



Report of the Cabinet Member for Economy, Finance & Strategy

Cabinet – 20 January 2022

Budget Proposals 2022/23 – 2025/26

Purpose:	To consider budget proposals for 2022/23 to 2025/26 as part of the Council's existing Budget Strategy.
Policy Framework:	Medium Term Financial Plan and Budget Strategy
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 B 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 3 rd March 2022. 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 17 th February 2022.
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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 16th July 2015. Until 2020 it remained the Council's overarching approach to budget and medium-term financial planning, to help deliver the well-being of future generations.
- 1.3. From 2013 to date, 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. On 15th October 2020 Cabinet approved the new "From Recovery to Transformation" report detailing the "Swansea – Achieving Better Together, Transformation Strategy & Programme Framework 2022 – 2026". This now informs and shapes the budget process, ensuring the budget assists the strategic aims and outcomes of the framework.
- 1.5. In November 2020, the Chancellor of the Exchequer presented the Spending Round 2020 to Parliament. This was originally intended to be an in-depth multi-year review of departmental spend, however due to the COVID-19 pandemic this was delayed, and there was in fact just a further one-year review. However, this year, on 27th October 2021, the Chancellor did provide a full three-year review.
- 1.6. The Welsh Government budget and settlement announcements are late again this year, with the provisional settlement announced on 21st December and the final settlement expected early in March. This makes the budget process extremely challenging, compressed and uncertain to say the least. Equally, however, the now known broad and very significant funding increase for local government for 2022/23, and indicative figures for the following two years is clearly very helpful, although the information contained within the settlement makes it clear that the funding available for COVID-19 pressures is effectively likely removed in 2022/23 and this will be a significant risk.
- 1.7. Now that we are approaching a third year of living with COVID-19 and indeed the implementation of post-Brexit arrangements, much will clearly hinge on what funding flows to the Welsh Government, to ultimately flow to councils and other public bodies. The three-year outline envelope from the Welsh Government, whilst only a broad indication, is nevertheless very welcome and helpful for medium term budget planning purposes.
- 1.8. This report covers:
 - A reminder of key elements of *Sustainable Swansea* and the new Transformation Strategy & Programme Framework 2022 – 2026.

- 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 2022/23 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 and Swansea – Achieving Better**

- 2.1. The scale of the financial, demographic and sustainability challenge required the Council to continue to adopt a radically different approach to previous years. An approach that focused 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 was set out in *Sustainable Swansea – fit for the future*, our long-term plan for change, underpinned by our Innovation Programme.

- 2.2. The Sustainable Swansea 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.

A major refresh undertaken in 2020 recognised that it has successfully delivered the bulk of £70m worth of savings asks, and enabled the Council to maintain services, performance levels and protect jobs during a period of austerity. However, there are now 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 COVID-19 and post-Brexit risks.

- 2.3. Thus, in October 2020 Cabinet approved the new Swansea - Achieving Better Together Transformation Strategy and Programme Framework to strengthen the changes now needed as a result of current circumstances. The new programme builds on and strengthens the Sustainable Swansea approach, and the strategic aims of Swansea – Achieving Better Together will now focus on:
- The core purpose of the Council
 - Transforming services to be effective and efficient
 - Greater collaboration with other Councils, organisations, community groups and residents, with a focus on regionalisation

- Balancing the budget for current and future years
- Greater and more meaningful engagements with our residents and community
- To meet the aspirations and targets within the Medium-Term Financial Plan.

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

3. Our Service Priorities for 2022/23 and Beyond

- 3.1. Although the Council is currently focused on its plan, as set out in the existing MTFP, to save around £21m over the next three years (before any AEF or Council Tax increases), 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 £780m (excluding Housing Services (HRA)) and we spend just over £1.8m 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 strategic aims of Swansea – Achieving Better Together – 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.
 - All set within the context of the current COVID-19 pandemic
- 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 £21m (since revised – see below) over three years were applied, for example, just to Place Services, the budget for this area would have to be reduced by over a third. 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 funding for 2022/23 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. **Following the extremely welcome uplift in funding received from the Welsh Government (£33.9m), it is envisaged that all directorates as a whole (excluding Finance) will receive an overall increase in cash budgets for next year of at least 7% (and some will receive very considerably higher increases).**
- 3.7. Planning assumptions over future year settlements, building on from this year's material uplift, will significantly affect these existing planning assumptions. These assumptions are themselves heavily dependent upon the 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. The 'three year' deal nature of the settlement is again extremely welcome and helpful even if the outlook remains very challenging beyond 2022-23.

