

Report of the Cabinet Member for Finance & Strategy

Cabinet - 10 December 2015

SUSTAINABLE SWANSEA – FIT FOR THE FUTURE: BUDGET PROPOSALS 2016/17 – 2018/19

Purpose:	To consider budget proposals for 2016/17 to 2018/19 as part of the Council's Budget Strategy <i>Sustainable Swansea – fit for the future</i>
Policy Framework:	Medium Term Financial Plan and Budget <i>Sustainable Swansea – Fit for the Future</i>
Reason for Decision:	To seek Cabinet approval for budget proposals to enable consultation to take place with residents, employees, partners and other interested parties
Consultation:	Cabinet Members, Executive Board, Legal, Finance, Access to Services Team
Recommendation(s):	It is recommended that Cabinet: 1) Approves the Budget proposals summarised in the report and detailed in Appendix A and Appendix C as the basis of consultation 2) Agrees the approach to consultation and engagement with staff, trade unions, residents, partners and other interested parties set out in Section 7 of this report of the report 3) Receives a report on the outcome of the consultation and final budget proposals at a meeting on 10th February 2016.
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1.0 Introduction

- 1.1 This report updates Cabinet on *Sustainable Swansea – fit for the future* and contains proposals for budget savings for consultation with residents, community groups and other stakeholders.
- 1.2 *Sustainable Swansea – fit for the future* was approved by Council on 22 October 2013 and subsequently reviewed by Cabinet on 16th July 2015.
- 1.3 On 24 October 2015, Council received the Mid Term Budget Statement for 2015/16 and beyond which set out the Council's strategic planning assumptions for each year for the period 2016/17 to 2018/19.

At that meeting Council agreed to adopt the Mid Term Budget Statement as its strategic forecast in place of the Medium term Financial Plan approved in February 2015.

On 25th November the Chancellor of the Exchequer announced the results of the Spending Review in his Autumn Budget Statement. The headline announcement for Wales was a small cash increase each year in the overall likely revenue budget, but a clear and explicit acceptance that over the Spending Review period this is equivalent to a 4.5% real terms reduction in overall revenue resource. Decisions on allocating that overall resource will be released in due course as set out below.

The report in October made it plain that the Council will not receive the 2016/17 provisional Revenue and Capital settlement until 9th December 2015. It is only at that time that we will have any degree of certainty over planning assumptions we are currently working to.

In line with current timetables the Council can expect the final settlement on 9th March 2016.

There is an overarching legal requirement to set Council tax levels on or by 10th March 2016, which will require a special meeting of Council to be called on that date.

- 1.4 This report covers:

- A reminder about the key elements of *Sustainable Swansea* and an update on progress against the Workstreams and Delivery Strands
- An overview of service and budget priorities for the next three years
- An update on the financial challenge facing the Council
- The proposed savings programme, including specific proposals for 2016/17 and future years, upon which we will now need to consult
- The key risks associated with the current financial position
- Proposals for engagement and consultation
- Staffing implications
- Delivery and next steps

2.0 Background – Sustainable Swansea – fit for the future

2.1 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 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*, our long term plan for change, underpinned by our Innovation Programme.

2.2 The 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 16th July 2015.

It is important that we continue to use the narrative in all our communication and that we apply the budget principles across all our thinking. The budget principles are reflected in the proposals set out in this report.

2.3 Since the July 2015 meeting of Cabinet we have:

- Continued to work on the delivery of the Savings Programme Workstreams – see Assurance Statement at **Appendix A**
- Commenced and delivered the first phase of Service commissioning Reviews
- Appointed a Head of Commercial Services to drive forward the commercial agenda and help deliver several of the workstreams contained within the overarching strategy.

2.4 These actions are covered in more detail in sections 5 and 7 below.

3.0 Our Service Priorities for 2016/17 and Beyond

3.1 Although the Council is currently focused on a plan to save around £89m over the next three years, it is vital that we continue to retain Member and management focus on the significant proportion of our budget that will remain. Our gross budget is approximately £685m (excluding Housing Services (HRA)) and we spend around £1.5m a day on services to residents (this excludes benefits in kind such as housing benefit and the council tax reduction scheme).

