



Report of the Cabinet Member for Economy, Finance & Strategy

Cabinet – 15 February 2024

Revenue and Capital Budget Monitoring 3rd 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 Services and Access to Services.
Recommendation(s):	It is recommended that Cabinet: <ol style="list-style-type: none">1) Notes the comments and variations, including the continued material uncertainties around the equal pay provision, set out in the report and the actions in hand to seek to address these.2) Approves the updated 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) Reinforces the need for all Directors to continue to minimise service spending in year, providing clear recovery plans where they are overspending, recognising that the budget overall is currently balanced only by relying on future (but far from wholly assured) reimbursement from Welsh Government, centrally held contingency budgets and increasingly more than ideal levels of earmarked reserves.4) Recognises that directorate cost overspends must be absolutely minimised, through recovery plans in current year by targeted recovery action with a clear expectation of 'tough' rebasing choices to achieve a balanced budget for the 2024/25 budget round.5) Note the indicative overspend in 6.1 with further actions to be confirmed at outturn once it is clearer as to the likely final cost of the equal pay award provision.
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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 delayed Quarter 1 reporting by one monthly cycle but the system is working sufficiently well enough to give assurance to the S.151 Officer that the finance and performance reporting process is working in line with previous expectations and timescales in year. The remaining issues are considered not fundamental to the core budget monitoring and reporting on the financial position in year but those issues are of growing and of greater concern as to impeding accuracy as we get to new system first year end closure.
- 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. Any ongoing overspend in current year will have potential base consequences for next year.

2. Revenue Outturn Forecast Based on 3rd 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	-87
FINANCE	-1,125
SOCIAL SERVICES	1,368
EDUCATION	-1,900
PLACE	3,251
NET SERVICE EXPENDITURE	1,507

- 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 £1.507 million.
- 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 include the final local government pay offer which was implemented in November. The pay offer from the Employers remained a flat rate £1,925, which was fully budgeted for. 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,
 - strict 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**,
 - 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,

- to agree credible recovery plans where there is current overspending and for these to be shared and agreed with the Chief Executive and S.151 Officer for assurance purposes,
- whilst recognising that the overall spend pressures are near wholly post-Covid, inflation or pay award and now pay risk related and that reserves were bolstered to temporarily assist with some such pressures.

2.10 Offsetting opportunities do exist to temporarily ameliorate some of 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 part of the new equal pay provision.
- 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	-0.825
Defibrillators – additional roll out	-0.075
EMS vehicle costs	-0.005
Car Parks extended offer on pricing tariffs	-0.850
Contribution to one-off Insurance shortfall	-0.013
Part contribution for new Equal Pay Provision	-2.574
Balance 31st March 2024	0.0

The above table lists current potential calls on the budgeted Contingency Fund. All 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, including equal pay risks.

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 £2.574m to provide additional mitigation, together with the forecast unused element of the inflation provision of £3.649m (some £6.223m in total) toward the potential equal pay risk provision.

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 (Including Street Lighting)	-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, £17.2m or some 79% 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 £1.507m shortfall in service revenue budgets. This is as a result of pressures mainly in the care sector, home to school transport and waste management.

Summary

	£'m
Service Forecast overspend	1.507
Estimated equal pay provision	15.000
Less Mitigating	
Inflation provision earmarked for estimated equal pay provision	-3.649
Contingency Fund earmarked for estimated equal pay provision	-2.574
Capital financing underspend exceptionally not added to Capital Equalisation Reserve	-7.000
Net overspend forecast, currently met by additional draws from reserves	3.284

- a. Corporate Management Team have reinforced the expectation that both service and overall net expenditure **must** be, 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 £7m minimum underspend on capital finance charges and any underspending here will

now be required to help fund the equal pay provision and thus will **exceptionally not** be available to add to the Capital equalisation Reserve this year. This will be reviewed and updated during the year as emerging capital demands and equally slippage arise. 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 and for future years, including increases to the National Living Wage which will significantly impact contractors to the Council in some service areas next year. It will also put further pressure on the lower end of the current local government pay spine in future years. There is finally resolution to the 2023/24 national local government/teachers' pay awards, but attention will already be turning to next year's pay negotiations which will continue to be dominated by affordability issues on one hand with persisting, albeit likely falling, inflation and the impact of the rise in the Real Living Wage.
- 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.

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 are needing to be funded during 2023/24. The S.151 Officer proposed to meet these costs from reserves already established and already carried forward. A separate project update report was considered at Cabinet in October 2023.

