



**Councillor Rob Stewart**  
**Cabinet Member for Economy,**  
**Finance & Strategy**

**To:** *Please ask for:*  
*Gofynnwch am:*

*Direct Line:*  
*Llinell Uniongyrochol:*

*e-Mail*  
*e-Bost:*

*Date*  
*Dyddiad:*

Overview & Scrutiny

01792 636292

scrutiny@swansea.gov.uk

27 October 2022

**BY EMAIL**

**Summary:** This is a letter from the Service Improvement and Finance Scrutiny Performance Panel to the Cabinet Member for Economy, Finance and Strategy. The letter concerns the meeting held on 4 October 2022 and the Quarter 1 Budget Monitoring Report 2022/23.

Dear Councillor Stewart,

On the 4 October, the Service Improvement and Finance Scrutiny Performance Panel met to discuss the Quarter 1 Budget Monitoring Report 2022/23. The Panel are grateful to yourself and Ben Smith, Chief Finance Officer / S.151 Officer, for attending to discuss and answer questions.

We were informed that this Quarter has a forecast net overspend of £3m with no assurance of any support from Welsh or National Government as yet. We understand this deficit will need to be drawn from the contingency fund. Currently, two Directorates are overspent, two are underspent and one is break even. This is before the pay award, once this is taken into account it is likely that all 5 directorates will be overspent due to shortfalls in base funding for the pay award. We are aware that the budget was set on assumption of a 3% pay award but the actual pay awards currently in discussions will exceed the budgeted some by around £12m.

We heard that rising energy costs will affect us all and are being closely monitored. Prices are protected in the very short term by the Councils advance buying and fixed costs but in the future the Council is faced with substantial costs going forward.

You told us that the budget and forecast outturn position is currently expecting £26 million to be drawn from contingency reserves. This is not a sustainable position. This year will be a balanced forecast due to the draw on reserves but this leaves uncertainty for future years.

We asked what percentage of the total reserves makes up the £26m. You told us that there is an estimated £160 million reserves and assured us that in regards to reserves, Swansea has the second best provision in Wales. In addition, amounts

**OVERVIEW & SCRUTINY / TROSOLWG A CHRAFFU**

**SWANSEA COUNCIL / CYNGOR ABERTAWE**

**GUILDHALL, SWANSEA, SA1 4PE / NEUADD Y DDINAS, ABERTAWE, SA1 4PE**

[www.swansea.gov.uk](http://www.swansea.gov.uk) / [www.abertawe.gov.uk](http://www.abertawe.gov.uk)

I dderbyn yr wybodaeth hon mewn fformat arall neu yn Gymraeg, cysylltwch â'r person uchod  
To receive this information in alternative format, or in Welsh please contact the above

drawn from this fund may be reduced if successful in discussion with both governments. You stated that every other Council will be having the same issues in regards to finance and current pressures.

We are acutely aware of the growing financial pressures facing everyone. We asked about the £2m in uncollected Council Tax and what the Councils plans were for collecting this. You explained the growing concern for those who may be struggling to pay this and it currently stands as a deficit.

We raised concerns regarding the rising cost of materials and the impact this may have. You told us that some materials are secured in fixed price deals and borrowing rates, however, we are not wholly insulated and it will be the job of the Council officers to manage that and keep to budgets.

We queried why the Home to School Transport budget was split into four separate headings. We heard that there are significant pressures in this area including the rocketing energy and fuel costs along with high inflationary pressures. Due to the many other financial pressures elsewhere in the Council there are currently no funds to cover any overspend these cost pressures are therefore broken down over four discrete headings for clarity. We asked about the £2.5m reserve put aside for IT, you told us that this is specifically set aside for the transformation programme including Oracle. We queried an underspend of 1.5m in relation to a Council Tax reduction scheme. You informed us that despite promotion of the scheme this is a common underspend and this will be used to offset the deficit. When we raised our concerns regarding next year's budget and whether savings are possible you expressed concern that if nothing changes there could be a substantial deficit for all Councils in Wales.

We are reassured that you are preparing some financial scenarios for Swansea Council and will continue to plan when you know what the settlement is for Wales and what the budgetary position is for Welsh Government.

Overall we discussed a number of additional strains on the budget. Could you please provide us with more information about the overspends and what measures are being taken to address them

### **Your Response**

We are interested in any thoughts you may have on the contents of this letter but we would be grateful if you could specifically consider and respond to our query about what measures are being taken to address the overspend. Please provide your response to this and any other comments about our letter by 17 November 2022.

Yours sincerely,



**Councillor Chris Holley**  
**Convener, Service Improvement and Finance Scrutiny Performance Panel**  
✉ [cllr.chris.holley@swansea.gov.uk](mailto:cllr.chris.holley@swansea.gov.uk)