



Report of the Section 151 Officer

Cabinet - 15 February 2018

Medium Term Financial Planning 2019/20 to 2021/22

Purpose:	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.
Policy Framework:	Sustainable Swansea – Fit for the Future
Consultation:	Legal Services, Access to Services, Cabinet Members and Corporate Management Team
Recommendations:	It is recommended that:- 1) The Medium term Financial Plan 2019/20 to 2021/22 be recommended to Council as the basis for future service financial planning.
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1. Introduction and Background

1.1 Service and financial planning continues to be undertaken against a backcloth of reducing overall financial resources and increasing service pressures and demand.

The Medium Term Financial Plan (MTFP) is an overarching strategy that:

- Covers 3 future years.
- Forecasts future known additional spending requirements, likely resources and potential funding shortfalls.
- Links to the Council's adopted strategy '**Sustainable Swansea – Fit for the Future**' 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 5 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.

- 1.2 It is important to understand that the MTFP does not constitute a formal budget in respect of the period 2019/20 to 2021/22 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.
- 1.3 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.
- 1.4 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.
- 1.5 The plan serves to highlight the trend for increasingly difficult 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.
- 1.6 Importantly, it is essential that the MTFP becomes 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 2018/19, further reports to Cabinet regarding the MTFP will be made as necessary. In particular, the Mid Term Budget Statement in the Autumn of 2018 will provide a key update on the financial outlook and delivery of savings.
- 1.7 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 that are 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 on an annual basis.

1.8 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 2019/20 to 2021/22
- Section 3 Detailed spending and resources forecast 2019/20 to 2021/22
- Section 4 Strategy to address future savings requirements
- Section 5 A summary of the Medium Term Financial Plan and Sustainable Swansea strategy.
- Section 6 Medium Term Financial planning for Schools
- Section 7 Risks and issues surrounding the MTFP
- Section 8 An assessment of reserves
- Section 9 Legal and Equalities implications

2 Overview of Financial Planning Environment 2019/20 to 2021/22

2.1 The Medium Term Financial Plan (MTFP) report considered by Council on 23rd February 2017 included a service and financial overview. This was updated in terms of the Mid-Term Budget Statement verbal report given to Council in October 2017 and is updated further below.

Economic outlook and prospects for Public Finances

2.2 The announcement of both the provisional and final Revenue and Capital Settlements for 2018/19 has resulted in an overall postulated like for like cash increase of £2.3m. However, there is an increase of just £1.75m in block grant after allowing for the changes to social services capital limits for residential care. This needs to be set in the context of the forecast cost of the national living wage impact of £1.7m plus alone.

2.3 However, the current economic climate continues to be uncertain, and the Welsh Government stated in their draft budget document that this is one of the longest periods of sustained austerity in living memory. There is and will continue to be uncertainty over the UK's relationship with Europe and the impact on Wales following Brexit. It is still the case that the Welsh budget will be expected to continue to reduce in real terms over the period to 2021/22.

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

likely that further delegation and transfer of powers and rights from Westminster to Cardiff, including full devolution of matters relating to business rates, 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 positive settlement for 2018/19, it is unlikely that such a good settlement will be forthcoming in future years and, in addition to possible reductions in 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 in 2018/19 is of the changes to the National Living Wage, which will add around £1.7m 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 tax varying powers from Westminster to the Welsh Government. Whilst this notionally impacts primarily on individual taxation, potential 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 that might entail regarding cost movement.
- 2.7 In terms of core revenue funding, the final Revenue settlement issued by the Welsh Government in December 2017 gave an indicative settlement level for 2019/20, which is an improvement on previous years. However there has been no indication beyond 2019/20. This leaves Authorities having to make their own assumptions regarding levels of Aggregate External Funding during the period of the Medium Term Financial Plan, based on an assessment of UK and Wales financial planning and announcements.
- 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, it is simply not possible to forecast with any certainty the level of funding that is likely to be received from Welsh Government on an annual basis over the period of the MTFP. Instead it is intended 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 an assumption of a reduction of 1.0% in 2019/20 (as indicated by the Welsh Government), and then cumulative reductions of 1%, 2% and 4% for 2020/21 and 2021/22, although of course reductions will fluctuate on an annual basis.

It is not considered likely that there will be a cash flat position over the period of the MTFP and even less likely that there will be any form of increase.

Year	AEF Reduction @ 1% £'000	AEF Reduction @ 2% £'000	AEF Reduction @ 4% £'000
2019/20*	3,191	3,191	3,191
2020/21	3,159	6,318	12,636
2021/22	3,127	6,192	12,130
Cumulative	9,477	15,701	27,957

* 2019/20 is a reduction of 1.0% across all scenarios as that has been indicated by the Welsh Government.

Note that the above reductions are based on the final AEF for 2018/19 of £319.087m as announced in December 2017.

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

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

Support for Capital Programmes

The final settlement indicated support for future General Fund Capital programme at a level of £10.292m for 2018/19, a very slight increase from 2017/18. This support is through a mix of General Capital Grant and support for borrowing.

Planning assumptions for 2019/20, 2020/21 and 2021/22 are based on unchanged levels of support, which is in line with the indicative headline figure issued by the Welsh Government.

As reported elsewhere on this agenda in the Capital Budget & Programme 2017/18- 2023/24 Report, there is an ambitious capital investment programme

which provides support for the newly approved Band B of the 21st Century Schools Programme and major capital schemes flowing from the Swansea Bay City Deal including the Digital Village £30m, Swansea Arena and Swansea Central City Centre Development £121m

The Swansea Bay City Region Deal shall attract substantial grant and loan funding support, which has yet to be formally approved and the capital programme 2017/18 – 2023/24 shall also require significant unsupported borrowing to be undertaken to enable completion.

