



## Report of the Leader and Cabinet Member for Economy & Strategy

Special Cabinet – 9 January 2020

### **Sustainable Swansea - Fit for the Future: Budget Proposals 2020/21 – 2023/24**

|                                    |  |
|------------------------------------|--|
| <b>Purpose:</b>                    | To consider budget proposals for 2020/21 to 2023/24 as part of the Council's existing Budget Strategy.   |
| <b>Policy Framework:</b>           | Medium Term Financial Plan and Budget<br><i>Sustainable Swansea – Fit for the Future</i>   |
| <b>Consultation:</b>               | Cabinet Members, Corporate Management Team, Legal, Finance, Access to Services   |
| <b>Recommendation(s):</b>          | It is recommended that Cabinet:<br><br><ol style="list-style-type: none"><li>1) Approves the Budget proposals summarised in the report and detailed in Appendix B as the basis of consultation</li><li>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 5<sup>th</sup> March 2020.</li><li>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</li><li>4) Receives a report on the outcome of the consultation and final budget proposals at its meeting on 20<sup>th</sup> February 2020.</li></ol> |
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## 1. Introduction

- 1.1. This report updates Cabinet on its budget 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.
- 1.2. *Sustainable Swansea – fit for the future* was approved by Council on 22 October 2013 and subsequently reviewed by Cabinet on 16<sup>th</sup> July 2015. It remains the Council's current overarching approach to budget and medium term financial planning, to help deliver the well-being of future generations. It is planned to launch a major refresh and review of the strategy, whilst likely retaining its core principles, during 2020 to develop the next phase and iteration of the strategy for future years.
- 1.3. 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.
- 1.4. In September 2019, the Chancellor of the Exchequer presented the Spending Round 2019 to Parliament. This was originally intended to be an in depth multi-year review of departmental spend, however due to the uncertainties surrounding Brexit, it became a one year only review. A full multi-year review will now follow in 2020. The review included the announcement that no department would receive cuts for 2020/21. The consequential for Wales was be an increase of £600m, including increases for Social Care, Local Government and Education.
- 1.5. Due to the General Election held on 12<sup>th</sup> December, the Welsh Government delayed its announcements on the budget and provisional settlement until 16<sup>th</sup> December 2019. This made the budget process extremely challenging and uncertain to say the least. Equally, however, the now known scale of funding increase for local government for 2020-21 (the best in over a decade) is clearly extremely helpful and of a different magnitude to recent settlements and enables much greater choice to be exercised over relative priorities, funding commitments and local taxation levels for 2020-21. It is hoped that this change of emphasis and funding can now begin to be sustained over the medium to longer term to allow the Council to not only maintain, but develop, and extend vital services to the public.  
  
Final figures for 2020/21 and any potential announcements on future year implications are expected from Welsh Government on 25<sup>th</sup> February 2020 (the date of the Welsh Government final proposed budget).
- 1.6. Now that a new national government has been formed, much will clearly hinge on the next UK wide budget and Comprehensive Spending Review

in 2020, and what funding flows to the Welsh Government, to ultimately flow to councils and other public bodies.

1.7. 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 2020/21 and three future years, upon which we 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. 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 current long-term plan for change, underpinned by our Innovation Programme. A major refresh will be undertaken in 2020 recognising that whilst it has successfully delivered the bulk of £70m worth of savings asks, during a period of prolonged austerity, enabling the Council to maintain services, performance levels and protect jobs, there are new challenges and opportunities arising from the new Local Government and Elections (Wales) Bill as well as a changing national political landscape and economic uncertainty including Brexit risks.

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 16<sup>th</sup> 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
- 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. Our Service Priorities for 2020/21 and Beyond**

3.1. Although the Council is currently focused on its plan, as set out in the existing MTFP, to save around £63m over the next three years (since significantly revised down – 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 over £700m (excluding Housing Services (HRA)) and we spend just under £1.7m 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 to help deliver the well-being of future generations
- The core objectives of *Sustainable Swansea* – which embrace all that we do
- The application of budget principles – which guide 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 £63m (since significantly revised down – see below) over three years were applied, for example, just to 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 three years, given the relative size of their budgets. Equally, however, if the level of likely funding for 2020-21 were to be sustained in every future year then these planning assumptions could be very fundamentally reshaped and savings asks reduced or possibly even eliminated.

3.5. 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
- **Remodel:** those services where the Council will reduce the current level of spend over the medium term

Regardless of relative funding levels, there is an absolute requirement that **all services** must transform and strive for maximum efficiency.

