



Report of the Leader and Cabinet Member for Economy, Finance & Strategy

Special Cabinet – 22 December 2022

Budget Proposals 2023/24 – 2026/27

Purpose:	To consider budget proposals for 2023/24 to 2026/27 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: <ol style="list-style-type: none">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 2nd March 2023;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 16th February 2023.
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- 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, developed its approach to reviewing services and budget proposals through a series of commissioning reviews, which 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 outlines a three-phase strategy, the first two phases are now considered complete and a report to Cabinet on 17th November 2022 outlined the third, transformation, phase, which will now inform and shape the budget process, ensuring the budget assists the strategic aims and outcomes of the framework.
- 1.5. On 27th October 2021, the Chancellor provided a full three-year spending review, which enabled the Welsh Government to give not only a firm settlement for 2022/23, but also indicative figures for 2023/24 and 2024/25. This was helpful and enabled a clear indication of funding to be built into the Medium-Term Financial Plan (MTFP). However, following a tumultuous year in the UK Government and indeed global turmoil following the pandemic, the war in Ukraine and the energy crisis the outlook has changed considerably. Furthermore, as the 2021 Census Data has revealed a decline in population for Swansea it is inevitable that Swansea will face a reduction to the indicative increases announced last year.
- 1.6. On 17th November 2022, the new UK Chancellor announced an Autumn Budget Statement. It was clear from this statement that there will be limited additional money flowing to Wales, and this is specifically in respect of the NHS, Social Care and Education.
- 1.7. The Welsh Government budget and settlement announcements are late again this year, with the provisional settlement announced on 14th 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 cash funding increase for local government for 2023/24, and an indicative figure for the following year is clearly very helpful, although the information contained within the settlement makes it clear that the funding provided

must fund any pay award agreed for 2023/24, and that in real terms (after inflation) the settlement remains very challenging.

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 2023/24 upon which we now need to consult and an indicative for three future years,
- 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 had 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) Act 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.

3. Our Service Priorities for 2023/24 and Beyond

- 3.1. Although the Council is currently focused on its plan, as set out in the existing MTFP, to fund pressures of around £70m 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 £820m (excluding Housing Services (HRA)) and we spend just over £1.9m 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 funding requirement of £70m (since revised – see below) over three years were applied, for example, just to Place Services, the budget for this area would be completely removed. 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 2023/24 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 (£31.2m), it is envisaged that both Education and Social Services will be relatively protected and will receive an overall increase in cash budgets for next year. Both Place and Corporate Services suffer from the removal of one-off budgets (from reserve funding) awarded for 2022/23 only, without the removal of these, both departments would receive a cash increase for 2023/24.
- 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 and the Welsh Government's priorities, both of which substantially add to the risks facing future financial planning assumptions. The continued 'three-year' deal nature of the settlement is again extremely welcome and helpful even if the outlook remains very challenging beyond 2023/24.

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 3rd March 2022.
- 4.2. The indicative savings requirement for the 2023/24 budget and the existing MTFP have been updated and the MTFP extended to include 2026/27. The details are 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 around £140m being invested into services, **meaning that even with savings Directorate budgets will still grow overall by about £75m over 4 years.**