- 2.11 The total estimated cost of the Band B schools programme envelope is £141.6m (excluding the potential aided sector project which is assumed to require no Council contribution). Of this total, £91m is from traditional capital funding, requiring (after allowance for realisable capital and other receipts) a net local funding requirement of £38.2m. The remaining £51m is proposed 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 £12.6m although the 25% local contribution would apply to the annual revenue charge.
- 2.12 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 funds. The borrowing requirement identified to support the capital programme is significant and shall require substantial revenue support to service. The revenue implications of the borrowing are reported in the Revenue Budget elsewhere on this agenda. The revenue implications are considered affordable and sustainable over the cycle of the programme.
- 2.13 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.
- 2.14 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'. Sustained internalisation of borrowing requirement and the significant funding required for the capital programme 2018/19 onwards and the depletion of Reserves and Provisions (including significant sums relating to equal pay settlements) means that externalisation of this debt has become inevitable. It is clear that the Council has an opportunity to progress this at a time when external borrowing rates are at an all-time low and this strategy of externalising debt will continue to be undertaken in 2018/19 and beyond as opportunities arise.
- 2.15 It should be noted however, that even with borrowing rates as low as they are, externalising of borrowing is still likely to have a potentially negative impact on revenue finances going forward.

- 2.16 It remains the case that each year the Council sets aside a significant amount of money (c £14.1m 2016/17) called the Minimum Revenue Provision (MRP) towards the repayment of debt. This provision is in line with the Council's existing MRP Policy. The MRP Policy shall be reviewed 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.
- 2.17 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.
- 2.18 Notwithstanding this scale of ambition, each major scheme will, as is always the case, be considered on the overall merits of each business case, both in capital cost, and revenue income streams where appropriate, and unsupported borrowing will be undertaken on a phased basis within the overall envelope for affordability which is considered over the medium to long term to be up to £200m.

3 Detailed Spending and Resources Forecast 2019/20 to 2021/22

- 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 both projected reductions in core and specific funding from the Welsh Government together with 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:

Projected spending pressures/funding deficiency 2019/20 – 2021/22

	Note	2019/20	2020/21	2021/22
		£'000	£'000	£'000
Future cost of pay awards	1			
- Non Teachers		3,600	7,200	10,800
- Teachers		2,400	4,800	7,200
National Living Wage – own pay bill	2	1,700	1,700	1,700
National Living Wage – contracts		1,000	2,000	3,000
Increase in Pension Costs	3	1,700	3,400	3,400
Increased Teachers Pension costs	4	1,100	1,100	1,100
Cumulative contract inflation	5	1,000	2,000	3,000
Capital charges – existing	6	1,750	3,500	3,500
Capital charges - new scheme aspirations	7	1,500	3,000	5,000
Use of General Reserves	8	1,000	1,000	1,000
Use of Insurance Reserve	9	0	700	700
Demographic and Service pressures	10	3,000	6,000	9,000
Mid and West Wales Fire authority Levy	11	500	1,100	1,600
Council Tax Support Scheme	12	600	1,300	2,000
Total known pressures		20,850	38,800	53,000
Aggregate External Finance reduction	13	3,200	9,500	15,700
Total Savings Requirement		24,050	48,300	68,700

Note:

1. *The pay award figures represent an average forecast increase of 2.0% for the period of the MTFP for non-teachers and teachers.*
2. *Assumed increases due to implementation of National Living Wage - will affect contract prices and lower end of own pay scale - national spinal point currently being reviewed.*
3. *The Year 2 and 3 costs arising from the triennial revaluation of the local government pension scheme effective from 1st April 2017. The provisional assumption is an effective stepped 1% increase each year to overall costs.*
4. *The Teachers' Pension Scheme (TPS) increases in 2019/20 due to a reduction in the discount rate from 3% to 2.8% per HMT - TPS rises from 16.48% to just over 18%.*
5. *Reflects the assumed minimum cumulative effect of contract inflation.*
6. *The 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.*
7. *The initial additional estimated borrowing costs for the delivery of the major aspirational capital programme.*
8. *The need to remove the budgeted take from general reserves underpinning the 2018/19 budget.*

9. *The 2017/18 budget report agreed an annual take from the insurance reserve for three years, this has now been further extended for two more years, after which this money can no longer be assumed available and alternative funding will need to be identified.*
10. *Assumed Demographic and Service pressures mainly around Schools and Adult and Children's Services.*
11. *Estimated Fire Authority Levy increase.*
12. *Reflects the assumed cost of Council Tax Support Scheme costs based on Council Tax increases as a planning assumption only at this stage as set out previously in the medium term financial plan.*
13. *Reflects results of the provisional local government finance settlement for 2019/20 (-1.0%) and assumes a reduction of 2% for future years.*

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

- a) Any increase in costs arising from decisions on Government taxation – most significantly increases arising from upward increases in landfill tax costs.
- b) Corporate costs in excess of budget provision in respect of issues relating to higher than assumed employee costs (higher than 2% pay awards), or bigger movements in minimum statutory wage.
- c) Any one off costs arising from changes to service delivery across the Council, including transformational change.
- d) Any general inflation provision relating to non-contractual issues.
- e) Any increased costs or reductions in income arising from ongoing changes to welfare reform, in particular the introduction of Universal Credit during the lifetime of the MTFP.
- f) Any budget changes arising from further regionalisation of any services particularly where projected budget transfers may be in excess of current CCS service budgets.
- g) 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.
- h) 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.
- i) Any potential downward movement in service specific grants, some of which we have experienced at short notice in the past.

3.5 In addition the forecast does not allow for any potential increase in non-schools' employer superannuation rates for 2020/21 which will be based on a triennial valuation as at 31st March 2020. There is also likely to be a further impact on non-funded schemes including the Teachers' Pension Scheme at a future date.