7. Capital Budget

7.1 Expenditure to 31st December 2023 is £80.347 million, summarised as follows:

Directorate	Budget 2023/24	Actual to 31/12/23	% Spend
	£'000	£'000	
Corporate Services	3,673	298	8.1%
Finance (contingency)	985	0	0.0%
Education	10,048	2,948	29.3%
Social Services	1,767	611	34.6%
Place (General Fund)	130,563	52,410	40.1%
Place (HRA)	47,728	24,080	50.5%
Total	194,764	80,347	41.3%

Third quarter expenditure figures remain low; however, this is expected to pick up for the remainder of the financial year. The general impact of inflation remains pervasive across the wider economy and continues to have an impact on all capital projects. This is under constant review with any increases in cost greater than 5% requiring formal approval.

The 2023/24 budget figures have been subject to a reprofiling exercise which is reflected in the figures above.

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.

8.2 Revenue repairs spend has been monitored and it is forecast that there will be a planned overspend of £1.9m for day-to-day repairs as a result of higher than anticipated building inflation and dealing with the backlog of repairs due to Covid. In addition, repairs to void properties is forecast to overspend by £2m as additional resources in the form of a new contractors has been sourced. Again, this has been done in a planned way in an attempt to reduce the number of void properties and increase the numbers of properties available to let in response to high demand for housing. A further overspend of £760k is forecast for electrical repairs mainly due to the decreased period for electrical testing which was introduced in the Renting Homes legislation. The above overspends have been partly offset by forecast underspends on Gas Servicing, Repairs Prior to Painting and Grounds Maintenance.

8.3 The above anticipated overspends will be offset by a reduction in the Revenue Contribution to Capital (RCCO) transfer of £12.0m and a reduction in borrowing costs of £0.636m as a result of slippage in the Capital Programme together with an underspend on employee costs of £0.37m due to higher than anticipated vacancies.

8.4 Rent arrears have been closely monitored and are anticipated to increase by the end of the financial year due to the impacts of the cost-of-living crisis and energy bill increases. However, these increases have been budgeted for and the current level of Bad Debt Provision is anticipated to be sufficient.

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

Appendix A

REVENUE BUDGET PROJECTION QUARTER 3 2023/24

<u>DIRECTORATE</u>	BUDGET 2023/24 £000	PROJECTED 2023/24 £000	VARIATION 2023/24 £000
CORPORATE SERVICES	21,884	21,797	-87
FINANCE	33,738	32,613	-1,125
SOCIAL SERVICES	160,393	161,761	1,368
EDUCATION	222,052	220,152	-1,900
PLACE	79,047	82,298	3,251
<i>NET DIRECTORATE EXPENDITURE</i>	517,114	518,621	1,507
SPECIFIC PROVISION FOR APPRENTICESHIP LEVY/INFLATION	6,751	3,102	-3,649
CONTINGENCY FUND	4,764	2,190	-2,574
<i>Estimated Equal Pay Provision</i>	0	15,000	15,000
<i>OTHER ITEMS</i>			
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
<i>CAPITAL FINANCING CHARGES</i>			
PRINCIPAL REPAYMENTS	15,574	15,574	0
NET INTEREST CHARGES	23,360	16,360	-7,000
<i>NET REVENUE EXPENDITURE</i>	584,986	588,270	3,284
<i>MOVEMENT IN RESERVES</i>			
GENERAL RESERVES	0	0	0
EARMARKED RESERVES	-25,452	-28,736	-3,284
<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 third quarter reports that the Corporate Services directorate is forecasting an underspend of £87,000 by the year end.

Variance (under -)/over spend	£000	Explanation and Action
Director of Corporate Services	0	Underspend as a result of efficiency measures within the directorate, which will be used to help offset the forecast overspend in HR&OD.
Communications and Marketing	-140	Net employee and Supplies and Services underspend across the services
Digital and Customer Services	0	Various compensating under/over spends relating to staff costs, contracts and licenses, but overall forecasting break even by year end.
Human Resources and Organisational Development	93	Overspend forecast due to unfunded card transaction fee costs and income and SLA shortfall. Underspend in directorate used to partially offset.
Legal and Democratic Services	-40	Various compensating under/over spends relating to staff costs and external legal fees.
Total Forecast Variation	-87	

Director of Finance

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

Variance (under -)/over spend	£000	Explanation and Action
Council Tax Reduction Scheme (CTRS)	-387	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	-738	Underspending across a range of employee and supplies and services costs.
Total Forecast Variation	-1,125	