**Table 1 – Indicative Investment and Savings Requirement for
2023/24 to 2026/27**

	Note	Budget	Medium Term Financial Plan		
		2023/24	2024/25	2025/26	2026/27
		£'000	£'000	£'000	£'000
Future cost of pay awards	1				
- LG Staff		14,908	21,736	27,545	33,458
- Teachers		7,973	13,873	18,373	22,773
Impact of 2022/23 Pay Award	2				
- LG Staff		7,720	8,035	8,305	8,583
- Teachers		3,700	3,795	3,876	3,959
National Living Wage – pay bill	3	1,200	2,400	3,600	4,800
National Living Wage – contracts		2,600	5,600	10,000	15,000
Increase in Pension Costs	4	0	0	0	1,400
Increase in Teachers Pension	5				
- LG Staff		0	260	260	260
- Teachers		0	7,750	7,750	7,750
Cumulative contract inflation	6	150	150	850	2,050
Energy Price Inflation	6	15,000	15,000	15,000	15,000
Temporary use of Reserves to partially fund Energy Prices (short term)	6	-9,100	-4,100	-1,800	0
Capital charges – New scheme aspirations	7	0	1,000	2,000	3,000
Coastal Risk Management Programme	7	1,556	1,556	1,556	1,556
Use of Capital Equalisation Reserve	8	0	-1,000	-2,000	-3,000
Rebase ICT Cloud costs	9	500	1,000	1,500	1,500
Demographic & Service pressures	10	3,000	6,000	9,000	12,000
Mid and West Wales Fire Authority Levy (independently decided by the Fire Authority)	11	2,000	3,000	4,000	5,000
Corporate Joint Committees	11	0	10	21	32
Council Tax Support Scheme	12	1,250	2,600	3,950	5,400
MTFP Service pressures accepted	13	1,925	2,140	2,428	2,428
New service pressures accepted	13	1,935	2,142	2,145	2,148
Contingency	14	1,849	2,274	-426	-325
Social Care extra money for Adult Services as per existing MTFP	15	2,500	5,000	7,500	7,500
Total known pressures		60,666	100,221	125,433	152,272
Savings Requirement	16	-25,244	-45,525	-54,837	-65,176
Net Funding Requirement		35,422	54,696	70,596	87,096

Aggregate External Finance increase	17	29,626	41,900	50,400	59,200
Aggregate External Finance increase (CRMP)	18	1,556	1,556	1,556	1,556
Council Tax increase (including tax base changes)	19	4,240	11,240	18,640	26,340
Total Resource Investment		35,422	54,696	70,596	87,096

Notes:

1. *The pay award figures represent a forecast increase of 7% for Local Government staff in 2023/24, reducing to 3% and then 2.5% over the life of the MTFP. Teachers are forecast an increase of 3.5% reducing to 3% and then 2.5% over the life of the MTFP.*
2. *The impact of the flat rate pay award agreed nationally for 2022/23 for Local Government staff – the amount over and above that provided in the 2022/23 budget.*
3. *Assumed increases due to implementation of National Living Wage - will affect contract prices and lower end of own pay scale.*
4. *The costs arising from the triennial revaluation of the local government pension scheme are included at an assumed 0% per annum until 2025/26. At the next triennial revaluation there is a forecast 1% increase per annum.*
5. *There will be a national increase in Teachers Pension costs from 2024/25. We have made a prudent, worst-case estimate.*
6. *Energy and other inflationary cost increases are expected to be substantial next year. This large increase has been temporarily funded from reserves for the next 3 years, to ease the impact.*
7. *The additional estimated borrowing costs arising from the new and regional capital programme together with the impact of the Coastal Risk Management Programme cost, funding for which has been included in the aggregate external finance awarded.*
8. *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.*
9. *To rebase permanently some demand led pressures in Resources predominantly around ICT cloud provision.*
10. *Assumed Demographic and Service pressures mainly around Schools and Adult and Children's Services.*
11. *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 8% and 17%. Included above is the most likely scenario of around 14% for 2023/24, and 6% thereafter. Cabinet may wish to note the Standard Spending Assessment funding for Fire services in this authority is £12.0m (2022/23), the actual levy was £14.7m. There is a modest increase included for the new Corporate Joint Committee levy of 5% per annum included for future years.*
12. *The assumed cost of Council Tax Support Scheme costs based on Council Tax increases as a planning assumption only at this stage.*
13. *Individual service pressures accepted.*