3.6 Local Government Reform, much discussed over the past two years, remains very much in the offing although precise, alternative future

proposals remain awaited . There will be further regional working required, which will become more systematic and mandatory. No account of any additional costs or savings resulting from any further regional working has been included in the forecast.

4 Strategy to Address Future Savings Requirements: Sustainable Swansea – Fit for the Future

- 4.1 The scale of the financial, demographic and sustainability 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*, our long term plan for change, underpinned by our Innovation Programme.

- 4.2 It is equally clear that if the Council wishes to prioritise investment in priority services then the actions being taken under the Sustainable Swansea programme represent good practice irrespective of future savings requirements.
- 4.3 The Strategy was agreed by Cabinet and reported to Council in October 2013. The Delivery Programme was approved by Cabinet on 16th July 2015. It remains the Council's overarching approach to budget and medium term financial planning, to help deliver the well-being of future generations, and 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.
- 4.4 Since the July 2015 meeting of Cabinet we have:
- Continued to work on the delivery of the Savings Programme
 - Commenced and delivered the first two phases of Service commissioning Reviews
 - Identified our next phase of cross cutting reviews.

Our Service Priorities for 2018/19 and the MTFP period

- 4.5 Although the Council is currently focused on a plan to save an additional £60m plus over the period of the MTFP, 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 just under £700m (excluding Housing Services (HRA)) and we spend around £1.6m a day on services to residents.
- 4.6 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 August 2017) to help deliver the well-being of future generations
- 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.

- 4.7 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 - to set out clearly our expectations on all services and relative priorities for funding in the context of the significant reductions that we face.
- 4.8 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 the Director of Resources (excluding Council Tax Reduction Scheme) and Place Services, the budgets for these areas would have to be almost cut in their entirety. 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.
- 4.9 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:** 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.
- 4.10 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 (including 2018/19), as reported to Cabinet on 14th December 2017, is set out in the table below. This table is important at this stage only as it gives an indication of prioritisation of services, as currently adopted by Council, although it is clear that there are many combinations around Service expenditure reduction that would potentially achieve the same saving.

Service	Current Budget £m	Percentage Reduction/Increase over 3 Years	Amount Realised £m
Schools \$	143.6	+1.5%	+2.2
Rest of Education	21.1	-15%	-3.2
Social Care – Child & Families	35.4	-15%	-5.3
Social Care- Adults	68.4	-20%	-13.7
Poverty & Prevention*	6.1*	+5%	+0.3
Place	50.8	-50%	-25.4
Resources +	22.1	-50%	-11.0
Total	347.5m		-56.1m

*\$ Assumes **local** schools protection continues limiting any material scope for reduction in cash terms.*

** 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.*

+ Resources is £43m less £21m Council Tax Reduction Scheme.

- 4.11 This statement will form the basis of our future Medium Term Financial Plan, as well as individual service plans although no formal assumptions should be made around annual budget changes based on this MTFP.
- 4.12 It should be noted that the savings targets detailed above are for the period 2019/20 to 2021/22 and will need to be extended to 2022/23 as planning assumptions for that year become more predictable.
- 4.13 A statement of General Principles to be adopted for all Services together with a summary of specific service priorities is given at Appendix A to this report.

Potential Funding 2019/20 to 2021/22

- 4.14 The Revenue Budget report detailed elsewhere on this agenda identifies possible savings for the 2018/19 financial year. Some of these proposals will generate further savings in future years and so will contribute to the future years' savings requirement.
- 4.15 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.

4.16 These are detailed in Appendix C, but are shown in summary below:

	19/20 £'000	20/21 £'000	21/22 £'000
Future Year Impact of current proposals:			
Resources	839	3,050	3,412
Poverty & Prevention	70	202	316
Education	253	396	488
Social Services	1,291	1,791	1,791
Place	1,195	2,000	2,805
Cross Cutting	59	59	59
Invest to Save - Social Services	2,405	4,860	5,350
	6,112	12,358	14,221
Future Proposals to be Considered:			
Resources	241	1,161	1,161
Poverty & Prevention	151	245	245
Education	193	805	2,055
Social Services	0	0	0
Place	1,601	2,193	2,743
Cross Cutting	750	750	750
	2,936	5,154	6,954
Total Service Specific Savings	9,048	17,512	21,175

4.17 In addition to savings proposals, Council Tax levels must be considered as part of the MTFP. Budgeted gross council tax yield for Swansea for 2017/18 is £108,096,086, which we have rounded to £108 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). No assumption about growth in the Council Tax base has been made, to remain prudent and err on the side of caution.

4.18 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, so 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.

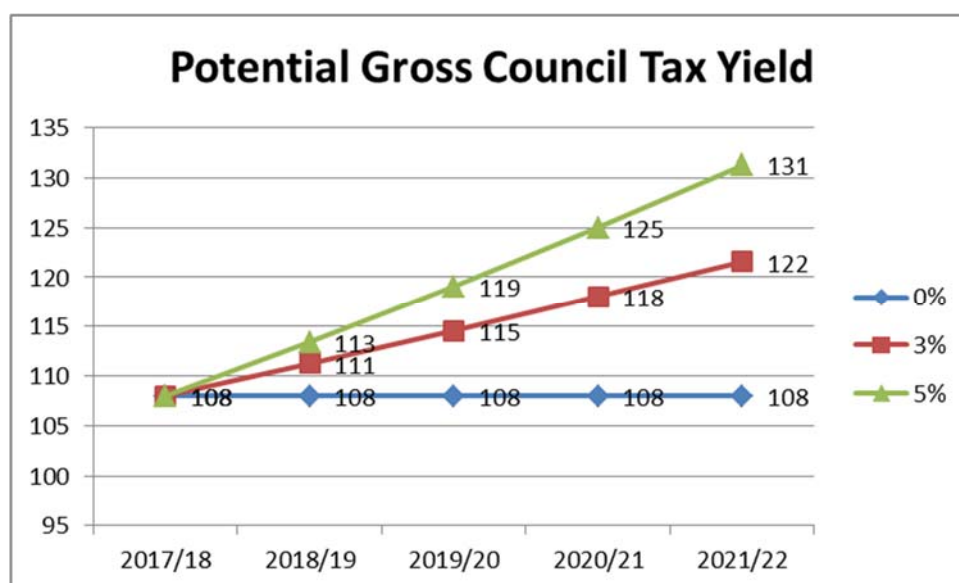
The following stylised planning assumptions are made:

- As in the past, there is no formal published upper limit to annual Council Tax increases but Welsh Government reserve powers and hints of action taken against what could be deemed to be excessive rises, place an effective top end cap at 5% per annum. This is assumed

to be the absolute high end of any potential increases for scenario planning;

- 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;
- To provide a middle ground option, the stylised assumption is 3%.

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 Sustainable Swansea 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>2019/20</u> <u>£'000</u>	<u>2020/21</u> <u>£'000</u>	<u>2021/22</u> <u>£'000</u>
Cumulative budget shortfall	24,050	48,300	68,700

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 reduction 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 of the forecast.

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 2018/19 consultation proposals
- Additional Directorate/Service Area targeted savings as detailed in paragraph 4.16 of this report
- Potential rises in Council Tax levels, as estimated in paragraph 4.18 above.

5.4 Bringing these items together, and assuming a balanced position for 2018/19, the following indicative position is envisaged:

	<u>2019/20</u> <u>£'000</u>	<u>2020/21</u> <u>£'000</u>	<u>2021/22</u> <u>£'000</u>
<i>Cumulative budget shortfall</i>	24,050	48,300	68,700
<i>Future year impact of current service savings proposals</i>	-6,112	-12,358	-14,221
<i>Future year proposals to be considered</i>	-2,936	-5,154	-6,954
<i>Potential Council Tax increase at 3%</i>	-4,000	-7,000	-11,000
<i>Remaining Cumulative budget shortfall</i>	11,002	23,788	36,525

5.5 In terms of addressing the remaining cumulative budget shortfall, there are further options available to the Council that at the moment are not firm enough to be able to include 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, potentially higher than 3% increases to Council Tax, some further invest to save schemes and further review of services. These have the potential to realise further funding of circa £25-30million meaning there is a remaining shortfall to be delivered of circa £5-10million over 3 years.

This remaining gap would be potentially bridged if:

- Future MRP savings were realised (estimate £3-4m) following MRP review
- Contingency fund ceased (£3.5m)

5.7 The Council will, as previously agreed, deliver the bulk of this through the Sustainable Swansea programme. Details of the Programme, including progress to date, are shown at Appendix B to this report.

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 2018/19 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 continue to be required to make some contribution to savings targets during this period. However, 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.

6.4 The table shown in paragraph 4.10 of this report details the proposed indicative Directorate Savings targets for the period 2019/20 to 2021/22 in respect of the Revenue Budget. Those projected savings targets offer relative priority to Education and Schools budgets in particular.

6.5 It would be prudent to assume, however, that despite the notional 'flat' position for schools highlighted in paragraph 4.10 of this report, reductions in real term budgets of around 2% p.a. will be required to meet the Council's budget needs going forward.

6.6 It is essential therefore that we continue to engage with Schools on a strategic review of provision as simply cutting in real terms by 2% p.a. will not work.

7 Risks and Issues Implicit within the MTFP

7.1 As stated throughout this report the financial risks facing the Council include:

- The volatility of settlements received from the Welsh Government from indicative planning stage to provisional settlement and the absence of any future year guidance on levels of likely settlement.
- Assumptions around the reductions in core funding from the Welsh Government being incorrect, particularly if understated.
- Ongoing reductions in specific grants which 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 which impose additional burdens on the Council.
 - The ongoing practical impact of legislation such as the Wellbeing of Future Generations (Wales) Act 2015.
- 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 neutrality and 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 2018/19 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 is given in paragraph 8.9 below.
- 8.3 The current 2017/18 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 beyond the one off emergency use for 2018/19 in relation to education specific grants reducing or ceasing.

- 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.
- 8.6 In October 2017 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, probably for inclusion in the mid-year budget statement, 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 – particularly single status and outstanding equal pay claims.
- 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 12th 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.

Equalities Implications

- 9.2 The budget reductions implicit in the 2017/18 approved budget were subject to the corporate and appropriate Equality Impact Assessment process, which was considered as part of the overall budget process.
- 9.3 Where additional budget savings requirements are identified as part of the 2018/19 and MTFP budget processes they will again be subject to the equality 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 Sustainable Swansea Work-streams and Progress to Date

Appendix C Savings Proposals

Statement of Budget Principles and Service Budget priorities

GENERAL PRINCIPLES FOR ALL SERVICES

1. 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

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

<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:

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

	<ul style="list-style-type: none"> • 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
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STATEMENT OF BUDGET PRIORITIES: PEOPLE'S SERVICES

4. Schools and Education

Education is working towards a “one education budget” strategy across delegated and non-delegated budgets. Whilst recognising the relative priority given to Education (and Social Services), significant savings cannot be made without reductions in the Schools Delegated Budget over the coming years.

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.

At the same time, greater focus is being given to the regional delivery of services, with increasing numbers of services being delivered via regional arrangements in the coming years. At present it is not clear what the full financial impact of such changes will be, though Swansea will continue to be robust in its presentations to the regional consortia and Welsh Government about our needs.

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
- 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 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.

5. Social Services- Child & Families

No significant 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 and service improvements.

There will be an increasing expectation of evidencing impact of early intervention and prevention services being more closely aligned to support families and children earlier, to lessen the need for greater intervention later.

