



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

Cabinet – 10 January 2025

Budget Proposals 2025/26 – 2028/29

Purpose:	To consider budget proposals for 2025/26 to 2028/29 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 consultation2) 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 6th March 2025.3) Agrees the approach to consultation and engagement with staff, trade unions, residents, partners and other interested parties set out in Section 7 of the report4) Receives a report on the outcome of the consultation and final budget proposals at its meeting on 20th February 2025.
Report Authors:	Ben Smith/Sarah Willis
Finance Officer:	Ben Smith
Legal Officer:	Debbie Smith
Access to Services Officer:	Rhian Millar

This report has been certified by the S151 Officer as urgent in light of the date of the settlement and to enable initial decisions to be taken by Cabinet to proceed with staff, stakeholder and public consultation. It would be prejudicial to the Council's interests to delay the matter, and this report will not be subject to call in or pre-decision scrutiny process. The substantive budget decisions will be taken in February by Cabinet and Council in March and the normal call-in procedures and pre-decision scrutiny opportunities will apply then, as appropriate.

1. Introduction

- 1.1. This report updates Cabinet on its budget proposals for budget savings for consultation with residents, community groups and other stakeholders. It has full and due regard to our duties under the Well-being of Future Generations Act 2015.
- 1.2. *Sustainable Swansea – fit for the future* was approved by Council on 22 October 2013 and subsequently reviewed by Cabinet on 16th July 2015. Until 2020 it remained the Council's overarching approach to budget and medium-term financial planning, to help deliver the well-being of future generations.
- 1.3. From 2013 to date, the Council, in line with the principles contained within Sustainable Swansea, 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. This was followed by a report to Cabinet on 20th April 2023 - 'Successful and Sustainable Swansea Corporate Transformation Plan', which will now inform and shape the budget process, ensuring the budget assists the strategic aims and outcomes of the framework.
- 1.5. On 30th October 2024, the new Chancellor announced a one-year only budget, as a Comprehensive Spending Review (CSR) is already underway. This CSR, which will be complete in March 2025, should mean that future budgets and settlements from the Welsh Government should be multi-year, this will bring more certainty to the Medium Term Financial Plan (MTFP) and allow for better planning in the medium term. In the meantime, there is currently certainty over funding for 2025/26 only.
- 1.6. The Welsh Government budget and settlement announcements are late again this year, understandably given the date of the UK Government Budget, with the provisional settlement announced on 11th December 2024 and the final settlement expected on or just after 25th February 2025. This makes the budget process extremely challenging, compressed and uncertain to say the least.
- 1.7. This report covers:
 - A reminder of key elements of *Sustainable Swansea* and the new 'Successful and Sustainable Swansea Corporate Transformation Plan'.

- An overview of service and budget priorities for the current and following three years.
- An update on the financial challenges facing the Council.
- The proposed savings programme, including specific proposals for 2025/26 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 – From *Sustainable Swansea – fit for the future* to the *Successful and Sustainable Swansea Corporate Transformation Plan*

- 2.1. The scale of the financial, demographic and sustainability challenge required the Council 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. After a major refresh in 2020, recognising that the strategy so far had successfully delivered the bulk of £70m worth of savings asks, Cabinet approved the new Swansea - Achieving Better Together Transformation Strategy and Programme Framework in October 2020. The new programme built on and strengthened the Sustainable Swansea approach and was in place until November 2022.
- 2.3. In November 2022 Cabinet approved a new transformation strategy – *Transformation Strategy 2022 and Beyond*. Under the banner of Successful and Sustainable Swansea, Cabinet approved the current transformation programme in April 2023. The original plan contains seven service specific and five cross-cutting programmes and going forward budget savings will be linked to these programmes where they form part of the transformation for those services. This link will be included as part of the reports to Cabinet and Council in March 2025 recommending the final budget savings proposals for 2025/26.

3. Our Service Priorities for 2025/26 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 £85m 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 £920m (excluding Housing Services (HRA)) and we spend just over £2.2m 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 Council 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 aftermath of the COVID-19 pandemic and the subsequent cost of living crisis.
- 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 over three years were applied, for example, just to Place Services, the budget for this area would be significantly all but halved (for illustration only). 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, despite expected headline cash increases. Equally, however, if the level of funding for 2025/26 were to be broadly sustained in every future year, then these planning assumptions could be reshaped, and savings asks increased or reduced.
- 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 provisional settlement released by the Welsh Government on 11th December, this Council received an increase of 4.7% (on a like for like basis), which was slightly higher than the indicated 4.3% average, following some anticipated technical re-distribution of funding allocations due to updated data. The uplift for Swansea was announced as £21.226m (4.7%). Following this uplift then both Education (delegated and non-delegated) and Social Services will be the biggest beneficiaries and will receive an overall substantial increase in absolute cash budgets for next year. Place Services will also receive a significant increase, mainly due to pressures in Homelessness. All other services will also receive a cash increase, albeit of a much lower nature.
- 3.7. Planning assumptions over future year settlements are 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. Crucially the sector demands credible multi-year settlements, which reflect inflation and demand pressures, to plan with some degree of certainty which has simply been lacking. Plans can be made but quickly derailed when there are often wild swings in the actual funding for what amounts to around three quarters of core spending. The outlook remains very challenging beyond 2025/26.