14. *A temporary sum to be added to the contingency to allow for changes to (for example) levies not yet received.*
 15. *Following the introduction of the new Social Care Levy additional funding for social care was allocated.*
 16. *The savings requirement of £65.211m shown in Table 2 is indicative of the scale of savings required and will be revised over time.*
 17. *Provisional guideline assumption for 2023/24 and future years, this has been updated from the 3.5% included in the published MTFP to 7.6% in 2023/24 followed by a 3% (originally 2.4%) increase in 2024/25, and a 2% increase thereafter.*
 18. *Over and above the 7.6% AEF increase, a sum of £1.556m has been added to the provisional guideline to fund the capital charges for the Mumbles Coastal Risk Management Programme (CRMP).*
 19. *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 7.6% in 2023/24, 3% 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 assumptions used in the MTFP approved by Council in March 2022. This reflects the expectation that the money identified by the UK Government for Social Care and Education will flow from the Welsh Government through to Local Government over the next two years.
- 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 **three years ago** and is set out in Table 2 below for longer term “worst case” planning purposes, which of course may not come to pass at all if annual actual 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 22/23 1 year ^
Schools	-15%	+7%
Education (excluding Schools)	-15%	+8.8%

Social Care – Child & Families	-15%	+9.2%
Social Care- Adults	-10%	+14.5%
Place	-30%	16%
Corporate Services	-15%	+15.1%
Finance (Excluding CTRS)	-15%	0%

**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.

- 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, 2022/23 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	(12,500)	(29,800)
3% - possible scenario	0	8,800
7.6% - continued at 2023/24 headline uplift	16,600	63,800

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. However, it should be noted that the Welsh Government has made it clear within the settlement that additional funding should flow to Education and Schools. 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.
- 4.11. The current year allocation in respect of both the supported borrowing and general capital grant elements is just under £11m. The provisional allocation for 2023/24 for Swansea has returned to a similar level as in 2021/22 and will be £12.882m for 2023/24. This allocation is sufficient to meet the current budgets allocations to cover core commitments as in Table 4 below:

Table 4 – Capital Allocations for 2023/24 assuming spend maintained

	£'m
Provisional Welsh Government funding	12.882
Allocation - property and highways maintenance	-7.562
Disabled Facilities Grants & Improvement Grants	-5.200
Available for other schemes	0.120

- 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 £65m 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 at historically low rates of interest. The new future planning assumption set out in this report is for

further up to £50m of unsupported borrowing, and approximately £20m for the Mumbles CRMP (sea defences) scheme which is supported directly via the settlement from Welsh Government.

- 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 £50m net addition 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.

5. Budget Proposals

- 5.1. Budget proposals to meet the current savings requirement for 2023/24 consist of the following elements:
- Funding changes passported through to specific services where clear evidence funding provided to the Council
 - Service Pressures funded
 - Service Investment
 - Continuation and development of service delivery savings
 - Creation of a Fund for Energy Inflation Pressures

- 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 Social Services and Education in particular
 - 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 still remains.

Further Service pressures

- 5.3. As well as the continuation of funding for specific service pressures that were agreed as part of the 2022/23 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 and inflationary Home to School Transport 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 additional money for Adult Services
 - Local priorities and choices

Service Savings

- 5.5. Service savings requirements have been identified in respect of 2023/24 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 2023/24

	Proposed savings 2023/24 £'000
Place	8,735
Social Services (including Poverty & Prevention)	6,100

Education (excluding Schools)*	1,971
Corporate Services	3,198
Finance (Including CTRS)	2,310
Sub-total (per Appendix B)	22,314
Schools*	2,930
Total	25,244

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

Energy Fund

- 5.6. Due to the unprecedented levels of energy price inflation, it is deemed necessary to create a fund that can be utilised by internal departments, schools and strategic partners to help alleviate the short-term pressure of price inflation. This decouples a single driver of the budget gap from operational decisions and will be managed strategically by the S151 Officer via use of existing reserves. This fund will be initially allocated as follows, but allocated in practice according to evidenced need, and there is already some indication prices are dropping marginally from these extreme highs already:

Table 6 – Energy Price Fund Estimated Allocation

Energy Pressure	£'000
Council Directorates	6,500
Schools – top up to in year budgets – but not delegated	6,500
Strategic Partners with potential high energy demands e.g. leisure centres, care homes, community groups focussing on “warm hubs”	2,000

Budget Strategy

- 5.7. 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, 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.

