



CITY AND COUNTY OF SWANSEA
DINAS A SIR ABERTAWE

Councillor Mary Jones
Convenor, Service Improvement and
Finance Performance Panel
City & County of Swansea

BY EMAIL

Please ask for:
Gofynnwch am:
Direct Line: (01792) 636141
Llinell
Uniongyrochol:
E-Mail / E-Bost: clr.rob.stewart@swansea.gov.uk
Our Ref / Ein Cyf: RS//SH
Your Ref / Eich
Cyf:
Date / Dyddiad: 2 February 2015

**If you require this or any other information in another format
e.g. Braille, audio tape or a different language, please contact me**

Dear Councillor Jones

I refer to your letter dated 15 January arising from the Panel meeting held on 7 January 2015.

As you point out in your letter, it is clear that this Council, along with all others across Wales, is likely to face ongoing and significant financial challenges arising not only from funding reductions in terms of direct Welsh Government Grant, but also in terms of reductions in specific grants and the need to contain service and operational pressures within what will be a significantly reduced pot of money.

In terms of the specific issues raised in the letter, I would comment as follows:

Timing of Savings

It is becoming increasingly clear, both through our own experience and learning from others, that reacting to an annual budget cycle is unlikely to deliver the scale of service savings required within the timescales that we need to meet.

Therefore it becomes more important that where service savings are found, implementation of those savings takes place as soon as possible and, equally, where delays are identified then alternative savings are put forward to bridge any gap that emerges. One of those options is clearly to bring forward existing longer term proposals subject to full and comprehensive consultation process.

COUNCILLOR/Y CYNGHORYDD
ROB STEWART
LEADER / ARWEINYDD

CABINET OFFICE, CIVIC CENTRE, OYSTERMOUTH ROAD, SWANSEA SA1 3SN
SWYDDFA'R CABINET, CANOLFAN DDINESIG, HEOL YSTUMLLWYNARTH, ABERTAWE SA1 3SN

☎ (01792) 636141 ☎ (01792) 636196
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Cost analysis

The emphasis on Unit costs is noted but in itself cost is but one element that needs to be considered in terms of future delivery. Consideration of the Councils Corporate priorities, alternative options for achieving service outcomes, predicting future levels of demand and assessing impacts of service reductions are also equally important factors to consider. However, as stated, we are seeking to improve our knowledge and capability in this respect.

Delegated Schools Budget

I am pleased that you acknowledge the relative prioritisation of Schools budgets within the overall medium term strategy to achieve a balanced revenue budget position. We will seek to maintain an ongoing dialogue with Schools particularly as we receive more certainty around overall funding resources for 2016/17 and beyond.

Clarity of the Report

Whilst I acknowledge the issue, it has been made clear throughout the budget process that this Council has received NO indicative settlement figures for 2016/17 and beyond other than that the Council should prepare for future cuts in the range of between 1.5% - 4.5% p.a.

The medium Term Financial plan clearly sets out our assumptions around the reduction in aggregate external Finance for the period 2016/17 to 2018/19.

Community Councils

I acknowledge your comments around issues of timing. However, in terms of the CCS budget setting process it is essential that the Cabinet fully considers the outcome of the Public consultation exercise prior to making final recommendations to Council in respect of budget issues.

COUNCILLOR/Y CYNGHORYDD
ROB STEWART
LEADER / ARWEINYDD

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SWYDDFA'R CABINET, CANOLFAN DDINESIG, HEOL YSTUMLLWYNARTH, ABERTAWE SA1 3SN

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The requirement for receipt of precept information is set down in statute.

However, we will continue to involve Community Councils regarding the outcome of future service reviews.

- I can confirm that all Clerks to Community Councils were e-mailed to assure them that full copies of the budget consultation exercise were available online and hard copies were available on request. Some but not all requested hard copies.
- With regard to the proposed reductions (£19k) in Childcare and early years support, the savings for 2015/16 are a continuation of the current year reduction programme (£67k) and relate to the cessation of Childcare apprenticeships and the move to change one Nursery to 100% Flying Start Provision.
- With regard to the Community Action fund, a total of £79,931 has so far been allocated.

Bonymaen RFC	£20,000
Mumbles Community Association	£10,000
Swansea Gymnastics Club	£24,931
Boys and Girls Club of Wales	£25,000
Total	£79,931

- With regard to the percentage change in the Welsh Government's settlement received from Westminster, The position is somewhat confused due the to the Welsh Government having issues an original and a further two supplementary budgets for 2014/15, which tend to reflect additions to the Welsh Government budget as a Barnett consequential of resource allocations within England.

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ROB STEWART
LEADER / ARWEINYDD

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I attach a copy of a table included within the final 2015/16 Welsh Government budget proposals setting out the allocation of the Welsh Government Department Expenditure Limits for 2015/16 which includes 2014/15 comparators.

Although the table notionally shows an increase in DEL for 2015/16 over 2014/15 of £121.975m, the 2014/15 crucially excludes the sum of £200m in year 2014/15 allocation in respect of additional NHS funding. If included in the 2014/15 budget, that would indicate a reduction in 2015/16 of some £78.025m for 2015/16 over the previous year.

However, these figures are indicative only and the reality is that we need to focus on the Councils available resources at this time.

Yours sincerely



COUNCILLOR ROB STEWART
LEADER & CABINET MEMBER FOR FINANCE AND STRATEGY

COUNCILLOR/Y CYNGHORYDD
ROB STEWART
LEADER / ARWEINYDD

CABINET OFFICE, CIVIC CENTRE, OYSTERMOUTH ROAD, SWANSEA SA1 3SN
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MAIN EXPENDITURE GROUPS (MEGs)		£000s	
		2014-15	2015-16
Departmental Expenditure Limits (DEL)			
Health and Social Services		6,396,630 ¹	6,622,334
Local Government		4,597,013	4,404,372
Communities and Tackling Poverty		740,753	737,494
Economy, Science and Transport		1,073,915	1,098,007
Education and Skills		1,783,277	1,754,443
Natural Resources		437,199	404,405
Central Services and Administration		345,983	322,912
Total Allocation to Welsh Government Departments		15,374,770	15,343,967
Resource Reserves	Fiscal Resource DEL	152,992	136,616
	Non-Fiscal Resource DEL	91,534	208,209
Capital Reserves		12,618	64,279
Assembly Commission		50,598	51,100
Public Services Ombudsman for Wales		4,247	4,309
Auditor General for Wales		5,974	6,306
Direct Charges to the Welsh Consolidated Fund		672	594
Total Expenditure within the Wales DEL Budget		15,693,405	15,815,380

¹ This figure excludes the additional £200m allocated to the NHS in 2014-15, which will be reflected in the Second Supplementary Budget 2014-15.