



## City and County of Swansea

### Notice of Meeting

You are invited to attend a Meeting of the

## Corporate Services & Financial Resilience Service Transformation Committee

**At:** Multi-Location Meeting - Gloucester Room, Guildhall / MS Teams

**On:** Tuesday, 26 September 2023

**Time:** 2.00 pm

**Chair:** Councillor Mandy Evans

**Membership:**

Councillors: P N Bentu, J A Hale, T J Hennehan, S Joy, E T Kirchner, F D O'Brien and L V Walton

**Watch Online:** <https://bit.ly/45YF1TD>

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#### Agenda

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<b>3 Minutes:</b> To approve & sign the Minutes of the previous meeting(s) as a correct record.	1 - 3
<b>4 Swansea Council Co-Production Policy - (Work in progress - Draft) - Presentation.</b>	4 - 10
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**Next Meeting:** Tuesday, 31 October 2023 at 2.00 pm

A handwritten signature in black ink that reads 'Huw Evans'.

**Huw Evans**  
Head of Democratic Services  
Tuesday, 19 September 2023

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Contact: Democratic Services - (01792) 636923

# Agenda Item 3



City and County of Swansea

## Minutes of the **Corporate Services & Financial Resilience Service Transformation Committee**

**Multi-Location Meeting - Gloucester Room, Guildhall / MS Teams**

**Tuesday, 25 July 2023 at 2.00 pm**

**Present:** Councillor P N Bentu (Vice-Chair) Presided

**Councillor(s)**

S Joy  
F D O'Brien

**Councillor(s)**

E T Kirchner

**Councillor(s)**

L V Walton

**Also present**

Councillor A S Lewis      Cabinet Member for Service Transformation

**Officer(s)**

Emily-Jayne Davies	Strategic Policy Officer
Sarah Lackenby	Head of Digital and Customer Services
Jeremy Parkhouse	Democratic Services Officer
Lee Wenham	Head of Communications & Customer Engagement
Jonathan Wills	Lead Lawyer

**Apologies for Absence**

Councillor(s): V M Evans

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**9 Disclosures of Personal & Prejudicial Interests.**

In accordance with the Code of Conduct adopted by the City & County of Swansea, the following interests were declared: -

Councillor P N Bentu declared a personal interest in Minute No.11 – Digital Transformation: Customer Services / Communication and Engagement with the Public – Customer Charter and Service Standards.

**10 Minutes.**

**Resolved** that the Minutes of the Corporate Services & Financial Resilience Service Transformation Committee held on 20 June 2023 be approved and signed as a correct record.

**11 Digital Transformation: Customer Services / Communication and Engagement with the Public - Customer Charter and Service Standards.**

Sarah Lackenby, Head of Digital & Customer Services presented for discussion the draft Customer Charter and Service Standards, attached at Appendix A and to consider the questions posed at Section 2.3 of the report.

It was outlined that excellent Customer Service aligned with our Service Standards is the first goal of the new Digital Strategy agreed by Cabinet in April 2023. Within that goal, the Council made a commitment to, "Review and publish our service standards so residents and businesses know what to expect when they contact the Council".

It was added that Service Standards were already in place across the Council, however, they were not all held in one place. Heads of Service and Directors across the organisation had been involved in the review of existing service standards and the development of a new Customer Charter.

The Committee were asked to discuss the draft Customer Charter and Service Standards, attached at Appendix A and the following questions:

- The Charter lists a series of promises to residents across a range of ways for people to access services. Would the Committee like to see any changes or additions?
- The Service Standards have been reviewed by Heads of Service and build on existing service levels. They have also been described in ways which residents may ask for services, as opposed to a Council hierarchy. When the information is online it will be easy for people to search using key words. However, could this be improved to make it easier for residents to find the information?

The Committee discussed the following: -

- The difference in the work of the Committee in respect of this report to the work being undertaken by Scrutiny and how the work is linked to reflect current and future performance.
- How the consultation and engagement would be far reaching, involving Councillors, residents and staff.
- The importance of managing expectations, consulting with residents in areas of poor digital connectivity and ensuring those people who are not digitally literate are consulted, including groups and organisations.
- The inclusion of digital exclusion in the Strategy.
- The use of plain language being a very positive move.
- Examining the timescales for actions, e.g. 28 working days to process requests for free school meals.
- Specific requests being referred to the applicable Head of Service.
- The follow-up report following consultation being reported to the Committee.

The Head of Digital & Customer Services stated that she would refer the query regarding the timescale to process free school meals applications to the Education Department.

**Resolved** that: -

- 1) The discussions regarding the draft Customer Charter and Service Standards, attached at Appendix A, be noted.
- 2) Consultation and engagement with residents and businesses be undertaken, prior to any final decision on adoption.

## **12 Work Plan.**

The Chair presented the Committee Work Plan 2023-2024.

She noted that there were no items at present in respect of the meeting in 27 February 2024. It was proposed that any amendments to the Work Plan be discussed later in the Municipal year.

**Resolved** that: -

- 1) The Committee Work Plan 2023-2024 report be noted.
- 2) Any amendments to the Work Plan be discussed later in the Municipal year.

The meeting ended at 2.23 pm

**Chair**

## Swansea Council Co-Production Policy (Work in progress - Draft)

### Background

#### PURPOSE OF THIS POLICY

Within the council, there is a greater emphasis on co-production. We share our intention in the Corporate Plan (2023-2028) to involve more local people in council decisions that affect them, their families, and our communities. We will accomplish this by incorporating co-production behaviours and thinking into everything we do.

As a result, co-production approaches are being considered more frequently alongside other methods of consultation and involvement. Co-production can be used for a variety of small to large-scale plans, services, and policies. Swansea Council will consider co-producing with residents whenever possible.

The adoption of this Corporate co-production policy aims to:

- ensure that co-production is considered alongside other methods of engagement and is thus applied in all areas where it can add value, across the entire scope of Swansea council's work.
- ensure that the term 'co-production' is understood consistently throughout the council
- encourage a consistent approach to co-production across council departments and when talking about co-production with other organisations and residents

This policy draws on the [West Glamorgan Regional Partnership Board Strategic Co-production Framework](#) and the [Swansea Council's Co-production for Social Care Strategy](#).

We recommend reviewing the policy every five years and updating it with relevant links and new ways of working and implementing co-production. Any policy reviews could be co-produced with residents who are involved in policy development work with the council. Any policy changes must be reflected in the toolkit and any accompanying documents.

### What is co-production?

#### DEFINITION

Co-production is an asset-based approach to public services that involves people providing services and people receiving services to share power and responsibility, through working together in equal, reciprocal and caring relationships. It creates opportunities for people to access support when they need it, and to contribute to social change.

We have adopted the definition used by West Glamorgan Regional Partnership and Swansea Council's Social Care strategy, based on the Co-Production Network for Wales' definition.

There is no one single way to ‘do’ co-production but all good co-production shares values that ensure the voices of people with lived experience are heard equally alongside other people. Co-production starts from the idea that no one group or person is more important than any other group or person. This means no ‘them and us’; in Co-production we are all ‘us’.<sup>1</sup>

Co-production is a mindset and a way of working, based on these five principles:

1. Value all participants and build on their strengths.
2. Develop networks of mutual support.
3. Do what matters for all the people involved.
4. Build relationships of trust; share power and responsibility.
5. People can be change makers, and organisations enable this.

The council frequently needs to work with its own staff or with outside providers. This is referred to as employee engagement, stakeholder engagement, partnership working, or collaboration. This is often required as a prerequisite for co-production, but something can only be called 'co-production' if it involves residents as well as those who commission or deliver services.

## CO-PRODUCTION AND OTHER ENGAGEMENT APPROACHES

“Engagement” is an umbrella term referring to any interaction between public services and their service users or members of the public. Co-production is a type of interaction that involves 'doing with' people in an 'equal and reciprocal partnership' and is based on values and shared decision making. The spectrum of engagement diagram<sup>2</sup> below shows where co-production fits in relation to other engagement approaches.

<u>doing to</u>		<u>doing for</u>			<u>doing with</u>
<b>coercion protection</b>	<b>education persuasion</b>	<b>information</b>	<b>consultation</b>	<b>participation</b>	<b>co-production</b>
e.g. safeguarding	e.g. recycling education programmes	e.g. Council website info about bus passes	E.g. budget proposals survey	E.g. Neighbourhood watch projects, youth forums	e.g. Person-centred care, service co-design, co-commissioning
We have a duty to act to ensure people's safety.	We know what people need to do, we need to get them to do it.	We provide information where/when/how people need it.	We decide what questions to ask, and collect data to inform our decisions.	We listen to people's lived experience, to inform our thinking and decisions. People are involved, but we hold the power.	We listen to people's experience and share ours. There is shared power in our decision making. We value different experiences.
<b>Council as</b>		<b>Council as</b>			<b>Council as</b>

<sup>1</sup> Taken from the [Council's Co-production for Social Care Strategy](#)

<sup>2</sup> Spectrum of engagement diagram is based on the work of Sherry Arnstein and Co-Production Network for Wales

regulator	provider	partner
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While approaches to engagement involve thinking through the decision-making processes that underpin a piece of work, it is possible that a single project or programme will incorporate a variety of approaches.

For example, in the case of council as a regulator, it is still possible to involve parents in ensuring effective family support programmes, or to involve children in effective care services, even if they may not have a choice whether to engage with those services or not. The first step in putting co-production into practice is determining where various aspects of your project or service fall on this spectrum, whether it could sit further towards 'doing with' approaches, and how to involve people accordingly.

Once the different engagement approaches are identified within a programme or piece of work, thought can be given to methods. Generally co production requires conversation and accessibility so certain methods are more aligned with co productive practice than others. Whilst consultation or participation may be a necessary part of overall engagement, in themselves these are not processes that enable shared power or decision making. It should be made clear from the start about the extent to which co-producing with residents will affect change and openly manage expectations as the work develops.

This policy's accompanying toolkit will provide guidance to help staff choose the right approaches and methods.

### LEVELS OF CO-PRODUCTION:

Co-production can take place in a variety of settings and circumstances. In the council, co-production occurs at three levels:

1. **Individual Level:** Co-production relating to individual needs and support plans. For example, residents actively contributing to identifying needs at an assessment or contributing to a safeguarding review.
2. **Service level:** Co-production at the service level refers to how services are designed or delivered. For example, residents participating in the planning of activities within a residential setting, being involved in staff recruitment, giving training to providers, developing service specifications, and playing an active role in the monitoring and evaluation of those services.
3. **Strategic level:** Co-production at the strategic level relates to future service delivery planning. For example, reviewing how well services are performing, deciding how budgets are allocated, defining good practice and quality improvement at a 'high-level'.

## Applying co-production

### WHEN AND UNDER WHAT CIRCUMSTANCES TO CO-PRODUCE

The toolkit includes instructions for understanding these indicators of readiness and feasibility. These are the circumstances under which Swansea Council can consider co-production:

- **When the Council lacks a clear solution for at least some aspects of the problem or opportunity.** The problem could be approached from multiple, sometimes conflicting perspectives, and there could be multiple solutions. The more unknown elements there are and the higher the level of complexity, the more valuable a co-production approach is. If there is already an obvious solution that requires some feedback before implementing, consultation or participation would be more suitable approaches.
- **When expertise from both lived and learned experiences is required to provide answers.** By lived experience we mean the knowledge gained from our background and day-to-day experiences in life. By learned experience we mean the knowledge we acquire through work and education. It is necessary to gather a group who are a mixture of council staff and residents who don't work for the council. For example, if co-producing a service, the group should include people who deliver the service and people who use (or might in the future use) the service. If it is a problem or opportunity that only requires learned experience (e.g. a highly technical challenge), then information and consultation around its implementation would be more suitable approaches.
- **It is possible to gather people in the same location at the same time.** Genuine co-production necessitates bringing together people with lived experience, professionals, and others involved (e.g., policymakers, architects). Everyone involved in the process has something to learn and something to offer. While co-production may require people to work separately at times, it usually involves people coming together at least some of the time. The needs, preferences and safety of underserved communities should always be prioritised when making decisions around how and when the group collaborates. When people cannot be brought together, dividing them into different groups and utilising participation methods may be more appropriate.
- **When the group of people gathered to co-produce can make at least some decisions.** Co-producers should make decisions, not just suggestions. While it's unrealistic to expect that everything can be co-decided, co-production supports some decision-making by co-producers (including people with lived experience). Some decisions may need to be escalated and passed on to others as proposals or recommendations. Consultation or participation may be more appropriate approaches if there is little room for any decision making.

