate this by year end. The largest area of overspend is school transport with a predicted overspend of £3.3m, and this is mainly due to increases in fuel and contract prices. There has also been a steady increase in demand where ALN is concerned; pupils are placed into the most suitable setting based on their needs, which may be a distance from home, meaning transport costs are higher. We are in the process of reviewing our STF provision which should provide more local provision for learners. There are also a few savings targets for walking routes which require support and assessment from other service areas, that are taking longer than planned to consider.

The Vulnerable Learner Service and Pupil Referral Unit (PRU) is also predicting an overspend of £800k. This is largely due to the use of agency staff and transport of pupils. Overspending is being monitored and where appropriate changes made, namely, taking on temporary/fixed term staff to reduce agency costs. A review of the PRU provision is also underway, following a report to Cabinet in June 2023.

Whilst the overall forecast is that the directorate will overspend, this will be offset by several significant underspends in our forecast. Maternity/paternity and pensions for schools is volatile, and by the next quarter we will have a better understanding of demand and will have reduced expenditure which will be used to offset the predicted overspend. This supports the MTFP where £600k of savings have been allocated to these cost centres. We continue to focus on controlling our costs and maximising income from grants and will continue to use grant funding to offset core costs where this is allowable.

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 largely 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, especially in relation to school transport, is a significant concern.

Director of Place

Variance (under -)/over spend	£000	Explanation and Action
Culture, Tourism, Sport & Leisure	280	National Waterfront Museum historic and inflationary pressures.
Housing and Public Protection	243	Due primarily to spend and income pressures in Cemeteries & Cremations. Mitigating measures elsewhere will improve year end position.
Economic Regeneration and Planning	220	Due primarily to lower Planning fee income and Swansea Market overspend. Some mitigation before year end but not in full.
Highways and Transportation	600	Operational and income pressures.
Waste Management, Parks and Neighbourhood Working	3,853	Historic and predicted pressure - unfunded agency pay award, increased plastic collection costs, increased fleet maintenance costs, increases in diesel costs. Spend mitigation measures in place but will not recover year end position.
Corporate Building Services	0	Break even predicted.
Corporate Property Services	3,250	£3,800k overspend on utilities (to be funded from central inflation as a temporary 'one-off') offset by additional income (£250k) and predicted NNDR underspend (£300k).
Total Forecast Variation	8,446	

Director's Comments

The Directorate is currently projecting a £8.446m overspend for the year ahead. This overspend is expected to reduce to £4.646m following a temporary 'one-off' virement from the central inflation reserve to offset spending pressures arising from increased utility costs. In addition, a number of significant budget pressures are noted and there will be use of budgeted contingency allocated to the Directorate in response to the ending of Welsh Government funding for loss of income and other impacts that continue in the period of recovery post Covid. The aim for the next 3 quarters will be to mitigate any Directorate overspends identified and minimise the call on contingency. Whilst income is recovering in some key areas, the rate of recovery remains slow and is impacting a range of services, fees and charges. Recovery of car park income is a significant unknown and remains supported in year by the Economic Recovery Fund, this key area of income will continue to be monitored closely. In addition, inflationary pressures continue to be experienced across all areas of the Directorate and we are mindful of possible implications from the annual pay award currently being negotiated nationally.

As is the case with any large directorate there are some other non-income related projected overspends, including costs associated with rising price of utilities, but as above and, whilst it can by no means be guaranteed, a net balanced budget remains the aim.

Overall Summary of Savings Achievement

Directorate	Savings TARGETS 2023/24 £'000					Total TARGET 2023/24 £'000
	Black	Red	Amber	Green	Blue	
Corporate Services	228	43	98	161	2,293	2,823
Finance (Including Council Tax Reduction Scheme)	0	185	1,491	104	530	2,310
Social Services (Including Poverty & Prevention)	0	650	350	2,550	2,550	6,100
Education	0	221	120	980	650	1,971
Place	733	690	1,087	2,565	3,630	8,705
Total	961	1,789	3,146	6,360	9,653	21,909
	Savings DELIVERY 2023/24 £'000					
	Black	Red	Amber	Green	Blue	Total DELIVERY 2023/24 £'000
Corporate Services	0	0	50	135	2,293	2,478
Finance (Including Council Tax Reduction Scheme)	0	0	1,356	104	530	1,990
Social Services (Including Poverty & Prevention)	0	0	200	2,550	2,550	5,300
Education	0	0	0	980	650	1,630
Place	0	0	0	398	3,630	4,028
Total	0	0	1,606	4,167	9,653	15,426
Overall Percentage Achieved	0%	0%	51%	66%	100%	70%

Appendix D

Capital expenditure on major schemes to 30 June 2023 (where spend greater than £250k)	£000's
Place	
City Deal - 71-72 Kingsway Offices	2,077
Palace Theatre Redevelopment	846
Cefn Hengoed Community Hub	371
Corporate Building Services (Including Schools)	886
Disability Facility Grants	625
Highways & Transport Vehicle Replacement	400
Seawall Repairs Mumbles	1,975
Landfill Gas Engine Replacement	329
HRA	
HRA Capital Programme (More Homes Schemes)	1,533
Wind and Weatherproofing	1,532
External Facilities	608
Adaptations	618
HRA Kitchens & Bathrooms	608

Total scheme value where spend greater than £250k

12,408