



Report of the Cabinet Member for Economy, Finance & Strategy

Cabinet – 15 September 2022

Revenue and Capital Budget Monitoring 1st Quarter 2022/23

Purpose:	To report on financial monitoring of the 2022/23 revenue and capital budgets, including the delivery of budget savings.
Policy Framework:	Budget 2022/23. Transformation and Future Council
Consultation:	Cabinet Members, Corporate management Team, Legal Services and Access to Services.
Recommendation(s):	It is recommended that Cabinet: 1) Notes the comments and variations, including the material uncertainties, set out in the report and the actions in hand to seek to address these. 2) Approves the virements set out in paragraph 2.7 and the use of the Contingency fund as set out in 3.2 subject to any further advice from the S.151 officer during the year. 3) Cabinet reinforces the need for all Directors to continue to minimise service spending in year, recognising that the budget overall is currently balanced only by relying on future likely (but far from wholly assured) reimbursement from Welsh Government, centrally held contingency budgets and reserves, but equally recognising that the overspending is almost exclusively due to the expected unfunded much higher local government pay award and ongoing Covid pressures. 4) Note the indicative overspend in 4.1 with further actions to be confirmed in subsequent quarters once it is clearer as to level of residual Covid reimbursement and 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 2022/23.
- 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 2022
 - Variations arising from other service pressures not directly linked to specific savings plans (e.g. increased service demand, price and pay inflation, increased, but most often unfunded, regulatory obligations and burdens from both UK and Welsh governments)
- 1.3 The report includes comments from Directors in relation to the variations highlighted and the action that is in hand or proposed as appropriate.

2. Revenue Outturn Forecast Based on 1st Quarter position

- 2.1 Appendix 'A' to this report details the approved Revenue Budget for 2022/23 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 deficit in 2021-22 of £4m). However, given the ongoing impact of COVID and based on the 2021-22 final position on collection an optimistic forecast is that there will be a shortfall in the region of £2.0m in 2022-23. This could possibly be subject to some form of grant underpin support in due course from the Welsh Government, but is far from assured, and is certainly not at all presumed.
- 2.3 The overall Directorate position is summarised below:-

DIRECTORATE

	FORECAST VARIATION 2022/23 £000	COVID VARIATION 2022/23 £000	OTHER VARIATION 2022/23 £000
CORPORATE SERVICES	3,717	3,856	-139
FINANCE	-1,990	0	-1,990
SOCIAL SERVICES	-1,628	0	-1,628
EDUCATION	950	56	894
PLACE	0	0	0
NET SERVICE EXPENDITURE	1,049	3,912	-2,863

- 2.4 Directors' comments on the above variations are shown at Appendix B.
- 2.5 Within the *Recovery Plan Service Transformation* Programme, work continues to develop service delivery plans linked to savings targets and prioritisation of services. This includes the cross cutting nature of new reviews as well as the completion of current in-flight reviews.

- 2.6 The table above shows an estimated overspend for the year of £1.049million. Bar some “Business as usual” fluctuations, this amount is in effect entirely because of the COVID 19 pandemic and relevant increases in expenditure and reductions in income as a result. The only funding announced as being available from Welsh Government in relation to COVID related costs in 2022-23 is, for the period up to the end of June 2023, Statutory Sick Pay support and Self Isolation payments plus a slightly longer timescale to the end of the summer holidays for certain Free School Meals costs. Those amounts received at this stage have been included in the figures above. Section 2.7 below shows the level of the currently eligible expenditure that has been deemed as eligible and paid by WG to date.
- 2.7 Currently, monthly claims against additional COVID expenditure for the above specific currently eligible areas for April, May & June have been submitted to WG. The summary of claims submitted to date and claims WG have agreed to date are set out below:

Summary of claims submitted and approvals received to date in 2022/23

	Claim £000's	Paid £000's	
April to June 2023	1,832	1,499	(June claim submitted in July. WG response awaited)

To ensure as accurate forecast position as possible these grants have been vired to services as they are received and the impact included within the relevant service forecasts in section 2.3 and in APPENDIX A.