3.2 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 5 priorities and future plans for services (a revised Corporate Plan was agreed on 24th February 2015)
- The core objectives of *Sustainable Swansea* – which embrace all that we do
- The application of the budget principles – which guide our decision making
- The ongoing and sustained reduction in external funding and the need to meet known budget pressures.

3.3 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 reduced resources - that we set out clearly our expectations on all services and relative priorities for funding in the context of the £89m budget reductions that we face.

3.4 This requirement is illustrated sharply by the “gearing” effect of savings on services. In other words, if our current savings requirement of £89m over three years was applied, for example, just to Corporate Services (excluding Council Tax Reduction Scheme) and Place Services, the budgets for these areas would have to be cut entirely. Consequently, other areas such as Schools and Social Care also need to face some level of reduction over the next 3 years, given the relative size of their budgets.

3.5 A statement of budget priorities and policy statements that flow from this is set out in **Appendix B**. This statement follows an assessment of services in relation to the following criteria:

- **Invest:** those Services where the Council will increase current levels of investment
- **Maintain:** those services where the Council will broadly maintain current level of spend in the medium term
- **Reduce:** 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.

3.6 Based on the statement of priorities and having regard to the “gearing effect” when considering savings, the indicative 3 year saving/investment targets for each major block of services is set out in Table 1 below (and Appendix B):

Table 1

Service	Percentage Reduction/Increase over 3 Years
Schools & Education	-15
Social Care – Child & Families	-15
Social Care- Adults	-20
Poverty & Prevention	+5
Place	-50
Corporate Services	-50

3.7 This statement will form the basis of our future medium term financial plan, as well as individual service plans.

4.0 Financial Update

4.1 The financial update that follows needs to be seen in the context of the Mid-term Budget Statement approved by Council on 24th October 2015.

4.2 The latest indicative savings requirement for 2016/17 to 2018/19 is set out in **Table 2** below:

Table 2 –Indicative Savings Requirement for 2016/17 to 2018/19

	Note	2016/17	2017/18	2018/19
		£'000	£'000	£'000
Future cost of pay awards	1	2,900	5,800	8,700
Pay and grading scheme	2	2,700	5,400	8,100
National Living Wage – own pay bill		0	700	1,700
National Living Wage – contract inflation	3	2,000	4,000	5,500
Cumulative contract inflation	4	1,000	2,000	3,000
Capital charges	5	1,750	3,250	5,000
Teacher's pension costs	6	700	700	700
National Insurance rebate	7	6,000	6,000	6,000
Use of General Reserves	8	1,200		
Demographic and Service pressures	9	3,000	6,000	9,000
Council Tax Support Scheme	10	600	1,200	1,900
Total known pressures		21,850	35,050	49,600
Estimated reduction in core Welsh Government Funding	11	14,000	27,000	40,000
Total Savings Requirement	12	35,850	62,050	89,600

Notes:

1. *The pay award figures represent a forecast increase of 1% for the period of the MTFP in line with the Chancellor's latest budget statement (including the costs of school based teaching staff).*
 2. *Reflects the estimated costs of incremental pay progression in respect of those that gained from the implementation of the Council single status pay and grading scheme in April 2014. It is important to note that no allowance has been made for any additional costs which may arise due to the appeals process which at the current time are assumed to be met from within Departmental budgets.*
 3. *This reflects an initial high level assessment of the likely third party contractor cost increases arising from the summer 2015 budget announcement to increase the National Minimum Wage.*
 4. *This reflects a high level assessment of the inflation element of a limited number of contracts with indexed inflation*
 5. *Reflects additional estimated borrowing costs as a result of the current Capital programme together with potential increases arising from externalisation of borrowing due to cashflow requirements*
 6. *These additional costs arise from a National Government revaluation of the notional teachers' Pension Fund and reflect the outcome requiring additional employer contributions to the scheme*
 7. *This cost arises from the cessation of the Employers National Insurance Rebate for employers with a contracted out Pension Scheme from 1st April 2016. This gross cost includes an estimate of that applicable to delegated Schools budgets (£2.5m).*
 8. *Reflects the current 2015/16 budgeted use of General Reserves and, in particular, the assumption at this early point there will be no use of general reserves to support the 2016/17 budget.*
 9. *This sum reflects a high level estimate arising from demographic changes within adult Social Services*
 10. *Reflects the assumed cost of Council Tax Support Scheme costs based on a Council Tax increase of 3% which has been included as a planning assumption only at this stage*
 11. *For all years this reflects an estimated 4.5% reduction in aggregate external finance provided by Welsh Government*
 12. *The exemplified savings target of £89m shown in Table 1 is indicative of the scale of savings required and will be revised as the 3 year MTFP progresses.*
- 4.3 The forecast does not include any provision at the current time in respect of increases in the levy issued by the **Mid and West Wales Fire Authority**. When notified, any increase will be factored into current and future budget assumptions. Current indications are that any increase proposed will be less than 1%.
- 4.4 Over recent years the Council has consistently prioritised the delegated **schools budget**, meeting its guaranteed funding requirement over a five year period. There are costs currently factored in in relation to Teachers

