



Report of the Cabinet Member for Economy, Finance & Strategy

Cabinet – 19 September 2024

Revenue and Capital Budget Monitoring 1st Quarter 2024/25

Purpose:	To report on financial monitoring of the 2024/25 revenue and capital budgets, including the delivery of budget savings.
Policy Framework:	Budget 2024/25. Transformation and Future Council
Consultation:	Finance, Legal, 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) 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) Notes 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 2024/25.
- 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 2024
 - 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 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, despite being recently increased.

2. Revenue Outturn Forecast Based on 1st Quarter Position

- 2.1 Appendix 'A' to this report details the approved Revenue Budget for 2024/25 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 surplus in 2023/24 of £2.5m). Therefore in 2024/25 the Council Tax collection rate was significantly increased. At present, break-even is assumed as it is too early to confidently predict any significant variance.
- 2.3 The overall Directorate position is summarised below:-

<u>DIRECTORATE</u>	FORECAST VARIATION 2024/25 £000
CORPORATE SERVICES	-53
FINANCE	-113
SOCIAL SERVICES	7,396
EDUCATION	329
PLACE	4,209
<u>NET SERVICE EXPENDITURE</u>	11,768

- 2.4 Directors' comments on the above variations are shown at Appendix B.
- 2.5 Within the *Successful and Sustainable 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 £11.768 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 currently assume the existing local government pay offer will be implemented as is at some point (an average 4.03% pay award but with wide variations between grades). The pay offer from the Employers remains a flat rate £1,290. 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 (5% budgeted for) are being held as a hedge against a higher final deal. A teachers pay offer recommendation has not been made for Wales yet, though 5.5% is recommended by relevant pay review bodies for England. Teachers' pension grant from Welsh Government to offset actuarially imposed UK wide additional pension costs (potentially up to £6m) from 1 April 2024 is still awaited more than 5 months after the costs started being incurred by Council and are explicitly assumed to be honoured in full as set out in original announcements by UK government. 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 the position remains challenging for new energy forward purchases for both council budgets and school delegated budgets.
- 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 Council 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 and unfunded national pay awards, latent demand pressures and embedded inflation costs,
 - which may result in some Cabinet directed temporary tolerance of targeted overspends as long as there are equally agreed mitigating actions elsewhere.
- 2.10 Offsetting opportunities do exist to temporarily ameliorate the currently identified service demand and price pressures as follows.

- £10.189m was set aside mostly **one-off** to meet any significant inflationary increases arising in year, specifically for continued risks on energy costs, transport costs and unresolved national pay awards. 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 2024/25

3.1 The Contingency Fund budgeted contribution was set at £3.590m contribution for 2024/25 as set out in the budget report approved by Council in March 2024. There was a balance brought forward from 2023/24 of £12.421m, so the total available for use in 2024/25 is £16.011m.

3.2 The current potential calls on the Contingency Fund for 2024/25 are:

Contingency Fund 2024/25	2024/25 (£m)
Budgeted contribution for year (will show as nil spend and thus offsetting underspend)	3.590
Brought forward balance from 2023/24 (will need to be shown as an additional draw form earmarked reserves)	12.421
Agreed/Actioned already	
Occupational health enhanced support (extension) and health and safety actions and legal risks (statutory compliance matters)	-0.135
Extend holiday hunger schemes (time critical extension of existing scheme)	-0.150
Revised budget (per appendix A)	15.726
Routine calls on fund:	
FPR7 May 2024 Highways – revenue contribution	-0.600
Held back for ERVR costs funded centrally at year end (initial provisional sum)	-1.500
Place Services additional temporary costs as per Exempt Cabinet Decisions in prior year – regeneration activity (extension of last year)	-0.500
Potential legal costs – litigations and mitigations (extension of last year)	-0.500
Underwrite for cleaning and maintenance of war memorials (under £75k)	-0.050
Schools at risk interventions underwrite (explicit risk added to budget setting with ending of education budget for same - exceptional and individual schools under £75k each)	-0.150
Welsh language grant temporary underwrite to access reimbursed funds early (under £75k)	-0.074