Grant claims to Welsh Government in relation to TTP/WVCS costs are ongoing currently but are expected to cease later in the year when the service is scaled back considerably with a new set up in conjunction with public health. As such it is expected that there will be total costs in the region of £3.9m arising. Costs (after grants received) are included under Corporate Service. An assumption regarding 100% funding of this cost is included in the table below and in APPENDIX A.

In addition to the specific additional service costs regarding Free School Meals in relation to COVID the authority has once again continued to act as an “Agent” on behalf of the Welsh Government in relation to Self-Isolation payments, Statutory Sick Pay and Cost of Living national scheme. All of these costs are anticipated to be funded 100% by the Welsh Government and as such costs incurred and grants received will be reported later in the year once the most recent announcements/schemes have been implemented.

- 2.8 Service variations currently only assume a 3% pay award, however the latest pay offer from the Employers is significantly higher than this – with a minimum offer of £1,925 per spinal point. This equates to an overall average of around 7-8% on base pay and on-costs for pensions and employers’ national insurance. The cost of this is likely to be in excess of £18m for Council staff with a further £2m estimated for Teachers (£3m full year effect). This exceeds the amount budgeted by a sum in the region of £12m. Vehicle fuel costs are already feeding into reported forecast overspends in some areas 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, with some offsetting savings elsewhere, but predominantly because of the advance buying of energy, the position remains extremely volatile and challenging for new energy forward purchases and will undoubtedly be a very significant burden on future year budgets (£millions).

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

- focus on a range of corrective actions;
- targeted immediate spend minimisation and deferral action;
- spending control on all vacancies and contracts;
- a continued reminder that **no Responsible Officer is authorised to overspend their budget in line with Financial Procedure Rules;**
- and consequently that Directors must work closely with Cabinet Members and the Corporate Management Team to contain, reduce, defer and delay spending as far as possible, having due regard, to existing agreed budget and political priorities to nonetheless seek to limit service spending especially given pending unfunded substantially higher than expected national pay award
- but recognising that the overall spend pressures are near wholly Covid or pay award related and that reserves were bolstered to temporarily assist with such pressures.

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

- £1m was set aside in the budget for the potential costs relating to the impact of the Apprenticeship Levy. The final costs relating to this levy will only be known once final employee related costs are calculated at the year-end. Should the full allocation not be required then any saving will be proposed to be used to mitigate service pressures at year end.
- £3.13m was set aside to meet any specific and significant inflationary increases arising in year. Given the overall financial projection at this stage, it is proposed by the S151 officer that this be 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 2022/23

3.1 The contingency fund budgeted contribution was set at £3.731m contribution for 2022/23 as set out in the budget report approved by Council in March 2022. As a result of the favourable outturn position in 2021/22 there was a balance of £4.479m carried forward, to bring the total available in 2022/23 to £8.210m.

3.2 The current potential calls on the contingency fund for 2022/23 are:

Contingency Fund 2022/23	2022/23 (£m)
Budgeted contribution for year.	3.731
Increase from 2021/22 carry forward	4.479
Increase from Central Inflation transfer	3.130
Coroner Court rooms	-0.026

Freedom of City Merchant Navy event	-0.002
Payroll temporary support	-0.075
Interim Director Corporate Services (up to)	-0.075
Potential for higher than budgeted national pay awards teaching and local government staff	-8.512
Ashlands Sports Centre	-0.150
Creation of IT Development Fund Reserve this was agreed as part of budget setting for 2022-23 and ongoing savings in future	-2.500
Balance 31st March 2023	0.0

The above table lists current potential calls on the budgeted contingency fund. All (apart from the pay award) are anticipated to be one off costs. The final amounts will be dependent on a number of factors during the year including speed of implementation, actual costs/commitments incurred and final Directorate outturn position. Spend approvals will be deliberately limited to seek to maximise underspend here as part of mitigating budget savings action.

As at 1st April 2022 some £3m remained within the Restructure Reserve to contribute toward ER/VR or other cost risks that may arise in 2021/22. The S151 officer remains satisfied that this is sufficient for 2022/23 and that there should be no call on contingency this year to fund such costs. The final costs of ER/VR will only be known towards the end of the year once all management actions re savings proposals etc are implemented. At this stage it is assumed that all ER/VR costs will be able to be contained within the sum left in the Restructure Reserve.

