

CITY AND COUNTY OF SWANSEA

NOTICE OF MEETING

You are invited to attend a Special Meeting of the

CABINET

At: Council Chamber, Guildhall, Swansea.

On: Monday, 15 February 2016

Time: 3.00 pm

Chair: Councillor Rob Stewart

Membership:

Councillors: M C Child, W Evans, R Francis-Davies, J E C Harris, D H Hopkins, A S Lewis, C E Lloyd, J A Raynor and C Richards

AGENDA

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1. Apologies for Absence.
2. Disclosures of Personal and Prejudicial Interests.
www.swansea.gov.uk/disclosuresofinterests
3. Leader of the Council's Report(s).
4. Public Question Time.
5. Councillors' Question Time.
6. Pre-decision Scrutiny - Feedback on the Annual Budget.
7. Revenue and Capital Budget Monitoring 3rd Quarter 2015/16. 1 - 18
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| 13. Exclusion of the Public. | 168 - 171 |
| 14. Review of Employment Training. | 172 - 174 |

Next Meeting: Thursday, 18 February 2016 at 4.00 pm



Patrick Arran
Head of Legal and Democratic Services
Friday 5 February 2016

Contact: Democratic Services - 636923

Report of the Cabinet Member for Finance and Delivery

Cabinet - 15 February 2016

REVENUE AND CAPITAL BUDGET MONITORING 3rd QUARTER 2015/16

Purpose:	To report on financial monitoring of the 2015/16 revenue and capital budgets, including the delivery of budget savings.
Policy Framework:	Budget 2015/16 Sustainable Swansea –fit for the future
Reason for Decision:	To note any significant variations from the agreed budget 2015/16 and savings plan and the actions planned to seek to achieve a balanced budget.
Consultation:	Cabinet Members, Corporate management Team, Legal Services and Corporate Equalities Unit.
Recommendation:	It is recommended that the comments and variations in this report, and the actions in hand to address these, are noted.
Report Author:	Mike Hawes
Finance Officer:	Mike Hawes
Legal Officer:	Sharon Heys
Access to Services Officer:	Sherill Hopkins

1. Background and Introduction

- 1.1 This report details forecast variations from the agreed budget for 2015/16, including the latest assessment of the delivery of savings.
- 1.2 In respect of Revenue Budgets, this report provides a consolidated forecast which combines the three key elements that contribute to budget variations, being:
 - **Variations to planned budget savings** (mainly shortfalls) agreed by Council in February 2015 (Appendices C, D and E to this report)

- **Upward variations** overspends arising from service pressures not directly linked to specific savings plans (e.g. increased demand) These variations may be one-off or recurring
- **Additional savings/additional income** identified during the year that can mitigate the effects of the above. These variations may be one-off or recurring.

1.3 The report includes comments from Directors in relation to the variations highlighted and the action that is in hand or proposed as appropriate.

2. Revenue Outturn Forecast Based on September position

2.1 Appendix 'A' to this report details the approved Revenue Budget for 2015/16 and the forecast variation at this time.

2.2 Other than projected variations on Directorate expenditure, there is the potential for variations to occur in three main areas of the Council's budget. These are:-

- Use of contingency fund, detailed in Section 3 of this report.
- Movements in Capital Financing charges – these are forecast to be materially underspent on the interest element by £1.5m. The potential externalisation of a large proportion of the capital financing requirement has not been undertaken during 2015/16 due to easing of the interest rate environment, resulting in a continuation of historically low interest rates beyond the period indicated by the Governor of the Bank of England during the early part of 2015/16. The Council receives regular advice from its treasury management advisers, Capita Asset Management, which has informed the current position. It is, however, prudent to continue to make provision for increases in interest payments. It is anticipated as part of financial risk mitigation that we will externalise some £20m of borrowing during the early part of 2016/17 in order to secure access to historically low interest rates over the medium term.
- Collection of Council Tax – whilst a surplus may occur it should be treated as a one off and not reflected in overall performance against service budgets. However, at this stage it would be prudent to assume nil variance from budget.

2.3 The overall Directorate position is summarised in Table 1 below:-

Table 1 – Forecast Directorate Outturn position

<u>DIRECTORATE</u>	FORECAST VARIATION 2015/16 £000	SAVINGS VARIATION 2015/16 £000	OTHER VARIATION 2015/16 £000
CORPORATE SERVICES	-1,065	195	-1,260
PEOPLE - POVERTY AND PREVENTION	-112	-25	-87
PEOPLE - SOCIAL SERVICES	601	2,305	-1,704
PEOPLE - EDUCATION	2,275	1,707	568
PLACE	-1,600	270	-1,870
ADDITIONAL SAVINGS STRANDS - TO BE ALLOCATED	2,418	2,418	
<i>NET DIRECTORATE EXPENDITURE</i>	2,517	6,870	-4,353

2.4 Directors' comments on the above variations are shown at appendix 'B' :-

2.5 The position on Workstream savings is dependent on savings being identified and reflected within Directorate Budgets for 2015/16. It is clearly essential that work continues in this area if the forecast budget outturn is to be improved, although the delivery of significant underspends across two of the Directorates would suggest the potential for longer term savings to be identified with an expectation of continued delivery into 216/17. Following the approval of the revised *Sustainable Swansea* Delivery Programme, work is underway to develop service delivery plans that will include all savings requirements across Workstreams and Delivery Strands.

2.6 The above predicted overspend represents a significant improvement on the forecast year end position as at quarter 2 (£5.077m overspend), but still represents a significant risk to the Council's finances. The movement in forecast Directorate position over the three quarters reported is as shown in Table 2 below:

Table 2 – Movement in forecast directorate outturn position

	Quarter 3 £'000	Quarter 2 £'000	Quarter 1 £'000	Movement Q1/Q3 £'000
CORPORATE SERVICES	-1,065	-840	-100	-965
PEOPLE - POVERTY AND PREVENTION	-112	-25	0	-112
PEOPLE - SOCIAL SERVICES	601	2,112	3,700	-3,099

PEOPLE - EDUCATION	2,275	1,732	1,600	675
PLACE	-1,600	-320	0	-1,600
ADDITIONAL SAVINGS STRANDS - TO BE ALLOCATED	2,418	2,418	2,856	-438
	<u>2,517</u>	<u>5,077</u>	<u>8,056</u>	<u>-5,539</u>

There has been further considerable efforts in the area of Social Services with the predicted deficit for the year currently predicted at £0.6m as against £2.1m for quarter 2 and £3.7m at quarter 1. There have also been improvements in respect of predicted outturn for Corporate Services and Place budgets, as set out in the Directors' comments that follow in this report.

The projected overspend needs to continue to be addressed on a whole Council basis as it is unlikely at the present time that alternative savings will be deliverable within Education or Social Services Budgets alone. However, it remains the case that both Directorates should review expenditure and income on a day to day basis with a view to reducing net costs.

Many of the overspend items follow on from the outturn position for 2014/15 and need to be considered in the light of the forecast savings going forward within the Medium Term Financial Plan, and the cumulative effect of non-achievement savings on the MTFP deficit going forward.

2.7 Executive Board has strengthened the current arrangements for budget monitoring with the aims of:-

- quicker reporting;
- focus on corrective action;
- increased control;
- and a specific focus on the large scale savings required and built into the 15/16 budget.

2.8 In the light of the continued projected overspend, the Section 151 Officer issued emergency spending restrictions in October 2015 designed to restrict discretionary spend wherever possible and to focus authorisation for expenditure in key areas to responsible officers as defined in the Council's constitution. These restrictions remain extant and will be re-enforced as we move towards year end.

Where any reduction in planned expenditure is likely to affect service delivery the restrictions make clear that there should be consultation with the appropriate Cabinet Member prior to expenditure being stopped.

It remains the case that all Officers and Cabinet Members should continue to robustly Challenge all areas of expenditure with the aim of further reducing the current year forecast deficit during the remainder of the year.

3. Contingency Fund Provision for 2015/16

3.1 There is no carry forward of previous years underspends into the contingency fund for 2015/16. As such the contingency fund is set at the £5.4m contribution set out in the budget report approved by Council on 24th February 2015.

3.2 The estimated calls on the contingency fund at present are shown in Table 3 below

Table 3 – Forecast Contingency Fund position

Contingency Fund 2015/16	Prediction
	2015/16 (£m)
Contribution for year	5.400
Care Home fees uplift	-0.370
ERVR scheme	-4.000
Carbon Reduction Scheme	-0.150
Education management resource	-0.108
Additional Coroners costs	-0.050
Provision in respect of Employment Training	-0.790
Legal fees in respect of judicial review	-0.172
Balance 31st March	-0.240

In line with previous years it is proposed to fund the actual care home fees uplift (current estimate £0.37m) from the contingency fund. There are also known additional costs resulting from the statutory obligation to fund the costs of the Coroners Office for 2015/16 and beyond, additional costs as a result of the Carbon Reduction Scheme and costs in relation to supporting the Education management team as a result of vacancies. Costs relating to the judicial review on home to school transport will also be met from the fund.

Any departures under ER/VR in 2015-16 will again be charged to the contingency fund as a one off cost to release future revenue savings.

The potential charge detailed above in respect of Employment Training represents the maximum potential cost of transfer of the service to a third party.

3.3 There is no provision within Contingency Fund to set against any Directorate overspend for 215/16.

3.3 It should be noted that at this time, although the Council continues to pursue a number of VAT related claims, there is NO notification of substantial windfalls from VAT refunds or any other external source in the current year.

4. Revenue Budget Summary

- 4.1 Appendix 'A' to this report shows the forecast revenue budget outturn position based on the above assumptions. In particular it should be noted that the overall forecast at this time is for a net budget overspend of £1.221m which, if it materialised, would have to be funded from an additional transfer from General Reserves at that amount in addition to the planned use of £1.2m for the year, i.e. an overall reduction in available general reserves moving forward of £2.441m
- 4.2 There remains significant risk in terms of the forecast revenue outturn position with regard to payments of back-pay to staff who have gained under appeal following the introduction of single status terms and conditions from 1st April 2014.
- 4.3 These payments are included in staff pay and will be largely made during the period January-March 216 and, to the extent that they exceed current budget, may adversely affect Directorate forecast expenditure as shown at the end of quarter 3.

5. Capital Budget

- 5.1 Capital expenditure to 31 December 2015, including HRA Capital spend is £55.186m, as detailed below:

Directorate	Budget 2015/16	Actual to 31/12/15	% spend
	£'000	£'000	
Corporate Services	2,165	99	4.6%
People	12,863	7,042	54.7%
Place	103,714	48,045	46.3%
Total	118,742	55,186	46.5%

The above figures exclude the cost of the HRA buyout which is a one off capital event in 2015-16.

Expenditure on major schemes is detailed in Appendix F.

6. HRA Projected Revenue Outturn Summary

- 6.1 Forecast spending in 15/16 is showing an underspend of £0.45m. This comprises an increase in fees for Capital Works (£0.2) plus a reduction in borrowing costs (£0.4m) due to the use of more Capital Receipts. These have been offset by a slight fall in rent income (£0.15m).

7. Legal Issues

- 7.1 There are no legal issues contained within this report.

8. Equality issues

8.1 The budget setting process is subject to the corporate Equality Impact Assessment process. It continues to be essential that where service levels are affected by changes to the Revenue Budgets (including savings options) that adequate prior consideration is given to the equality impact of such decisions and appropriate engagement activities are undertaken.