## WHEN NOT TO CO-PRODUCE

These are the circumstances under which Swansea Council cannot consider co-production:

- **When the timeframe is insufficient to build and nurture relationships.** The co-production process needs flexibility to 'move at the speed of trust'. This includes relationships between everyone in the co-production group. In an ideal scenario, any deadlines are flexible to make time for relationships and trust to grow. Any deadlines should be flexible in order to allow time for relationships and trust to develop. If this is not possible and existing deadlines must be met (for example deadlines set by



statutory responsibilities or funders), these deadlines should be months rather than weeks away. Consultation or participation would be more appropriate approaches if there is insufficient time to build and nurture relationships.

- **If it is required by law to consult.** Where there is a statutory obligation to consult, consultation should be used. However, it is still possible to consider co-productive approaches and values when conducting the consultation process. Any new ideas sparked and new relationships built through consultation could act as a starting point for co-production.
- **When decisions must be made very quickly (e.g. in an emergency or crisis situation).** If the council does not have the necessary arrangements in place to co-produce in these types of scenarios, information sharing is often the best engagement approach.

### **HIGH LEVEL GUIDING PRINCIPLES FOR IMPLEMENTATION**

The toolkit provides more detailed information about the guiding principles. Any Swansea Council project or programme that uses a co-production approach must adopt these principles when doing the work:

- **Transparency about the scope for decision making from the start.** Key stakeholders from a service or portfolio must meet early in the co-production process to determine which decisions can be made by the co-production group.
- **We are generous with our hospitality.** While this isn't complicated, it is sometimes overlooked or planned at the last minute. To support the process of building trust and relationships, we must provide hospitality. Offering a cup of tea, cooking a meal, knowing and remembering people's names, and greeting them warmly are all examples of hospitality.
- **Nobody should be out of pocket for taking part.** A budget should be set aside to cover the costs of participating in the co-production process (e.g., travel reimbursement or lunch/dinner provided).
- **We plan for good wellbeing.** Taking part in genuine co-production requires vulnerability for all involved. There should be a plan in place for how the group will look after each other's wellbeing throughout the process, with an emphasis on responding to the group's needs as and when issues arise.
- **Everyone's contribution should be recognised.** Co-producers give their time, stories, and intellectual property to the co-production process. People's preferences for how they want to be recognised are likely to differ. Payment, benefits from what is being designed, or something else a person values (such as access to training or a donation) could all be forms of recognition.
- **People should be informed about what happened following their participation in a co-production process.** All feedback should be provided to participants on time, concisely, and clearly, including what action is being taken, by whom, and when. This is an important mechanism for maintaining relationships and having ongoing conversations.

## ROLES IN THE PROCESS

- Relevant Council stakeholders with decision-making power (e.g. cabinet, councillors, heads of service) should be involved in conversations as soon as there is the potential for co-production in an area of their work. Their participation in the process will have to be determined on a case-by-case basis.
- Team to co-ordinate and facilitate the co-production process. This should be flexible so that community members can be co-opted into the coordination and organising. This should be flexible enough to allow residents to be involved in the coordination and organisation. This should also be cross-agency; for example, partner organisations, council staff, cabinet, and/or other elected members could all be part of this team.
- Partner organisations to help with engagement, recruitment, well-being, and knowledge. It is essential to collaborate and actively partner with community-based organisations or community-based council staff and members to get the right people involved.
- Voices from different parts of the community to be heard alongside decision makers and council staff. You may start with an existing group but check whose voices are missing and plan to reach out to them and involve them. This may necessitate new approaches, collaboration with various community groups or personalised invitations to particular individuals.

## Additional information

### HOW THIS POLICY WAS CREATED

Swansea Council commissioned Co-production Lab Wales to support the policy design process. They conducted interviews and workshops with Swansea Council staff and members. The policy draws on co-production best practice from within and outside the council.

This policy has not been co-produced with residents because there is little scope for decision making by residents. Strategic level co-production is also the most complex and skilled level of co-production, and it is recommended that the council establishes stronger foundations with individual and service level co-production in the short term, paving the way for more strategic level work in the long term. It is recommended that future reviews of this policy be co-produced if the conditions for co-production outlined in this policy are met.

### RELATED POLICIES AND OTHER RESOURCES

#### **Accompanying toolkit(due for completion by December 2023)**

*[LINK] and [DESCRIPTION]*

#### **Internal Policies and Plans**

This policy builds on other previous good work and standards set out in specific service

areas and departments of the council and partners:

- [Consultation and Engagement strategy](#)
- [Public Participation Strategy](#)
- [Strategy for Social Care in Swansea - 'Working Together'](#)
- Volunteering Strategy
- [Strategic equality plan](#)
- [Human Rights city pledge](#)
- [Local well-being plan 2023-28](#)
- [West Glamorgan Regional Partnership Board Strategic Co-production Framework](#)

**External related Guidance, policies and bodies**

- [National Participation Standards](#)
- [National Children and Young People's Participation Standards for Wales](#)
- [National Principles for Public Engagement in Wales](#)
- [Practitioners Manual for Public Engagement](#)
- Well-being of Future Generations Act (Wales) 2015
- [Knowledge base resources page from the Co-production Network for Wales](#)
  - [Glossary of engagement terminology](#)

# Agenda Item 5



## Report of the Section 151 Officer

### Corporate Services and Financial Resilience Service Transformation Committee – 26 September 2023

### Medium Term Financial Plan

<b>Purpose:</b>	To provide information on the Medium-Term Financial Plan in preparation for contributing to future savings proposals.
<b>Policy framework:</b>	Medium Term Financial Plan and Budget Strategy
<b>Consultation:</b>	Legal and Access to Services.
<b>Report Author(s):</b>	Ben Smith/Sarah Willis
<b>Finance Officer:</b>	Ben Smith
<b>Legal Officer:</b>	Debbie Smith
<b>Access to Services Officer:</b>	Rhian Millar
<b>For Information</b>	

#### 1. Introduction and Context

- 1.1. Local Authorities are under a duty to make arrangements for the proper administration of their financial affairs. Failure to do so will be a breach of that duty. The requirement to set an annual balanced budget is included in a number of acts including for example the Local Government Act 1988 and the Local Government (Wales) Act 1994.
- 1.2. However, there is no legal definition of “balanced” and it therefore falls to the Chief Finance Officer to use their professional knowledge and judgement to be satisfied that the budget agreed by Council each year falls within the requirement. To aid this, CIPFA (the professional accounting body for public finance) suggested, within their publication Balancing Local Authority Budgets, that a prudent definition of a sustainable balanced budget would be “A financial plan based on sound assumptions which shows how income will equal spend over the short and medium term.” From this it is clear that an

authority not only needs to set an annual balanced budget, but also a medium-term balanced budget.

- 1.3. Medium-term is usually defined as between three and five years. Swansea sets a four-year financial plan, consisting of the legally required one-year annual balanced budget and a three-year future budget plan.
- 1.4. The term “Medium-Term Financial Plan” is most often used when referring to revenue expenditure (ie to the provision of services), however capital expenditure, by the very fact that it is significant and projects can take many years to complete, is also subject to an annually approved multi-year financial plan, known as the Capital Programme.
- 1.5. In terms of context, the Well Being of Future Generations Act (Wales) 2015 means that Councils must carry out their services (i.e., meeting the needs of the present) in a sustainable way (to protect the needs of future generations). A medium-term financial plan helps to plan in a sustainable way, to improve the social, economic, environmental, and cultural well-being of Wales over time.
- 1.6. Medium-term financial planning is not without its challenges, the most obvious being that Councils are only allocated their funding from the Welsh Government on an annual basis, which itself gets an annual allocation from the UK Government. So, as well as having to make assumptions and forecasts on future expenditure levels, this Council must also make assumptions on future income streams. These income streams are subject not only to the general economic climate, but also to the political environment, which can cause issues because of a change in power, and, if there are different parties in power in the UK Government, the Welsh Government and the local council, priorities (and therefore funding) can be pulled in different directions.
- 1.7. The current economic climate presents a number of difficulties in terms of forecasting levels of inflation, pay awards, future funding. This is further complicated by the requirement to meet policy commitments as well as balancing legal requirements, generally with insufficient core funding.
- 1.8. A copy of the current Medium Term Financial Plan (MTFP) is attached as Appendix B. This was approved by full Council on 2<sup>nd</sup> March 2023.

## **2. Revenue and Capital Financial Planning Processes**

### **2.1. Capital Programme**

- 2.1.1. The Capital Programme is a five-year rolling programme. This means that the budget is set for the next five years, giving an estimation of the cost and length of the approved capital schemes.
- 2.1.2. Capital schemes are significant in nature, significant in cost, are usually lengthy to complete and create (or enhance) an asset for the Authority.

Schemes can range from structural maintenance of roads to building a new school and can take anything from a couple of months to several years to complete.

- 2.1.3. Schemes are added to the capital programme by means of Financial Procedure Rules (FPRs) – usually referred to as an FPR7 report. The purpose of this report is to identify the scheme, the cost and most importantly the funding. There is a scheme of delegation in place, meaning at the least for a scheme to be included it must have the approval of the relevant Cabinet Member and Director, the Chief Finance Officer and the Chief Legal Officer, Schemes estimated to cost more than £1million require a report to Cabinet.
- 2.1.4. Funding for schemes can be in the form of supported borrowing, unsupported borrowing, specific grant, a contribution from the revenue budget, use of reserves, use of capital receipts or other grants and contributions. Any form of borrowing will impact the revenue budget plan as there will be borrowing costs charged to the revenue account. This must be considered (along with any other revenue implications such as ongoing maintenance) when the scheme is considered for approval.
- 2.1.5. Although the five-year plan is approved by Council annually, schemes can be added at any time during the year provided the appropriate report is approved.
- 2.1.6. The Council has a requirement to adhere to CIPFA's Code of Practice for Prudential Borrowing when adding schemes to the Capital Programme, meaning the Chief Finance Officer must be satisfied that the funding for the scheme is affordable and sustainable.

## **2.2. Revenue Budget Planning**

- 2.2.1. The budget planning process starts in June each year, whereby the Medium-Term Financial Plan (MTFP) approved by Council in the preceding March is reviewed by the Corporate Management Team. Over the next three months work is carried out to extend this plan by one year, and to update the assumptions contained within that plan. With the emphasis being on the first year of the plan (i.e., the next financial year), as it is imperative that the assumptions used for this year are as accurate and appropriate as possible. Future years are as important, but it is recognised that assumptions will need to change over time and as such a range of assumptions around funding are worked on for those future three years.
- 2.2.2. All items in the plan need to be reviewed and updated where necessary, this includes funding levels, Council Tax levels, use of reserves, levels of inflation, known service pressures and of course the savings proposals. It is necessary to review all these and to allow for new items to be considered to allow the plan to be as up-to-date and flexible as possible. Sticking rigidly to a plan can cause it to fail, over the last few years the Council has had to react to COVID and the cost-of-living crisis for example, meaning the plan has had to change and evolve as risks and funding have also evolved.