4. Financial Update

- 4.1. The financial update that follows needs to be in the context of the Medium-Term Financial Plan (MTFP) approved by Council on 4th March 2021.
- 4.2. The indicative savings requirement for the 2022/23 budget and the existing MTFP for the three years, 2023/24 to 2025/26, has been updated and set out in Table 1 below:
- 4.3. It should be emphasised that although there is still a requirement to make targeted savings across all Directorates to live within affordable budget limits, this is in the context of just over £100m being invested into services, **meaning that even with savings Directorate budgets will still grow overall by about £80m over 4 years.**

**Table 1 – Indicative Investment and Savings Requirement for
2022/23 to 2025/26**

	Note	Budget	Medium Term Financial Plan		
		2022/23	2023/24	2024/25	2025/26
		£'000	£'000	£'000	£'000
Future cost of pay awards - LG Staff	1	5,800	10,700	15,800	19,900
- Teachers		3,800	7,800	11,600	15,000
National Living Wage – pay bill	2	400	800	1,200	1,600
National Living Wage – contracts		700	2,000	3,500	5,700
National Insurance Increase	3	3,500	3,500	3,500	3,500
Increase in Pension Costs	4	0	1,300	2,800	4,200
Cumulative contract inflation	5	5,432	6,929	9,309	10,389
Energy Price Inflation	5	0	2,000	2,000	2,000
Capital charges	6	1,000	2,000	3,000	4,000
Remove 2021/22 use of Capital Equalisation Reserve	7	3,000	3,000	3,000	3,000
Future use of Capital Equalisation Reserve	7	0	-1,000	-1,000	-1,500
Contingency	8	253	349	484	266
One-off funding for COVID-19	9	-7,000	-7,000	-7,000	-7,000
Rebase ICT Cloud costs	10	500	1,000	1,500	2,000
Reinstate temporary Use of Insurance Reserve	11	700	700	700	700
Increase in Insurance Premiums	12	200	200	200	200
Demographic & Service pressures	13	3,000	6,000	9,000	12,000
Mid and West Wales Fire Authority Levy (independently decided by the Fire Authority)	14	600	1,000	1,500	2,000
Council Tax Support Scheme	15	550	1,800	3,200	4,600
MTFP Service pressures accepted	16	2,250	3,815	3,980	4,198
New service pressures accepted	16	2,362	2,722	2,772	2,842
Passed through AEF to Services	17	497	497	497	497
Social Care extra money for Adult Services	18	2,500	5,000	7,500	10,000
Additional funding for Social Care	19	6,000	6,000	6,000	6,000
Additional funding for Schools	19	4,000	4,000	4,000	4,000
Total known pressures		40,044	65,112	89,042	110,092
Savings Requirement	20	-4,758	-9,269	-16,299	-21,449
Net Funding Requirement		35,286	55,843	72,743	88,643
Aggregate External Finance increase	21	33,943	47,443	57,043	65,243
Council Tax increase (including tax base changes)	22	1,343	8,400	15,700	23,400
Total Resource Investment		35,286	55,843	72,743	88,643

Notes:

1. *The pay award figures represent a forecast increase of 3% for all staff, reducing to 2.5% and then 2% over the life of the MTFP, following the UK Spending Review and removal of the public sector pay freeze.*
2. *Assumed increases due to implementation of National Living Wage - will affect contract prices and lower end of own pay scale.*
3. *Following the Chancellor's announcement National Insurance will rise temporarily by 1.25% in April 2022. This increase will be diverted to a new Social Care tax once legislation is in place.*
4. *The costs arising from the triennial revaluation of the local government pension scheme were included at an assumed 0% per annum. This has been revised to an expected 1% increase per annum for the next revaluation period.*
5. *Reflects the assumed minimum cumulative effect of contract inflation, and from 2023/24 the impact of increased energy prices.*
6. *The additional estimated borrowing costs arising from the new and regional capital programme together with the residual impact on borrowing from reviewing the MRP policy in 2018.*
7. *Cabinet has prudently built-up earmarked reserves to reduce the impact of increased capital charges in respect of new schemes, and targeted use of these reserves is now being built into the budget.*
8. *A small sum to be added to the contingency to allow for changes to (for example) levies not yet received.*
9. *Removal of temporary funding used for COVID-19 short-term impacts.*
10. *To rebase permanently some demand led pressures in Resources predominantly around ICT cloud provision.*
11. *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 reinstatement is now due.*
12. *An increase in the cost of insurance premiums is forecast.*
13. *Assumed Demographic and Service pressures mainly around Schools and Adult and Children's Services.*
14. *Estimated Fire Authority Levy increase – the final figure won't be known until February when the independent Fire Authority determines its levy requirement. Early indications are that the levy could rise by between 3% and 3.5%. Included above is the most likely scenario of around 3.25% for 2022/23, and 3% thereafter. Cabinet may wish to note the Standard Spending Assessment funding for Fire services in this authority is £12.0m (2021/22), the actual levy was £14.1m.*
15. *The assumed cost of Council Tax Support Scheme costs based on Council Tax increases as a planning assumption only at this stage.*
16. *Individual service pressures accepted.*
17. *Specific funding for services transferred by the Welsh Government as part of the settlement figure in respect of Gate Fees (Waste)(£0.102m) and Social Care Workforce (£0.395m)*
18. *Following the introduction of the new Social Care Levy (currently reflected as an increase to National Insurance rates) additional funding for social care has been allocated.*
19. *Additional funding provided in the settlement for Social Care and Schools cost pressures*

- 20.** *The savings requirement of £21.449m shown in Table 2 is indicative of the scale of savings required and will be revised over time.*
- 21.** *Provisional guideline assumption for 2022/23 and future years, this has been updated from the 2% included in the published MTFP to 9.3% in 2022/23 followed by a reduced 3.5% increase in 2023/24, and a 2.4% increase in 2024/25 in line with Welsh Government forecasts. 2% is currently estimated as the most likely increase for 2025/26.*
- 22.** *Current assumptions on Council Tax and tax base changes, for planning purposes only at this stage.*
- 4.4. Fundamental central assumptions have been made in deriving this table. Most significant is a central assumption that future funding from Welsh Government increases by 3.5% in 2023/24, 2.4% in 2024/25 and 2% thereafter. This is considered by the Section 151 Officer to be a reasonably prudent assumption and has been increased from the 1% used in the MTFP approved by Council in March 2021. This reflects the expectation of a necessary rebalancing of the public sector at UK level post Brexit and post COVID, countered by the Chancellor of the Exchequer's three-year spending review which indicated an increase in Social Care funding and the removal of the public sector pay freeze.
- 4.5. It is therefore essential that we continue to have visibility of likely future multi-year budget settlements at the earliest possible opportunity to enable us to sensibly plan for the longer term and have due regard to the wellbeing of future generations.
- 4.6. Based on the statement of priorities and having regard to the "gearing effect" when considering savings, the suggested indicative percentage reduction remains as agreed **two years ago** and is set out in Table 2 below (and Appendix B) for longer term "worst case" planning purposes, which of course may not come to pass at all if one off settlements continue to be much more generous, as they have been in the most recent years:

Table 2 – Indicative Targets – Longer-term worst-case scenario

Service	Percentage Reduction/ Increase over 4 Years at constant prices*	Actual change 21/22 1 year ^
Schools	-15%	+4.3%
Education (excluding Schools) [§]	-15%	-1.2%
Social Care – Child & Families	-15%	+5.0%
Social Care- Adults	-10%	+2.1%
Place	-30%	+10.6%
Resources (excluding CTRS)	-15%	+7.7%

**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 so headline budgets move markedly less than the planning assumption would appear to imply.

\$ Education (excluding schools) decreased because of transfers to Schools (delegated budgets), excluding those transfers Education (excluding schools) would have increased by 7.5%, and Schools by 3.1%

- 4.7. 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 into priority areas will also occur**. This is possible because of the significant increase in funding set out in the Welsh Government’s 2021/22 and 2022/23 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 confirmed, and initial consultation is concluded, will show overall substantial net cash investment into all services.
- 4.8. The compounding effect of the key AEF assumption is substantial over the life of the MTFP (the savings ask could be higher, lower, or even fully eliminated) as illustrated below:

Table 3 – Impact of Welsh Government Funding on future scope for investment into services

Increase in future year block grant finance assumptions in the MTFP	Reduction (Increase) in gap in one year £'000	Positive (negative) Impact over life of MTFP £'000
0% - possible scenario	(13,500)	(31,300)
3% - possible scenario	(2,000)	4,500
9.3% - continued at 2022/23 headline uplift	22,400	86,800

In the above table a positive figure indicates sums available to invest into services.