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 7th March 2024.
- 4.2. The indicative savings requirement for the 2025/26 budget and the existing MTFP have been updated and the MTFP extended to include 2028/29. 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 £160m being invested into services, **meaning that even with savings Directorate budgets will still grow overall in net cash terms by about £110m over 4 years.**

**Table 1 – Indicative Investment and Savings Requirement for
2025/26 to 2028/29**

	Note	Budget	Medium Term Financial Plan		
		2025/26	2026/27	2027/28	2028/29
		£'000	£'000	£'000	£'000
Future cost of pay awards - LG Staff - Teachers	1	6,000 6,000	12,200 10,800	18,500 15,700	25,000 20,700
Impact of Teachers' Pay Award - 2024/25 Full year effect	2	3,000	3,000	3,000	3,000
National Living Wage – contracts	3	4,400	9,400	14,400	19,400
Additional Barnett consequential for Schools	4	2,000	2,000	2,000	2,000
Increase in Pension Costs	5	0	0	0	1,400
Increase in Teachers Pension CCS Staff Schools	6	200 5,000	200 5,000	200 5,000	200 5,000
Increase to National Insurance CCS Staff Schools	7	4,600 2,400	4,700 2,500	4,800 2,600	4,900 2,700
Change to Inflation Provision	8	-9,900	-9,400	-9,400	-9,400
Remove use of Reserves to partially fund Energy Prices (short term)	9	7,029	7,029	7,029	7,029
Remove Schools temporary Funding	9	-7,029	-7,029	-7,029	-7,029
Capital charges – New scheme aspirations	10	0	0	0	3,000
Capital Charges – Temporary use of underspend	10	-3,000	-2,000	-1,000	0
Use of Capital Equalisation Reserve	11	-2,500	-2,500	0	1,000
Use of other Reserves	11	-3,000	-3,000	803	1,153
Rebase ICT Cloud costs	12	450	475	475	475
Demographic & Service pressures	13	3,000	6,000	9,000	12,000
Mid and West Wales Fire Authority Levy (independently decided by the Fire Authority)	14	1,150	1,750	2,350	2,950
Corporate Joint Committees	14	11	22	33	44
Council Tax Support Scheme	15	1,800	3,500	5,400	7,300
MTFP Service pressures accepted	16	1,205	1,524	2,352	2,082
New service pressures accepted	16	32,229	34,949	36,689	40,389
Contingency	17	561	650	1,063	2,229
Use of reserves to fund extra capital spend	18	3,000	3,000	0	0
Social Care extra money for Adult Services as per existing MTFP	19	2,500	2,500	2,500	2,500

Settlement Net Transfers in/out - passported directly to/from Services	20	7,688	7,688	7,688	7,688
Total known pressures		68,794	94,958	124,153	157,710
Savings Requirement	21	-18,474	-29,938	-38,833	-46,590
Net Funding Requirement		50,320	65,020	85,320	111,120

Funding	Note	Budget	Medium Term Financial Plan			
		2025/26	2026/27	2027/28	2028/29	
		£'000	£'000	£'000	£'000	
Aggregate External Finance Provisional Settlement 2025/2026	22	33,448	33,448	33,448	33,448	
Aggregate External Finance Increase Future years @ 1%, 2%, 3%	22	0	4,100	13,300	27,200	
Aggregate External Finance Assumed Increase for National Insurance	22	7,000	7,000	7,000	7,000	
Council Tax increase (including tax base changes)	23	9,872	20,472	31,572	43,472	
Total Resource Investment		50,320	65,020	85,320	111,120	

Notes:

1. *The pay award figures represent a forecast increase of 2.5% pa for Local Government and Teaching staff over the life of the MTFP.*
2. *The impact of the 5.5% pay award agreed nationally for 2024/25 for Teachers, over and above that provided in the 2023/24 budget.*
3. *Assumed increases due to implementation of National Living Wage - will affect contract prices.*
4. *There has been an assumed additional Barnett consequential for Schools, this does passport the assumed value in overall settlement received by Swansea*
5. *The costs arising from the triennial revaluation of the local government pension scheme are included at an assumed 0% per annum until 2027/28. At the next triennial revaluation there is a forecast 1% increase per annum.*
6. *There was a national 5% increase in Teachers Pension costs from 2024/25. This was received as a specific grant during 2024/25 but is expected to form part of the block grant from 2025/26 onwards.*
7. *The UK government announced a change to National Insurance as part of the Autumn Budget. This will be a significant cost increase, estimated at around 2.5% of pay. The increase is twofold, as the headline rate will increase by 1.2% and there will also be a reduction to the secondary threshold, meaning National Insurance will be paid at a lower starting point. There will be an impact for CCS Staff and Teachers.*
8. *Energy and other inflationary cost budgets were increased in 2024/25, partly funded from reserves, as forecasts expect energy and other inflation to reduce, the central inflation provision has been reduced.*