- 2.2.3. It is the responsibility of the Chief Finance Officer to advise on the likely levels of funding. There are three main funding streams – Revenue Support Grant (RSG), Non-Domestic Rates (NDR) and Council Tax. RSG and NDR are known collectively as Aggregate External Finance (AEF), the level of AEF is determined by the Welsh Government. Council Tax levels are under the control of this Council, although it is possible that the Welsh Government would intervene if Council Tax levels were set too high. In recent years it has been December before the Welsh Government has released the provisional settlement for Councils. Not knowing the provisional levels of funding until December means there is a high level of uncertainty around the MTFP until this point each year. An all-Wales indicative level of funding was given for three years, however the funding has been significantly different to the indication, so useful as a planning tool, but not reliable.
- 2.2.4. The Chief Finance Officer will give a written or verbal update to Council sometime in October or November. This update is to clarify the effect of adding an extra year on to the MTFP, to give updates on the assumptions that may have changed and to give a general overview of the possible levels of funding from the Welsh Government.
- 2.2.5. Between June and November, Officers are working closely with Members to review existing savings proposals and to propose new savings. If an existing saving is no longer possible, or needs to be postponed, then replacement savings are needed. If costs increase or funding decreases, then additional savings are also needed.
- 2.2.6. During December, there will be a report to Cabinet confirming the latest expectations for funding and pressures. This report also confirms the savings proposals that will need to be consulted on. At this stage the proposals are quite well thought out, have substance and a plan to implement, but are still very much subject to the outcome of the consultation. The consultation varies each year, is predominantly in respect of the proposals that need to be implemented within the next twelve months and is co-ordinated by the Access to Services Team.
- 2.2.7. Consultation usually lasts until the end of January, following this, proposals are reviewed and updated in line with the results of the consultation. Provisional Funding levels are confirmed and the MTFP is split into the two reports for Cabinet – the annual revenue budget report, fulfilling the statutory requirement for a balanced budget, and the MTFP report, fulfilling the CIPFA recommendation of a medium-term balanced budget. Cabinet reviews and agrees or amends the reports before they are considered by Council for the final approval. The Council is legally required to approve a balanced budget by 11<sup>th</sup> March each year.

### **3. Next Steps in Medium Term Financial Planning**

- 3.1. At this stage in the year forecasts have been updated and agreed by CMT and Cabinet Members. This includes likely levels of pay awards, inflation and other pressures as well as likely levels of funding. This gives a potential funding gap – the options for filling this gap are additional savings and/or Council Tax increases.
- 3.2. There are three categories of saving, in the main they fall into one of either service efficiencies, service cuts, or income increases.
- 3.3. Service efficiencies are the most palatable as the aim here is to provide the same level of service but at a lower cost by updating or streamlining existing processes. This can be achieved by the use of technology and/or being more efficient. This type of saving was the most common saving up to roughly 2018, after which it became harder (although not impossible) to find areas that needed to become more efficient.
- 3.4. Service cuts are the hardest to implement as they mean a reduction or removal of a service. This type of saving needs to be set in the context of the Council's agreed priorities:
  - Safeguarding people from harm
  - Improving education and skills
  - Transforming our economy and infrastructure
  - Tackling poverty and enabling communities
  - Delivering on nature recovery and climate change
  - Transformation and financial resilience

Savings should not contradict the above, but the Council should consider if any service carried out is outside of any of the above, and if so, is it a necessary service.

- 3.5. Finally, the Council can consider increasing levels of income, mainly in the form of fees and charges. It should be noted that fees and charges should be increased in line with inflation every year, just to keep up with the level of increased costs but increases over and above inflation can be proposed as savings. It should be borne in mind that there is a balance between price and demand – sometimes increasing prices can reduce demand and therefore reduce income, not achieving the saving required. Many fees and charges are not under the control of the Council and are set by regulation, thus reducing the scope for increases.
- 3.6. All savings proposals are considered by CMT and Cabinet Members for alignment with corporate priorities and robustness before being included in the December proposals report to Cabinet.
- 3.7. For planning purposes Council Tax increases are generally included at 5%, with the impact of a range from 3% to 7% shown for comparison purposes. The final report to Council will recommend a final Council Tax increase, following consultation.



## **4. Reserves**

- 4.1. The Council has a number of earmarked reserves, these reserves have a specific use – for example the capital financing reserve is used to smooth the effects of borrowing over a number of years and the Economic Recovery Fund (ERF) was used to boost the local economy following COVID.
- 4.2. Reserves are available to be spent, however they are a one-off sum of money so shouldn't be used to fund on-going spend. The ERF was used to increase the inflation provision on a temporary basis – energy costs were forecast to increase sharply in 2023/24 but are expected to reduce in future years, so the reserve was used to fund the sharp increase in 2023/24, with a longer term increased base budget being built into the MTFP for future years.
- 4.3. This Council has a high level of earmarked reserves, mainly due to the capital financing reserve and the ERF reserve. However, the General reserve in comparison is low compared to other Councils. The Chief Finance Officer has a duty to consider the levels of reserves as part of the annual budget process, and currently is only happy to certify them as adequate because of the high levels of earmarked reserves.

## **5. Legal implications**

- 5.1. There are no direct legal implications arising from this report. However, it should be noted that Section 151 of the Local Government Act 1972 requires each Local Authority to make arrangements for the proper administration of its financial affairs and that the Chief Finance Officer (in our case the Section 151 Officer and Chief Finance Officer) has responsibility for those affairs.

## **6. Integrated Assessment implications**

- 6.1. 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.
- 6.2. 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'.

- 6.3. 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.
- 6.4. As this report is for information only there is no impact on anyone with a protected characteristic. Any consideration of the Well-being of Future Generations Act would take place as part of the annual budget process and consultation.

**Background papers** :

Guide to Welsh Public Finances – Auditor General for Wales, Wales Audit Office, July 2018

Balancing Local Authority Budgets – Chartered Institute of Public Finance and Accountancy, April 2016

**Appendices:**

Appendix A – Glossary of Terms

Appendix B – MTFP

<b>Glossary of Terms</b>	
Chief Finance Officer	The Officer of the Council with ultimate responsibility for all things financial. Also referred to as 'The Section 151 Officer' as this is the legislation awarding the powers.
Medium Term Financial Plan (MTFP)	The Council's three year forecast of revenue budget pressures and savings
Capital Programme	The Council's five year forecast of capital spend and funding
Revenue Expenditure	Day to day spending on activities to enable the provision of services. Usually short-term (within 12 months). Includes costs such as staff costs, transport costs and supplies and services.
Capital Expenditure	Spend on acquiring or enhancing assets of the authority. Usually spend is substantial and over a period of years.
Reserves	Sums of money set aside by the Council for future use or application, these are split into General Reserves and Earmarked Reserves. General Reserves are for general use in an emergency and should not be considered for everyday use. Earmarked reserves are for use in specific instances. Some of these may be legally enforceable (such as commuted sums), others are just an indication of what the Council wishes to set monies aside for.
Inflation	The measure of how much goods and services have increased in price over a certain period.
Financial Procedure Rules (FPRs)	The Council is bound by a number of different financial rules and procedures that govern how the Council's spending is planned, committed, reviewed and audited. These detailed Financial Procedure Rules are set out in Part 4.6 of the Council's constitution.
Supported Borrowing	The Council can borrow money to fund capital expenditure, when it is supported borrowing then this means the Welsh Government are providing funding for the borrowing costs
Unsupported Borrowing	The Council can also undertake unsupported borrowing, this means the costs of the borrowing are fully funded by the Council with no support from the Welsh Government. This type of borrowing should be undertaken with the guidance on Prudential Borrowing.
Capital Receipts	Income from the sale of assets. Capital receipts can only be used to fund capital expenditure
Revenue Support Grant (RSG)	The stream of funding that comes from the Welsh Government (ultimately the UK Government). This funding is not ring-fenced in anyway and it is local choice on how it should be spent. It can be used to fund capital expenditure.
Non-Domestic Rates (NDR)	Rates charged to businesses for operating within a Council's boundaries. This is controlled on an all Wales basis and all rates collected are pooled by the Welsh Government and then re-issued to local authorities. Like RSG this income is not ring-fenced.
Aggregate External Finance (AEF)	This is the collective term for Revenue Support Grant and Non-Domestic Rates when taken together.
Council Tax	A tax levied on households by local authorities. The level of Council Tax can be determined by a local authority, although excessive annual increases may be reviewed by the Welsh Government.

## Appendix B



### Report of the Section 151 Officer

Council 2<sup>nd</sup> March 2023

## Medium Term Financial Planning 2024/25 to 2026/27

<b>Purpose:</b>	This Report sets out the rationale and purpose of the Medium Term Financial Plan and details the major funding assumptions for the period and proposes a strategy to maintain a balanced budget.
<b>Policy Framework:</b>	Medium Term Financial Plan and Budget Strategy
<b>Consultation:</b>	Legal Services, Access to Services, Cabinet Members and Corporate Management Team
<b>Recommendations:</b>	It is recommended that:-  1) The Medium term Financial Plan 2024/25 to 2026/27 be approved as the basis for future service financial planning.
<b>Report Author:</b>	Ben Smith
<b>Finance Officer:</b>	Ben Smith
<b>Legal Officer:</b>	Tracey Meredith
<b>Access to Services Officer:</b>	Rhian Millar

### 1. Introduction and Background

- 1.1. Service and financial planning continues to be undertaken against a backcloth of increasing service pressures and demand. Again this year there is the added pressure and uncertainty as we emerge from the COVID-19 pandemic. This has affected short-term planning and is expected to continue impact the budget in the medium term.
- 1.2. The Medium Term Financial Plan (MTFP) is an overarching strategy that:
  - Covers three future years.

- Forecasts future known additional spending requirements, likely resources and potential funding shortfalls.
- Links to the Council's adopted strategy '**Swansea – Achieving Better Together**' as a means of addressing future budget shortfalls.
- Links to the Council's revised Corporate Plan, "Delivering for Swansea" and the delivery of our top 6 priorities.
- Has due regard to our duties under the Well-being of Future Generations Act 2015.

Future detailed Service planning will need to be undertaken within the financial assessments and forecasts contained within the Medium term Financial Plan.

- 1.3. **It is important to understand that the MTFP does not constitute a formal budget in respect of the period 2024/25 to 2026/27 and as such the indicative annual assumptions included both within the projected spending pressures detailed in Sections 2 and 3 of this report, and the potential funding detailed in Sections 4 and 5, will be subject to a full review and decision making process as part of each of the annual Revenue Budget and Council Tax setting decisions.**
- 1.4. Instead, the MTFP is intended to outline, in broad terms, the specific service and funding issues over the three year period and how the Council will, within its financial constraints, fund its priorities and achieve major service change and savings.
- 1.5. It is essential as a planning and review tool in order to assess, on an ongoing basis, base assumptions around service pressures and progress against delivery of savings.
- 1.6. The plan serves to highlight the trend for increasingly uncertain times ahead in terms of funding for this Council and Local Government in general, as well as the service pressures that the Council faces from rising demands and increases in demography, together with potential funding pressures arising from ambitious plans for capital development.
- 1.7. Importantly, it is essential that the MTFP is a 'living' document that is subject to regular review and revisions as more information becomes available and risks are updated. As such, it is anticipated that, along with close monitoring of the specific budget proposals and savings targets for 2023/24, further reports to Cabinet and Council regarding the MTFP will be made as necessary. In particular, the Mid Term Budget Statement in the autumn of 2023 will provide a key update on the financial outlook and delivery of savings.
- 1.8. The MTFP is one of many documents that are produced in terms of financial planning and control. These include:-
  - The annual Revenue and Capital Budgets of the Authority
  - The annual HRA Capital and Revenue Budgets
  - The formal quarterly budget monitoring reports presented to Cabinet

- The Mid-term Budget Statement intended to be produced each year as an aid to strategic review on progress
  - The Revenue and Capital Outturn Statements taken to Cabinet following year end
  - The Statement of Accounts produced and approved by Council annually.
- 1.9. The MTFP is intended to form a logical flow from an assessment of forecast resources over the medium term through each step of a structured planning process for future years and as such it specifically details:-
- |           |   |
|-----------|---|
| Section 2 | Overview of financial planning environment 2024/25 – 2026/27                                  |
| Section 3 | Detailed spending and resources forecast 2024/25 – 2026/27                                    |
| Section 4 | Strategy to address future savings requirements   |
| Section 5 | A summary of the Medium Term Financial Plan and Swansea – Achieving Better Together Strategy. |
| Section 6 | Medium Term Financial planning for Schools  |
| Section 7 | Risks and issues implicit within the MTFP   |
| Section 8 | Use of reserves   |
| Section 9 | Legal and Equalities implications   |

## **2. Overview of Financial Planning Environment 2024/25 to 2026/27**

- 2.1. The Medium Term Financial Plan (MTFP) report considered by Council on 3<sup>rd</sup> March 2022 included a service and financial overview. This was updated in the budget proposals report given to Cabinet in December 2022 and February 2023.