3.6. Based on the statement of priorities and having regard to the “gearing effect” when considering savings, the suggested percentage reduction remains as agreed **last year** and 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 19/20 1 year ^ |
|--------------------------------|--|------------------------------|------------------------------|
| Schools                        | -15%   | 0%                           | +2.5%                        |
| Education (excluding Schools)  | -15%   | -15%                         | -4.0%                        |
| Social Care – Child & Families | -15%   | -15%                         | +7.0%                        |
| Social Care- Adults            | -10%   | -20%                         | +3.6%                        |
| Poverty & Prevention”          | See below  | See below                    | See below                    |
| Place                          | -30%   | -50%                         | -0.6%                        |
| Resources                      | -15%   | -50%                         | +9.3%                        |

*\*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.*

*“ In 2019-20 a more integrated approach between social services and poverty and prevention was undertaken as the functions merged their core activities and this saw significant redirection and reallocation of resources to seek to maximise prevention and early intervention and ultimately bear down on overall costs. Effectively the budget is managed as a whole as part of Social Services.*

**This will now be materially revised in light of the significant uplift in funding received from the Welsh Government (£17m) and it is envisaged similarly, no service will receive an overall reduction in cash budgets for next year. Planning assumptions over future year settlements, building on from this year’s material uplift, will very significantly affect these existing planning assumptions, once the review, renewal and relaunch of the successor to Sustainable Swansea is completed during early 2020. These assumptions are themselves heavily dependent upon the Comprehensive Spending Review, national government’s overall approach to public spending, the Welsh Government’s priorities and the consequences of Brexit, all of which substantially add to the risks facing future financial planning assumptions.**

- 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 is possible because of the significant increase in funding set out in the Welsh Government’s 2020-21 budget proposals. Whilst this first phase of consultation necessarily focuses on what may need to be reduced and re-prioritised, the main budget proposals in February and March, once the final settlement is known, and initial consultation is concluded, will enable, substantial net cash investment into services. This will particularly focus on prevention, early intervention and investment for the future in line with the well-being of future generations’ principles and objectives.

#### **4. 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 28<sup>th</sup> February 2019.
- 4.2. The indicative savings requirement for the 2020/21 budget and the existing MTFP for the two years, 2021/22 to 2022/23, has been updated and set out in Table 2 below. This table also includes the forecast for one further year, 2023/24, as the MTFP now rolls forward one year:

**Table 2 – Indicative Savings Requirement for 2020/21 to 2023/24**

|  | Note      | Budget         | Medium Term Financial Plan |                  |                  |
|--|-----------|----------------|----------------------------|------------------|------------------|
|  |           | 2020/21        | 2021/22                    | 2022/23          | 2023/24          |
|  |           | £'000          | £'000                      | £'000            | £'000            |
| Future cost of pay awards<br>- Non Teachers<br>- Teachers (local top up element)   | 1         | 5,100<br>2,699 | 10,200<br>6,400            | 15,300<br>10,100 | 20,400<br>13,600 |
| National Living Wage – own pay bill<br>National Living Wage – contracts  | 2         | 900<br>1,000   | 1,400<br>2,000             | 1,400<br>3,000   | 1,400<br>4,000   |
| Increase in Pension Costs  | 3         | 0              | 0                          | 0                | 0                |
| Increased Teachers Pension costs (local top up element)  | 4         | 2,069          | 2,069                      | 2,069            | 2,069            |
| Cumulative contract inflation  | 5         | 1,000          | 2,000                      | 3,000            | 4,000            |
| Capital charges – existing   | 6         | 1,750          | 1,750                      | 1,750            | 1,750            |
| Capital charges - new scheme aspirations   | 7         | 2,000          | 4,000                      | 5,250            | 6,500            |
| Capital charges – expected savings as a result of increased grants and thus reduced borrowing – general capital and Band B schools | 7         | -350           | -650                       | -850             | -850             |
| MRP review linked to capital programme   | 8         | 381            | 747                        | 1,097            | 1,434            |
| Use of Capital Equalisation Reserve to Capital Charges Impact  | 9         | 0              | -196                       | -1,393           | -2,209           |
| Reinstate Temporary Use of Insurance Reserve   | 10        | 700            | 700                        | 700              | 700              |
| Demographic and Service pressures  | 11        | 6,000          | 8,000                      | 10,000           | 12,000           |
| Mid and West Wales Fire authority Levy ( <b>independently decided by the Fire Authority</b> )                                      | 12        | 800            | 1,200                      | 1,600            | 2,000            |
| Council Tax Support Scheme   | 13        | 1,100          | 2,300                      | 3,500            | 4,700            |
| Service pressures previously accepted  | 14        | 665            | 1,180                      | 695              | 695              |
| New service pressures accepted   | 14        | 5,753          | 8,603                      | 11,408           | 13,808           |
| Passported through AEF to Services – Teachers Pay  | 14        | 901            | 901                        | 901              | 901              |
| Passported through AEF to Services – Teachers Pensions   | 14        | 2,931          | 2,931                      | 2,931            | 2,931            |
| Passported through AEF to Services – NHS Funded Nursing Care   | 14        | 151            | 151                        | 151              | 151              |
| <b>Total known pressures</b>   |           | <b>35,550</b>  | <b>55,686</b>              | <b>72,609</b>    | <b>89,980</b>    |
| Aggregate External Finance increase  | 15        | -17,170        | -23,900                    | -30,900          | -38,000          |
| <b>Total Savings Requirement</b>   | <b>16</b> | <b>18,380</b>  | <b>31,786</b>              | <b>41,709</b>    | <b>51,980</b>    |

