



Report of the Leader/Cabinet Member for Economy & Strategy

Cabinet – 14 December 2018

Sustainable Swansea – Fit for the Future: Budget Proposals 2019/20 – 2022/23

Purpose:	To consider budget proposals for 2019/20 to 2022/23 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>
Consultation:	Cabinet Members, Corporate Management Team, Legal, Finance, Access to Services
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) Adopts the updated budget future forecast as the starting planning premise for the new medium term financial plan, which will be considered by Council on 28 th February 2019. 3) Agrees the approach to consultation and engagement with staff, trade unions, residents, partners and other interested parties set out in Section 7 of the report 4) Receives a report on the outcome of the consultation and final budget proposals at its meeting on 14 th February 2019.
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1.0 Introduction

- 1.1 It is quite clear austerity has not ended despite statements by the Prime Minister. It is quite also clear that despite repeated Ministerial pronouncements at both UK and Welsh Government level about funding that there remains a significant gap between words, action and the actual funding received by this Council.

This year the national local government pay award is entirely unfunded. The teachers national pay award is now partially funded from core block grant and temporary top up specific grants for 2018-19 and 2019 - 20.

The teachers pensions pressures created by HM Treasury are currently entirely unfunded and a reserve set aside for use in England only at present, but strong lobbying by all Councils in Wales and through the WLGA will continue to ensure that consequential shares of funding come to Welsh councils.

If funding is not received from U.K. Treasury then the pensions contribution gap will place a significant pressure on school budgets despite the stepping in to fully fund pay pressures.

The proposals laid out in this report are in direct response to funding decisions made by the UK and Welsh Governments.

The Welsh Local Government association report "Fair and Sustainable Funding for Essential Local Services - All our communities rely on local government" makes stark reading. Across Wales, local government has clearly borne the brunt of austerity, core grant funding has reduced by 22% after adjusting for inflation by 2019-20. If you don't include schools funding, as is the case in England, core funding has fallen by 35%.

- 1.2 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. It has full and due regard to our duties under the Well-being of Future Generations Act 2015.
- 1.3 *Sustainable Swansea – fit for the future* was approved by Council on 22 October 2013 and subsequently reviewed 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.
- 1.4 Since then, the Council, in line with the principles contained within *Sustainable Swansea*, has developed its approach to reviewing services and budget proposals through a series of commissioning reviews, which have set out an assessment of individual services, scope for change, alternative delivery models and potential savings and improvements that could be made. These commissioning review outcomes and future zero-based reviews form a significant part of 2019/20 and future year savings proposals.

1.5 On 25 October 2018, Council received a verbal presentation from the Section 151 Officer on the Mid-term Budget Statement for 2018/19 and beyond. This outlined the extremely challenging draft settlement from the Welsh Government, and gave an updated assessment of the likely future savings required.

1.6 This was ahead of the Chancellor of the Exchequer's Autumn Budget on 29th October 2018, which as expected did have some minor loosening of financial plans to reduce public spending, in policy response to the referendum result for Brexit, amongst other matters.

However, given pre-budget claims that austerity would end, the announcements were somewhat disappointing, for any part of the public sector other than the NHS. Continued real terms reductions in future spending and funding remain the most likely outlook.

Final figures for 2019-20 and any potential announcements on future year implications are expected from Welsh Government just after 18th December 2018 (the date of the Welsh Government final proposed budget) when the final settlement will be confirmed. It is not expected that the Welsh Government's final budget measures will be fully approved until January 2019.

Whilst not assured, it is plausible given repeated Welsh Minister assurances that local government is "first in the queue" that this Council could expect to receive between £1.5 and £3m of additional funding in the final settlement, as a result of the budget consequential flowing from Westminster, to the Welsh Government and ultimately to individual local authorities. These have been assumed in this report. Key issues will be:

- The quantum of uplift for 19-20 and future years
- Floor funding protections for authorities
- Any new burdens placed upon the Council to spend the money in a certain way
- Any changes to Ministerial assumptions about standard levels of council tax as a result of increased funding (i.e. will council tax assumptions by Welsh Government be materially lowered from their current 6.3% level)
- No explicit decision has yet been taken by Cabinet over the increase in local council tax, notwithstanding this guideline figure.
- Any material revisions Cabinet may wish to make in due course in light of any further funding increase once final settlement is confirmed.

1.6 This report covers:

- A reminder about the key elements of *Sustainable Swansea* and an update on progress
- An overview of service and budget priorities for the current and following three years
- An update on the financial challenge facing the Council

- The proposed savings programme, including specific proposals for 2019/20 and three 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 – see **Appendix A**
- Commenced and delivered the first two phases of Service commissioning Reviews
- Identified our next phase of cross cutting reviews

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

3.0 Our Service Priorities for 2019/20 and Beyond

3.1 Although the Council is currently focused on its plan, as set out in the existing MTFP, to save around £69m over the next three years (since revised – see below), 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 just over £700m (excluding Housing Services (HRA)) and we spend around £1.6m 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 6 priorities and future plans for services (a refreshed Corporate Plan was agreed on 25th October 2018) 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 real terms 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 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 £69m (since revised – see below) over three years were applied, for example, just to Corporate Services (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 three 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
 - **Remodel:** 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, and now moving to an indicative four year saving/investment targets for each major block of services (to match the MTFP cycle), the suggested percentage reduction is set out in Table 1 below (and Appendix B):

Table 1 – Indicative Targets

Service	Percentage Reduction/Increase over 4 Years at constant prices*	Previous Planning Assumption	Actual change 18/19 1 year ^
Schools	-15%	0%	+2.4%
Education (excluding Schools)	-15%	-15%	+1.4%
Social Care – Child & Families	-15%	-15%	+2.5%
Social Care- Adults	-10%	-20%	+2.5%
Poverty & Prevention	-15%	+5%	+1.5%
Place	-30%	-50%	+2.7%
Resources	-15%	-50%	-4.2%

**Actual budgets will be set based on shares of service pressures, inflationary pressures and investment and specific savings decisions*

^ The actual change column reflects both budget reductions and pressures for one year only: the planning assumptions for future years reflect only reductions. In practice there are usually as many pressures funded and investment decisions made, as reductions, and consequently headline budgets move markedly less than the planning assumption would appear to imply.