### ***Economic Outlook and Prospects for Public Finances***

- 2.2. The announcement of the provisional Revenue and Capital Settlement for 2023/24 resulted in an overall cash increase of £31.182m in 2023/24 compared to 2022/23. There has been one transfer into the settlement so far, in respect of the Coastal Risk Management Programme (CRMP) for Mumbles seawall (£1.556m). It is likely there will be a further transfer in respect of the Fire Authority, and an estimate has been made for this in the updated proposals. There is an increase of just over £29.6m in block grant after allowing for this change. Whilst this is a much appreciated, substantial increase, it needs to be set in the context of the forecast cost of pressures faced by this Council – around £60m for 2023/24 alone.
- 2.3. The current economic climate continues to be uncertain, even more so at the moment, and the Welsh Government acknowledged in their letter to all Local Authorities that local government is facing significant pressures. There is and will continue to be uncertainty over the UK's relationship with Europe and the impact on Wales post Brexit as well as the on-going impact of the COVID-19 pandemic. It is still the case that the Section 151 Officer assumes the Welsh Government budget will be expected to reduce in real terms over the latter period to 2026/27 notwithstanding the short term boosts for the current and next year budget.

- 2.4. Of course, the level of Welsh Government devolved Block Grant is not the only determinant of Welsh Government support for Local Authorities. It is possible that further delegation and transfer of powers and rights from Westminster to Cardiff, together with further tax changing/raising powers, may impose greater or lesser financial risks to Welsh Government than is currently the case. There is also the fact that Welsh Government has to decide on its own cross-sectoral allocation of devolved funding to public services in Wales.
- 2.5. Whilst it is a very positive provisional settlement for 2023/24, there is no certainty that it can continue at such a relatively high level in future years and, in addition to possible real terms reductions in future core funding, the Council also has a wide range of service and demographic pressures which will inevitably impact on demand for services. Equally clearly, there is a potential for further UK Government announcements to impact on costs borne by the Council, particularly in respect of any changes to taxation. The clear example is of the changes to the National Living Wage, which will add around £3.8m to the Council's annual costs.
- 2.6. As mentioned above, a further complicating factor over the period of the MTFP involves proposals to devolve further tax varying powers from Westminster to the Welsh Government. Whilst this notionally impacts primarily on individual taxation, devolution of National Business Rates (NDR) has the potential to impact directly on Local Authority budgets and risk. Latest proposals, for example, are to devolve the cost of welfare provision in Wales to the Welsh Government with all the risk regarding cost movement.
- 2.7. In terms of core revenue funding, the provisional Revenue settlement issued by the Welsh Government in December 2022 gave a detailed settlement level for 2023/24 only, however there was an indication of the likely funding levels for Local Government for 2024/25 also. Whilst only indicative it is nevertheless a very welcome tool to assist future forecasting by Authorities. The likely level of funding indicated is increase of 3.0% for 2024/25 slightly higher than the indication given last year but nevertheless significantly lower than the increases received in the past three years.
- 2.8. All this of course has to be set against a backdrop of significant global instability where events can impact significantly – and at short notice – on the UK economy and the overall UK economic outlook.
- 2.9. For the purposes of the planning assumptions, although future year indications are very helpful, they are only indications at an all Wales level. Swansea's actual increase could be higher or lower than the headline increase. Furthermore it is possible that the all Wales headline figure will be different to the indication, given the Welsh Government is reliant on the funding that flows from the UK Government. As such it is good practice to forecast a range of potential funding scenarios, each of which will result in differing financial forecast for the Council over the period covered. The forecasts will be updated using the mid-term budget statement to Council each year to reflect the best information available on a rolling basis. For the

purposes of the MTFP, forecasts will be based around a range of scenarios between cash flat (0%), an increase of 3% and an increase of 7.6%.

- 2.10. These are scenarios to demonstrate the range of possibilities and are entirely contingent upon UK and Welsh Government future budget decisions.

Year	AEF Standstill @ 0% £'000	AEF Increase @ 3% £'000	AEF Increase @ 7.6% £'000
2024/25	0	12,500	31,700
2025/26	0	12,900	34,200
2026/27	0	13,300	36,800
<b>Cumulative</b>	<b>0</b>	<b>38,700</b>	<b>102,700</b>

Note that the above scenarios are based on the provisional AEF for 2023/24 of £417.775m as announced in December 2022.

The above represents a spread in terms of potential overall increases over the life of the MTFP, which will have to be updated on a regular basis.

**The compounding effect of this key assumption is substantial over the life of the MTFP – the savings ask could be considerably higher if the actual increase is less than the range (of 3% - 2%) used as a planning assumption or considerably less if the settlements are more than assumed.**

- 2.11. During the timescale of the MTFP there are a significant number of events which could impact on some of the major assumptions made. These include:
- Any voluntary or joint arrangements, including regionalisation, in lieu of compulsory Local Government reorganisation in Wales;
  - Wider events that could impact on the Global economic position;
  - The impact of the final exit package agreed by the UK Government in respect of Brexit.
  - The on-going impact of the COVID-19 pandemic

### ***Support for Capital Programmes***

- 2.12. The provisional settlement indicated support for future General Fund Capital programme at a level of £12.882 for 2023/24, an increase of £2.160m compared to 2022/23. This has put the allocation back to where it was before 2022/23, but is still only just sufficient to meet the current budget allocations to cover core commitments



This settlement support is through a mix of General Capital Grant and support for borrowing. Wider capital support elsewhere is however very significant and must be equally recognised.

Planning assumptions over the life of the MTFP are based on unchanged levels of capital support, in the absence of any further indications from the Welsh Government.

As reported elsewhere on this agenda, in the Capital Budget & Programme 2022/23- 2027/28 Report, there is an ambitious capital investment programme. This includes the continued investment in Swansea Schools, through the Band B phase of the 21<sup>st</sup> Century Schools Programme (now called the Sustainable Communities for Learning Programme) and major capital schemes flowing from the Swansea Bay City Deal including the Swansea Arena and the Digital Village. There will also be continued investment in IT across the Council, as well as a significant programme to assist the economic recovery from the COVID-19 pandemic.

The capital investment identified above will attract significant grant funding (21<sup>st</sup> Century Schools and Swansea Bay City Deal), however the programme will still require material unsupported borrowing to enable completion.

- 2.13. The total estimated cost of the Band B schools programme envelope is £149.5m (if the potential aided sector scheme is excluded this amounts to £141.3m). Of this total, £124m is being sought from traditional capital funding, requiring (after allowance for realisable capital and other receipts) a net local funding requirement of £34.5m. The remaining £25.19m (or £16.975m if the potential aided sector scheme is excluded) is expected to be delivered through revenue funding (Mutual Investment Model), which would require no local capital funding contribution but incur an annual charge once the accommodation and facilities are completed. An equivalent local share of the capital cost would be £3.225m although the 19% local contribution would apply to the annual revenue charge.
- 2.14. The capital financing strategy underpinning the capital budget seeks to maximise grants, supported borrowing, contributions and capital receipts in order to minimise the need to borrow. The borrowing requirement identified to support the capital programme is significant and shall require substantial revenue support to service. The revenue implications are reported in the Revenue Budget elsewhere on this agenda. The revenue implications are considered affordable and sustainable over the cycle of the programme.
- 2.15. As indicated above, the position remains that should such capital receipts not materialise the Council will have no option but to consider reductions in spend, seek alternative sources of funding or, as a last resort, consider additional borrowing which shall place a further burden on revenue finances.
- 2.16. In the recent past, the Council has sought to minimise its external borrowing by the use of internal funds, which is entirely consistent with good Treasury Management policy given historic low interest rates on investments and avoiding the 'cost of carry', which has served this Authority well. Sustained

internalisation of borrowing requirement and the significant funding required for the capital programme from 2021/22 onwards and the planned medium term depletion of earmarked Reserves and Provisions means that externalisation of this funding became inevitable. This strategy has proved particularly beneficial to the Council's capital funding strategy as it took advantage of volatility in PWLB rates prevailing and undertook the required PWLB borrowing in 2021/22 at all-time low rates achieved by this Authority, therefore removing interest rate risk for the short medium term.

- 2.17. It remains the case that each year the Council sets aside a significant amount of money (c £16.4m 2021/22) called the Minimum Revenue Provision (MRP) towards the repayment of debt. This provision is in line with the Council's existing MRP Policy, which was revised in 2018/19. This effective repayment will have to be taken into account when evaluating overall borrowing levels and the ability to service any additional borrowing requirement.
- 2.18. The additional capital investment identified above will attract significant grant funding (especially 21st Century Schools and Swansea City Region Deal), however the programme will still require a material unsupported borrowing to enable completion alongside the use of capital receipts as they are realised. Furthermore some schemes have the potential to provide additional revenue streams of property income, or, subject to agreement, in due course, with Welsh Government, retained elements of non-domestic rates or possibly tax increment financing as further powers devolve to Welsh Government and then on to local government.
- 2.19. Notwithstanding this scale of ambition, each major scheme will, as always, be considered on the overall merits of each business case, both in capital cost, and revenue income streams where appropriate. Unsupported borrowing will be undertaken on a phased basis within the overall envelope for affordability.

### **3. Detailed Spending and Resources Forecast 2024/25 to 2026/27**

- 3.1. The Capital Budget report forecasts capital spending and resources in the period covered by the MTFP.
- 3.2. In terms of the Revenue Budget, and in the context of financial planning over the period of the MTFP, the overriding issue is likely to be the need to make significant ongoing savings in Service Expenditure in order to meet known and anticipated spending pressures.
- 3.3. The following table represents the expected funding requirements (based on current policies and decisions) for the period of the MTFP – **these are pressures and must be read in conjunction with the funding plans and indicative solutions set out in 5.4:**

**Projected Spending Pressures/Funding Deficiency 2023/24 – 2025/26**

	Note	2024/25	2025/26	2026/27
		£'000	£'000	£'000
Future cost of pay awards	1			
- Non Teachers		6,828	12,637	18,550
- Teachers (Local top up required)		5,900	10,400	14,800
Impact of 2022/23 pay award	2			
- LG Staff		315	585	863
- Teachers		95	176	259
National Living Wage – pay bill	3	1,200	2,400	3,600
National Living Wage – contracts		3,000	7,400	12,400
Increase in Pension Costs	4	0	0	1,400
Teachers Pension Costs	5			
- LG Staff		260	260	260
- Teachers		7,750	7,750	7,750
Cumulative contract inflation	6	0	700	1,900
Energy Price Inflation	7	-3,000	-5,000	-5,000
Replace Temporary Use of Reserve Funding	7	8,000	9,100	9,100
Repay Use of Recovery Fund	7	0	3,200	5,000
Capital charges	8	1,000	2,000	3,000
Use of Capital Equalisation Reserve	8	-1,000	-2,000	-3,000
Add to/Reduce Contingency	9	215	-2,527	-2,486
Demographic and Service pressures	10	3,000	6,000	9,000
Mid and West Wales Fire authority Levy ( <b>independently decided by the Fire Authority</b> )	11	1,230	2,230	3,230
Corporate Joint Committee Levy	11	10	21	32
Council Tax Support Scheme	12	1,350	2,700	4,150
Rebase ICT Cloud costs	13	500	1,000	1,000
Social Care extra money for Adults Services	14	2,500	5,000	5,000
Agreed Service Pressures	15	422	713	716
<b>Total known pressures / investment into services</b>		<b>39,575</b>	<b>64,745</b>	<b>91,524</b>
Total Savings Requirement	16	-20,301	-29,571	-39,850
<b>Net Funding Requirement</b>		<b>19,274</b>	<b>35,174</b>	<b>51,674</b>
Aggregate External Finance Increase @ 3%, 2%, 2%	17	12,274	20,774	29,574
Council Tax Assumption at 5% (see Section 4)	18	7,000	14,400	22,100
<b>Total Resource Investment</b>		<b>19,274</b>	<b>35,174</b>	<b>51,674</b>