5.8. 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. In addition, cabinet on 17th November 2022 outlined its new transformation programme which will be developed over the next 3 months and will now inform and shape the budget process going forward, ensuring the budget assists the strategic aims and priorities of the Council.

5.9. These proposals can be alternatively summarised in Table 7 as follows:

Table 7 – Budget Proposals 2023/24

	Savings	2023/24 £'000
<i>Savings type</i>	Workforce	3,931
	Other spending	4,964
	Income	6,419
	National Insurance and Pension Contributions	7,000
	Savings Total as per Appendix B	22,314

5.10. 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

5.11. 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 2023/24 does mean there can be clear prioritised investment, once again into schools.

5.12. 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.

5.13. For current consultation purposes, it is intended that there will be a proposed 5.6% (£10m) cash increase in headline schools funding (which includes Pupil Deprivation Grant and Post 16 funding, which come separately from Welsh Government).

Whilst every effort has been made to ensure Schools budgets are protected, it is inevitable, given the current levels of inflation faced by the entire Country, that Schools will also have to face some element of savings to ensure they stay within budget. This is clear from the budget pressures set out in Table 8 below that fall directly to the delegated schools' budget.

5.14. 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 8 – Main Pressures on Schools Delegated Budgets

Identified budget pressure in schools	2023/24
	£'000
Schools pay award	7,973
Impact of the 2022/23 Pay Award	3,700
Energy Price Inflation **	0
Demographic and other cost pressures	1,200
Increased Budget Delegation	46
Total	12,919

Change from Council budget as proposed	2023/24
	£'000
Additional funding for pressures and continued investment in schools	12,919
Net savings required from schools	-2,930
Total net budget increase proposed - schools	9,989

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 remains fully 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 marginally increased re the former and frozen re the latter in 2023/24 and beyond at an all-Wales level, which could impact Swansea.

*** see paragraph 5.6 above, Schools will be able to access a centrally held energy provision fund in addition to the core funding offer*

- 5.15. 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 21st December 2022. 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. Furthermore, the UK government identified additional resource for Schools and this is also recognised in the 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

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

Table 9 – Proposals for 2023/24

Savings	Net Savings £'000
Service Savings (as per Appendix B)	22,314
Schools' savings	2,930
Council tax income (Including assumptions on tax base)	4,240
Aggregate External Finance increase (including CRMP)	31,182
Council pressures	-60,666
Net Pressures less Funding	0

5.17. 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

5.18. The current total of all savings proposals for 2023/24 is £25.244m, against the current total requirement of £60.666m (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 £4.240m and Aggregate External Finance increase of £31.182m. Work will continue over the next month up to Cabinet in February 2023 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.

5.19. 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 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 2023/24 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 2023/24. Most specific grants announcements to date appear broadly frozen. 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 2023/24 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 2022/23, which may or may not continue into 2023/24, 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. There remains a modest restructure reserve, which might assist with departure costs. Once this is exhausted all future departure costs will fall to individual service revenue accounts, including education, for schools' departures.
- i) **Overspending risks in 2023/24** 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) **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 2023/24 may not be capable of being fully sustained in future settlements.

- k) **COVID-19** – there is a real risk that the impact of the COVID-19 pandemic will continue into 2023/24 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 and in particular impact on the assumptions made in relation to additional income through uplifted fees and charges in line with inflation.
- l) **COVID-19 Grants** – the Welsh Government materially removed the grant funding available for the impact of COVID-19 in 2022/23 compared to that available in 2021/22. This was, and continues to be, a substantial risk as things are unlikely to return to normality and stability any time soon.
- m) **Brexit** – even post Brexit the impact of Brexit on the UK and how that will affect the funding available for Local Government and ongoing implications for supply chain costs 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 parallel refresh of the existing 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 2022/23. 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 2023/24 and to look for other ways of avoiding compulsory redundancies if at all possible.

