

SUSTAINABLE SWANSEA – FIT FOR THE FUTURE

STATEMENT OF MEDIUM-TERM BUDGET PRIORITIES

PURPOSE

This paper sets out the Council's views on relative service and budget priorities in the context of the delivery of *Sustainable Swansea – fit for the future* and the Medium Term Financial Plan.

The statement has three objectives:

- *An indicative statement about future funding for services, together with an overall percentage reduction in spend over the next 3 years*
- *A high level statement for services about expectations for transformation and delivery*
- *Policy statements for each major service block setting out how the funding challenge will be met*

STRATEGIC CONTEXT

The scale of the financial, demographic and sustainability challenges facing Swansea require a radically different approach to the past. *Sustainable Swansea – fit for the future* sets out the Council's long term objectives for meeting these challenges and for transformational change for services, the Council and our relationship with residents.

The Council is also developing a revised Corporate Plan that sets out five top priorities for the future:

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

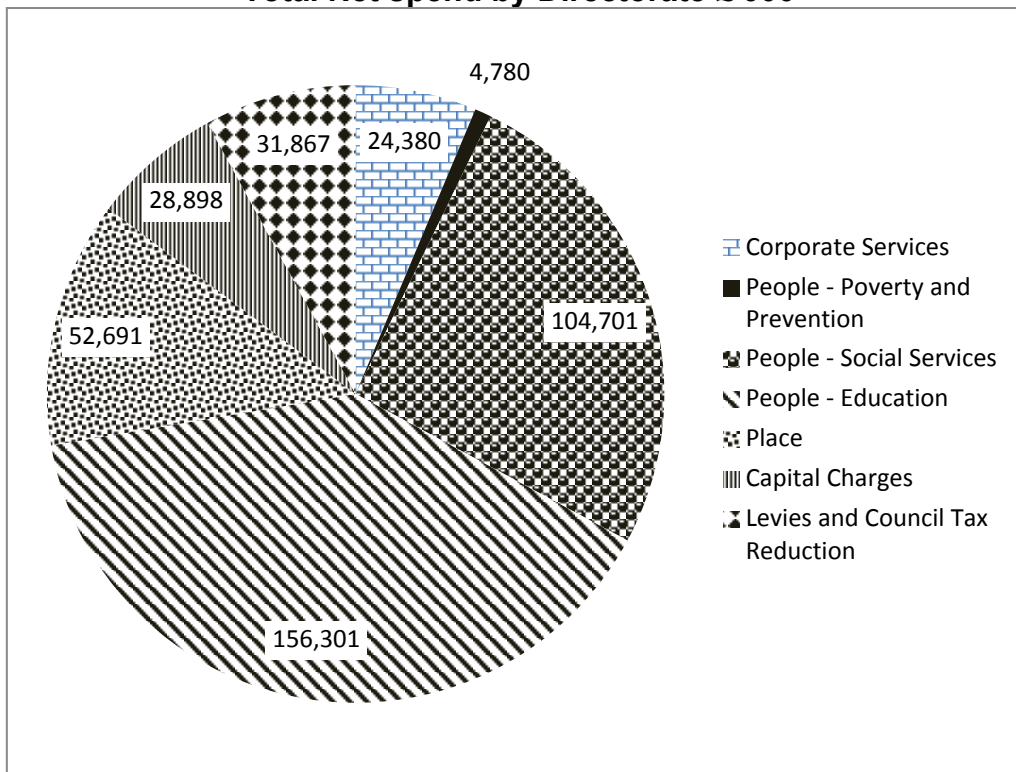
The Council's overall aim is to protect frontline delivery of services as far as possible. However, whilst many things are important, not everything can be a priority. It is important, therefore - particularly in the current climate of significantly reduced resources - that we set out clearly our expectations on all services and relative priorities for funding.

FINANCIAL CONTEXT

We currently estimate that the Council will need to save around £89m over the next 3 years. This requires not only a strategy for transformation, which is set out in *Sustainable Swansea – fit for the future*, but also a clear statement of the expected impact of the reductions across the Council’s major services.

As context for this, the charts below illustrate where the Council currently spends its money by Directorate/other costs and by category:

Total Net spend by Directorate £'000



Total Gross Spend by Category

	£m	%
Employees	185.0	27.0
Schools Del. Employees	122.0	17.8
Schools Del. Other	13.3	2.0
Premises	22.0	3.2
Transport	26.3	3.8
Supplies and Services	78.3	11.4

Third party payments	81.4	11.9
Transfer payments	115.0	16.8
Capital charges	28.9	4.2
Levies	12.8	1.9
Total	685.0	100

SETTING INDICATIVE MEDIUM TERM FINANCIAL ALLOCATIONS

The Council is proposing indicative medium-term financial allocations following an assessment of our overall priorities and the financial context that we face.

The statement which follows is based on an assessment of services in relation to the following criteria:

- **Invest:** those Services where the Council will increase current levels of investment in order to:
 - Deliver our top priorities; and/or
 - Achieve significant reductions in future spend
- **Maintain:** those services where the Council will broadly maintain current level of spend in the medium term to:
 - Deliver our top priorities
 - Meet statutory requirements
 - Meet resident expectations
- **Reduce:** those services where the Council will reduce the current level of spend over the medium term:
 - Because these are lower priority areas
 - To contribute to the overall budget savings requirement

In setting financial allocations we have also had regard to 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 areas would be cut by around 90%. 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.