Payroll – temporary additional resource to clear interface with pension fund – legal obligations to comply with (under £75k)	-0.067
New material risks requiring intervention	
Permitted temporary overspending underwrite in social services – cabinet decision pending (intention pre-announced)	-6.000
Overspending on homelessness – demand surge and need to pre block book accommodation – cabinet decision proposed on S151 officer advice to underwrite	-2.000
Potential shortfall of 15% in teachers’ pension grant costs (awaiting award from WG)	-0.775
New investment previously announced at Cabinet and actioned by officers	
Extend holiday bus schemes (time critical extension of existing scheme)	-0.200
Xmas lights (under £75k)	-0.050
Active travel equipment (Under £75k)	-0.060
New investment requiring formal cabinet decisions:	
FPR7 on this agenda – parks paths – revenue contribution	-0.200
FPR7 on this agenda – highways – revenue contribution	-1.000
FPR7 on this agenda – skate parks – revenue contribution	-1.000
FPR7 on this agenda – community investment fund – revenue contribution	-1.000
Balance 31st March 2025	0

The above table lists current known and potential calls on the budgeted Contingency Fund. All are anticipated to be one off funding only even if costs may recur as those will need to be addressed as part of future budget setting considerations. 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.

Any ER/VR costs 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 Contingency funding identified above.

Based on current forecast the S.151 officer proposes to utilise the current year forecast underspend on the Contingency Fund of up to £0.775m to provide mitigation against risks of teacher pension grant shortfalls (difference between estimated cost and likely grant to be received- yet to be confirmed by Welsh Government).

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 2025/26 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 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 2024/25, 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 material draws from contingency and some 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 2025/26.
- 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 Transformation Programme as agreed by Cabinet to help achieve alternative mitigating actions and future steps.
- 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 2024/25

- 4.1 The 2024/25 budget includes a provision of £10.189m for both inflation (£9.089m) and the Apprenticeship Levy (£1.1m). This was reduced specifically because of the lower levels of general inflation forecast for 2024/25 and the slowing 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 2024/25	2024/25 (£m)
Budgeted contribution for year.	9.089
Home to School Transport Costs – permanent release on virement from Education to Place	-3.300
Balance 31st March 2024	5.789

Note to achieve the full virement of home to school transport services from education to place will require a base transfer between the two directorates of £10.541m (budget as set) and the release of the additional £3.300m by way of virement to Place making the total base transfer to Place £13.841m. For the avoidance of doubt, Recommendation 2 gives full effect to this major virement.

5. Savings Tracker 2024/25

- 5.1 With the onset of the COVID pandemic, the service savings built into the annual budget were not 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 fully 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 £12.7m, £8.2m or some 65% is forecast to be achieved by the end of the year.

6. Revenue Budget Summary

- 6.1 The position reported above reflects the best-known current position and shows a net £11.768m shortfall in service revenue budgets, where £7.4m relates to social care costs and £2.0m to Homelessness of which £6.0m and £2.0m respectively will be covered from the Contingency Fund. After taking this into account there is a net shortfall of £3.768m. This is as a result of pressures mainly in home to school transport, which will be covered by a transfer from the Inflation provision.

Summary

	£'m
Service Forecast overspend	11.768
Less Mitigating	0
Social Care transfer from Contingency	-6.000
Homelessness transfer from Contingency	-2.000
Home to School Transport transfer from Inflation provision	-3.300
Net overspend forecast	0.468

- 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 2024/25 for other corporate items are capital finance charges. Due to the timing of the Capital Financing Strategy the budget was reduced by £2m for 2024/25 so at this stage there is a likely £7m 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 and although we are forecasting an underspend, we will not repeat the level of underspend in 2023/24. The level of underspend will depend on the speed of delivery of the capital programme, the degree of additional draw down of cash, whether our lenders call any of our lender option borrower option loans and how far and fast base rates fall. 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 2024/25 national local government/teachers' pay award (average 5% budgeted) nor teachers' pension grant funding. 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 2024/25 budget ahead of the 2025/26 budget round.

