



Report of the Section 151 Officer

Cabinet – 18 February 2021

Revenue Budget 2021/2022

Purpose:	This report sets out the current position with regard to the Revenue Budget for 2021/22 for consideration by Cabinet.
Policy framework:	Medium Term Financial Plan and Budget Strategy
Consultation:	Cabinet Members, Legal, Access to Services & Corporate Management Team
Recommendations:	It is recommended that: <ol style="list-style-type: none">1) Cabinet considers the outcome of the formal consultation exercise, and agrees any changes to the Budget Proposals in Appendix D, together with the position regarding delegated budgets as set out in Sections 4.10 and 4.11 of this report.2) Cabinet note the current Total Funding Requirement identified in Section 4.6 of this report and, in line with the potential actions identified in Sections 9 and 10 of this report, agree a course of action to achieve a balanced Revenue Budget for 2021/22. In addition to a review of current savings proposals Cabinet will need to:<ul style="list-style-type: none">- Review and approve the Reserve transfers recommended in this report- Agree a level of Council Tax for 2021/22 to be recommended to Council3) Subject to these changes, Cabinet recommends to Council for approval:<ol style="list-style-type: none">a) A Revenue Budget for 2021/22;b) A Budget Requirement and Council Tax levy for 2021/22.
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1. Introduction and Background

1.1. This report details:

- Financial monitoring 2020/21
- The Local Government Finance Settlement 2021/22
- Budget Forecast 2021/22
- Specific Savings Proposals
- Outcome of Budget Consultation
- Staffing Implications
- Reserves and Contingency Fund requirements
- The Budget Requirement and Council Tax 2021/22
- Summary of funding proposals
- Risks and uncertainties

1.2. The financial assessment in relation to 2022/23 – 2025/26 is contained in the ***Medium Term Financial Plan 2022/23 – 2025/26*** elsewhere on this agenda.

1.3. This report builds upon and needs to be read in conjunction with :

- The budget strategy agreed by Council on 22nd October 2013 – ***‘Sustainable Swansea: Fit for the Future’***.
- The report to Cabinet on 29th July 2014 – ***‘Sustainable Swansea: Fit for the Future: Delivery Programme’***.
- The update report on ***Sustainable Swansea – Fit for the Future*** as approved by Cabinet on 16th July 2015.
- The report to Cabinet on 15th October 2020 – ***‘From Recovery to Transformation’*** detailing the “Swansea – Achieving Better Together, Transformation Strategy & Programme Framework 2022 – 2026”
- The report to Cabinet on 21st January 2021 – ***Budget Proposals 2021/22 – 2025/26*** setting out the Council’s proposals for consultation.

1.4. The report sets out the latest budget estimates and invites Cabinet to consider any comments and feedback received as a result of the budget consultation. Cabinet are asked to consider any changes to the draft Budget proposals and proposed Council Tax level, prior to recommending the budget to Council. The report also includes an Equality Impact Assessment statement so that Cabinet can be aware of the key issues before finalising budget proposals, and, for the first time, a Sustainable Development Impact Assessment.

1.5. **Similarly, 2021/22 marks the first full year of required full compliance with the CIPFA Financial Management Code.** The new code is the first from the Institute in 15 years, and brings together many areas of local government good financial management into one place. It is based on a set of standards and principles, including organisational leadership, transparency, assurance and sustainability. Its aim is to place financial management at the heart of policy and decision making in local government. The Section 151 Officer is intending to comply personally with the Code, as professionally obligated to do so, and raise awareness with the wider political and managerial leadership of the Council of its significance and the obligations on all to ensure sound financial management.

- 1.6. **Whilst emphasising what is proposed being removed, at approximately £8 million, it must equally be borne in mind that £30m is being added. Net service budgets are increasing substantially, and the overall revenue budget by a net £22 million.**

2. Financial Monitoring 2020/21

- 2.1. Cabinet will see a report for consideration elsewhere on this agenda on the estimated Revenue Outturn for 2020/21. It is projected that the Council will outturn at an underlying directorate overspend position of £17.1m, which is an improved position compared to the forecast overspend at quarter 2.
- 2.2. The overspend is primarily in respect of the impact of COVID-19, aside from this the service position is an underspend of £4.6m, improved from the second quarter position. Much of the COVID-19 related overspend is expected to be funded through grants from the Welsh Government, however there will be an element that isn't covered as it will be deemed a local decision.
- 2.3. The contingency fund will be used to fund a list of approved items, leaving a balance of £5.932m to offset service overspending on COVID-19 items.
- 2.4. In addition to service pressures, there are likely to be shortfalls on both Council Tax collection and NNDR receipts. Negotiations with Welsh Government continue over reimbursement of these losses and whilst some significant recompense is hoped to be achieved, none is assured at this stage. However there will be underspends on capital charges, which can be used to partially offset the element of these shortfalls not covered by additional grant from the Welsh Government.
- 2.5. Cabinet previously approved up to £10m to be drawn from the Capital Equalisation Reserve for use against COVID-19 overspends, should it be necessary. It is now much less likely that this draw will need to occur.

3. The Local Government Finance Settlement 2021/22

- 3.1. The Minister for Housing and Local Government announced the provisional Revenue and Capital Settlement for 2021/22 on 22nd December 2020 and the final settlement will be announced on 2nd March 2021.
- 3.2. At the time of writing this report the Welsh Government had not announced the final settlement, however the Minister for Housing and Local Government stated in the provisional settlement that there was no intention to make significant changes to either the methodology or the data underpinning the settlement. **As such any changes should only be minor and capable of being smoothed out by adjustments to the Contingency Fund.** Any other changes such as any new responsibilities transferred into the Revenue Support Grant will simply be passported to Services as usual. **If any more material announcements are made over elements regarding taxation policy (business rates, council tax, VAT, employers taxes etc.) or expectations for, or funding for helping with council tax levels, or indeed**

overall funding support to councils, this may need to be revisited at Council, which will be operationally and procedurally difficult given likely March timings of both Welsh Government and UK Government final budgets.

- 3.3. For the purposes of this report there is assumed to be no change to the provisional settlement figure.
- 3.4. In respect of Schools and Social Services, although the provisional settlement does make it clear that the cost pressures in schools are definitively recognised by the Welsh Government, there is no formal protection or funding guarantee within the settlement so any decision over funding is a local one to be made by Cabinet and ultimately by Council, having any due regard to any budget consultation responses received.
- 3.5. In revising the Medium Term Financial Plan and setting the Budget for 2021/22, it is essential that the Council moves from the objectives in *Sustainable Swansea – fit for the future*, to practically implementing the objectives in *Swansea – Achieving Better Together, Transformation Strategy & Programme Framework 2022 – 2026*. The Council has made clear through *Sustainable Swansea* that the need to transform services, reduce or divert demand through prevention and to look for alternative models of delivery, including community action, is required for our future sustainability and to improve outcomes for citizens and this needs to be reinforced and strengthened under the new Transformation and Programme Framework.
- 3.6. **The longer term financial pressures and level of risk that we face and will continue to face make the need to implement these changes ever more urgent. The increase in Aggregate External Finance for next year should be seen as an opportunity to maintain investment in the Council's priorities and preventative action in particular, and embracing wider scale transformational change, as part of the recovery plan, not to slow down the pace of change or the level of required savings.**

4. Budget Forecast 2021/22

Overview

- 4.1. The budget proposals for 2021/22 as submitted for consultation on 21st January 2021 highlighted pressures of £30.290m, resulting in a savings requirement of £8.321m once the provisional increase on Welsh Government Aggregate External Finance (AEF) of £13.261m was taken into account, together with estimated Council Tax rises of £8.708m.
- 4.2. The announcement of the final settlement will mean that the overall funding deficit forecast for 2021/22 will inevitably, but hopefully marginally, change.
- 4.3. In addition, the opportunity has arisen to review all aspects of the budget pressures and risks so far identified with a view to updating the forecast using the latest up to date assumptions.

- 4.4. The options for funding the deficit that is identified remain as:
- Savings on current service net expenditure (through a combination of expenditure reduction and additional income generation)
 - Increases in Council Tax levels
 - Use of Reserves and Balances (not advised).

Forecast Funding Shortfall 2021/22

- 4.5. The revised funding requirement previously identified in paragraph 4.1 above can now be updated and summarised in Table 1(a) below.
- 4.6. The items highlighted in **bold italic** in the table have changed since the budget proposals report in January 2021. These are discussed later in the report, but have resulted in a reduction to the Net Funding Requirement of £0.443m.

Table 1(a) – Projected Pressures 2021/22

	2021/22 £'000
Future cost of pay awards - Non Teachers - 1%	1,673
- Teachers – 1%	2,300
<i>Costs imposed without funding by UK Government:</i>	
- National Living Wage – own pay bill	0
- National Living Wage – contracts	1,300
Increase in Pension Costs	0
Cumulative contract inflation	1,400
Capital charges – existing	0
Capital charges – new scheme aspirations	1,100
Capital charges – expected savings as a result of increased grants and thus reduced borrowing – general capital and Band B schools	-300
MRP review linked to capital programme (policy change approved by Council in December 2018)	366
Use of reserves to smooth capital charges impact	-3,000
Use of General Reserves	0
Contingency	0
COVID-19 Impact – Increase Discretionary Rate Relief	18
One-off funding for COVID-19	7,000
Rebase part of Resources (e.g. agile and remote working)	2,000
Reinstate temporary use of Insurance Reserve	0
Demographic and Service pressures	3,000
Mid and West Wales Fire Authority (independently decided by the Fire Authority) and other Levies	380
Council Tax Support Scheme	2,500
Service pressures previously accepted	2,115

New Service pressures accepted	7,439
Passported through AEF to Services – Teachers pay	297
Total Funding Requirement	29,588
Savings Requirement	-8,062
Net Funding Requirement	21,526
Aggregate External Finance increase CASH	12,964
Aggregate External Finance increase – passport to Services	297
Council Tax increase (including premia and tax base increases)	8,265
Total Resource Investment	21,526

Inflation

- 4.7. The 2020/21 Revenue Budget provided a corporate provision of £2.85m for general inflation (£1.85m) and the cost of the Apprenticeship Levy (£1m). It is expected that the full £1m will be required for the Apprenticeship Levy, the remainder of the provision will be used to reduce the service overspend.

Given current UK inflationary levels and forecasts to come through the year there is a strong case for increasing the corporate (General) provision for inflation in 2021/22. Mainly to cover the increase of costs associated with contracts, a further £1.4m will be provided in the corporate provision. It is the case, however, that the Council is likely to experience significant cost pressures in specific areas as detailed in Table 1 (b) below and these have already been provided for as follows.

Table 1 (b) – Potential Service Inflationary and Cost Pressures

	£'000
Increased contract costs due to rises in inflation	1,400
Increased contract costs due to rise in National Minimum Wage levels (already in services)	1,300

In the November 2015 Autumn Statement, the Chancellor first announced significant increases in the National Minimum wage. Whilst the actual increases will vary year to year there will be continued pressures. The rise anticipated for 21/22 will not affect direct employee costs, however there will be costs associated with this in future years. It is highly probable that this will impact directly on wage costs of external contractors particularly in respect of contracted services within Social Services.

Irrespective of increases in minimum wage, there is likely to be pressure from contracted areas in both Social Services and Transport Services for elements of cost increases. These will need to be funded from the corporate inflation provision on a case by case basis as the need arises.

In his Spending Review presented to Parliament in November 2020, the Chancellor of the Exchequer announced a freeze on public sector pay, the exceptions being for the NHS and the lowest paid. Whilst the Chancellor doesn't control local government pay, this announcement will constrain pay

rises to some extent. Since the proposals report in January work undertaken has refined the estimate included above, although it is still based on 1%.