Background papers: - None

Appendices: Appendix A – Revenue Budget forecast 2015/16
Appendix B – Directors comments on variances
Appendix C – Commentary on Savings Tracker
Appendix D – Savings tracker chart
Appendix E – Savings tracker summary
Appendix F - Capital Expenditure on major schemes

REVENUE BUDGET PROJECTION QUARTER 3 2015/16

<u>DIRECTORATE</u>	BUDGET 2015/16 £000	PROJECTED 2015/16 £000	VARIATION 2015/16 £000
CORPORATE SERVICES	45,703	44,638	-1,065
PEOPLE - POVERTY AND PREVENTION	4,961	4,849	-112
PEOPLE - SOCIAL SERVICES	104,734	105,335	601
PEOPLE - EDUCATION	156,291	158,566	2,275
PLACE	52,975	51,375	-1,600
ADDITIONAL SAVINGS STRANDS - TO BE ALLOCATED	-2,562	-144	2,418
NET DIRECTORATE EXPENDITURE	362,102	364,619	2,517
OTHER ITEMS			
LEVIES			
SWANSEA BAY PORT HEALTH AUTHORITY	94	94	0
CONTRIBUTIONS			
MID & WEST WALES COMBINED FIRE AUTHORITY	11,773	11,773	0
CAPITAL FINANCING CHARGES			
PRINCIPAL REPAYMENTS	14,541	14,541	0
NET INTEREST CHARGES	14,357	12,857	-1,500
NET REVENUE EXPENDITURE	402,867	403,884	1,017
MOVEMENT IN RESERVES			
GENERAL RESERVES	-1,200	-2,421	-1,221
EARMARKED RESERVES	6,399	6,603	204
TOTAL BUDGET REQUIREMENT	408,066	408,066	0
DISCRETIONARY RATE RELIEF	375	375	0
TOTAL CITY AND COUNTY OF SWANSEA REQUIREMENT	408,441	408,441	0
COMMUNITY COUNCIL PRECEPTS	910	910	0
TOTAL REQUIREMENT	409,351	409,351	0
FINANCING OF TOTAL REQUIREMENT			
REVENUE SUPPORT GRANT	237,542	237,542	0
NATIONAL NON-DOMESTIC RATES	70,092	70,092	0
COUNCIL TAX - CITY AND COUNTY OF SWANSEA	100,807	100,807	0
COUNCIL TAX - COMMUNITY COUNCILS	910	910	0
TOTAL FINANCING	409,351	409,351	0

Directors comments on budget variances

Appendix 'B'

Director of Corporate Services

Variance	£000	Explanation and Action
2015/16 planned savings - income for trading Corporate Health and Safety advisory functions	70	Additional time is required to develop the business case for achieving income Savings will be found elsewhere in the Directorate to offset the projected income
New Communications Model	80	Additional time is required to develop the business case for achieving the saving which will require reductions on budgets across the Council Savings will be found elsewhere in the Directorate to offset the projected saving
Full Cost Recovery recharge of work undertaken for outside bodies / charities.	20	Additional time is required to develop the business case for achieving income Savings will be found elsewhere in the relevant service to offset the projected income
Cease all activities in terms of primary school financial support	25	Additional time is required to develop the business case for achieving the saving Savings will be found elsewhere in the relevant service to offset the projected saving
Staff vacancies across the board	-485	Includes (but not exclusively) posts kept open in advance of future saving requirements as part of the implementation of the Business Support new model
Council Tax Reduction Scheme	-775	Reduction in demand for discounts under the scheme

Given the overall financial position of the Council the Directorate will continue to identify further savings opportunities on an on-going basis.

Director of People

Social Services

Variance	£000	Explanation and Action
2015/16 planned savings - reduction in Social services transport	50	Original saving did not occur but alternatives are being implemented which have achieved a part saving
2015/16 planned savings - Reduce number of Assessments and Reviews	100	The move to hubs has now occurred and processes will be reviewed to identify potential savings arising from the integration of services.

2015/16 planned savings - Integration Plan: Network Hubs	150	The move to hubs has now occurred and processes will be reviewed to identify potential savings arising from the integration of services.
2015/16 planned savings - Reablement :- Development of pathways to help people remain in their own homes	1,275	We are undertaking a full commissioning review of domiciliary care to inform this potential saving. In the meantime a full review of intake procedures and a full review of case management are underway. Increased demand in this area has eradicated the possibility of savings in the current year.
2015/16 planned savings - Development of Reablement across Young Adults	150	We are undertaking a full commissioning review of domiciliary care to inform this potential saving. In the meantime a full review of intake procedures and a full review of case management are underway.
2015/16 planned savings - Redesign Home Care / Day Care for those with Complex Needs	350	We are undertaking a full commissioning review of domiciliary care to inform this potential saving. In the meantime a full review of intake procedures and a full review of case management are underway.
2015/16 planned savings - Residential Service External Learning Disability	230	This is an identified area of pressure.
Additional spend pressures – learning disability residential placements	1,531	We are implementing proposals to improve case management and are robustly reviewing shared financial responsibilities with health partners. Action is being taken to improve our procedures around recharging.
Additional spend - community equipment service	190	There is increased demand in this area. Work is underway to identify ways of improving efficiency and reducing spend.
Domiciliary Care	239	There is increased demand in this area. Work is being undertaken to understand the causes of this.
External Residential Care	-990	Attributable to additional windfall income as well as a reduction in spend.
Net reductions in spend across various areas within Adult Services	-674	Significant work is ongoing to further reduce the overspend and to contribute to the ongoing sustainability of the service. Management action to date has started to have an impact and it is hoped that this will continue as the year progresses.
Net reductions in spend across various areas within Child and Family Services	-2,000	The effects of the Safe LAC reduction strategy including reductions in legal expenditure and tight financial control has achieved savings in other areas.

Education

Variance	£000	Explanation and Action
2015/16 planned savings - behaviour review and EOTAS	310	The decision on the new model was delayed and will not be fully implemented until 2016/17
2015/16 planned savings – Out of County provision/Recoupment	50	Continued pressure in a highly volatile area
2015/16 planned savings - part – breakfast club provision	100	The target saving in this area was highly challenging. The implications of achieving the full saving, as originally intended, were found to be unacceptable, so alternative options were implemented.
2015/16 planned savings - Home to school transport	108	Withdrawn due to Judicial Review outcome. A review is being undertaken of implications and potential next steps. The saving proposal relating to removal of Passenger Assistants, has also been withdrawn
Additional pressure – Employment training services	1,080	This is a timing issue and relates to an ongoing overspend situation. Cabinet took a decision in August to address this and which will result in additional costs which are now the subject of negotiation. It is expected that effect of the savings will not be felt until 2016/17.
Additional pressures – Recoupment/Out of County placements	850	Continued pressure as places within Swansea mitigated as far as possible by placements with other local authorities as opposed to more expensive independent sector places. These are highly volatile areas of expenditure.
Additional pressure – Home to School Transport	400	This relates to the increase in demand in SEN Transport due to pressure on places in Specialist Teaching Facilities and the need to tightly manage placements across the City and County, together with the cost of the temporary relocation of Lon Las pupils.
Specific Savings	-460	Identified in year savings on Insurance Charges, Access to Learning as well as brought forward savings on EMLAS.
Other net miscellaneous saving	-163	Management continues to take action to identify and realise savings elsewhere in the budget.

Director of Place

Variance	£000	Explanation and Action
Non closure of Pennard Library	34	Deferred pending outcome of commissioning review for Library Service
2015/16 planned	65	Deferred pending commissioning review for

savings - leasing of seasonal attractions		Leisure services
2015/16 planned savings - transfer of Leisure Centres to a Trust model	100	Deferred pending commissioning review of Leisure Services
2015/16 planned savings - closure of Plantasia	100	Closure deferred pending the outcome of the Planning Appeal
Other savings being made across all services in order to balance budget	-669	One off savings identified in order to achieve Directorate balanced budget, reducing non-priority expenditure and maximising income
2015/2016 planned savings – income targets in Public Protection	62	Some income fees introduced i.e Pest Control and Conveyancing Enquiries are having a slower uptake than anticipated
Net Reductions in Spend and Income Generation within Public Protection and the Directorate	-752	Underspends as a result of additional income for Adaptions installation work, Crematorium, Registrars and other Public Protection services as well as reduced expenditure in Pollution and Public Health and the Place Directorate.
Additional Spend Pressure in Planning Services	45	Unbudgeted costs have arisen within planning services due to a one-off appeal
2015/16 planned savings – Double shifting of collection vehicles to reduce fleet	25	It is proposed to mitigate savings by progressing savings as fast as possible following the Commissioning Review.
2015/16 planned savings – Replace existing pink bags with reusable hessian sacks	25	It is proposed to mitigate savings by progressing savings as fast as possible following the Commissioning Review.
Additional Spend Pressure in Waste Management	190	Costs arising from the reduction in Sustainable Waste Management Grant, additional costs on Food Waste Contract and reduction in recycling income.
Additional Spend Pressure in Neighbourhood Working	125	Additional costs in Street Cleansing.
Increased income in Corporate Building & property Services	-495	Increased Strategic Estates Rental Income (£150k); Strategic Estates Rates Rebates (£165k); Additional estates rental income (£10k); additional room hire income (£15k); Property Capital Group Income (£155k)
Net reduction in spend in Corporate Building & Property Services	-180	Comprising staff under-spends due to vacancies (£135k) and other miscellaneous under-spends (£45k)
Net Reduction in spend in Highways & Transportation	-275	Unachieved 2015/16 planned savings – MOT additional income (£30k) and Charge at free district centre car parks (£25k) and prior year's

		unachieved savings (£125k) offset by net under-spends across Highways & Transportation
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Overall Target

The overall target was set at £26.774m by Council on 24/02/15 and remains needed to balance the budget. Cabinet has received update (Sept 15) flagging substantial variation from target of around £6.5m in savings and agreed principles for potential steps to address the gap which we expect will close. There will be significant shortfalls in some delivery strands which will be addressed in year mostly by one off actions.

Firm/To date

A fairly strict interpretation of "firm" has been used. This assessment was done during the first week of November and approx. £7m of service and staffing savings are considered firm. Council tax income which is predominantly certain and planned reserve and contingency use bump up overall position so approximately 62% of the total target is considered "firm". This is expected and acceptable for month 7 position. **TIMING**

Forecast

The overall weighted forecast is 81%, so significantly short of where we should be, and unacceptable for the start of third quarter (RED). There has been no significant improvement in October so the position remains RED (short by more than 15%) This outcome is heavily influenced by the significant gaps in delivery strands and to a lesser extent in some service savings. **PREDOMINANTLY TIMING BUT SOME LARGE GAPS**

Service Savings

There are significant and continuing gaps in Social Services and Education savings and these have already been escalated up to and reported to Cabinet. Without significant action these variations are significant enough to indicate that the overall budget will be overspent. **PREDOMINANTLY TIMING BUT SUBSTANTIALLY BELOW TARGET IN SOCIAL SERVICES AND EDUCATION**

Staffing

Progress has been made firming up on all staff savings except the education proposals. Progress has been undoubtedly limited in that area given the significant and prolonged senior management absences **ON TARGET EXCEPT EDUCATION**

Delivery Strands

Insufficient progress has been made on agreeing additional tangible cash releasing savings in two of the delivery strands (to the extent of removing budgets from departments). Assets and Third Party Spend. £1.058m of existing base transfers is due to be implemented but still not reflected. There is about £0.4m likely of additional base line savings. Shortfall of at least £1.5m expected. The other two, Schools and the Transformation fund (negative so actually additional spend) are considered fully firm. **TIMING AND LIKELY SIGNIFICANT NON DELIVERY**

Other Savings

The nature of these savings is that they are mostly fully assured right at the start of the year. The exception is Council Tax which ultimately depends upon collection performance. At this stage we are confident we are on target to achieve all savings.
ON TARGET

Risks and Issues to Address This Time

Overall rate of progress is stalled and as expected and highlighted last month, but performance is not acceptable for the start of third quarter and hence is marked RED. HOWEVER this masks significant under performance in Education and Social Services and an absence of sufficient evidence to assure on Delivery Strands savings. Progress otherwise in other areas and streams is actually quite good.

Cabinet has been advised of a likely £6.5m shortfall and agree a need for phased responses which if not implemented rapidly will result in additional in year savings targets being implemented. Revised and refreshed spending restrictions are now in place which should deliver some reduction in the shortfall.

Much stronger work needs to be done challenging and assuring the Delivery Strands (the cross authority streams not yet built into service budgets) in terms of taking cash off budgets. This continues to be progressed but is not yet complete.