**Notes:**

1. *The pay award figures represent a forecast increase of 2.75% for the period of the MTFP for teachers and non-teachers. The estimated increased cost for Teachers is £3.6m per annum, this value is the gap between the amount provided by the Welsh Government in the settlement and the estimated cost, which will have to be funded locally.*
2. *Assumed increases due to implementation of National Living Wage - will affect contract prices and lower end of own pay scale.*
3. *The costs arising from the triennial revaluation of the local government pension scheme were previously included at an assumed 1% per annum increase. The next revaluation will take effect from 1<sup>st</sup> April 2020 and the likelihood is that no increase will be needed during the period covered by this MTFP.*
4. *The Teachers' Pension Scheme (TPS) increased in 2019/20 due to a reduction in the discount rate per HMT - TPS rises from 16.48% to an estimated 23%. This has been partially funded in the settlement by the Welsh Government, the value shown here is the gap that will need to be funded locally.*
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. The recent announcement by the Public Works Loan Board (PWLB) of an increase to the interest rate offered to Councils will only have a limited effect on this forecast.*
8. *The MRP policy was reviewed and agreed by Council at its meeting of 20<sup>th</sup> December 2018, this is the effect of 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. *Cabinet have prudently built up a capital equalisation reserve to reduce the impact of increased capital charges in respect of new scheme aspirations, and some use of this reserve, in line with agreed limits, is now being built into the budget.*
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 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. However, early indications are that the levy could rise by between 6% and 10%. Included above is the most likely scenario of 6.3% for 2020/21, 3% thereafter. Cabinet may*



wish to note the Standard Spending Assessment funding for Fire services in this authority is £10.5m, the actual levy is currently £13.0m.

13. The assumed cost of Council Tax Support Scheme costs based on Council Tax increases as a planning assumption only at this stage.
  14. Individual service pressures accepted. Previously agreed pressures have reduced since the published MTFP due to the assumption of Social Services Grant falling out changing to the grant continuing.
  15. Specific funding for services transferred by the Welsh Government as part of the settlement figure.
  16. Provisional guideline assumption for 2020/21 and future years, this has been confirmed in the provisional settlement as an increase of 5.5% (4.2% after technical adjustments) for 2020/21, and there is a now assumed increase of 2% for future years.
  17. The exemplified savings target of £52m shown in Table 2 is indicative of the scale of savings required and will be revised as the 3 year MTFP progresses
- 4.3. Fundamental central assumptions have been made in deriving this table. The most significant is a central assumption that future funding from Welsh Government increases by 2% per annum beyond 2020-21. This is considered by the Section 151 Officer to be a reasonably prudent assumption. Previous planning assumptions have been as low as 0%. The provisional one off settlement for 2020-21 is a 5.5% headline increase. The compounding effect of this key assumption is substantial over the life of the MTFP (the savings ask could be higher, lower, or even fully eliminated) as can be illustrated below:

| Increase in future year block grant finance assumptions in the MTFP | Reduction (Increase) in gap in one year<br>£'000 | Positive (negative) Impact over life of MTFP<br>£'000 |
|---|--|---|
| 0% - original MTFP assumption                                       | (6,700)  | (20,800)  |
| 2% - current central assumption                                     | 0  | 0   |
| 3% - possible scenario  | 6,700  | 20,800  |
| 4% - possible scenario  | 13,500   | 41,700  |
| 5.5% - continued at current headline uplift                         | 18,600   | 57,400  |

- 4.4. 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 formal 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 the biggest area of funding within the council's revenue budget and will continue to be a key priority for the Council.