9. *Schools were given a one-off sum of money in 2024/25, funded by reserves. Both the one-off sum and the one-off funding need to be removed for 2025/26.*
10. *The additional estimated borrowing costs arising from the new and regional capital programme have been fully provided for, the latest estimates indicate there will be slippage and beneficial short-term one-off gains on the wide difference between our fixed long-term borrowing costs and short-term variable investment rates on cash, enabling a reduction to capital financing charges in for 2025/26, gradually increasing until 2028/29 when a significant increase in borrowing costs is expected to deliver the full externalisation of only the currently agreed deferred borrowing (£50m general and £25m Mumbles CMRP coastal defence scheme). It does not provide at present for any further new borrowing decisions albeit again likely on a deferred basis*
11. *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, along with targeted use of other Earmarked Reserves.*
12. *To rebase permanently some demand led pressures in Corporate Services predominantly around ICT cloud provision.*
13. *Assumed Demographic and Service pressures mainly around Adult and Children's Services.*
14. *Estimated Fire Authority Levy increase – the final figure won't be known until February when the independent Fire Authority determines its levy requirement. Early indications are that the levy will rise by 6.3% overall, although adjustments to population will mean this varies by authority. Cabinet may wish to note the Standard Spending Assessment funding for Fire services in this authority is £14.497m (2024/25), the actual levy was £18.330m. There is a modest increase included for the Corporate Joint Committee levy of 5% per annum included but the CJC will determine its own levy at the end of January 2025.*
15. *The assumed cost of Council Tax Support Scheme costs based on Council Tax increases as a planning assumption only at this stage.*
16. *Individual service pressures accepted.*
17. *An addition to the centrally held Contingency Fund based on an assessment of need.*
18. *A sum of £3.0m will be released from earmarked reserves in both 2025/26 and 2026/27 to contribute to the overall capital programme.*
19. *Following the introduction of the new Social Care Levy additional funding for social care was allocated.*
20. *The provisional settlement provides for a number of transfers, the ones relating directly to services will be passported directly to that service, as always.*
21. *The savings requirement of £46.590m shown in Table 1 is indicative of the scale of savings required and will be revised over time.*
22. *The provisional settlement plus an assumed stepped increase for future years. It was announced in the UK Autumn Budget that the public sector would be compensated for the change to employers' national insurance rates and threshold, however the mechanism for*

the compensation has yet to be decided. For the purposes of this report an estimation of the likely cost has been assumed to flow through AEF post April 2025.

- 23.** *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 1% in 2026/27, 2% in 2027/28 and 3% in 2028/29. This is considered by the Section 151 Officer to be a reasonably prudent assumption.
- 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. Notwithstanding this need to include a savings target over the life of the MTFP, it should be noted that, 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 past use of reserves created from 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, provided the Welsh Government settlement is close to the assumptions made in this report, will show overall substantial net cash investment into all services.
- 4.7. 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 2 – 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 2026/27 £'000	Positive (negative) Impact over life of MTFP £'000
0% - possible scenario	(4,100)	(27,200)
2% - possible scenario	4,100	300
4% - continued at broadly 2025/26 headline uplift	14,600	31,300

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

- 4.8. Over recent years the Council has consistently prioritised the **delegated schools' budget**, previously meeting its guaranteed funding requirement over a five-year period. There is now no formal ongoing ministerial protection or funding guarantee, so any decision over schools funding is a local one to be made by Cabinet and ultimately by Council, having due regard to any budget consultation responses received. Education will continue to be the biggest area of funding within the council's revenue budget and will continue to be a key priority for the Council.
- 4.9. 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 whilst once again growing is likely to remain significantly curtailed below need and ambition especially having due regard to our local capital aspirations and pan Wales 2030 net zero targets.
- 4.10. The current year allocation in respect of both the supported borrowing and general capital grant elements is £12.943m. The provisional allocation for 2025/26 for Swansea has increased to £14.338m. This allocation is sufficient to meet the current budgets allocations to cover core commitments and provides some new increased but still modest spending power as in Table 3 below:

Table 3 – Capital Allocations for 2025/26 assuming spend maintained

	£'m
Provisional Welsh Government funding	14.338
Allocation - property and highways maintenance	-8.682
Disabled Facilities Grants & Improvement Grants	-4.200
Available for other schemes	1.456

- 4.11. The remaining capital programme (including improvements to schools) is 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.
- 4.12. 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.
- 4.13. 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.
- 4.14. The previously approved five-year capital programme assumed additional unsupported borrowing of some £40m 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 future planning assumption set out in this report includes a continued need for up to £50m of unsupported borrowing, and approximately £25m for the Mumbles CRMP (sea defences) scheme which was supported directly via the settlement from Welsh Government.

- 4.15. 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 existing additional but deferred unsupported borrowing are reflected in Table 1 above **but excludes any further net addition to the overall capital envelope.**
- 4.16. 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.
- 4.17. 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.
- 4.18. 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 Strategy and Proposals

Budget Strategy

- 5.1. As set out in section 2 above, through *Sustainable Swansea*, then *Swansea – Achieving Better Together*, and now the new *Transformation Strategy 2022 – 2027 and Beyond*, the Council is committed to delivering the most

significant change programmes that the council needs to pursue to achieve its vision, namely:

“In 2028 Swansea is a place that has a thriving mixed use city centre and local economy. It is a place where people can gain the skills and qualifications they need to succeed in life, where everyone can achieve their potential and where communities are resilient and cohesive. Swansea is a place where human rights are respected, and people are safeguarded from harm and exploitation. It is a place where nature and biodiversity are maintained and enhanced, and carbon emissions are falling.”