6. Social Services – Adult Social Care

Cabinet have agreed a new Adult Services Model, which supports the service changes that will be needed to deliver improvements in experience and performance, and also to deliver the significant savings required in the medium term.

This model outlines how we will focus on the following objectives:

- Better prevention
- Better early help
- A new approach to assessment
- Improved cost effectiveness
- Working together better
- Keeping people safe.

Underpinning these principles is the need to build trusting relationships with those that we work with, improve communication and work co-productively to design and deliver services and interventions.

Further, we will be finalising and then implementing the outcomes of the Commissioning Reviews for: Day Care Services, Residential Care Services

and Domiciliary Care Services and devising the Learning Disability, Physical Disability and Mental Health Commissioning Strategies. These are the Council's regular process for consistently reviewing service provision and comparing with other services to ensure value for money and improvements in service delivery.

7. **Poverty & Prevention**

We have agreed a comprehensive Tackling Poverty Strategy, which was extensively reviewed in 2017 to ensure it is meeting its aims. The overarching themes are:

- Empowering local people through involvement and participation
- Changing cultures to reflect that tackling poverty is everyone's business
- Targeting resources to maximise access to opportunity and prosperity.

We will be adopting the following principles to this work:

- A whole Public Services Board and whole Council approach.
- Building resilience, social capital and social networks.
- Involvement and participation of service users.
- Implementing 'what works' in future delivery.

We have also revised our Prevention Strategy, which has been consulted upon in 2017 and outlines our approach in this important area. Our vision is to '**....secure better outcomes and better manage demand through preventative approaches**'.

The principles we will adopt as Swansea's optimum model for preventative activity are:

- A whole Public Services Board and whole Council approach;
- Making every conversation count;
- Holistic universal and early intervention services;
- A culture where all services are acting at every point to de-escalate need and build on strengths;
- Adopting strength based approaches using the strengths of individuals, families and communities;
- Supporting independence at all stages, with different levels of interventions offered;
- Building resilience, social capital and social networks;
- Delivery partners have confidence in the approach;
- Making evidence based investment decisions of what reduces demand;
- Learning about 'what works' is fundamental to future delivery.

8. **STATEMENT OF BUDGET PRIORITIES: PLACE SERVICES**

The Place-based services will continue to face significant challenges to meet its overall 50% reduction in budgets although recognition has been given to the fact that these services have faced significant recent cuts and directly impact on the environment and communities the Council serves, so it is more about working smarter and leaner. The main areas affected are as follows:

- Introductions of the actions arising out of the commissioning reviews across all areas
- Conclude the procurement process for the cultural and leisure services allowing Cabinet to make a decision about the long term delivery of these services
- Delivery of the key cross cutting reviews for services in the community and integrated transport
- Maximise commercial opportunities and income generation for services and assets
- Seek opportunities for community involvement in the delivery of services including parks
- Invest where necessary to maintain vital services including replacement waste fleet and key service areas
- Continue to prioritise key corporate priorities including the regeneration of the City Centre and delivery of the city deal.
- Work within the affordability of the housing revenue account to deliver more council homes and the welsh housing quality standard for our council tenants.

9. STATEMENT OF BUDGET PRIORITIES: RESOURCES

The Director of Resources will see a 50% reduction over the next 3 years, around £11m.

To deliver such a challenge our policy must be to:

- Change the current model of delivery to increase self-service for residents and businesses as well as within the Council for staff and Councillors
- Manage demand for central support services by ensuring the workforce has the right skills for the future, particularly managers
- 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 service and collaboration models with other organisations and partners, in order to maintain support services as efficiently as possible
- 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.

SUSTAINABLE SWANSEA – FIT FOR THE FUTURE

Transformation Programme 2018-19

The Sustainable Swansea – Fit for the Future Programme

The Sustainable Swansea Programme is the Council's transformation plan across the whole organisation. Planning started back in 2014 with implementation running from 2015 through to 2022. The programme is the Council's proactive response to pressures, mostly in the external environment, to ensure Swansea communities have the right support and remain sustainable in the long term in the context of reducing budgets and rising demand for public services.

A large part of the Sustainable Swansea programme involves a change process called 'Commissioning Reviews'. This is a 22 week process involving in-depth analysis, stakeholder involvement / feedback, benchmarking, and an options appraisal. It is the intention for every service to go through a Commissioning Review in the life of the programme. The Council developed a toolkit to support services through the process.

Importantly, since 2015:

- **17 service area commissioning reviews** have been undertaken (15 completed) and most of these areas are now implementing decisions from their options appraisals.
- The Council has **achieved £60m of savings** through a range of measures and projects including Commissioning Reviews.

The table below highlights some of the main areas of delivery through Sustainable Swansea to date. The expected benefits, outcomes and impact of these projects were defined up front however, it takes time for these to be fully realised. Where benefits are already emerging these are also listed:

<p>Commissioning Review Process and Modernisation of Services</p>	<ul style="list-style-type: none"> ▪ 17 Commissioning Reviews delivered (11 are now implementing their three year plans) ▪ Staff are expanding digital ways of working and developing online services, making it easier for residents and customers to get what they need and encouraging a shift from high to lower cost transactions. ▪ 31 request forms including automated payments ▪ Online payments of over £108,741 reducing back office finance functions ▪ BACs and Card payments increased ▪ 26% of bulk waste requests are now online reducing processing time within the contact centre ▪ Hanging Basket ordering system online has increased sales to wider customer base with £13.6k taken in online sales (parks and cleansing) ▪ The Agile working Strategy has enabled new ways of working and the subsequent release of satellite offices, delivering in excess of £1m per annum revenue savings and £3m in capital receipts. The Council is now reviewing new ways to utilise space in public buildings, to reduce silo working, improve collaboration and agile working, as well as saving money and generating income. Plans to release 2-3,000 square metres of office space within the Civic Centre could improve the way the Council works and generate potential income ▪ Flexible working is reducing staff travel. Through the introduction of new technologies, staff can now work remotely including from home. As a result business travel mileage has dramatically reduced.
<p>Service Commissioning Review Implementations</p>	<ul style="list-style-type: none"> ▪ Residential and Outdoor Centres – The sale of Dan y Coed has completed. Historically only an Education Service, the new business manager has: enhanced the list of services for income generation, retained the historical service for schools, is developing a new online presence including online booking, has introduced deposit systems and re-profiled roles and structures to fit the future service model. A feasibility and bid has been submitted to develop the next phase of the model to maximise income. ▪ Waste Management – Three recycling centres have been developed including challenge stations for residual waste to complement the ‘no black bag’ policy. The impact has been to raise awareness of recycling whilst also delivering a dramatic reduction in tonnage collected (approx 10,000 tons to 2,000 tons). The Service was recognised nationally for this innovation, winning the iESE Award, LPG Awards and was shortlisted for a number of APSE awards. The new pink bag initiative is rolling out and recycle rates are on target for 64% in 2020, the Council is currently performing at 63.7%

- **Business Support** – This project delivered many changes across three phases including:
 - Implementation of the Service Centre and Transactions Team which incorporates the employee services helpdesk.
 - Rollout of end to end process changes with regard to purchasing and paying suppliers for goods and services, moving this all online.
 - Significant improvements in self-service support for officers and managers online.
 - The services which are available to the public through the Contact Centre have been increased to include Street Lighting, Parks & Leisure, Parking Services, and Cashiers.
 - Online forms have improved both the speed and efficiency for the public and increased business intelligence capability within the Council.
 - Strategic support for the Member-led approach and cross-party Policy development has implemented
 - A consistent approach to Business Support across the Council is progressing with the development of Business Support ‘mini hubs’ within the People and Place Directorates. This will enable corporate consistency whilst being tailored to Service needs.
- **Cleaning** – Phase 1 and Phase 2 of site assessments have been completed resulting in: a reduction in hours for some cleaning staff, new output specifications being introduced at sites, performance and monitoring quarterly, and new team working helping with the management of workforce. Income generation opportunities are now being explored alongside electronic timesheets.
- **Corporate Building & Property Services** – Re-profiling and structures have been implemented, the Service now delivers the kitchen and bathroom programme in-house. This has resulted in the recruitment of 40+ trades personnel some having a multi-skilled discipline and not a specified trade ensuring the workforce has sustainable skills. 14 new apprentices have joined the service. The new homes build project has also been completed. The service is currently adopting mobile working.
- **Family Support** – Launch of the Domestic Abuse Hub was implemented in July 17.
- **Adult Services** – The Social Services delivery model was agreed in Nov 17 and will feed into the new Services in the Community cross-cutting work. Transformation of domiciliary care and residential care are part of the wider Adult Services Improvement Plan.
- **Public Protection** – Programme of process mapping and analysis across public protection started in Nov 17 and will be completed by January 18.
- **City Regeneration and Planning** – Recommendations from the commissioning review are being implemented including implementation plans for a new model and mobility hire services.

	<ul style="list-style-type: none"> ▪ Catering – A Business Development Officer analysing internal catering for income generation opportunities. Reconfiguration of the canteen facilities to be planned for early 2018 ▪ Cultural Services – In-house transformation completed as planned, this included full staff restructuring across operations and establishments ▪ Paid Access to services – Tendering for Leisure/Outdoor/Theatres and Brangwyn Leisure progressing as per the implementation plan. ▪ Culture Strategy and Outreach – Transformation underway as planned in areas such as parks letting schemes, creation of development teams, and commission of water safety charges review with the RNLI ▪ Highways and Transportation – Initial Integrated Unit works have been completed in 17/18, bringing together transport teams from across the Council. Further planning to be undertaken. The review is scheduled to be presented to Cabinet in January 18
Future Council	<ul style="list-style-type: none"> ▪ The Organisational Development Strategy has been developed and proposes a phased implementation over four years to ensure the Council’s workforce has the skills for the future. The work is underpinned by the principles of the 21st century public servant and 21st century Councillor developing people’s skills and behaviours alongside the Council’s culture. ▪ Workforce modernisation has focused on absence management this year in order to address sickness levels and increase productivity. The Council’s performance is improving and recently entered the top quartile across all Local Authorities in Wales however, further time is needed to see the true impact of this project. Further workforce modernisation projects are underway such as reviewing zero hour contracts. ▪ A Corporate co-production, communication, consultation and engagement strategy is in development. The new approach to co-production will be piloted with the Services in the Community cross-cutting project to ensure residents, businesses and other important stakeholders can be involved in shaping future community services ▪ A Commercial Strategy and plan is underway. A significant number of commercial projects have already been delivered within Services alongside a more commercial approach to procurement and contract management. This work is being fast tracked and increased to deliver budget proposals over the next four years.
How	<ul style="list-style-type: none"> ▪ Feedback indicated the Commissioning Reviews had a positive impact on the workforce encouraging staff to ‘think differently’ about how and why the Council delivers its services

<p>Sustainable Swansea has impacted the Council's culture</p>	<ul style="list-style-type: none"> ▪ The Commissioning Review process has in itself led to a significant culture change, with staff owning the process and being integral to the development of the solutions. The reviews have involved stakeholders at all levels including trade unions, Councillors, Scrutiny, and internal and external stakeholders. This has broken down silo working and led to significant financial and other benefits such as improved outcomes for residents and customers ▪ Demand Management – Delivered a Demand Management Strategy and Toolkit for staff, developing the skills of staff to help them identify and understand Service demand and resolutions. Techniques such as Systems Thinking have been used to gather important demand data for the Domestic Abuse Hub pilot, other areas that will be explored in the new cross cutting themes will be in Housing and the Food Safety team. ▪ In addition the co-production approach within social services has seen a change in how service users engage with the Council. This approach of service user involvement will develop with the corporate co-production approach.
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The programme is reviewed and adapted annually as result of:

- Projects completing as planned
- Changes in the environment including new legislation
- New pressures or challenges, requiring an innovative approach
- Annual budget setting to ensure that transformation priorities and resources are aligned to savings targets.