Based on current forecast the S151 officer proposes to utilise the current year forecast underspend on the Contingency Fund of up to £5.382m to provide additional mitigation, together with the forecast unused element of the inflation provision of £3.130m (some £8.512m in total) toward the potential unfunded element of the 2022/23 pay award.

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 2023-24 and do not solve the inflationary pressures, merely defer most of the problem a year.

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

- 3.3 The current indication is that, for 2022/23, there needs to be continued targeted mitigating action and delivery of savings proposals to help reduce the overall overspend. It looks inevitable at 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. Any inroads to net spending will reduce the necessary draw from reserves and increase the amount of reserves available to carry into 2023/24.

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

- Management and Business Support Review: ongoing review of the management structure across the Council and future requirements given the Council's priorities, future challenges and the changing nature of the role of managers
- Managing the Pay Bill: review of options to contain or reduce employee costs across the Council as part of our overall future workforce strategy (subject to trade union consultation at the appropriate time)
- Commercialism through third party Procurement Savings and Income Generation: review of further options to increase income from fees and charges, trading etc, in addition to the targets already set.
- Progressing implementation of residual phases Commissioning Reviews and Cross Cutting Themes.
- Further implementation of the Social Services Saving Plan through which we have identified mechanisms for bringing down overall costs.
- On the basis that these are existing agreed actions fully set out in the agreed budget set by Council in March, whilst wholly recognising the ability to progress any of the above have been seriously impacted by Covid 19.
- Continuing the extant spending restrictions which have been agreed as necessary by Corporate Management Team.
- Directors detailed action plans as summarised in their Appendix B commentary.
- The Interim 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 a number of VAT related claims, some are more advanced than others, there is NO certainty of windfalls from VAT refunds or any other external source being received in the current year.

4. Revenue Budget Summary

4.1 The position reported above reflects the best known current position and shows a net £1.049m of shortfall in service revenue budgets, almost entirely in relation to anticipated costs/loss of income as a result of COVID19 which when combined with a forecast £2.0m shortfall in Council Tax collection leads to a total shortfall of £3.049m. To date the amount actually approved by WG in relation to COVID related additional costs/loss of income is set out as per 2.7 above. It is assumed that all the TTP costs will also be recovered and for 2022/23 some additional grant is shown below in the overall summary table of £3.9m. It is also possible that Council tax losses, or part of them at least, will be met by future WG grant support, but this is yet to be assured. In addition as identified above further mitigation is anticipated from the Apprenticeship/Inflation provision of £3.13m and Contingency fund of £5.382m. Taking account all of these mitigations and including the shortfall in Council Tax collection this results in a net forecast overspend for the council of £2.681m.

Summary

	£'m
Service Forecast overspend	1.049
Council Tax shortfall	2.000
Additional estimated costs arising from the latest pay offer	12.000
Less Mitigating	
Assumed TTP/WVCS costs recovered	-3.856
Inflation provision assumed to be fully utilised for potential pay offer	-3.130
Contingency Fund balance after assumed use, to be utilised for potential pay offer.	-5.382
Net overspend forecast	2.681

NB Further claims for re-imburement of expenditure in relation to the currently eligible expenditure areas will be submitted to Welsh Government in accordance with their relevant announcements and terms and conditions. Any decision re the nature of and subsequent success or otherwise of any further claims to Welsh Government is unknown at that this stage.