Pension Costs and other items, including the removal of National Insurance contracted out rebates, which are assumed will be borne by Schools directly in line with the strategy set out in Appendix B.

- 4.5 The forecast also currently includes a significant cost in relation to the Government's proposed **Universal Pension**, which is likely to be funded by an end to the Employers' National Insurance Rebate for contracted out schemes. The effect of this funding is a potential further cost of £6m approx. (including schools) to the Council.
- 4.6 With respect to the Current and Future **Capital Programme**, it is clear at the present time that future support from the Welsh Government in respect of general capital grant and supported borrowing on an annual basis is likely to remain severely curtailed.
- 4.7 The indicative allocation for 2016/17 in respect of both the above elements, at just over £10m, is insufficient to meet the current budgets allocations to cover core commitments as in **Table 3** below:

Table 3 – Capital Allocations for 2016/17

	£m
Welsh Government funding	10.1
Allocation - property and highways maintenance	-7.3
Disabled Facilities Grants & Improvement Grants	-5.2
Annual Contingency budget	-0.5
<u>Shortfall</u>	<u>-2.9</u>

- 4.8 The remaining capital programme (including improvements to schools) is heavily dependent on future capital receipts and to that extent any shortfall in receipts is likely to require an increase in unsupported borrowing to balance the funding for the agreed programme.
- 4.9 Any rise in borrowing has a detrimental effect on future revenue funding and has to be viewed in the light of the current projected reductions in external grant.
- 4.10 As such, it is inevitable that the future capital programme will have to be subject to regular review and will be dependent on receipt of specific grant and/or the availability of excess capital receipts.
- 4.11 The currently approved four year Capital programme assumes additional unsupported borrowing of some £57m. Reduction of the core items above (4.11) to levels of Welsh Government funding could reduce the level of unsupported borrowing to approximately £45m. Consideration will have to be given to further reductions in the planned capital programme if this level is to be reduced.

- 4.12 In particular, detailed consideration will have to be given in respect of commitments to and funding options for the second phase of the proposed Schools improvement programme.
- 4.13 A report on the options for reprioritising the capital programme and/or increasing capital receipts, including the sale of strategic assets, will be brought to Cabinet in February 2016 as part of the budget process.
- 4.14 It should be noted that whilst there is an assumption that any additional borrowing costs in relation to the Schools' capital programme will be funded via the delegated budget in the absence of Capital Receipts this is not reflected in current budget proposals.

5.0 Sustainable Swansea – Budget Proposals

- 5.1 Budget proposals to meet the current savings requirement for 2016/17 consist of the following elements:
- Continuation and development of service delivery savings approved by Council in February 2015 and subsequently reviewed
 - Other elements of the *Sustainable Swansea* Delivery Programme approved by Cabinet in July 2014 and reviewed by Cabinet in July 2015, having taken account of the additional proposals above
 - Cash freeze in Schools Delegated Budgets

Each of these categories of savings are addressed below.

Service Savings

- 5.2 The Revenue Budget for 2015/16 approved by Council on 24th February 2015 included a range of specific service savings proposals. Review of those proposals has resulted in potential additional savings for 2016/17. An assurance exercise has taken place on the planned savings for 2016/17 resulting in a revised position as set out in **Table 4**:

Table 4 – Review of Planned Savings 2016/17

	Planned savings 2016/17 £'000
Corporate Services	3,839
Place	3,913
People – Poverty & Prevention	387
People- Social Services	933
People- Education	1,149
Total	10,221

5.3 **Sustainable Swansea – Workstream savings**

As set out in section 2 above, through *Sustainable Swansea*, the Council is committed to changing the design and delivery of services and to a fundamentally different approach to demand management and early intervention.