3.7 This statement will form the basis of our future medium term financial plan, as well as individual service plans. Notwithstanding this broad target savings range, where it is appropriate to do so, and as set out specifically in this report, **additional targeted investment in to priority areas will also occur**. This particularly focuses on prevention, early intervention and investment for the future in line with the well-being of future generations' principles and objectives.

4.0 Financial Update

4.1 The financial update that follows needs to be seen in the context of the Medium Term Financial Plan (MTFP) approved by Council on 6th March 2018, and the Mid-term Budget Statement presentation to Council on 25th October 2018.

4.2 The indicative savings requirement for the 2019/20 budget and the existing MTFP for the two years, 2020/21 to 2021/22, has been updated and set out in **Table 2** below. This table also includes the forecast for one further year, 2022/23, as the MTFP now rolls forward one year:

Table 2 – Indicative Savings Requirement for 2019/20 to 2022/23

	Note	Budget	Medium Term Financial Plan		
		2019/20	2020/21	2021/22	2022/23
		£'000	£'000	£'000	£'000
Future cost of pay awards	1				
- Non Teachers		3,600	7,200	10,800	14,400
- Teachers		3,700	6,100	8,500	10,900
National Living Wage – own pay bill	2	1,800	2,700	3,200	3,200
National Living Wage – contracts		1,000	2,000	3,000	4,000
Increase in Pension Costs	3	1,700	3,400	5,100	6,800
Increased Teachers Pension costs	4	3,000	5,100	5,100	5,100
Cumulative contract inflation	5	1,000	2,000	3,000	4,000
Capital charges – existing	6	1,750	3,500	3,500	3,500
Capital charges - new scheme aspirations	7	1,000	3,000	5,000	6,250
Capital charges – expected savings as a result of increased grants and thus reduced borrowing – general capital and Band B schools	7	-450	-800	-1,100	-1,300
MRP review linked to capital programme	8	-3,064	-2,683	-2,317	-1,967
Reinstate emergency Use of General Reserves re MEAG	9	1,000	1,000	1,000	1,000
Increase contingency fund		342	342	342	342
Reinstate Temporary Use of Insurance Reserve (loss of use of reserve)	10	0	700	700	700
Demographic and Service pressures	11	3,000	6,000	9,000	12,000
Mid and West Wales Fire authority Levy (independently decided by the Fire Authority)	12	400	800	1,200	1,600
Council Tax Support Scheme	13	1,400	2,800	4,400	6,000
Passported through AEF to services	14	883	883	883	883
Service pressures accepted	15	791	688	3,598	5,760
Resources pre-existing baseline pressures from 2018-19 – sickness	16	1,000	1,000	1,000	1,000
Social Services pre-existing baseline pressures from 2018-19	17	6,000	6,000	6,000	6,000
One off special social services grant – estimated 7.75% fair share of £30m adult and £2.3m child care grant	18	-2,500	0	0	0
Extra teachers' pay grant one off	18	-550	0	0	0
Total known pressures		26,802	51,730	71,906	90,168
Aggregate External Finance increase	19	-18	-18	-18	-18
Aggregate External Finance increase	19	-1,500	-1,500	-1,500	-1,500
Aggregate External Finance reduction	20	0	0	0	0

Rebase of External Finance	21	-883		-883	-883	-883
Total Savings Requirement	22	24,401		49,329	69,505	87,767

Notes:

1. *The pay award figures represent a forecast increase of 2% for the period of the MTFP for non-teachers. Teachers are as per the national agreement (maximum 3.5%) for 2019/20, 2% for future years.*
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 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 per HMT - TPS rises from 16.48% to an estimated 23%. This Council awaits confirmation that THERE WILL be a consequential arising from the reserve set aside to alleviate this pressure in England. The benefit of releasing the reserve with a consequential for Swansea is estimated in the order of £3m for 2019-20.*
5. *Reflects the assumed minimum cumulative effect of contract inflation.*
6. *The additional estimated borrowing costs because 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 assumption that when the MRP policy is reviewed there will be an initial saving associated with the re-profiling which should last for the term of the MTFP, having due regard to the scale of new borrowing. Longer term costs will INCREASE not REDUCE.
The net effect of both 7 and 8 is, that taken in conjunction with sums in the Capital Equalisation Reserve, that there will be no net revenue cost pressure over the lifetime of this Council (i.e. before 2022).*
9. *There was an emergency proposed use of the General Fund Reserve built into the 2018/19 budget in respect of MEAG, this now needs to be re-instated given MEAG has been re-instated.*
10. *The 2017/18 budget report agreed an annual take from the insurance reserve on a temporary basis, after which the use of the reserve will need to be re-instated. This is now proposed extended until 2022/23 which the Section 151 Officer considers reasonably prudent having due regard to the latest insurance valuation advice received.*
11. *Assumed Demographic and Service pressures mainly around Schools and Adult and Children's Services.*
12. *Estimated Fire Authority Levy increase – the final figure won't be known until January/February when the independent Fire Authority determines its levy requirement. Cabinet may wish to note the Standard Spending Assessment funding for Fire services in this authority is £10.4m, the actual levy is currently £12.6m.*
13. *Reflects the assumed cost of Council Tax Support Scheme costs based on Council Tax increases as a planning assumption only at this stage.*
14. *Reflects specific funding in the settlement for transfers, this year for the teachers' pay award and free school meals grants.*

15. *Individual service pressures accepted.*
 16. *Existing 2018/19 budget overspend cross-cutting pressures held in Resources (in respect of sickness targets).*
 17. *Existing 2018/19 budget overspend pressures in Social Services, which are expected to continue, and which need to be addressed as part of base budget.*
 18. *Anticipated fair share of additional Welsh Government Social Care grant of £30m. Further boosted by share of £2.3m child services grant. Share of £7.5m teachers' pay additional grant.*
 19. *Reflects results of the provisional local government finance settlement for 2019/20 (0.0%). Assumption that final settlement will increase by £1.5m*
 20. *Provisional guideline reduction for 2020/21 and future years (0.0%).*
 21. *The starting position has been uplifted for the £0.883m transferring from specific grants to block grant in relation to free school meals and part of the teachers' pay award funding.*
 22. *The exemplified savings target of £90m shown in Table 2 is indicative of the scale of savings required and will be revised as the 3 year MTFP progresses.*
- 4.3 Over recent years the Council has consistently prioritised the **delegated schools budget**, previously meeting its guaranteed funding requirement over a five year period. There is now no ongoing ministerial protection or funding guarantee so any decision over schools funding is a local one to be made by Cabinet and ultimately by Council, having due regard to any budget consultation responses received. Education will continue to be biggest area of funding within the council's revenue budget and will continue to be a key priority for the Council.
- 4.4 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.
- 4.5 The indicative allocation for 2019/20 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 2019/20 assuming spend maintained

	£m
Welsh Government funding	10.3
Allocation - property and highways maintenance	-7.4
Disabled Facilities Grants & Improvement Grants	-5.2
Annual Contingency budget	0
Shortfall	-2.3

- 4.6 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.