The Sustainable Swansea model below has been updated and adapted to align with this MTFP. The three segments: Transformation, Digital and Future Council are the **priorities for the year** so that resources can be targeted to deliver both change and financial targets. Around these priorities are the **principles of the programme**: These act as the 'lens' through which staff can continuously review working practices and plan for change.

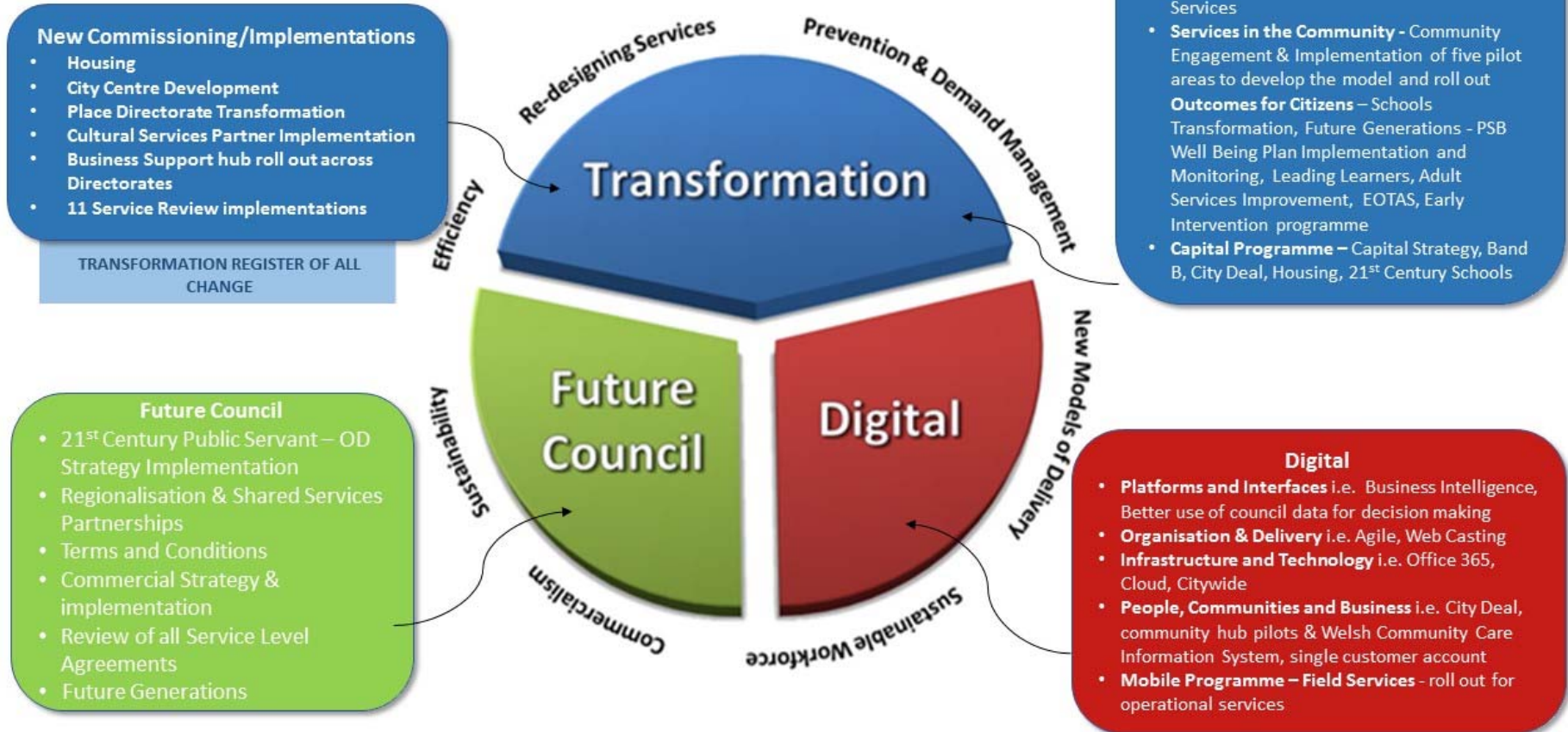
The three priority areas have been changed in the following ways:

- **Transformation:** Last year's report highlighted the shift from individual Service Commissioning Reviews to a cross-Council approach, bringing Services together around common themes. The four themes have been developed alongside key stakeholders. In addition the programme will complete the remaining commissioning reviews and support their implementations as well

Directorate specific changes. The Council also has a Transformation Register which tracks and monitors all changes across the organisation and ensures a Team Swansea approach.

- **Digital:** This is the continued implementation of the Digital strategy with particular focus on implementing mobile and field working for operational services and installing public accessible Wi-Fi to Council buildings which is part of the commitment to help residents and service users get online and increasing digital inclusion. Also supporting the infrastructure developments around City Deal and regeneration of the City Centre, further roll out of agile working for staff with new technology, and implementation of the all-Wales Community Care Information System for Social Services and Health.
- **Future Council:** Organisational development is a key priority over the next year to ensure the workforce has the right skills for the future and that staff, managers, and Councillors have a supportive development environment. The commercial strategy implementation is also a key priority in ensuring the Council has a sustainable model into the longer term. All this work is being undertaken in the context of growing regionalisation.