- a. Currently, all revenue grant income from WG in relation to COVID claims for the services has been allocated “back” to departments.
- b. Corporate Management Team have reinforced the expectation that both service and overall net expenditure **must** be, as far as practicable, contained within the relevant limits of the current year budget as set by Council, and certainly within any agreed level of tolerance set by Cabinet on the advice of the s151 Officer, recognising the extreme nature of the covid 19 impact.
- c. As previously mentioned, an early forecast as to the potential outturn on corporate items such as Council Tax collection is estimated to result in a shortfall in collection of £2m.
- d. Included in the projected budget for 2022/23 for other corporate items are capital finance charges. At this stage there is a likely underspend on capital finance charges, but this will be reported at second quarter and any underspending will be transferred at year end to the capital equalisation reserve, a strategy previously agreed by Council. This will be reviewed and updated during the year as emerging capital demands arise (Levelling Up bids etc). The implemented capital financing strategy was formulated to smooth the impact of the implementation of the revised MRP policy whilst also taking advantage of drawing down long term borrowing at historically low interest.
- e. There continue to be risks around general inflationary pay and price pressures this year, including increases to the National Living Wage which will significantly impact contractors to the Council in some service areas. It will also put further pressure on the lower end of the current local government pay spine in future years. There is, as yet, no resolution to the 2022/23 national local government/teachers’ pay award (3% budgeted). As previously mentioned the latest full and final offer is a flat rate offer of £1,925 to every spinal point, which equates, to an approximate overall average of 7-8%

(higher for the lower spinal points). 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 totalling some £8.5m (see section 3.2 above)

- f. Detailed monitoring of budgets will continue and will be reported to the monthly Departmental Performance and Financial Management meetings.
- g. It remains imperative that sustainable, but sensitive in the ongoing unusual circumstances of Covid 19, base budget savings are found to replace in year one off actions to stabilise the 2022/23 budget ahead of the 2023/24 budget round.

4.2 Additional total costs in the delivery and implementation of the Oracle Fusion ICT project estimated arising directly as a result of delays related to the pandemic will need to be funded over 2022/23 and 2023/24. The Section 151 officer proposes to meet these costs from the Capital Equalisation Reserve in both years. A separate update report was considered at Cabinet on 20 January 2022 and appropriate budgetary provisions made. A further update to Cabinet is likely to be necessary and this may utilise a mix of use of Capital Equalisation Reserve and a need for additional unsupported borrowing.

5. Capital Budget

5.1 Expenditure to 30th June 2022 is £17.717 million, summarised as follows:

Directorate	Budget 2022/23	Actual to 30/06/22	% spend
	£'000	£'000	
Corporate Services	2,418	385	15.9%
Finance	1,750	0	0.0%
Education	5,740	2,949	51.4%
Social Services	1,743	217	12.4%
Place (General Fund)	80,724	6,719	8.3%
Place (HRA)	58,152	7,447	12.8%
Total	150,527	17,717	11.8%

Expenditure on major capital schemes is detailed in Appendix C.

It should be noted that the actual spend to 30 June may only have 1 or 2 months costs relating to external invoices. The impact of COVID continues to have an impact on the timing and potential slippage of the original capital programme. Schemes will continue to be re-profiled during the year as the impacts of timing / slippage become known. In addition, the effect of substantial price inflation on supplies and materials for schemes is adversely impacting across the capital programme. This is under constant review with scheme cost re-engineering, however any material cost increases on individual schemes shall need to be agreed through FPR7 procedures.

This will have an impact on the revenue Capital Financing Charges in 2022/23 and future years.

6. Housing Revenue Account

- 6.1 The current economic climate and cost of living crisis, along with Welfare Reform and the continued implementation of Universal Credit are impacting rent collection rates, and it is being closely monitored with measures employed to mitigate these impacts. During this Quarter, rent arrears and the number of households in rent arrears have risen and it is projected they will continue to increase with the impacts mentioned and the anticipated energy bill increases later on this year. It is too early in the year to forecast the full impact on rent arrears and the budgeted Bad Debt Provision, however we previously increased the Provision due to the concern of Covid impacting rent arrears. This did not have the expected impact so it is hoped that the current cost of living crisis can be contained within the existing budgets.
- 6.2 Revenue repairs overspent in 21/22 resulting in a budget increase of £1.32m for 22/23 in this area and spend will continue to be closely monitored. A budget of £60k has been set aside towards the costs of implementing the new Renting Homes Regulations, a further £1.4m increase in 22/23 will be required due to the decreased period in electrical testing (currently every 10 years, new legislation reduces this to every 5 years). In addition, there are currently significant problems procuring materials for both revenue repairs and capital projects. This has led to a sharp increase in materials costs which may impact on the overall cost of delivering the Capital Programme.