The Apprenticeship Levy is still held centrally on the general provision for inflation line as it is currently a cost that is in effect a corporate tax. This makes the total provision for inflation £4.25m, although £1m of this is already fully committed for that levy. The provision has been increased this year because of the current economic uncertainty surrounding inflationary levels.

As detailed below, it is assumed that any provision for increases in School pay budgets will be met directly from Schools' delegated budgets.

Schools Prioritisation

- 4.8. It remains the case that the forward financial plans for the Council will continue to show year on year savings requirements which are likely to be significant and sustained. Given the scale of savings required, it is inevitable that it will be impossible to exempt schools' budgets fully from longer term real terms cuts.
- 4.9. Budget movements can be viewed in two ways:
- Cash increases or reductions in levels of funding provided to Schools
 - Real terms changes in Schools funding, taking into account known spending needs.
- 4.10. For 2021/20 there is no longer any Ministerial funding commitment to schools, although the provisional settlement does make it clear that the cost pressures in schools are specifically recognised by the Welsh Government and were a material factor in the overall settlement. However, it is intended to provide funding for various service pressures as a local priority for Cabinet.

The net result of these proposals is an increase in the underlying base budget cash settlement to Schools of some £6.852m (4.3%) for 2021/22, (including anticipated Pupil Development Grant and Post 16 funding changes which come separately from Welsh Government), which is more favourable than the 3.9% increase in this Council's funding from Welsh Government.

This year the headline figures across Wales in respect of both Pupil Development Grant the Regional Consortia School Improvement Grant have remained the same compared to 2020/21. If allocated across authorities on the same basis then this should mean a minimal effect on Swansea Schools. The Post 15 funding allocation is still to be confirmed.

- 4.11. Table 1 (c) below sets out the effective impact of the core funding increase against expected funding pressures for Schools.

Table 1 (c) – Impact on Schools Delegated Budgets

Item	£'000
<i>Cash position</i>	
Gross core delegated base budget 2020/21	160,452
Increase for Pay Award - all staff (1%)	2,300
Increased Pension costs re non-teaching staff	0
Increased demographics pressures	600
Transfer of Teachers Pay Grant 2020/21	297
Changes to Schools SLAs (with Schools agreement)*	660
Grant budget realignment – technical restatement to reflect underlying actual grant levels	1,597
Other cost pressures and enhancement of mainstream capacity within schools (e.g. free school meals, ALN and Service Level Agreements)	1,398
Core delegated base budget 2021/22	167,304
	+4.3%

* The change to the Schools SLA is funded partly by a transfer from the Education budget (£255k) and partly by additional funding (£405k).

The above cash increase more than fully covers known pressures for Schools and further supports the enhancement of mainstream provision within schools as part of the existing education budget strategy.

There are no further delegated funding changes expected for 2021/22 and so the total school cost centre budgets set out in Appendix H have increased by more than £6.852m for 2021/22 or 4.3% in respect of schools core funding.

It remains the case, however, that substantial elements of Schools Funding (c£17m) are now being delivered via specific Grant (Pupil Development Grant and Regional Consortia School Improvement Grant) which results in a substantial annual risk to overall School's funding which is not in the control of this Council.

Social Care Protection

- 4.12. Similarly to Schools, the Welsh Government overall Revenue Settlement for 2021/22 no longer includes a protection or prioritisation of funding for social care.

Overall the cash budget proposed for social services (including Poverty & Prevention) increases by around 3% or £4m.

Capital Financing Charges

- 4.13. There is a base line increase of £1.166m compared to the 2020/21 approved budget reflecting both additional unsupported borrowing (for existing and new capital schemes) and the effect of the MRP review carried out in 2018/19.

As at 1st April 2015, and to date, a significant element of the Capital Financing requirement has been met by the allocation of internal funds (internal borrowing). This is highly dependent on cash-flows of the Council and it is anticipated that, during 2021/22, as has happened in 2020/21, there may be a further requirement to externalise borrowing as good treasury management practices dictate.

Regardless, we continue to enjoy historically low rates of interest on borrowing, and a decision may be required to externalise further elements of current internal borrowing should there be a predicted and marked increase in forecast rates in order to best serve the Council's interests in the medium to long term. It should be noted that the 1% premium imposed on PWLB borrowing was removed in November 2020 with stringent guidance outlining what PWLB can and cannot be used for. The most economically / operationally advantageous form of borrowing shall be determined by the Section 151 Officer, and could include the following:

- Local authorities
- Financial institutions
- Municipal Bonds Agency

Furthermore the authority has a potential range of ambitious and challenging investment plans and opportunities in the shape of 21st Century Schools Band B programme, the City Region Deal, City Centre redevelopment, and new housing plans, which are set out in the report on Capital elsewhere on this agenda.

Whilst the initial costs have been built into annual budgets to date, there is a longer term requirement to anticipate additional capital financing costs peaking at around £10m per annum extra (by 2025/26, of which around half has been already built into base budgets to date). This is materially lower than the equivalent figure initially reported as a result of substantial increases in current and medium term capital grant funding from the Welsh Government and as a direct result of the change to MRP policy which was approved by Council in December 2018.

Fire Authority Levy and Port Health Authority Levy

- 4.14. Since the 21st January 2021 Cabinet report we have been notified of the final increase in the Fire Authority Levy. The final figure reflects an overall average 2.43% increase in the levy and some redistribution of shares of the levy between contributing authorities (£0.379m). This is £0.029m higher than the estimated increase included in the budget proposals report to Cabinet. The levy for 2021/22 will be £14.120m.

- 4.15. There has been a minor increase in the Swansea Bay Port Health Authority Levy, the levy for 2021/22 has been set at £88,281 for Swansea.
- 4.16. In future years there is the potential for a Corporate Joint Committee levy, subject to legislation. No budgetary provision has been made for 2021/22 on the basis the legislation and guidance is not finalised, and the body does not yet exist in order to sit and make a budget and issue a levy. Any costs subsequently incurred in 2021/22 will need to be funded by a draw from contingency, if any such set up and initial costs are not instead met by Welsh Government, given these costs will not be finalised until after Council has set its budget.

Council Tax Reduction Scheme

- 4.17. The Authority received a baseline adjustment to its Revenue Support Grant of £18.883m for 2014/15 which has been notionally included as part of all future settlements. The effect of this is that any future increases in Council tax levels would have to be discounted by any potential increases in Council Tax Support costs. Where appropriate the yield will also have to take account of any increase in Council Tax Support Costs arising from increases in the Council Tax applied by the South Wales Police Commissioner.

The effects of funding additional Council tax support have been taken into account when calculating the funding in respect of the overall budget shortfall highlighted in Table 1(a) in paragraph 4.6 of this report. This has been set at £2.5m for 2021/22 a larger than usual increase because of the estimated impact of the COVID-19 pandemic. Latest estimates have reduced this from the Budget Proposals report in January 2021.

Discretionary Rate Relief

- 4.18. The Authority is responsible for funding an element of any discretionary rate relief awarded to local businesses. Due to the COVID-19 pandemic the Authority anticipates an increase in requests and so latest estimates have built in a modest increase to this budget.

Service Pressures and Additional Investment

- 4.19. It can be seen from Table 1(a) above that there is a continued investment in pressures identified and approved as part of the budget process last year. In addition to this there have been a number of new pressures and new investment opportunities identified as part of this year's budget process. The funding of these items has been possible partly through a better than expected settlement from the Welsh Government and partly through efficiencies (savings) made elsewhere within the Authority. These are listed in part 2 of Appendix D.

5. Specific Savings Proposals: Update

- 5.1. As a strategy for determining its budget proposals, the Authority has, for the past seven years, used the principles embedded within ‘*Sustainable Swansea: Fit for the Future*’ as a means of setting Council priorities, transforming services and addressing current and future deficits.

Details of that strategy, including the budget principles that the Authority has adopted together with a description of the key elements that underpin the service savings proposals, was presented and approved by Council on 22 October 2013 and subsequently reviewed by Cabinet on 16th July 2015.

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 will now inform and shape the budget process, ensuring the budget assists the strategic aims and outcomes of the framework. It is essential that the recovery programme and its associated delivery and governance is now delivered rapidly to ensure savings plan in train and expected to be needed in the future are more fully assured.

- 5.2. The strategy as adopted underpinned the decision taken at the Council’s Cabinet on 21st January 2021 to recommend specific savings proposals totalling £8.062m in 2021/22 for consultation. Cabinet now needs to consider whether or not to make any changes to these proposals in light of the outcome of the consultation.
- 5.3. Since the January report the overall savings requirement has reduced, as detailed in Table 1 (a) above and paragraphs 4.7 to 4.18 above, now totalling some £8.062m. Consequently some changes to the service specific savings have been made, as summarised below. These are detailed in Appendix D (Part 1).

Table 2 – Summary of Savings Proposals

Savings	2021/22 £'000
Service specific savings as at 21 st January 2021	8,321
Removal of three service specific savings	-259
Sub-total (as detailed in Appendix D)	8,062
Schools*	0
Total	8,062

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

- 5.4. Details around the currently assumed proposals for Council Tax levels are shown in Section 9 of this report.
- 5.5. Details around use of the Council's Reserves, contingency and inflation provisions are shown in Section 8 of this report.

6. Outcome of Budget Consultation Process

Budget Consultation Results

- 6.1. The annual budget consultation will run from 22nd January 2021 to 21st February 2021. As such the consultation was ongoing at the time of writing this report. An interim summary of the consultation results is attached at Appendix E, which will be updated for Council on 4th March.
- 6.2. The EIA process has been running continually through the budget process. The EIA report is attached as Appendix F. Cabinet will be kept updated on any potential issues that may arise as part of the budget implementation process.
- 6.3. Cabinet and Council will need to consider the response to consultation and the EIA report and demonstrate how we are taking account of the feedback.
- 6.4. Finally, Cabinet is asked to note that, as part of the budget consultation process:
 - An account of the consultation responses will be placed on the Council's website

Changes Proposed to the Budget in this Report

- 6.5. As a result of the latest updates to forecasts, Cabinet is able to consider a reduced level of Council Tax payable and will now need to consider further whether it is minded to make any further recommendations to Council on its final proposals for the 2021/22 budget.

7. Staffing Implications

Background

- 7.1. The Cabinet Report of 21st January 2021 set out the latest estimate (**work on this is continuing and the number is likely to change**) of the impact of the current proposals on total staffing numbers for 2021/22, these have been updated in **Table 3** (shown as Full Time Equivalent (FTEs))

Table 3 – Potential Impact of Savings Proposals on FTEs 2021/22

Potential Headcount Reduction (likely vacant posts or volunteers for ER/VR)	Headcount Number
Resources	7
Place	6
Education (excluding schools)	0
Social Services	0
Total	13

Indicative schools figure	FTEs
Schools	0

In addition it should be noted, investment proposals set out in Appendix D indicate at least as many new FTE posts are likely to be created elsewhere in the Council.

- 7.2. The Council is committed to continue to work closely with Trade Unions to minimise the number of compulsory redundancies.
- 7.3. Trade Unions will be consulted on budgetary proposals.
- 7.4. Subject to confirmation of proposals regarding changes to employee numbers, a S188 Letter will be issued and consultation with Trade Unions on individual proposals will continue throughout the process.
- 7.5. It should be noted that consultation will be undertaken on a rolling basis outside the normal budget cycle, as the outcomes from commissioning and other reviews are presented to Cabinet. Consequently, in some Service Areas, it was not possible at the time of the formal meetings with the Trade Unions to give details of the precise impact on staff and the figures quoted were, therefore, overall estimates. Future meetings with Trade Unions will be used to provide more detail when this becomes available as future options are agreed.
- 7.6. A reduction in posts in 2021/22 may still be unavoidable, given that the Council spends around 40% of its overall budget on employees (significantly more in some Service Areas).
- 7.7. As achieved and evidenced in previous years, and continuing 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 a post needs to be covered*

- *Stopping the use of agency staff unless a clear business case can be made*
 - *Redeployment and retraining wherever possible*
 - *Further encouragement of staff to consider ER/VR options, including bumped redundancies*
 - *Encouraging staff to work flexibly e.g. reduce hours or job share*
 - *Flexible retirement*
- 7.8. 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 in Resources and Place, and those in management/ supervisory posts and employed in business support functions.