- 4.9. 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.

- 4.10. 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 possible however that substantial top up capital grants will continue to be released by Welsh Government and this Council will actively pursue opportunities to access all such grants as well as utilising its own borrowing powers to directly make substantial local capital investments into services, including schools.**
- 4.11. The current year allocation in respect of both the supported borrowing and general capital grant elements is just under £13.0m. Further one-off increases and top up capital grants do remain possible beyond those set out in the provisional settlement but, disappointingly, the provisional allocation for 2022/23 for Swansea has been reduced to £10.722m. It is understood this may be reinstated by 2023-24 but this allocation is not even sufficient to meet the current budgets allocations to cover core commitments as in Table 4 below:

Table 4 – Capital Allocations for 2022/23 assuming spend maintained

	£'m
Provisional Welsh Government funding	10.722
Allocation - property and highways maintenance	-7.562
Disabled Facilities Grants & Improvement Grants	-5.200
Shortfall	-2.040

- 4.12. 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.
- 4.13. 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.
- 4.14. 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.
- 4.15. The original approved four-year capital programme assumed additional unsupported borrowing of some £135m and a longer-term overall envelope of up to £200m. Both were stretched by a further £20m to provide for a capital contingency sum now being utilised. This borrowing has now been effectively fully externalised via use of PWLB loans.

- 4.16. 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 impacts of new additional unsupported borrowing are reflected in Table 1 above **and includes that further £20m to the overall capital envelope.**
- 4.17. 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 20th December 2018 and the impact of the recommendations is reflected in Table 1 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.
- 4.18. 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 are 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.
- 4.19. Any capital receipts from the sale of Schools' assets and estates will become part of the Council Capital Budget. It is currently predicted that the schools' capital programme will continue to be funded by the Council as a whole.
- 4.20. Finally, it is appropriate to note that HM Treasury did, on 26 November 2020, remove the 1% penalty premium on new local authority PWLB borrowing subject to certain criteria (primarily around not investing for yield and return). £90m was previously borrowed before the premium was first introduced saving £900k per annum in the base budget for the next approximate 50 years. The remaining £90m of the initial £180m will thus once again avoid the premium. 1% saved on the future £90m will enable future capital financing charge to be reduced by £900k per annum and this has been reflected in the MTFP assumptions.

5. Budget Proposals

5.1. Budget proposals to meet the current savings requirement for 2022/23 consist of the following elements:

- Funding fully passported in the settlement
- Service Pressures funded
- Continuation and development of service delivery savings
- Modest legacy elements of the *Sustainable Swansea* Delivery Programme approved by Cabinet now subsumed into the Achieving Better Together programme.
- A substantial cash increase in Schools Delegated Budgets to meet cost pressures faced and continue to enhance mainstream capacity within schools.
- **Substantial additional** targeted new cash investment into Corporate Services, Social Services, Education and Place
- 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.

Further Service pressures

5.3. As well as the continuation of funding for specific service pressures that were agreed as part of the 2021/22 budget setting process, additional pressures have been identified in respect of:

- Various corporate pressures following implementation of new structures, strategies and plans
- Social Services additional pressures mainly around inflationary cost of placements
- Education core staffing pressures

Service investment

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

- Education service pressures, particularly in respect of the implications of the Additional Learning Needs Act.
- Social care demography
- Social Care additional money for Adult Services
- Schools funding
- Local priorities and choices
- Establishing an Armed Forces Veterans Fund

Service Savings

- 5.5. Service savings requirements have been identified in respect of 2022/23 resulting in the summarised position as set out in Table 5 below. The detailed list of savings is set out in Appendix B:

Table 5 – Review of Planned Savings 2022/23

	Proposed savings 2022/23 £'000
Place	1,216
Social Services (including Poverty & Prevention)	1,140
Education (excluding Schools)*	1,184
Corporate Services	403
Finance (Including CTRS)	815
Sub-total (per Appendix B)	4,758
Schools*	0
Total	4,758

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

Budget Strategy

- 5.6. As set out in section 2 above, through *Sustainable Swansea*, and now *Swansea – Achieving Better Together*, 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 those commissioning reviews are expected on a recurring basis for future years 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 Swansea – Achieving Better Together programme, like Sustainable Swansea, will be reviewed regularly, in parallel with budget setting 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
 - 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., Audit Wales, Welsh Government, offices of the Commissioners, the Public Sector Ombudsmen for Wales, partners and many other stakeholders) and incorporate learning into the next phase.

2020/21 marked the final year of implementation of the Sustainable Swansea programme, from 2021/22 implementation is under the new Swansea – Achieving Better Together Transformation Strategy and Programme Framework.

- 5.8. These proposals can be alternatively summarised in Table 6 as follows:

Table 6 – Budget Proposals 2022/23

	Savings	Savings 2022/23 £m
<i>Savings type</i>	Workforce	412
	Other spending	2,525
	Income	1,412
	Mixed (workforce, income, other)	409
	Savings Total as per Appendix B	4,758

- 5.9. For delivery purposes, all proposals that are approved, after considering the outcome of consultation and Integrated 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 2 at 4.6 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 longer-term level of schools' delegated budgets. However, the settlement for 2022/23 does mean there can be clear prioritised investment, once again into schools.

- 5.11. Budget movements can be viewed in two ways:
- Actual cash increases in levels of funding provided to Schools
 - Real terms changes 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 7% (£11.7m) cash increase in headline schools funding (which includes Pupil Deprivation Grant and Post 16 funding, which come separately from Welsh Government and appear themselves likely to be increased in due course, but perhaps by less than the Council core funding offer). **Excluding these grants Swansea's core funding offer is equivalent to a 7.7% uplift.**

This is more than sufficient to meet the additional cost and demographic pressures facing schools, particularly teachers' pay and cost increases in relation to service level agreements. This is clear from the budget pressures set out in Table 7 below that fall directly to the delegated schools' budget and further supports the enhancement of mainstream provision within schools as part of the existing education budget strategy.

- 5.13. There are other budget pressures detailed in Table 1 in Section 4.3 that will fall directly to the non-delegated budget, even though these relate to externally driven and demand led areas of statutory provision for pupils (such as additional learning needs (ALN) and home to school transport).

Table 7 – Main Pressures on Schools Delegated Budgets

Identified budget pressure in schools	2022/23
	£'000
Schools pay award	3,800
National Insurance 1.25% increase	1,500
General Inflation	1,000
Demographic and other cost pressures	4,600
Increased Budget Delegation	842
Total	11,742

Change from Council budget as proposed	2022/23
	£'000
Additional funding for pressures and continued investment in schools	11,742
Net savings required from schools	0
Total net budget increase proposed - schools	11,742

In addition, in 2020/21 a £6.39m top slice was made from the capital equalisation reserve to ensure that a centrally funded ICT replenishment reserve is available to schools for their likely future infrastructure needs.

The schools delegated budget includes PDG and Post 16 grant. We await final clarification on these, but they currently look likely to be materially increased re the former and frozen re the latter in 2022/23 and beyond at an all-Wales level, which could impact Swansea. However, additional funding for Schools was included in the settlement, which should hopefully (more than) compensate for this. The cash uplift on core council funded school budgets excluding PDG and Post 16 is 7.7% not the headline 7%

- 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 9th December 2021. 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. There is not currently expected to be any further specific cash increase.

It is recognised that even with that potential level of investment, schools, like all services, face significant real pressures in the medium to longer term, when the costs of the COVID-19 response nationally will need to be repaid.

Total Proposals

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

Table 8 – Proposals for 2022/23

Savings	Net Savings £m
Service Savings (as per Appendix B)	4,758
Schools' savings	0
Council tax income (Including assumptions on tax base)	1,343
Aggregate External Finance increase	33,943
Council pressures	-40,044
Net Pressures less Funding	0

- 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 Integrated Impact Assessments (IIAs).