- 4.5. It should be noted that although the headline block grant has increased very substantially for 2020/21 in reality the grant needs to rise by nearly £7m to simply cover the pressures caused by specific grants potentially falling out. These are as per Table 3 below:

**Table 3 – Specific Grants Falling Out**

| <b>Grant</b>  | <b>£'000</b> |
|---|--------------|
| Teachers pensions 19/20 - part year – given as RSG transfer                           | 3,000        |
| Teachers pensions 20/21 - remainder – expected – and to be funded from RSG increase   | 2,000        |
| Teachers pay 18/19 & 19/20 top up grant - rest already in RSG (Revenue Support Grant) | 555          |
| Professional learning - teachers  | 1,069        |
| <b>Total</b>  | <b>6,624</b> |

Only some of these have been specifically funded in the provisional settlement, the rest will need to be considered for funding from the overall headroom created by the significant overall increase in funding.

Whilst the substantial increase in funding from the Welsh Government is very much welcomed, it should be noted that this Council still (even after the increase) faces a funding gap of £18.4m.

- 4.6. With respect to the Current and Future **Capital Programme**, it is clear at the present time that future support from the Welsh Government in respect of general capital grant and supported borrowing on an annual basis is likely to remain curtailed. It is likely however that substantial top up capital grants will be released and this Council will actively pursue opportunities to access all such grants.
- 4.7. The current year allocation in respect of both of the above elements is just over £12.5m. This is because the Welsh Government increased the total sum available to Authorities by £100m over 3 years, but reducing each year. Further one off increases and top up capital grants do remain a distinct possibility beyond those set out in the provisional settlement but with a further increase for 2020/21 the provisional allocation for 2020/21 for Swansea is £12.984m. This allocation is only just sufficient to meet the current budgets allocations to cover core commitments as in Table 4 below:

**Table 4 – Capital Allocations for 2020/21 assuming spend maintained**

|   | £'m    |
|---|--------|
| Provisional Welsh Government funding            | 12.984 |
| Allocation - property and highways maintenance  | -7.400 |
| Disabled Facilities Grants & Improvement Grants | -5.200 |
| <hr/>   |        |
| Additional                                      | 0.384  |
| <hr/>   |        |

- 4.8. The remaining capital programme (including improvements to schools) is heavily dependent on future capital receipts and, to that extent, any shortfall in receipts is likely to require an increase in unsupported borrowing to balance the funding for the agreed programme.
- 4.9. Any rise in borrowing has a potentially detrimental effect on future revenue funding, and thus on future generations, and has to be fully planned for.
- 4.10. As such, it is inevitable that the future capital programme will have to be subject to regular review and will be dependent on receipt of specific grant and/or the availability of excess capital receipts.
- 4.11. The currently approved four-year capital programme assumes additional unsupported borrowing of some £59m. This has been materially added to in year with the approval of Swansea Central Phase 1.
- 4.12. 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, continued investment in the City Centre and the funding requirements that will flow from the Swansea Bay City Region proposals. All of which will benefit not only current, but also 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 £12m per annum over the longer term (by around 2025-26). These longer-term costs beyond the life of the MTFP will have to be accommodated.
- 4.13. Given the level of overall 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 considered it appropriate to review all the options around changing the Council's Minimum Revenue Provision policy both for past and future investment. Council agreed a report on this on 20<sup>th</sup> December 2018 and the impact of the recommendations is reflected in Table 2 above. This has reduced the revenue costs in the medium term and increases 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.

- 4.14. Furthermore it should be noted that appropriate use of the Capital Equalisation Reserve will be recommended for use in determining the final shape of the overall budget in line with the principles agreed by previous Cabinet and Council decisions. This is designed to ensure that any immediate short term costs of financing Swansea Central Phase 1 is neutralised and thus has no direct impact on other service revenue budgets as more time is taken to adjust to the overall scale of capital spending. This allows a more gradual move towards the longer term financing costs as fully set out in the medium term financial plan.
- 4.15. 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 continue to be funded by the Council as a whole).

## 5. Budget Proposals

- 5.1. Budget proposals to meet the current savings requirement for 2020/21 consist of the following elements:
- Funding fully passported in the settlement
  - Service Pressures funded
  - 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 substantial cash increase in Schools Delegated Budgets to meet cost pressures faced
  - **Substantial additional** targeted new cash investment into Place, Resources, Education and Social Services
  - Recommendations from the Reshaping Board

Each of these categories are addressed below.

### ***Funding changes in the settlement passport through to services***

- 5.2. It has been the practice in previous years to passport through to services any specific sums provided for in the settlement. This intention remains in place and has happened with, for example, the Teachers' Pension funding.

### ***Further Service pressures***

- 5.3. As well as the continuation of funding for specific service pressures that were agreed as part of the 2019/20 budget setting process, the following additional pressures have been identified in respect of:
- Provision to increase base budget funding for the contingency fund

- Short term costs of transferring to Oracle Cloud
- Additional Learning Needs – increased costs following legislation
- Various Education Service cost pressures
- Removal of some previously agreed savings proposals that have proven undeliverable.