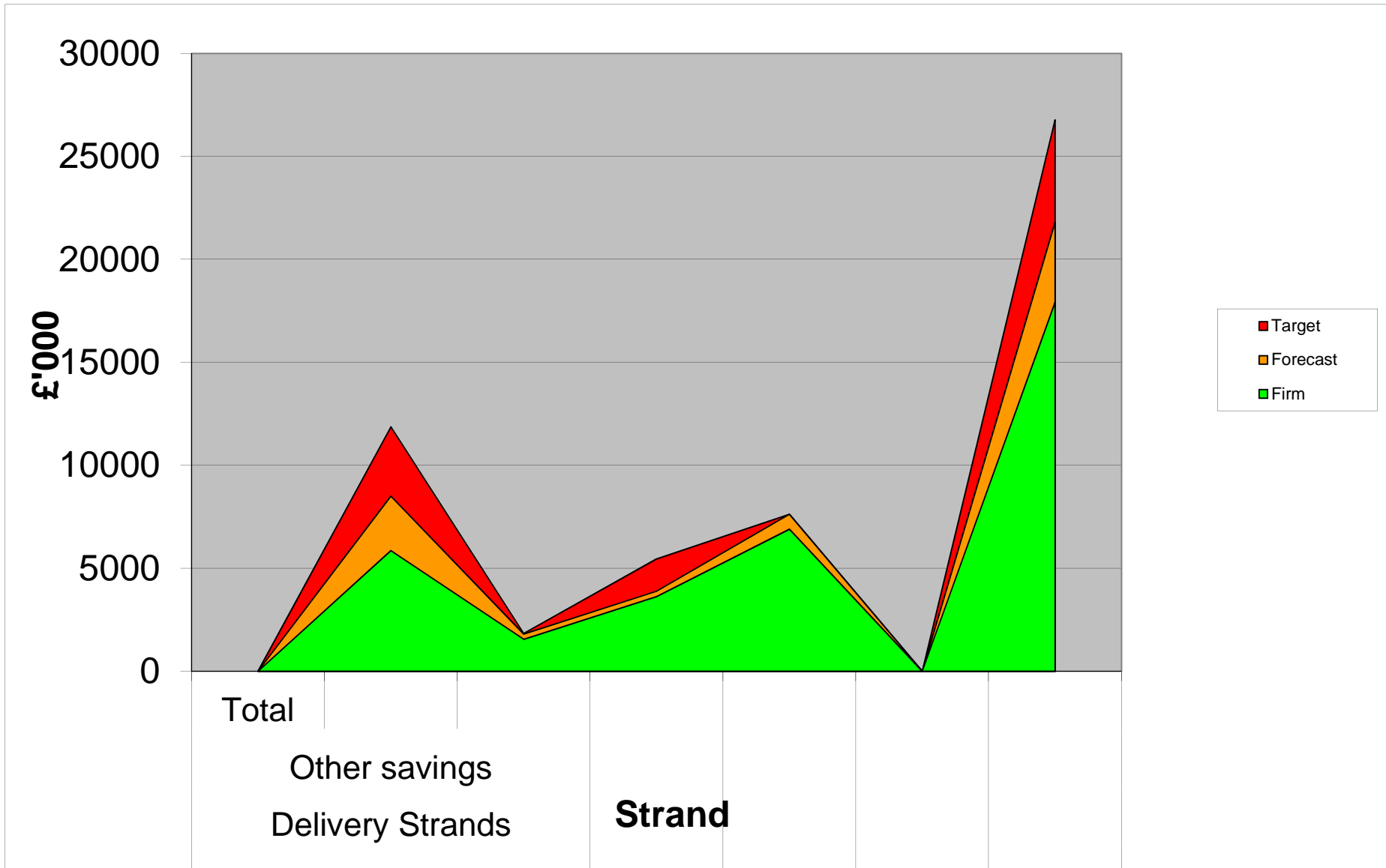
There have been delays in assuring and validating savings in the Delivery Strands, . The Delivery Strands are identifying opportunities particularly in third party spend, but only in year, cashable, non HRA and non schools savings can actually be "banked". Total efficiencies unequivocally identified by procurement amount to over £3m, but no more than £700k is cashable and just over £400k is currently considered firm. Many savings are proving to be only cost avoidance or contributing only to existing service savings strategies. **There is scope for one off savings (NDR rebates, insurance charges £438k) to plug some of the gap.**

SIGNIFICANT DELIVERY ISSUE IN CURRENT YEAR

Comments and feedback from PFMs

People PFM

The broad value of shortfalls are agreed and the Directorate accepts and understands as a first call it has to seek to develop compensating savings. Some work has now been progressed on developing an action plan to address some of those gaps by compensating savings elsewhere, especially in Social Services, but an overall gap will persist and this is why those areas remain marked RED.



Savings Tracker Summary

Appendix 'E'

Service Savings	Target £'000	Firm £'000	Forecast £'000	Target Met	Assessment
Corporate Services	1,828	1,327	1,802	99%	GREEN
Education	1,364	187	796	58%	RED
Social Services	4,524	1,969	2,219	49%	RED
Poverty and Prevention Place	237	262	262	111%	GREEN
	3,915	2,109	3,425	87%	AMBER
	11,868	5,854	8,504	72%	RED

Staffing	Target £'000	Firm £'000	Forecast £'000	Target Met	Assessment
Corporate Services	564	504	564	100%	GREEN
Education	200	85	200	100%	GREEN
Social Services	355	347	347	98%	GREEN
Poverty and Prevention Place	48	48	48	100%	GREEN
	666	567	645	97%	GREEN
	1,833	1,551	1,804	98%	GREEN

Delivery Strands	Target £'000	Firm £'000	Forecast £'000	Target Met	Assessment
Assets	1,250	731	731	58%	RED
Third Party spend	1,750	438	700	40%	RED
Schools	4,152	4,152	4,152	100%	GREEN
Transformation Fund	-1,700	-1,700	-1,700	100%	GREEN
	5,452	3,621	3,883	71%	RED

Other savings	Target £'000	Firm £'000	Forecast £'000	Target Met	Assessment
Council Tax (net)	5,372	4,647	5,372	100%	GREEN
Net levy savings	0	0	0	100%	GREEN
Reduced inflation provision	1,049	1,049	1,049	100%	GREEN
Reduced contingency fund	0	0	0	100%	GREEN
Use of General Reserves	1,200	1,200	1,200	100%	GREEN
	7,621	6,896	7,621	100%	GREEN

GRAND TOTAL	26,774	17,922	21,812	81%	RED
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Classification		Jun	Sept	Dec	Mar
RED	Forecast below target by	30%+	20%+	15%+	5%+
AMBER	Forecast below target by	15-30%	10-20%	5-15%	0-5%
GREEN	Forecast below target by	15%	10%	5%	0%

APPENDIX F

Capital expenditure on major schemes to 31 December 2015	£000's
People	
Burlais Primary School new build	1,179
Gowerton Primary School new build	3,687
YGG Lon Las Primary School new build	964
Pentre'r Graig Primary improvements	502
Place	
Carriageway resurfacing and Footway renewals	1,438
Carriageway resurfacing (Invest to Save schemes)	790
Lighting Energy Reduction Programme (Prudential Borrowing) and Street Lighting Refurbishment	796
Morfa Distributor Road	1,092
Highways & Transport Replacement Vehicles	398
Glynn Vivian Art Gallery refurbishment	3,434
Waterfront City Centre Schemes	1,441
Building Enhancement Programme grants (part of Waterfront Programme)	1,876
Swansea Market Roof	1,506
Felindre Development	826
Vibrant & Viable Places Schemes	969
Corporate Building and Property Services	3,212
Disability Facilities Grants and Mini Adaptations	2,946
Sandfields Renewal Area	1,088
Property Appreciation loans	301
HRA Wind & Weather Proofing Penlan	1,301
HRA Wind & Weather Proofing Waun Wen	430
HRA Wind & Weather Proofing Mayhill	1,278
HRA Wind & Weather Proofing Llanllienwen	532
HRA WNF Properties at Caemawr	545
HRA boiler replacement programme	1,603
HRA British Iron & Steel Properties	915
HRA adaptations programme	1,845
HRA Kitchens & Bathrooms	2,051
HRA Door Renewal programme	969
HRA High-rise flats (Clyne Court / Jeffreys Court)	4,530
HRA High-rise flats (Matthew Street)	6,390

Report of the Section 151 Officer

Special Cabinet – 15 February 2016

MEDIUM TERM FINANCIAL PLANNING 2017/18 TO 2019/20

Purpose:	This Report sets out the rationale and purpose of the Medium Term Financial Plan and details the major funding assumptions for the period and proposes a strategy to maintain a balanced budget.
Policy Framework:	Sustainable Swansea – Fit for the Future
Reason for decision:	To agree a strategic framework for future service planning.
Consultation:	Legal Services, Access to Services, Cabinet Members and Executive Board
Recommendations:	<p>It is recommended that:-</p> <p>The Medium term Financial Plan 2017/18 to 2019/20 be recommended to Council as the basis for future service and financial planning.</p>
Report Author:	Mike Hawes
Finance Officer:	Mike Hawes
Legal Officer:	Tracey Meredith
Access to Services Officer:	Sherill Hopkins

Section 1 – Introduction and Background

1. Introduction and Background

- 1.1 Service and financial planning continues to be undertaken against a backcloth of reducing overall financial resources and increasing service pressures and demand.

The Medium Term Financial Plan (MTFP) is an overarching plan which:

- Covers 3 future years.
- Forecasts future known additional spending requirements, likely resources and potential funding shortfalls
- Links to the Council's adopted strategy '**Sustainable Swansea – Fit for the Future**' as a means of addressing future budget shortfalls.
- Links to the Council's revised Corporate Plan, "Delivering for Swansea" and the delivery of our top 5 priorities.

Future detailed Service planning will need to be undertaken within the financial assessments and forecasts contained within the Medium term Financial Plan.

- 1.2 It is important to understand that the MTFP does not constitute a formal budget in respect of the period 2017/18 to 2019/20 and, as such, the indicative annual assumptions included both within the projected spending pressures detailed in Section 3 of this report and the potential funding detailed in Section 5 will be subject to a full review and decision making process as part of each of the annual Revenue Budget and Council Tax setting decisions.

- 1.3 Instead, the MTFP is intended to outline, in broad terms, the specific service and funding issues over the three year period and how the Council will, within its financial constraints, fund its priorities and achieve major service change and savings.

- 1.4 It is essential as a planning and review tool in order to assess on an ongoing basis assumptions around service pressures and progress against delivery of savings.

- 1.5 The plan serves to highlight the difficulties inherent in terms of attempting to forecast, in particular, the likely levels of core funding that will be provided by Welsh Government over the period of the MTFP. **However, whatever the difficulties the Council must be in a position whereby it is able to plan both its finances and service delivery levels over the medium term.**

- 1.6 Importantly, it is essential that the MTFP becomes a 'living' document that is subject to regular review and revision as more information becomes available and risks are updated. As such it is anticipated that, along with close monitoring of the specific budget proposals and savings targets for 2016/17, further reports to Cabinet regarding the MTFP will be made as necessary. In particular, the Mid Term Budget Statement in the Autumn of 2016 will provide a key update on the financial outlook and delivery of savings.
- 1.7 The MTFP is one of many documents that are produced in terms of financial planning and control. These include:-
- The annual Revenue and Capital Budgets of the Authority
 - The annual HRA Capital and Revenue Budgets
 - The Formal quarterly budget monitoring reports that are presented to Cabinet
 - The Mid-term Budget Statement intended to be produced each year as an aid to strategic review on progress.
 - The Revenue and Capital outturn Statements taken to Cabinet following year end.
 - The annual Statement of Accounts produced and approved by Council on an annual basis.
- 1.8 The MTFP is intended to form a logical flow from an assessment of forecast resources over the medium term through each step of a structured planning process for future years and as such it specifically details:-
- Section 2 - Overview of financial planning environment 2017/18 to 2019/20
 - Section 3 - Detailed spending and resources forecast 2017/18 to 2019/20
 - Section 4 - Strategy to address future savings requirements
 - Section 5 – A summary of the Medium Term Financial Plan and Sustainable Swansea strategy.
 - Section 6 - Medium Term Financial planning for Schools
 - Section 7 - Risks and issues surrounding the MTFP
 - Section 8 - An assessment of reserves
 - Section 9 – Legal and Equalities implications
- 1.9 It should be noted that the period covered by this MTFP, which deals solely with the Council, takes us to the point of Potential Local Government

Reorganisation as outlined in both the Local Government (Wales) Act 2015 and the Draft Local Government (Wales) Bill.

Section 2 – Overview of financial planning environment 2017/18 to 2019/20

- 2.1 The Medium Term Financial Plan (MTFP) report considered by Council on 24th February 2015 included a service and financial overview. This was updated in terms of the Mid-Term budget statement taken to Council in November 2015 and is updated further below.

Economic outlook and prospects for Public Finances

- 2.2 The announcement of the provisional Revenue and Capital Settlements for 2016/17 has resulted in a reduction in core Welsh Government funding at a level substantially below that which had been anticipated taking into account clear indications previously given by Welsh Government.
- 2.3 The UK Government's decision to cut public spending over several years is being implemented, and indeed commentary following the last Autumn Statement issued by the Chancellor suggests that the balancing of the UK's annual core funding deficit will require further prolonged and significant cuts in public expenditure. However, it is difficult at this point in time to assess the impact of UK wide public spending restrictions, given the indication by the Chancellor as part of the Autumn Statement on 19th November 2015 that cuts to Welsh Government Block Grant would be limited to 4% in real terms over the life of this Parliament.
- 2.4 Of course, the level of Welsh Government devolved Block Grant is not the only determinant of Welsh Government support for Local Authorities. It is likely that further delegation and transfer of powers and rights from Westminster to Cardiff may impose greater or lesser financial risks to Welsh Government than is currently the case.

There is also, of course, the fact that Welsh Government has to decide on its own cross-sectoral allocation of devolved funding to public services in Wales.