Other Savings and Funding Options

- 5.17. The current total of all savings proposals for 2022/23 is £4.758m, against the current total requirement of £40.044m (including Schools pressures). The current assumption is that the gap will be funded by an overall increase in Council Tax yield (which includes a reduction in tax base) of £1.343m and Aggregate External Finance increase of £33.943m. Work will continue over the next month up to Cabinet in February 2022 to assess a range of options. This is necessary because:

- Some proposals may not be approved following the outcome of consultation and Integrated 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 3.5% 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 2022/23 and beyond:

6.2. These currently include:

- a) **Equal pay claims:** The risk at the present time is now very 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 previous experience, 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 2022/23. Most specific grants announcements to do date appear broadly frozen. There are, however, significant changes to the Accelerated Learning Programme (a drop of £31m at an all-Wales level) and Childcare Offer (an increase of £23m at an all-Wales level) and the Regional Consortia School Improvement Grant (a drop of £14.5m at an all-Wales level). It remains the case that where grant reductions do occur, they will require specific service cost reductions in addition to any savings targets identified above.
- d) **The savings proposals** for 2022/23 and beyond are predicated on clear and decisive action being taken to deliver wide-scale transformational change longer term. 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 2021/22, which may or may not continue into 2022/23, taking into account the very disruptive nature of COVID-19 and the potential of continued disruption post Brexit.
- 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 2022/23** 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 some indication from the Welsh Government on future year settlements pan Wales envelopes – and it is clear there is a significant risk that the increase for 2022/23 may not be capable of being fully sustained in future settlements.
- l) **COVID-19** – there is a real risk that the impact of the COVID-19 pandemic will continue into 2022/23 and beyond, at a level higher than that anticipated. There is also a risk that the ongoing effects of the pandemic could continue to affect national and indeed global finances.
- m) **COVID-19 Grants** – the Welsh Government has materially removed the grant funding available for the impact of COVID-19 in 2022/23 compared to that available in 2021/22. This is a substantial risk as things are unlikely to return to normality and stability any time soon.
- n) **Brexit** – even post Brexit the impact of Brexit on the UK and how that will affect the funding available for Local Government is still largely unknown.

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 consider 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.
- **Consultation with groups**. We will promote the survey to a number of Groups including children and young people, groups with protected characteristics and organisations such as Community Councils.
- **Staff engagement**. The survey will be promoted to staff.
- **Unions**. The Leader, Cabinet Members and Officers are due to meet Union representatives to discuss the proposals.

- **Schools.** Officers and Members will consult headteachers on proposals that affect schools.
- **Promoting** and communicating 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 2021/22. 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 2022/23 and to look for other ways of avoiding compulsory redundancies if at all possible.

8.2. However, a modest reduction in posts in 2022/23 may still be unavoidable, given that around 45% 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 cover is necessary*
- *Stopping the use of agency staff without a clear business case*
- *Redeployment and retraining wherever 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. However, the overall proposed cash increase to the delegated budget is more than sufficient to meet any cost pressures and consequently any staffing losses will not be a result of budget proposals but will reflect local factors, particularly pupil numbers and/or changing ALN needs within a particular school.

The latest indicative estimate of the impact of the current proposals on total staffing numbers for 2022/23 is set out in Table 9 (shown as Full Time Equivalents (FTEs)).

Table 9 – Impact of Savings Proposals on FTEs 2022/23

		FTEs
Service Saving Proposals		
	Corporate Services	0
	Finance	3
	Place	0
	Education (excluding Schools)	2
	Social Services	0
	Total	5

1 POST ABOVE (CHIEF OFFICER) IS STILL AT FORMAL RISK OF REDUNDANCY AS A RESULT OF COUNCIL DECISION TAKEN IN NOVEMBER 2021. THE OTHER 4 POSTS DO NOT ENTAIL REDUNDANCY RISKS.

		FTEs
Indicative schools figure *		
	Schools	0
	Total	0

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

- 8.5. The Council will need to consult with Trade Unions about the 2022/23 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 will 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 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 10 below. This timetable is effectively being driven by the dates set for the provisional and final settlements.