### **Service investment**

- 5.4. Material service investment requirements have been identified in respect of:
- Education service pressures in respect of the implications of the Additional Learning Needs Act.
  - Social care demography
  - Local priorities and choices

### **Service Savings**

- 5.5. Service savings requirements have been identified in respect of 2020/21 resulting in the summarised position as set out in Table 6. The detailed list of savings is set out in Appendix B:

**Table 6 – Review of Planned Savings 2020/21**

|  | <b>Proposed savings<br/>2020/21<br/>£'000</b> |
|--|---|
| Cross Cutting Items                              | 194   |
| Place  | 2,302   |
| Social Services (including Poverty & Prevention) | 3,959   |
| Education (excluding schools)*                   | 2,369   |
| Resources  | 881   |
| <b>Sub-total (per Appendix B)</b>                | <b>9,705</b>                                  |
| Schools*   | 0   |
| <b>Total</b>                                     | <b>9,705</b>                                  |

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

### **Sustainable Swansea**

- 5.6. 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 2020/21 marks the fifth 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. A major refresh and relaunch will occur in 2020.

5.8. These proposals are fully delivered within the context of Sustainable Swansea and can be alternatively summarised in Table 7 as follows:

**Table 7 – Budget Proposals 2020/21**

|                     | <b>Savings</b>                         | <b>Savings<br/>2020/21<br/>£m</b> |
|---------------------|--|-----------------------------------|
| <i>Savings type</i> | Workforce                              | 906                               |
|                     | Other spending                         | 3,176                             |
|                     | Income                                 | 2,525                             |
|                     | Mixed (workforce, income, other)       | 3,098                             |
|                     | <b>Savings Total as per Appendix B</b> | <b>9,705</b>                      |

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 delivery tracker with progress updated monthly by 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 A, 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 6.5% (£9.7m) cash increase in schools core funding (excluding Pupil Deprivation Grant and Post 16 funding changes which comes separately from Welsh Government), which is a considerably better position than the 5.5% cash change in this Council’s provisional funding from Welsh Government.

This is predominantly to fund teachers’ pay and pensions costs in schools that the Council can reasonably afford, in light of the cash increase in its own funding from Welsh Government.

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 8 – Main Pressures on Schools Delegated Budgets**

| <b>Identified budget pressure in schools</b>  | <b>2020/21</b> |
|---|----------------|
|   | <b>£'000</b>   |
| Schools pay award   | 3,600          |
| Share of increased LGPS costs   | 0              |
| Increased teachers' pension costs – now funded by UK and Welsh governments via RSG        | 5,000          |
| Fall out of Teachers Pay Grant 2019/20  | 550            |
| Demographics (increased pupil numbers) and other cost pressures (e.g. non domestic rates) | 600            |
| <b>Total</b>  | <b>9,750</b>   |

| <b>Change from Council budget as proposed</b>       | <b>2020/21</b> |
|---|----------------|
|   | <b>£'000</b>   |
| Pressures   | 9,750          |
| Net savings required from schools                   | 0              |
| <b>Total net budget increase proposed - schools</b> | <b>9,750</b>   |

- 5.14. 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 14<sup>th</sup> January 2020. This will be presented back to Cabinet as part of the overall consultation report.

For the past few years, there has been no ministerial funding guarantee for schools explicit in the provisional revenue settlements. The provisional settlement does make clear however that the cost pressures in schools are definitively recognised by Welsh Government and were a material factor in the overall settlement.

Recognising previous policy commitments, it is also intended that any other specific cash increase for schools in the final settlement, once confirmed, will be passported through as targeted additional investment in schools delegated budgets.

It is recognised that even with that potential level of investment that schools, like all services, face significant real pressures in the medium to longer term.

### ***Total Proposals***

- 5.15. The total net savings across the areas outlined above are shown in Table 9 below:



**Table 9 – Proposals for 2020/21**

| <b>Savings</b>                                       | <b>Net Savings<br/>£m</b> |
|--|---------------------------|
| Service Savings (as per Appendix B)                  | 9,705                     |
| <b>Total Service Savings (as per Appendix B)</b>     | <b>9,705</b>              |
| Schools savings                                      | 0                         |
| Council tax income (Including assumptions on premia) | 8,675                     |
| Council pressures                                    | -18,380                   |
| <b>Meeting the Total Savings Requirement</b>         | <b>0</b>                  |

5.16. The detailed proposals are set out in **Appendix B**. 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***

5.17. The current total of all savings proposals for 2020/21 is £9.705m, against the current total requirement of £18.380m (including Schools pressures). The current assumption is that the gap will be met by an increase in Council Tax of £8.675m. This will meet the budget requirement. Work will continue over the next two months up to Cabinet in February 2019 to assess a range of options. This is necessary because:

- Some proposals may not be approved following the outcome of consultation and Equality Impact Assessments
- Additional savings are required as a contingency against non-delivery of some savings in year
- Some services may need additional investment, which will be decided following consultation.
- Final Council Tax levels may be lower (or higher) than the assumptions in this report.