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 the table below:

INDICATIVE MEDIUM TERM FINANCIAL ALLOCATIONS

Service	Current Budget £m	Percentage Reduction/Increase over 3 Years	Amount Realised £m
Schools & Education	156.3	-15	-23.4
Social Care – Child & Families	38.3	-15	-5.8
Social Care-Adults	66.4	-20	-13.3
Poverty & Prevention	4.8*	+5	+0.2
Place	52.7	-50	-26.4
Corporate Services	24.4	-50	-12.2
Council tax income implied by 3% per annum planning assumption			-9.1
Total	342.9m		90m

** Note that whilst this is the controllable budget for Poverty & Prevention, the Council spends **significantly more** on this area through the contribution of a wide range of other services*

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

GENERAL PRINCIPLES FOR ALL SERVICES

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

Budget Principles

The Council has adopted a number of Budget Principles which underpin *Sustainable Swansea*:

<i>Everything is included</i>	<i>Increased income</i>
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<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

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

Transformation	<p>All service must transform through a fundamental review of purpose, however services are commissioned, to:</p> <ul style="list-style-type: none"> • deliver better outcomes • develop a sustainable delivery model, fit for the future • reduce costs and secure value for money
Efficiency	<p>All services must continue to strive for efficiency, in particular:</p> <ul style="list-style-type: none"> • reduce management and other overheads • maximise opportunities for increasing income from charges, trading and external sources • reduce the cost of purchasing supplies and services • work with others to achieve better outcomes • look for opportunities for residents or community groups to take or share responsibility for services

STATEMENT OF BUDGET PRIORITIES: PEOPLE'S SERVICES

Schools and Education

Education is working towards a "one education budget" strategy across delegated and non-delegated budgets

But savings of £23m (15%) cannot be made without reductions in the Schools Delegated Budget over the next three years, including by transferring to schools

functions that are currently funded centrally but are better managed locally. We are fully aware of the promises that the Minister has given regarding schools funding, and we are meeting our obligation on this in a number of ways, as outlined below.

Moreover, further severe 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.

A further move towards a fundamentally different relationship between schools and the local authority is required. 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:
 - Reducing the need for formal statements
 - Providing increasingly targeted specialist support, reflecting the findings of the recent independent behaviour review
 - Building capacity in mainstream educational provision
 - Empowering & facilitating more collaborative school to school support
- Delivery of 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 cost recovery of 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

Social Services- Child & Families

No policy changes are proposed in Child and Family Services.

We will maintain the current Safe LAC Reduction Strategy to reduce the number of looked after children and achieve the planned savings of around £6m.

Social Services – Adult Social Care

A new approach has been proposed for Social Services based on the application of *Sustainable Swansea* principles and Workstreams and the national legislative requirements to the future model of social services. This is required to deliver savings of £13m over 3 years.

Our policy must be to:

- Promote greater independent living for longer, and reduce demand for long term care by investment in prevention and reablement
- Develop the Swansea model of Local Area Coordination to increase community-based support and change the current model of day and residential services
- Ensure our services are as efficient as possible by reviewing alternative models for delivering social care such as social enterprise, increased use of the voluntary sector, increase volunteering and community self help
- Drive forward the reshaping and integration of services with health and other key partners to achieve whole system change, including local commissioning and delivery
- Communicate the new vision, the long term benefits and our plan for safe and better care to residents, carers and partners

Poverty & Prevention

We have agreed a comprehensive Poverty Strategy, no changes are proposed to this.

Our policy must be to:

- Implement the strategy and provide additional investment **or** redirect existing spend in community based preventative programmes where evidence shows this works
- Ensure all Council services (as well as partners) contribute to combatting poverty by directing activity towards these objectives
- Invest in prevention through the Prevention Fund and development of a Council-wide Prevention Strategy

STATEMENT OF BUDGET PRIORITIES: PLACE SERVICES

Place based services will see a 50% reduction over the next 3 years, around £26m.

To deliver such a challenge our policy must be to:

- Accept that reductions of this scale will inevitably have a significant negative impact upon visible streetscene and environmental services
- Recommission all services and in many cases focus on enabling other providers and the community to deliver our objectives in areas such as culture and parks
- Establish commercial and trading models where ever we can to offset the loss of Council funding eg: building services
- Introduce a radical approach to demand management and self-regulation in areas such as waste, enforcement
- Seek to maintain current levels of investment in roads focusing on preventive action to reduce future costs
- Meet national housing quality standards, with a particular emphasis on target areas
- Prioritise the Regeneration of the City Centre and the economy

STATEMENT OF BUDGET PRIORITIES: CORPORATE SERVICES

Corporate Services will see a 50% reduction over the next 3 years, around £12m.

To deliver such a challenge our policy must be to:

- Change the current model of delivery to increase self-service and reduce demand for transactional services
- Focus only on the critical functions of the corporate centre such as governance, financial control, core HR advice and commercial capability and stop doing other things
- Look for opportunities for shared services with other public sector organisations in the area and/or outsource
- Radically change our approach to customer contact and engagement, to shift to digital channels and reduce costs
- Consolidate and reduce the cost of all common support functions across the Council, such as financial processes, ICT, business support
- Maintain overall investment in ICT, on a business case basis, to support the transformation agenda, including on-line self-service, agile and mobile working and direct service innovation such as telecare