

Report of the Cabinet Member for Finance & Resources

Council – 12 August 2014

SUSTAINABLE SWANSEA – FIT FOR THE FUTURE: DELIVERY PROGRAMME

Purpose:	To update the Council's <i>Sustainable Swansea – fit for the future</i> strategy and to propose a Delivery Programme. The report also provides: <ul style="list-style-type: none">• An update on the financial forecast for the medium term• Proposals for the next stage of engagement on <i>Sustainable Swansea</i>
Policy Framework:	Medium Term Financial Plan and Budget
Reason for Decision:	To seek Cabinet approval of the Delivery Programme for <i>Sustainable Swansea</i>
Consultation:	Cabinet Members, Executive Board, Legal, Finance, Access to Services
Recommendation(s):	It is recommended that Council: <ol style="list-style-type: none">1. Notes the restatement of the objectives of <i>Sustainable Swansea – fit for the future</i> and the Strategic Framework set out in the Appendix to this report;2. Notes the revised Financial Forecast and the future presentation of the financial challenge that the Council faces (£70m over the next 3 years);3. Notes the outline programme for <i>Sustainable Swansea</i> set out in Section 4 of the Appendix to this report;4. Notes the proposals for the next stage of engagement on <i>Sustainable Swansea</i>, "Continuing the Conversation" set out in Section 7 of the Appendix to this report.
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1.0 Introduction

- 1.1 This report contains proposals from the Executive Board to update the Council's *Sustainable Swansea – fit for the future* strategy.
- 1.2 The report also recommends a Delivery Programme for **Sustainable Swansea** for Cabinet consideration.
- 1.3 Finally, the report provides:
 - An update on the Financial forecast for the medium term in the light of latest thinking and recent Ministerial announcement on the potential level of grant reduction
 - Proposals for the next stage of engagement on *Sustainable Swansea*, "Continuing the Conversation"
 - An update on governance arrangements and risks
- 1.4 It is proposed that, following Cabinet approval, a summary of the paper is reported to Council.

2.0 Background

- 2.1 *Sustainable Swansea – fit for the future* was approved by Cabinet on 15 October 2013 as the basis of the Council's medium term financial plan and was subsequently reported to Council on 22 October 2013. The key objectives of the Programme are contained within the Medium Term Financial Plan approved by Council on 18 February 2014.
- 2.2 Work has taken place since February to update *Sustainable Swansea*, in particular:
 - A review of the strategy's objectives, structure and readiness to deliver, including an assessment of what others are doing to meet the current challenges
 - Three workshops designed to generate ideas for the Delivery and Savings Programme
 - A review of resources allocated to the Programme and particular projects.
- 2.3 The Appendix to this report sets out a comprehensive restatement of *Sustainable Swansea* as follows:
 - *Sustainable Swansea* objectives and strategic framework
 - Update on financial forecast
 - Recommended Delivery Programme
 - Resourcing
 - Governance
 - Engagement

- Risks
- Timeline

2.4 This covering report provides a brief summary of each section.

3.0 Sustainable Swansea Objectives

3.1 The scale of the financial, demographic and sustainability challenges requires the Council to adopt a radically different approach to previous years. An approach that focuses 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 is set out in *Sustainable Swansea – fit for the future*. The Strategy is underpinned by our work on Innovation.

3.2 These objectives align with a number of key Budget Principles which guide our decision making.

3.3 *Sustainable Swansea* provides the strategic framework for all our work on service change and savings. The strategic framework has four elements:

- **Core Purpose**
 - The Council's priorities
 - What we won't do
 - Future relationship with residents
- **Future Council**
 - Look and feel of the Council
 - Our future operating model
 - Our work on innovation
- **Policy Framework**
 - Policies that guide all our work eg: how we commission, customer contact, prevention
- **Medium Term Financial Plan**
 - 3 year spending plans
 - How we manage pressures
 - How we link funding to outcomes