In particular, the Council has embarked on a series of commissioning reviews across all services and the results of a number of those commissioning reviews have been presented to Cabinet and agreed over the past few months.

Outcomes of further commissioning reviews are expected on a recurring basis and, where specific outcomes require, consultation will take place in the appropriate manner before any actions are delivered.

It is anticipated, in line with the principles set out in in Section 1 of the Mid Term Budget Statement approved by Council in October 2015 that where outcomes from reviews are presented then consultation and action to implement will be undertaken on a rolling basis outside the normal budget cycle.

5.4 The programme of Commissioning Reviews is as follows:

Phase 1 - Completed
Culture and Leisure
Business Support
Non School Cleaning

Phase 1 - Completion by April 2016
Libraries
Waste Management
Domiciliary Care
Day Care
Residential Care

Phase 2 – Completion by December 2016
Corporate Building & Property Services
All Council Catering
Special Education Needs/Children with Disabilities
Highways & Transportation
Parks & Cleansing
Housing, Non Housing Revenue Account & Public Protection
Planning Services
Remaining Education Services
Remaining Social Services

5.5 In the light of the worsening financial position, a review has been undertaken of saving options to be delivered as part of the *Sustainable Swansea* programme (see Appendix 'A'). These proposals are shown in **Table 5** below:

Table 5 – Sustainable Swansea Delivery Programme Proposals 2016/17

Workstream	Savings Strand	Savings 2016/17 £m
<i>Efficiency</i>	Continuous Improvement	200
	Workforce	4,000
	Support Services	4,050
	Assets	1,000
	Third Party Spend	2,200
	Income & Trading	1,650
<i>New Models of Delivery</i>	Customer Contact	185
	Commissioning	7,562
	Community Action	0
<i>Prevention</i>	Demand Management	0
	Early Intervention	450
<i>Stopping Services</i>	Council Priorities	2,000
	Future Council	0
Total		23,297
Less:-	Potential overlap with service specific proposals	-5,000
Total		18,297

Note: those Strands showing £0 have planned savings for future years

5.6 For delivery purposes, all proposals that are approved, after considering the outcome of consultation and Equality Impact Assessments, will be combined into a single matrix showing the Strand Savings alongside the Head of Service accountable for delivery.

Schools' Delegated Budgets

- 5.7 The indicative savings assessments set out in Table 1 at 3.6 above and Appendix B, show that it is inevitable, given the scale of reductions required within the one education budget, that ongoing consideration will have to be given to the current level of schools' delegated budgets.
- 5.8 Reductions can be viewed in two ways:
- Actual cash reductions in levels of funding provided to Schools
 - Real terms reduction in Schools funding, taking into account known spending needs
- 5.9 For current consultation purposes it is not intended that there will be any proposed reductions to the current level of delegated budgets in cash terms for 2016/17.
- 5.10 However, it is clear that a number of budget pressures detailed in Table 2 in Section 4.2 of this report include pressures that will fall directly to the delegated budget. These are estimated as:-

Table 6 – Pressures on Schools delegated budgets

Identified budget pressure	2016/17
	£'000
Schools pay award	1,200
Additional Employers contributions – teachers' Pension costs	700
Effect of ending of Employers National Insurance rebate for contracted out schemes	2,500
Total	4,400

These budget pressures will not be funded as part of the draft budget proposals.

The effect of this, based on a current gross delegated budget of £135,179,085 is a real terms reduction of 3.25%.

Total Proposed Savings

- 5.11 The total savings across the three areas outlined above are shown in **Table 7** below:

Table 7 –All Savings Proposals for 2016/17

Savings	Savings £m
Service Savings (Net of assumed Schools saving)	10,221
Sustainable Swansea Delivery Programme	18,297
Schools delegated budget	4,400
Total	32,918

- 5.12 The detailed proposals are set out in **Appendix C**. Subject to Cabinet approval, consultation will commence on the proposals, as appropriate, with staff, Trade Unions, Schools' Budget Forum, residents, affected groups and partners, alongside Equality Impact Assessments (EIAs).