Alternative scenarios at differing levels of Welsh Government Support – if AEF turns out to be higher or lower than the planning assumption

<b>Additional Money Available for Investment if 7.6% AEF (i.e. continues at current year increase)</b>		<b>19,500</b>	<b>45,000</b>	<b>73,000</b>
<b>OR</b>				
<b>Additional Savings needed if 0% AEF</b>		<b>-12,274</b>	<b>-20,774</b>	<b>-29,574</b>

Notes:

1. *The pay award figures represent a forecast increase of 3% for all staff, reducing to 2.5% over the life of the MTFP.*
2. *There will be a residual impact of the 2022/23 flat rate pay award (inflationary increases, this will merge and become part of the usual pay award figures in future MTFPs)*
3. *Assumed increases due to implementation of National Living Wage - will affect contract prices and lower end of own pay scale.*
4. *The latest forecast from the triennial revaluation of the local government pension scheme effective from 1<sup>st</sup> April 2023 indicates a short term reduction to the contributions made (3.4%). This is expected to end in 2026/27 where the contributions are budgeted to begin to increase once more.*
5. *There will be a national increase in Teachers Pension costs from 2024/25. We have made a prudent, worst-case estimate.*
6. *Reflects the assumed minimum cumulative effect of contract inflation.*
7. *Energy inflationary cost increases are expected to be substantial next year. This large increase has been temporarily funded from reserves, this funding will need to be replaced and repaid over time.*
8. *The additional estimated borrowing costs arising from the new and regional capital programme. Cabinet have prudently built up earmarked reserves to reduce the impact of increased capital charges in respect of new schemes, and targeted use of these reserves is now being built into the MTFP.*
9. *A small sum to be added to the contingency to allow for changes to (for example) the estimates on levies. Contingency will be reduced over the latter years of the MTFP reflecting the assumption that current economic turbulence will reduce over time.*
10. *Assumed Demographic and Service pressures mainly around Schools and Adult and Children's Services.*
11. *Estimated increases for Fire Authority Levy and Corporate Joint Committee Levy.*
12. *Reflects the assumed cost of Council Tax Support Scheme costs based on Council Tax increases as a planning assumption only at this stage.*
13. *To rebase permanently some demand led pressures in Corporate Services predominantly around ICT cloud provision.*
14. *Following the introduction of the new Social Care Levy additional funding for social care has been allocated.*
15. *The future year impact of service specific pressures agreed as part of the suite of 2023/24 budget reports.*

16. *The future year impact of service specific savings agreed as part of the suite of 2023/24 budget reports.*
17. *Reflects the Welsh Government provisional guideline assumption for 2024/25 of a 3% increase in 2024/25. With 2% estimated from 2025/26 onwards.*
18. *Reflects the Council Tax assumption of 5% as detailed in Section 4.*

3.4. As stated, this forecast contains limited provision for increases in net service costs, in particular there is no provision for :-

- Any increase in costs arising from decisions on Government taxation – most significantly increases arising from landfill tax costs.
- Corporate costs in excess of budget provision in respect of issues relating to higher than assumed employee costs (higher than 3% (2024/25) and 2.5% (future years) pay awards), or bigger movements in minimum statutory wage.
- Any one off costs arising from changes to service delivery across the Council, including transformational change.
- Any general inflation provision relating to non-contractual issues.
- Any increased costs or reductions in income arising from changes to welfare reform the lifetime of the MTFP.
- Any budget changes arising from further regionalisation of any services.
- Any increases in Capital financing charges beyond those allowed for which is dependent on the Council achieving a level of capital receipts as detailed within the Capital budget submitted for approval elsewhere on this agenda and is wholly dependent on decisions around potential externalising of internal borrowing.
- Future funding decisions in respect of protection for Social Services or Delegated Schools' budgets which may be specified by the Welsh Government in future budget settlements.
- Any potential downward movement in service specific grants, some of which we have experienced at short notice in the past.
- Any ongoing increase on non-funded schemes including the Teachers' Pension Scheme at a future date.

3.5. The Local Government and Elections (Wales) Act 2021 is now in force and there is likely to be financial implications associated with implementation of certain duties under the Act.

#### 4. **Strategy to Address Future Savings Requirements: Swansea – Achieving Better Together**

4.1. The scale of the financial, demographic and sustainability challenge requires the Council to continue to adopt a radically different approach to previous years. An approach that focused on:

- *The core future purpose of the Council*
- *The transformation of services and the model of delivery*
- *Greater collaboration with other councils and local organisations, community groups and residents*
- *And, above all, sustainable solutions with prevention at its heart.*

This ambition was set out in *Sustainable Swansea – fit for the future*, our long-term plan for change, underpinned by our Innovation Programme.

- 4.2. The Sustainable Swansea Strategy was agreed by Cabinet and reported to Council in October 2013. The Delivery Programme was approved by Cabinet on 29 July 2014 and was subject to further review and refresh at Cabinet on 16<sup>th</sup> July 2015.
- 4.3. A major refresh undertaken in 2020 recognised that it has successfully delivered the bulk of £70m worth of savings asks, and enabled the Council to maintain services, performance levels and protect jobs during a period of austerity. However, there are now new challenges and opportunities arising from the new Local Government and Elections (Wales) Act as well as a changing national political landscape and economic uncertainty including COVID-19 and post-Brexit risks.
- 4.4. Thus, in October 2020 Cabinet approved the new Swansea - Achieving Better Together Transformation Strategy and Programme Framework to strengthen the changes needed due to current circumstances. The new programme builds on and strengthens the Sustainable Swansea approach, and the strategic aims of Swansea – Achieving Better Together will now focus on:
  - The core purpose of the Council
  - Transforming services to be effective and efficient
  - Greater collaboration with other Councils, organisations, community groups and residents, with a focus on regionalisation
  - Balancing the budget for current and future years
  - Greater and more meaningful engagements with our residents and community
  - To meet aspirations and targets within the Medium Term Financial Plan
- 4.5. In November 2022 there was a further report to Cabinet detailing the Council's transformation strategy, vision and goals for 2022 – 2027. Once the detail is finalised over the next few months this will then replace Sustainable Swansea and Achieving better together as the core transformation document underpinning the medium-term financial plan.

### **Our Service Priorities for 2023/24 and the MTFP Period**

- 4.6. Although the Council is currently focused on a plan to save an additional £70m over the period of the MTFP (since revised as per the December 2022 Budget Proposals report to Cabinet), it is vital to continue to retain Member and management focus on the significant proportion of our budget that remains. Our gross budget is over £820m (excluding Housing Services (HRA)) and we spend just over £1.9m a day on services to residents.
- 4.7. The Council has clear and strong long term ambitions for Swansea and the proposals for savings must be seen in the context of the following:
  - The Council's top 6 priorities and emerging new corporate plan for services to help deliver the well-being of future generations

- The strategic aims of Swansea – Achieving Better Together – which embrace all we do
  - The application of the budget principles – which guides decision making
  - The ongoing and sustained real terms reduction in external funding and the need to meet known budget pressures.
  - All set within the context of emerging from the current COVID-19 pandemic.
- 4.8. The Council’s overall aim is to protect frontline delivery of services as far as possible. However, whilst many things are important, not everything can be a priority. It is important, therefore - particularly in the current climate of significantly stretched real term resources - to set out clearly our expectations on all services and relative priorities for funding in the context of the budget reductions that we face.
- 4.9. This requirement is illustrated sharply by the “gearing” effect of savings on services. In other words, if our current savings requirement (excluding schools) over three years was applied, for example, just to Place Services, the budgets for this area would be completely removed. Consequently, other areas such as Education and Social Care also need to face some relative real terms level of reduction over the next 3 years, given the relative size of their budgets. Equally, however, if the level of funding for 2023/24 were to be sustained in every future year, then these planning assumptions could be very fundamentally reshaped, and savings asks reduced or possibly even eliminated.
- 4.10. A statement of budget priorities and policy statements that flow from this is set out in **Appendix A**. This statement follows an assessment of services in relation to the following criteria:
- **Invest:** Services where the Council will increase levels of investment
  - **Maintain:** services where the Council will broadly maintain current level of spend in the medium term
  - **Remodel:** those services where the Council will reduce the current level of spend over the medium term.

Regardless of relative funding levels, there is also an absolute requirement that **all services** must transform and strive for maximum efficiency.

**Potential Funding 2024/25 to 2026/27**

- 4.11. The Revenue Budget report detailed elsewhere on this agenda identifies possible savings for the 2023/24 financial year. Some of these proposals will generate further savings in future years and so will contribute to the future years’ savings requirement.
- 4.12. In addition, there are a number of service specific savings proposals that are being considered – it should be noted that these have not yet gone out to consultation, but will do so at the appropriate time.
- 4.13. These are detailed in Appendix B, but are shown in summary below:

	2024/25 £'000	2025/26 £'000	2026/27 £'000
<b>Future Year Impact of current (2023/24) proposals:</b>			
Corporate Services	150	153	153
Finance and CTRS	1,400	1,590	2,590
Education	226	491	491
Social Services	500	925	1,300
Place	1,406	2,626	3,272
	<b>3,682</b>	<b>5,785</b>	<b>7,806</b>
<b>Future Proposals to be Considered:</b>			
Corporate Services	964	1,577	2,125
Finance and CTRS	0	0	0
Education	100	100	100
Social Services	3,188	4,848	8,298
Place	1,068	2,167	3,827
	<b>5,320</b>	<b>8,692</b>	<b>14,350</b>
<b>Sub-total of Service Specific Savings (as per Appendix B)</b>	<b>9,002</b>	<b>14,477</b>	<b>22,156</b>
Schools*	11,299	15,094	17,694
<b>Total Savings</b>	<b>20,301</b>	<b>29,571</b>	<b>39,850</b>

\*Schools savings and pressures fall entirely to the delegated budgets and are shown separately as these are decisions for schools to take

- 4.14. In addition to savings proposals, Council Tax levels must be considered as part of the MTFP. Budgeted gross council tax yield for Swansea for 2022/23 is £136,142,000, which we have rounded to £136 million. This remains the gross yield on Council Tax and it must be borne in mind that any Council Tax increases results in a corresponding increase in the local cost of the Council Tax Support Scheme, (which has been taken account of in the spending pressures above). The Council Tax Base has been assumed to decrease for 2023/24.
- 4.15. Policy decisions on the level of Council Tax will of course remain a matter for full Council to determine on an annual basis and it is always relatively challenging to set out a published range of Council Tax options years in advance. Therefore, what follows can only be an indicative assumption to give a plausible range of planning scenarios, to aid the overall understanding of the financial plan.

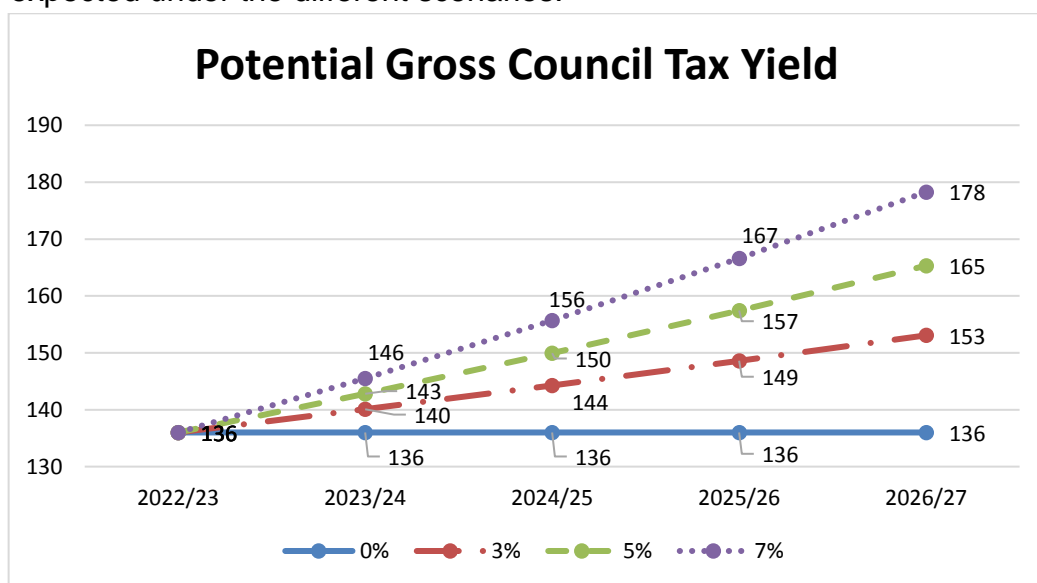
It should be noted that lower tax increases in earlier years will (all other things being equal) result in higher increases in later years, and as the outlook is for lower settlements in future, persistent, high inflation and an immediate cost of living crisis, the timing of any rises must be weighted and due regard given to the Well Being of Future Generations Act.