- 4.7 Any rise in borrowing has a potentially detrimental effect on future revenue funding, and thus on future generations, and has to be viewed in the light of the current projected reductions in external grant.
- 4.8 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.
- 4.9 The currently approved four year capital programme assumes additional unsupported borrowing of some £59m. Reduction of the core items above (4.5) to levels of Welsh Government funding could reduce the level of unsupported borrowing to approximately £49m. Consideration will have to be given to further remodelling of the existing planned capital programme if this level is to be reduced further. The position has, however, been greatly improved as a result of announcements by Welsh Government to change the intervention rates for the Band B schools programme and this undoubtedly reduces future capital funding and capital financing pressures.
- 4.10 In particular, and in direct contrast, further detailed consideration will also have to be given in respect of likely future commitments to, and funding options for, the second phase of the proposed Schools improvement programme, investment in the City Centre and funding requirements which will flow from the Swansea Bay City Region proposals. All of which will benefit not only current, but future generations. The initial impacts of new additional unsupported borrowing are reflected in Table 2 above, but are ultimately expected to peak at nearer an additional £14m per annum over the longer term (by around 2025-26). These longer term costs beyond the life of the MTFP will have to be found by further revenue savings or further income and tax increases.
- 4.11 Given the limited revenue resources and the scale of the new investment ask over the extended medium term for new capital and the benefits to be felt by future generations the Section 151 officer considers it appropriate to review all options around changing the Council's Minimum Revenue Provision policy both for past and future investment. This has the potential to reduce the revenue costs in the medium term and increase them longer term, but crucially better match the future costs to the future benefits of that investment. This is entirely in line with the principles of the Well-being of Future Generations Act. Nevertheless for the avoidance of doubt, shorter dated medium term costs will be reduced, but overall will provide a broadly zero sum game, as a result of this proposed strategy.
- 4.12 This is especially pertinent given much of the investment is on a City Region basis and the three other Council's in the region have already changed their MRP policies. The majority of all Welsh Councils have already reviewed their respective MRP policies in similar vein. A full report separately to Council, reviewing the MRP policy, will be brought on 20th

December setting out the Section 151 officer advice for Council to make an appropriate determination.

- 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 2019 as part of the budget process.
- 4.14 It should also be noted that whilst there is an assumption that any additional borrowing costs in relation to the Schools' capital programme could be funded via the delegated budget in the absence of Capital Receipts this is not reflected in current budget proposals (i.e. they are currently predicated to be funded by the Council as a whole).

5.0 Sustainable Swansea – Budget Proposals

5.1 Budget proposals to meet the current savings requirement for 2019/20 consist of the following elements:

- Continuation and development of service delivery savings
- Commissioning review identified savings
- Other elements of the *Sustainable Swansea* Delivery Programme approved by Cabinet particularly around cross cutting themes
- A limited cash increase in Schools Delegated Budgets to meet some of the cost pressures faced
- Targeted investment into Social Services
- Ongoing, limited, Invest to Save proposals

Each of these categories are addressed below.

Funding changes in the settlement passport through to services

5.2 The following specific sums have been provided for in the settlement and are intended by Cabinet to be passported fully through to service budgets.

Table 4 – funding passported in the settlement 2019/20

		£'000
2019/20	Teachers Pay Grant	606
2019/20	Free School Meals Grant	277
2019/20	Total transfers in	883

Further Service pressures

- 5.3 Further service specific pressures have been identified in respect of:
- Additional funding for digital inclusion and organisational development (Oracle Field Services Licences)
 - Funding for posts including for Deprivation of Liberty Safeguards, Data Protection, Cabinet Office, Commercial Team and Public Service Board Support

- Increased costs where determined by external bodies for example Coroners costs and Councillors costs.
- Demographic provision for schools (increased future pupil numbers)
- Demographic provision for Social Services
- Future costs of local elections and the cessation of Individual Electoral Registration (IER) funding.

Service investment

5.4 Material service investment requirements have been identified in respect of:

- Social Services pre-existing baseline pressures from 2018/19. These have been reported as in-year pressures during 2018/19.

Service Savings

5.5 Service investment requirements have been identified in respect of planned savings for 2019/20 resulting in a summarised position as set out in **Table 5**. The detailed list of savings is set out in Appendix C:

Table 5 – Review of Planned Savings 2019/20

	Proposed savings 2019/20 £'000
Previous consulted on savings	3,196
Cross Cutting Items	406
Place	3,596
Social Services	1,376
Poverty & Prevention	2,175
Education (excluding schools)*	1,415
Resources	615
Sub-total (per appendix C)	12,779
Schools*	4,279
Total	17,058

*Schools savings and pressures fall entirely to the delegated budgets and are shown separately as these are decisions for schools to take

5.6 **Sustainable Swansea**

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 previously 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 years.

Outcomes of further commissioning reviews are expected on a recurring basis and, where specific outcomes require, full consultation and engagement take place before any actions are delivered.

It is anticipated, in line with the principles previously established, 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.

5.7 The *Sustainable Swansea – Fit for the Future* programme is reviewed annually in parallel with budget setting in order to:

- Report on and close those projects that have delivered
- Incorporate changes from the internal and external environment, which may be either emerging or long term priorities that will impact the Council's sustainability
- Evaluate all projects and make appropriate changes, e.g. where legislation, new thinking / models, changes in the Corporate Plan or Local Well-being Plan, or changes from the external environment influence the original scope, therefore the project needs to change / morph
- Incorporate priorities emerging from annual budget discussions between Senior Management and Members, as well as any changes in the revised MTFP
- Review lessons learned with stakeholders (e.g. Welsh Audit Office (WAO), Welsh Government, partners and many other stakeholders) and incorporate learning into the next phase.