Other Savings and Funding Options

- 5.13 The current total of all savings proposals for 2016/17 is £32.918m, against the current total requirement of £35.850m. Work will continue over the next two months up to Cabinet in February 2016 to assess a range of other options. This is necessary because:

- Some proposals may not be approved following the outcome of consultation and EIAs
- Additional savings are required as a contingency against non delivery of some savings in year
- Additional savings are required for future years

- 5.14 This assessment will include a review of other service savings and our policy on Council Tax.

6.0 Assessment of Risks and Uncertainties

- 6.1 As in previous years, the budget proposals as presented must be viewed in the context of the ongoing risks and uncertainties that the Council faces during 2016/17 and beyond:

- 6.2 These currently include:

- a) **Equal pay claims:** The risk at the present time is residual.
- b) **Pay and Grading appeals:** it is assumed that costs arising out of pay and grading appeals will be met from within Directorate approved budgets and schools delegated budgets where appropriate.

- c) **Specific grants:** It is likely that, based on experience in 2015/16, the Council will suffer from significant attrition in terms of specific grants received from Welsh Government and other public bodies. It remains the case that where such grant reductions occur they will require specific service cost reductions in addition to any savings targets identified above.
- d) **The savings proposals** for 2016/17 and beyond are predicated on clear and decisive action being taken to deliver wide-scale transformational change. This will require robust implementation, monitoring, review and if necessary enforcement of savings proposals.
- e) **The timing** of Welsh Government announcements on both core and specific grants means that uncertainty will remain until the final period of the budget setting process.

7.0 Consultation and Engagement

7.1 In previous years the Council has consulted on a number of issues including:-

- Specific budget proposals relating to budget reductions impacting on the following year's revenue and capital budget together with potential longer term savings to deliver the medium term financial plan.
- Consultation on shaping the Council's overall priorities.

7.2 In terms of Council priorities, previous consultation has been taken into account in deciding the five key priorities for the Council which remain as:-

- Safeguarding vulnerable people
- Improving pupil attainment
- Creating a vibrant and viable city and economy
- Tackling poverty
- Building sustainable communities

7.3 In terms of the current consultation it is not intended that we repeat the consultation exercise on overarching Council priorities at this time.

7.4 However, as in previous years, the Council will undertake a full consultation on proposals that will affect the public in general or specific sections of the Community.

7.5 It is essential that in agreeing to consult we take into account the following:-

- Under the Public Sector Equality Duty (Wales) we have to engage with protected groups to assess the likely impact on them of any policies or practices being proposed or reviewed.
- The Wales National Principles for Public Engagement include the

expectation that engagement gives a real chance to influence policy, service design and delivery from an early stage

- Under the Gunning principles, consultation should be at an early stage with public bodies having an open mind, those being consulted have enough information to make an intelligent choice, enough time is provided for people to make an informed choice and consultation responses must be taken into account.

7.6 Details of the settlement dates from Welsh Government detailed elsewhere in this report highlights the extremely difficult timetable the Council faces in setting its budget proposals.

7.7 In terms of consultation, the Council intends to fulfil its obligations by:-

- Undertaking a **Public Survey**. Specific budget proposals and those relating to the Commissioning Reviews will be included in the public survey that will be available online and in hard copy format at venues across the City and County. This will be a combination of yes/no options for specific proposals and open questions where the Council is seeking ideas from the Public on our commissioning reviews.
- **Consultation with specific groups**. We will consult a number of Groups including children and young people, groups with protected characteristics and organisations such as Community Councils. A series of meetings/briefings will be organised during January.
- **Community Events**. A series of pop up consultation events can be held in community venues.
- **Service specific consultation**. Services will carry out their own consultation on proposals that only affect a small or specific group of people rather than the wider public consultation.
- **Unions**. The Leader, Cabinet Members and Officers are due to meet Union representatives to discuss the proposals.
- **School Budget Forum**. Officers and Members will consult the form on proposals that affect schools.

In addition the Council will promote and communicate the consultation via the Swansea Leader, or website and Social media.