5.18. 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 7.1% in its standard spending assessment.

**6. 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 2020/21 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 possible that, based on experience in 2019/20, the Council could suffer from a reduction in specific grants received from Welsh Government and other public bodies. Initial indications from the provisional settlement are, however, that the risk is very limited in 2020-21. It remains the case that where such grant reductions do occur they will require specific service cost reductions in addition to any savings targets identified above.
- d) **The savings proposals** for 2020/21 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 the detail of both core and specific grants means that uncertainty will remain until after the final period of the budget setting process.
- f) **Ongoing forecast service overspending** in 2019/20 which may or may not continue into 2020/21.
- 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** could continue to be significant. All future departure costs will fall to individual service revenue accounts, including education, for schools departures.
- i) **Overspending risks in 2020/21** are material because future savings are considered to be equally challenging to both agree and deliver, as notwithstanding this year's settlement, savings continue to need to be made, and require ever more difficult decisions and more wide scale transformational change
- j) **Local Government and Elections (Wales) Bill** – the Welsh Government has proposed legislative changes around Local Government and Elections. There are likely to be financial implications arising from this, however until more detail and implementation timescales are known this can only remain a risk for future consideration.

- k) **Future Year Settlements** - there has been no indication from the Welsh Government on future year settlements – there is a significant risk that the increase for 2020/21 may not be capable of being fully sustained in future settlements.

## 7. 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 MTFP.
- Consultation on shaping the Council's Wellbeing Objectives, as set out in the Corporate Plan 2018-22.

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 everyone 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 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 by those making the decision as to budget.
- The requirements and principles embedded in the Well-being of Future Generations (Wales) Act, which 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.
- **Staff roadshows**. Cabinet Members will join Officers in engaging staff at meetings in January.
- **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. 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 2019/20. 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 2020/21 and to look for other ways of avoiding compulsory redundancies if at all possible.

8.2. However, a reduction in posts in 2020/21 may still be unavoidable, given that around 40% of the Council's overall costs relate to employees (significantly more in some Service Areas).

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 e.g.: 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 but 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 2020/21 is set out in Table 10 (shown as Full Time Equivalent (FTEs)).

**Table 10 – Impact of Savings Proposals on FTEs 2020/21**

|                                 |                               | FTEs      |
|---------------------------------|-------------------------------|-----------|
| <b>Service Saving Proposals</b> |                               |           |
|                                 | Resources                     | 4         |
|                                 | Place                         | 4         |
|                                 | Education (excluding Schools) | 1         |
|                                 | Social Services               | 29        |
|                                 | <b>Total</b>                  | <b>38</b> |

|                                    |              | FTEs      |
|------------------------------------|--------------|-----------|
| <b>Indicative schools figure *</b> |              |           |
|                                    | Schools      | 0         |
|                                    | <b>Total</b> | <b>38</b> |

**\* Decisions will be taken by individual school bodies.**

- 8.5. The Council will need to consult with Trade Unions about the 2020/21 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 potentially affect less than 99 employees and that the period of consultation will be for a minimum of 30 days.
- 8.6. The Council is committed to continue to work closely with Trade Unions to minimise the number of compulsory redundancies, as it always is. This year especially, however, noting the relatively small scale of numbers of overall posts still remaining at some risk and the potential in the settlement headroom to consider significant investment into services before the budget proposals are finalised, the scope for new redeployment opportunities and absolute minimisation of the final risk to any individual role is greatly enhanced.
- 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. 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 11 below.

This timetable is effectively being driven by the dates set for Brexit and then the General Election, which have affected the ability of the Welsh Government to determine its final detailed budget proposals for 2020/21.