7. Capital Budget

7.1 Expenditure to 30th June 2024 is £26.099 million, summarised as follows:

Directorate	Budget 2024/25	Actual to 30/06/24	% Spend
	£'000	£'000	
Corporate Services	4,302	65	1.5%
Finance	0	0	0.0%
Education	5,687	647	11.4%
Social Services	1,560	61	3.9%
Place (General Fund)	102,129	15,912	15.6%
Place (HRA)	55,059	9,414	17.1%
Total	168,737	26,099	15.5%

Expenditure on major capital schemes is detailed in Appendix D.

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 2024/25 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 again for 24/25. Increases in material and labour costs for revenue and capital repairs has meant that there will be fewer financial resources available to the HRA to fund capital projects in the medium to long term.
- 8.2 The revenue repairs budget for 24/25 has been increased by £2m however there are still significant additional demands on this budget. Work is currently underway to establish the reason for this but the number and demand for repairs are increasing compared to previous years. The main cause of concern is day to day repairs with CBS continuing to catch up on the backlog of repairs. This budget will be closely monitored over the course of the year to ensure that mitigating action is taken to contain any overspend within current budgets. A working group has been formed with officers from Housing and CBS to look at a comprehensive review of how the revenue repairs housing service is being delivered. If spend and demand continue at the current rate it is projected that all repairs could be as much as £5m overspent if no action is taken. This rate of rise is not sustainable and will require mitigating actions to contain. This could include changes to repairs policy and / or reduction in the capital programme.

8.3 Disrepair claims are also a cause for concern with an influx of claims received in the first quarter of the year. There will be an overspend on the budget, but resources are being allocated to try and alleviate the pressure.

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 2024/25

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 2024/25

<u>DIRECTORATE</u>	BUDGET 2024/25 £000	PROJECTED 2024/25 £000	VARIATION 2024/25 £000
CORPORATE SERVICES	22,805	22,752	-53
FINANCE	35,088	34,975	-113
SOCIAL SERVICES	171,515	178,911	7,396
EDUCATION	227,069	227,398	329
PLACE	74,694	78,903	4,209
<i>NET DIRECTORATE EXPENDITURE</i>	531,171	542,939	11,768
SPECIFIC PROVISION FOR APPRENTICESHIP LEVY/INFLATION	10,189	1,100	-9,089
CONTINGENCY FUND	15,726	7,726	-8,000
<i>OTHER ITEMS</i>			
LEVIES			
SWANSEA BAY PORT HEALTH AUTHORITY	84	84	0
CORPORATE JOINT COMMITTEE	191	191	0
CONTRIBUTIONS			
MID & WEST WALES COMBINED FIRE AUTHORITY	18,330	18,330	0
<i>CAPITAL FINANCING CHARGES</i>			
PRINCIPAL REPAYMENTS	15,574	15,574	0
NET INTEREST CHARGES	21,320	14,320	-7,000
<i>NET REVENUE EXPENDITURE</i>	612,585	600,264	-12,321
<i>MOVEMENT IN RESERVES</i>			
GENERAL RESERVES	0	0	0
EARMARKED RESERVES	-23,962	-11,461	12,321
<i>TOTAL BUDGET REQUIREMENT</i>	588,623	588,623	0
DISCRETIONARY RATE RELIEF	418	418	0
<i>TOTAL CITY AND COUNTY OF SWANSEA REQUIREMENT</i>	589,041	589,041	0
COMMUNITY COUNCIL PRECEPTS	2,206	2,206	0
<i>TOTAL REQUIREMENT</i>	591,247	591,247	0
<i>FINANCING OF TOTAL REQUIREMENT</i>			
REVENUE SUPPORT GRANT	346,777	346,777	0
NATIONAL NON-DOMESTIC RATES	88,244	88,244	0
COUNCIL TAX - CITY AND COUNTY OF SWANSEA	154,020	154,020	0
COUNCIL TAX - COMMUNITY COUNCILS	2,206	2,206	0
<i>TOTAL FINANCING</i>	591,247	591,247	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	0	
Communications and Marketing	-47	Net Employee and Supplies and Services underspend across the services.
Digital and Customer Services	-33	Net Employee and Supplies and Services underspend across the services.
Human Resources and Organisational Development	27	Compensating under and overspends on Employees and Supplies and Services.
Legal and Democratic Services	0	Various forecast underspends on employee costs due to vacancies offset by forecast expenditure on external legal costs.
Total Forecast Variation	-53	

