



To:
Cllr Rob Stewart
Cabinet Member for Economy,
Finance and Strategy

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Overview & Scrutiny

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8th February 2021

BY EMAIL

Summary: This is a letter from the Service Improvement and Finance Scrutiny Performance Panel to the Cabinet Member for Economy, Finance and Strategy. The letter concerns the meeting held on 20th January 2021 and the Budget proposals and the Q2 Budget Monitoring Report 2020/21

Dear Councillor Stewart,

On the 20th January, the Panel met to discuss the Budget proposals and the Q2 Budget Monitoring Report 2020/21. The Panel are grateful for your attendance and input at this meeting. We also thank Ben Smith, Section 151 Officer / Chief Finance Officer, and Adam Hill, Deputy Chief Executive / Director of Resources for their attendance and contributions.

Budget Proposals

The Panel heard about the new Swansea Achieving Better Together Transformation Strategy and Programme Framework; Members queried this change in strategy. Officers explained that we have come to the end of the 'Sustainable Swansea' programme and we need to adopt a slightly different plan now. We also heard that the new 'General Powers of Competence' will allow us to be ambitious in our strategies, inclusive of all partners and all stakeholders working together for a better Swansea.

It was pleasing to hear that, following the welcome uplift in funding received from the Welsh Government (£13m), it is envisaged that all directorates will receive an overall increase in cash budgets for next year of at least 3%.

The Chief Finance Officer drew the Panel's attention to *Table 1* – Indicative Investment and Savings Requirement for 2021/22 to 2025/26. We heard that *Table 1* has been

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formatted differently to accommodate figures, the focus on what is going in as much as what is going out.

We understand that, for the purposes of planning, assumptions have been made on Council Tax increases of up to 5%, although we heard that no decisions have been made on this yet. It was noted that there is no comprehensive spending review from UK Government, meaning it is difficult to plan accordingly. Officers and Members are keen for this to be refreshed by the Treasury so we can plan with confidence.

Officers explained that the settlement for Swansea of 3.94% is average, noting this as the second best settlement seen in 10 years from Welsh Government, providing for £13m of additional cash into the Council. You also stated that this year's budget is positive, considering the impacts of the pandemic.

It was pleasing to hear your updates on the Capital Programme and the largest ever schools investment. The Panel heard that new improved facilities are being built across the County and this is progressing at speed despite the pandemic.

We queried the planned savings in Social Services and how confident we can be in this forecast. Officers explained that our local response has been to open two additional facilities to expand capacity and recruit new staff. It is expected that the Council recovers the majority of these costs from Welsh Government. You reiterated that Covid-related costs are being kept separate from day to day social care costs, the Council being confident that these savings will be achieved and result in a balanced budget position (Covid-associated costs aside).

We understand that the Council is now pursuing Council Tax arrears, being mindful of the impact of all bills on households. You explained to us that the Council has deliberately not taken action to add further pressure; however, there is also a legal obligation to pursue such arrears. We also heard that a Council Tax shortfall of £4m is anticipated in the current year and the Council is pressing Welsh Government for some reimbursement.

It was explained that the Council is pursuing some recovery of costs from Welsh Government, relating to general income from parking. In *Place* directorate, a gap of up to £10m of income has not been realised. Officers are confident we will receive the majority of this back in recovered funds.

We raised concerns over any contingency plan if we do not recover costs. It was explained that general and earmarked reserves could be called upon, but the Council would be very reluctant not to pursue the full support from Welsh Government initially. Officers seemed confident we will recover these costs and most claims are currently rolling in successfully over a three-month period.

We heard that £100m has been received (Swansea) this year in business grants and reimbursement support. Members queried what Swansea's share of the regional funding is in reality. It was understood that wider budget reports in February will indicate more precise figures and the Panel would like further information on these figures in due course.

The Panel raised concerns over the short-term budget process. Members queried the public consultation process here. It was explained that the process is in line with requirements under public sector consultation and that there will be a general consultation in terms of how people view priorities. There are no new large-scale proposals that are not already in the public domain.

Members raised queries over the figures in *Table 1* relating to pension costs, as nothing is added in for the next two years. The Chief Finance Officer explained about the prudent work of the team and the fantastic investment return performance; subsequently avoiding millions of pounds worth of (cumulative) pressures. It was pleasing to hear that the current valuation certificate assures no increase in costs for 3 years.

Q2 Budget Monitoring 2020/21

We heard that the report went to Cabinet in December; a slightly later reporting cycle due to bidding for recovery funding from Welsh Government.

We heard that, as set out in S2.7, monies move back and forth from Welsh Government and not all grants are guaranteed; some money comes in later and subsequently there is an in-built 3-month delay. It was noted that Cardiff University is helping to track movements of monies.

Officers explained that Welsh Government, under devolved powers, has decided to allocate money differently in different areas. Swansea Council has had significant pledges of support. It was heard that this results in the most generous scheme of all four nations in the UK. You highlighted that Swansea Council does not administer all the support; some goes through other avenues, e.g. Business Wales, and that Local Government is only part of the bigger picture.

We are interested in any thoughts you may have on the contents of this letter, however, on this occasion, no written response is required.

Yours sincerely,

Councillor Chris Holley
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