



**To/
Councillor Rob Stewart
Cabinet Member for Economy and
Strategy**

BY EMAIL

*Please ask for:
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Overview & Scrutiny

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29 January 2020

Summary: This is a letter from the Service Improvement and Finance Performance Panel to the Cabinet Member for Economy and Strategy. The Panel met on 20 January 2020. This letter relates to the Sustainable Swansea – Fit for the Future Budget proposals.

Dear Councillor Stewart,

On the 20 January 2020, the Panel met to discuss the Annual Budget proposals for 2020/2021. The Panel are grateful to you and the Chief Finance Officer for attending the Panel to provide information and answer questions.

We heard that due to the General Election held on 12 December, the Welsh Government delayed its announcements on the budget and provisional settlement until 16 December 2019. This made the budget process extremely challenging and uncertain. The funding increase for local government for 2020-21 is the best in over a decade and extremely helpful because it is of a different magnitude to recent settlements enabling much greater choice to be exercised over relative priorities, funding commitments and local taxation levels for 2020-21. You said it is hoped that this change of emphasis and funding can now be sustained over the medium to longer term to allow the council to not only maintain, but also develop, and extend vital services to the public.

You told us Education continues to be the biggest area of funding within the council's revenue budget and will continue to be a key priority for the council. Also it is intended that there will be a 6.5% (9.7 million pounds) cash increase in schools core funding. This is predominantly to fund teachers' pay and pension costs.

We heard that the decision about this year's council Tax increase had not yet been made. We understand that the Council Tax planning assumption was up to 5% but the overall yield last year was higher still, which was due to no longer having discount on empty homes, the 100% premia on long term empty homes and growth in the tax

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base. You explained that council Tax forms just over 25% of the income the council received which equated last year to 122 million pounds, with the Revenue Support Grant from Welsh Government being 242 million and Business Rates raising 80 million. I raised that a number of residents had relayed concerns to me about the present affordability of council Tax and the impact another rise would have on them. I asked whether the Local Authority carries out an appraisal of affordability, you said that an equality impact assessment is completed and consultation is carried out before a decision is made on any increase. We do also understand that we fund the council Tax Reduction Scheme that is targeted at lower income groups and costs 22 million pounds, which is not fully funded by Welsh Government.

We discussed using the MRP and Capital Equalisation Reserves savings to ease the interest charges on the City Deal loan. The Chief Finance Officer said that this has been agreed by council.

We heard that the budget proposals are currently out for wide consultation, we asked whether Environmental Groups had been contacted with regard to the budget consultation exercise and you said you would find out more and feedback on this.

We also raised the following issues with you relating specifically to savings proposals:

- The Increase in fees and charges relating to Bereavement services. We heard that the council charges are small compared to the overall costs of a funeral. Swansea is mindful of its position in relation to other councils.
- The impact of the savings proposals on jobs in 20/21. Hearing that this reduction in staff numbers is a fraction of what it has been in past years and every effort is being made to minimise this figure even further.
- The quarter of a million pound saving proposal for Home to School Transport. We heard that the council is continuing to look to get the best value we can for our transport services, that HTS transport costs are significant, that the council has and is continuing to renegotiate contracts and working to ensure a more joined up approach to transport across the council.
- We raised and wanted to find out more about the savings proposals line under Social Services Poverty and Prevention of £40,000, which says Relocation of staff from Alexandra House to release grant funding from Flying Start and Families first.

We asked the question whether it was prudent to continue to take monies out of insurance reserves. The Chief Finance Officer has allowed monies to be taken out of the insurance reserves where appropriate, that he does take professional advice about the councils insurance reserves and that we are effectively covered currently for 9 out of every 10 years of possible claims and this was considered to be very prudent.

We understand around 20% of this year's original savings targets had not been achieved. We heard most directorates have made significant savings in other ways, with the Director of Education who is still working on further savings proposals to help reduce forecast over spending in that Directorate. We were pleased to hear that the 3rd Quarter budget monitoring report is expected to show big inroads into reducing the overall service in year overspending figure.

We welcome your views on the issues raised in our letter but would be grateful if you could respond in writing to the following points by 19 February 2020.

1. Can you tell us whether environmental groups have been included in the budget proposals consultation exercise this year?
2. Can you tell us more about the savings proposals line under Social Services Poverty and Prevention of £40,000, which says Relocation of staff from Alexandra House to release grant funding from Flying Start and Families First?

Yours sincerely,

Councillor Jeff Jones

Convener, Service Improvement and Finance Scrutiny Performance Panel

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