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)	489	Demand led spending which continues to be carefully managed to seek to contain costs. Demand is monitored monthly and is rising month on month and consequently the current year end forecast overspend may increase further during the year. Budget was set 'at degree of risk' with potential need to call on contingency.
Other variations	-602	Modest underspending across a range of employee and supplies and services costs to currently contain the above overspend and obviate a need for contingency funding.
Total Forecast Variation	-113	

Director of Social Services

Variance (under -)/ overspend	£000	Explanation and Action
Adult Services Prevention and Tackling Poverty	3,271	We are forecasting overspends of £3.2m on Learning Disability Services and of £1.3m for Mental Health Support. Internal services are forecast to underspend by £1.2m
Integrated Services for Older People	3,145	We are forecasting overspends in respect of the Domiciliary Care and Residential Care that we commission. The total overspend forecast for Older Persons Services is £1.8m. An additional £1.8m overspend is forecast against services for Younger Adults. Internal services are forecast to underspend by £0.3m
Child & Family Services	1,039	An overspend of £2.5m is forecast for Independent and Emergency Placements. This has been offset by underspends in other areas totalling £1.4m which are largely linked to staffing.
Grants, Commissioning and Partnerships	-59	Underspends forecast in this area are attributable to grant income.
Total Social Services	7,396	

Director's Comments

During 2023/24, we met multiple financial challenges across a wide range of services. These required the Directorate to use one off reserves and provisions to deliver a near balanced position. Many of these challenges remain, and as we are unable to repeat the funding actions of last year, a significant overspend is currently forecast.

Like last year, the picture across the Directorate has been one of significant overspends on commissioned activity that are partially offset by underspends on our internal staffing and services.

Within Adult Services and Tackling Poverty we are experiencing significant overspends in commissioned care for learning disability and mental health support. These pressures have been most acute within LD Supported Living, LD Direct Payments and MH External Residential Care. Within Integrated Services, the largest pressure is within External Domiciliary Care where demand continues to be high. In both areas, staffing underspends are forecast which partially offset the overspends in commissioned care.

Within Child and Family Services, the areas of greatest pressure are independent and emergency placements. In other areas of the service, there are several underspends that are linked to staff vacancies and grant income.

The underspend in Grants, Commissioning and Partnerships is attributable to staffing and our continued alignment of spend to enable grant funding to be used to offset core funded activity where allowed. As expected, at this early stage in the year the underspend is low, but we would expect this to increase as the year progresses.

A recovery plan is in place to manage down the issues above.

Director of Education

Variance (under -)/ overspend	£000	Explanation and Action
Vulnerable Learner Service	932	£727k of this overspend relates to Maes Derw/ PRU. This is due to overspends on staff/ agency. There is also a projected overspend of £204k in Psychology Services, some of which might be mitigated by a delay in filling current vacancies. The overspends in these areas are partially offset by forecast underspends due to some in-year grants offsetting core budget. Savings included in both PRU and ALN budget areas are unlikely to be achieved.
Education Planning and Resources	-4,063	An underspend is forecast in the Schools Meals Service, in part associated with the roll out of the universal free school meal offer and associated grants. There is also a significant underspend projected in the maternity / paternity and pension payments for schools as cohorts reduce. Both areas can be subject to a certain amount of unforeseen change.
Achievement and Partnership Service	160	There is an overspend projected due to a broadband and management information systems costs that are higher than had been expected.
Total Education	-2,971	
School Transport	3,300	The anticipated overspend in Home to School Transport has also been noted as a memo item in Place. Virement of the budget across to Place should take place following Cabinet in September, and is consequently reported in both areas for transparency.
Total Education including School Transport	329	

Director's Comments

The Education Directorate is currently forecasting an overall overspend of £329k, this changes to an underspend of £2.971m without the school transport overspend.