**Table 11 – Budget Timetable**

|                                    |  |  |
|------------------------------------|--|--|
| 9 <sup>th</sup><br>January<br>2020 | <b>Cabinet</b>                           | Approves budget proposals for consultation   |
| 9 <sup>th</sup><br>January<br>2020 | Initial consultation with Schools starts | Annual meeting with Headteachers on 14 <sup>th</sup> January, School Budget Forum met on 19 <sup>th</sup> December           |
| 9 <sup>th</sup><br>January<br>2020 | Consultation commences                   | A variety of means will be used including specific consultation with <ul style="list-style-type: none"><li>• Staff</li></ul> |

|                                      |                        |   |
|--------------------------------------|------------------------|---|
|                                      |                        | <ul style="list-style-type: none"> <li>• Trade Unions</li> <li>• Young People</li> <li>• Taxpayers</li> <li>• The public</li> </ul> |
| 6 <sup>th</sup><br>February<br>2020  | Consultation<br>closes | Report will be produced on<br>consultation responses  |
| Early<br>February<br>2020            | <b>Scrutiny</b>        | Review of Cabinet proposals   |
| 20 <sup>th</sup><br>February<br>2020 | <b>Cabinet</b>         | Reviews consultation feedback and<br>recommends Budget  |
| 5 <sup>th</sup> March<br>2020        | <b>Council</b>         | Approves Budget and sets Council<br>Tax   |

## 10. Next Steps - A Sustainable Swansea – fit for the future

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

10.2. Uncertainty of future funding, especially in a post Brexit scenario, means a range of spending options need to be considered including risks of substantial real terms cuts but equally opportunities for real terms increase if overall public spending is materially increased. Spending decisions cannot take place without a fundamental review of the future purpose and shape of the Council to 2020 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 the ambitious Capital Development programme with known increases in associated future 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. 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 2020 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. Financial Implications**

12.1. This report sets out the Council's projected budget position for 2020/21 and sets out proposed savings to meet the projected shortfall currently estimated at £18.380m.

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 2019/20 budget is monitored each month by the Corporate Management Team and the Budget Performance and Review Group, with quarterly reports to Cabinet.

## **13. 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. The Council is under a duty to set a balanced budget by 11 March 2020.

13.2. Any budget 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 – Statement of Medium Term Budget Priorities  
Appendix B – Savings Proposals 2020/21

## 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 has also adopted 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 – to 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 £52m over the next 4 years, on a central scenario of future grant increases at 2%. The actual amount could vary significantly given the uncertainty over the comprehensive Spending Review due in 2020 and Brexit impacts. 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 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 £52m over four years was applied, for example, just to the Resources Directorate (excluding Council Tax Reduction Scheme) and the Place Directorate, the budgets for these areas would be mostly cut in their entirety. Consequently, other areas such as Education and Social Care also need to face some level of reprioritisation over the next 4 years given the relative size of their budgets.

## 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:

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

**APPENDIX B**

| <b>Director</b> | <b>Head of Service Budget</b> | <b>Savings Proposals</b>  | <b>Savings 2020/21 £'000</b> |
|-----------------|-------------------------------|---|------------------------------|
| Cross Cutting   |                               | Becoming digital by default and reducing paper printing   | 25                           |
| Cross Cutting   |                               | Changing Pension AVCs and staff reward scheme to tax efficient salary sacrifice schemes   | 71                           |
| Cross Cutting   |                               | Review of long service awards as part of a better rewards scheme  | 98                           |
|                 |                               | <b>Cross Cutting Savings</b>  | <b>194</b>                   |
| Education       | Non-Delegated                 | Ethnic minority achievement service to be fully grant funded  | 17                           |
| Education       | Non-Delegated                 | School Meal to increase by 5p (as per previous consultation)  | 46                           |
| Education       | Non-Delegated                 | Reduction in regional improvements service and grant consistent with funding settlements  | 16                           |
| Education       | Non-Delegated                 | Home to School Transport review savings identified  | 250                          |
| Education       | Non-Delegated                 | SIMS / MIS Joint Working and broadband / licence costs through enhanced scale discounts   | 40                           |
| Education       | Non-Delegated                 | Base budget adjustment for Central Education department shortfall (non-schools) – fully offset by investment  | 2,000                        |
|                 |                               | <b>Education - Non-Delegated Budgets</b>  | <b>2,369</b>                 |
| Place           | Corporate Building Services   | Reduced maintenance required on a number of building assets as size of the corporate estate is reduced or investment in buildings reduces maintenance costs   | 50                           |
| Place           | Corporate Property Services   | Additional income generated from the re-letting of released space in the Civic as a result of the agile programme   | 275                          |
| Place           | Corporate Property Services   | Additional income via existing investment properties and new property acquisitions  | 100                          |
| Place           | Cultural Services             | Additional saving as a result of new leisure centres contract   | 92                           |
| Place           | Cultural Services             | Savings as a result of establishment of community hubs and better one stop shop facilities  | 82                           |
| Place           | Highways and Transportation   | Construction of new Active Travel links which will facilitate pupils walking and cycling to school  | 140                          |
| Place           | Housing & Public Protection   | Increase to fees and charges and increased income generation activity across Bereavement Services, Registration Services, Building Control, Trading Standards, Food & Safety, HMO licensing and Housing Renewals. | 213                          |
| Place           | Housing & Public Protection   | Integrate asylum seeker housing function in core Housing Options service  | 37                           |