3.4 *Sustainable Swansea* has **4 workstreams** designed to deliver the aims in the strategic framework, linked to the Budget Principles. The workstreams will deliver savings and other benefits over different timescales as indicated. These are supported by **14 delivery strands** which oversee the projects for change and savings:

Workstream	Workstream Aim	Delivery Strands
Efficiency (1/3 years)	<i>Demonstrating we are as efficient as we can be before services are cut</i>	<ul style="list-style-type: none"> • Continuous Improvement • Workforce • Support Services • Assets • Third Party spend • Income & Charging
New Models of Delivery (2/5 years)	<i>Moving to other models of delivery which can provide better outcomes and/or cheaper costs</i>	<ul style="list-style-type: none"> • Customer contact • Commissioning services • Collaboration • Community action
Prevention (3/10+ years)	<i>Investing in early intervention and demand management to reduce costs and achieve better outcomes</i>	<ul style="list-style-type: none"> • Demand management • Early intervention
Stopping Services (1/3 years)	<i>Stopping services that are not our core purpose, or don't deliver worthwhile outcomes</i>	<ul style="list-style-type: none"> • Council priorities • Future Council

3.5 Approval of this restatement of *Sustainable Swansea*, including the strategic framework, is required as this will underpin all our future work on service change and achieving financial sustainability.

4.0 Financial Update

4.1 Section 3 of the Appendix sets out the Medium Term Financial Plan 2014/15 – 2016/17 (MTFP) approved by Council on 18 February 2014. Since then, the financial forecast for CCS has been updated, taking account of spending pressures known at the time, other financial risks and the latest estimate of reduction in revenue support grant. The latest indications from the Welsh Government are that local authorities should plan for a 4.5% reduction in grant, rather than the previous figure of 1.5%. This has been factored into our planning (see Financial Implications).

4.2 In terms of strategic planning, therefore, it would now be prudent to assume a **funding gap of some £30m for 2015/16, rising to some £70m over the following two years**, based on a planning assumption of a 4.5% reduction in AEF for each of the next three years. Clearly the Council has already made significant savings in recent years, including in setting the budget for in 2014/15 and our future engagement will make this clear.

4.3 The financial forecast will continue to be updated and the latest assessment will be presented to Council as part of the planned Mid-term Budget Statement in the Autumn.

5.0 Delivery Programme

5.1 Following the review of the objectives in *Sustainable Swansea* and three workshops with participants across the Council, the Executive Board has developed a proposed Delivery Programme which combines:

- *Existing Scoped Projects*
- *New Ideas from the workshops*
- *Work in progress, aligned with the programme*
- *Other project ideas*

5.2 The Delivery Programme is set out in section 4 of the Appendix. It proposes target savings across each workstream and builds in committed savings from the MTFP. Some of the projects are enablers, or will deliver non-financial benefits but are still crucial to achieving a Sustainable Swansea. The Programme also strikes a balance between quicker to deliver efficiency savings and preparatory work on longer term savings or cost avoidance from preventative action.

5.3 Following approval of the Delivery Programme resources will be focused on the further work required to assess the savings that may be realised and any investment required to achieve this and then to commence delivery.

5.4 The proposed programme contains a number of assumptions and hypotheses still to be more rigorously tested and evaluated. In addition, a number of key areas (eg: commissioning and preventive work) still need to be scoped before firm targets can be set. As such further due diligence work will be needed as the programme evolves. At this stage, the overall package, if ultimately wholly delivered, is considered capable of offering savings in the medium term of around £50m plus or minus a range of 15%.

6.0 Resources

6.1 The Executive Board has reviewed the resources allocated to the Programme and section 5 of the Appendix sets out the names of the Workstream Sponsors, Strand /Leads and project support.

6.2 Gaps in capacity, skills and knowledge have and will continue to be, assessed. The Executive Board will direct resources towards the agreed Delivery Programme.

6.3 It should be noted that this will impact on other work and priority areas and that we will report significant impacts to Members as we progress.

7.0 Governance

7.1 Section 6 of the Appendix sets out governance arrangements for the Delivery Programme. This includes decision making and monitoring at

Member level through Cabinet as well as the Executive Board and other Officer forums.