Director of Social Services

Variance (under -)/ overspend	£000	Explanation and Action
Adult Services, Prevention and Tackling Poverty	637	<p>There are £2.2m of pressures in respect of support for those with Mental Health and Learning Disabilities, with £1.1m of this attributable to the cost of external residential care.</p> <p>A overspend of £909k is forecast in respect of Direct Payment costs.</p> <p>These pressures are offset by an income and vacancy driven underspend of £1.5m within our Direct Service Provision</p>
Child & Family Services	-1,314	We have significant overspends forecast in respect of both commissioned and in house residential care. These have been offset by staffing underspends driven by a combination of vacancies and grant income.
Grants, Commissioning & Partnerships	-404	Underspends forecast in this area are attributable to staffing and grant income.
Integrated Services for Older People	2,379	<p>We are forecasting overspends in respect of the Domiciliary Care and Residential Care that we commission. The largest overspend is £1.3m in respect of Domiciliary Care, where activity levels have continued to increase throughout the year. An overspend of £310k is forecast for Older People's Residential Care. This is due to a combination of increased activity levels and a reduction in deferred income.</p> <p>The above overspends are partially offset by forecast underspends our own staffing establishment.</p>
Resources Hub	70	This overspend relates to staffing costs.
Total Social Services	1,368	

Director's Comments

We are currently forecasting an overall overspend of £1.4m for the Directorate. The largest area of overspend remains our Externally Commissioned Care, where the quarter has seen a notable growth in the number of placements and care packages we support. We have also noted a downturn in client income. This has been most significant in respect of deferred income for residential care where income for the third quarter was less than half that received in the first.

Whilst the current 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.

I have shared my recovery plan with the relevant Cabinet Members, the Chief Executive and the Director of Finance who are assured the Directorate are taking all necessary and reasonable steps to conserve spend and maximise partner contributions. We have also used our reserves to support the in year financial position. The use of reserves has been targeted at areas where one off pressures have been encountered to balance the need to live within our budget whilst ensuring prioritised care needs are met.

Director of Education

Variance (under -)/ overspend	£000	Explanation and Action
Vulnerable Learner Service	900	<p>£200k of this overspend relates to Maes Derw/PRU. This is due to overspends on staff/agency and transport along with an unachievable savings target. The position has improved since the last quarter due to the receipt of an unexpected grant.</p> <p>There is also a projected overspend of £160k relating to transport costs for independent placements and up to £100k overspend on Education Psychology.</p> <p>These are partially offset for the service area by forecast underspends due to in-year grants offsetting core budget.</p>
Education Planning and Resources	-5,100	<p>This is from a forecast underspend on primary and secondary school maternity and pension payments due to changes in legislation and practice, and also increased income for the School Meals Service following a recent uplift in the grant rate for Universal Free School Meals that has been backdated to April 2023 (£1m) .</p>

Achievement and Partnership Service	-150	Underspends forecast in this area are largely attributable to staffing and some supplies and services.
School Transport	2,450	We are forecasting overspends again in respect of School Transport. This is primary and secondary mainstream, special schools, and also additional learning needs (ALN). £1m has been funded from the central inflation provision to offset increasing costs, otherwise this overspend would be in the region of £3.5m.
Total Education	-1,900	

Director's Comments

The Education Directorate forecasts an overall underspend of £1.9m due to careful planning, one off savings, unexpected grant and utilising grants in year to offset core costs.

School Transport is predicted to overspend by £2.5m, due to increases in fuel and contract prices. Indexation was finalised and agreed at 4.95%, which was higher than expected and why the position has worsened since the last quarter. There has also been a steady increase in demand, particularly for learners with additional needs. There are also savings targets for walking routes which are taking longer to implement and be achieved.

The Vulnerable Learning Service and Pupil Referral Unit (PRU) is also predicting an overspend of £900k. This is due to the use of agency staff and transport of pupils. This is being monitored and where appropriate changes made, for example, grants being used to offset core budget and the appointment of staff on temporary contracts instead of agency staff. The Education Psychology Service is overspent due to necessary supply/locum costs. However, again due to the use of a grant, the position has improved since the last quarter.

There are several significant underspends currently forecast which has enabled the Directorate to offset the overspends outlined above and achieve an underspend by saving core budget. We have been actively controlling costs and maximising income from grants and will continue to use grant funding to offset core costs where this is allowable. Currently, maternity and pensions paid to primary and secondary school staff has been less than previous years due to changes in national policy on shared parental leave and pay. This has been recognised in reductions in the MTFP.