As 2018-19 marks the fourth year of implementation of the programme, this year's review takes stock of the original strategy principles and framework. The review is analysing outcomes and impact; reflecting on previous annual review reports; WAO reviews; and feedback from stakeholders including project leads. This is more fully set out in appendices A and B.

5.8 These proposals are fully delivered within the context of Sustainable Swansea and can be alternatively summarised in **Table 6** as follows:

**Table 6 – Sustainable Swansea Delivery Programme
Proposals 2019/20**

	Savings	Savings 2019/20 £m
<i>Savings type</i>	Workforce	2,642
	Other spending	2,963
	Income	2,432
	Mixed (workforce, income, other)	4,742
	Savings Total as per Appendix C	12,779

5.9 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

5.10 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.

5.11 Budget movements can be viewed in two ways:

- Actual cash increases in levels of funding provided to Schools
- Real terms reduction in Schools funding, taking into account known spending needs, as previously advised and shared with the Schools Budget Forum.

5.12 For current consultation purposes it is intended that there will be a proposed 2.6% (£3.8m) cash increase in schools core funding (excluding Pupil Deprivation Grant and Post 16 funding changes which comes separately from Welsh Government) which is a much better position than the 0.0% (£18,000) like for like cash change in this Council’s provisional funding from Welsh Government.

This is predominantly to fund as large an element of teachers’ pay and other costs in schools that Council can reasonably afford, in the absence of any meaningful like for like cash increase of its own funding, from Welsh Government.

If the estimated £3m share of funding for additional pensions costs in Swansea schools is subsequently released by the UK Government then this will materially reduce remaining unfunded pressures on schools.

- 5.13 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 7 – Main pressures on Schools delegated budgets

Identified budget pressure in schools	2019/20
	£'000
Schools pay award	3,700
Share of increased LGPS costs	300
Increased teachers' pension costs – not currently funded by UK government	3,000
Demographics (increased pupil numbers) and other cost pressures (e.g. non domestic rates)	1,000
Total	8,000

Change from Council budget as proposed	2019/20
	£'000
Pressures	8,000
RSG funding for 18/19 pay award	606
Teachers pay specific grant (already included in pressures)	-550
Net savings required from schools	-4,279
Total net budget increase proposed - schools	3,777

Education will continue to be biggest area of funding within the council's revenue budget and will continue to be a key priority for the council'

Cabinet will have to consider what actual overall funding is proposed in respect of the Schools delegated budget following consultation with all head-teachers at a meeting on 13th December 2018. This will be presented back to Cabinet as part of the overall consultation report

There is no ministerial funding guarantee for schools implicit in the 2019/20 provisional revenue settlement. The initial proposal to passport over £606k in respect of the Teachers Pay Grant only is a matter for member local choice and has to be taken in the context of certainty of reductions in other Council budgets to pay for any increase, given the overall cash flat settlement.

There is an estimated potential further cash increase due to this Council in the final local government settlement, following the UK government budget announcements, of between £1-3 million (not guaranteed until Welsh Government completes its deliberations on budget priorities).

Recognising previous policy commitments, it is also intended that any specific cash increase for schools in the final settlement, once confirmed, will be passported through as targeted additional investment in schools delegated budgets. The same will apply if and when the pensions funding in England is fully passported to Wales as a funding consequential.

It is recognised that even with that potential level of investment that schools face significant pressures in the medium to longer term. To assist schools further Cabinet intends that they will continue to have equal and full access to the Council's Restructure Reserve and the Contingency Fund. In 2018-19 this funding mechanism was needed primarily to fund staffing departures.

Total Proposals

- 5.14 The total net savings across the areas outlined above are shown in **Table 8** below:

Table 8 – Proposals for 2019/20

Savings	Net Savings £m
Service Savings (as per Appendix C)	12,779
Schools savings (element currently not funded predominantly due to lack of pension funding by UK government)	4,279
Council tax income	7,343
Council pressures	-24,401
Meeting the Total Savings Requirement	0

- 5.15 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

- 5.16 The current total of all savings proposals for 2019/20 is £17.058m, against the current total requirement of £24.401m (including Schools pressures). The remaining figure of £7.343m is currently planned to be met by council tax increases in line with the planning assumption made by Welsh Government in their provisional settlement and modest growth in the tax base. Work will continue over the next two months up to Cabinet in February 2019 to assess a range of other options. This is necessary because:

- Some proposals may not be approved following the outcome of consultation and Equality Impact Assessments
- Welsh Government may change its funding offer and Council Tax increase assumptions
- Additional savings are required as a contingency against non-delivery of some savings in year
- Additional savings are required for future years

5.17 This assessment will include a review of other service savings and our policy on Council Tax. It should be noted that the Welsh Government has made an assumption of Council Tax increases of 6.3% in its standard spending assessment.

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 2019/20 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, as in previous years, 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 2018/19, 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 2019/20 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.
- f) **Ongoing overspending** in 2018/19 which will materially continue into 2019/20 in relation especially to Social Services
- g) **General Reserves** remain at the lowest advisable level as advised by the Council's 151 officer and are not therefore able to meet any large current or future service overspends.

- h) **Costs of staffing reductions** are likely to be significant and should be assumed at around £5-7m per annum for the lifetime of the MTFP in line with previous year's experiences. All future departure costs will fall to individual service revenue accounts, including education, for schools departures.
- i) **Overspending risks in 2019-20** are material because future savings are considered to be equally challenging to both agree and deliver, as austerity continues to require ever more difficult decisions and more wide scale transformational change

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 Wellbeing Objectives, as set out in the Corporate Plan 2017-22.

7.2 In terms of Council priorities, consultation has been taken into account in deciding the new key priorities (Well-being Objectives and Improvement Objectives) which are as follows:-

- **Safeguarding** people from harm – so that our citizens are free from harm and exploitation.
- Improving **Education and Skills** - so that every child and young person in Swansea gains the skills and qualifications they need to succeed in life.
- Transforming our **Economy and Infrastructure** – so that Swansea has a thriving mixed use City Centre and a local economy that will support the prosperity of our citizens.
- **Tackling Poverty** – so that every person in Swansea can achieve their potential.
- Maintaining and enhancing Swansea's **Natural Resources and Biodiversity** – so that we maintain and enhance biodiversity, reduce our carbon footprint, improve our knowledge and understanding of our natural environment and benefit health and well-being.
- **Transformation and Future Council** development – so that we and the services that we provide are sustainable and fit for the future.