8.0 Engagement

8.1 It is planned to build on the work from last year on communication and engagement for *Sustainable Swansea*. Section 7 of the Appendix sets out the outline plan, "*Continuing the Conversation*", which includes the Core Purpose and Future Council debates. A small number of key messages have been developed as the narrative for *Sustainable Swansea* and these will be central to the engagement plan and all our communications over the next period. In order to have proper engagement and to raise awareness of the issues, the Council will need to be candid about the challenges it faces and the potential options for change, including stopping services.

8.2 As part of the Council's commitment to meaningful engagement we will be:

- Running engagement training for Members and Officers using Participation Cymru
- Holding staff roadshows and workshop on *Sustainable Swansea* and the future shape of the Council exercise
- Briefing all Members on the revised programme and how we can support them in engaging local residents in things like community action, changing expectations
- Running local participation events across the City to engage the widest cross section of people that we can

8.3 It will also be important to communicate changes to services to residents swiftly as the delivery programme is implemented.

9.0 Risks

9.1 There is a Risk Register for the Programme which is reviewed by the Programme Board at each meeting. The top 5 current risks are summarised in section 8 of the Appendix.

10.0 Timeline

10.1 The key dates between now and the Council budget meeting in February 2015 are set out in the table below:

DATE	MILESTONE
29 July	Cabinet report on the Programme
August	“Continuing the Conversation” – next phase of engagement commences
October	Cabinet considers the Mid-Year Budget Statement
November	Council considers the Mid-Year Budget Statement
November	“Continuing the Conversation” – outcome of engagement reported
December	Cabinet receives Financial Update with grant allocation
January 2015	Cabinet recommends draft Budget and MTFP
February	Council approves Budget and MTFP

11.0 Equality and Engagement Implications

- 11.1 The Equality Impact Assessment (EIA) process was used as part of the initial engagement on *Sustainable Swansea* and the budget process for 2014/15
- 11.2 The EIA process will be used to assess the impact of particular proposals in the Delivery Programme as part of the development of action plans. Some proposals will also require specific consultation exercises. The results of this will be reported to Cabinet before decisions are made.

12.0 Financial Implications

- 12.1 This report builds on the Medium Term Financial Plan 2014/15 – 2016/17 (MTFP) approved by Council on 18 February 2014. Since then the financial forecast for CCS has been updated, taking account of spending pressures known at the time, other financial risks and the latest estimate of reduction in revenue support grant.
- 12.2 The latter has been clarified in a letter received from the Minister for Local Government and Business dated 24th June 2014 which introduces planning assumptions around aggregate external funding in respect of 2015/16 and beyond which substantially increases the overall savings requirements.
- 12.3 Whilst the letter from the Minister highlights a range of potential reductions ranging from a reduction of 1.5% to a reduction of 4.5% for 2015/16, it is

reasonable to assume that the latter is a best guess at this stage and that, if anything the figure may deteriorate further.

- 12.4 In terms of strategic planning, therefore, it would now be prudent to assume a **funding gap of some £30m for 2015/16, rising to some £70m over the following two years**, based on a planning assumption of a 4.5% reduction in AEF for each of the next three years.
- 12.5 The proposed delivery programme contains a number of assumptions and hypotheses still to be more rigorously tested and evaluated. As such further due diligence work will be needed as the programme evolves. Nevertheless, the overall package if ultimately wholly delivered is considered capable of offering savings in the medium term of around £50m plus or minus a range of 15%. Clearly the Council will need to revisit the savings plan on a regular basis in order to assess both delivery and other areas where savings will need to be made in order to meet the funding gap indicated above.

13.0 Legal Implications

- 13.1 There are no specific legal implications arising from this report. Any collateral issues will be addressed if Cabinet approves this Delivery Programme and it is then put into effect.

Background Papers: None.

Appendices: Appendix – *Sustainable Swansea – fit for the future*: Delivery Programme