Sustainable Swansea – Fit for the Future



APPENDIX C

		19/20	20/21	21/22	
DIRECTOR	HEAD OF SERVICE	£'000	£'000	£'000	Saving Proposal
Future Impact of 2018/19 Savings Proposals					
Resources	Various	829	1,027	1,379	Management Review including all tiers, regional working and shared services, more digital working and 'mini business hubs' within other directorates
Resources	Various	0	2,003	2,003	Service Reviews and demand management across all areas of the Directorate
Resources	Various	10	20	30	Review and full cost recharge of Welsh Translation Service to users
People	Adult Services	500	1,000	1,000	Management savings across all levels within Adult Services
People	Adult Services	11	11	11	Review of Community Alarm Service (separate consultation)
People	Adult Services	170	170	170	Implement preferred options as outcome of Commissioning Review leading to reduction of in-house beds
People	Adult Services	110	110	110	Review of Day Services eligibility (separate consultation)
People	Adult Services	500	500	500	Implement preferred options as outcome of Commissioning Review
People	Education	40	40	40	Catering and cleaning services - further review of actual costs to achieve full cost recovery
People	Education	103	149	229	School Meal prices: further increases (5p / £2.30: Sept 18; 10p / £2.40: Sept 19; and 10p / £2.50: Sept 21)
People	Education	50	100	100	Robust management of demands on remaining severe and complex needs budgets
People	Education	6	12	18	Further reductions in regional improvements service ring-fence consistent with funding settlements
People	Education	6	12	18	Further assumed reductions in Education Improvement Grant matching funding requirements
People	Education	18	18	18	Ethnic minority achievement service - full recovery of eligible costs from external grant
People	Education	30	65	65	Further review of management posts in light of changing demands and capacity issues
People	Poverty & Prevention	0	10	10	Reduce satellite youth clubs provision (Gendros, Montana, Morrison, St Thomas, Friendship House)
People	Poverty & Prevention	0	42	81	Reduction in investment in Early Years
People	Poverty & Prevention	50	110	145	Maximise grant funding and income opportunities
People	Poverty & Prevention	20	40	80	Alignment of Early Intervention and Family Learning provision
Place	Corporate Building	125	125	125	Staffing and transport savings due to more efficient mobile working
Place	Corporate Building	50	100	150	Reduced maintenance on a number of building assets assuming a number will have been rationalised (sold, transferred to community running)
Place	Highways and Transportation	250	250	250	More efficient and effective transportation across all Council activities
Place	Highways and Transportation	15	15	15	Swansea Marina increased income opportunities outside of actual mooring fees
Place	Highways and Transportation	5	10	15	Increases in licensing charges
Place	Various	750	1,500	2,250	Increased fee earning activity, assuming full cost recovery
Cross cutting	Cross Cutting	59	59	59	Reimburse only half of all staff professional fees
People	Adult Services	500	1,000	1,000	Review all Mental Health and Learning Disability packages of care, to ensure that they are fit for purpose and those eligible for health funding receive it. (separate consultation)

		19/20	20/21	21/22	
DIRECTOR	HEAD OF SERVICE	£'000	£'000	£'000	Saving Proposal
People	Adult Services	505	1,010	1,300	Review all packages of care to ensure fit for purpose and effectively manage new admissions to residential and domiciliary care. (separate consultation)
People	Adult Services	500	1,000	1,000	Targeted increase in recourse to direct payments as alternative to non-complex domiciliary care packages and complex care packages for Mental Health & Learning Disabilities (separate consultation)
People	Adult Services	500	1,000	1,000	Charging Policy and Annual Fee Increases
People	Child & Family Services	0	0	200	Savings arising from the Safe LAC Reduction Strategy
People	Child & Family Services	400	850	850	Demand management ensuring Child & Family work only with those children with eligible needs requiring a Social Work intervention.
		6,112	12,358	14,221	Total of Future Impact of 2018/19 Savings Proposals
New Proposals from 2019/20					
Resources	Various	25	25	25	Give notice and withdraw from corporate subscription (EU & LGA)
Resources	Various	40	60	60	Increased income opportunities including Mansion House and new advertising
Resources	Various	176	176	176	Management Review including all tiers, regional working and shared services, more digital working and 'mini business hubs' within other directorates
Resources	Various	0	900	900	Review insurance reserve, attitude towards risk and excesses
Cross cutting	Cross Cutting	750	750	750	Review of staff terms and conditions
People	Education	36	36	36	Give notice and withdraw from WJEC contribution
People	Education	97	129	129	Review of Music Service to enable break-even position
People	Education	0	500	1,500	Whole of Transport Review
People	Education	40	80	80	Further streamlining of SEN panel / review processes
People	Education	0	0	250	Review of Out of County placements / delivery model
People	Education	20	60	60	SIMS / MIS Joint Working and broadband / licence costs through enhanced scale discounts with NPT
People	Poverty & Prevention	119	204	204	Adult and community learning - planned recovery of full costs with review of WG ACL grant allocation and additional income initiatives
People	Poverty & Prevention	32	41	41	EIS Reduction in investment in Disability
Place	Corporate Property	650	850	1,350	More efficient use of Corporate properties to make full use of rental opportunities and community involvement
Place	Culture and Tourism	471	563	563	Savings arising from the completion of Cultural Commissioning Reviews
Place	Highways and Transportation	20	20	20	Expansion of Camera Car Operation
Place	Highways and Transportation	30	280	280	Management Review of CTU including becoming a commercial operation
Place	Highways and Transportation	280	280	280	Savings on School Transport arising from availability of new safe Walking Routes to School
Place	Various	0	50	100	Regionalisation savings (assuming future regional model for mandated services)
Place	Waste Management and Parks	150	150	150	Transfer of Botanical Gardens
		2,936	5,154	6,954	Total of New Proposals from 2019/20
		9,048	17,512	21,175	Total of all Proposed Savings