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. Likewise we will not consult again on matters that are merely a continuation of existing good practice, or previously agreed plans, such as our continued successful implementation of the Safe Looked After Children reduction strategy, or where there is more detailed consultation, following the findings of our commissioning reviews.

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 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.
- The requirements and principles embedded in the Well-being of Future Generations (Wales) Act which should underpin everything that the Council does.

7.6 Details of the settlement dates from Welsh Government detailed elsewhere in this report highlight 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.
- **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.
- **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.

- **Staff roadshows.** Cabinet Members will join Officers in engaging staff at meetings in December
- **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 forum on proposals that affect schools.
- **Young people's views**

In addition the Council will promote and communicate the consultation via 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 2018/19. 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 2019/20 and to look for other ways of avoiding compulsory redundancies if at all possible.

8.2 However, a significant reduction in posts in 2019/20 will be unavoidable, given that around 40% of the Council's overall costs relate to employees (significantly more in some Service Areas). It is important to note therefore, that if the current austerity policy of UK Government and the current WG funding split continues, then the potential for compulsory redundancies will increase given the increased level of savings and the reduced scope for voluntary 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*
- *Encouraging staff to work flexibly eg: reduce hours or job share*
- *Flexible retirement*

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, those employed in business support functions.

Those employed in schools are also considered to be at risk due to the lack of clarity over the U.K. treasury funding of Teachers pension costs. Staffing decisions are a matter for individual school governing bodies to determine. The latest indicative estimate of the impact of the current proposals on total staffing numbers for 2019/20 is set out in Table 9 (shown as Full Time Equivalents (FTEs))

Table 9 – Impact of Savings Proposals on FTEs 2019/20

		FTEs
Service Saving Proposals		
	Resources	2
	Place	28
	Education (excluding Schools)	4
	Social Services	127
	Total	161

		FTEs
Indicative schools figure if pensions funding is not released by UK government *		
	Schools	145
	Total	145

*** Decisions will be taken by individual school bodies – this number could be materially reduced by 75-100 posts if pensions funding is released in full by the UK government.**

- 8.5 The Council will need to consult with Trade Unions about the 2019/20 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 could 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 Corporate Management Team 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 10** below.

This timetable is effectively being driven by the dates set for the Autumn Budget by the Chancellor of the Exchequer which has impacted on the ability of the Welsh Government to determine its final detailed budget proposals for 2019/20.

Table 10 – Budget Timetable

14 th December 2018	Cabinet	Approves budget proposals for consultation
14 th December 2018	Initial consultation with Schools starts	School Budget Forum meets on 20 th December
14 th December 2018	Consultation commences	A variety of means will be used including specific consultation with <ul style="list-style-type: none"> • Staff • Trade Unions • Young People • Taxpayers • The public
1 st February 2019	Consultation closes	Report will be produced on consultation responses
Early February 2019	Scrutiny	Review of Cabinet proposals
14 th February 2019	Special Cabinet	Reviews consultation feedback and recommends Budget
28 th February 2019	Council	Approves Budget and 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 2019 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 remodel 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
- All this has to be considered alongside a potentially ambitious Capital Development programme with increases in associated borrowing costs
- To ultimately deliver the well-being of future generations.

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 Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Our Equality Impact Assessment process ensures that we have paid due regard to the 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 form 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

- Proposals comply with the Well-being of Future Generations (Wales) Act
- Proposals comply with the 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 2019 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 2019/20 and sets out proposed savings to meet the projected shortfall currently estimated at £24.401m.

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 Progress with achieving savings agreed as part of the 2018/19 budget is monitored each month by the Corporate Management Team and the Budget Performance and Review Group, with quarterly reports to Cabinet.

13.0 Legal Implications

13.1 Specific legal duties relating to consultation and the setting of the budget are set out in the main body of the report.

13.2 Any consultation must be meaningful and be taken into consideration when making any decision.

13.3 The council has a public sector equality duty under the Equality Act 2010. In order to comply with that duty it is essential that Equality Impact Assessments are undertaken where appropriate in relation to budget proposals and any impact is considered.

Background Papers: None

Appendices: Appendix A – *Sustainable Swansea – fit for the future:*
Transformation Programme 2019-20

Appendix B – Statement of Medium Term Budget Priorities

Appendix C – Savings Proposals 2019/20

SUSTAINABLE SWANSEA – FIT FOR THE FUTURE

The *Sustainable Swansea – Fit for the Future* programme is reviewed annually in parallel with budget setting in order to:

- Report on and close those projects that have delivered
- Incorporate changes from the internal and external environment, which may be either emerging or long term priorities that will impact the Council's sustainability
- Evaluate all projects and make appropriate changes, e.g. where legislation, new thinking / models, changes in the Corporate Plan or Local Well-being Plan, or changes from the external environment influence the original scope, therefore the project needs to change / morph
- Incorporate priorities emerging from annual budget discussions between Senior Management and Members, as well as any changes in the revised MTFP
- Review lessons learned with stakeholders (e.g. Welsh Audit Office (WAO), Welsh Government, partners and many other stakeholders) and incorporate learning into the next phase.

As 2018-19 marks the fourth year of implementation of the programme, this year's review takes stock of the original strategy principles and framework. The review is analysing outcomes and impact; reflecting on previous annual review reports; WAO reviews; and feedback from stakeholders including project leads.

Since the Programme's creation, approximately £70 million has been achieved, through Transformation and other cost reduction projects.

In 2016 some reshaping and rationalisation was carried out, where fifteen projects became nine key deliverables. Some previous strands became the 'core principles' or 'lens' through which each service change should be viewed. Other drivers for the reshaping included a number of successful project completions and project closures. The programme in 2017-18 focused on three priorities:

- **Transformation:** Taking all services through **Commissioning Reviews**, much of which are now complete or in implementation. These were very much service based however, alongside these the Council started four **cross-cutting reviews** where multiple

services came together to improve outcomes for residents and businesses, two examples being integrated transportation, and delivering services in the community.

- **Digital:** Enabling both the **workforce** and citizen **access channels** through new technology. The digital strategy aims to embed a 'digital first' approach, whilst also ensuring access to traditional channels for the most vulnerable. The strategy also delivers a digital skills programme to residents, so people can grow their confidence in using technology and take-up new online services
- **Future Council:** Ensuring the Council has a workforce with the right skills for the future as well as exploring opportunities for partnerships and service collaboration.