7.8 There will be on-going consultation during the forthcoming year as and when the individual Commissioning Reviews progress and develop their proposals for transforming services and helping to deliver contributions towards the overall savings requirement.

8.0 Staffing Implications

- 8.1 The Council, working in partnership with Trade Unions, succeeded in largely avoiding compulsory redundancies as part of the implementation of the budget savings for 2015/16. This was achieved by a continued flexible policy on redeployment and a proactive approach by all parties. The clear intention is to build on this approach for 2016/17 and to look for other ways of avoiding compulsory redundancies.
- 8.2 However, a significant reduction in posts in 2016/17 will be unavoidable, given that the Council spends 40% of its overall budget on employees (significantly more in some Service Areas). It is important, therefore, that the Council is open about the likelihood of compulsory redundancies in 2016/17 and beyond given the increased level of savings and the reduced scope for redundancies.
- 8.3 Notwithstanding the scale of the challenge, in line with the Council's current policy, every effort will be made to minimise compulsory redundancies. Management action includes:
- *Tight management of vacancies so that we manage the deletion of posts via natural wastage over time*
 - *The use of fixed term appointments where a post needs to be covered*
 - *Stopping the use of agency staff unless a clear business case can be made*
 - *Redeployment and retraining where ever possible*
 - *Further encouragement of staff to consider ER/VR options, including bumped redundancies*
 - *Encouraging staff to work flexibly eg: reduce hours or job share*
 - *Flexible retirement*
 - *Discussions with other major employers about working together on redeployment*
- 8.4 The groups of staff likely to be most at risk (no options can be ruled out at this stage) are those affected by service savings, those in management/supervisory posts and those employed in business support functions. The latest estimate (**work on this is continuing and the number is likely to change**) of the impact of the current proposals on staffing numbers for 2016/17 is set out in **Table 8** (shown as Full Time Equivalent (FTEs))

Table 8 – Impact of Savings Proposals on FTEs 2016/17

		FTEs
Specific Saving Proposals		
	Corporate Services	22
	Place	127
	People	39
	Total	188
Sustainable Swansea Proposals		
	Senior Staff Review	100
	Customer Contact	7
	Commissioning Reviews: Place	85
	Commissioning Reviews People	8
	Commissioning Review: Business Support	115
	Commissioning Reviews Year 2	50
	Community Action	5
	Prevention	100
	Stopping Services	40
	Total	510
	Less overlap with Service Proposals	-58
	Grand Total	640

- 8.5 The Council will need to consult with Trade Unions about the 2016/17 savings proposals and the likely impact on staff; in particular, the management of change and selection criteria where posts are at risk of redundancy. It is a legal requirement and incumbent upon the Council to commence formal negotiations with the Trade Unions to seek to avoid the need for such redundancies, to consider alternatives and to seek to reach agreement on the selection process for redundancies, should we get to that position. This is in line with the requirements of Section 188 (1) of the Trade Union and Labour Relations (Consolidation) Act 1992 (as amended). This is on the basis that these proposals affect more than 100 employees and that the period of consultation will be for a minimum of 45 days.
- 8.6 The Council is committed to continue to work closely with Trade Unions to minimise the number of compulsory redundancies.
- 8.7 Reflecting the principle in the MTFP stated earlier in this report, consultation will be undertaken on a rolling basis outside the normal budget cycle, as the outcomes from commissioning and other reviews are presented to Cabinet. Consequently, in some Service Areas, it is not

possible at this time to give details of the precise impact on staff and the figures quoted are, therefore, overall estimates. The regular liaison meetings with Trade Unions will be used to provide more detail when this becomes available as future options are agreed.

9.0 Delivery – “Decide and Do”

9.1 Delivery of the Budget strategy and Savings Programme is clearly critical. If this is not given the right attention savings will not be achieved. This requires a clear understanding of the organisational requirements to deliver as set out in *Sustainable Swansea*.

Deliverability of Savings

9.2 In parallel with the consultation process, we are undertaking a robust appraisal of all options for savings to ensure:

- They are deliverable
- We understand the impact
- We have assessed the risks and how these can be mitigated

Subject to the above, we will adopt the principle of “decide and do” in terms of a pragmatic approach to the implementation of proposals.

