



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

BY EMAIL

cc: Cabinet Members

*Please ask for:
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Scrutiny

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15 February 2023

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

Dear Councillor Stewart,

Pre-decision Scrutiny of Cabinet Reports: Annual Budget

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

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

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

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

OVERVIEW & SCRUTINY / TROSOLWG A CHRAFFU

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

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

Scrutiny Views, including any outstanding issues / actions:

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

Overall

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

Social Services

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

Education

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

Your Response

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

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

Yours sincerely,

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

COUNCILLOR CHRIS HOLLEY

Convener, Service Improvement and Finance Scrutiny Performance Panel

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