8.2. However, a reduction in posts in 2023/24 will 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 in areas where staffing reductions are unavoidable*
- *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 thought to be 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 2023/24 is set out in Table 10 (shown as Full Time Equivalent (FTEs)).

Table 10 – Impact of Savings Proposals on FTEs 2022/23

		FTEs
Service Saving Proposals		
	Corporate Services	32
	Finance	10
	Place	25
	Education (excluding Schools)	1
	Social Services	0
	Total	68

As set out in 8.3 above these are **not** all posts automatically directly at risk of compulsory redundancy – **all** possible mitigations will be taken first.

		FTEs
Indicative schools figure *		
	Schools	TBC
	Total	0

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

- 8.5. The Council will need to consult with Trade Unions about the 2023/24 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 (excluding schools) 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 11 below. This timetable is effectively being driven by the dates set for the provisional and final settlements

Table 11 – Budget Timetable

21 st December 2022	Initial Schools consultation starts	Annual meeting with Headteachers is on 21 st December. School Budget Forum met on 17 th November (indicative) and will meet again on 11 th January (proposals)
17 th January 2023	Scrutiny	Review of this initial Cabinet report – this report having been issued under urgency provisions given lateness of settlement.
3 rd January 2023	Consultation commences	A variety of means will be used including specific consultation with staff, trade unions, young people, taxpayers and the public
31 st January 2023	Consultation closes	Headline report will be produced on initial consultation responses

14 th February 2023	Scrutiny	Review of Cabinet proposals
16 th February 2023	Cabinet	Reviews initial consultation feedback and recommends Budget
2 nd March 2023	Council	Reviews final consultation feedback, approves Budget and sets Council Tax

10. Next Steps – Transformation Goals and Strategy

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's Transformation Goals and Strategy approved by Council in Nov 2022.

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. This will be further considered in the next corporate plan due to be consulted on early in 2023.

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”. Appendix C is a letter from the Future Generations Commissioner for Wales.

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. As indicated in the IIA screening (Appendix D), the IIA process has begun and all proposals will carry out their individual assessment. Initial impacts identified have been used to inform the proposals within this report. Cabinet and Council will receive a full report on the feedback from the consultation and outcomes of the IIA process in February 2023 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 2023/24 and sets out proposals to meet the projected pressures currently estimated at £60.666m.
- 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 2022/23 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 2023.
- 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 2023/24

Appendix C – Letter from the Future Generations Commissioner for Wales.

Appendix D – IIA Screening

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 £150m over the next 4 years, on the central scenario of future grant increases (worth £60m) dropping from over 7.6% to 2% by 2026/2. The actual amount could vary significantly given the uncertainty over ongoing 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 £91m (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 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 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 2023/24 £'000
Corporate Services	Communications Service	Do not fill vacant post.	60
Corporate Services	Communications Service	Carry vacancy	60
Corporate Services	Communications Service	Recharge Finance for Council Tax printing and associated costs	20
Corporate Services	Communications Service	Refocus PR budget	25
Corporate Services	Communications Service	Remove post via ER/VR in Corporate Management Team support	22
Corporate Services	Communications Service	Remove underspend in Corporate Management support budget	56
Corporate Services	Communications Service	Review CMT support	60
Corporate Services	Communications Service	Review Design Print	105
Corporate Services	Communications Service	Review funding model of the Public Service Board support role	22
Corporate Services	Communications Service	Review Policy and Development Support	60
Corporate Services	Communications Service	Review Research and Information Team	23
Corporate Services	Digital and Customer Services	Licences saving	252
Corporate Services	Digital and Customer Services	Mobile Phone saving	11
Corporate Services	Digital and Customer Services	Move hardware replacement budget to the capital programme	450
Corporate Services	Digital and Customer Services	Phone contract charges saving	15
Corporate Services	Digital and Customer Services	Reduce in vehicle hire	5