The Vulnerable Learner Service and Pupil Referral Unit (PRU) is predicting an overspend of £930k. This is mainly due to the use of agency / locum staff and 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 employing agency staff.

Whilst the overall forecast is that the directorate will underspend, the majority of this is due to maternity/paternity and pensions for schools, which is volatile. We will monitor closely by the next quarter to gain a better understanding of demand and will be able to reduce expenditure which can be used to offset any predicted overspend within the directorate. 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, despite 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.

Director of Place

Variance (under -)/over spend	£000	Explanation and Action
Culture, Tourism, Sport & Leisure	0	Breakeven predicted.
Housing and Public Protection	3,054	Due primarily to spend and income pressures in Cemeteries & Cremations and Homelessness. Mitigating measures elsewhere will improve year end position.
Economic Regeneration and Planning	777	Due primarily to lower Planning fee income and Swansea Market overspend. Some mitigation before year end but not in full.
Highways and Transportation	-350	Net operational surplus income.
Waste Management, Parks and Neighbourhood Working	1,778	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	-320	Net over recovery on Trading.
Corporate Property Services	-730	Net underspend on utilities.
Total Forecast Variation	4,209	

Director's Comments

The Directorate is currently projecting a £4.209m overspend for the year ahead. A number of significant budget pressures are noted including forecasted ongoing costs associated with temporary accommodation provision in relation to homelessness duties and national policy. Demand in this service area continues to rise at unsustainable levels and is above any subsidy available from Welsh Government. The aim for the next 3 quarters will be to develop and deliver a budget Recovery Plan to mitigate any Directorate overspends identified and minimise the call on remaining budgeted contingency made available to assist with post Covid income recovery. Whilst some income streams are recovering, there are a number of key areas, including Planning fees where income remains below target and is further impacted by the effect of inflation. Car park income is subject to fluctuating demand and remains centrally supported in year. This and all areas of 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 waste management, 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 2024/25 £'000					Total TARGET 2024/25 £'000
	Black	Red	Amber	Green	Blue	
Corporate Services	0	0	0	372	525	897
Finance (Including Council Tax Reduction Scheme)	0	133	1,400	0	97	1,630
Social Services (Including Poverty & Prevention)	0	2,550	750	1,245	1,500	6,045
Education	0	15	25	431	1,718	2,189
Place	0	0	388	1,523	45	1,956
Total	0	2,698	2,563	3,571	3,885	12,717
	Savings DELIVERY 2024/25 £'000					
	Black	Red	Amber	Green	Blue	Total DELIVERY 2024/25 £'000
Corporate Services	0	0	0	49	525	574
Finance (Including Council Tax Reduction Scheme)	0	0	900	0	97	997
Social Services (Including Poverty & Prevention)	0	0	445	1,245	1,500	3,190
Education	0	0	0	108	1,718	1,826
Place	0	0	150	1,423	45	1,618
Total	0	0	1,495	2,825	3,885	8,205
Overall Percentage Achieved	0%	0%	58%	79%	100%	65%

Appendix D

Capital expenditure on major schemes to 30 June 2024 (where spend greater than £250k)	£000's
Place	
Swansea Central Phase 1 Construction (Arena and Associated Schemes)	352
71-72 Kingsway Offices	4,669
Palace Theatre	1,495
Castle Square Regeneration	658
Carriageway Resurfacing and Footways	1,217
Public Lighting LED Upgrades	432
Highways Drainage Works	260
Seawall Repairs Mumbles	3,187
Integrated Transport Unit Vehicle Replacement	260
Essential Playground Works	584
Schools Building Capital Maintenance	573
Housing Disabled Facilities Grants and MAGs	971
Cefn Hengoed Community Hub	439
HRA	
HRA Wind & Weatherproofing (including Hi-rise flats)	1,982
HRA Wimpey No Fines Properties	337
HRA Energy Efficiency (Including Boiler Replacements)	1,691
HRA External Facilities	1,931
HRA Tenant Adaptations Programme	581
HRA More Homes Programme	1,338
HRA Refurbishment (Mainly Kitchens & Bathrooms)	600

Total scheme value where spend greater than £250k

23,557