7. Legal Issues

- 7.1 There are no legal issues contained within this report.

8. Integrated Assessment Implications

- 8.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.
 - Deliver better outcomes for those people who experience socio-economic disadvantage
 - Consider opportunities for people to use the Welsh language
 - Treat the Welsh language no less favourably than English. Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

- 8.2 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.
- 8.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.
- 8.4 The Revenue budget of the Council was approved following the application of the corporate Equality Impact Assessment (EIA) process throughout the Budget setting process (now replaced by IIA's). It is essential where service levels are affected by changes to the Revenue Budgets (including savings options) that the IIA process (alongside consultation and engagement as appropriate) is applied to ensure due regard is paid to the potential equality impacts of any proposals prior to decision making.

Background papers: - None

Appendices:

Appendix A – Revenue Budget forecast 2022/23

Appendix B – Directors comments on variances and action plans

Appendix C – Expenditure on major Capital Schemes

REVENUE BUDGET PROJECTION QUARTER 1 2022/23

<u>DIRECTORATE</u>	BUDGET 2022/23 £000	PROJECTED 2022/23 £000	VARIATION 2022/23 £000
CORPORATE SERVICES	25,097	28,814	3,717
FINANCE	32,770	30,780	-1,990
SOCIAL SERVICES	145,330	143,702	-1,628
EDUCATION	202,156	203,106	950
PLACE	75,683	75,683	0
<i>NET DIRECTORATE EXPENDITURE</i>	481,036	482,085	1,049
SPECIFIC PROVISION FOR APPRENTICESHIP LEVY/INFLATION	4,130	1,000	-3,130
CONTINGENCY FUND	8,034	2,652	-5,382
<i>Assumed additional TTP grant to cover costs</i>	0	-3,856	-3,856
<i>Estimated effect of Employers Pay Offer</i>	0	12,000	12,000
<i>OTHER ITEMS</i>			
LEVIES			
SWANSEA BAY PORT HEALTH AUTHORITY	88	88	0
CORPORATE JOINT COMMITTEE	200	200	0
CONTRIBUTIONS			
MID & WEST WALES COMBINED FIRE AUTHORITY	14,692	14,692	0
<i>CAPITAL FINANCING CHARGES</i>			
PRINCIPAL REPAYMENTS	16,868	16,868	0
NET INTEREST CHARGES	20,510	20,510	0
<i>NET REVENUE EXPENDITURE</i>	545,558	546,239	681
<i>MOVEMENT IN RESERVES</i>			
GENERAL RESERVES	0	0	0
EARMARKED RESERVES	-23,242	-25,923	-2,681
<i>TOTAL BUDGET REQUIREMENT</i>	522,316	520,316	-2,000
DISCRETIONARY RATE RELIEF	418	418	0
<i>TOTAL CITY AND COUNTY OF SWANSEA REQUIREMENT</i>	522,734	520,734	-2,000
COMMUNITY COUNCIL PRECEPTS	1,697	1,697	0
<i>TOTAL REQUIREMENT</i>	524,431	522,431	-2,000
<i>FINANCING OF TOTAL REQUIREMENT</i>			
REVENUE SUPPORT GRANT	297,425	297,425	0
NATIONAL NON-DOMESTIC RATES	89,167	89,167	0
COUNCIL TAX - CITY AND COUNTY OF SWANSEA	136,142	134,142	2,000
COUNCIL TAX - COMMUNITY COUNCILS	1,697	1,697	0

TOTAL FINANCING	524,431	522,431	2,000
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Appendix B

Director's comments on budget variances

Interim Director of Corporate Services

The budget position in the first quarter reports that the Corporate Services directorate is overspending. The TTP service has been extended for the rest of the year and the WVCS programme has been extended to at least December 2022. Both programmes will recover all costs from Welsh Government funding.