Issues

- 7.9. Consultation will take place with the Trade Unions as required and any issues raised will be considered.

Based on current information it is anticipated that there will some changes to the staffing figures as a result of:

- ERVR applications
- Not filling vacant posts
- Flexible Working requests, i.e. reduced hours
- Flexible Retirement
- Redeployment
- Bumped redundancies

These figures will be updated on an ongoing basis.

HR & OD are constantly working with redeployees to secure them alternative positions. Employees at risk, i.e. those who have not been served notice, can also be considered for redeployment.

In addition, all posts are placed on the list of posts for employees at risk in the first instance. Director and CMT approval is required in order for the posts to be advertised either on the Vacancy Bulletin or externally.

Consultation Period and Notice Periods

- 7.10. In the event of organisational change that impacts on employees, the formal consultation period will last for a minimum of 30 days; although formal consultation meetings with staff and Trade Unions will continue as and when necessary.

Assuming that Council approves the budget, it will be after this date that the workforce implications of the budget can be implemented.

After any redundancy selection process has been completed, displaced staff will then be served with their contractual notice which could range from a 4

week period up to 12 weeks, which depends on the employee's length of service.

8. Reserves and Contingency Fund Requirement

Background

- 8.1. It is a requirement of the Local Government Finance Act 1992 that authorities have regard to the level of reserves when calculating their Budget Requirement. Whilst there is no prescribed statutory minimum level of reserves, account should be taken of the strategic, operational and financial risks facing the Council.
- 8.2. In assessing the adequacy of reserves account needs to be taken of the following general factors:
- treatment of inflation and interest rates
 - level and timing of capital receipts
 - treatment of demand led pressures
 - expected performance against challenging budget requirements
 - treatment of planned efficiency savings / productivity gains
 - financial risks inherent in major capital developments and funding
 - the availability of reserves, government grants and other funds
 - general financial climate to which the authority is subject

The Section 151 Officer continues, as set out below, to view General Reserves as already being at the absolute minimum safe level. Furthermore as the revenue budget continues to grow, the relative value and thus acceptability to the Section 151 Officer of the already low absolute level of General Reserves diminishes further, albeit mitigated to some extent by the growth in temporary earmarked reserves. Any consideration on use of reserves to fund the 2021/22 Revenue Budget is dependent on the level of confidence in predicting 2020/21 Revenue Outturn and the overall draw from those reserves. At present it remains the case therefore that there should ordinarily be no planned use of general reserves for any future budgets and indeed an expectation of the Section 151 Officer that longer term, General Reserves will need to be bolstered to maintain their relative value when compared to the overall growth in budgets and risks and uncertainties faced.

Setting the level of reserves is just one of several related decisions in the formulation of the Medium Term Financial Strategy i.e. it is more than a short term decision.

- 8.3. In considering reserve levels Members should have specific regard to:-
- The report of the Section 151 Officer to Council on 1st October 2020 'Review of Revenue Reserves'
 - The guidance issued by Welsh Government and circulated to all Members advising on methods that might be employed when reviewing the overall reserves of the Council.

General Reserves

- 8.4. The General Reserve amounted to £9.352m at 1st April 2020.
- 8.5. The Revenue Budget for 2020/21 approved by Council on 5th March 2020 assumed no transfer from General Reserves and there is no movement in the General Reserve currently expected during 2020/21, although any final determination on the use of reserves will depend on the outturn position for 2020/21.
- 8.6. In the opinion of the S151 Officer the level of the General Reserve is currently at the very minimum recommended level and as such there is no assumed transfer from the reserve to support the 2021/22 budget.

Therefore the level of General Fund balances estimated at 31st March 2022 would be £9.352m.

Longer term the Section 151 Officer expects there to be a need to increase General Reserves to maintain their relative and proportionate value as revenue budgets and risks and uncertainties grow significantly.

Contingency Fund

- 8.7. The 3rd quarter financial monitoring report details several forecast uses of the Contingency Fund in 2020/21. At this time, it is anticipated that the original £3.621m 2020/21 budgeted contribution, plus the additional £6.306m carried forward from 2019/20, will be fully expended and/or used to fund the Council's final outturn position. Given the overall position as forecast in the 3rd quarter budget monitoring report for 2020/21 considered elsewhere on this agenda, the forecast Fund balance as at 31st March 2021 is nil.
- 8.8. In assessing the value of the Contingency Fund requirement in 2021/22, the following potential requirements are relevant:
- The risks and issues detailed in Section 11 below.
 - The need to provide a substantial potential source of finance for repeated potential overspending in services given past performance, bearing in mind the Council has now likely exhausted all other Earmarked Reserves.
 - The continuing uncertainty for Public Finances as set out in the Cabinet report on 21st January and summarised in the MTFP report elsewhere on the agenda.
 - The expectation that any emerging additional inflationary pressures beyond the large already budgeted items (National Living Wage, pay awards) will be a call on the fund in year.
- 8.9. Bearing the above in mind, together with the proposals in respect of funding current year service pressures within the 2021/22 base budget, and the reduced risk of repeating overspending from 2020/21, it is now recommended that the contribution to the base budget Contingency Fund in respect of 2021/22 remains the same at £3.621m depending upon any further budget

decisions Cabinet is also minded to recommend. Again this is considered the absolute minimum range necessary to be maintained in light of the likely risks and issues facing this Council.

Earmarked Reserves

- 8.10. The Council retains earmarked reserves for specific purposes. The reasons for holding these reserves are documented and are subject to ongoing review and scrutiny. The forecast transfers to and from reserves are summarised in Appendix C.

On 1st October 2020 Council received and approved a report detailing a formal review and re-allocation of Earmarked Revenue Reserves.

- 8.11. From the usual list of specific grants announced by the Welsh Government for 2021/22 it appears that where there are reductions to grants these are not significant so it is unlikely that there will be a significant impact on Swansea.

It should however be noted that the grants awarded during 2020/21 in respect of COVID-19 have either not been announced yet or have been reduced dramatically from the 2020/21 value. Should the effects of the pandemic continue into 2021/22 this will be a huge risk. The scale is such that of those grants confirmed there is a drop from nearly £600m available in 2020/21 to just £13m in 2021/22 at an all Wales level for local government. The budget advice of the Section 151 Officer is given with the explicit statement of that fundamental uncertainty risk.

Past experience has shown that whilst it is extant Council policy that any reduction in specific grant should be met from an equal reduction in service expenditure, there is often a lag between loss of grant and reduction in costs/change in service levels.

It is also clear that in respect of some specific grants any reduction in associated expenditure may have a detrimental effect in meeting service targets with a consequential increase in future financial penalties.

There are no remaining reserves specifically to protect against grant losses so any reductions will fall firstly to the Service department to manage or if significant will have to be considered for funding from the Contingency Fund.

Review of Insurance Fund

- 8.12. A review was completed of the sums set aside to provide for future claims which are not known or only partly known at this time. Such claims can be very significant and can relate to past periods going back many years.
- 8.13. In the light of that assessment £700k was released for the three years starting with 2017/18 and was already reflected in the budget proposals previously considered by Cabinet. This was extended as part of the budget processes for 2018/19 and 2019/20 so will now end in 2022/23.

Adequacy of Reserves

- 8.14. Whilst the proposed use of Earmarked Reserves in 2021/22 funds one off and some recurring expenditure, taking into account the level of General and Earmarked Reserves which would be available should there be an overriding financial requirement, and the arrangements in place to monitor and manage financial risk in 2021/22 and future years, I am just satisfied that the proposed management of reserves in 2021/22 will result in a forecast level of General Reserves, Earmarked Reserves and Provisions which may be considered adequate, subject to the potential financial implications of the risks described in Section 11 below and the final budget proposals recommended by Cabinet to Council.
- 8.15. Given the considerable risks and uncertainties facing the Council in 2021/22 and future years, it remains my advice as the officer designated with responsibility for the overall finances of the Council that the above represents reasonable prudent financial management having due regard to service pressures and funding constraints. Nevertheless, increasingly the risks associated with the budget, especially any non-deliverability in practice of planned savings remains very pronounced. This is especially important when viewed in the context of draws from General Reserves in 2017/18 and Earmarked Reserves in 2018/19, which cannot be repeated. Put simply and bluntly both those routes are now all but fully exhausted going forward and Council will have to consider some or all of the following in future years:
- Service reductions
 - Reductions in future capital aspirations
 - Further council tax increases each year
 - Some short term draws from the earmarked reserves set up to manage budgets through to 2025/26, but with an explicitly acceptance and understanding that these are one off mitigations only to enable longer term adjustment to the highly likely tighter public sector funding environment

9. Budget Requirement and Council Tax 2021/22

- 9.1. The Council's recommended requirement is set out in Appendix A. The City and County of Swansea Requirement of £490.181m will be financed partly by Revenue Support Grant of £269.725m and National Non-Domestic Rates of £82.917m.

Based on the report to Cabinet on 21st January 2021, and in line with assumptions contained in the Welsh Government's spending assessment for Swansea, a Council Tax rise of 4.32% would have generated an additional sum of £8.708m including assumptions on council tax premiums.

However, following early consultation indications and other refinements, Cabinet are asked to consider a slightly lower Council Tax rise of 3.99%, which would generate a sum of £8.265m, a band 'D' charge of £1,462.39

Taking consequential lower Council Tax Reduction Scheme support costs into consideration there is a net reduction in proposed income of £0.443m. This has been funded by a reduction to pressures as detailed in Table 1(a).

This remains provisional pending the final local government finance settlement which is due on 2nd March and it is envisaged that as long as there are no material changes at final settlement that this can be contained within the margins of error in the assumptions and estimates already used in this report and accommodated by adjusting contingency. Council will be advised of the final settlement figure before making a final determination on budget and Council Tax and any implications it may have to take into account.

- 9.2. Including Community Councils, the total requirement, after taking account of proposals in respect of reserve transfers and currently assumed savings, is £491.763m.
- 9.3. The above proposals are based on an indicative Council Tax rise which is within the range of planning assumptions of the Medium Term Financial Plan.

10. Summary of Funding 2021/22

- 10.1. The implications of Sections 4, 5, 6, 7 and 8 above, together with the assumed 3.99% rise in Council Tax identified in Section 9 above, results in a forecast additional funding of £29.588m in 2021/22 as detailed in Table 4:

Table 4 – Budget Proposals 2021/22

	£'000
Savings identified per Section 5.3 above	8,062
Net effect of Council tax base increase and proposed charges	8,265
Aggregate External Finance increase	13,261
Overall resourcing	29,588

- 10.2. Cabinet is asked to consider whether, as a result of the consultation exercise, it wishes to make any further changes to the budget savings proposals for 2021/22 and, if so, any other consequential changes that may need to be addressed. The wholly expected and fully built in increase in AEF should be seen as an opportunity to maintain targeted investment in to the Council's priorities and preventative action in particular, not to slow down the pace of change or the level of required savings.

11. Assessment of Risks and Uncertainties

- 11.1. As in previous years, there are a number of potential costs which have been considered in the context of the budget proposals. In particular :-

(a) Implications of Specific 2020/21 Overspends

The 3rd quarter financial monitoring report, discussed elsewhere on this agenda, highlights a number of service overspends, albeit predominantly

driven by the COVID-19 response. It is anticipated that remedial action already in place will serve to mitigate some of the overspends identified. Where this is not the case, then adjustment via the Contingency Fund will have to be made for any items that are seen to re-occur.

