



Report of the Cabinet Member for Business Transformation & Performance

Cabinet – 15 November 2018

Revenue and Capital Budget Monitoring 2nd Quarter 2018/19

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

- 1.1 This report details forecast variations from the agreed budget for 2018/19, including the latest assessment of the delivery of savings.
- 1.2 In respect of Revenue Budgets, this report provides a consolidated forecast which combines:

- projected variations (mainly shortfalls) in relation to budget savings agreed by Council in March 2018
- Variations arising from other service pressures not directly linked to specific savings plans (e.g. increased demand)

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

2. Revenue Outturn Forecast Based on 2nd Quarter position

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

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

2.3 The overall Directorate position is summarised below:-

DIRECTORATE

	FORECAST VARIATION 2018/19 £000	SAVINGS VARIATION 2018/19 £000	OTHER VARIATION 2018/19 £000
RESOURCES (inc. all Business Support)	1,163	1,783	-620
PEOPLE - POVERTY AND PREVENTION	-130	0	-130
PEOPLE - SOCIAL SERVICES	6,466	4,705	1,761
PEOPLE – EDUCATION	0	-25	25
PLACE	0	590	-590
Reduction in sickness costs	1,000	1,000	0
<u>NET DIRECTORATE EXPENDITURE</u>	8,499	8,053	446

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

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

2.6 The above potential overspend remains a significant risk and needs to be immediately addressed on a whole Council basis as it would be unacceptable to have any further risk of a draw from General Fund reserves at year end. A number of the overspend areas follow on from the outturn position for 2017/18 and need to be considered in the light of the forecast savings going forward within the 2018/19 budget, Medium Term Financial Plan, and the cumulative effect of non-achievement of savings going forward.

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

- focus on a range of corrective actions;
- targeted immediate spend reduction action;
- further increased spending control on all vacancies and contracts;

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

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

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

3. Contingency Fund Provision for 2018/19

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

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

Contingency Fund 2018/19	Prediction
	2018/19 (£m)
Original contribution for year	3.450
City Deal revenue contribution.	-0.050
Statutory Data Protection Officer post (but to be reimbursed from the Restructure Reserve £53k)	0.000
Occupational Health support	-0.033
Targeted social care provider support	-0.275
ER/VR in year costs	-1.367
Balance 31st March 2019	1.725

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

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

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

The remaining balance of £1.725m (was £2m estimated in Quarter 1) is proposed by the S151 Officer to be utilised to fund forecast service pressures outlined in table 2.3 above and shown in Appendix A.

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

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

3.3 The initial scale of potential overspends for 2018/19 remain significantly in excess of any potential sums available to offset that shortfall. The current indication is that there

still needs to be yet more urgent and decisive action to pursue additional savings across the Council.

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

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

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

4. Revenue Budget Summary

4.1 The position reported above reflects the best known current position. A net £8.5m of shortfall in revenue budgets, offset by £2.75m of identified additional savings from the non-allocation of the Inflation provision (£1m) together with restricting the use of the Contingency Fund to release £1.75m. In addition as per 4.9 below the S151 officer is proposing a one off usage of £3m from a review of ear marked reserves this leaves a forecast overall £2.8m overspend forecast for the year at the end of the second quarter.

4.2 Corporate Management Team have reinforced the expectation that overall net expenditure must try to be contained within the limits of the current year budget as set by Council.

4.3 As previously mentioned, it is too early to provide an accurate forecast as to the potential outturn on corporate items such as Council Tax collection which is in itself potentially affected by the effects of welfare reform measures, but offset by an often increasing tax base.

4.4 Included in the projected budget for 2018/19 for other corporate items were budgeted increases in capital finance charges, recognising the need to commence funding for the ambitious Capital Programme. At this stage no variance is forecast, as the Swansea Central Scheme passes through the corporate approval mechanism in the

next quarter and construction and funding is envisaged to commence soon after. In any case any underspending will be transferred at year end to the capital equalisation reserve, a strategy previously agreed by Council to help bridge the envisaged delivery time frame with the 15 year funding profile of the City Deal . This will be reviewed and updated during the year as various capital schemes/programmes progress.

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

To help mitigate overspend pressures further, in light of general reserves being at the minimum declared safe level, and thus no meaningful overspend being acceptable, the S151 officer has consulted previously with Directors and proposed to immediately draw £3m from earmarked reserves. This has been previously reported to Cabinet and is reflected in the S151 Officer Review of Reserves report going to Council in October.