Good progress has been made delivering the programme, with the Commissioning Reviews in particular delivering step change and new ways of working across Council services. Table 1 below highlights where Commissioning Reviews are complete or in implementation. Examples of key outcomes and impact includes:

- Achieved a reduction in Business Support functions by removing duplication and streamlining processes across all Directorates
- Delivered commercial opportunities within the Civic buildings by developing a more modern, commercial, sustainable and social space for staff and visitors
- Significant increase in income generation by increasing fees and charges to 5%, both to meet demand bringing the Council in line with other authorities and organisations
- The Waste Service increased recycling rates, which has helped reduce residual waste at the five sites to 2,200 tonnes in 2017/18 down from over 11,000 in 2015/16, which is around an 80% reduction. Waste changes are also supporting achievement of a 62% recycling target in 2018-19 – the Welsh Government target is 58%
- Delivered a new model around Leisure. The Council started a new partnership with Freedom Leisure on the 1st October 2018, which will bring investment and sustainability to these services for the future
- In the process of growing a sustainable workforce model through traineeship and apprenticeship schemes across the Council, e.g. Fifteen in Corporate Building Services in 2018-19 with a view to recruit a further twelve in 2019-20
- Gower Centres have widened their reach of the centres so that more young people and families attend on weekends, therefore offering a sustainable and more inclusive service in key tourism sites of Swansea
- MyClydach launched in October 2018 being the first Services in the Community Hub pilot to be delivered
- Co-production has started to be active in key areas within Adults services to help redesign services around direct payments and parent and carer groups. The corporate Co-Production Strategy is in development to expand this approach across all services and increase resident and business involvement in the design of future services

- Launch of the commercial pilot cleaning services with vulnerable adults in their own homes, building on partnership working with 3rd sector such as the Red Cross and Age Cymru
- Delivery of new digital tools. Rollout of Skype for Business formed part of the agile working programme and enables staff and Councillors to use instant messaging, internet voice calls, video conferencing and virtual meetings. This new technology has enabled the Council to improve efficiency and effectiveness and will reduce travel time and expense claims.

How the Transformation Programme Supports the Budget in 2019-20 and Beyond

The transformation activity that will deliver the savings proposals at Appendix C is spread across **four key priority areas**:

- **Transforming the Council see table 1 below:** Delivering radical change to the way the Council does business through a programme of strategic and operational reviews over the coming four to five years:
 - Completing the final **Commissioning Reviews** for Housing and Alternative Learning Needs (ALN)
 - Continuing to **implement the recommendations of previously completed commissioning reviews**
 - **Revisit the options appraisal of previous commissioning reviews** - particularly where the 'transformed in-house' model was agreed - in order to explore whether additional options could be implemented
 - Delivering on the year two programme of work for the four **Cross-Cutting Reviews** to: achieve an integrated approach to transportation; a new model for delivering services close to communities; capital investment in schools, housing and the City; and improving outcomes for the most vulnerable
 - A new programme of **budget reviews**, particularly across non-statutory services, in order to explore new ways of working and pilot different models of delivery
- **Enabling new ways of working through technology:** Delivering greater digital integration with partners particularly Social Care and Health; supporting and delivering on the digital vision for city centre regeneration; expanding digital channels to residents and business; further expanding use of cloud and digital developments / systems; continuing to embed and develop the 'digital first approach'; and continuing to develop the digital skills of both the workforce and residents
- **Ensuring the Council and its workforce are fit for the future:** Expanding apprentices and traineeships to build succession and skills; increasing training and development at all levels of the Council including leadership; continuing to deliver the organisational development changes including expansion of the innovation community; and focussing on equalities including ways to close the gender pay gap
- **Growing Swansea through capital investment:** Focusing on developing both the City and rural areas of Swansea through the new city centre development, building new sustainable homes and delivering the 21st century schools building programme.

Fig 1: The Sustainable Swansea – Fit for the Future – Four Key Delivery Priorities