(b) Unavoidable Spending Requirements

All services will need to meet a range of additional / new pressures in 2021/22. These include the implications of new legislation; demographic changes; final completion of the single status appeals process; and other requirements. Whilst reasonable provision has been made for these costs, there is a risk that some items will result in overspends. In particular it has previously been the case that the cost of pay protection arising out of single status implementation can be funded centrally, going forward any and all costs that arise as a result of the appeals process will have to be met from within specific existing Directorate budgets.

(c) Savings

It is essential in terms of the financial challenges facing the Council beyond 2021/22 that further savings proposals are continuously developed as part of the transition from the *Sustainable Swansea* to the *Achieving Better Together* programme and **implemented over and above those proposed within this budget to provide some future headroom**. This will be a continuation of plans already underway and specifically include existing and the next waves of reviews which **must be rapidly turning recovery plans and assumptions into delivered reality, otherwise service savings will fail to be delivered and net spending pressure return to service budgets for which immediate corrective action will be required**.

The 2021/22 budget includes significant and extensive savings targets which must be fully achieved. **It is a fundamental requirement of the Council's financial procedure rules that Responsible Officers are required to manage expenditure within approved budgets of the Council and to that extent it is essential, should specific proposed budget savings be delayed or postponed, that alternative savings are fully achieved in year to meet approved Directorate Budgets**.

Given the nature and scale of the savings challenge during 2021/22, there will be continued and enhanced monitoring and tracking of progress in achieving budget savings which will be reported to Corporate Management Team, Reshaping Board, Recovery Board and Cabinet.

As noted above, further proposals will be brought to Cabinet during the year as necessary.

(d) Inflation

Where there have been specific announcements around minimum wage increases an estimate has been included around the potential additional costs

that may fall to the Council from external contractors. In addition £1.4m has been provided for potential inflationary increases in areas where there is a significant element of contracted out services.

(e) Care Home Fees

Budget provision has been made for the 2021 contract settlement with care home providers. However, it is likely that fees will need to be further monitored given that the Council has to undertake an annual review of payments to care home providers which must be robust and evidenced – see specific provision for inflation above.

(f) Specific Grants

In the event that the level of specific grants awarded for 2021/22 is less than that for 2020/21, it is essential that Directorates take action to manage such reductions within the proposed spending limits – i.e. there is no ongoing corporate provision for meeting such shortfalls. There is a clear expectation that expenditure will be cut to match the level of grant.

It is, however, acknowledged based on past experience that where specific grants are reduced there may be a time lag between reduction in funding and the Council's ability to reduce costs. It is equally clear that in some areas currently funded by specific grant the Council will, for operational or service reasons, wish to maintain expenditure. Any future bids for funding to cover loss of specific grants will have to be made against the already pressured contingency fund.

(g) Equal Pay Back Payments

The bulk of equal pay claims both in number and value have now been fully settled. However, legislation is such that further claims cannot be precluded although the introduction of the compliant pay and grading structure from 1st April 2014 will significantly lessen risk in this area over time.

(h) Implementation of Single Status

Whilst the Council implemented a compliant pay and grading structure from 1st April 2014, there has been a significant number of appeals against grades awarded. Where these appeals have been successful, it will lead to additional costs over and above the grade initially allocated including incremental costs over a period of up to five years, of which 2018/19 represented the last year and effectively this risk has now dropped out from 2019/20.

(i) Council Tax Reduction Scheme

Provision has been made for the estimated costs which are now linked directly to any proposed increases in Council Tax Levels.

(j) COVID-19 and COVID-19 Grants

There is a real risk that the impact of the COVID-19 pandemic will continue into 2021/22 and beyond, at a level higher than that anticipated. There is also a risk that the ongoing effects of the pandemic could continue to affect national and indeed global finances.

The Welsh Government has reduced dramatically the grant funding available for the impact of COVID-19 in 2021/22 compared to that available in 2020/21. This is a significant financial risk as things are unlikely to return to normality that rapidly in practice.

(k) Capital Financing Charges

There is a risk that the funding ask (in respect especially of additional unsupported borrowing) highlighted in the Capital Budget report elsewhere on the agenda will result in additional charges over and above the agreed budget provision.

The report on the Capital Programme for 2020/21 – 2026/27 elsewhere on this agenda highlights specific actions that need to be taken to mitigate against future increases in revenue costs linked to increases in unsupported borrowing and further externalisation of current debt.

In additional mitigation, there was a report to Council on 20th December 2018 in respect of the formal review of the Minimum Revenue Provision. This has the benefit of reducing capital financing charges in the short to medium term, albeit at the expense of increases in the medium to longer term, before once again reducing in the very long term. These shorter-term savings have been built into the budget for 2021/22 and beyond.

The low interest rate and bond yield environment has resulted in historically low interest rates available from the PWLB in the past few years, which the Authority has taken advantage of in funding its capital financing requirement. Although the PWLB have removed the 1% penalty premium on new local authority borrowing (subject to certain criteria), consideration will also need to be given to sourcing funding at cheaper rates from the following:

- Local authorities
- Financial institutions
- Municipal Bonds Agency

The degree which any of these options proves cheaper than PWLB Certainty Rate is still evolving at the time of writing but the Section 151 Officer is delegated to identify the most economically advantageous funding option.

- 11.2. Whilst reasonable assumptions have been made in relation to each of the above risks it is impossible to be certain that adequate funding will be available for every item. This re-enforces the need to have adequate reserves and balances available to meet any unexpected costs or shortfalls.

- 11.3. The above risks are both substantial and potentially significant in value. Therefore during 2021/22 specific actions are being put in place which will involve:-
- Monthly monitoring of specific savings targets against an agreed implementation timetable in order to identify any slippage and appropriate and equivalent compensating budget savings.
 - Ensuring compliance with the Council's Financial Procedure Rules, which require Responsible Officers to manage budgets within the limits set by Council.
 - The impact of any changes to specific grant funding streams.

12. Equality and Engagement Implications

- 12.1. The Council is subject to the Public Sector Equality Duty (Wales) 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.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

- 12.2. Budget proposals continue to be subject to the Council's Equality Impact Assessment (EIA) process. Appendix F contains the Equality Impact Assessment (EIA) Statement for the Budget. The focus continues to be on mitigation of impact on the community.
- 12.3. Due to both the nature of the proposals being considered and the regulatory framework around EIAs, many now take a number of months to reach a conclusion. The budget planning process operates over a 3-year period, with many proposals being considered, designed and altered prior to implementation over this time period.
- 12.4. Officers are always advised to undertake the initial screening as early as they can, with (if required) a full EIA report then opened as soon as possible. This is then completed as proposals are worked through and means that we are now working on budget EIAs throughout the year. As a result, the assessment of impact is not a one-off exercise – it is a continuing process.
- 12.5. To ensure ongoing rigorous process, the following elements are of note:
- Where officers have concerns and/or queries, meetings are held with the Access to Services Team to look at both the proposal and the EIA
 - EIA reports are often added to over a period of time, e.g. following consultation and engagement activities, following changes to the detail of proposals
 - Quality assurance is carried out by officers with expertise in the areas of equality, Welsh language, poverty and the UNCRC

- Where a proposal has potential adverse impacts that cannot be mitigated, the EIA is referred to senior managers for attention and consideration.
- 12.6. In addition, with a number of both commissioning and other reviews underway across the organisation, the total or overall impact of the proposed budget is difficult to fully assess at any point of implementation, particularly with the EIA process being a continuing feature as proposals are further developed. Therefore we will continue to publish each EIA report with the relevant corporate report at [Browse Meetings, 2000 - City and County of Swansea](#)

13. The Medium Term Financial Plan (MTFP) 2022/23 – 2025/26

- 13.1. Many of the issues identified in this report have implications for future years. The MTFP report elsewhere on the agenda includes an assessment of likely shortfalls in future years and outline proposals for achieving savings.

14. Legal Implications

- 14.1. The Authority is under a duty to make arrangements for the proper administration of its financial affairs. Failure to do so will be a breach of that duty.

Background papers : None

Appendix 'A' Revenue Budget Summary 2021/22

Appendix 'B' Net Directorate Budget Proposals

Appendix 'C' Earmarked Reserves

Appendix 'D' Specific Savings Proposals and Service Investment

Appendix 'E' Summary of Consultation Responses

Appendix 'F' Equality Impact Assessment Statement

Appendix 'G' Response of the Schools' Budget Forum

Appendix 'H' Sustainable Development Impact Assessment

Appendix 'I' Directorate Budgets

	APPENDIX A	
REVENUE BUDGET SUMMARY 2021/22		
<i>DIRECTORATE</i>	REBASED	ORIGINAL
	BUDGET	BUDGET
	2020/21	2021/22
	£'000	£'000
RESOURCES	27,275	29,378
RESOURCES - COUNCIL TAX REDUCTION SCHEME	22,567	25,067
POVERTY AND PREVENTION	4,540	4,460
SOCIAL SERVICES	120,194	124,234
EDUCATION	21,381	21,127
EDUCATION - DELEGATED TO SCHOOLS	160,452	167,304
PLACE	58,306	64,469
CROSS CUTTING SAVINGS	-194	0
<i>NET DIRECTORATE EXPENDITURE</i>	414,521	436,039
SPECIFIC PROVISION FOR INFLATION / APPRENTICESHIP LEVY	2,850	4,250
<i>OTHER ITEMS</i>		
LEVIES		
SWANSEA BAY PORT HEALTH AUTHORITY	87	88
CONTRIBUTIONS		
MID & WEST WALES COMBINED FIRE AUTHORITY	13,741	14,120
<i>CAPITAL FINANCING CHARGES</i>		
PRINCIPAL REPAYMENTS	16,368	17,534
NET INTEREST CHARGES	20,010	20,010
<i>NET REVENUE EXPENDITURE</i>	467,577	492,041
<i>MOVEMENT IN RESERVES</i>		
GENERAL RESERVES	0	0
EARMARKED RESERVES	678	-2,278
<i>TOTAL BUDGET REQUIREMENT</i>	468,255	489,763
DISCRETIONARY RATE RELIEF	400	418
<i>TOTAL CITY AND COUNTY OF SWANSEA REQUIREMENT</i>	468,655	490,181
COMMUNITY COUNCIL PRECEPTS	1,582	1,641
<i>TOTAL REQUIREMENT</i>	470,237	491,822
<i>FINANCING OF TOTAL REQUIREMENT</i>		
REVENUE SUPPORT GRANT	253,660	269,725
NATIONAL NON-DOMESTIC RATES	85,721	82,917
COUNCIL TAX - CITY AND COUNTY OF SWANSEA	129,274	137,539
COUNCIL TAX - COMMUNITY COUNCILS	1,582	1,641
<i>TOTAL FINANCING</i>	470,237	491,822
<i>COUNCIL TAX BASE for the City and County of Swansea</i>	91,923	94,051
<i>COUNCIL TAX AT BAND 'D' (£) for the City and County of Swansea</i>	1,406.33	1,462.39
GENERAL RESERVES		
AT 1 APRIL	9,352	9,352
AT 31 MARCH	9,352	9,352