The proposed draw includes relative modest sums from the restructure reserve and the insurance reserve, but more importantly exhausts over 20 other reserves in full. This is a clear emergency measure and, as reserves are one off, is not a sustainable funding strategy. Furthermore these reserves were set up to fund known and expected future spend commitments and thus will mean the costs will have to be met

when they actually fall due in future years budgets (e.g. the full cost of running the next local government election), when budgets are likely to be under even further strain.

CMT agreed at the end of the first quarter a nominal additional savings stretch target of £1m per directorate – £3m in total, designed to ensure residual overspends are addressed by offsetting underspends elsewhere. The success of this approach to date has been very limited and will continue to need to be closely monitored and if it does not further ameliorate the residual spending pressures, further emergency action will have to be considered during the third quarter.

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

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

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

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

Revenue Budget 2018/19	Prediction
	2018/19 (£m)
Service shortfall	8.499
Non allocation of Inflation provision.	-1.000
Non allocation of Contingency Fund	-1.725
One off use of Earmarked Reserves	-3.000
Remaining overspend 2018/19 – to be addressed by additional savings stretch target – up to £1m per Directorate	2,774

5. Capital Budget

5.1 Expenditure to 30th September 2018 is £39.535 million, summarised as follows:

Directorate	Budget 2018/19	Actual to 30/09/18	% spend
	£'000	£'000	
Corporate Services	5,376	283	5.3%
People	9,242	2,669	28.9%
Place (General Fund)	64,747	20,743	32.0%
Place (HRA)	57,744	15,840	27.4%
Total	137,109	39,535	28.8%

Expenditure on major capital schemes is detailed in Appendix D.

It should be noted that the actual spend to 30 September may only have 4 or 5 months costs relating to external invoices.

6. Housing Revenue Account

6.1 There are no material budget issues to flag at this stage of the year. There are some anticipated underspends on employee costs (currently forecast at around £200K) and any slippage on the capital programme may lead to a reduction in capital finance costs however it is too early in the year to make an accurate forecast. Overall the current repairs forecast is breakeven however actual spend to the end of August is significantly higher than for the same period last year, revenue repairs will continue to be monitored closely.

7. Legal Issues

7.1 There are no legal issues contained within this report.

8. Equality and engagement implications

8.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

The revenue budget of the Council was approved following the application of the corporate Equality Impact Assessment (EIA) process throughout the Budget setting process. It is essential where service levels are affected by changes to the Revenue Budgets (including savings options) that the EIA process (alongside consultation and engagement as appropriate) is applied to ensure due regard is paid to the potential equality impacts of any proposals prior to decision making.

Background papers: - None.

Appendices:

Appendix A – Revenue Budget forecast 2018/19

Appendix B – Directors comments on variances

Appendix C – Savings tracker summary

Appendix D - Expenditure on major Capital Schemes

REVENUE BUDGET PROJECTION QUARTER 2 2018/19

<u>DIRECTORATE</u>	BUDGET 2018/19 £000	PROJECTED 2018/19 £000	VARIATION 2018/19 £000
RESOURCES	41,773	42,936	1,163
PEOPLE - POVERTY AND PREVENTION	6,608	6,478	-130
PEOPLE - SOCIAL SERVICES	112,093	118,559	6,466
PEOPLE – EDUCATION	168,008	168,008	0
PLACE	56,801	56,801	0
Reduction in Sickness costs	-1,000	0	1,000
<i>NET DIRECTORATE EXPENDITURE</i>	384,283	392,782	8,499
SPECIFIC PROVISION FOR APPRENTICESHIP LEVY/INFLATION	2,000	1,000	-1,000
CONTINGENCY FUND	3,092	1,367	-1,725
<i>OTHER ITEMS</i>			
LEVIES			
SWANSEA BAY PORT HEALTH AUTHORITY	86	86	0
CONTRIBUTIONS			
MID & WEST WALES COMBINED FIRE AUTHORITY	12,631	12,631	0
<i>CAPITAL FINANCING CHARGES</i>			
PRINCIPAL REPAYMENTS	16,066	16,066	0
NET INTEREST CHARGES	16,643	16,643	0
<i>NET REVENUE EXPENDITURE</i>	434,801	440,575	5,774
<i>MOVEMENT IN RESERVES</i>			
GENERAL RESERVES	0	0	0
EARMARKED RESERVES	-1,985	-4,985	-3,000
<i>TOTAL BUDGET REQUIREMENT</i>	432,816	435,590	2,774
DISCRETIONARY RATE RELIEF	400	400	0
<i>TOTAL CITY AND COUNTY OF SWANSEA REQUIREMENT</i>	433,216	435,990	2,774
COMMUNITY COUNCIL PRECEPTS	1,403	1,403	0
<i>TOTAL REQUIREMENT</i>	434,619	437,393	2,774
<i>FINANCING OF TOTAL REQUIREMENT</i>			
REVENUE SUPPORT GRANT	239,946	239,946	0
NATIONAL NON-DOMESTIC RATES	79,141	79,141	0
COUNCIL TAX - CITY AND COUNTY OF SWANSEA	114,129	114,129	0
COUNCIL TAX - COMMUNITY COUNCILS	1,403	1,403	0
<i>TOTAL FINANCING</i>	434,619	434,619	0