Table 10 – Budget Timetable

9 th December 2021	Initial Schools consultation starts	Annual meeting with Headteachers was 9 th December, School Budget Forum met on 5 th January
18 th January 2022	Scrutiny	Review of Cabinet proposals
20 th January 2022	Cabinet	Approves budget proposals for consultation
21 st January 2022	Rapid consultation commences	A variety of means will be used including specific consultation with staff, trade unions, young people, taxpayers and the public
11 th February 2022	Consultation closes	Headline report will be produced on initial consultation responses
15 th February 2022	Scrutiny	Review of Cabinet proposals
17 th February 2022	Cabinet	Reviews initial consultation feedback and recommends Budget
3 rd March 2022	Council	Reviews final consultation feedback, approves Budget and sets Council Tax

10. Next Steps – Swansea – Achieving Better Together

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 purpose of the Council*
- *Transforming services to be effective and efficient*
- *Greater collaboration with other Councils, organisations, community groups and residents, with a focus on regionalisation*
- *Balancing the budget for current and future years*
- *Greater and more meaningful engagements with our residents and community*
- *To meet the aspirations and targets within the Medium-Term Financial Plan.*

This ambition is set out in *Swansea – Achieving Better Together*.

10.2. Uncertainty of future funding, especially following the COVID-19 pandemic and post-Brexit, 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 2022 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 must 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. Integrated Assessment Implications

11.1. The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, 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.
- Deliver better outcomes for those people who experience socio-economic disadvantage.
- Consider opportunities for people to use the Welsh language.
- Treat the Welsh language no less favourably than English. Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

11.2. The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental, and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

11.3. Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

11.4. Cabinet and Council will receive a full report on the feedback from the consultation and outcomes of the IIA process in February 2022 so that they can be fully taken into account before any decisions are made.

11.5. 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 2022/23 and sets out proposals to meet the projected pressures currently estimated at £40.044m.

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 2021/22 budget is monitored each month by the Corporate Management Team and the Reshaping and Budget Strategy Board, 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 11th March 2022.

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 2022/23

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 *Swansea – Achieving Better Together* 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. *Swansea – Achieving Better Together* 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 face pressures of around £110m over the next 4 years, on the central scenario of future grant increases (worth £65m) dropping from over 9% to 2% by 2025/26. The actual amount could vary significantly given the uncertainty over Brexit and COVID-19 impacts. This requires not only a strategy for transformation, which is set out in *Swansea – Achieving Better Together*, 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 net funding requirement of £45m (after block grant increase) over four years was applied, for example, just to Corporate Services and the Place Directorate, the budgets for these areas would be cut by about 50%. 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 that 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 B

Director	Head of Service Budget	Description	Savings 2022/23 £'000
Education	Non-Delegated	Further reductions in regional improvement service, consistent with funding settlements	10
Education	Non-Delegated	ALN - more costly out of County provision mitigated by further enhanced in County provision (so impact dependent on resourcing to deliver enhanced provision)	150
Education	Non-Delegated	Home to School Transport - savings identified as part of wider focused scrutiny of nature and spread of educational provision (unless savings are taken corporately, and base budget reduced)	100
Education	Non-Delegated	ALN Transport - review of spread and nature of STF provision / review of assessment / processes to better promote independent travel and integrate provision with Social Services (unless savings are taken corporately, and base budget reduced)	100
Education	Non-Delegated	Catering and Cleaning services - Continuing work towards full cost recovery through SLAs where schools are receiving additional funding to reflect such cost pressures	100
Education	Non-Delegated	Review of EOTAS spending to better target resources following full implementation of new model of provision	180
Education	Non-Delegated	ALN - more costly out of County provision (recoupment) further mitigated by enhanced in County provision	24
Education	Non-Delegated	Review of Directorate Leadership - net of additional corporate funding re Senior Management Review	172
Education	Non-Delegated	Wider review of Directorate staffing to refocus resources and enhance cost recovery from other funding streams	205
Education	Non-Delegated	Containment of cost of management of absence post within catering and cleaning budgets	43
Education	Non-Delegated	ALN Post 16 Transport - tighter scrutiny of costs / review of assessment / processes to better promote independent travel (unless savings are taken corporately, and base budget reduced)	76
Education	Non-Delegated	Efficiency savings to offset budget transfer to corporate centre re printing charges	24
		Education	1,184
Finance and CTRS	Finance	AI and automation/ robots across council e.g., revs and bens	45
Finance and CTRS	Finance	Review of Finance management structure once SMR concluded - 1 net post ER/VR during 22/23	25
Finance and CTRS	Finance	Reduce historic pension costs to reflect actual costs - no direct staffing impact	50