REVENUE BUDGET 2021/22									
NET DIRECTORATE BUDGET PROPOSALS									
	Resources	Resources - Council Tax Reduction Scheme	Poverty and Prevention	Social Services	Education	Education - Delegated to Schools	Place	To be allocated	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Original estimate 2020/21	49,842	0	4,368	120,366	21,381	160,452	58,306	-194	414,521
Directorate Transfers	-22,567	22,567	172	-172	0	0	0	0	0
Original estimates following transfers	27,275	22,567	4,540	120,194	21,381	160,452	58,306	-194	414,521
Transfer to (+) / from (-) reserves 2020/21	-1,828	0	0	-200	35	0	-250	0	-2,243
Original estimate 2020/21 excluding reserves	25,447	22,567	4,540	119,994	21,416	160,452	58,056	-194	412,278
Transfers for specific items 2020/21	0	0	0	0	0	0	0	0	0
Baseline adjustments 2020/21	135	0	-106	-18	42	0	-53	0	0
Adjusted service budgets 2020/21	25,582	22,567	4,434	119,976	21,458	160,452	58,003	-194	412,278
Baseline adjustments 2021/22	0	0	-34	34	-1,810	2,149	0	194	533
Spending Needs	2,585	2,500	175	8,055	2,400	2,403	6,000	0	24,118
Pay inflation provision	53	0	110	550	200	2,300	760	0	3,973
Savings:									
Specific consultation proposals	-626	0	-225	-4,581	-1,086	0	-544	0	-7,062
Original estimate 2021/22 excluding reserves	27,594	25,067	4,460	124,034	21,162	167,304	64,219	0	433,840
Transfer to (-) / from (+) reserves 2021/22	1,784	0	0	200	-35	0	250	0	2,199
Net Directorate budgets 2021/22	29,378	25,067	4,460	124,234	21,127	167,304	64,469	0	436,039

APPENDIX B

REVENUE BUDGET 2021/22

EARMARKED RESERVES

	Balance 31/03/20 £000	2020/21 £000	Balance 31/03/21 £000	2021/22 £000	Balance 31/03/22 £000
DIRECTORATE RESERVES					
Equalisation reserves	-21,678	4,000	-17,678	5,874	-11,804
Commuted sums	-6,991	97	-6,894	60	-6,834
Repair & renewal funds	-1,945	-212	-2,157	-210	-2,367
Profit share	-1,488	-66	-1,554	-66	-1,620
Service reserves	-9,857	-43	-9,900	-478	-10,378
TOTAL DIRECTORATE RESERVES	-41,959	3,776	-38,183	5,180	-33,003
CORPORATE RESERVES					
Contingency Fund	-6,306	6,306	0	-3,621	-3,621
Insurance	-16,332	2,200	-14,132	700	-13,432
Job Evaluation earmarked	0	0	0	0	0
Transformation/Efficiency	-3,047	-8,495	-11,542	0	-11,542
TOTAL CORPORATE RESERVES	-25,685	11	-25,674	-2,921	-28,595
UNUSABLE/TECHNICAL RESERVES	-1,695	51	-1,644	19	-1,625
SCHOOLS DELEGATED RESERVES*	-7,729	0	-7,729	0	-7,729
TOTAL RESERVES	-77,068	3,838	-73,230	2,278	-70,952

* There is no updated information available for schools for 2020/21 or 2021/22.

APPENDIX D

Part 1 – Savings Proposals

Director	Head of Service Budget	Savings Proposal	Savings 2021/22 £'000
Education	Non-Delegated	Further reductions in regional improvement service, consistent with funding settlements	16
Education	Non-Delegated	ALN Transport - review of spread and nature of STF provision / review of assessment / processes to better promote independent travel and integrate provision with Social Services(unless savings are taken corporately and base budget reduced)	50
Education	Non-Delegated	School Meal prices: further increases to reflect increased costs (previously agreed and to be reviewed each year	80
Education	Non-Delegated	Home to School Transport - savings identified as part of wider focused scrutiny of nature and spread of educational provision (unless savings are taken corporately and base budget reduced)	100
Education	Non-Delegated	Catering and Cleaning services - Continuing work towards full cost recovery through SLAs where schools are receiving additional funding to reflect such cost pressures	100
Education	Non-Delegated	Reducing pupil mobility - bringing forward future managed savings through new EOTAS model	150
Education	Non-Delegated	Review of Out of County placements / delivery model - dependent on additional special school places	250
Education	Non-Delegated	Review of demand and service pressures with need for still tighter mitigation actions to replace the savings targets within the existing MTFP which are undeliverable to the timescale required	340
		Education	1,086
Place	Corporate Property Services	Reduce maintenance on a number of building assets assuming a number will have transferred (or would need to be closed)	50
Place	Highways and Transportation	CTU service become commercial operation within 2 year or externalise service	250
Place	Housing & Public Protection	Introduce paid for advice and approval service for businesses across Food Safety and Trading Standards functions	10
Place	Housing & Public Protection	Proceeds of Crime (POCA) income to be reinvested in core Trading Standards Service	10
Place	Housing & Public Protection	Stop Renewal Area programme in Swansea when Sandfields Renewal Area status expires in 2019 and reduce private sector renewal activity. This will mean no further private sector house condition survey/renewal assessments are done and no further Council led area based private home improvement schemes can be implemented	14
Place	Housing & Public Protection	Registrars - Set a fee to 'save the date' for future weddings. Proposal to charge £25 per booking. Average of 1000 marriages a year.	25

Director	Head of Service Budget	Savings Proposal	Savings 2021/22 £'000
Place	Housing & Public Protection	Above inflation (5%) increase to fees and charges and increased income generation activity across Bereavement Services, Registration Services, Building Control, Trading Standards, Food & Safety, HMO licensing and Housing Renewals. Main risk in Burials and Registrations is terms of remaining competitive with direct LA neighbours	150
Place	Planning & City Regeneration	Reduce net cost of Natural Environment services by generating additional income and maximise use of grants	25
Place	Waste Management & Parks	Increase graffiti charges by 200% over 4 years to ensure full cost recovery	10
Place		Savings Temporarily funded by one-off COVID money	1,000
		Place	1,544
Resources	Communication & Marketing	Reduction in operating budget	20
Resources	Communication & Marketing	Freezing Vacant Post	30
Resources	Communication & Marketing	DesignPrint - To reduce the amount of printed material across the council through centralising budgets	50
Resources	Communication & Marketing	Building costs savings due to relocation to the Civic Centre.	70
Resources	Customer Services & Complaints	Reshaping of how we deliver customer services and complaints	69
Resources	Digital Services	Savings from across budget	28
Resources	Finance	CTRS - Carefully managed use of CTRS budget	0
Resources	Finance	Brings forward modest planned staffing reductions through vacant post and ER/VR management in Service Centre linked to Oracle modernisation	0
Resources	Finance	NDR & Business Grant Administration - One off extra income from processing likely extra covid related grants in 21-22	0
Resources	HR&OD	Reshaping the delivery of the service and wider functions and freezing vacant posts	199
Resources	Legal Services	Increase in income	3
Resources	Legal Services	Reduction to Supplies & Services	52
Resources	Legal Services	Legal - Saving from freezing vacant posts	105
		Resources	626
Social Services	Adult Services	Efficiencies linked to the spending control and processes in relation to the share of costs of packages of care for individuals with complex health and care needs through bi/tri partite agreements with the Health board and other statutory partners	100
Social Services	Adult Services	Increase regional investment in Hospital to Home Recovery Service to bear down on unnecessary recourse to care)	146

Director	Head of Service Budget	Savings Proposal	Savings 2021/22 £'000
Social Services	Adult Services	Efficiency savings in Printing, Car Allowance, Staff Expenses and Stationary Budgets across the service due to changes in working practices	200
Social Services	Adult Services	Transformational co-produced future model for Day Services, based on lessons learned through Covid	200
Social Services	Adult Services	Increase efficiencies (transactional savings) in costs of direct payments	200
Social Services	Adult Services	1% reduction on staffing budget through vacancy management processes and maximising use of available grant funding.	350
Social Services	Adult Services	Realise savings in efficiencies through the Supported Living retender	400
Social Services	Adult Services	Work though Complex Needs high cost placements and establish a collaborative approach with Health and other statutory partners for funding these packages of care	400
Social Services	Adult Services	Continue with the Right Sizing Packages of Domiciliary Care work to reduce expenditure and under delivery	450
Social Services	Adult Services	Increase funded contributions to costs of packages of care	500
Social Services	Child & Family Services	Integrate Family Support Services across Council into a single family support function focussed on better prevention	50
Social Services	Child & Family Services	Reduce the number of independent foster placements	50
Social Services	Child & Family Services	Efficiency savings in Printing, Car Allowance, Staff Expenses and Stationary Budgets across the service due to changes in working practices	100
Social Services	Child & Family Services	Reduce expenditure on external providers through recommissioning contracts achieving best value	180
Social Services	Child & Family Services	Efficiency savings within supported accommodation for 16 - 17 year olds through recommissioning of fixed accommodation for YP.	250
Social Services	Child & Family Services	Work though Complex Needs high cost placements and establish a criteria and equitable formula for funding these placements with Health and other statutory partners	500
Social Services	Child & Family Services	2.5% reduction on staffing budget through vacancy management processes and maximising use of available grant funding	505
Social Services	Poverty & Prevention Services	Efficiency savings in Printing, Car Allowance, Staff Expenses and Stationary Budgets across the service due to changes in working practices	20
Social Services	Poverty & Prevention Services	1% reduction on staffing budget through vacancy management processes and maximising use of available grant funding.	20

Director	Head of Service Budget	Savings Proposal	Savings 2021/22 £'000
Social Services	Poverty & Prevention Services	20% reduction of core funding for Childcare and Play Grants and replace with available grant funding	35
Social Services	Poverty & Prevention Services	Restructure life stages team within wider staffing structure realising staffing efficiencies	50
Social Services	Poverty & Prevention Services	Diversify Adult Community Learning delivery offer post Covid to address need and maximise use of available Grant	100
		Social Services	4,806
		Grand Total	8,062

Part 2 – Service Pressures and Investment

Director	Head of Service Budget	Description	2021/22 £'000
Cross Cutting	All	Reinstate budget for cross cutting items	194
Education	Non-Delegated	Investment needed to correct Arfryn/PRU budgets	42
Education	Delegated	Additional money for schools	1,803
Resources	Resources	To reinstate previous savings to acknowledge need for investment in services	230
Resources	Commercial Services	Investment in Commercial Services post	40
Social Services	Adult Services	Various Adult Services pressures including loss of income (grants), staff costs, inflationary contract costs and ongoing additional COVID-19 costs	2,445
Social Services	Adult Services	Investment in Adult Services, acknowledging likely ongoing increased costs relating to COVID-19	2,400
Social Services	Child & Family Services	Various Child and Family Services pressures including loss of income (grants), staff costs, inflationary contract costs and ongoing additional COVID-19 costs	110
Social Services	Poverty & Prevention Services	Various Poverty and Prevention Services pressures including loss of income (grants), staff costs, inflationary contract costs and ongoing additional COVID-19 costs	175
		Grand Total	7,439

Changes to the budget proposal report are shown in ***Bold Italic***

Budget Consultation Results 2021

1. Budget Consultation

Consultation on the specific budget proposals ran from 22nd January 2020 to 21st February 2020. A survey was produced detailing the council's budget proposals, giving people the opportunity to provide their feedback. In total 188 people took part in the general budget consultation survey. **(Please note the survey is still ongoing at the time of writing this report and results are interim as of 5th February)**

The consultation was available online at www.swansea.gov.uk/budgetsurvey

664 visits to our Budget Consultation webpages. The link on Staffnet went straight to the main budget page.

Communication and Social Media (up to 5th February)

The consultation was promoted across Swansea within the press and social media.

This resulted in:

- 2 press releases resulting in three media mentions, including two page leads in EP and an article on Walesonline
- Four social media posts with a total reach of 11.2k

Budget Consultation Summary Results (full results Appendix 1)

The survey provided the opportunity for people to have their say on:

- Future funding of services
- Proposed spend 2020/21
- Future Spend
- Budget Report

Future funding of services

47% Would you be prepared to pay more for some services rather than lose them?

70% Would you prefer for the Council to deliver services in a different way rather than lose them?

Proposed Spend

82% Agree that Social Services and Education should remain the Council's priority in terms of future spend?

Future Spend

Respondents were asked: **If there was money available, in which areas would you like to see the Council invest in?**

Areas which were selected the most are outlined below:

49% Street/Road Repairs

46% Care for Older People and Disabled Adults

41% Parks & Green Spaces

42% Tackling Poverty

39% Keeping Children Safe

37% Housing and Homelessness

Budget Report

Due to the nature of this year's budget there were no specific budget proposals which required public consultation at this time. Comments on the overall budget report were sorted, to date 48 comments have been received.