The following stylised planning assumptions are made:



- As in the past, there is no formal published upper limit to annual Council Tax increases and therefore no upper limit for planning assumptions, but for modelling purposes an upper limit of 7% is included.
- Given the sheer scale of spending reductions needed to set a future balanced budget it is considered equally implausible (albeit theoretically not impossible) that Council Tax levels will be cut. This provides a lower limit of 0% per annum;
- As middle ground options 3% and 5% are also modelled.
- The stylised assumption included for planning purposes is 5%.

The chart below demonstrates the different levels of Council Tax that could be expected under the different scenarios:



## 5. Summary of the Medium Term Financial Plan and Swansea – Achieving Better Together Strategy

- 5.1. The summary anticipated savings requirement over the period of the Medium Term Financial Plan is shown below and is extracted from the table shown at paragraph 3.3 of this report.

	<u>2022/23</u> <u>£'000</u>	<u>2023/24</u> <u>£'000</u>	<u>2024/25</u> <u>£'000</u>
<b><i>Cumulative Savings Requirement</i></b>	<b>20,301</b>	<b>29,571</b>	<b>39,850</b>

- 5.2. The assumptions surrounding the compilation of these figures are given in detail within the table at paragraph 3.3 above and, in particular, are heavily dependent on the assumption of an ongoing increase in AEF for each of the three years covered by the MTFP.

Clearly there is the risk of significant volatility in future years arising from:

- The cumulative effect of any variation in these assumptions in early years
  - The uncertainty around assumptions surrounding the latter years.
- 5.3. Notwithstanding that position, in addressing the ongoing budget deficit, the Council has a number of actions that it can take in terms of achieving a balanced budget. These include:
- Realisation of future years' budget savings arising out of previously agreed savings and 2023/24 consultation proposals
  - Additional Directorate/Service Area targeted savings as detailed in paragraph 4.13 of this report
  - Potential rises in Council Tax levels, as estimated in paragraph 4.15
- 5.4. Bringing these items together, and assuming a balanced position for 2023/24, the following indicative position is envisaged:

	<u>2024/25</u> <u>£'000</u>	<u>2025/26</u> <u>£'000</u>	<u>2026/24</u> <u>£'000</u>
<b><i>Cumulative savings requirement</i></b>	<b>20,301</b>	<b>29,571</b>	<b>39,850</b>
<b><i>Future year impact of current service savings proposals</i></b>	<b>-3,682</b>	<b>-5,785</b>	<b>-7,806</b>
<b><i>Future year proposals to be considered</i></b>	<b>-5,320</b>	<b>-8,692</b>	<b>-14,350</b>
<b><i>Schools savings</i></b>	<b>-11,299</b>	<b>-15,094</b>	<b>-17,694</b>
<b><i>Remaining Gap at 3%/2%/2% AEF</i></b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><i>Surplus at 7.6% AEF – which would be available to re-invest, reduce savings and/or lower council tax assumptions</i></b>	<b>19,500</b>	<b>45,000</b>	<b>73,000</b>

- 5.5. In terms of addressing the overall budget, there are further options available to the Council that are not yet firm enough to be able to be included in the table above, but nevertheless are being worked through and considered for future inclusion.
- 5.6. These options include reviewing services and funding provided to schools, potential (but no commitment or decision yet to) inclusion of a Tourism Tax and potentially higher or lower than 5% increases to Council Tax. To some extent decisions around these proposals will also be reliant on the annual settlements received from the Welsh Government.
- 5.7. The Council will use the overarching Swansea – Achieving Better Together Strategy when considering all options.

## 6. Medium Term Financial Planning for Schools

- 6.1. The purpose of this section is to highlight the estimated effect of specific spending pressures and potential specific grant reductions on Schools' budgets in the light of funding assumptions detailed elsewhere in this report.
- 6.2. More specifically the Detailed Budget report to Council in respect of the 2023/24 Revenue Budget outlines the specific budget proposals for that year.
- 6.3. It is important to note that, given the size of the potential budget deficit facing the Council over the period of the MTFP, it is envisaged that Schools will be required to make some significant contribution to savings targets during this period. **It should be noted that this is directly linked to the assumption that Teachers Pension costs will increase significantly from 2024/25 (Estimated £7.5m - £8.0m), currently unfunded by either the UK or Welsh Governments. Should funding be included for this cost increase then this will, naturally, reduce the pressure on Schools to make reductions.**
- 6.4. Aside from this, the Council will continue to prioritise education funding and spending pressures and take into account the extent to which these can be met on annual resources available and competing spending needs. It should be noted that at present there is a contribution from Schools built into the budget forecast, however to some extent although this is a planning necessary intention of the Council if settlements prove low, whether this will happen in practice will be entirely reliant on future settlements from the Welsh Government and are likely to be reduced or removed if settlements prove higher than the central planning assumption for AEF.
- 6.5. It is essential that we continue to engage with Schools on a strategic review of provision as simply cutting budgets in real terms without otherwise doing so will simply not work.

## 7. Risks and Issues Implicit within the MTFP

- 7.1. As stated throughout this report the financial risks facing the Council include:
  - Whilst we have certainty for two years from the Welsh Government for indicative settlements, the increases are front loaded and thus remain volatile, leading to much harder temporal choices over council tax levels between years.
  - Assumptions around the core funding support from the Welsh Government being incorrect, particularly if overstated.
  - Ongoing reductions in specific grants that require equivalent reductions in expenditure, often at short notice, which are both uncertain and unpredictable in terms of timing.
  - Delay or non-delivery of key savings strands which are essential to meet the projected service reductions identified in this report.
  - Significant further changes to Central Government fiscal policy with regard to the Public Sector.

- The introduction of new legislation and statutory requirements that impose additional burdens on the Council.
  - The ongoing practical impact of legislation such as the Wellbeing of Future Generations (Wales) Act 2015.
  - The ongoing (and unknown) impact of the COVID-19 pandemic.
- 7.2. The table at paragraph 3.3 of this report outlining the potential budget shortfalls over the period of the MTFP contains a significant number of assumptions around future cost pressures, particularly with respect to pay awards, which may have a significant cumulative effect if not settled at the levels indicated. This has the potential to change significantly the projected deficit towards the end of the planning period.
- 7.3. The assumptions contained within the plan specifically assume:
- The Council will deliver a balanced revenue outturn in respect of the current and future financial years and, to that extent, no deficits are identified that would require additional funding in future years.
  - The Capital programme is constrained to the extent that the maximum additional debt charges that are incurred (which should be considered temporary until capital receipts are achieved) do not exceed the sums included in the MTFP. In particular that any additional borrowing requirements in respect of aspirational capital development will be met from additional income generation from such schemes or a combination of funding from the public and private sector that evidences financial sustainability.
  - The Council continues to achieve its ambitious savings targets.
- 7.4. It is assumed that there will be substantive change to the structure of service delivery, including additional regionalisation of services. It is however far too early to financially quantify and describe those changes so they are explicitly excluded at present.

## 8. **Use of Reserves**

- 8.1. The purpose of this section is to highlight the current planned use of General Reserves to support the 2023/24 Revenue Budget and to outline the relationships between known risks and earmarked reserves and its effect on planning assumptions. An analysis of the current position is given in paragraphs 8.3 to 8.8 below.
- 8.2. Conclusions and recommendations in respect of reserves usage are given in paragraph 8.9 below.
- 8.3. The current 2022/23 Revenue Budget was set with no planned use of General Reserves.
- 8.4. In terms of planning assumptions there is no assumption of ongoing use of or availability of General Reserves in 2023/24 or beyond.

- 8.5. Whilst the Council maintains a number of specific reserves they are not factored into planning assumptions because they are either ring-fenced under statute or scheme of delegation (e.g. Schools' delegated reserves), or they are earmarked to meet known liabilities. (The exceptions to this are the already agreed use of the Capital Equalisation Reserve for targeted capital investment and the temporary use of the Economic Recovery Fund as an Energy Inflation Fund).
- 8.6. In October 2022 Council received and approved a report which re-allocated earmarked reserves based on known changes to the risk profile of the Council and it is anticipated that a similar report will be taken on an annual basis.
- 8.7. Allowing this consideration outside of the annual budget process, and after previous year outturn is known, will give elected Members better opportunity to reflect on the level of General and earmarked reserves in line with the guidance detailed in paragraph 8.10 below.
- 8.8. In addition, various sections highlighted throughout this report refer to significant ongoing risk around current activities.
- 8.9. It remains the position that until these significant risks are fully mitigated then any additional planned use of earmarked reserves to support general revenue budget deficits would be inappropriate.**
- 8.10. On 12<sup>th</sup> January 2016 the Welsh Government issued guidance to Local Authority Members on matters to be taken into consideration when scrutinising the level of Local Authority Reserves held at any point in time. This has been circulated to all Members and any recommendation relating to the holding or release of reserves will be undertaken with reference to the principles underpinning best practice as issued by the Chartered Institute of Public Finance and Accountancy and this guidance.

## 9. **Legal and Equalities Implications**

### **Legal Implications**

- 9.1. There are no legal implications arising from this report.

### **Integrated Assessment Implications**

- 9.2. 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 Acts.
  - 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.
- 9.3. 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'. Appendix D is a letter from the Future Generations Commissioner for Wales.
- 9.4. 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
- 9.5. The budget reductions implicit in the 2022/23 approved budget were subject to the corporate and appropriate Integrated Impact Assessment process, which was considered as part of the overall budget process.
- 9.6. Where additional budget savings requirements are identified as part of the 2023/24 and MTFP budget processes they will be subject to the integrated impact assessment process (including relevant consultation and engagement) as part of the budget considerations for those financial years.

**Background Papers:** None

**Appendix A** Statement of Budget Principles and Service Budget Priorities

**Appendix B** Savings Proposals

**Statement of Budget Principles and Service Budget priorities**

**GENERAL PRINCIPLES FOR ALL SERVICES**

1. A number of principles apply to all the Council's services, regardless of the assessment of relative priorities. These are set out below.

**Budget Principles**

2. The Council has adopted a number of Budget Principles that underpin the budget strategy:

<i>Everything is included</i>	<i>Increased income</i>
<i>Engagement</i>	<i>Different models of delivery</i>
<i>We will have less money</i>	<i>Supporting those at risk</i>
<i>Demonstrating efficiency</i>	<i>Evidence base</i>
<i>Cutting Red Tape</i>	<i>Sustainable outcomes/prevention</i>
<i>Full cost recovery</i>	<i>Personal Responsibility</i>

All Services must apply and be consistent with these Budget Principles.

All Services are also required to address these Principles as part of business planning and developing savings proposals.

**Service Transformation and Efficiency**

3. There are expectations upon all Services in relation to transformation and efficiency, which must be met regardless of relative priority for funding:

<b>Transformation</b>	<p>All services must identify and progress transformation opportunities that will:</p> <ul style="list-style-type: none"> <li>• deliver better outcomes</li> <li>• develop a sustainable delivery model, fit for the future</li> <li>• reduce costs and secure value for money</li> </ul>
<b>Efficiency</b>	<p>All services must continue to strive for efficiency, in particular:</p> <ul style="list-style-type: none"> <li>• reduce management and other overheads</li> <li>• maximise opportunities for increasing income from charges, trading and external sources</li> </ul>

	<ul style="list-style-type: none"> <li>• reduce the cost of purchasing supplies and services</li> <li>• work with others to achieve better outcomes</li> <li>• look for opportunities for residents or community groups to take or share responsibility for services</li> </ul>
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#### 4. STATEMENT OF BUDGET PRIORITIES: SCHOOLS AND EDUCATION

Education is continuing to deliver a consistent and coherent budget strategy across delegated and non-delegated budgets.