- 2.5 In addition to known core funding reductions, the Council also has a wide range of service and demographic pressures which will inevitably impact on demand for services. Equally clearly, there is a potential for further UK Government announcements to impact on costs borne by the Council, particularly in respect of any changes to taxation. The clear example in 2016/17 of increased costs in Employers National Insurance contributions linked to the ending of the contracted out rate, which will be followed in 2017/18 and onwards by the proposed Apprenticeship levy which, if applied to Local Authorities, will add around £1m to the Council's paybill on an annual basis. Equally, proposed annual rises in the National Minimum Wage will impact on the Authority over the period of the MTFP, although the more immediate effect is likely to be seen on terms of third party supply and service contracts

- 2.6 Given the current Economic Climate both in the UK and the Eurozone it is likely that reductions in core funding will be exacerbated by further reductions in specific grant funding both for Revenue and Capital purposes.
- 2.7 A further complicating factor over the period of the MTFP are proposals to devolve tax varying powers from Westminster to the Welsh Government. Whilst this notionally impacts primarily on individual taxation, potential devolution of Business Rates (NDR) has the potential to impact directly on Local Authority budgets and risk. Latest proposals, for example, propose devolving the cost of welfare provision in Wales to the Welsh Government with all the risk that might entail regarding cost movement.
- 2.8 In terms of core revenue funding, the provisional Revenue and Capital settlement issued by the Welsh Government on 9th December 2015 did not give indicative settlement levels beyond 2016/17 as would normally have been the case in previous years. This leaves Authorities having to make their own assumptions regarding levels of Aggregate External Funding during the period of the Medium Term Financial Plan, based on an assessment of UK and Wales financial planning and announcements.
- 2.9 All this of course has to be set against a backdrop of significant global instability where events can impact significantly – and at short notice – on the UK economy and the overall UK economic outlook.
- 2.10 For the purposes of the planning assumptions, it is simply not possible to forecast with any certainty the level of funding that is likely to be received from Welsh Government on an annual basis over the period of the MTFP. Instead, it is intended to forecast a range of potential funding scenarios, each of which will result in differing financial forecasts for the Council over the period covered. The forecasts will be updated using the mid term budget statement to Council each year to reflect the best information available on a rolling basis.

For the purposes of the MTFP, forecasts will be based around cumulative reductions of 1%, 2% and 4% although, of course, reductions will fluctuate on an annual basis.

It is not considered likely that there will be a cash flat position over the period of the MTFP and even less likely that there will be any form of increase.

Year	AEF Reduction @ 1% £'000	AEF Reduction @ 2% £'000	AEF Reduction @ 4% £'000
2017/18	3,077	6,155	12,310
2018/19	3,046	6,092	12,184
2019/20	3,016	6,032	12,064
Cumulative	9,139	18,279	36,558

Note that the above reductions are based on the provisional AEF for 2016/17 of £307.754m as announced on 9th December 2015.

The above represents a significant spread in terms of potential overall reductions over the life of the MTFP which as stated previously will have to be updated on a regular basis.

2.11 During the timescale of the MTFP there are a significant number of events which could impact on some of the major assumptions we have made:-

These include:-

- The outcome of Welsh Assembly elections to be held in May 2016
- The outcome of any proposals regarding Local Government reorganisation in Wales
- Wider events that could impact on the Global economic position including Eurozone elections.

2.12 In terms of potential Local Government reorganisation, if current proposals continue then future Council Finances may well be subject to review and consultation through Transition Committees to be established by the end of June 2017 with, more importantly, a transactions regime being established by Welsh Government requiring approval for transactions, including reserve movements, above certain values.

The potential timetable for LGR is as follows:-

Jan-Apr 2016	Engage with local government and Welsh Government policy leads, draft guidance
May 2016	Amend guidance following Assembly elections
Jul-Oct 2016	Consult on draft guidance
Nov 2016	Introduce Local Government (Wales) Bill; transactions regime comes into force by direction
Nov-Dec 2016	Make TC regulations and publish final guidance
May 2017	Local Government elections – 3 year term; establish Transition Committees
May 2019	Elections to shadow authorities
1 April 2020	Vesting Day; existing authorities abolished, except Powys

2.13 Support for Capital Programmes

The settlement indicated support for future General Fund Capital programme for 2016/17 at a level of £10.242m, a slight increase from 2015/16. This support is through a mix of General Capital Grant and support for borrowing.

Planning assumptions for both 2017/18, 2018/19 and 2019/20 are based on unchanged levels of support.

- 2.14 In addition, the Welsh Government has committed some £25.655m (50% of overall cost) towards the 21st Century Schools programme over the lifetime of this MTFP. The Council is required to meet its 50% share of the costs through the Capital Programme.
- 2.15 More significantly, the Capital programme detailed elsewhere on this agenda assumes a significant level of capital receipts in terms of future funding requirements. The position remains that should such receipts not materialise the Council will have no option but to consider reductions in spend, seek alternative sources of funding or, as a last resort, consider additional borrowing which will have a further adverse effect on revenue finances.
- 2.16 Over the past six years the Council has funded its entire borrowing requirement via the use of internal funds, which is entirely consistent with good Treasury Management policy given historic low interest rates on

investments. The effect of that is internal borrowing as at 31st March 2016 is anticipated to be some £90m. Ongoing borrowing requirements and the depletion of Reserves and Provisions (including significant sums relating to equal pay settlements) means that some externalisation of this debt is now inevitable. It is clear that the Council has an opportunity to progress this at a time when external borrowing rates are at an all-time low and this strategy of externalising a proportion of debt will be undertaken in 2016/17 and beyond as opportunities arise.

- 2.17 It should be noted however, that even with borrowing rates as low as they are, externalising of borrowing is still likely to have a negative impact on revenue finances going forward.

Section 3 – Detailed Spending and Resources forecast 2017/18 to 2019/20

- 3.1 The Capital Budget report forecasts capital spending and resources in the period covered by the MTFP.
- 3.2 In terms of the Revenue Budget, and in the context of financial planning over the period of the MTFP, the overriding issue is likely to be the need to make significant ongoing savings in Service Expenditure in order to meet both projected reductions in core and specific funding from the Welsh Government together with known and anticipated spending pressures.
- 3.3 The following table represents the expected funding requirements (based on current policies and decisions) for the period of the MTFP:

Projected spending pressures/funding deficiency 2017/18 – 2019/20

		<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>
	Note	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Future cost of pay awards	1	1,700	4,100	7,500
Pay and grading scheme	2	2,700	5,400	5,400
Cumulative contract inflation	3	1,000	2,000	3,000
Capital charges	4	1,750	3,250	5,000
Schools pay award	5	1,200	3,600	6,000
Use of General Reserves	6			
Demographic and Service pressures	7	3,000	6,000	9,000
Apprenticeship levy	8	1,000	1,000	1,000
Total known pressures		12,350	25,350	36,900
Aggregate External Finance movement at 2% reduction		6,155	12,247	18,279

Cumulative budget shortfall		18,505	37,597	55,179

Note:

- 1) Assumed pay increases at 1% p.a. for 2017/18, rising to 2% for 2018/19 and 2019/20. Value of pay award remains relatively static based on falling staff numbers and costs relating to savings programme largely offset by increases in payroll costs due to single status implementation and cumulative effect of pay awards.
- 2) Predicted annual cumulative effect of current scheme implemented on 1st April 2014 – no account taken of potential additional costs arising out of appeals process.
- 3) Assumed minimum cumulative effect of known contract inflation
- 4) Presumed overall increase in borrowing due to delays in capital receipts on both general fund and schools programmes.
- 5) Presumed minimum addition to schools funding to cover base payroll cost increases. Includes calculation for pay awards in line with 1) above
- 6) Currently nil but dependent on decisions re use in 2016/17
- 7) Based on ballpark assumptions around a number of pressures including deprivation of liberty assessments and assumed pressures within both adult and children's services, together with a number of potential pressures within the areas of waste management and other services.
- 8) Based on outline proposals announced in the Chancellors Autumn Statement November 2015.

3.4 As stated, this forecast contains no provision for increases in net service costs, in particular:-

- a) Any increase in costs arising from decisions on Government taxation – other than potential costs relating to the scrapping of contracted out National Insurance rates and recent announcements on potential apprenticeship levies - most significantly increases arising from upward increases in landfill tax costs.
- b) Corporate costs in excess of budget provision in respect of single status implementation or other issues relating to employee costs or movements in minimum statutory wage.
- c) Any one off costs arising from changes to service delivery across the Council, including transformational change.
- d) Any general inflation provision relating to non contractual issues.
- e) Any increased costs or reductions in income arising from ongoing changes to welfare reform, in particular the potential introduction of Universal Credit during the lifetime of the MTFP.
- f) Any budget changes arising from further regionalisation of Education and Social Services particularly where projected budget transfers may be in excess of current CCS service budgets.
- g) Any increases in Capital financing charges beyond those allowed for which is dependent on the Council achieving a level of capital receipts as

detailed within the Capital budget submitted for approval elsewhere on this agenda and is wholly dependent on decisions around potential externalising of internal borrowing.

- h) Future funding decisions in respect of protection for Social Services or Delegated Schools' budgets which may be specified by the Welsh Government in future budget settlements.
- i) Any potential downward movement in service specific grants, some of which we have experienced at short notice during the last year.

3.5 In addition the forecast does not allow for any potential increase in non-schools' employer superannuation rates for the period of the MTFP which will be based on a triennial valuation as at 31st March 2016 affecting contribution rates for the period 2017/18 to 2019/20.

3.6 As highlighted in Section 2, the Local Government (Wales) Act 2015 became law in Wales on 25 November 2015. This new law will enable preparations to be made for the programme of local government mergers and reform.

A second Local Government (Wales) Bill was published in draft for consultation on 24 November. The Draft Bill will complete the programme of local authority mergers and set out a new and reformed legislative framework for local democracy, accountability, performance and elements of finance. It will also establish a statutory Public Services Staff Commission.

Formal consultation on the proposals for local authority mergers announced in June has also started. The consultation closes on 15 February 2016. No account of the effect of these proposals has been built into the MTFP which runs until 31st March 2020, the effective date that this Council would cease under the proposals as drafted.

3.7 However, it is highly likely that under the provisions contained within the current legislation the Council's ability to make decisions around Capital expenditure and Reserve usage will be constrained and will require approval and consultation.

Section 4 – Strategy to address future savings requirements: Sustainable Swansea – fit for the future

4.1 The scale of the financial, demographic and sustainability challenge requires the Council to adopt a radically different approach to previous years. An approach that focuses on:

- *The core future purpose of the Council*
- *The transformation of services and the model of delivery*
- *Greater collaboration with other councils and local organisations, community groups and residents*
- *And, above all, sustainable solutions with prevention at its heart*

This ambition is set out in *Sustainable Swansea – fit for the future*, our long term plan for change, underpinned by our Innovation Programme.

4.2 It is equally clear that if the Council wishes to prioritise investment in priority services then the actions being taken under the Sustainable Swansea programme represent good practice irrespective of the current financial environment.

4.3 The Strategy was agreed by Cabinet and reported to Council in October 2013. The Delivery Programme was reviewed, refreshed and re-approved by Cabinet on 16 July 2015. It is important that we continue to use the narrative in all our communication and that we apply the budget principles across all our thinking. The budget principles are reflected in the proposals set out in this report.

4.4 Since the July 2015 meeting of Cabinet we have:

- Started delivering the Savings Programme Workstreams
- Completed a number of commissioning reviews and moving to implementation phase
- Started the next phase of engagement on *Sustainable Swansea* –following agreement of a report to Cabinet on 10th December 2015.
- Developed a range of additional proposals to meet a significant proportion of the Council's £21.5m shortfall in 2016/17, which result in further savings during the period of the MTFP which is relevant to this report, as reported to Cabinet on 10 December 2015.

Our Service Priorities for 2016/17 and the MTFP period

- 4.5 Although the Council is currently focused on a plan to save an additional £55m (excluding schools) over the period of the MTFP, it is vital that we continue to retain Member and management focus on the significant proportion of our budget that will remain. Our gross budget is approximately £700m (excluding Housing Services (HRA)) and we spend around £1.5m a day on services to residents.
- 4.6 The Council has clear and strong long term ambitions for Swansea and the proposals for savings must be seen in the context of the following:
- The Council's top 5 priorities and future plans for services
 - The core objectives of *Sustainable Swansea* – which embrace all that we do
 - The application of the budget principles – which guide our decision making
- 4.7 The Council's overall aim is to protect frontline delivery of services as far as possible. However, whilst many things are important, not everything can be a priority. It is important, therefore - particularly in the current climate of significantly reduced resources - that we set out clearly our expectations on all services and relative priorities for funding in the context of the significant reductions that we face.
- 4.8 This requirement is illustrated sharply by the “gearing” effect of savings on services. In other words, if our current savings requirement of £55m (excluding schools) over three years was applied, for example, just to Corporate Services (excluding Council Tax Reduction Scheme) and Place Services, the budgets for areas would be nearly 75% removed. Consequently, other areas such as Social Care also need to face some level of reduction over the next 3 years, given the relative size of their budgets. We are now assuming there will be repeated extensions of the Ministerial protection afforded to schools which will prevent savings of any significance to be applied there, which will add further pressure on all remaining services.
- 4.9 A statement of budget priorities and policy statements that flow from this is set out in **Appendix A**. This statement follows an assessment of services in relation to the following criteria:
- **Invest:** those Services where the Council will increase current levels of investment
 - **Maintain:** those services where the Council will broadly maintain current level of spend in the medium term
 - **Reduce:** those services where the Council will reduce the current level of spend over the medium term

Regardless of relative funding levels, there is also an absolute requirement that **all services** must transform and strive for maximum efficiency.