Text comments provided in the survey have been presented in full to Cabinet members for consideration.

If you require this survey in an alternative format e.g. large print please email consultation@swansea.gov.uk or tel 01792 636732

Are you ...

96 (51.1%)	A member of the public	4 (2.1%)	A third sector organisation/partner organisation (please specify)
88 (46.8%)	A council employee	0 (0.0%)	A private sector organisation/partner organisation (please specify)
0 (0.0%)	An elected member		
3 (100.0%)			

Future funding of services

Due to the size of the budget challenge facing the Council in the coming years, we may not be able to provide the same number or level of services in the future.

Would you prefer to be prepared to pay more for some services rather than lose them?

83 (47.4%) Yes
92 (52.6%) No

If yes, please state in the box below which services you would be prepared to pay towards in the future:

71 (100.0%)

Would you prefer for the Council to deliver services in a different way rather than lose them?

121 (69.5%) Yes
53 (30.5%) No

If yes, please state in the box below how would you like services delivered differently in the future.

84 (100.0%)

Proposed Spend 2021/22:

Do you agree or disagree that Social Services and Education should remain the Council's priority in terms of future spend?

61 (34.3%) Strongly Agree
84 (47.2%) Tend to Agree
20 (11.2%) Tend to Disagree
13 (7.3%) Strongly Disagree

If you disagree, please tell us why?

38 (100.0%)

Future Spend:

If there was money available, in which areas would you like to see the Council invest in?

83 (46.1%)	Care for Older People and Disabled Adults	37 (20.6%)	Council Housing
14 (7.8%)	Keeping people informed about the Council	15 (8.3%)	Improvements to Council buildings
35 (19.4%)	Engaging and consulting people on things the council does	66 (36.7%)	Housing & Homelessness
34 (18.9%)	Promoting and supporting Equality and Diversity	76 (42.2%)	Tackling Poverty
11 (6.1%)	Improving the Council's website	47 (26.1%)	Libraries
15 (8.3%)	Promoting and supporting Welsh Language	39 (21.7%)	Community Centres
31 (17.2%)	Making the Council more commercial	57 (31.7%)	Children's Play / Youth Services
71 (39.4%)	Keeping Children Safe	27 (15.0%)	Developing Swansea City Centre
58 (32.2%)	School improvements	30 (16.7%)	Refuse Collection
41 (22.8%)	Additional Learning needs	44 (24.4%)	Recycling services
55 (30.6%)	Education services	58 (32.2%)	Street cleaning
44 (24.4%)	Adult learning	73 (40.6%)	Parks & Green Spaces
88 (48.9%)	Street/Road Repairs	55 (30.6%)	Sports, Leisure & Cultural Facilities
22 (12.2%)	Traffic Management	30 (16.7%)	Transport services/ Bus station
21 (11.7%)	Car Parking	18 (10.0%)	Other (write in)
32 (100.0%)			

Budget

If you have any comments about the budget proposals or anything else contained in the budget Cabinet report please write in here:

49 (100.0%)

Welsh Language Impact:

Do you have any concerns or evidence to suggest that the Council is treating/using the Welsh language less favourably than English in relation to its proposed budget for 2021/22?

111 (100.0%)

If yes, please give details and state how the budget suggested will affect opportunities to use the Welsh language in your view?

16 (100.0%)

What changes could be made in order to have a more positive effect on the Welsh language?

50 (100.0%)

About You

These questions are optional, but we need to ask them to understand if our consultation has reached the right people and to understand how different groups may be affected by the proposals allowing us to address this if we can. In accordance with Data Protection law, any information requested on the following questions is held in the strictest confidence for data analysis purposes only. For further information about how Swansea Council uses your personal data, please see our corporate privacy notice on our website.

Are you...?

92 (52.0%) Male
85 (48.0%) Female

Is your gender the same as that which you were assigned at birth?

163 (99.4%) Yes
1 (0.6%) No

How old are you ...

0 (0.0%)	Under 16	35 (19.6%)	56 - 65
5 (2.8%)	16 - 25	16 (8.9%)	66 - 75
22 (12.3%)	26 - 35	7 (3.9%)	76 - 85
42 (23.5%)	36 - 45	1 (0.6%)	Over 85
47 (26.3%)	46 - 55	4 (2.2%)	Prefer not to say

Would you describe yourself as...

Please mark all that apply

105 (59.3%)	British	3 (1.7%)	Other British (please write in at end)
92 (52.0%)	Welsh	0 (0.0%)	Non British (please write in at end)
4 (2.3%)	English	0 (0.0%)	Gypsy/traveller
2 (1.1%)	Irish	0 (0.0%)	Refugee/Asylum Seeker (please write in current/last nationality at end)
1 (0.6%)	Scottish		

Write in here

10 (100.0%)

To what 'ethnic' group do you consider

157 (94.0%)	White - British	0 (0.0%)	Asian or Asian British - Bangladeshi
6 (3.6%)	Any other White background (please write in at end)	0 (0.0%)	Any other Asian background (please write in at end)
0 (0.0%)	Mixed - White & Black Caribbean	0 (0.0%)	Black or Black British - Caribbean
1 (0.6%)	Mixed - White & Black African	0 (0.0%)	Black or Black British - African
1 (0.6%)	Mixed - White & Asian	0 (0.0%)	Any other Black background (please write in at end)
1 (0.6%)	Any other Mixed background (please write in at end)	0 (0.0%)	Chinese
0 (0.0%)	Asian or Asian British - Indian	0 (0.0%)	Other ethnic group (please write in at end)
1 (0.6%)	Asian or Asian British - Pakistani		

Write in here

6 (100.0%)

What is your religion, even if you are not currently practising?

Please mark one box or write in

76 (46.6%)	No religion	1 (0.6%)	Jewish
83 (50.9%)	Christian (including Church of England, Catholic, Protestant, and all other Christian denominations)	0 (0.0%)	Muslim
1 (0.6%)	Buddhist	0 (0.0%)	Sikh
0 (0.0%)	Hindu	2 (1.2%)	Other

Any other religion or philosophical belief (please write in)

3 (100.0%)

Do you consider that you are actively practising your religion?

33 (23.6%) Yes
107 (76.4%) No

What is your sexual orientation

4 (2.4%)	Bisexual	26 (15.7%)	Prefer not to say
5 (3.0%)	Gay/ Lesbian	1 (0.6%)	Other
130 (78.3%)	Heterosexual		

Please write in

4 (100.0%)

Can you understand, speak, read or write Welsh?

Please mark all that apply

27 (16.2%)	Understand spoken Welsh	10 (6.0%)	Write Welsh
10 (6.0%)	Speak Welsh	36 (21.6%)	Learning Welsh
16 (9.6%)	Read Welsh	102 (61.1%)	None of these

Which languages do you use from day to day?

Please mark all that apply

172 (100.0%)	English
13 (7.6%)	Welsh
1 (0.6%)	Other (write in)

Please write in

5 (100.0%)

Do you have any long-standing illness, disability or infirmity?

By long-standing we mean anything that has troubled you over a period of time or that is likely to affect you over time.

This could also be defined Under the Disability Discrimination Act 1995 as: "Having a physical or mental impairment which has a substantial and long term adverse effect on your ability to carry out normal day to day activities."

28 (16.5%) Yes
142 (83.5%) No

Does this illness or disability limit your activities in any way?

23 (15.2%) Yes
128 (84.8%) No

Thank you for your participation

Equality Impact Assessment (EIA) Statement for Swansea Council's Budget 2021/22

1. Introduction

This statement provides an overall view of the budget EIA process for the Council, along with any specific relevant details for 2021.

The budget is set for the council's operation which covers a wide range of services delivered to the citizens of Swansea. This includes both providing and commissioning of services from other organisations and agencies.

We, like other local authorities, will be facing a reduction in budgets every year for the foreseeable future. We also need to manage increased expectation and demand for services and financial pressures in a number of areas across the Council.

The council has faced unprecedented financial pressures over the last few years due to government budget reductions, increased demand for services and extra costs such as teachers' pay and pensions. We think our funding from Welsh Government, whilst substantially positive this year, will not increase our immediate real terms spending power, nor is it likely to increase significantly in future years. This means we will continue to have less to spend in real terms at a time when demand for services like social care is rising. The result of this is a need to find savings of £8.3 million next year and roughly £30 million in savings over the next five years.

Change is already taking place and over the last few years the council has cut costs by being more efficient and more effective in what we do. But this is not enough to meet the scale of cuts and ensure council services are sustainable and fit for the future. Clearly, the sheer amount of savings required means that difficult decisions and potential impacts are inevitable. However, we continue to focus on mitigating any adverse impacts via our EIA process as well as officer expertise.

During 2020, the authority updated and replaced the 'Sustainable Swansea - Fit for the Future' strategy with the new 'Swansea – Achieving Better Together' transformation strategy and programme framework as a means of setting Council priorities, transforming services and addressing current and future deficits.

The council agreed a set of budget principles to help guide the debate and provide an approach driven by council policy.

There are four key issues:

- Improving efficiency
- New models of delivery
- Prevention
- Future service provision

In terms of equality, the council is committed to protecting the vital frontline services that matter most to the people of Swansea, tackling poverty and looking after the most

vulnerable in our communities. This will continue, although services may be delivered in different ways in future.

2. The Equality Impact Assessment (EIA) process

The council has had an EIA process in place for a number of years which was reviewed and streamlined for the second time last year. The process covers:

- The nine protected characteristics covered by the Equality Act 2010
- The Public Sector Equality Duty for Wales
- Consultation and engagement
- Poverty and social exclusion
- Welsh language
- United Nations Convention on the Rights of the Child (UNCRC)
- Carers
- Community cohesion
- Human rights principles.

In order to apply the EIA process, officers follow these steps:

- An initial screening exercise (to identify whether a full EIA report is necessary)
- Completion of a full EIA report (where required)
- Quality assurance and feedback
- Sign off at Head of Service level
- Publication on the Council's website alongside the relevant report
- Review.

Officers have access to dedicated departmental support from members of the Access to Services Team who co-ordinate the quality assurance of EIAs whilst also offering advice and guidance.

The process does not change for specific budget proposals.

3. Assessing impact

Due to both the nature of the proposals being considered and the regulatory framework around EIAs, many now take a number of months to reach a conclusion. The budget planning process operates over a 3-year period, with many proposals being considered, designed and altered prior to implementation over this time period.

Officers are always advised to undertake the initial screening as early as they can, with (if required) a full EIA report then opened as soon as possible. This is then

completed as proposals are worked through and means that we are now working on budget EIAs throughout the year.

As a result, the assessment of impact is not a one-off exercise – it is a continuing process.

To ensure an ongoing rigorous process, the following elements are of note:

- Where officers have concerns and/or queries, meetings are held with the Access to Services Team to look at both the proposal and the EIA
- EIA reports are often added to over a period of time, e.g. following consultation and engagement activities, following changes to the detail of proposals
- Quality assurance is carried out by officers with expertise in the areas of equality, Welsh language, poverty and the UNCRC
- Where a proposal has potential adverse impacts, officers utilise the EIA process to focus on mitigation
- Where a proposal has potential adverse impacts that cannot be mitigated, the EIA is referred to senior managers for attention and consideration.

In addition, with a number of both commissioning and other reviews underway across the organisation, the total or overall impact of the proposed budget is difficult to fully assess at any point of implementation, particularly with the EIA process being a continuing feature as proposals are further developed.

Therefore, we will continue to publish each EIA report with the relevant corporate report at:

<http://democracy.swansea.gov.uk/ieDocHome.aspx?bcr=1&LLL=0?Lang=eng>

4. Consultation and engagement

Whilst there is a specific regulation around engagement (contained within the Public Sector Equality Duty for Wales), our ‘Swansea – Achieving Better Together’ strategy contains a substantial emphasis on consultation and engagement too.

