



To:
Councillor Rob Stewart
Cabinet Member for Economy,
Finance & Strategy

Please ask for: Overview & Scrutiny
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Date 14 February 2024
Dyddiad:

Summary: This is a letter from the Service Improvement, Regeneration and Finance Scrutiny Performance Panel to the Leader / Cabinet Member for Economy, Finance and Strategy. The letter concerns the meeting held on 13 February 2024 and pre scrutiny of the Annual Budget Reports. A response is required by 5 March.

Dear Councillor Stewart,

On 13 February, the Service Improvement, Regeneration and Finance Scrutiny Performance Panel met to consider the Annual Budget reports that are being considered by Cabinet on 15 February. The Panel are grateful to you and Ben Smith Director of Finance / Section 151 Officer for attending to provide information and answer questions.

We are writing to confirm the views of scrutiny for Cabinet to consider before making its decisions. This is based on discussion at the Service Improvement, Regeneration & Finance Panel meeting as well as input from our Education and Social Services Scrutiny Panels which met separately ahead of our Panel meeting.

We asked several questions, which were responded to, around:

- The production and mitigating factors relating to the Medium Term Financial Plan with potential changes and uncertainty.
- Service pressures, investments and staff changes in the revenue budget.
- Clarification regarding the Council Tax uplift.
- Schools reserves, apportionment of funding, pressures for schools and the Schools Building Programme.
- The fire service levy.
- Use of underspend on capital charges.
- The Minimum Revenue Provision (MRP) and Capital Equalisation Reserve.

OVERVIEW & SCRUTINY / TROSOLWG A CHRAFFU

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Scrutiny Feedback

In the time available to review the reports and ask questions, the Panel wish to bring the following views / recommendations to the attention of Cabinet:

Overall

- **Challenges** - We recognise the current challenging circumstances and the impact that costs and inflation are having on public finances resulting in a need make savings.
- **Further announcements** - With the potential for further material announcements, we note that the revenue budget is subject to change before Council in March. In addition, we recognise there is uncertainty and potential for changes over time to the Medium Term Financial Plan.
- **Public Consultation** - We are interested to know the content of the comments from the public consultation and assume these will be made available to Councillors in due course.
- **Corporate Joint Committee** - Despite recommendation for a larger decrease, the levy of the Corporate Joint Committee has only been decreased by 10%. We are aware that levy is decided by the relevant levying body, and we will be interested in the progress of this Committee towards its work programme.
- **School Building Programme** - We received assurance from you that there were no specific delays with the School Building Programme which will proceed as planned.
- **Borrowing** - We have concerns with the level of debt financing; however, we note that borrowing is historic and previous borrowing has been secured at low interest rates. The whole cost including potential future borrowing of £50m is built into the Medium Term Financial Plan although there are future decisions in the longer term for how the £50m is to be financed.
- **Social Housing** - We queried whether an annual increase in service charges is necessary for sheltered housing considering that rents are also going up.

Joint Social Services

- **Budget increase** - Panel is pleased to see an increase in the budget for Social Services for 2024/25 from £157m to £171m, which is an increase of approx. 9%. This is very positive.
- **Local Area Coordination** – Panel has grave concerns about the reduction in LACs as they enable people to live independently for longer before coming into the Social Services system. It is important that this is maintained.
- **Reduced support for people** - Panel is concerned people are not getting the same level of help and support from Social Services as they used to, and individuals and their families have to do more and more for themselves.
- **Increase in real living wage** - Panel has concerns about the impact on the budget of an increase in the real living wage and use of contractors.
- **Use of reserves** – Panel was surprised to hear that previous underspends in certain areas of Social Services have been carried over as reserves, to be drawn upon when needed to cover overspends in other areas of Social Services.

- **Gross budget** – In future the Panel would very much like to see not just the revenue budget but gross budget, as it does not understand the level of dependency on grants etc.

Education

- **Challenging budget** - We recognise that it is a challenging budget but were encouraged that the cabinet member and education department have carefully considered the options available to them in order to make the best of the monies available.
- **Reserves** - We were concerned about the continual reduction in the level of reserves held by schools. Whilst we recognise the need for the money to be spent wisely, it is important for schools to have a good level of reserves to act as a buffer if and when needed.
- **Swansea's settlement** - We noted from the contribution made by the Swansea Schools Budget Forum, who are one of the Statutory Consultees, that when it comes to the settlement Swansea receives from Welsh Government for education it is 'relatively poorly ranked at around 17/18th of 22 Welsh local authorities. As a Panel we would support putting pressure on Welsh Government to work to improve Swansea's position.
- **ALN minibus pilot** - We welcomed the news about the ALN minibus pilot and look forward to hearing more about this as it develops.
- **Pension uplift** - We welcomed the news that Welsh Government are likely to pay for the £5 million (received as part of the Barnett consequential) uplift in teachers' pension costs for Swansea.
- **Grants** - Concern was raised regarding grants received from Welsh Government flatlining and the impact that this will have on our overall education spending.
- **Future funding** - We felt it was good that the council received a one-off payment this year but did express concern about what might happen in future years.
- **Home to School Transport** - We noted the overspend in Home to School Transport again this year. We will keep a scrutiny eye on how this progresses over the coming year.
- **ALN savings** - We welcome the enhancing of 'in county' provision, thereby reducing the potential for so many out of county placements. However, we did notice that there are large savings projected for ALN and felt it was important that this does not affect the overall ALN outcomes in Swansea moving forward.
- **In addition** -We would like to take this opportunity to thank both schools and the central education team for the work they do in these challenging times.

Your Response

I will be attending the meeting on 15 February to address Cabinet with the feedback from Scrutiny, as contained in this letter and we request to be kept updated if there are any material changes to the Annual Budget reports and/or amendments to the budget agreed by Cabinet.

Additionally, we have a few outstanding questions from the meeting for which we would appreciate a written response by 5 March to the following -

- An explanation of the regrading of one post (from grade 7 to 9) in the Welsh Translation Service listed in the service pressures and investments table in the Revenue Budget.
- Clarification of the move from Mod Gov to cloud listed in service pressures and investments table in the Revenue Budget.
- Clarity on whether the figures shown for city deal funding in the Swansea Central City Deal Programme Capital Expenditure and Budget are the final amounts that Swansea is due to receive.

Yours sincerely,



Councillor Chris Holley

Convener, Service Improvement and Finance Scrutiny Performance Panel

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