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.

Whilst no longer called commissioning reviews, the Council nevertheless will continue to review services both as part of the Transformation Strategy and outside of the Strategy and 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.

- 5.2. The report to Cabinet in April 2023 outlined the governance arrangements for the new Transformation Strategy, in particular highlighting a quarterly progress review by Cabinet and the Corporate Management Team, which will agree any additions to the programme, including those that may be initiated as part of future budget rounds. The first annual review was reported to Cabinet in May 2024.

Budget Proposals

- 5.3. Budget proposals to meet the current savings requirement for 2025/26 consist of the following elements:
- Funding changes passported through to specific services
 - Service Pressures
 - Service Investment – including substantial additional targeted new cash investment into Social Services and Education in particular
 - Continuation and development of service savings
 - Significantly subsidising energy Inflation pressures
 - A substantial cash increase in Schools Delegated Budgets to meet cost pressures faced and continue to enhance mainstream capacity within schools.

Each of these categories are addressed below.

Funding changes in the settlement passported through to services

- 5.4. It has been the practice in previous years to passport through to services any specific sums provided for in the settlement, where there is clear

evidence that this funding has been provided to the Council. This intention remains.

Service Pressures

- 5.5. As well as the continuation of funding for specific service pressures that were agreed as part of the 2024/25 budget setting process, additional pressures have been identified in respect of:
- Various corporate pressures following implementation of new structures, strategies, plans and audit requirements
 - Social Services additional pressures mainly around inflationary cost of placements
 - Increased levels of homelessness.

Service Investment

- 5.6. 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

Continuation and Development of Service Savings

- 5.7. Service savings requirements have been identified in respect of 2025/26 resulting in the summarised position as set out in Table 4 below. The detailed list of savings is set out in Appendix B:

Table 4 – Review of Planned Savings 2025/26

	Proposed savings 2025/26 £'000
Place	2,609
Social Services (including Poverty & Prevention)	8,770
Education (excluding Schools)*	1,707
Corporate Services	400
Finance (Including CTRS)	488
Sub-total (per Appendix B)	13,974
Schools*	4,500
Total	18,474

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

5.8. These proposals can be alternatively summarised in Table 5 as follows:

Table 5 – Budget Proposals 2025/26

	Savings	2025/26 £'000
<i>Savings type</i>	Workforce	566
	Other spending	6,021
	Income	2,935
	Mixed	4,452
	Savings Total as per Appendix B	13,974

5.9. Savings proposals are a combination of those following on from last year's proposals and new proposals. All proposals have been reviewed as part of the budget setting process and only those deemed capable of being delivered have remained for consideration.

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. Those forming part of the Transformation Programme will also be monitored as part of the progress reviews of the Plan.

Energy Inflation Pressures

5.11. Due to the unprecedented levels of energy price inflation in recent years, it was 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 during 2023/24. This fund was fully utilised during 2023/24. Provision was also made during 2024/25 for both Place and Schools. Energy prices have started to reduce and as such there is a planned reduction to Energy budgets over the life of the MTFP.

Schools' Delegated Budgets

5.12. The indicative savings requirements set out in Table 1 at 4.3 show that it is inevitable, given the scale of reductions required, that ongoing consideration will have to be given to the longer-term level of schools' delegated budgets. However, Schools remain a priority and as such there will still be clear prioritised investment, meaning an overall cash increase to the money available to Schools for 2025/26 but set against real terms pressures and thus a major savings contribution is also required. Teacher employers' pensions cost was increased from 1 April 2024 by 5% and there was partial

compensation by way of a specific grant via UK and Welsh Government during 2024/25. This has been transferred into core funding from 2025/26.

- 5.13. 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.

- 5.14. For current consultation purposes, it is intended that there will be a proposed 5.3% (£10.811m) cash increase in headline schools funding, however, **it should be noted that the headline for 2024/25 included a substantial amount of temporary one-off funding, should this be excluded then the increase is 11.7%.** It should be noted that the schools funding 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 6 below that fall directly to the delegated schools' budget.

- 5.15. 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 albeit the latter now part of the Place directorate).

Table 6 – Main Pressures on Schools Delegated Budgets

Identified budget pressure in schools	2025/26
	£'000
Schools pay award	6,000
Impact of the 2024/24 pay award	3,000
Teachers' Pension Scheme costs	5,000
Additional National Insurance costs	2,400
Total Delegated Pressures	16,400

Change from Council budget as proposed	2025/26
	£'000
Additional funding for pressures and continued investment in schools (as above)	16,400
Remove One-off investment for 2024/25 only*	-7,029
Remove one-off temporary funding for Energy*	-4,500
Additional funding for schools	5,940
Additional Barnett consequential for schools	2,000

Base Energy funding for schools	2,500
Net savings required from schools	-4,500
Total net budget increase proposed - schools	10,811

** these one-off investments were funded from reserves for one year only to provide short-term help for Schools*

The cash to cash increase shown above is, for the avoidance of doubt, from the temporarily enhanced £11.5m additional one-off budget for 2024/25 which has now been fully base lined in ADDITION to the £10.8m extra cash uplift and the total base increase is thus £22.3m.