Corporate budget consultation takes place on a wide variety of specific proposals. This includes consultation with children and young people. Others are consulted on using service-specific groups and/or activities.

Corporately, the consultation results are reported separately via the budget reports themselves.

5. Local information

The Council delivers services to all the citizens of the City & County of Swansea. The overall population profile from the latest population estimates (2019) and 2011 Census is as follows:

- Within an overall population of **247,000**, the gender split of the **City & County of Swansea** is **50.1% Female** (123,800 people) and **49.9% Male** (123,200 people).
- Children and young people **aged 0-25 years** represent **32.3%** of the population, or **79,800** people.
- **Over 50s** represent **38.1%** of the population (94,200 people), of which around **48,700** are over 65 (19.7% of the total population).
- In 2011, **6.0%** of the total population of Swansea (**14,300** people) came from an ethnic minority background. In terms of religion, **8,530** people (**3.6%** of the population) belonged to non-Christian faiths with 34% (81,219 people) having no religion.
- **23.3% (55,718 people)** had a long term health problem or disability including 17.4% of people of working age (26,988 people). **6.9%** of those aged 16-74 (**12,146 people**) were economically inactive due to long term sickness or disability.
- There were **26,332** Welsh speakers in Swansea in 2011, or **11.4%** of the population aged 3+. **44,659** people (19.3%) had one or more skills in Welsh.

Further information about Swansea's population can be found at www.swansea.gov.uk/keyfacts

Officers consider the particular service users or groups affected when applying the EIA process.

6. Staffing

The Cabinet report in January 2021 referred to 16 posts at risk throughout the Authority, not including any impact in schools. Heads of Service have been provided with the same advice as in previous years that where an application is made for early retirement/voluntary redundancy consideration should be given as to whether there is any potential equality impact effect and, if there is, to follow the EIA process.

7. Publication Arrangements

All EIA reports will be published as they are finalised. As mentioned earlier in this statement, due to the nature of many of the proposals this is likely to take time as assessment of impact continues to be undertaken as proposals are further developed.

8. Conclusion

We know from previous years that, due to the scale of budget reductions, those with protected characteristics are likely to be affected. In assessing the impact of the budget proposals, we continue to attempt to ensure that any effect is not disproportionate and that we continue to focus on mitigation wherever possible. In this context the following should be noted:

- where EIAs show potential significant impact with no possible mitigation, these proposals will be referred for further consideration

- for those EIAs where potential significant impact has been identified and mitigation has been possible, the associated action plans will be monitored and reviewed
- the outcomes of engagement will inform EIAs
- this is an ongoing process and as noted this statement and many EIAs will remain open for varying periods of time
- there is a focus on the council doing things differently in order to further deliver services that are flexible, citizen-centered, meet individual needs and are sustainable for the future.

The council continues to deliver a wide range of services for all the citizens of Swansea. Many of these are of particular benefit to the areas covered by our EIA process, e.g. the protected characteristics defined within the Equality Act 2010.

As highlighted earlier in this statement, the council is committed to protecting the vital frontline services that matter most to the people of Swansea, tackling poverty and looking after the most vulnerable in our communities. The council will continue to do everything it can to meet this challenging commitment given the financial constraints it faces. However, services may be provided in a different way in line with 'Swansea – Achieving Better Together'.

Response of the Schools Budget Forum

None received at time of publication.

Sustainable Development Impact Assessment

The Well-being of Future Generations Act (Wales) 2015 places a well-being duty on Swansea Council to carry out sustainable development. This is in line with the Council's Sustainable Development Policy and Well-being Objectives.

This means we must work in a way that improves 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.

The sustainable development principle means **we must act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.** We do this by applying the five ways of working.

Answering the following questions will help the Council apply and demonstrate this thinking from the earliest stage of development, this will improve decision making resulting in better outcomes.

1. The Sustainable Development Principle's Ways of Working

The Five Ways of Working	Examples or summary of how applied
Long term - The importance of balancing short-term needs while safeguarding the ability to also meet long-term needs	<i>The Council's budget is, by legislation, an annual process, so for 1 year only. However there is also a requirement for the Council to set a Medium Term Financial Plan for a minimum of a further three years. We have extended this to five years. This ensures medium term trends and demands are taken into consideration. Even longer term (up to 50 years hence) is considered for lengthy capital programmes and their associated financing and is embedded in the Sustainable Swansea and Recovery Plan principles, where the strategic aim is to balance the budget for current and future years.</i>
Prevention - Acting to prevent problems occurring or getting worse	<i>As part of the budget cycle, pressures are also considered. These could be because of demand growth, or legislative changes or as an invest to save proposal. The invest to save proposals include options to put prevention measures in place to reduce the demand on the service in future years. The Recovery Plan has the strategic aim of transforming to become even more efficient and effective.</i>
Integration -Considering impacts upon each of the well-being goals, well-being objectives, local well-being objectives, or on the objectives of other public bodies	<i>The budget as a whole provides resources for all services to carry out their functions, which should be carried out against a backdrop of all wider plans, strategies and policies. These should include the Local Well-being Plan as well as legislative requirements. All activity resourced by the budget contributes to the Council's six well-being objectives. Many services are carried out by, or with, private and third sector partners, increasing opportunities for aligning approaches. The Recovery Plan has the strategic aim of greater collaboration, which helps drive better integration.</i>
Collaboration - Acting together with other services or external organisation towards our	<i>Producing the budget is a cross Council piece of work – all Directors and Cabinet Members are involved and must work together to produce a balanced budget for recommendation to full Council. As part of the process all Members are involved, in</i>

well-being objectives	<p><i>Scrutiny Committees and when the whole Council approves the final budget. We are working together to ensure a whole Council approach by exploring the impacts of decisions made in one area on other aspects of the Council. There are many examples across the Council of collaboration with external parties, such as care home providers, foodbank operators and Freedom Leisure where the traditional boundaries of costs and benefits are clearly being broken down and the community added value as a whole taken into consideration when making and taking decisions. The budget decision making process takes into account intelligence, context and joint working needs gained through collaborative relationships with partners and funders.</i></p>
<p>Involvement - Involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area served</p>	<p><i>Again, the budget is Council wide and many services exist or continue to exist or improve based on individual services interaction with users, other parts of the council and third party stakeholders. The budget itself goes out to consultation with the wider community, the results of which influence the final decisions made by Council.</i></p> <p><i>The budget framework has the strategic aim of greater and more meaningful engagement with our residents and community. In previous years consultation and engagement with staff, trade unions, residents, partners and other interested parties has been extensive. The pandemic is impacting the range of engagement tools which can be safely used this year although as wide a variety of mechanisms possible are being deployed to engage meaningfully with a diversity of our population. In particular there has been a public survey, which has been promoted to staff, there is consultation with the trade unions and head teachers have been consulted on proposals that affect schools.</i></p>

2. Contribution to Swansea Council's Well-being Objectives

2a.

Our Corporate Plan's Well-being objectives	Are directly supported by this initiative	Are not directly impacted by this initiative	Are in conflict or adversely impacted by this initiative
Safeguarding People from harm	Yes	<input type="checkbox"/>	<input type="checkbox"/>
Improving Education and Skills	Yes	<input type="checkbox"/>	<input type="checkbox"/>
Tackling Poverty	Yes	<input type="checkbox"/>	<input type="checkbox"/>
Transforming our economy and infrastructure	Yes	<input type="checkbox"/>	<input type="checkbox"/>
Maintaining and enhancing Swansea's natural resources and biodiversity	Yes	<input type="checkbox"/>	<input type="checkbox"/>
Transformation and Future Council development	Yes	<input type="checkbox"/>	<input type="checkbox"/>

2b Does the proposal support Swansea Council's well-being objectives taken together as a whole?

The Council's budget is one of the major decisions and resource levers at its disposal that means the Council can work towards achieving its well-being objectives. In times of constrained resources and increased demand it is more important than ever to ensure the resources are correctly directed to activities/services that contribute directly to the well-being objectives and priorities of the Council. The process undertaken each year goes some way to ensuring this happens as both officers and members are involved in the process and are influenced by the consultation results. In times of plenty it is important to ensure that resources are prioritised for spending in the Council's objectives and priorities.

3. Contribution to the National Well-being Goals

How is contribution to the **National Well-being Goals maximised**? Where can you add value? Consider the full goal description not just the title. Consider relevant Journey Checkers.

Well-being Goal (click to view definition)	Primary Goals - tick if key	Any significant positive and/or negative impacts/contributions considered/mitigated
<p><u>A Prosperous Wales</u> An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.</p>	<p>YES</p>	<p>Positive impacts include investment in schools and the procurement team. Where some of the savings to be made may reduce core Education Services mitigation takes the form of putting systems in place to reduce demand. Examples of services and practices that meet this goal of a low carbon society include the procurement team, the use of electric vehicles, education services developing skills, apprenticeships and the capital programme sustainably regenerating the city centre to provide employment and low carbon living opportunities. Some of these areas are getting additional support this year, including an increase to fund additional capital spend and continued support for decarbonisation and renewable energy opportunities.</p>
<p><u>A Resilient Wales</u> A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that</p>	<p>YES</p>	<p>The Council has an enviable portfolio of Parks and open spaces and going forward is ensuring that capital schemes, both Council and private, have a</p>

<p>support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).</p>		<p>green infrastructure and climate adaptation measures. Where resources are limited or reduced the impact on this goal is mitigated by continuing to prioritise green infrastructure. There is a nature conservation team whose role includes increasing awareness and access to biodiverse and natural environments, and the pollution control section maintains protection of water and air quality in the County. While savings are being made to reduce the net cost of Natural Environment services, this will be offset by generating additional income and maximising use of grants.</p>
<p><u>A Healthier Wales</u> A society in which people's physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.</p>	<p>YES</p>	<p>The budget supports teams responsible for physical health (Leisure Centres and Sports Development) and mental health (Social Services). Active travel and sustainable transport schemes are supported, public protection, pollution control and many more activities the Council carries out contribute to this goal. Choices are made to benefit future generations for example to operate Leisure Centres through a third party meant the continuation and improvement of the service, rather than decline and possible closure, which would have impacted the health of communities in the future. During the COVID-19 pandemic, additional budget is being provided to support some of these services.</p>
<p><u>A More Equal Wales</u> A society that enables people to fulfil their potential no matter what their background or circumstances.</p>	<p>YES</p>	<p>Funding is provided for many services that contribute towards a more equal Wales. There are many Poverty & Prevention teams that work to ensure everyone gets access to services, to financial help and to enable people to compete equally in the employability market. Where savings need to be made such as restructuring the Life Stages Team this is mitigated by integrating the team</p>