| Director  | Head of Service Budget       | Savings Proposals   | Savings 2020/21 £'000 |
|-----------|------------------------------|---|-----------------------|
| Place     | Housing & Public Protection  | Proceeds of Crime (POCA) income to be reinvested in core Trading Standards Service  | 10                    |
| Place     | Housing & Public Protection  | A fee to 'save the date' for future weddings at civic centre  | 25                    |
| Place     | Housing & Public Protection  | Savings as a result of the conclusion of the Renewal Area programme when it expires in 2019                               | 86                    |
| Place     | Planning & City Regeneration | Move City Centre Halloween Event into cultural programme (from regeneration)  | 10                    |
| Place     | Planning & City Regeneration | Planning Applications Fee uplift  | 50                    |
| Place     | Planning & City Regeneration | Reduce net to taxpayer of cost of Natural Environment services by generating additional income and maximise use of grants | 25                    |
| Place     | Planning & City Regeneration | Saving as a result of Swansea Vale Landscape Maintenance changes  | 10                    |
| Place     | Various                      | "Income earning" services to self-fund pressures from increased fee charges on full cost recovery basis                   | 750                   |
| Place     | Various                      | Review of additional staffing costs   | 250                   |
| Place     | Waste Management & Parks     | Increase graffiti removal charges to ensure full cost recovery  | 10                    |
| Place     | Waste Management & Parks     | Reduction in use of HGV vehicles (SKIPS)  | 57                    |
| Place     | Waste Management & Parks     | Recycling container provision to be by collection only  | 30                    |
|           |                              | <b>Place</b>  | <b>2,302</b>          |
| Resources | Resources                    | Recover exceptional admin costs from the City Deal  | 46                    |
| Resources | Resources                    | Efficiencies in Digital services as a result of current programme changes, e.g. lines, licences etc                       | 65                    |
| Resources | Resources                    | Recharge lawyer costs against large project budgets and contract work   | 20                    |
| Resources | Resources                    | Review of insurance levels/reserves   | 700                   |
| Resources | Resources                    | Review of Management Structure  | 40                    |
| Resources | Resources                    | Review of costs of Welsh Translation Service (as part of joint working with NPT)  | 10                    |
|           |                              | <b>Resources</b>  | <b>881</b>            |

| Director        | Head of Service Budget    | Savings Proposals   | Savings 2020/21 £'000 |
|-----------------|---------------------------|---|-----------------------|
| Social Services | Adult Services            | Amalgamation of Ty Cila and Alexandra Road Respite Provision (implemented)  | 48                    |
| Social Services | Adult Services            | Implementation of the Social Services and Poverty & Prevention Business Support hub   | 181                   |
| Social Services | Adult Services            | Increase partner contributions or alternative forms of funding for Local Area Co-ordinators and increase coverage   | 100                   |
| Social Services | Adult Services            | Increase regional investment in Hospital to Home Recovery Service   | 190                   |
| Social Services | Adult Services            | Increased client income   | 500                   |
| Social Services | Adult Services            | Review all Mental Health and Learning Disability packages of care, to ensure that they are fit for purpose and all those eligible for health funding receive it | 750                   |
| Social Services | Adult Services            | Review of Senior Staff structure across Adults, Children and Poverty and Prevention Services to create a better structure                                       | 500                   |
| Social Services | Adult Services            | Targeted increase in recourse to direct payments where this is a more cost effective alternative to traditional forms of direct care provision.                 | 250                   |
| Social Services | Child and Family Services | Better integrated arrangements with Child & Family and Poverty & Prevention to create one single approach to achieve a reduction in residential placements      | 400                   |
| Social Services | Child and Family Services | Better integrated arrangements with Child and Family and Poverty and Prevention to create one single approach to IFA placements                                 | 500                   |
| Social Services | Child and Family Services | Maximise regional grant opportunities across the service to off-set where appropriate   | 200                   |
| Social Services | Poverty & Prevention      | Relocation of staff from Alexandra House to release grant funding from Flying Start and Families First  | 40                    |
| Social Services | Poverty & Prevention      | Integrate Family Support Services into a single family support function that operates with a more targeted prevention offer                                     | 100                   |
| Social Services | Poverty & Prevention      | Review opportunities for Outdoor Centres with new business model. Full consultation will be undertaken on completion of the review.                             | 180                   |
| Social Services | Poverty & Prevention      | Review structure in the Life Stages Team to achieve better alignment other roles in Child and Family and adult services   | 20                    |
|                 |                           | <b>Social Services</b>  | <b>3,959</b>          |
|                 |                           | <b>Grand Total</b>  | <b>9,705</b>          |