- 4.10 Based on the statement of priorities and having regard to the “gearing effect” when considering savings, the indicative 3 year saving/investment targets for each major block of services (including 2016/17), as reported to Cabinet on 10th December 2015, is set out in the Table below. This table is important at this stage only as it gives an indication of prioritisation of services, as currently adopted by Council, although it is clear that there are many combinations around Service expenditure reduction that would potentially achieve the same saving.

Service	Current Budget £m	Percentage Reduction/Increase over 3 Years	Amount Realised £m
Schools \$	135.2	2.3	+3.2
Rest of Education	21.1	-15	-3.2
Social Care – Child & Families	38.3	-15	-5.8
Social Care - Adults	66.4	-20	-13.3
Poverty & Prevention *	4.8	+5	+0.2
Place	52.7	-50	-26.4
Corporate Services +	23.5	-50	-11.7
Total	342.0m		-57.0m

\$ Assumes schools protection continues limiting any material scope for reduction and reflects the assumed funding guarantee INCREASE for 16/17

** Note that whilst this is the controllable budget for Poverty & Prevention, the Council spends **significantly more** on this area through the contribution of a wide range of other services*

+ Corporate Services is £44.4m less £20.9m Council Tax Reduction Scheme

- 4.11 This statement will form the basis of our future Medium Term Financial Plan, as well as individual service plans although no formal assumptions should be made around annual budget changes based on this MTFP. Presentationally, it is materially different in scale to last year’s Medium Term

Financial Plan which set out an over £81m requirement because the continued Ministerial funding guarantee for schools effectively removes £24m of planned future savings. Crucially as it effectively inhibits making savings in schools and ring fences their budgets the remaining £57.0m is broadly exactly the same remaining figure as that which would have been expected to fall on non-education budgets anyway.

- 4.12 It should be noted that the savings targets detailed above are for the period 2017/18 to 2019/20 which could represent the end of the Council's existence as a separate entity. Work will continue to need to be undertaken to plan for all eventualities including potential local government reorganisation from April 2020.
- 4.13 A statement of General Principles to be adopted for all Services together with a summary of specific service priorities is given at Appendix 'A' to this report.

Section 5 – A summary of the Medium Term Financial Plan and Sustainable Swansea strategy

5.1 The summary anticipated savings requirement over the period of the Medium Term Financial Plan is shown below and is extracted from the table shown at section 3.3 of this report.

		<u>2017/18</u>	<u>2018/9</u>	<u>2019/20</u>
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Cumulative budget shortfall		18,505	37,597	55,179

5.2 The assumptions surrounding the compilation of these figures are given in detail within the table at 3.3 above and, in particular, are heavily dependent on the assumption of an ongoing 2.0% reduction in AEF for each of the three years covered by the MTFP.

Clearly there is the risk of significant volatility in future years arising from:-

- The cumulative effect of any variation in these assumptions in early years
- The uncertainty around assumptions surrounding the latter years of the forecast.

5.3 Notwithstanding that position, in addressing the ongoing budget deficit, the Council has a number of actions that it can take in terms of achieving a balanced budget.

These include:-

- Realisation of future years' budget savings arising out of previously agreed savings and 2016/17 consultation proposals
- Additional Directorate/Service Area targeted savings as detailed in Section 4.10 of this report
- Potential rises in Council Tax levels.

5.4 Bringing these items together, and assuming a balanced position for 2016/17, the following indicative position is envisaged:-

		<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<i>Cumulative budget shortfall</i>		18.505	37,597	55,179
<i>Directorate savings proposals/agreed</i>		-	-	-
<i>Additional Directorate Savings required (excluding Schools delegated budgets)</i>		-18.505	-37,597	-55,179

5.5 In terms of addressing the additional savings requirements, the Council will, as previously agreed, deliver the bulk of these through the Sustainable Swansea programme.

Details of the workstreams, including progress to date, are shown at appendix 'B' to this report.

5.6 It is essential that substantial and specific targets are agreed for the Workstreams and Delivery Strands in order to give scale, ownership and a measurability and confidence that we can deliver the level of change and savings required.

Note: see Appendix 'B' for more information on the workstreams

5.7 Further work will take place on the development of a revised Sustainable Swansea Delivery Programme to replace the one agreed by Cabinet on 16 July 2015. This will need to include (amongst other things):

Efficiency

- Programming of further savings from the review of third party spend and additional income
- Additional senior staff and support services savings

New Models of Delivery

- Savings resulting from the completion of the Commissioning Reviews
- Transforming customer contact

Prevention

- Modelling of the cost reduction in services from demand management and early intervention

Stopping Services

- Feedback from residents and Leadership Team about services which can be stopped or delivered through community action

Section 6 – Medium term Financial planning for Schools

- 6.1 The purpose of this section is to highlight the estimated effect of specific spending pressures and potential specific grant reductions on Schools' budgets in the light of funding assumptions detailed elsewhere within this report.
- 6.2 More specifically the Detailed Budget report to Council in respect of the 2016/17 Revenue Budget outlines the specific budget proposals for that year.
- 6.3 It is important to note that, given the size of the potential budget deficit facing the Council over the period of the MTFP, it is envisaged that Schools will continue to be required to contribute to ongoing savings targets during this period. However, the Council will continue to take into account annual requests from the Minister for Public Services in respect of annual funding guarantees and the extent to which these can be met based on annual resources available and spending needs.
- 6.4 The table shown in Section 4.10 of this report details the proposed indicative Directorate Savings targets for the period 2017/18 to 2019/20 in respect of the Revenue Budget.
- 6.5 Those projected savings targets offer relative priority to Education and Schools budgets in particular.
- 6.6 It would be prudent to assume, however, that despite the notional 'flat' position for schools highlighted in Section 4.10 of this report, reductions in real term budgets of around 2% p.a. will be required to meet the Council's budget needs going forward.
- 6.7 It is essential therefore that we continue to engage with Schools on a strategic review of provision as simply cutting in real terms by 2% per annum will not work.

Section 7 – Risks and issues implicit within the MTFP

7.1 As stated throughout this report the financial risks facing the Council include:-

- The volatility of settlements received from Welsh Government from indicative planning stage to provisional settlement and the absence of any future year guidance on levels of likely settlement
- Assumptions around the Reductions in core funding from Welsh Government being incorrect, particularly if understated
- Ongoing reductions in specific grants which require equivalent reductions in expenditure, often at short notice, which are both uncertain and unpredictable in terms of timing.
- Delay or non-delivery of key savings strands which are essential to meet the projected service reductions identified in this report
- Significant further changes to Central Government fiscal policy with regard to the Public Sector.
- The introduction of new legislation and statutory requirements which impose additional burdens on the Council
- The impact of current legislation such as the Wellbeing of Future Generations (Wales) Act 2015.
- The impact of Welsh Government controls being imposed should Local Government re-organisation in Wales proceed.
- Specific issues surrounding the implementation of Local Government re-organisation, including Council Tax equalisation, equalisation of schools funding formulae, harmonisation of charges and more importantly, introduction of a harmonised pay and grading scheme.

There may also be consequences arising from formula distribution changes pre and post reorganisation.

7.2 The table at 3.3 of this report outlining the potential budget shortfalls over the period of the MTFP contains a significant number of assumptions around future cost pressures, particularly with respect to pay awards, which may have a significant cumulative effect if not settled at the levels indicated. This has the potential to change significantly the projected deficit towards the end of the planning period.

7.3 The assumptions contained within the plan specifically assume:-

- The Council will deliver a balanced revenue outturn in respect of the current and future financial years and, to that extent, no deficits are identified that would require additional funding in future years
- The Capital programme is constrained to the extent that the maximum additional debt charges that are incurred (which should be considered temporary until capital receipts are achieved) do not exceed the sums included in the MTFP.
- The Council continues to achieve its ambitious savings targets.

7.4 It is assumed that there will be no substantive change to the structure of service delivery, including additional regionalisation of services.

Section 8 – Use of Reserves

- 8.1 The purpose of this section is to highlight the current planned use of General Reserves to support the 2016/17 Revenue Budget and to outline the relationships between known risks and earmarked reserves and its effect on planning assumptions. An analysis of the current position is given in sections 8.4 to 8.9 below.
- 8.2 Conclusions and recommendations in respect of reserves usage is given in section 8.6 below.
- 8.3 The current 2015/16 Revenue Budget is underpinned by a proposed use of £1.2m from general reserves.
- 8.4 In terms of planning assumptions the assumption is that this creates a spending pressure for 2016/17 as there is no assumption of ongoing availability of General Reserves for that year or beyond, and this is reflected in the revenue budget proposals presented elsewhere on this agenda.
- 8.5 Whilst the Council maintains a number of specific reserves they are not factored into planning assumptions based on the following:
- They are either ring-fenced under statute or scheme of delegation (e.g. Schools' delegated reserves)
 - They are earmarked to meet known liabilities
- 8.6 In September 2015 Council received and approved a report which re-allocated earmarked reserves based on known changes to the risk profile of the Council and it is anticipated that a similar report, probably for inclusion in the mid year budget statement, will be taken on an annual basis.
- 8.7 Allowing this consideration outside of the annual budget process and after previous year outturn is known will give elected Members better opportunity to reflect on the level of General and earmarked reserves in line with the guidance detailed in 8.10 below.
- 8.8 In addition various sections highlighted throughout this report refer to significant ongoing risk around current activities – particularly single status and outstanding equal pay claims.
- 8.9 It remains the position that until these significant risks are fully mitigated then any additional planned use of earmarked reserves to support general revenue budget deficits would be inappropriate.
- 8.10 On 12th January 2016 the Welsh Government issued guidance to Local Authority Members on matters to be taken into consideration when scrutinising the level of Local Authority Reserves held at any point in time.

This has been circulated to all Members and any recommendation relating to the holding or release of reserves will be undertaken with reference to the principles underpinning best practice as issued by the Chartered Institute of Public Finance and Accountancy and this guidance.

Section 9 – Legal and Equalities implications

9.1 Legal Implications

There are no legal implications arising from this report.

9.2 Equalities Implications

9.2.1 The budget reductions implicit in the 2015/16 approved budget were subject to the corporate an appropriate Equality Impact Assessment process, which was considered as part of the overall budget process.

9.2.2 Where additional budget savings requirements are identified as part of the 2016/17 and Medium Term Financial Plan budget processes they will again be subject to the Equality impact assessment process (including relevant consultation and engagement) as part of the budget considerations for those financial years.

Appendix 'A' Statement of Budget Principles and Service Budget priorities

Appendix 'B' Sustainable Swansea work-streams and progress to date

Mike Hawes

Head of Finance and Delivery, Tel 01792 636423

Statement of Budget Principles and Service Budget priorities**GENERAL PRINCIPLES FOR ALL SERVICES**

- 1 There are a number of principles that apply to all the Council's services, regardless of the assessment of relative priorities. These are set out below.

Budget Principles

- 2 The Council has adopted a number of Budget Principles which underpin *Sustainable Swansea*:

<i>Everything is included</i>	<i>Increased income</i>
<i>Engagement</i>	<i>Different models of delivery</i>
<i>We will have less money</i>	<i>Supporting those at risk</i>
<i>Demonstrating efficiency</i>	<i>Evidence base</i>
<i>Cutting Red Tape</i>	<i>Sustainable outcomes/prevention</i>
<i>Full cost recovery</i>	<i>Personal Responsibility</i>

All Services must apply and be consistent with these Budget Principles.

All Services are also required to address these Principles as part of business planning and developing savings proposals.