Director	Head of Service Budget	Description	Savings 2023/24 £'000
Corporate Services	Digital and Customer Services	Support and maintenance contract saving	30
Corporate Services	Digital and Customer Services	Remove vacant post	48
Corporate Services	Digital and Customer Services	Review customer services function	36
Corporate Services	Digital and Customer Services	Review IT service desk service	42
Corporate Services	Digital and Customer Services	Supplies and Services	5
Corporate Services	Digital and Customer Services	15% increase to fees and charges	3
Corporate Services	Director	Reduce expenditure on senior management as part of review	100
Corporate Services	Director	Non-staff spend savings due to different ways of working	1
Corporate Services	HR & Service Centre	Local subscription saving	15
Corporate Services	HR & Service Centre	Bring Welsh language advertising in house	25
Corporate Services	HR & Service Centre	Deletion of vacant post	31
Corporate Services	HR & Service Centre	Remove surplus non staff budgets	47
Corporate Services	HR & Service Centre	Restructure Service Centre Management	50
Corporate Services	HR & Service Centre	Review funding for Trade Union Admin support	21
Corporate Services	HR & Service Centre	Review of merchant services	70
Corporate Services	HR & Service Centre	Review Service Level Agreement provision to schools	81
Corporate Services	HR & Service Centre	Staff restructure in Learning & Development Team	20

Director	Head of Service Budget	Description	Savings 2023/24 £'000
Corporate Services	HR & Service Centre	Staff restructure in service centre	77
Corporate Services	HR & Service Centre	Additional Saving post Oracle Cloud implementation	30
Corporate Services	Legal, Democratic Services & Business Intelligence	10% increase in fees and charges	10
Corporate Services	Legal, Democratic Services & Business Intelligence	10% increase on schools' Service Level Agreements	13
Corporate Services	Legal, Democratic Services & Business Intelligence	Reductions in non-staffing budgets	27
Corporate Services	Legal, Democratic Services & Business Intelligence	Remove vacant post	18
Corporate Services	Legal, Democratic Services & Business Intelligence	Remove vacant posts	87
Corporate Services	Legal, Democratic Services & Business Intelligence	Review Legal Services	294
Corporate Services	Legal, Democratic Services & Business Intelligence	Review of Legal Services - income adjustment	-75
Corporate Services	Legal, Democratic Services & Business Intelligence	Review Democratic Services and Scrutiny support staff	86

Director	Head of Service Budget	Description	Savings 2023/24 £'000
Corporate Services	Legal, Democratic Services & Business Intelligence	Review Information and Governance Unit and Welsh Translation Unit	82
Corporate Services	Legal, Democratic Services & Business Intelligence	Supplies & Services	33
Corporate Services		Employer saving on pension costs as advised by Pension S151 Officer	450
Corporate Services		Reversal of National Insurance 1.25%	195
		Corporate Services Total	3,198
Education	Non-Delegated	Explore construction of new Available Walking Routes to Schools providing savings	196
Education	Non-Delegated	Enhance in County provision reducing out of county costs	232
Education	Non-Delegated	Home to School Transport saving	100
Education	Non-Delegated	Further review of demand and service pressures	60
Education	Non-Delegated	Catering & Cleaning services full cost recovery	100
Education	Non-Delegated	Better targeting of Education otherwise than at school (EOTAS) spending following full implementation of new model of provision	120
Education	Non-Delegated	Wider review of Directorate staffing to refocus resources and enhance cost recovery from other funding streams	63
Education	Non-Delegated	Additional Learning Needs Post 16 Transport - promotion of independent travel	25
Education	Non-Delegated	Continuing review and rationalisation of the directorate.	125
Education	Non-Delegated	Saving from migration of pupil management information system to the cloud	300
Education		Employer saving on pension costs as advised by Pension S151 Officer	450
Education		Reversal of National Insurance 1.25%	200
		Education (Non-Delegated) Total	1,971

