



City and County of Swansea

Minutes of the **Scrutiny Performance Panel – Service Improvement & Finance**

Multi-Location Meeting - Gloucester Room, Guildhall / MS

Teams

Tuesday, 14 February 2023 at 10.00 am

Present: Councillor C A Holley (Chair) Presided

Councillor(s)

P M Black
L James
M W Locke

Councillor(s)

R Fogarty
D H Jenkins
B J Rowlands

Councillor(s)

P R Hood-Williams
J W Jones

Other Attendees

Cllr Rob Stewart
(Leader)

Cabinet Member for Economy Finance and Strategy

Officer(s)

Ben Smith
Brij Madahar

Director of Finance and Section 151 Officer
Scrutiny Team Leader

Apologies for Absence

Councillor(s): M Jones

46 Disclosure of Personal and Prejudicial Interests

In accordance with the Code of Conduct adopted by the City and County of Swansea, the following interests were declared:

Cllrs Chris Holley, Dai Jenkins and Jeff Jones declared a Personal Interest relating to Minute 50.

47 Prohibition of Whipped Votes and Declaration of Party Whips

None.

48 Minutes

Minutes of previous meeting were agreed.

49 Public Questions

There were no public questions received.

50 Pre-Decision Scrutiny of Cabinet Reports: Annual Budget

The Leader and Ben Smith the Director of Finance and Section 151 Officer attended. They talked through the following:

Overall

- The Council faces cost pressures of £60m with a net of £35m being added to the budget which includes £31m from Welsh Government Aggregate External Finance and £4m from estimated Council Tax rises. This results in a savings requirement of £25m.
- While £35m is a significant investment it must be seen in the context of high energy prices and inflation.
- A fund of £15m has been redirected from the Economic Recovery Fund to cover energy costs to support service providers, for instance schools and care providers.
- The long term outlook remains challenging with a real terms impact for all.
- The budget assumes an increase in council tax of 4.95% to be considered by Cabinet and Council in due course but with advice to consider a range of increases.
- Notification has been received that fire authority levy will be an overall average increase of 16.5%. Although awaiting final notification of the Revenue Support Grant adjustment, no significant changes are expected. This equates to a 2% council tax rise.
- 61 full time equivalent local government posts are still at risk after however an estimated 40/50% of these are made up of vacant posts and early retirement/voluntary redundancies. Compulsory redundancies will be avoided where possible.
- City centre parking charges are due to increase while a citizen's app will reduce the cost for residents with a reduction applied at the meter to be rolled out this year.
- The budget proposes an increase of Swansea Market rents creating a saving of £50,000. This reflects inflationary pressures, balanced with additional support for market traders in difficult trading conditions.

Education

- Regarding schools, it remains the case that forward financial plans for the Council will continue to require significant and sustained savings. It is not possible to exempt schools' budgets fully from longer term real terms cuts. This has been discussed in the Schools Budget Forum.
- Pay awards for teachers this year and next, plus the local government pay award for next year are still unknown cost pressures.
- Pest control fees include a proposed increase of 15% which could put additional pressure on for schools and contracts however the fee is consistent with other increases for charges and pressures on the service and additional resources are required for the service to continue.

Social Services

- The national living wage will be under pressure due to legal obligations on all employers and real living wage expectations from social care providers to deliver Welsh government aspirations of us as a funder of care.
- While Social Services receive the biggest proportionate share increase of 8%, further longer term investment and significant structural change is required in social care.
- Recruitment remains a challenge within Social Services.

Reserves

- Earmarked and general reserves are adequate given the cost of living crisis but the often unchanged general reserves may need to be grown to be relative and proportionate to the overall revenue budget which has grown materially over the years.
- An estimated £60m is to be drawn down from cash backed reserves during this and next financial year leaving around £100m. This is being used to stabilise the budget pressures faced by the Council.

Capital Budget and Programme

- The budget sets out a £400m general fund capital programme.
- Officer advice indicates that sufficient borrowing and cash backed reserves will finance the programme in the short term and no built-in unsupported borrowing requirement of any note is required in the base budget for the next few years.
- Cabinet and Council may need to consider further borrowing if further capital schemes are added.
- There is an assumption within the budget that borrowing of up to £50m may be required, this decision will relate to match funding with for instance, Levelling Up bids and inflation pressures.
- One Levelling Up bid has been successful and two unsuccessful bids will be resubmitted. Cabinet and Council will be required to balance the affordability choice between capital match funding, revenue pressures and benefits to the economy.

51 Summarising Views for Feedback to Cabinet

- Panel Members discussed their feedback for Cabinet based on their discussions which will be addressed in a letter to the Leader and presented to Cabinet by the Chair on 16 February 2023.

52 Work Plan

The meeting ended at 11.30 am

Chair



**To/
Councillor Rob Stewart
Cabinet Member for Economy,
Finance & Strategy (Leader)**

BY EMAIL

cc: Cabinet Members

*Please ask for:
Gofynnwch am:*

*Direct Line:
Llinell Uniongyrochol:*

*e-Mail
e-Bost:*

*Our Ref
Ein Cyf:*

*Your Ref
Eich Cyf:*

*Date
Dyddiad:*

Scrutiny

01792 637257

scrutiny@swansea.gov.uk

15 February 2023

Summary: This is a letter from the Service Improvement and Finance Scrutiny Performance Panel to the Leader / Cabinet Member following the meeting of the Panel on 14 February 2023. It relates to pre-decision scrutiny of the Annual Budget.