Budget proposals offer additional funding to schools which should be sufficient to meet currently anticipated pay inflation, and wider pressures, such as Additional Learning Needs.

Whilst recognising the relative priority given to Education (and Social Services), further significant savings cannot be made in future years without reductions in real terms in the Schools Delegated Budget.

Moreover, further significant cuts in the remaining non-delegated education budgets will have a direct impact on areas of pupil specific support and further reduce the support that can be provided to schools from the department against a context of increasing demands and expectations.

At the same time, greater focus is being given to the regional delivery of services, with a fundamental review of those services being delivered through the new regional partnership in the coming years.

A continuing move towards a fundamentally different relationship between schools and the local authority is required, reflecting the challenges and opportunities presented by the national changes in curriculum and support for additional learning needs. By its very nature, this is a long-term strategy. The future model for Education provision includes:

- Radically changing the way support for pupils is provided – more flexible earlier intervention and support, as local as possible
- A consistent approach to support the needs of all pupils through a continuum of support
- Integrating and aligning services with Social Services and other agencies such as Health
- Working more closely with communities, recognising the role of schools at the heart of their communities, seeking to minimise transport costs and, wherever feasible, co-locate other services on school sites to aid sustainability (where revenue and capital funding streams are at least sufficient to cover the costs involved).

We will deliver this through:

- Coherent revenue and capital strategies
- Optimising the level of delegation of funding and responsibilities to schools to allow the greatest flexibility in the use of the available resources



- Supporting earlier intervention and support for pupils:
  - Implementing the changes that underpin the ALN Act
  - Providing increasingly targeted specialist support, reflecting the findings of the independent behaviour review
  - Building further capacity in mainstream educational provision and in county specialist provision
  - Empowering and facilitating more collaborative school-to-school support
  - Ensuring delivery of Out of County places for specialist provision are commissioned jointly with other services to seek to maximise economies of scale.
- Delivery of further significant financial savings through a continuing coherent 'one education budget' strategy:
  - Retaining an absolute core level of statutory and regulatory provision at the centre
  - Ensuring a full recovery of the costs of any support provided to schools above this level and providing the minimum level of Council funding required to fully access the remaining available specific grants

Ceasing financial contributions to support the few remaining areas of discretionary educational provision.

## **5. STATEMENT OF BUDGET PRIORITIES: SOCIAL SERVICES**

The Social Services Directorate has faced significant challenges over recent years, however has achieved all of the existing Medium Term Financial Plan (MTFP) target savings commitments to date and maintained a high level of delivery.

COVID 19 has had an impact on the way we deliver services for children and families and an even more significant impact on our population of adults requiring care and support and their families and carers. The pandemic has also highlighted the crucial role community based early help and prevention and tackling poverty services play in supporting the most vulnerable members of our communities.

The whole directorate has become even more focussed on ensuring a joined up, strengths and assets based approach to working with and in communities with targeted support for the most vulnerable, especially important in current times seeing increased cost of living pressures.

Future pressures on Social Care funding is expected, with increasing demand and service costs in relation to increased inflation, and the challenge ahead to transform services to become more sustainable and meet future need and demand in the most effective and efficient way.

The proposed settlement should assist in meeting the additional pressures such as increased costs of externally commissioned care in line with inflation and a commitment to achieving the Real Living Wage, as well as embarking on a transformation and investment in some front line services positively impacting those needing care and support and our communities.

The main areas of priority are:

- Doing what matters to make things better for children, young people, and families
- Maintain the current Safe LAC Reduction Strategy for children and young people
- Continue our investment in preventative services to reduce the number of looked after children and achieve the planned savings and service improvements
- Taking into account changes necessary to mitigate the impact that COVID-19 has had on the well-being of vulnerable children, families and staff.
- Continue to work across with regional colleagues to ensure clear and seamless pathways for those needing care and support
- Further develop the agreed optimum model for adults, by embedding the following;
  - Better prevention and early help
  - A new approach to assessment
  - Improved cost effectiveness
  - Working together better
  - Keeping people safe
- Further embed tackling poverty services and prevention approaches across the Directorate and wider Council
- Continue to ensure we maximise the use of the various grant income streams available to delivery priorities

We will ensure we maintain a focus for the coming year on prioritising improvements to services that best support individuals, families and carers in recovering from the huge impact that COVID-19 and now cost of living rises has had and is having on their lives.

The next phase of recovery into 2023/24 will have a heavy focus upon financial efficacy; the transformation programmes will support the Medium Term Financial plan savings targets for Social Services. We will monitor progress as part of governance arrangements in monthly Social Services Performance and Financial Monitoring meetings.

## **6. STATEMENT OF BUDGET PRIORITIES: PLACE SERVICES**

For the Place Directorate 22/23 has been a challenging year as a result of ongoing pressures arising out of COVID-19 which has resulted in increased demands on the Directorate and an impact on reduced / slow to recover income streams some of which will continue through into 23/24. However, the proposed settlement will go some way towards assist in alleviating the pressures allowing continued investment in many of its front line “place based” services positively impacting on the environment and communities the Council serves. The main areas of priority are:

- Prioritisation of key corporate objectives including the regeneration of the City Centre, delivery of the city deal and its biodiversity and climate emergency/ Net Zero objectives.
- The continued new operation of the new Digital arena, delivery of the Kingsway digital village project and facilitation of the Phase 2 city centre development with our strategic development partners
- Deliver on a range of ongoing actions arising out of the Council's recovery plan with particular focus on the economic recovery, facilitating private sector investment and tourism
- Maximise commercial opportunities and income generation for services and assets to offset income losses
- Seek opportunities for community involvement in the delivery of services and community enablement
- Invest where necessary to maintain vital services including front line delivery of environmental services
- Work within the affordability of the housing revenue account to increase the speed of delivery of the more council homes and commence pilot schemes to inform the delivery of the Welsh Housing Quality Standard 2 decarbonisation programme.
- Maximise the opportunities brought by modernising terms and conditions across the council
- Adequately resource the significant council wide capital programme including highways, infrastructure and new schools and respond to the current recruitment challenges to aid delivery
- Seek to deliver on the Councils' homelessness strategy
- Seek to maximise the success of grant bids maximising the beneficial use of council resources
- Grow the capacity to support local businesses and suppliers through the circular economy principles and maximise the support available for inward investment
- Working regionally with colleagues to progress delivery of the Regional Economic Delivery Plan and Regional Transport Plan.

## **7. STATEMENT OF BUDGET PRIORITIES: CORPORATE SERVICES**

The Corporate Services Directorate will continue to deliver high quality and cost-effective core services, supporting frontline service delivery and the achievement of better outcomes for our residents, customers and visitors.

The Corporate Services Directorate supports the political and managerial leadership of the council to set the strategic direction and enable the organisation to deliver it, responding to external challenges including financial pressures and changes in the operating environment.

To be able deliver the above our focus must be to:

- Manage demand for central support services by supporting the workforce to have the right skills for the future, particularly managers
- Focus on the priorities within the functions of the corporate centre such as good governance (including corporate performance management,

transformation, digital services, human resources, organisational development, communications, engagement and customer services

- Look for opportunities for collaboration and co-production models with other organisations and partners, in order to maintain support services as efficiently as possible
- Improve the experience of our customers, including enhancing digital access channels while reducing costs where possible
- Maintain overall investment in ICT and digital transformation, on a business case basis, to support the transformation agenda, including on-line self-service, agile and mobile working, and direct service innovation.
- To continue to evolve the services as the operating environment changes to ensure we can be agile and responsive to change.
- To support the development of the council's workforce and ensure we can respond to the regionalisation agenda and maximise the opportunities it presents.

## **8. STATEMENT OF BUDGET PRIORITIES: FINANCE**

The Finance Directorate will deliver high quality and cost effective core services, supporting frontline service delivery and achieve better outcomes for our residents, customers and visitors, as well as leading on the General Power of Competence (GPOC) and commercialism agendas.

The Finance Directorate supports the political and managerial leadership of the council to set the strategic direction and enable the organisation to deliver it, responding to external challenges especially financial pressures and changes in the operating environment.

To be able deliver the above our focus must be to:

- Strategically manage the revenue and capital finances of the whole Council having due regard to the medium and longer term and the Wellbeing of Future Generations as well as the immediate and forthcoming budget cycles.
- Manage demand for financial support services by supporting the workforce to have the right skills for the future, particularly managers
- Focus on the priorities within the functions of the corporate financial centre such as financial control, financial advice, control of Council Tax and benefits, and commercial capability.
- Look for opportunities for collaboration and co-production models with other organisations and partners, in order to maintain support services as efficiently as possible

To continue to evolve the services as the operating environment changes to ensure we can be agile and responsive to change

**Part 1 – Savings Proposals**

Director	Head of Service	Published Description	Saving 2024/25 £'000	Saving 2025/26 £'000	Saving 2026/27 £'000
<b>Future Impact of 2023/24 Savings Proposals</b>					
Corporate Services	Communications Service	Carry Vacancy	0	-60	-60
Corporate Services	Communications Service	Review funding model of the Public Service Board support budget	23	23	23
Corporate Services	Digital and Customer Services	Licences saving	33	38	38
Corporate Services	Digital and Customer Services	Mobile Phone saving	9	24	24
Corporate Services	Digital and Customer Services	Supplies and Services	1	1	1
Corporate Services	Digital and Customer Services	Support and maintenance contract saving	0	40	40
Corporate Services	Director	Non-staff spend savings due to different ways of working	4	7	7
Corporate Services	Director	Reduce expenditure on senior management as part of review	50	50	50
Corporate Services	HR & Service Centre	Additional saving post Oracle Cloud implementation	30	30	30
Education	Non-Delegated	Better targeting of Education otherwise than at school (EOTAS) spending following full implementation of new model of provision	0	70	70
Education	Non-Delegated	Continuing review and rationalisation of the directorate.	25	50	50
Education	Non-Delegated	Enhance in County provision reducing out of county costs	201	371	371
Finance	Benefits	Remove vacant posts	0	93	93
Finance	CTRS	Rebase Council Tax Reduction Scheme	1,400	1,497	2,497
Place	Building Services	Additional income generation through significantly increased work programme	650	1,300	1,300
Place	Cultural Services (Foreshore income generation)	Increase fees and income targets in line with inflation	10	20	30
Place	Cultural Services (Grand Theatre) income generation	Implementation of income generation agreement within the Grand Theatre Arts Wing	75	75	75
Place	Cultural Services (Management)	Review Service Management and Directorate Budget for development work and cross support for Dylan Thomas Centre and staff	0	20	20

Director	Head of Service	Published Description	Saving 2024/25 £'000	Saving 2025/26 £'000	Saving 2026/27 £'000
Place	Cultural Services	Review contract agreement with National Waterfront Museum	0	100	200
Place	Cultural Services	Review the partnership agreement with Wales National Pool	200	200	200
Place	Cultural Services Partnerships and Strategy	Review budget to deliver Cultural Activity	0	20	20
Place	Highways & Transport	Apply full cost recovery principles to day markets on car parks and highways	0	0	5
Place	Highways & Transport	Energy saving from implementing LED lamps from extra investment	30	30	30
Place	Highways & Transport	Increase street works and licencing fees annually in line with inflationary levels	25	50	75
Place	Highways & Transport	Increased charges and income from Marina and Knab Rock	20	40	60
Place	Highways & Transport	Operate an Additional Parking Enforcement camera car	43	143	143
Place	Highways & Transport	Review Parking Services Team	25	25	25
Place	Housing & Public Health	5% Increase in Fees for next 4 years Cemeteries and Cremations. Fees are controlled by statute (The Local Authorities' Cemeteries Order 1977)	137	181	432
Place	Housing & Public Health	5% Increase in Fees in next 4 years Registrars. Fees are controlled by statute (Marriage Act 1949) stating the income from charges should not exceed the costs of provision.	32	66	102
Place	Housing & Public Health	Increase Food Safety and Trading Standards Fees by 15%	5	7	9
Place	Housing & Public Health	Increase in Fees for next 4 years Building Control (in accordance with Land Authority Building Charges Regulations 2010)	24	49	75
Place	Housing & Public Health	Increase pest control fees to 15% for schools contract and general pest income	5	7	9
Place	Housing & Public Health	Review Public Health Service	6	6	6
Place	Planning	Increase Land Charges Income	5	10	15
Place	Planning	Increase Planning Fee Income	25	50	100
Place	Planning	Revise Swansea Market Rent Charges	50	100	100
Place	Planning and City Regeneration	Fee income from capital projects in City Regeneration to offset revenue costs	0	0	24
Place	Planning and Regeneration	Review Nature Conservation, Regeneration, Economic Development, & Planning sections	39	89	139
Place	Waste, Parks & Cleansing	Increase Bulky Waste Collections charges	0	8	8
Place	Waste, Parks & Cleansing	Reallocate current Cleansing Project Teams	0	0	40