- 5.16. 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, which started with a meeting with the Leader on 17th December 2024. 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. It is expected that this will continue, so supporting schools to the level suggested in this report is a local choice, reflecting the priority Cabinet and indeed Council awards to Education.

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 an additional cost in relation to Teacher's Pension cost increases, and now this funding has been devolved to the Welsh Government and consequentially passed to Councils this will be passported as specific grant in 2024/25 and as block grant and thus base funding in 2025/26.

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.

Summary of Proposals

- 5.17. The total proposals across the areas outlined above are shown in Table 7 below:

Table 7 – Proposals for 2025/26

Proposals	£'000
Service Savings (as per Appendix B)	13,974
Schools' savings	4,500

Council tax income (Including assumptions on tax base)	9,872
Aggregate External Finance increase	33,448
Assumed Aggregate External Finance for NI	7,000
Council pressures	-68,794
Net Pressures less Funding	0

5.18. 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).

5.19. The current total of all savings proposals for 2025/26 is £18.474m, against the current total requirement of £68.794m (including Schools pressures). The current assumption is that the gap will be funded by an overall increase in Council Tax yield (which includes an increase in tax base) of £9.872m and an indicative Aggregate External Finance increase of £40.448m (including both base transfers and the assumption for national insurance "to follow"). Work will continue over the next month up to Cabinet in February 2025 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.

5.20. 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 around 10% in its standard spending assessment calculations.

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 2024/25 and beyond:

6.2. These currently include:

- a) **Equal pay claims:** following widescale reporting of financial pressures especially in England, in line with all other councils, equal pay claims and potential liabilities are being rapidly reviewed.

- 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. 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. It is increasingly likely that many grants will be either stay the same in cash or even reduce for 2025/26, which in both cases are clearly real term cuts. It should be noted that the grants announced to date will remain broadly cash flat at best or might reduce for 2025/26, causing further pressure on services, especially in real terms.
- d) **The savings proposals** for 2025/26 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. **This explicitly includes now uncertainty over whether the Welsh Government can pass it's own budget and thus deliver the proposed local government finance settlement at all (risk referred to by both First Minister and Cabinet Secretary for Finance) and uncertainty until perhaps next May or June on the actual compensation to be offered for public sector employer national insurance increases.**
- f) **Ongoing forecast service overspending** in 2024/25, which may or may not continue into 2025/26. Although services are now operating business as usual following COVID-19 there are on-going impacts for example where income levels have not yet recovered or in increased social care and homelessness demand.
- 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 despite small core funded numbers especially as specific grants are broadly flat. A small contingency fund is maintained but once exhausted all future departure costs could fall to individual service revenue accounts, including education, for schools' departures.
- i) **Overspending risks in 2025/26** are material because future savings are considered to be equally challenging to both agree and deliver, as

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 UK and Welsh Governments on future year settlements pan Wales envelopes – and it is clear there is a significant risk that the likely modest increases for 2025/26 may not even be capable of being sustained in real terms in future settlements.
- k) **COVID-19** – whilst the pandemic is formally over and the Council is operating business as usual there are on-going impacts for example where income levels have not yet recovered or diminished or deferred demand has returned.

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 existing Corporate Plan 2023-28.

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 transformation programmes 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 2024/25. 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 2025/26 and to look for other ways of avoiding compulsory redundancies if at all possible.
- 8.2. However, a reduction in posts in 2025/26 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.

The latest indicative estimate of the impact of the current proposals on total staffing numbers for 2025/26 is set out in Table 8 (shown as Full Time Equivalents (FTEs)).

Table 8 – Impact of Savings Proposals on FTEs 2025/26

		FTEs
Service Saving Proposals		
	Corporate Services	1
	Finance	0
	Place	8.5
	Education (excluding Schools)	1
	Social Services	5
	Total	15.5

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 2025/26 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.
- 8.8. It should be noted that in addition to the impact that proposed savings may have on FTE's, should grant funding remain at the same level, or reduce in 2025/26 then there could be further posts at risk. These posts would be subject to the same mitigations as listed in 8.3 above. The number of posts potentially affected is unknown until the levels of specific grant are announced, and grant offers made.

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.

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 9 below. This timetable is effectively being driven by the dates set for the provisional and final settlements

Table 9 – Budget Timetable

17 December 2024	Initial Schools consultation starts	Annual meeting with Headteachers was on 17 th December. School Budget Forum meets on 15 th January 2025 (proposals)
10 January 2025	Consultation commences	A variety of means will be used including specific consultation with staff, trade unions, young people, taxpayers and the public
14 January 2025	Scrutiny	Review of this initial Cabinet report – this report having been issued under urgency provisions given lateness of settlement.
7 February 2025	Consultation closes	Headline report will be produced on initial consultation responses
18 February 2025	Scrutiny	Review of Cabinet proposals
20 February 2025	Cabinet	Reviews initial consultation feedback and recommends Budget
6 March 2025	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 November 2022.