Service Transformation and Efficiency

- 3 There are expectations upon all Services in relation to transformation and efficiency which must be met regardless of relative priority for funding:

Transformation	<p>All service must transform through a fundamental review of purpose, however services are commissioned, to:</p> <ul style="list-style-type: none"> • deliver better outcomes • develop a sustainable delivery model, fit for the future • reduce costs and secure value for money
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Efficiency	<p>All services must continue to strive for efficiency, in particular:</p> <ul style="list-style-type: none"> • reduce management and other overheads • maximise opportunities for increasing income from charges, trading and external sources • reduce the cost of purchasing supplies and services • work with others to achieve better outcomes • look for opportunities for residents or community groups to take or share responsibility for services
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STATEMENT OF BUDGET PRIORITIES: PEOPLE'S SERVICES

Schools and Education

4. Education is continuing to work towards a “one education budget” strategy across delegated and non-delegated budgets.

Significant savings cannot be made without reductions in the Schools Delegated Budget over the next three years, including by transferring to schools functions that are currently funded centrally but are better managed locally. We are continuing to meet Welsh Government expectations through the continuing prioritisation of the delegated schools budget. Nevertheless, schools face serious challenges to contain the cost pressures facing them, the anticipated further reduction in areas of specific grant funding, and the uncertainty regarding national protection beyond April 2017.

Moreover, further severe cuts in the remaining non delegated education budgets will have a direct impact on areas of pupil specific support and further reduce the support that can be provided to schools from the department.

A further move towards a fundamentally different relationship between schools and the local authority is required. The future model for Education provision includes:

- Radically changing the way support for pupils is provided – more flexible earlier intervention and support, as local as possible
- A consistent approach to support the needs of all pupils through a continuum of support
- Integrating and aligning services with Social Services and other agencies such as Health
- Working more closely with communities, recognising the role of schools at the heart of their communities, seeking to minimise transport costs and, wherever

feasible, co-locate other services on school sites to aid sustainability (where revenue and capital funding streams are at least sufficient to cover the costs involved).

We will deliver this through:

- Coherent revenue and capital strategies
- Optimising the level of delegation of funding and responsibilities to schools to allow the greatest flexibility in the use of the available resources
- Supporting earlier intervention and support for pupils:
 - Reducing the need for formal statements
 - Providing increasingly targeted specialist support, reflecting the findings of the recent independent behaviour review
 - Building capacity in mainstream educational provision
 - Empowering & facilitating more collaborative school to school support
- Delivery of further significant financial savings through a continuing coherent 'one education budget' strategy:
 - Retaining an absolute core level of statutory and regulatory provision at the centre
 - Ensuring a full cost recovery of costs of any support provided to schools above this level and providing the minimum level of Council funding required to fully access the remaining available specific grants
 - Ceasing financial contributions to support the few remaining areas of discretionary educational provision

Social Services- Child & Families (no change needed)

5. No policy changes are proposed in Child and Family Services.

We will maintain the current Safe LAC Reduction Strategy to reduce the number of looked after children and achieve the planned savings of around £6m.

Social Services – Adult Social Care

- 6 Adult Services has revisited its transformation programme to ensure that it can transform services to meet future needs within the budget available.

In 2016/17, Adult Services will need to save £500,000 and during the year the service is undertaking commissioning reviews in domiciliary care, residential care and day services for older people as well as provision for younger adults and people with mental health needs, learning and physical disabilities. In doing this Adult Services will develop a model of future care for its service

users and carers that is fit for purpose, affordable and responds to the new requirements of the Social Services and Wellbeing Act.

Everything that Adult Services does will encourage people to reach their potential, live as independently as possible for as long as possible and reduce demand for long term care through investment in prevention and reablement. We will continue to build on the strong partnerships that we have through our ongoing integration with health and key initiatives such as Local Area Coordination through which we will build on people's strengths to allow them to have a good life. Safeguarding vulnerable people will also be at the heart of everything that we do.

Poverty & Prevention

- 7 Poverty & Prevention as a service is working towards a more sustainable budget which relies less on Welsh Government grant funding, set on an annual basis, and more on core funding, but this can only be achieved through evidenced based early intervention and prevention services which are managing demand prior to social services. Investment through the prevention budget has shown that high quality early intervention and prevention activities can be embedded into mainstream practice. The development of a Council-wide prevention strategy is continuing with proposals for investment. A number of key areas have been delivered in the Poverty strategy, and it is in the process of being reviewed.

Our policy must be to:

- Finalise and implement the prevention strategy and provide additional investment **or** redirect existing spend into preventative programmes where evidence shows this works
- Ensure all Council services (as well as partners) contribute to combatting poverty through the tackling poverty strategy and action plan
- Deliver the Council's Early Years strategy in partnership with Health
- Drive forward the family support commissioning review and on-going development of the Family Support continuum, improving outcomes for children, young people and their families
- Develop a new integrated approach to the delivery of Communities First to tackle poverty at a community level, prioritising engagement, learning and employment
- Continue to embed the UNCRC council-wide and develop our Children and Young People's plan
- Deliver a Night Time Economy strategy which diversifies and develops the cities offer, and ensures retention of Purple Flag status

STATEMENT OF BUDGET PRIORITIES: PLACE SERVICES

- 8 Place based services will see a 50% reduction over the next 3 years, around £26m.

To deliver such a challenge our policy must be to:

- Accept that reductions of this scale will inevitably have a significant negative impact upon visible streetscene and environmental services
- Re-commission all services and in many cases focus on enabling other providers and the community to deliver our objectives in areas such as culture and parks
- Establish commercial and trading models where ever we can to offset the loss of Council funding e.g.: building services
- Introduce a radical approach to demand management and self-regulation in areas such as waste, enforcement
- Seek to maintain current levels of investment in roads focusing on preventive action to reduce future costs
- Meet national housing quality standards, provide more affordable housing including the commencement of a pilot programme for new build housing
- Prioritise the Regeneration of the City Centre and the economy

STATEMENT OF BUDGET PRIORITIES: CORPORATE SERVICES

- 9 Corporate Services will see a 50% reduction over the next 3 years, around £12.5m.

To deliver such a challenge Cabinet has approved a new model for Business Support across the Council. The key feature of this new model are as follows:

- We will have ONE WAY of delivering business support across the Council
- We will strengthen the critical functions of the Council's strategic centre: including governance, performance, business intelligence
- We will integrate corporate advisory functions including: finance, legal, HR, property and commercial
- We will develop an internal shared service model for business support that everyone will use
- We will apply common design principles to ensure the most efficient and cost effective approach, consistent with customer needs
- We will invest in ICT, on a business case basis, to support the transformation agenda, including on-line self-service, agile and mobile working and direct service innovation such as telecare
- We will adopt a digital first presumption to all business support functions
- We will enable self-service and reduce demand
- We will implement the new model in phases to manage the change effectively and ensure sustainability
- We will be open to opportunities to deliver future business support functions delivered jointly with others

- We will look for opportunities to generate income from business support

Appendix 'B'

Sustainable Swansea workstreams and progress in 2015/16

Efficiency Workstream (Sponsor Dean Taylor)		
Strand	Lead	Current Position/Achievements to Date
Continuous Improvement	Khan Prince	<ul style="list-style-type: none"> • 2 x reviews are complete – HR, Domestic Abuse • 2 x reviews are near completion – Waste Management, Customer Contact • 1 x review is due to begin LAC/NEET/SEN • Training is scheduled for a core group of staff to be developed to undertake reviews • Service improvements have been identified and are now being implemented
Workforce	Steve Rees	<ul style="list-style-type: none"> • A Corporate Workforce Strategy is drafted and ready for its final iteration before it goes to decision makers and then implementation. • Performance appraisals have been updated, standardised and rolled out and are now being audited and reviewed – this should help improve performance, engagement and staff development. • The innovation community are near completion of task & finish groups including employee behaviours – improved employee engagement and cultural change evident attendance and contribution to the staff engagement event. • Employee Behaviour Framework has been developed. • £343k of efficiencies been achieved
Senior Staff Review	Jack Straw	<ul style="list-style-type: none"> • An approach has been agreed • Communications are underway
Modernising Business Support	Steve Rees	<ul style="list-style-type: none"> • Recommendations for savings have been implemented • £757k of efficiencies have been delivered • Savings will continue to be delivered as part of Business Support Commissioning Review Implementation
Modernising ICT	Sarah Caulkin	<p>Everyone's IT:</p> <ul style="list-style-type: none"> • Successful in-sourcing of external ICT contract • New team developed and integrated • New helpdesk in place • On track to deliver 2016/17 savings (£1.5m) from 1 April <p>Employee Self Service:</p> <ul style="list-style-type: none"> • Self-service of planned leave has been piloted and rolled out – reduced processing and manual handling of information. • The Digital Strategy is now in place supported by an ICT programme

Assets	Geoff Bacon	<p>Accommodation Strategy:</p> <ul style="list-style-type: none"> • Ongoing centralisation of accommodation. • Services continue to migrate to the Civic Centre • Properties are being prepared for market • A leaner and more commercial portfolio is being developed • Agile working continues to roll out • £291k of efficiencies have been achieved <p>Community Asset Plans:</p> <ul style="list-style-type: none"> • A better understanding of the community asset portfolio has been developed • Some assets have been transferred to the community
Commercialism	Chris Williams	<p>Income:</p> <ul style="list-style-type: none"> • Increased data and understanding of existing income streams • Benchmarking complete • Opportunities identified and delivered creating an increase in income for the organisation • New services developed e.g. knotweed service • Increased commercial awareness • £416k has been achieved <p>Sponsorship & Promotion:</p> <ul style="list-style-type: none"> • Opportunities and 'sales' material developed • Relationships with businesses developed • Increased income through sponsorship and promotion • £215k of has been achieved <p>Third Party Spend:</p> <ul style="list-style-type: none"> • Greater data and understanding of third party spend and most significant contracts • Opportunities identified and delivered • Category plans are in place with further opportunities for savings and efficiencies identified • Increased e-invoicing and e-catalogue use • £3.3m of efficiencies achieved (£438k cashable)

New Models of Delivery Workstream (Sponsor Phil Roberts)		
Savings Strand	Lead	Current Position/Achievements to Dates
Customer Contact	Lee Wenham	<ul style="list-style-type: none"> • Successful channel shift through the expansion of online services • Increase in volume of on-line transactions • Reduction in telephone calls • New customer services offer is being developed and implemented including infrastructure and staff development • Successful transition of phase 1 staff and services into a central contact service • On track to achieve £185k savings on 1 April
Commissioning	Martin Nicholls	<ul style="list-style-type: none"> • 4 x Commissioning Reviews complete, now in implementation

		<ul style="list-style-type: none"> • £366k of efficiencies have been achieved • Savings of £5.2m identified through the reviews for 16/17 • Review process developed based on lessons learned • 16/17 reviews agreed, ready to begin in February & March
Community Action	Tracey McNulty	<ul style="list-style-type: none"> • Community Action Transformation Fund in place to support public initiatives • Principle for working with the community have been developed • A framework for engagement has been developed • A toolkit has been developed to support and enable groups to become established, run and consider taking over assets • A marketing campaign is underway to build awareness and appetite for community action initiatives; #voices&choices • Glais community are ready to take over management of a local community centre from 1 April • The savings for this strand have been included with the Cultural Services Commissioning Review

Prevention Workstream (Sponsor Chris Sivers)		
Strand	Lead	Current Position/Achievements to Dates
Manage Demand	Sarah Caulkin	<ul style="list-style-type: none"> • Recommendations have been made to reduce demand in areas such as FOI requests • Projects have been supported in key areas e.g. understanding a rise in demand for domiciliary care demand • Opportunities are being explored for developing GIS mapping of demand • An organisation-wide Demand Management Strategy is in drafting phase for completion shortly • Training is being developed • £432k of efficiencies have been achieved
Early Intervention	Sarah Crawley	<ul style="list-style-type: none"> • Closer working between partners including Health, Police etc. • Service re-design is being implemented following a review of Domestic Abuse which should improve outcomes for victims and perpetrators of domestic abuse. • Cost Benefit Analysis tool developed to demonstrate the value of early interventions • Prevention pilot projects have been successfully trialled new ways of working with 4 projects being taken forward into business-as-usual

		<ul style="list-style-type: none"> • A Prevention Strategy for the whole organisations is in its final draft phase, to be rolled out shortly.
Safe LAC Reduction Strategy	Julie Thomas	<ul style="list-style-type: none"> • The Family Support Continuum has developed a whole new team and approach to supporting complex families • The looked after children population continues to reduce as people get the right support at the right time • Youth Workers are now working with the whole family, not just young people, to provide better support and better outcomes • £1.9m of efficiencies have been achieved
Promoting Safe Independence	Dave Howes/Alex Williams	<ul style="list-style-type: none"> • Recently added to the programme this strand has been identifying the key projects
Education Strategy	Lindsay Harvey	<ul style="list-style-type: none"> • Recently added to the programme this strand has been identifying the key projects

Stopping Services Workstream (Sponsor Dean Taylor)		
Savings Strand	Lead	Current Position/Achievements to Dates
Council Priorities	Dean Taylor	<ul style="list-style-type: none"> • The Corporate Plan, outcomes and performance measures have been developed • Budget plans have been developed for consultation • Opportunities are being explored around stopping lower priority services
Future Council	Dean Taylor	<ul style="list-style-type: none"> • Organisation culture and expected behaviours have been developed • The senior staff review has been launched

Agenda Item 9.