		<p>more effectively into the wider structure, generating efficiencies. The budget aims to ensure the Swansea community continues to have equal access to outdoor space, leisure facilities and education. The impact of financial decisions on socio-economic and other disadvantaged or underrepresented groups is fully explored in our EIA.</p>
<p><u>A Wales of Cohesive Communities</u> Attractive, viable, safe and well-connected communities.</p>	YES	<p>The budget supports many services that contribute to making strong communities. There is a Parks service, with a strong 'friends of the botanical gardens' group. There is support for locally managed community centres and community safety initiatives. Community asset transfer offers alternative means of generating funds and protecting community spaces from budget cuts that would not be possible if within Council control.</p>
<p><u>A Wales of Vibrant Culture & Thriving Welsh Language</u> A society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, sports and recreation.</p>	YES	<p>The Council has a Cultural Services department, which supports and promotes art galleries, museums and theatre, as well as encouraging participation in the arts, sports and recreation. Staff are encouraged to learn Welsh when they are not already Welsh speakers, and all services use the translation team to translate into Welsh publications in line with the Welsh language standards. The COVID-19 pandemic has closed many venues this year, however the budget has remained in place (and been temporarily increased) to ensure these venues can reopen when safe to do so.</p>
<p><u>A Globally Responsible Wales</u> A nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing</p>	YES	<p>The budget supports the Council in working promoting Swansea as a sustainable tourism destination and the budget supports the Council in working to play its part in meeting global challenges.</p>

such a thing may make a positive contribution to global well-being.		Cabinet recently resolved to develop the longer term Climate Change Strategy. The budget's focus on improving efficiency and better use of resources reduces negative impacts on the planet.
Contribution to the seven well-being goals taken together collectively as a set.		<p>The budget is allocated across all services of the Council and as such contributes to all well-being goals. These goals are at the heart of everything the Council does. The budget indirectly addresses the need to ensure we continue to contribute each of the goals in the same way that it ensures each of the Council's well-being objectives are delivered by protecting frontline services as far as possible. The approach taken ensures savings do not decimate a single area but are shared across directorates.</p> <p>This is illustrated sharply by the "gearing" effect of savings on services. In other words, if our current savings requirement of £55m over three years were applied, for example, just to Place Services, the budget for this area would have to be almost cut in its entirety. Consequently, other areas such as Education and Social Care also need to face some relative real terms level of reduction over the next three years, given the relative size of their budgets. Equally, however, if the level of funding for 2021-22 were to be sustained in every future year then these planning assumptions could be very fundamentally reshaped and savings asks reduced or possibly even eliminated.</p>

4. Sustainability

Please identify any key risks and how they may be managed/mitigated taking into account the five ways of working

The key risks associated with the Budget are listed in full in the main body of the report, however they can be summarised as changes to levels of assumed funding, assumed costs or changes to legislative requirements. These are mitigated by the provision of a contingency budget and, as a last resort only, the provision of a general reserve. Both of which are provided for the sole use of providing for unforeseen circumstances, with the contingency aimed at day to day variances and the general reserve for major, catastrophic emergencies.

Currently the COVID-19 pandemic is a huge risk, much of the costs and loss of income are covered by grants from the Welsh Government, but the future impact on local government finances is largely unknown. Evaluating future trends and forecasting a variety of future scenarios has improved our resilience and ability to respond to a volatile environment. The prevention principle is helping us to manage demand where possible in remodelling and investing in services. The integration principle helps us ensure that a broad range of services that help contribute to each of our well-being objectives and goals are protected.

How will the project be governed, monitored and sustain itself?

The budget process follows a well-established process of monitoring and reporting. Forecasts are discussed at monthly performance and financial monitoring meetings, and reported to Cabinet on a quarterly basis. In addition, progress on achieving any savings is monitored each month by the Corporate Management Team and the Reshaping and Budget Strategy Board

The Future Generations Commissioners Frameworks will help you complete or expand on this assessment. These tools can be found alongside more information regarding the Well-being of Future Generations Act (Wales) 2015 at <https://www.swansea.gov.uk/wellbeingfuturegenerations>

Revenue Budget 2021/2022

Resources

	ORIGINAL BUDGET 2020/2021 £	ORIGINAL BUDGET 2021/2022 £
Resources Directorate		
Deputy Chief Executive	194,600	194,800
	194,600	194,800
Chief Finance Officer		
Audit	595,800	596,100
Benefits	3,046,800	3,063,100
Finance DMT	230,700	933,500
Financial Services	1,323,000	1,323,800
Pensions	9,600	12,500
Revenues	515,500	751,000
Service Centre	1,971,100	2,136,300
Treasury and Technical	612,700	613,200
	8,305,200	9,429,500
Chief Legal Officer		
Coroners	742,000	731,600
Democratic Services	2,725,100	2,923,100
Information Governance Unit	167,500	173,700
Legal Services	2,323,900	2,296,400
Overview and Scrutiny Unit	210,600	211,500
	6,169,100	6,336,300
Chief Transformation Officer		
Commercial Team & Procurement	408,300	547,600
Corporate Customer Services & Complaints	891,700	939,500
Digital & Transformation Services	7,732,200	8,142,300
Human Resources & Organisational Development	656,700	591,700
Welsh Translation Unit	149,300	312,100
	9,838,200	10,533,200

Revenue Budget 2021/2022

Resources

	ORIGINAL BUDGET 2020/2021 £	ORIGINAL BUDGET 2021/2022 £
Head of Communications & Marketing		
Access to Services	140,600	112,600
Communications	357,700	477,300
Community Integration Team	104,300	104,300
Corporate Marketing	439,700	281,000
Corporate Mgt Team Support	340,700	350,900
Design and Print	124,300	4,500
Health and Safety	811,300	1,048,900
Human Rights	0	50,000
Strategic Delivery Unit	449,300	454,700
	2,767,900	2,884,200
Council Tax Reduction Scheme		
Benefits	22,567,000	25,067,000
	22,567,000	25,067,000
Total Resources	49,842,000	54,445,000

Revenue Budget 2021/2022

Social Services

	ORIGINAL BUDGET 2020/2021 £	ORIGINAL BUDGET 2021/2022 £
Head of Adult Services		
Directorate Services	5,199,750	5,483,950
Disability Residential & Day Care	6,160,400	5,703,300
Integrated Services - Domiciliary Care & Hubs	23,189,350	21,788,350
Integrated Services - External Residential	16,148,850	16,780,850
Integrated Services - Other	3,078,400	2,968,950
Learning Disabilities & Mental Health Support	19,120,800	19,924,850
Older Persons Residential and Day Care	5,407,400	6,150,400
Safeguarding/Wellbeing	1,815,100	2,662,350
West Glamorgan	200,000	202,700
Business Support Review	-181,000	0
Staffing Savings	-189,800	0
	79,949,250	81,665,700
Head of Child & Family Services		
Accommodation Services	19,653,800	21,429,750
Aftercare	1,346,000	2,128,900
Assessment and Care Management	12,902,400	12,852,950
Family Support Services	3,343,800	2,997,300
Regional Services	2,296,150	2,456,650
Residential Care-Internal Provision	702,150	702,650
	40,244,300	42,568,200
Poverty & Prevention		
Commissioned Services	1,085,500	1,519,000
Domestic Abuse Services	586,500	552,500
Early Help and Family Support	383,400	380,000
Early Years and Play	588,100	499,800
Tackling Poverty Service	911,550	714,200
Young Peoples Services	985,400	794,600
	4,540,450	4,460,100
Total Social Services	124,734,000	128,694,000

Revenue Budget 2021/2022

Education

	ORIGINAL BUDGET 2020/2021 £	ORIGINAL BUDGET 2021/2022 £
Delegated Schools		
School Cost Centres	160,452,000	167,304,000
	160,452,000	167,304,000
Director of Education		
Mgt & Admin Effectiveness	144,000	145,400
Schools At Risk	109,100	109,100
	253,100	254,500
Head of Achievement & Partnership Service		
Education Improvement Service	1,170,600	1,043,700
Management Systems Unit	218,500	310,500
Welsh Service	0	0
	1,389,100	1,354,200
Head of Vulnerable Learner Service		
Behaviour, Learning Support & EOTAS	6,344,300	6,236,300
Cleaning Services	101,800	135,800
Ethnic Minority Achievement Unit	0	0
Miscellaneous Grants	103,800	103,800
Psychology Service	664,400	664,400
Recoupment/Out of County	885,000	885,000
School And Governor Unit	351,700	342,700
School Meals	708,400	968,400
SEN Statementing & Support	4,954,900	5,312,100
STF Additional Hours	1,039,400	1,041,900
Swansea Music Service	13,000	0
Transport	8,085,200	8,370,200
Welfare Service	518,300	518,200
	23,770,200	24,578,800

Revenue Budget 2021/2022

Education

	ORIGINAL BUDGET 2020/2021 £	ORIGINAL BUDGET 2021/2022 £
Head of Education Planning & Resources		
Additional School Support	36,200	78,200
Broadband & Cloud Technology	284,900	284,900
Capital Planning & Delivery Unit	344,800	344,800
Continuing Education & Pensions	402,300	402,300
Education Improvement Grant for Schools	714,000	714,000
Empty Properties	14,500	16,000
Funding & Information Unit	49,600	99,600
Health & Safety	84,500	84,500
Learning Portal Team	38,500	38,500
Management & Admin-Planning & Resources	105,000	105,000
Non Delegated - Pensions, Insurance & Public Duties	5,913,375	6,387,775
Post 16 Funding	-5,132,945	-5,279,500
Pupil Deprivation Grant	-7,011,930	-8,462,375
Stakeholder Engagement Unit	125,800	125,800
	-4,031,400	-5,060,500
Total Education	181,833,000	188,431,000

Revenue Budget 2021/2022

Place

	ORIGINAL BUDGET 2020/2021 £	ORIGINAL BUDGET 2021/2022 £
Head of Corporate Building		
Property Preventative Maintenance	2,951,200	2,901,200
Building Services Trading	1,102,500	1,174,700
	4,053,700	4,075,900
Head of Corporate Property		
Facilities Management	1,938,801	1,944,101
Strategic Estates Properties	426,100	391,000
	2,364,901	2,335,101
Head of Highways & Transportation		
Car Parking and Enforcement	-3,197,200	-3,186,800
Transportation	5,108,700	5,106,400
Traffic Management	1,203,000	1,206,800
Central Transport	-730,000	-849,200
Engineering	706,900	650,900
Highways	7,355,900	7,460,800
Swansea Marina	-70,200	-195,860
Directorate and Other Costs	-121,000	-120,500
	10,256,100	10,072,540
Head of Waste Cleansing & Parks		
Household Waste Recycling Centres	1,430,500	1,511,134
Parks	5,335,196	5,350,696
Recycling and Residual Waste Collection	7,565,200	6,689,811
Residual Disposal/Tir John	3,574,900	3,864,240
Trade Refuse	-546,000	-469,855
Neighbourhood Working	5,300,004	5,298,404
Directorate and Other Costs	137,800	687,270
	22,797,600	22,931,700
Place Directorate		
Place Directorate	1,012,300	1,099,800
Arena	0	200,000
Temporary COVID Impacts	0	6,000,000
Workstreams	-728,200	-828,200
	284,100	6,471,600

Revenue Budget 2021/2022

Place

	ORIGINAL BUDGET 2020/2021 £	ORIGINAL BUDGET 2021/2022 £
Head of Cultural Services		
Archives	222,700	223,350
Arts	2,191,099	2,177,999
Community Buildings	216,200	282,200
Development and Outreach	257,100	259,400
Libraries	3,045,100	3,059,400
Sport and Recreation	2,688,600	2,831,760
Tourism, Marketing & Events	1,608,100	1,609,900
Directorate and Other Costs	628,200	568,400
	10,857,099	11,012,409
Head of Planning & City Regeneration		
Business Support	353,619	353,619
Property Development	1,279,198	1,279,598
City Centre Management & Indoor Market	-383,500	-375,500
European & External Funding Team	0	0
Major Projects, Design and Conservation	120,700	120,700
Planning Control	459,500	463,000
Planning Policy and Environment	940,500	997,600
Directorate and Other Costs	391,483	393,383
	3,161,500	3,232,400
Head of Housing & Public Health		
Building Regulations	140,400	131,150
Burials and Cremations	-1,011,100	-1,110,400
Food Safety	667,600	662,700
Licensing	-35,500	-41,500
Pollution	653,800	630,000
Public Health	746,700	757,600
Registrars	-33,500	-79,400
Trading Standards	608,600	593,600
Housing Grants to the Independent Sector	40,500	40,500
Housing Renewals and Adaptations	59,800	46,500
Housing Strategy, Advice and Support	1,892,100	1,892,500
Other Housing Services	509,000	511,000
Directorate and Other Costs	292,600	303,100
	4,531,000	4,337,350
Total Place	58,306,000	64,469,000