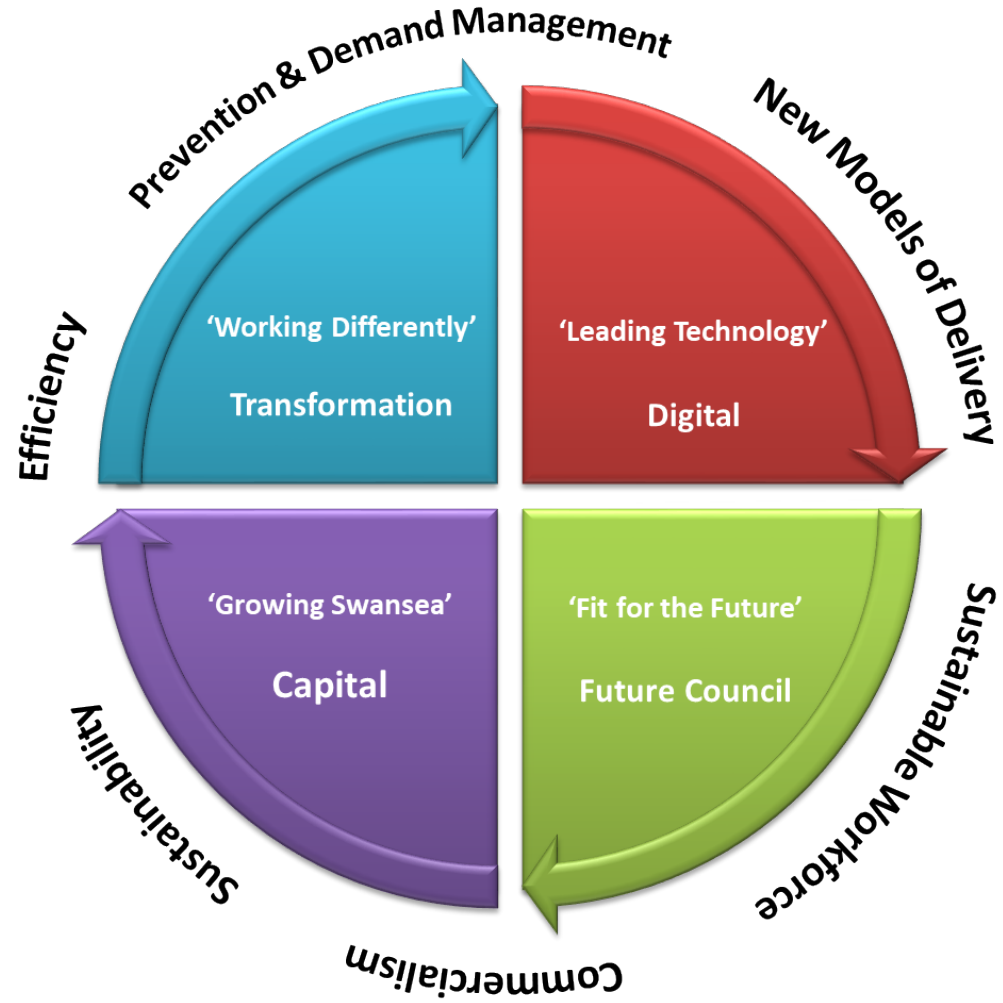


Table 1: Sustainable Swansea Four Year Transformation Programme aligned to the MTFP 2019-23

Area of Transformation	Commissioning Review (CR)	CR in implementation	Zero-based budget reviews	Cross-Cutting Reviews
Social Services				
Adult Services - Day Services		✓		
Adults Services - Residential Care		✓		
Adults Services - Mental Health, Physical Disabilities and Learning Disabilities		✓		
Family Support Continuum	Complete			
Gower Centres		✓		
Budget review of Family support including the integration between Youth Offending Service, Social Services and Poverty & Prevention			✓	
Budget Review of Employability including the integration between Poverty & Prevention, Social Services and parts of the Place Directorate			✓	
Budget review of commissioning, particularly the integration between Poverty & Prevention, Social Services, Education and Homelessness commissioning			✓	
Budget review of Flying Start / Play particularly the childcare element			✓	
Budget review of Partnerships particularly following feedback from the Scrutiny Inquiry with a focus on Poverty & Prevention and relevant corporate partnership working			✓	
Education				
Catering		✓		
Alternative Learning Needs (ALN)		✓		

Area of Transformation	Commissioning Review (CR)	CR in implementation	Zero-based budget reviews	Cross-Cutting Reviews
Budget review linking to the Business Support project with a focus on Schools ICT support, Capital planning and delivery, School Funding and Information Governors Unit			✓	
Place				
Corporate Building & Corporate Property <ul style="list-style-type: none"> ▪ Mobile Working part of Digital Programme ▪ Asset Optimisation part of Capital Programme 	Complete	✓		
Waste Management	Complete			
Review of the Waste Strategy	New in 2019			
Parks and Cleansing		✓		
Budget review of grounds maintenance and parks			✓	
Leisure & Culture	Complete			
Regeneration and Planning		✓		
Public Protection		✓		
Housing	New in 2018			
Car parking income review as part of City Centre strategy	New in 2019			
Budget review of street lighting			✓	
Budget review of coast and countryside maintenance			✓	
Budget review of culture, arts and museums			✓	
Budget review of environmental conservation			✓	
Budget review of tourism and events			✓	
Review public conveniences in light of the new Toilet Strategy	New in 2019			
Budget review of Pest Control			✓	
Budget review of Community and Economic Development			✓	

Area of Transformation	Commissioning Review (CR)	CR in implementation	Zero-based budget reviews	Cross-Cutting Reviews
Resources				
Business Support including in the next phase: <ul style="list-style-type: none"> ▪ Business Support Hub implementation ▪ PA/Management support review ▪ Review of Freedom of Information and Subject Access Request resources and processes 		✓		
Budget review of Communications & Marketing including integration across the Council, particularly marketing			✓	
Budget review of H&S and Wellbeing including integration across the Council particularly H&S training			✓	
Review of the Commercial and Procurement operating model to deliver integration with frontline services, finance and legal			✓	
Review of Digital & Transformation including: <ul style="list-style-type: none"> ▪ Enterprise Resource Planning (ERP) ▪ Second phase of integration and rationalisation of ICT spend across the Council ▪ Revised Digital Strategy ▪ Transformation operating model 			✓	
Review of organisational development (OD) and learning including: <ul style="list-style-type: none"> ▪ Integration of training across the Council ▪ Review of the OD Strategy ▪ Innovation operating model 			✓	
Budget review of design/print including a review of the operating model			✓	
Budget review of Revenues and Benefits			✓	
Budget review of Democratic Services			✓	

Area of Transformation	Commissioning Review (CR)	CR in implementation	Zero-based budget reviews	Cross-Cutting Reviews
Cross-Cutting Projects involving multiple Services across the Council				
Services in the Community (including Libraries) – Lead sponsor Director of Place				✓
Integrated Transport Unit – Lead sponsor Director of Place				✓
Capital Programme – Lead sponsor Deputy Chief Executive <ul style="list-style-type: none"> ▪ Housing Development ▪ City Deal and City Centre Development ▪ 21st Century Schools 				✓
Outcomes for Citizens – Lead sponsor Director of Social Services <ul style="list-style-type: none"> ▪ Leading learners ▪ Adult improvement programme ▪ Information, Advice & Assistance Framework (IAA) ▪ Child and Family – Reclaiming Social Work Transformation 				✓

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 4 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 six top well-being priorities for the future:

- *Safeguarding people from harm*
- *Improving Education & Skills*
- *Transforming our Economy & Infrastructure*
- *Tackling Poverty*
- *Maintaining and enhancing Swansea's Natural Resources and Biodiversity*
- *Transformation & Future Council development*

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 £90m over the next 4 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.