Report of the Section 151 Officer

Special Cabinet – 15 February 2015

REVENUE BUDGET 2016/17

Purpose:	This report sets out the current position with regard to the Revenue Budget for 2016/17 for consideration by Cabinet.
Policy framework:	Sustainable Swansea – Fit for the Future
Reason for decision:	To agree a Revenue Budget and Council Tax levy for 2016/17 to be recommended to Council for approval.
Consultation:	Cabinet Members & Executive Board
Recommendations:	<ol style="list-style-type: none">1) That 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 section 4.10 of this report.2) That Cabinet note the current Resource Gap identified in Section 4.5 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 2016/17. 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 2016/17 to be recommended to Council3) That, subject to these changes, Cabinet recommends to Council for approval:<ol style="list-style-type: none">a) A Revenue Budget for 2016/17;b) A Budget Requirement and Council Tax levy for 2016/17.
Report Author:	Mike Hawes
Finance Officer:	Mike Hawes
Legal Officer:	Patrick Arran
Access to Services Officer:	Sherrill Hopkins

1 Introduction and background

1.1 This report details:

- Financial monitoring 2015/16
- The Local Government Finance Settlement 2016/17
- Budget Forecast 2016/17
- Specific Savings Proposals
- Outcome of Budget Consultation
- Staffing Implications
- Reserves and Contingency Fund requirements
- The Budget Requirement and Council Tax 2016/17
- Summary of funding proposals
- Risks and uncertainties

1.2 The financial assessment in relation to 2017/18 – 2019/20 is contained in the **Medium Term Financial Plan 2017/18 – 2019/20** report elsewhere on the 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'** focusing on the principles and strategies to be adopted as part of the current and future budget process.
- The report to Cabinet on 29th July 2014 – **'Sustainable Swansea – Fit for the Future : Delivery Programme'** which agreed the specific objectives of the programme and set out an outline programme for delivery.
- The update report on Sustainable Swansea – Fit for the Future as approved by Cabinet on 16th July 2015.
- The report to Cabinet on 10th December 2015 – **Sustainable Swansea – Fit for the Future : Budget Proposals 2016/17 – 2018/19** setting out the Council's proposals for budget consultation.

1.4 The report sets out the outcome of the budget consultation and invites Cabinet to consider the comments received from residents, community groups, partners, employees, School Budget Forum, Joint Phase Head Teachers, Trade Unions and others. 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.

2. Financial Monitoring 2015/16

- 2.1 Cabinet will have considered a report on the estimated Revenue Outturn for 2015/16 as a prior item on this agenda.
- 2.2 Current 3rd quarter financial monitoring highlights an improving picture for the Council overall but, as is the case in quarter 2, there is substantial variation in performance across Directorates.
- 2.3 There are also variations on budgets which are corporate in nature and not linked to direct service provision.
- 2.4 It is projected that the Council will outturn at a position that reflects a substantially improved position from the £5m forecast overspend at quarter 2. Current estimates are that the overspend is likely to be limited to around £2m as an upper figure.
- 2.5 2015/16 has seen significant progress in settling all matters relating to equal pay claims and backpay following the Council's introduction of an equal pay compliant pay and grading structure from April 2014. The settling of liabilities in respect of these items has continued throughout 2015/16.
- 2.6 Settling these claims removes a substantial and open ended risk in respect of the Council's ability to manage its financial affairs going forward. Current forecasts show that costs relating to claims and back-pay can be contained within current resources but there remains a risk in that the final cost will not be known until all payments are processed.

3. The Local Government Finance Settlement 2016/17

- 3.1 The Minister for Local Government & Government Business announced the Provisional Revenue and Capital Settlement for 2016/17 on 9th December 2015.
- 3.2 The provisional Revenue Settlement for 2016/17 differed substantially from all previous planning assumptions made by the Council including assumptions made in the report to Cabinet on 10th December 2015 agreeing budget proposals for consultation purposes. Changes are as follows:-

	<u>£'000</u>
Forecast reduction in Welsh Government support 2016/17 per Cabinet report 10 th December 2015	-14,000
Headline reduction per provisional settlement	-2,771

Note the actual cash to cash movement (not on a like for like basis) is an increase of £120k offset by transfers from specific grant to block grant (£2,342k).

3.3 The result is a significant improvement on forecast Aggregate External Finance of some headline £11.2m. However, since the settlement announcement notification has been received of considerable reductions in several specific grants to the Council. The overall outcome on specific grants will not be known for some time and as such the overall funding picture may not reflect the improvement evident on the settlement alone.

3.4 Implicit in the provisional settlement is assumed protection on respect of both Schools' and Social Services funding.

In respect of Schools, the proposed protection is set at a level of 1% above increase in overall Welsh block grant, a potential increase of 1.85% or £2.498m. In addition, demographic increases in overall school pupil numbers is expected to add a potential £0.7m to school's delegated budgets if the funding per pupil were to remain at 2015/16 levels.

3.5 In respect of Social Services, protection is not specified in terms of value and it is anticipated that funding in terms of known service pressures identified in Section 4 of this report will satisfy any funding guarantee.

3.6 The final Revenue and Capital Settlement for 2016/17 is expected on 2nd March 2016, with final confirmation expected on 9th March 2016.

3.7 Given the overarching requirement for the Council to formally set Council Tax levels for 2016/17 by 10th March 2016, the timetable for onward approval of the 2016/17 Revenue budget is as follows:-

- Council to receive and approve the Draft Revenue Budget for 2016/17 on 25th February 2016.

- Council to receive and approve the Statutory Resolution on Council tax at a Special Meeting on 10th March 2016.

3.8 **It must be made clear that this significant reduction in the cut to Aggregate External Finance does not mean the Council has additional resources to allocate for 2016/17.** As detailed in Section 4 below, it can be seen that the Council still faces significant budget pressures in setting a balanced Revenue Budget for 2016/17 although the overall savings requirement is less than forecast in December.

3.9 In revising the Medium Term Financial Plan and setting the Budget for 2016/17, it is essential that the Council adheres to and continues to implement the objectives in *Sustainable Swansea – fit for the future*. 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 residents.

3.10 **The financial pressures and level of risk that we face and will continue to face make the need to implement these changes more urgent. The lower**

than expected cut in AEF should be seen as an opportunity to increase investment in the Council's priorities and preventative action in particular, not to slow down the pace of change or the level of required savings.

4. Budget Forecast 2016/17

Overview

- 4.1 The budget proposals for 2016/17 as submitted for consultation on 10th December 2015, resulted in a projected funding deficit of £35.850m. The funding deficit was made up of projected funding pressures of £21.850m together with a projected reduction on Welsh Government Aggregate External Finance of £14.0m as set out in Section 3.2 above.
- 4.2 The announcement of the interim settlement, together with an improved view on the financial position with regards to 2015/16 outturn, means that the overall funding deficit forecast for 2016/17 will inevitably have changed substantially.
- 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
 - Potential reductions in contributions to the Contingency Fund
 - Use of Reserves and Balances

Forecast funding shortfall 2016/17

- 4.5 The revised shortfall in funding previously identified in 4.1 above can now be updated and summarised in Table 1(a) below:-

Table 1(a) – Projected funding shortfall 2016/17

	2016/17
	£'000
Future cost of pay awards	1,700
Pay and grading scheme	2,700
National Living Wage – contract inflation	2,000
Cumulative contract inflation	1,000
Capital charges	750
National Insurance rebate	3,500
Use of General Reserves	1,200
Demographic and Service pressures	2,000
Council Tax Support Scheme	600
Schools funding guarantee	3,200
Fire Authority Levy	120
Total known pressures	18,770
Estimated reduction in core Welsh Government Funding CASH	2,222
Total Savings Requirement	20,992

- 4.6 The reasons for the decrease in the overall savings target since Cabinet in December are detailed in Table 1(b) below:

Table 1b – Movement in projected funding shortfall

	2016/17
	£'000
Target per Cabinet Report 10 December 2015	35,850
Decrease in reduction in core Welsh Government funding IN CASH	-11,778
Removal of pressures specifically relating to Schools delegated Budgets	-4,400
Compliance with Ministerial funding guarantee for Schools together with increased pupil numbers	3,200
Lower increase in capital charges following updated assessment of likely rise in interest rates and hence need for debt re-financing	-1,000
Estimated costs relating to demographic changes	-1,000
Projected increase in Fire Authority Levy	120
Cumulative revised target	20,992

Inflation

- 4.7 The 2015/16 revenue Budget did not provide for any Corporate provision for inflation.

Given current UK inflationary levels and forecasts there is no case to be made for re-instating a corporate (General) provision for inflation in 2016/17 and, as such, no provision has been included within the draft budget proposals for 2016/17. It is the case, however, that the Council is likely to experience cost pressures in specific areas of contracted out service delivery as detailed in Table 2 below

Table 2 – Potential Service inflationary and cost pressures:

	£'000
Increased contract costs due to rise in National Minimum Wage levels	2,000
Contract inflation on residential and Domiciliary care costs	1,000

In the November 2015 Autumn Statement, the Chancellor announced significant increases in the National Minimum wage to be introduced over the next three financial years. Whilst this is unlikely to affect direct employee costs incurred by this Council during 2016/17, it is highly probable that this will impact directly on wage costs of external contractors particularly in respect of contracted services within Social Services. To this extent a sum of £2m has been set aside within the budget proposals in order to meet these potential costs.

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.

In the 2015 Autumn Statement, the Chancellor announced proposals to limit pay awards within the public sector to a level of 1% for 2016/17. This increase has been built into revenue budget proposals.

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

Schools Protection

- 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 from cuts.

4.9 Reductions can be viewed in two ways:

- Actual cash reductions in levels of funding provided to Schools
- Real terms reduction in Schools funding, taking into account known spending needs

4.10 For 2016/17 it is intended to both meet the Ministerial funding commitment to Schools as outlined in para 3.4 above, together with providing funding for additional pupil numbers that are forecast for the year.

The net result of these proposals is an increase in the cash settlement to Schools of some £3.2m for 2016/17. In addition, the headline increase across Wales in respect of Pupil Deprivation Grant is 7.45% which, if applied uniformly, would result in an increase to Swansea Schools of £429,000

4.11 Table 3 below sets out the effective impact of the core funding increase as against expected funding pressures for Schools.

Table 3 –Reductions on Schools delegated budgets

Item	£'000
<i>Cash position</i>	
Net core delegated base budget 2015/16	123,484
Ministerial funding guarantee/additional pupil numbers	3,200
Core delegated base budget 2016/17	126,684
<i>Pressures</i>	
Anticipated cost of pay award for school based staff	1,200
Increased cost of employer pension contributions to Teachers Pensions	700
Increased employers NI contributions re School based staff	2,500
Total pressures	4,400
Potential increase in Pupil Deprivation Grant	429
Net overall real terms reduction	-771
(-0.62%)	

i.e. The above cash increase assumes that Schools will meet the additional costs of teachers pay awards, pension costs and NI increases for 2016/17 (£4.4m).

The real terms reduction in core delegated budget would therefore be 0.62%.

It remains the case, however, that substantial elements of Schools Funding (c£12m) are now being delivered via specific Grant (Pupil Deprivation Grant and Education 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 The Welsh Government overall Revenue Settlement for 2016/17 included a notional all-Wales allocation of £10m to fund further pressures in Social care. Consultation is taking place as to whether this sum is available to Local Authorities or is ringfenced to Health and is to be allocated at a regional level.

Capital Financing Charges

- 4.13 There is an increase of £750,000 compared to the 2015/16 approved budget reflecting the potential requirement to externalise elements of borrowing during 2016/17 dependent on expected movements in PWLB borrowing rates.

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 2016/17, there may be a need to externally borrow to replace elements of current internal borrowing.

Whether or not that need arises, I am mindful that we continue to enjoy historically low rates of interest on PWLB borrowing, and that a decision may be required to externalise elements of current internal borrowing should there be a predicted and marked increase in forecast PWLB rates in order to best serve the Councils interests in the medium to long term.

Fire Authority Levy

- 4.14 Since the 10 December 2015 Cabinet report we have been notified of an increase in the Fire Authority Levy of £0.12m (0.99%), including changes expected due to population changes across levied Authorities.

Pay & Grading Settlement and the Living Wage

- 4.15 A single pay and grading structure was introduced across the Authority with effect from 1st April 2014.

The introduction of a single pay and grading scheme is a positive achievement and in future years will add certainty to pay estimates. The Council has made considerable progress in terms of completing the Appeals

process arising out of implementation and in making payments of back pay to those who gained under the new scheme and/or were successful in the appeals process.