Director	Head of Service Budget	Description	Savings 2022/23 £'000
Finance and CTRS	Finance	Increase CTRS saving by continued careful management	165
Finance and CTRS	Finance	CMT restructure whilst broadly cost neutral for finance places the S151 Officer at risk of redundancy. This is shown as a negative cost (i.e. a slight pressure) to reflect the post at risk	-1
Finance and CTRS	Finance	Commercial Services (Income from HRA contribution and other sources)	31
Finance and CTRS	Finance	Finance - give up £100k of the £250k extra to shore up Finance (effectively not fill 3 posts)	100
Finance and CTRS	CTRS	CTRS - Carefully managed use of CTRS budget	400
		Finance and CTRS	815
Place	Corporate Property Services	Additional income generated from the relating of released space in the Civic as a result of the agile programme	50
Place	Corporate Property Services	Additional income via existing investment properties and new property acquisitions	50
Place	Corporate Property Services	Additional Income from further commercial lettings (offset against St Davids)	150
Place	Director	Savings temporarily on hold due to COVID (savings funded by additional COVID funding for one year)	-1,000
Place	Highways and Transportation	Partial removal of school crossing patrols where suitable safe measures exist. (Also need to implement previous proposal)	25
Place	Highways and Transportation	Increase in car park income resulting from tariff increases linked to city centre regeneration	500
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, Food & Safety, HMO licensing and Housing Renewals. Main risk in Burials and Registrations is terms of remaining competitive with direct LA (local authority) neighbours	156
Place	Housing & Public Protection	Introduce paid for advice and approval service for businesses across Food Safety and Trading Standards functions	15
Place	Housing & Public Protection	Proceeds of Crime (POCA) income to be reinvested in core Trading Standards Service	10
Place	Various	"Income earning" services to self-fund pay increase costs from increased fee charges on full cost recovery. Assuming all charge increases passed on	1,250
Place	Waste Management & Parks	Increase graffiti charges by 200% over 4 years to ensure full cost recovery	10
		Place	1,216

Director	Head of Service Budget	Description	Savings 2022/23 £'000
Corporate Services	Director	Staff reward scheme (salary sacrifice)	3
Corporate Services	Director	Development Fund replaced by use of reserves	250
Corporate Services	Comms and Marketing	Comms & Marketing various cross budget savings	85
Corporate Services	Director	Services recovering full cost recovery from regional, joint working or external funded projects	30
Corporate Services	Director	non-staff spend savings due to different ways of working	35
		Corporate Services	403
Social Services	Adult Services	Realise saving in efficiencies through the Supported Living Framework and benefits of being located together (2.5% rather than 5% stated in contractual arrangements in light of Covid)	70
Social Services	Adult Services	Work through Complex Needs high-cost placements and establish a collaborative approach with Health for funding these packages of care (aligning with C&F) to achieve Reduction in high-cost packages of care due to more efficient and effective working with health in terms of new guidance around CHC cases	200
Social Services	Adult Services	Reduction in costs for external residential care by changing the business model and how we are funding voids in the system	60
Social Services	Adult Services	Non-staffing spend savings due to different ways of working	50
Social Services	Child & Family Services	Continue to reduce residential placements (There is a risk around this proposal which has been exacerbated by Covid, as cases coming through the systems are more complex, and there are limited placement options for adolescents, which is a growing area of demand	200
Social Services	Child & Family Services	Work through Complex Needs high-cost placements and establish a criteria and equitable formula for funding these placements with Health (Aligning with Adults)	200
Social Services	Child & Family Services	Supported accommodation and floating support efficiency savings following review and recommissioning exercise	150
Social Services	Child & Family Services	External therapies efficiency savings following review and creating an internal offer through upskilling staff	70
Social Services	Child & Family Services	Non-staffing spend savings due to different ways of working	50
Social Services	Child & Family Services	Replacing core staffing costs of non-statutory teams with Grant money which may become available through local or regional opportunities	60

Director	Head of Service Budget	Description	Savings 2022/23 £'000
Social Services	Poverty & Prevention Services	Non-staffing spend savings due to different ways of working	30
		Social Services	1,140
		Grand Total	4,758