Director of Resources

Variance	£000	Explanation and Action
<u>Savings Variation</u>		
Management review of grade 10 and above	113	The management team is reviewing all grade 10 and above posts across the Directorate in order to achieve the savings by year-end.
Service review/regional working/shared services	75	These two savings are interdependent. As part of the review of grades 10 and above, Corporate Services is reviewing opportunities for service integration and shared back-office functions with partners to deliver this saving. The Service Review saving has been reduced to reflect over achievement on Business Support.
Stopping or reducing services through new ways of working	597	
Working commercially across the Council on income / contract spend, prioritising resources as per strategy and plan	973	The new contract monitoring governance process is working well and both procurement income savings and new commercial income are being delivered. However, there are issues of Services using additional income to off-set emerging Service pressures, which is impacting delivery of the corporate target.
Merging of Land Charges with Planning and Building Control as per the Commissioning Review	25	Plans are in place to merge the Planning and Land Charges team and savings achieved in the Place Directorate. It was planned that new ways of working would release this £25k in legal however, this is no longer possible therefore alternative savings are now being sought.
Establishing Business Support hubs in the People and Place Directorates	0	Plans are now agreed to deliver the original £600k target. The Social Services – Education hub will also deliver an additional £156k in year (reflected in the reduced service review target above).
Transfer and review of the Welsh Translation Unit, including cost and charges	0	The Welsh Translation Unit is continuing to review potential areas of change as a result of the review.
Other		
Council Tax Reduction Scheme (CTRS)	-620	At the end of Quarter two the Council Tax Reduction Scheme underspent by £620k. However, this budget delivers important support and is dependent on demand, particularly with the introduction of changes to Universal Credit. Hence, the final variance is extremely difficult to forecast.
Total Variation	1,163	

The Directorate has proactively and strictly managed spending for the first half of the year, in order to allow more time for the delivery of the more complex transformational savings. The table above identifies variances against those savings targets that are taking more time to deliver, particularly where they involve multiple services or external partners. Strict management of Directorate spend has therefore reduced the total variation down to £1.1m of which the savings shortfall has reduced down to £1.78m from £2.4m at the previous quarter. This approach will continue for the remainder of the year to manage the cash position.

Director of Social Services

Social Services

Variance	£000	Explanation and Action
Savings Variation		
Independent placements - Reduce current residential placements by 7 in 2018-19	1,400	Like most Councils across the UK, we are experiencing increased numbers of looked after children. Due to the general demand for external provision, the cost of such placements continues to rise. A new model of social work practice is designed to have a positive impact on the numbers of children in such placements.
Independent placements - Reduce current IFA placements by 5 in 2018-19	250	
Reduce mother and baby residential placements to 0 by 2018-19	50	The numbers requiring these placements have reduced and work to reach the goal of eliminating the need for such will continue.
Review of CHC arrangements - Maximise Health contribution for packages of care	1,000	Issues continue with resistance from partners to discuss equitable and appropriate contributions towards identified packages of care.
Maximising Ty Nant resource post relocation - Reduce running cost with relocation	50	The service has recently moved to a new location and whilst savings will occur from the move, they are yet to be achieved.
Senior Staffing - Review/Reduce posts at senior level (linked to implementing preferred options of Adult Services Commissioning Reviews and fit for purpose structure)	218	The achievement of these savings are substantially linked to the outcome of the Commissioning Reviews noted below. In the interim, alternative savings arising from staffing reviews have been allocated here
Residential Care for Older People - Implement preferred options as outcome of Commissioning Review leading to reduction of in-house beds	169	Following the decision taken by Cabinet in September, work to implement these proposals will continue.
Provide day services to those who are eligible only	110	