9.3 The Executive Board has oversight of the programme management arrangements for the Savings Programme. This includes a sponsorship role for Directors, supported by a wide range of Heads of Service and Senior Managers from every part of the Council and project support.

Timeline

9.4 The remaining timeline for the Budget process is set out in **Table 9** below.

This timetable is effectively being driven by the dates set for the Autumn Spending Review by the Chancellor of the Exchequer which has impacted significantly on the ability of the Welsh Government to determine its detailed budget proposals for 2016/17.

The effect is that all announcements by Welsh Government relating to Local Authority settlements are being issued around two months later than in previous years; the provisional Local Government settlement is due on 9th December 2015 with the final budget debate to be held by Welsh Government as late as 8th March 2016. Confirmation of Final Settlements will not be made until 9th March 2016 a day before the Council must legally set Council Tax levels for 2016/17.

This lateness of information impacts upon the whole budget process including consultation.

Table 9– Budget Timetable

10 th December 2015	Cabinet	Approves budget proposals for consultation
11 th December 2015	Consultation commences	A variety of means will be used
21 st January 2016	Consultation closes	Report will be produced on consultation responses
January 2016	Scrutiny	Review of Cabinet proposals
10 th February 2016	Special Cabinet	Reviews feedback from consultation and recommends Budget
24 th February 2016	Council	Approves Budget
10 th March 2016	Special Council	Sets Council Tax

10.0 Next Steps - A Sustainable Swansea – fit for the future

10.1 As stated above, the scale of the financial challenge 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*.

10.2 A probable overall cut in spend of 20-30% (more in some areas) over the next few years cannot take place without a fundamental review of the future purpose and shape of the Council to 2017 and beyond. This is particularly important because:

- The Council has clear aspirations and policy commitments to improve outcomes for residents that will need to be delivered alongside savings

- We will also need to consider the requirement for further investment in prevention in social care to reduce the projected future demand for services
- This requires a debate about innovation, service transformation, and doing things differently
- And we must collaborate with others to achieve this

10.3 Consequently, the current debate with residents and partners, as well as inside the Council, about the Core Purpose of the Council, what residents and communities can do for themselves and the Future Shape of the Council is fundamental.

11.0 Equality and Engagement Implications

11.1 The *Sustainable Swansea* Engagement Plan is outlined in section 7 above.

11.2 In line with legislative requirements, a fundamental part of our approach is to assess the impact of proposals on residents and the community. As in previous years, the corporate Equality Impact Assessment (EIA) process continues to be followed for all new proposals. EIA reports will not be finalised until engagement activities have been completed so that the findings can be taken into account. They will then be considered as part of the decision making process. Proposals that were previously screened (and/or subject to a full EIA report) are being re-visited by managers to ensure that:

- The information is still accurate and relevant and up-to-date
- Our new due regard commitment to the United Nations Convention on the Rights of the Child (UNCRC) is taken into account
- Proposals comply with the new Welsh Language Standards

11.3 Cabinet and Council will receive a full report on the feedback from the consultation and outcomes of the EIA process in February 2016 so that they can be fully taken into account before any decisions are made.

11.4 There will also be full engagement with the Council's Scrutiny Committee.

12.0 Financial Implications

12.1 This report sets out the Council's projected budget position for 2016/17 and sets out proposed savings to meet the projected shortfall currently estimated at £35.85m.

12.2 It is a legal requirement that Council sets a balanced Revenue Budget for each financial year and it is essential that detailed plans to address projected shortfalls are developed and, more importantly, delivered over the coming years.

12.3 Further updates on expected levels of external funding will be reported following the announcement of the provisional funding settlement by the Welsh Government currently anticipated on 9th December 2015. As previously stated the final settlement will not be announced until 2nd March 2016 with confirmation expected on 9th March 2016.

12.4 Progress with achieving savings agreed as part of the 2015/16 budget are monitored each month by the Executive Board and the Budget Performance and Review Group, with quarterly reports to Cabinet.

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 strategy and it is then put into effect.

Background Papers: None

Appendices: Appendix A – *Sustainable Swansea – fit for the future*: Assurance Statement
Appendix B – Statement of Medium Term Budget Priorities
Appendix C – Savings Proposals 2016/17