Director	Head of Service	Published Description	Saving 2024/25 £'000	Saving 2025/26 £'000	Saving 2026/27 £'000
Place	Waste, Parks & Cleansing	Review Street Cleaning	0	30	30
Social Services	Adult Services	Realise saving in efficiencies through the Supported Living Framework and benefits of being located together (2.5% rather than 5% stated in contractual arrangements in light of Covid)	50	75	100
Social Services	Adult Services	Work though Complex Needs high cost placements and establish a collaborative approach with Health for funding these packages of care to achieve a reduction in the overall costs of these packages due to more efficient and effective working with health in terms of new guidance around continuing health care cases	250	500	750
Social Services	Child and Family Services	Continue to implement the new framework for the funding of childrens complex needs placements to ensure continued equitable funding of these placements with Health	50	100	150
Social Services	Child and Family Services	Supported accommodation and floating support efficiency savings following a review and recommissioning exercise	50	100	100
Social Services	Directorate	Replacing core costs of non-statutory teams with Grant money which may become available through a range of local or regional opportunities	100	150	200
<b>Total of Future Impact of 2023/24 Savings Proposals</b>			<b>3,682</b>	<b>5,785</b>	<b>7,806</b>
<b><u>New Proposals from 2024/25</u></b>					
Corporate Services	Communications Service	Review and reshape comms/marketing activities across the council	0	53	53
Corporate Services	Communications Service	Review and reshape health & safety across the council.	45	45	45
Corporate Services	Communications Service	Review and reshape occ health arrangements across the council	0	63	63
Corporate Services	Communications Service	Review and reshape policy and performance support provided to services.	0	0	60
Corporate Services	Communications Service	Review Civic Office, Cabinet and CMT Support	110	110	110
Corporate Services	Communications Service	Review Policy and Development Support	60	60	60
Corporate Services	Communications Service	Review Communications Service Staffing	0	0	50
Corporate Services	Digital and Customer Services	Contracts saving	291	387	387
Corporate Services	Digital and Customer Services	No renewal of RecordPoint Licences Contract	48	48	48

Director	Head of Service	Published Description	Saving 2024/25 £'000	Saving 2025/26 £'000	Saving 2026/27 £'000
Corporate Services	Digital and Customer Services	Reduction in workforce, exact post(s) not yet identified	0	0	48
Corporate Services	Digital and Customer Services	Review Customer Services	103	192	229
Corporate Services	Digital and Customer Services	Review Digital Project Management Team	107	107	107
Corporate Services	Digital and Customer Services	Review Oracle Support Staffing	0	0	62
Corporate Services	Digital and Customer Services	Training Budget	0	32	32
Corporate Services	HR & Service Centre	Reduce facility time by 10% in line with wider Council workforce contraction	30	30	30
Corporate Services	HR & Service Centre	Reduction in workforce to meet previous year's undelivered savings, exact posts not yet identified	100	190	190
Corporate Services	HR & Service Centre	Reshape Service Centre through digitisation and staff restructure to remove 6 posts (from a total c100)	70	164	262
Corporate Services	Legal Democratic Services & Business Intelligence	Review Legal Services	0	96	289
Education	Non-Delegated	ALN Transport - review of spread and nature of STF provision / review of assessment / processes to better promote independent travel and integrate provision with Social Services (unless savings are taken corporately and base budget reduced)	100	100	100
Place	Cultural Services	Reduce Library Service 'footprint' through providing accommodation and shared services via SitC - work needed to assess costs to other services versus reduced costs to the Library service	400	400	400
Place	Cultural Services (Community Development)	Reduce service team and asset transfer community buildings; removing support for all except absolute minimum regulatory matters	0	0	150
Place	Cultural Services (Leisure)	Resume 'bid' payment reductions for Freedom Leisure	300	300	300
Place	Cultural Services (Libraries)	Remove book service to care homes - home delivery service	0	67	67
Place	Cultural Services (Libraries)	To be read with existing saving. Reduce the Library staffing budget to reflect current staff turnover and fewer premises.	179	179	179



Director	Head of Service	Published Description	Saving 2024/25 £'000	Saving 2025/26 £'000	Saving 2026/27 £'000
Place	Cultural Services (Oystermouth)	Council wide support for Friends groups to continue, but dedicated support will be removed.	0	44	44
Place	Cultural Services (sports and health)	Reduce management of the sport and health team by reducing grant funded programmes	0	0	50
Place	Cultural Services (St Helens)	Divest the Council's interest in St Helens (saving realised in other depts) and save Cultural Services staffing/ maintenance costs	50	50	50
Place	Cultural Services Tourism Marketing and Development	Seek alternative (grant) funding for events and destination management with longer term Tourism Levy funding to be explored.	0	0	150
Place	Directorate	Review Place Management structure at Head of Service level on completion of Council JE scheme review.	60	120	120
Place	<i>Directorate</i>	<i>To assist with slippage and management of changing operational pressures in future years</i>	-336	-350	0
Place	Highways & Transport	Implement bus lane and other moving traffic offences camera enforcement at Junctions	150	150	150
Place	Highways & Transport	Increase parking charges every 2 years (current parking increases to be introduced through Cabinet report Nov 22)	100	100	200
Place	Highways & Transport	Reduce budget for transport resources	60	60	60
Place	Highways & Transport	Review School crossing patrol service	50	75	75
Place	Housing & Public Health	Food Safety - Increase in Fee Income for Animal Licensing	5	7	7
Place	Planning	Remodel/seek alternative funding for the city centre ranger service and city centre events	50	100	100
Place	Property Services	Reduction of service asset portfolio due to service reductions - savings on premises costs	0	300	300
Place	Waste	Remove city centre urinals	0	28	28
Place	Waste, Parks & Cleansing	Divert all other DIY material to Llansamlet and charge for disposal of specific materials	0	0	50
Place	Waste, Parks & Cleansing	Efficiencies/increased income in Commercial Waste Service	0	0	150
Place	Waste, Parks & Cleansing	Increased Tree Services income due to 15% increase in charges to HRA, schools and third parties	0	27	27
Place	Waste, Parks & Cleansing	Reduction in Waste Plant and Equipment budgets and purchase essential via capital funding eg skips	0	0	50
Place	Waste, Parks & Cleansing	Reductions in Enforcement Teams	0	30	110

Director	Head of Service	Published Description	Saving 2024/25 £'000	Saving 2025/26 £'000	Saving 2026/27 £'000
Place	Waste, Parks & Cleansing	Retender Tir John Management Contract at end of current contract	0	80	140
Place	Waste, Parks & Cleansing	Review Grounds Maintenance Workforce	0	0	75
Place	Waste, Parks & Cleansing	Review of street cleansing and workforce structure	0	0	75
Place	Waste, Parks & Cleansing	Review Recycling Centres	0	0	45
Place	Waste, Parks & Cleansing	Review staffing at the Botanical gardens	0	0	30
Place	Waste, Parks & Cleansing	Switch from formal annual flower beds to informal low maintenance planting	0	0	45
Place	Waste, Parks & Cleansing	Wholesale reconfiguration of waste collection arrangements to maximise incentive for residents to recycle. Could include increased frequency of recycling collections, reduced frequency of black bag collections, reduced costs of containers, improved quality of recyclates.	0	400	600
Social Services	Adult Services	Savings from implementing WCCIS	50	50	50
Social Services	Adult Services	Further remodelling Adult Social Care in line with delivery of WG policy for a Healthier Wales and the rebalance policy commitment including ensuring appropriate levels of investment from Wag and the Health Board, as well as maximising usage of in house capacity	0	0	3,450
Social Services	Directorate	Prevention and redesign activities to deliver additional medium term savings linked to future reduced demand for care and support (may require drawdown of centrally held inflation contingency funds)	1,638	3,298	3,298
Social Services	Directorate	Reduce non-statutory funded provision that doesn't undermine the delivery of other saving proposals'	1,500	1,500	1,500
<b>Total of New Proposals from 2024/25</b>			<b>5,320</b>	<b>8,692</b>	<b>14,350</b>
<b>Total of ALL Service Specific Savings Proposals (Excluding Schools)</b>			<b>9,002</b>	<b>14,477</b>	<b>22,156</b>

## Part 2 – Service Pressures and Investment

<u>Director</u>	<u>Head of Service</u>	<u>Description</u>	<u>2024/25 £'000</u>	<u>2025/26 £'000</u>	<u>2026/27 £'000</u>
Corporate Services	Legal and Democratic Services	Election System	50	50	50
Corporate Services	Legal and Democratic Services	Increase to Councillors costs due to IRPW Report	15	33	33
Corporate Services	Digital and Customer Services	JE Regrading	3	6	9
Education	Non-Delegated	ALN (including Post 16) Transport cost pressures in excess of planning assumptions	0	70	70
Education	Non-Delegated	Catering - shortfall between universal free school meal grant and actual costs (manifesto commitment)	204	204	204
Social Services	Adults	Various Adult Services pressures including loss of income (grants), staff costs, inflationary contract costs and ongoing additional COVID-19 costs	50	100	100
Social Services	Child & Family	Various Child and Family Services pressures including loss of income (grants), staff costs, inflationary contract costs and ongoing additional COVID-19 costs	100	200	200
Social Services	Poverty and Prevention	Various Poverty and Prevention Services pressures including loss of income (grants), staff costs, inflationary contract costs and ongoing additional COVID-19 costs	0	50	50
		<b>Grand Total</b>	<b>422</b>	<b>713</b>	<b>716</b>

# Agenda Item 6



## Report of the Chair

### Corporate Services & Financial Resilience Service Transformation Committee – 26 September 2023

### Work Plan 2023-2024

Committee Meeting	Work Programme item	Expected output	Cabinet Member and Lead Officer
20 June 2023	<b>Policy Commitments:</b>  <b>Human Rights City</b>	Contribute to the HRC 2024+ action plan	Cllr Elliott King  Lee Wenham
25 July 2023	<b>Digital Transformation:</b> <b>Customer Customer Charter and Service Standards.</b>	Contribute to development of Customer Service standards and service design to ensure people can and do access our services digitally	Cllr Andrea Lewis  Lee Wenham & Sarah Lackenby
26 Sept 2023	<b>a) Coproduction:</b>  Next Steps  <b>b) Medium Term Financial Plan:</b>  Presentation of background paper as preparation for meeting in October	Contribute to the council's next steps in coproduction post the CoPro Lab project	Cllr Hayley Gwilym / Lee Wenham          Ben Smith
31 October 2023	<b>Medium Term Financial Plan:</b>	Contribute to the identification of potential savings in years 2-4 of the MTFP	Cllr Rob Stewart  Ben Smith

	Future Years' Savings Proposals (detail to be confirmed)		
12 December 2023/23 January 2023	<b>Workforce Transformation:</b>  Leadership and Management; and Learning and Development	Contribute to the development of new leadership behaviours and a new learning and development offer	Cllr David Hopkins  Rachael Davies
27 February 2024	<b>To be agreed later in the year</b>	TBC	TBC
23 April 2024	<b>Preparation of Annual Report</b>	Summary of activity and outcomes from 2023-24 work programme	Lee Wenham & Emily Davies