Implement preferred options as outcome of Commissioning Review (LD, PD & MH service provision commissioning review)	343	The commissioning review remains in its early stages. Despite this, the identification of savings in the running of Llanfair have provided an alternative contribution to the savings target
Review of CHC Arrangements/LD MH Right Sizing and Review - Review all Mental Health and Learning Disability packages of care, to ensure that they are fit for purpose and those eligible for health funding receive it.	358	Full process review completed & next steps/change in processes agreed. Invest to save support, including legal assistance, in process of recruitment
Test and challenge residential care - Reduce overall number of funded residential care placements by 20 per year	171	
Direct Payments Strategy - Targeted increase in recourse to direct payments as alternative to non-complex domiciliary care packages and complex care packages for MH & LD	500	A strategy has been developed and actions decided - review of structure for the administration of such payments will provide an immediate small reduction in spend.
Charging Policy and Annual Fee Increases - Increased client income through uplifts and more efficient processes following transfer of Income and Finance Team to Corporate Finance	189	Delays in the commencement of some charges, specifically Day Services, mean that the overall target will be partially achieved.
Spend to Save Measures	-103	Delays in recruitment. Majority of posts now recruited and expected full activity will commence in August
Other		
Independent Child and Family Placements	650	This overspend is an extension of the unachieved savings in this area.
Child and Family Direct Payments	150	This is reflective of an increase in complexity of the cases funded through Direct Payments as well as changes to the cost of night cover.
Child and Family - Staffing Underspends	-400	This underspend has accrued through tight vacancy management.
Child and Family - Other	-150	Areas such as the Youth Offending Service and Third Sector payments have contributed to this underspend

MHLD Complex Care (Supported Living and Residential)	-108	To enable greater financial visibility, the MHLD category has been split to separately identify the cost of domiciliary care only packages. A budget realignment between these areas is in progress and will be actioned within Quarter 3. Spend in this area remains under extreme pressure, although reviews of care packages have achieved savings. The cost of night provision as well as general living wage increases continue to raise the cost of such care.
MHLD Complex Care (Domiciliary Care)	1,602	
External Domiciliary Care (Older Persons)	-78	Work to control the demand and cost of such care continues and has had some success. Overall, overspends in this area remain but these are now solely linked to unachieved savings noted above.
External Residential Care	393	This area continues to be exposed to both demographic and cost pressures. Work to ensure placements are appropriate and cost effective continues.
Internal Staffing and Services	-275	Tight vacancy/contract management has resulted in underspends in these area.
Third Party Spend	-23	
Overall Variation	6,466	
The Social Services position is due to a combination of both unachieved savings and fee and demand pressures across externally commissioned services. Significant management action will follow to improve this position in year		

Poverty & Prevention

Variance	£000	Explanation and Action
Savings Variations		
All savings target are expected to be met	0	
Other Variations		
Partnerships and Commissioning	-130	Tight spend/contract management has led to underspends in this area.

Director of Education

Variance	£000	Explanation and Action
Savings Variations		
Further assumed reductions in Regional Consortium School Improvement Grant - matching funding requirements.	11	This variation has occurred due to a Welsh Government requirement for the Council to maintain match funding at the same cash levels as 2017/18. This is despite an 11% reduction in the value of the grant.
Early achievement of WJEC savings target	-36	Following review and wider regional discussions, this saving was brought forward from 2019/20 to the current year.
All other savings target are expected to be met		
Other Variations		
Servery	30	Estimated costs for the refurbishment of the civic centre servery – agreed as part of commissioning review on the assumption that the cost will be offset over time by future reduction in net cost of the provision
Catering – food costs	100	The service has been subject to substantial inflationary pressure on the cost of food
Catering – staffing costs	140	Costs have increased due to a combination of the weighted pay award, the effect of holiday average pay and pension auto enrolment.
Catering – additional net income from paid meals	-60	Take up of paid meals has remained positive in spite of the September price increase and has delivered more than the target net saving
Cleaning – Impact of pay award	118	Costs have increased due to a combination of the weighted pay award, the effect of holiday average pay and pension auto enrolment.
Cleaning – management action	-78	Continuing robust management action has in part mitigated the pressures above.
Music	30	Reduced buy in from schools has caused a loss of income.
Transport costs	100	Anticipated inflationary fuel pressures and continuing demand, particularly within the ALN and post 16 sector. In spite of continuing robust management action, these pressures are inherently volatile and uncontrollable within current transport policy.
EOTAS	-300	Further slippage in delivery of full new model of provision. Subject to further detailed review.
Software Licences	-50	Anticipated one off rebate
Savings to be identified	-5	Savings proposals for future years will be scrutinised to seek to identify plans that can be brought forward.
Overall Variation	0	

It is currently felt that the service is in a position to deliver an outturn in line with budget for the year.

Director of Place

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

- Significant increased electricity costs of £321k
- Reduced recycling prices in waste management of £150k to £200k
- Increased costs for maintaining and replacing aging social services fleet £636k

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

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

- Sickness reduction of £400k which requires a change in policy to reduce sickness costs
- Business support savings allocated to the Place Directorate £150k

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