Variance (under -)/over spend	£000	Explanation and Action
<u>COVID-19 Variation:</u>		
Test Trace & Protect Programme (TTP)/Wales Vaccination Certificate Service(WVCS)	3,856	This forecast is based on the latest position which includes the extension to the WVCS service. The expenditure is expected to be fully recoverable from Welsh Government Grant.
Net COVID-19 variation	3,856	
<u>Other Variations:</u>		
Design Print	-100	Loss of trading income which relates mainly to internal recharges to Council departments, however, this has been offset by additional base budget allocated for the year.
Net variations	-39	Net Employee, Supplies & Services underspend, is a phasing issue as well as some vacancies in the teams which are being filled. This position will balance out over the coming months.
Total Other Variations	-139	
Total Forecast Variation	3,717	

Director of Finance

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

Variance (under -)/over spend	£000	Explanation and Action
Council Tax Reduction Scheme (CTRS)	-1,500	Demand led spending which continues to be carefully managed to contain costs and which help ameliorate the

		unrelated losses on council tax collection
Other variations	-490	Modest underspending across a range of employee and supplies and services costs
Total Forecast Variation	-1,990	

Director of Social Services

Variance (under -)/over spend	£000	Explanation and Action
Adult Services, Prevention and Tackling Poverty	1,406	Forecast overspends within Mental Health and Learning Disability and External Domiciliary Care, offset by underspends on staffing
Child & Family Services	-100	There are financial pressures due to service growth within Direct Payments and a forecast increased cost for Special Guardianship Orders. This is more than offset by staffing underspends.
Integrated Services for Older People	-2,583	We are currently forecasting underspends within the external residential sector and within our own staffing establishment.
Resources Hub	-351	An underspend on staffing is currently forecast
Total Social Services	-1,628	

Director's Comments

As we emerge from two financial years dominated by our response to Covid-19, we have aligned our financial reporting so that it corresponds with the new management structure for the Directorate. Whilst we currently forecasting an overall underspend, there are various areas of financial pressure that will be subject to enhanced financial monitoring over the coming months.

Within Adult Services, Prevention and Tackling Poverty, we are forecasting an overspend within Mental Health and Learning Disability Services. We are working to understand the effect of income from our partners in this area. We also forecast an overspend in External Domiciliary Care caused by a significant drop in income due to a reduction in the number of care hours we can charge for. Actions to monitor and mitigate this are ongoing.

These overspends are offset by underspends, which are most significant in Integrated Services for Older People where we continue to forecast significant

variances in our forecasts for External Residential Care and in our workforce. We are very conscious of the negative impact of staffing vacancies and actions to fill vacant posts are a business priority.

Director of Education

Variance	£000	Explanation and Action
Covid 19 Variations		
FSM Support - Holiday BACS Payments	570	Cash Payments to those pupils eligible for FSM Holiday BACS payments.
FSM Support - BACS Payments	55	Cash Payments to those pupils eligible for FSM Study & Post-Exam Leave BACS payments.
FSM Support - Holiday Food Bags	6	Food Bags issued to those pupils eligible for FSM Holiday support.
Paid to Date	-577	Reimbursement Received from WG - Paid up to May 22 so far.
Total Covid 19 variations	55	
Non Covid Variations		
ALN - more costly out of County provision mitigated by further enhanced in County provision (so impact dependent on resourcing to deliver enhanced provision)	150	Indications are that savings will be made but the position will be clearer with September admissions/pupil placements
Catering and Cleaning services - Continuing work towards full cost recovery through SLAs where schools are receiving additional funding to reflect such cost pressures	100	Although full cost recovery was established from school SLAs, the real living wage and the introduction of universal free school meals are likely to add cost pressures
Home to School Transport - further underlying cost pressures and undeliverable savings target re-creation of additional walking routes, allocated from Place	200	MTFP reflects robust management action to mitigate scale of demand and cost pressures but underlying pressures continue to grow. The overall shortfall in delivery of the MTFP savings targets transferred to Education would be at least £200,000 for 2022-23 and £143,300 thereafter until the third walking route is delivered.
Home to School Transport - Additional cost pressures of additional transport costs for Education - Summer Term.	160	Agreement to pay suppliers above contracted rates due to the risk on service contracts failing. Other LA's have already taken action forcing a response from Swansea. Backdated to March 22. Calculated using increases in average