While the overall position has improved significantly since last quarter, this is due to unexpected additional one-off grants, including a revised rate for universal free school meals that has been backdated to April 2023. This has covered the pressure that was included in the budget planning for this year and along with other underspends including salary costs not as high as expected and lower food costs, has improved the budget to approximately £1m.

Director of Place

Variance (under -)/over spend	£000	Explanation and Action
Culture, Tourism, Sport & Leisure	0	Break even predicted.
Housing and Public Protection	1,368	Due primarily to spend and income pressures in Public Health including Cemeteries & Cremations. Mitigating measures elsewhere will improve year end position but this figure does not include Homelessness pressures which, if not funded by WG grant, will mean use of reserve is needed to offset.
Economic Regeneration and Planning	640	Due primarily to lower Planning fee income and Swansea Market overspend. Some mitigation before year end but not in full.
Highways and Transportation	-558	Overachieved income and employee underspends offsetting operational pressures.
Waste Management, Parks and Neighbourhood Working	3,026	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	-1,225	NNDR reimbursement (£1,100k) and additional rental income (£125k).
Total Forecast Variation	3,251	

Director's Comments

The Directorate is currently projecting a £3.251m overspend for the current year. This overspend is after a £5.674m 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 quarter will be to implement the budget recovery plan 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 at a time where budget pressures and operational costs are rising. This will continue to be monitored closely but, because of the prevailing economic conditions, is unlikely to return to pre-pandemic levels in the short to medium term meaning further efficiencies will continue to be required. Car park income is a significant unknown and remains supported in year by the

Economic Recovery Fund. In addition, inflationary pressures continue to be experienced across all areas of the Directorate.

Budget pressures around homelessness are a significant ongoing concern. Temporary accommodation costs were largely met by WG grant during the pandemic. This subsidy is now reducing. Alternative temporary accommodation strategies are being developed but demand for housing remains at unprecedented levels and numbers of homeless presentations continue to rise. One off use of homelessness reserve may be needed to balance in year position. This will then restrict development of future cost mitigation measures.

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	13	98	100	2,384	2,823
Finance (Including Council Tax Reduction Scheme)	0	0	320	1,460	530	2,310
Social Services (Including Poverty & Prevention)	0	650	0	2,900	2,550	6,100
Education	0	341	0	980	650	1,971
Place	733	340	974	2,743	3,915	8,705
Total	961	1,344	1,392	8,183	10,029	21,909
	Savings DELIVERY 2023/24 £'000					
	Black	Red	Amber	Green	Blue	Total DELIVERY 2023/24 £'000
Corporate Services	0	0	50	100	2,358	2,508
Finance (Including Council Tax Reduction Scheme)	0	0	305	1,460	530	2,295
Social Services (Including Poverty & Prevention)	0	0	0	2,750	2,550	5,300
Education	0	0	0	980	650	1,630
Place	0	0	275	1,292	3,915	5,482
Total	0	0	630	6,582	10,003	17,215
Overall Percentage Achieved	0%	0%	45%	80%	100%	79%

Appendix D

Capital expenditure on major schemes to 31 December 2023 (where spend greater than £250k)	£000's
Education	
3G Pitch Olchfa Comprehensive	1,228
Free School Meals Scheme - Infrastructure / Equipment	906
Social Services	
Residential Care Settings	332
Place	
City Deal - 71-72 Kingsway Offices	15,895
City Deal - Arena	999
Hafod Copperworks Powerhouse Redevelopment	392
LUF - Lower Swansea Valley	1,668
Palace Theatre Redevelopment	3,720
Acquisition of Black Boy Public House	389
Cefn Hengoed Community Hub	2,510
Corporate Building Services (Including Schools)	6,051
Disability Facility Grants	3,519
Mini Adaptation Grants	410
Highways Carriageway Resurfacing	3,858
Highways Footways	519
Highways Drainage Works	664
Highways & Transport Vehicle Replacement	400
Seawall Repairs Mumbles	5,020
Landfill Gas Engine Replacement	329
Playground Works	763
Parks Machinery Replacement	273
St Helens Road Upgrade	290
ERF 3 rd Party Schemes	476
Redevelopment of former BHS Building (Y Storfa)	1,579

Capital expenditure on major schemes to 31 December 2023 (where spend greater than £250k)	£000's
HRA	
HRA Capital Programme (More Homes Schemes)	5,132
Wind and Weatherproofing	6,681
External Facilities	3,642
Adaptations	2,058
Electric Rewiring	607
Chimney Repairs	554
Fire and Other Safety Measures	1,406
Boiler and Heating Upgrades	606
HRA Kitchens & Bathrooms	2,668

Total value where spend is greater than £250k

75,544