10.2. Uncertainty of future funding 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 2026 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.

11. Integrated Assessment Implications

11.1. The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act

2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage.
- Consider opportunities for people to use the Welsh language.
- Treat the Welsh language no less favourably than English. Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

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

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

11.4. As indicated in the IIA screening (Appendix C), 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 and March 2024 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 2025/26 and sets out proposals to meet the projected pressures currently estimated at £68.794m.

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 2024/25 budget is monitored each month by the Corporate Management Team (CMT), with

quarterly reports to Cabinet. Those savings that are linked to the Transformation Programme are also reported to the Transformation Delivery Board, with quarterly progress monitored by Cabinet and CMT.

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 2025.
- 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 2025/26

Appendix C – 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's *Transformation Strategy 2022 and Beyond* 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, and the corporate transformation plan, developed under the banner of the Council's Corporate Plan "Successful and Sustainable Swansea", focusses on achieving the Council's vision.

The Corporate Plan 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 £157m over the next 4 years, on the central scenario of future grant increases (worth around £68m) dropping from 4.7% to 1% in 2026/27 before increasing to 3% by 2028/29. The actual amount could vary significantly given the uncertainty over future funding indications from the UK and Welsh Governments. This requires not only a strategy for transformation, 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 £90m (after block grant increase) over four years was applied, for example, just to the Place Directorate, the budget for this area would be cut almost in its 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 underpinned *Sustainable Swansea*, and remain extant:

<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	Description	Savings 2025/26 £'000
Corporate Services	Communication, Corporate Planning and Performance	Review and reshape policy and performance support provided to services.	62
Corporate Services	Digital and Customer Services	Reduction in existing ICT licence costs	5
Corporate Services	Digital and Customer Services	Reduction in ICT contract costs	50
Corporate Services	Digital and Customer Services	Reduction in ICT training budget	5
Corporate Services	Director	Efficiency savings arising from a review of Corporate Services budgets	164
Corporate Services	HR & Service Centre	Pay inflation increase to Workforce and OD Service Level Agreement with Swansea schools	11
Corporate Services	Legal & Democratic Services	Savings arising from a review of Legal & Democratic Services budgets	100
Corporate Services	Legal & Democratic Services	Pay inflation increase to Legal Service Level Agreement with Swansea schools	3
		Corporate Services Total	400
Education	Non-delegated	Cost recovery of project officers for capital schemes	10
Education	Non-delegated	Business support review	12
Education	Non-delegated	Reduce cost centre for historical pensions	60
Education	Non-delegated	Reduced SLA for therapy services	20
Education	Non-delegated	Increase Cleaning SLA charges for schools	50
Education	Non-delegated	Increase charges for Catering service and SLA for schools	300
Education	Non-delegated	Core staff costs offset by grant	975
Education	Non-delegated	Restructuring savings (already implemented)	180
Education	Non-delegated	Changes to shared maternity leave allocations for school-based staff	100
		Education Total	1,707
Finance	Directorate	Miscellaneous budget reductions/efficiencies	488
		Finance Total	488
Place	Building Services & Waste	Additional income generation through significantly increased work programme	1,000
Place	Building Services & Waste	Wholesale reconfiguration of waste collection arrangements to maximise incentive for residents to recycle based on achieving a long-term target total of 20% reduction in residual waste	400
Place	Building Services & Waste	Retender Tir John Management Contract at end of current contract	140
Place	Building Services & Waste	Efficiencies/increased income in Commercial Waste Service	150
Place	Building Services & Waste	Increase Bulky Waste Collections charges	8

Director	Head of Service	Description	Savings 2025/26 £'000
Place	Cultural Services, Parks & Cleansing	Monitor and continuously review income targets across the service fees and charges, to reflect and include inflation alongside stretch targets in response to market demand; requirement for investment and improvements from grants to be reflected in stretch targets to support continuous service demand and improvements. Explore additional attractions through grant funded feasibility studies.	30
Place	Cultural Services, Parks & Cleansing	Reduce uncommitted budget in the Culture Directorate, which has historically been utilised for absorbing pressures elsewhere as additional grants are alleviating the pressures.	20
Place	Cultural Services, Parks & Cleansing	Council support to Friends of Oystermouth Castle to be absorbed in wider community support service, tourism and asset management responsibilities to reflect how we work with city wide operational attractions. Grants/ fundraising to be assigned where specific projects demand this.	22
Place	Cultural Services, Parks & Cleansing	Increased Tree Services income due to full cost recovery being applied for services given to HRA, schools and third parties	27
Place	Highways & Transportation	Increase street works and licencing fees annually in line by 5%	25
Place	Highways & Transportation	Increase charges and income from Marina and Knab Rock by average of 5% or in line with market conditions	20
Place	Highways & Transportation	Additional income from Parking Enforcement camera car	100
Place	Highways & Transportation	Apply full cost recovery principles to day markets on car parks and highways	5
Place	Highways & Transportation	Deregistering school crossing patrol sites where controlled crossings have been implemented and are not staffed	38
Place	Highways & Transportation	Annual review and updating of pricing tariffs for car parking	100
Place	Highways & Transportation	Review of ALN transport - minibus pilot	25
Place	Highways & Transportation	Better targeting of Education otherwise than at school (EOTAS) spending following full implementation of new model of provision	100
Place	Highways & Transportation	Rationalisation of post-16 transport, reflecting reduced demand	68
Place	Housing & Public Health	Increase in Fees for next 4 years Building Control (in accordance with Land Authority Building Charges Regulations 2010)	25
Place	Housing & Public Health	Increase fees for burials and Cremations over the next 2 years by 5% annually.	44
Place	Housing & Public Health	Increase fees for registrars over the next 2 years by 5% annually.	34
Place	Housing & Public Health	Increase in Fee Income for Animal Licensing (food safety)	2