Director	Head of Service Budget	Description	Savings 2023/24 £'000
Finance	Accountancy	Review accountancy service	30
Finance	Audit/Fraud	Review audit and fraud service	45
Finance	Benefits	Remove vacant posts	94
Finance	Benefits	Remove vacant post	16
Finance	Commercial Services	Remove vacant post in Commercial Services	100
Finance	CTRS	Rebase Council Tax Reduction Scheme	1,541
Finance	Deputy Chief Finance Officer	Review of Finance management structure	25
Finance	Insurance/ Treasury	Review insurance/treasury service	104
Finance		Employer saving on pension costs as advised by Pension S151 Officer	250
Finance		Reversal of National Insurance 1.25%	105
		Finance Total	2,310
Place	Building Services	Additional income through significantly increased work programme	650
Place	Building Services	Reduce trading account budget, covered by increased income generation.	600
Place	Cultural Services	Implementation of income generation agreement within the Grand Theatre Arts Wing	75
Place	Cultural Services	Increase fees and income targets in line with inflation	110
Place	Cultural Services	Review budget to deliver Cultural Activity	60
Place	Cultural Services	Review contract agreement with Waterfront Museum	100
Place	Cultural Services	Review Service Management and Directorate Budget for development work and cross support for Dylan Thomas Centre and staff	130
Place	Cultural Services	Review the partnership agreement with Wales National Pool	100
Place	Highways & Transport	Increase car park income	250
Place	Highways & Transport	Standardise charges in non-city centre car parks	100

Director	Head of Service Budget	Description	Savings 2023/24 £'000
Place	Highways & Transport	Apply full cost recovery principles to day markets on car parks and highways	20
Place	Highways & Transport	Energy saving from implementing LED lamps from extra investment	80
Place	Highways & Transport	Increase fee charges against highways maintenance capital works	100
Place	Highways & Transport	Uplift foreshore parking charges	350
Place	Highways & Transport	Increase street works and licencing fees annually in line with inflationary levels	25
Place	Highways & Transport	Increased charges and income from Marina and Knab Rock	40
Place	Highways & Transport	Introduce charges for parking waivers	100
Place	Highways & Transport	Operate an Additional Parking Enforcement camera car	57
Place	Highways & Transport	Review Parking Services Team	75
Place	Housing & Public Health	Introduce paid for advice and approval service for businesses across Food Safety and Trading Standards functions	22
Place	Housing & Public Health	5% Increase in Fees for next 4 years Cemeteries and Cremations. Fees are controlled by statute (The Local Authorities' Cemeteries Order 1977)	130
Place	Housing & Public Health	5% Increase in Fees in next 4 years Registrars. Fees are controlled by statute (Marriage Act 1949) stating the income from charges should not exceed the costs of provision.	30
Place	Housing & Public Health	Building Control - Various reductions to running costs	6
Place	Housing & Public Health	Delete vacancy and put permanent revised Food team management structure in place	100
Place	Housing & Public Health	Remove surplus budget	17
Place	Housing & Public Health	Increase Food Safety and Trading Standards Fees by 15%	15
Place	Housing & Public Health	Increase in Fees for next 4 years Building Control (in accordance with Land Authority Building Charges Regulations 2010)	23