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
- **Remodel:** those services where the Council will remodel 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 £90m over four years was applied, for example, just to Corporate Services (excluding Council Tax Reduction Scheme) and Place Services, the budgets for these areas would be cut in their entirety. Consequently, other areas such as Education and Social Care also need to face some level of reduction over the next 4 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 4 year saving/investment targets for each major block of services is set out in the table below:

INDICATIVE MEDIUM TERM FINANCIAL ALLOCATIONS

Service	Budget 18/19 £m	Percentage Reduction/Increase over 4 Years	Amount Realised £m
Schools	147.0	-15%	-22.1
Education (excluding Schools)	20.8	-15%	-3.1
Social Care – Child & Families	36.1	-15%	-5.4
Social Care- Adults	75.0	-10%	-7.5
Poverty & Prevention	6.4*	-15%	-1.0
Place	56.6	-30%	-17.0
Resources	20.8	-15%	-3.1
Total	362.7		-59.2

** 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>
<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 • remodel 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

APPENDIX C

Director	HoS Budget	Savings Proposals	Savings 19/20 £'000
Cross Cutting	Cross Cutting	Previously consulted upon savings	3,196
Cross Cutting	Cross Cutting	Extended Christmas office closure and invite staff to take as paid or voluntary unpaid leave	50
Cross Cutting	Cross Cutting	Review of additional payments to staff	356
		Cross Cutting Total	3,602
Education	Non Delegated	Increase income to support Music Service	97
Education	Non Delegated	Cease contribution to WJEC (working through WLGA)	36
Education	Non Delegated	Devolve funding to schools for changes to regional improvement service, particularly curriculum support	64
Education	Non Delegated	Implement new service model for ethnic minority achievement service in line with grant level received	23
Education	Non Delegated	Efficiency savings and joint-working for SIMS / MIS Joint Working and broadband / licence costs	20
Education	Non Delegated	Bring forward relocation of EOTAS (out of school provision) to new centre	150
Education	Non Delegated	Schools to fund demographic and other cost pressures	1,025
		Education Total	1,415
Place	Corporate Building Services	Staff efficiency savings via rollout of Mobile Working	100
Place	Corporate Building Services	Climate Change Levy costs	180
Place	Corporate Building Services	Increase in fee income for Construction Design and Management services	25
Place	Corporate Property	New income from rental of office space in Civic Centre	275
Place	Corporate Property	New ways of delivering services through community hubs following the commissioning review of services in the community	100
Place	Culture and Tourism	Efficiencies as a result of new leisure centre partnership	200
Place	Culture and Tourism	More efficient use of internal marketing services.	135
Place	Culture and Tourism	Review existing management arrangements of Dylan Thomas Centre	108
Place	Culture and Tourism	Remodel library services to ensure a more equal provision of service across Swansea	152
Place	Culture and Tourism	Efficiency savings and increased income at museums, galleries and theatre.	55
Place	Directorate	Back office savings	300
Place	Highways and Transportation	Integrated Transport Unit Savings	250
Place	Highways and Transportation	New income through additional tourist camp sites.	15
Place	Highways and Transportation	Modernise fleet management.	10
Place	Highways and Transportation	Reduced vehicle repair costs as a result of fleet investments	20
Place	Highways and Transportation	Expand Camera Car Operation via use of other council vehicles.	20
Place	Highways and Transportation	No longer fund lighting on non-highways owned land.	46

Director	HoS Budget	Savings Proposals	Savings 19/20 £'000
Place	Highways and Transportation	Further rollout out of automated school crossing controls	25
Place	Highways and Transportation	Charge for free car parks	23
Place	Housing & Public Protection	Above inflation (5%) increase to fees and charges and increased income generation activity across Bereavement Services, Registration Services, Building Control, Trading Standards and Food & Safety. Main risk in Burials and Registrations is terms of remaining competitive with direct LA neighbours	162
Place	Housing & Public Protection	Better use of resources through the implement new homelessness strategy	200
Place	Planning & City Regeneration	Renegotiate partnership contribution to City Centre Ranger Service	30
Place	Planning & City Regeneration	Increase planning applications fee target	50
Place	Planning & City Regeneration	Restructure Strategic Planning & Natural Environment Team	130
Place	Planning & City Regeneration	Delete vacant posts	60
Place	Planning & City Regeneration	Review payment model for Development/Regeneration Team	50
Place	Planning & City Regeneration	Budget efficiencies within directorate	50
Place	Various	Income earning services to self-fund pay increase costs	750
Place	Waste Management and Parks	Explore partnership arrangements for Botanical Gardens	75
		Place Total	3,596
Resources	Resources	Trade Union facility time reductions	40
Resources	Resources	Review of costs of Welsh Translation Service	10
Resources	Resources	Review of management structures across Resources directorate	126
Resources	Resources	Implement final phase of Service Centre changes	50
Resources	Resources	Reduce corporate subscriptions	25
Resources	Resources	Cost savings for digital services.	64
Resources	Resources	Further reduction in Council Tax Reduction Scheme	300
		Resources Total	615
Social Services	Adult Services	Merge and reconfigure commissioning and procurement resources within poverty & prevention and social services	500
Social Services	Adult Services	Review contribution to regional working on health and safeguarding.	85
Social Services	Adult Services	New business support hub for education and social services	205
Social Services	Adult Services	Further roll out of local area co-ordination and increase in 'trusted assessor' roles linked to hospital discharge and the review of long term care packages.	400
Social Services	Adult Services	Transfer Client Income and Finance from Social Services to central team	67
Social Services	Adult Services	More efficient funding of Care and Repair	59
Social Services	Child & Family	Management savings across shared regional children's services	20
Social Services	Child & Family	Fund advocacy in line with need	40

Director	HoS Budget	Savings Proposals	Savings 19/20 £'000
Social Services	P&P	Better integration of services in poverty & prevention, social services, education and aspects of Place to make management savings.	200
Social Services	P&P	Create a single family support function following review outcome	1,150
Social Services	P&P	Alignment of Early Intervention and Family Learning provision	20
Social Services	P&P	Increase income from training delivered at Gower Activity Centres and the Life Long Learning Service	10
Social Services	P&P	Realignment of employability service to maximise efficiency of grant and management.	200
Social Services	P&P	Increase income and full cost recovery for adult and community learning	119
Social Services	P&P	Efficiencies in joint commissioning arrangements in Disability Services	32
Social Services	P&P	Increase income and maximise grants for Adult Prosperity & Wellbeing -	30
Social Services	P&P	Direct licensing model with Duke of Edinburgh Wales in line with other authorities.	20
Social Services	P&P	Relocation of Early Intervention Service to release grant funding from Flying Start and Families First to offset core spend	40
Social Services	P&P	Recommission the statutory school based counselling contract to achieve best value	39
Social Services	P&P	Review contribution to VAWDASV (domestic abuse/violence) achieve efficiencies via regional working and align with other funding streams	20
Social Services	P&P	Remodelling of Community Safety partnership funding arrangements	15
Social Services	P&P	Review Life Stages Team and alignment with other commissioning roles in Social Services	30
Social Services	P&P	Reform third sector Change Fund to focus on direct SLA funding	250
		Social Services Total	3,551
	Grand Total		12,779