Director	Head of Service	Description	Savings 2025/26 £'000
Place	Housing & Public Health	Increase Food Safety and Trading Standards Fees over 2 years	2
Place	Housing & Public Health	Increase pest control fees for schools' contract and general pest control in line with full cost recovery principles over the next two years	2
Place	Housing & Public Health	Deletion of vacant posts in Registrars	19
Place	Housing & Public Health	Increased charges to Swansea Bay Port Health Authority	7
Place	Planning & City Regeneration	Increase Land Charges Income	5
Place	Planning & City Regeneration	Increase Planning Fee Income	25
Place	Planning & City Regeneration	Revise Swansea Market Rent Charges by 5%	50
Place	Planning & City Regeneration	Review Nature Conservation, Regeneration, Economic Development, & Planning sections	50
Place	Property Services	Revised structure arrangements due to reduced requirements as a result of asset reduction	41
Place	Place (Directorate)	New income streams from developing a strategy for Caravan and Motorhome parking	25
		Place Total	2,609
Social Services	Adult Services	Continue with in year recovery plan	3,000
Social Services	Adult Services	Commission 5% less no. of hours of externally commissioned domiciliary care (all cohorts of the population)	1,200
Social Services	Adult Services	Maintain the current number of supported accommodation placements with a reduced support package (LD/ MH & YA) of a total of 2.5% reduction in care	600
Social Services	Adult Services	Maintain the current number of externally commissioned residential and nursing care placements for older people with reduced average length of stay of 2.5%	925
Social Services	Adult Services	Maintain the current number of Younger Adults and Learning Disability externally commissioned residential placements and review support package to reduce cost by 2.5%	195
Social Services	Adult Services	Reduce the number of Mental Health externally commissioned residential placements and reduced support packages by 2.5% and replace with community-based support to promote independent living	175
Social Services	Adult Services	Reduce the costs of in-house residential care provision by 3% by increasing occupancy and maximising partner and client income contribution	250
Social Services	Adult Services	Reduce the-costs of in-house homecare (domiciliary care) provision by 3% by increasing case loads	250

Director	Head of Service	Description	Savings 2025/26 £'000
Social Services	Child & Family	Reduced numbers of residential (including supported accommodation) placement weeks for independently commissioned care with a reduction of 10 placements. Aligning with Eliminate Agenda.	338
Social Services	Child & Family	Reduced numbers of fostering placement weeks independently commissioned with a reduction use of 20 IFAs placements. Aligning with Eliminate Agenda.	130
Social Services	Child & Family	Fostering – Only apply an inflationary uplift for in-house fostering allowances in line with the National Minimum Allowance	250
Social Services	Child & Family	Special Guardianship Orders – Only apply an inflationary uplift in allowances for SGO carers and adopters	100
Social Services	Child & Family	Independent Commissioned Care - Do not apply an uplift for existing independent commissioned residential placements and foster placements	877
Social Services	Child & Family	Implement income target for Borfa Gower Activities Centre (Increase in fees)	50
Social Services	Cross Directorate	Review senior management structure	80
Social Services	Cross Directorate	Fund non-statutory services to the minimum they require to successfully draw down grant funding	100
Social Services	Cross Directorate	Ensure all back-office processes are as business efficient as possible, which will mean reducing costs over all staffing costs through natural vacancies	250
		Social Services Total	8,770
	GRAND TOTAL		13,974

Appendix C

Integrated Impact Assessment Screening Form

Please ensure that you refer to the Screening Form Guidance while completing this form.

Which service area and directorate are you from?

Service Area: Finance

Directorate: Financial Services

Q1 (a) What are you screening for relevance?

- New and revised policies, practices or procedures
- Service review, re-organisation or service changes/reductions, which affect the wider community, service users and/or staff
- Efficiency or saving proposals
- Setting budget allocations for new financial year and strategic financial planning
- New project proposals affecting staff, communities or accessibility to the built environment, e.g., new construction work or adaptations to existing buildings, moving to on-line services, changing location
- Large Scale Public Events
- Local implementation of National Strategy/Plans/Legislation
- Strategic directive and intent, including those developed at Regional Partnership Boards and Public Services Board, which impact on a public bodies functions
- Medium to long term plans (for example, corporate plans, development plans, service delivery and improvement plans)
- Setting objectives (for example, well-being objectives, equality objectives, Welsh language strategy)
- Major procurement and commissioning decisions
- Decisions that affect the ability (including external partners) to offer Welsh language opportunities and services
- Other

(b) Please name and fully describe initiative here:

Budget Proposals 2025/26 – 2028/29

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.