		fuel price.
Home to School Transport - Additional cost pressures of additional transport costs for Education from September 2022.	526	Forecasts estimate a 9.01% increase overall in value of the school transport contracts from September. This is from the most recent indices published. This is up for constant review, Estimates an increase of 1% per month based on current trends. Suppliers will increase charges due to the hike in the price of fuel.
Home to School Transport - Additional cost of providing specific contract(s) for placed Ukrainian Refugees	9	Contract with value of £15K - pro-rata for 7 months. Petrol Allowances also being offered to others.
Other continuing pressures (Primarily Historic Pension Costs, Maternity etc)	377	Will continue to mitigate as far as possible and contain such costs
One-off managed savings identified in year in addition to those already reflected in MTFP	-627	Challenging to identify significant further savings in addition to MTFP requirements
Net non-Covid 19 projected overspend	894	Continuing robust management action will seek to identify further savings in addition to MTFP requirements but the remaining projected overspend reflects the scale of externally driven and uncontrollable cost pressures
TOTAL PROJECTED PRESSURES	950	Reflects impact of decisions preventing the delivery of current year MTFP savings assumptions and unrecovered additional Covid-19 costs

The Council response to Covid-19 continues to impact the first and second quarters of 22/23. The Council's response is in line with Welsh Government Guidance and has required significant resource directed at Education. Payments for FSM support are expected to cease after the schools summer holidays.

It is expected that remaining costs considered Covid related will be recovered from available WG grant funding but there is always a risk that some costs may not be fully reclaimable.

The non-Covid 19 overspend forecasts have increased due to escalating cost pressures in school transport. Current forecasts estimate an indexation increase of 9.01% to contracts from September.

Due to the increase in fuel pricing during Q1 there has been a decision to offer backdated top-up payments to retain our current school transport providers. This has since prevented further suppliers from handing back their contracted services for Swansea schools.

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

There are other areas of identified demand and cost pressures, in spite of the continuing delivery of the Education strategy, but these are anticipated to be largely offset by further one-off managed savings in addition to those already reflected in the MTFP. However, the underlying base budget shortfall facing the Education portfolio budget, potentially at almost £894k, is clearly of concern even though it directly reflects the full year impact of national or local decisions.

Director of Place

The directorate is currently projecting a “break-even” position for the year ahead. This is however based on assumed use of budgeted contingency allocated to the Directorate in response to the ending of Welsh Government funding for loss of income and other impacts associated with Covid. It is still early in the year however there is an estimated £2.85m overspend of which £1.6m has already been mitigated by the use of contingency. The aim for the next 3 quarters will be to mitigate the remaining £1.25m overspend without any further calls on contingency. Whilst income is recovering in some key areas, the rate of recovery remains slow and is impacting a range of services, fees and charges. Recovery of car park income is a significant unknown and remains supported in year by the Economic Recovery fund. Once ERF ends, this key area of income will be monitored closely. In addition inflationary pressures are being 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 Covid related projected overspends, including costs associated with rising price of Utilities, but as above, a net balanced budget is forecasted.

Appendix C

Capital expenditure on major schemes to 30 June 2022 (where spend greater than £250k)	£000's
Education	
Bishopston Comprehensive School Refurbishment	965
YG Gwyr Extension	1,124
YGG Tan y Lan new build	416
Place	
City Deal - Arena	419
City Deal 71-72 Kingsway Offices	1,401
Palace Theatre Redevelopment	407
Redevelopment Former BHS Building	1,239
Hafod Copper Powerhouse scheme	604
Corporate Building Services (Including Schools)	720
Disability Facility Grants	707
Local Transport Fund Schemes	577
Highways Carriageway Resurfacing	335
Marina Lock-Inner Gate Refurbishment	386
Bridge Repair/Retainment Walls	495
Community Play Schemes	566
HRA	
HRA Capital Programme (More Homes Schemes)	2,147
Wind and Weatherproofing	1,177
External Facilities	1,114
Adaptations	536
Boiler and Heating Upgrades	379
HRA Kitchens & Bathrooms	928

Total scheme value where spend greater than £250k

16,642