Dear Councillor Stewart,

Pre-decision Scrutiny of Cabinet Reports: Annual Budget

The Service Improvement & Finance Scrutiny Performance Panel met on 14 February 2023 to consider the Annual Budget reports that are being considered by Cabinet on 16 February.

We thank you and the Director of Finance / Section 151 Officer for attending the meeting to present the reports and answer questions. This letter reflects on what we gained from the information presented, questions, and discussion.

We asked a number of questions, which were responded to, around:

- Cost of borrowing / likely movement in interest rates during the Medium Term Financial Plan, and use of cash balances / reserves whilst rates are high.
- Level of reserves and projection for the next year, and use of the Capital Equalisation Reserve to smooth cost pressures.
- Affordability of the Capital Programme and potential future borrowing requirement for new schemes, including needing to take account of match funding successful Levelling Up bids, for example.

OVERVIEW & SCRUTINY / TROSOLWG A CHRAFFU

SWANSEA COUNCIL / CYNGOR ABERTAWE

GUILDHALL, SWANSEA, SA1 4PE / NEUADD Y DDINAS, ABERTAWE, SA1 4PE

www.swansea.gov.uk / www.abertawe.gov.uk

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- Roll back in base on some proposed revenue budget savings in specific areas across Directorates following December's budget proposals report.
- Staffing implications / Headcount reduction
- Budget Consultation
- Increases in Fees and Charges

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 & Finance Panel meeting as well as input from our Education and Social Services Scrutiny Panels which met separately ahead of our Panel meeting with the relevant Cabinet Members and lead officers.

Scrutiny Views, including any outstanding issues / actions:

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

- **Budget Process / Local Government Settlement** - We share concerns about the tight timetable for the budget setting process, hindered by the timing of Welsh Government budget announcements - we note the final settlement is not expected until end of February. The Panel welcomes the increase in central funding, but this falls significantly short when considering the level of inflation and other pressures, such as energy costs.
- **Capital Charges** - The use of Capital Equalisation Reserve provides a short-term solution for financing costs and avoids direct impact on other service revenue budgets, but there is concern about its sufficiency beyond the Medium Term Financial Plan given increased capital charges.
- **Headcount Reduction** - Cabinet should clarify the extent to which the reported potential headcount reduction (61 FTEs) will be through either the deletion of vacant posts or through members of staff wishing to take ER/VR to understand how many posts are likely to mean compulsory redundancies. Cabinet will need to be satisfied that the Headcount reduction does not risk future service delivery in those areas affected. The Panel has some concerns about the proposed reduction in Scrutiny Support staff and implication on the ability for Councillors to properly carry out Scrutiny.
- **Cost of Living** - We acknowledge that it is a cost of living crisis for the Council as well, but the likely Council Tax increase, as well as planned increase in fees and charges, will be felt by all our residents.
- **Fees and Charges** - The proposed increase in Car Parking tariffs may have a detrimental effect on usage / visitor numbers, particularly footfall in the City Centre. We note the intention to introduce a residents' discount and would urge the speedy rollout of the planned Residents App. As another City Centre impact, there was concern that the proposed increase to Swansea Market Rent Charges will impact on stall occupancy.

Social Services

- **Uplift** - The Panel is encouraged to see an increase in the overall budget for Social Services for 2023/24 and welcomes the way Social Services has operated with a higher level of efficiency.
- **Fees & Charges** - Overall, the Panel understands that £6 million savings is necessary but is concerned about the 10% increase in fees and charges and the effect of this on the 25% of people affected by the increase, who are already hard pressed.
- **Staffing** - The Panel understands there is a proposed saving of £1 million to be raised from vacant posts but is concerned this could result in increased use of agency staff and will be monitoring this at future meetings.
- **Child & Family Services Placements** - The Panel understands savings of £500k are proposed by reducing placements in Child and Family Services and hopes this is achievable in the current climate.
- **Co-production** - The Panel is interested in the idea of strengthening organisational co-production and supports a common approach.
- **Re-Commissioning Services** - The impact of re-commissioning services is not fully understood, in terms of the budget set, and will have to be monitored closely.

Education

- **Uplift** - We welcome the uplift in the budget this year from £202 to £215 million but recognise this will not cover all the financial pressure on schools budgets. However, it is very welcome and we recognise that it is the largest cash allocation for any Council department in Swansea, which highlights the fact that education is a top priority.
- **School Reserves** - We heard that the school reserves have reduced substantially and are now approximately £11 million across schools in Swansea. Concern was raised about the fact that some schools reserves are high while others have very low reserves and therefore these schools will require help and support.
- **Financial Pressure** - We recognise that schools will be under a lot of pressure from a number of costs that are currently not fully known this year 2023/24, and indeed 2024/25, for example ALN, free school meals universal roll, fuel and energy costs and teacher pay increases etc. With that in mind, we would additionally question the significant increase in pest control fees being proposed for the schools contract, that will add to pressures.
- **Pressures on reducing School Meals Budget** - We must ensure there is no loss of quality or standard of the school meals provided and our aim should be to buy local.

Your Response

We hope that you find the contents of this letter helpful. I will be attending the meeting on 16 February to address Cabinet with the feedback from Scrutiny, as contained in this letter.

We would welcome comments on any of the issues raised within. However, no formal written response is required unless there are any material changes to the Annual Budget reports and/or amendments to the budget agreed by Cabinet, which the Panel should be alerted to.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'C. Holley', with a stylized flourish at the end.

COUNCILLOR CHRIS HOLLEY

Convener, Service Improvement and Finance Scrutiny Performance Panel

✉ cllr.chris.holley@swansea.gov.uk