This report covers:

- A reminder of key elements of *Sustainable Swansea* and the new Transformation Strategy & Programme Framework 2022 and Beyond.
- 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 2025/26 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

Each budget proposal will be subject to its own IIA process, and Cabinet and Council will receive a full report on the feedback from the consultation and outcomes of the IIA process in February 2025 so that they can be fully taken into account before any decisions are made. This process has already begun and initial impacts identified have been used to inform this report.

There will also be full engagement with the Council's Scrutiny Committee.

Q2 What is the potential impact on the following: the impacts below could be positive (+) or negative (-)

Impact	High Impact		Medium Impact		Low	
	Needs further	No	No	No	No	No
Investigation						
Children/young people (0-18)	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input checked="" type="checkbox"/>	
Older people (50+)	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input checked="" type="checkbox"/>	
Any other age group	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input checked="" type="checkbox"/>	
Future Generations (yet to be born)	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/>	<input type="checkbox"/>
Disability	<input checked="" type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input checked="" type="checkbox"/>	
Race (including refugees)	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input checked="" type="checkbox"/>	
Asylum seekers	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input checked="" type="checkbox"/>	
Gypsies & travellers	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input checked="" type="checkbox"/>	
Religion or (non-)belief	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input checked="" type="checkbox"/>	
Sex	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input checked="" type="checkbox"/>	
Sexual Orientation	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input checked="" type="checkbox"/>	
Gender reassignment	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input checked="" type="checkbox"/>	
Welsh Language	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input type="checkbox"/> + <input type="checkbox"/> -	<input checked="" type="checkbox"/>	

Poverty/social exclusion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>				
Carers (inc. young carers)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>				
Community cohesion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>				
Marriage & civil partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>				
Pregnancy and maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>				
Human Rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input type="checkbox"/>				

**Q3 What involvement has taken place/will you undertake e.g. engagement/consultation/co-productive approaches?
Please provide details below – either of your activities or your reasons for not undertaking involvement**

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 head teachers on proposals that affect schools.
- **Promoting** and communicating the consultation via website and social media.

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.

The Council will need to consult with Trade Unions about the 2025/26 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.

Q4 Have you considered the Well-being of Future Generations Act (Wales) 2015 in the development of this initiative:

a) Overall does the initiative support our Corporate Plan's Well-being Objectives when considered together?

Yes No

b) Does the initiative consider maximising contribution to each of the seven national well-being goals?

Yes No

c) Does the initiative apply each of the five ways of working?

Yes No

d) Does the initiative meet the needs of the present without compromising the ability of future generations to meet their own needs?

Yes No

Q5 What is the potential risk of the initiative? (*Consider the following impacts – equality, socio-economic, environmental, cultural, legal, financial, political, media, public perception etc...*)

High risk

Medium risk

Low risk

Q6 Will this initiative have an impact (however minor) on any other Council service?

Yes

No

If yes, please provide details below

Q7 Will this initiative result in any changes needed to the external or internal website?

Yes

No

If yes, please provide details below

Q8 What is the cumulative impact of this proposal on people and/or communities when considering all the impacts identified within the screening and any other key decisions affecting similar groups/ service users made by the organisation?

(You may need to discuss this with your Service Head or Cabinet Member to consider more widely if this proposal will affect certain groups/ communities more adversely because of other decisions the organisation is making. For example, financial impact/poverty, withdrawal of multiple services and whether this is disadvantaging the same groups, e.g., disabled people, older people, single parents (who are mainly women), etc.)

Each proposal will be subject to its own IIA process and be subject to consultation where needed. A full report will be presented to Cabinet in February. 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.

This requirement is illustrated sharply by the "gearing" effect of savings on services. In other words, if our current funding requirement over three years of £85m were applied, for example, just to Place Services, the budget for this area would be significantly all but halved (for illustration only). 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, despite expected headline cash increases. Equally, however, if the level of funding for 2025/26 were to be broadly sustained in every future year, then these planning assumptions could be reshaped, and savings asks increased or reduced.

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
- **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.

Outcome of Screening

Q9 Please describe the outcome of your screening using the headings below:

- **Summary of impacts identified and mitigation needed (Q2)**
- **Summary of involvement (Q3)**
- **WFG considerations (Q4)**
- **Any risks identified (Q5)**
- **Cumulative impact (Q7)**

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.

Each budget proposal will be subject to its own IIA process and Cabinet and Council will receive a full report on the feedback from the consultation and outcomes of the IIA process in February 2025 so that they can be fully taken into account before any decisions are made. This process has already begun and initial impacts identified have been used to inform the budget proposals within the report.

(NB: This summary paragraph should be used in the '**Integrated Assessment Implications**' section of corporate report)

Full IIA to be completed

Do not complete IIA – please ensure you have provided the relevant information above to support this outcome

NB: Please email this completed form to the Access to Services Team for agreement before obtaining approval from your Head of Service. Head of Service approval is only required via email.

Screening completed by:
Name: Sarah Willis
Job title: Group Accountant – Corporate and Strategy
Date: 30/12/2024

Approval by Head of Service:
Name: Ben Smith
Position: Chief Finance Officer
Date: 03/01/2025