Director	Head of Service Budget	Description	Savings 2023/24 £'000
Place	Housing & Public Health	Increase pest control fees to 15% for schools' contract and general pest income	15
Place	Housing & Public Health	Licensing staff restructure	39
Place	Housing & Public Health	non staffing Budget reductions	17
Place	Housing & Public Health	Decommission Nowcaster air quality monitoring system	28
Place	Housing & Public Health	Review of Urban Renewals Service	151
Place	Housing & Public Health	Review Public Health Service	45
Place	Planning and City Regeneration	Fee income from capital projects in City Regeneration to offset revenue costs	265
Place	Planning and City Regeneration	Increase Land Charges Income	30
Place	Planning and City Regeneration	Increase Planning Fee Income	100
Place	Planning and City Regeneration	Revise Swansea Market Rent Charges	50
Place	Planning and City Regeneration	Review Nature Conservation, Regeneration, Economic Development, & Planning sections	60
Place	Property Services	Increase in Quadrant income	140
Place	Property Services	Increase in Service Level Agreement Income	100
Place	Waste, Parks & Cleansing	Apply full cost recovery principles to graffiti charges over 4 years	10
Place	Waste, Parks & Cleansing	Increase weighbridge charges	55
Place	Waste, Parks & Cleansing	Increase Bulky Waste Collections charges	15
Place	Waste, Parks & Cleansing	Increase Cleansing income due to 15% increase in charges to third parties	13
Place	Waste, Parks & Cleansing	Increase Grounds Maintenance income due to 15% increase in charges to HRA, schools and third parties	50
Place	Waste, Parks & Cleansing	Increased income due to 15% increase in cost of separately paid for Ward Operatives	22

Director	Head of Service Budget	Description	Savings 2023/24 £'000
Place	Waste, Parks & Cleansing	Increase income from Reuse Shop	10
Place	Waste, Parks & Cleansing	Increase income from Wood Project	10
Place	Waste, Parks & Cleansing	Increase weed spraying income due to 15% increase in charges to Housing, schools and third parties	25
Place	Waste, Parks & Cleansing	Reallocate current Cleansing Project Teams	230
Place	Waste, Parks & Cleansing	Remove 50% of additional funding for mechanical brush resource at leaf fall	25
Place	Waste, Parks & Cleansing	Remove additional funding for litter bin replacements	105
Place	Waste, Parks & Cleansing	Review breadth and scale of cleansing operations	150
Place	Waste, Parks & Cleansing	Review individual missed collections service	30
Place	Waste, Parks & Cleansing	Review Street Cleaning	30
Place	Various	"Income earning" services to self-fund pay increase costs from increased fee charges on full cost recovery	750
Place		Employer saving on pension costs as advised by Pension S151 Officer	2,000
Place		Reversal of National Insurance 1.25%	800
		Place Total	8,735
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)	100
Social Services	Adult Services	Work though Complex Needs high-cost placements and establish a collaborative approach with Health for funding these packages of care to achieve a reduction in the overall costs of these packages due to more efficient and effective working with health in terms of new guidance around continuing health care cases	250

Director	Head of Service Budget	Description	Savings 2023/24 £'000
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	50
Social Services	Adult Services	Increase client contribution and review of all fees and charges with a view to incorporating inflationary increases estimated at 10% in line with spending restrictions	1,000
Social Services	Adult Services	Review extra care services and recommission a different operating model to achieve efficiencies and better outcomes for individuals	100
Social Services	Child and Family Services	Continue to implement the new framework for the funding of children's complex needs placements to ensure continued equitable funding of these placements with Health	150
Social Services	Child and Family Services	Supported accommodation and floating support efficiency savings following a review and recommissioning exercise	100
Social Services	Child & Family Services	Reduce placement costs through negotiations with providers to achieve best value for children for both 4Cs framework and non-framework providers	500
Social Services	Directorate	Replacing core costs of non-statutory teams with Grant money which may become available through a range of local or regional opportunities	300
Social Services	Directorate	Do not fill vacant posts in Social Services	1,000
Social Services	Directorate	Employer saving on pension costs as advised by Pension S151 Officer	1,850
Social Services	Directorate	Reversal of National Insurance 1.25%	700
		Social Services Total	6,100
		Grand Total	22,314