The current budget proposals do not set aside any additional sum in respect of pay and grading based on the progress that the Council is making to settle all outstanding liabilities by 31st March 2016.

In line with previous reports, the budget proposals for 2016/17 allow for increased employee costs of some £2.7m for 2016/17 in relation to incremental progression for those staff who were assimilated to the bottom of their pay scale on implementation of the pay and grading scheme.

Council Tax Reduction Scheme

- 4.16 The Authority received a baseline adjustment to its Revenue Support Grant allocation of £18.883m for 2014/15 which has been notionally included as part of future grant settlements. The effect of this base grant allocation 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 section 4.5 of this report in the sum of £0.6m..

5. Specific Savings Proposals: Update

- 5.1 In determining its budget proposals, the Authority has embarked on a specific long term strategy – ‘*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.

- 5.2 The strategy as adopted underpinned the decision taken at the Council’s Cabinet on 10th December 2015 to recommend specific additional savings proposals totaling £10.221m in 2016/17 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 The overall savings proposals, including Service savings recommended in respect of 2016/17, total some £17.869m as detailed below. These savings include the previously agreed service reductions, changes to the level of schools delegated budgets as detailed in Section 4.10 above and *Sustainable*

Swansea workstream savings proposals totaling some net £7.419m which will require further action during 2016/17.

Table 4 – Summary of Savings proposals (as at 10 December 2015)

Savings	Savings £'000
Service Savings as submitted for budget consultation	10,221
Net reduction in previously funded 100 days money	230
Sustainable Swansea Additional Proposals*	7,419
Total	17,870

* Represents the additional proposals required based on a planning assumption of a 3% rise in Council Tax as set out in the Council's Medium term Financial Plan approved by Council on 24th February 2015 **and explicitly recognising that approximately £7.5m of the £10m service specific savings already contribute** to those additional Sustainable Swansea proposals.

5.4 As with previous years, the Executive Board will ensure that the Sustainable Swansea workstream savings targets are allocated to specific Heads of Service and cost centres for delivery during the course of 2016/17. Key areas where this will be addressed include:

Currently allocated additional savings items explicitly built into the budget planning assumptions at a Directorate level as targets to achieve (subject to monitoring and review during the year):

- Staff Terms and Conditions review - £1m target – subject to Cabinet consideration/decision prior to implementation - target allocated in line with existing employee budgets.
- Senior Staff Review - £3m target across all services – programme led by Chief Executive - allocated pro rata to senior staff numbers in scope (excluding some certain types of posts) by directorate.
- Third Party Spend and Income £2.65m target – programme led by Head of Commercial Services - to be allocated across services from a mix of existing supplies, premises, third party spend and fees and charges budgets.

These are currently allocated (as planning targets) as follows:

Table 4(a) - Directorate Level Targets

	Terms and Conditions £'000	Senior Staff Review £'000	3 rd party/ income/ sponsorship £'000	Total £'000
Corporate Services	150	750	100	1,000
Poverty and Prevention	50	150	50	250
Social Services	275	725	1,250	2,250
Education	150	325	100	575
Place	375	1,050	1,150	2,575
Total	1,000	3,000	2,650	6,650

Currently unallocated additional savings items explicitly built into the budget planning assumptions – still to be allocated

- Lower Priority Services £2m target – review being undertaken collectively by all Heads of Service. Subject to further Cabinet consideration/decision on specific proposals and/or alternatives.

Additional Sustainable Swansea strands which remain part of planning assumptions but which are not specifically taken into account for setting a recommended budget

- Year 2 Commissioning Reviews £5m
- Asset Management £0.5m
- Community Asset Plans £0.25m
- ICT rationalisation £0.3m

5.5 Details around the currently assumed proposals for Council Tax levels are shown in section 9 of this report.

5.6 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 ran from 16th December until 24th January 2015. The consultation included a public survey available online and in hard-copy in council venues. Overall we received 771 responses to the survey (646 online). In addition we produced a video explaining the budget position which had 338 views online and we held three drop-in consultation sessions for the public. We also held a children and young people's event attended by 56 pupils. A full summary of consultation results can be found in Appendix E.

- 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. We will continue to publish each EIA report as it reaches completion at: <http://www.swansea.gov.uk/eia>
- 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. This is particularly the case, of course, if we are minded to proceed with any proposals where there is a significant majority of those responding opposed to this, being in mind that consultation feedback is just one of the factors that we need to consider when making difficult budget choices..

Main Results from the survey:

Potential changes and funding of services

- 6.4 When asked about the future of services, 59% of respondents said they would be prepared to pay more for some services rather than lose them, while 82% would prefer the council to deliver services in a different way rather than lose them. In terms of social care services, 38% would prefer to pay an additional cost rather than lose them.

Main areas of concern

- 6.5 There were a small number of proposals where there was less than 50% support from the public:
- 62% disagreed with additional charges for some social care services.
 - 53% disagreed with reducing gritting routes.
 - 56% disagreed with ceasing the abandoned vehicle service.

Proposals for cultural services

- 6.6 Overall there was support for the majority of the changes and approaches proposed in cultural services. The most supported proposals are listed below:
- 89% agree - develop programming and conferencing at the Brangwyn and Grand.
 - 88% agree - seek interest from a third party operator to run Plantasia.
 - 88% agree - conduct a comprehensive review to revise all events so that income or economic benefit will cover costs.
 - 86% agree - create a regional archive service, whilst also reviewing opening hours and income opportunities.
 - 79% agree - seek a non-profit partner to manage the Dylan Thomas exhibition.
 - 79% agree - seek an alternative operator for the Glynn Vivian.

Other Budget savings proposals

6.7 The majority of specific budget proposals were supported by respondents, the most supported proposals are listed below:

- 94% agree - reduce Swansea Leader to four a year and develop income opportunities.
- 83% agree - legal and planning costs for DFGs should come out of capital rather than revenue.
- 70% agree - developing e-payments etc, including replacing cashiers with machines
- 58% agree - end discretionary pensioner council tax reduction scheme.

In addition a petition with 115 signatures was received from Neath Antiquarian Society in relation to the proposal for the Archives service.

A detailed response from the Federation of Museums and Art Galleries of Wales was received raising issues with the proposals for Swansea Museum and Glynn Vivian Art Gallery.

Children and young people event: The Big Conversation

6.8 The Big Budget Conversation was the 3rd annual consultation with children and young people on the City and County of Swansea budget proposals. The event focused on three issues: *Sustainable Swansea: Fit for the Future*; remodelling youth club provision and education. Participants were encouraged to think about the council budget as a whole and some of the challenges in making savings. The outcomes of the Big Conversation can be found within summary of consultation results

Schools Budget Forum

6.9 The views of the Schools Budget Forum have been received and need to be taken into account by Cabinet and Council before the budget is finalised. See letter at Appendix G.

6.10 Finally, Cabinet is asked to note that, as part of the budget consultation process:

- A full account of the consultation responses will be placed on the Council's website
- The detailed consultation responses have been sent to the relevant Head of Service to:
 - Reply to any particular responders as appropriate, for example, community groups, Assembly Members
 - Where appropriate, build the comments into the implementation of the proposals, subject to these being agreed by Council

- 6.11 Cabinet is requested to consider the outcome of consultation and to agree whether or not to make any change to the savings proposals in Appendix D.
- 6.12 As previously agreed, engagement on the delivery of the objectives in *Sustainable Swansea, fit for the future* will continue during 2016. Specific consultation will also be required on proposals from Commissioning Reviews as they come forward during 2016.

7 Staffing Implications

Background

- 7.1 The Cabinet Report of 10th December 2015 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 staffing numbers for 2016/17 which is shown as Full Time Equivalents (FTEs), i.e.

Table 5 – Outline Staffing Implications

SERVICE SPECIFIC PROPOSALS	FTEs
Corporate Services	22
Place	127
People	39
TOTAL	188
SUSTAINABLE SWANSEA PROPOSALS	FTEs
Senior Staff Review	100
Customer Contact	7
Commissioning Reviews : Place	85
Commissioning Reviews : People	8
Commissioning Review : Business Support	115
Commissioning Reviews : Stage 2	50
Community Action	5
Prevention	100
Stopping Services	40
TOTAL	510
LESS overlap with Service Proposals	-58
GRAND TOTAL	640

- 7.2 The Council is committed to continue to work closely with Trade Unions to minimise the number of compulsory redundancies.
- 7.3 The S188 Letter was sent out on 11th December 2015 and consultation with Trade Unions ran until 31st January 2016.
- 7.4 Eight meetings have taken place with the Trade Unions since the S188 was issued; with further meetings scheduled for February 2016.

- 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 significant reduction in posts in 2016/17 will be unavoidable, given that the Council spends 40% of its overall budget on employees (significantly more in some Service Areas). It is important, therefore, that the Council is open about the likelihood of compulsory redundancies in 2016/17 and beyond given the increased level of savings and the reduced scope for redundancies.
- 7.7 Notwithstanding the scale of the challenge, in line with the Council's current policy, every effort will be made to minimise compulsory redundancies. Management action includes:
- *Tight management of vacancies so that we manage the deletion of posts via natural wastage over time*
 - *The use of fixed term appointments where a post needs to be covered*
 - *Stopping the use of agency staff unless a clear business case can be made*
 - *Redeployment and retraining where ever possible*
 - *Further encouragement of staff to consider ER/VR options, including bumped redundancies and a time limited enhanced ER/VR offer*
 - *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, those in management/supervisory posts and those employed in business support functions.

Issues

- 7.9 So far, the Trade Unions have not raised any concerns in relation to the level of information provided to them which includes the service savings proposals for each service area, which includes details of where the posts at risk are.

The Trade Unions have been asked whether they will be providing a formal response to the proposals. However, to date they have not yet confirmed whether they intend doing so.

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

These figures will be updated on an ongoing basis.

The HR Officers 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 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 The formal staff consultation period ended on 31st January 2016; although consultation meetings with the Trade Unions will continue throughout February.

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

In addition, whilst the Council is making substantial progress towards achieving a balanced budget for 2015/16, there remains considerable potential volatility until such time as the majority of back pay payments are settled by the end of March 2016. Any consideration on use of reserves to fund the 2016/17 Revenue Budget is dependent on the level of confidence in predicting 2015/16 Revenue Outturn.

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 24th September 2015 'Review of Revenue Reserves'

- The recent 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 £12.360m at 1st April 2015.

8.5 The Revenue Budget for 2015/16 approved by Council on 24th February 2015 assumed a transfer of £1.2m from General Reserves to support the budget. At the current time it is assumed that the transfer will be required and therefore the forecast level of General Reserves as at 31st March 2016 is £11.160m.

8.6 At this point in time it is not proposed to transfer any further element of the General Fund Balance to support the 2016/17 Revenue Budget.

The level of General Fund balances therefore estimated at 31st March 2017, assuming achievement of the 2015/16 Revenue Budget, would also be £11.160m.

Contingency Fund

8.7 The 3rd quarter financial monitoring report detailed several forecast uses of the Contingency Fund in 2015/16. At this time, it is anticipated that the £5.4m budgeted contribution in 2015/16 will be fully expended and/or used to fund the Councils outturn position. Given the overall position as forecast in the 3rd quarter budget monitoring report for 2015/16 considered elsewhere on this agenda, the forecast Fund balance as at 31st March 2016 is nil.

8.8 In assessing the value of the Contingency Fund requirement in 2016/17, the following potential requirements are relevant:

- (a) The risks and issues detailed in Section 11 below.

- (b) The need to provide a potential source of finance for the ongoing ER/VR scheme, together with the need to fund any redundancy costs arising from service reorganisation bearing in mind the Council has now retained Earmarked Reserves for this purpose.
- (c) The poor outlook for Public Finances as set out in the Cabinet report on 10th December and summarised in the MTFP report elsewhere on the agenda.
- (d) The challenging additional savings target (£7.418m) implicit in budget savings proposals for 2016/17

8.9 Bearing the above in mind, together with the proposals in respect of funding current year service pressures within the 2016/17 base budget, which continues to maintain reduced levels of risk, it is recommended that the contribution to the Contingency Fund in respect of 2016/17 is maintained at £5.4m.

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 24th September 2015 Council received and approved a report detailing a formal review and re-allocation of Earmarked Revenue Reserves of the Council.

8.11 The Revenue Budget for 2015/16 approved by Council on 25th February 2015 included budget provision for two separate transfers to reserves as follows:-

- £1.6m to fund the Council's contribution to the Intermediate Care Fund replacing loss of Welsh Government core funding for that project.
- £1.7m towards in year transformation costs associated with the delivery of the Sustainable Swansea programme.

It is intended that the contribution to the ICF Reserve continue in the same amount for 2016/17 but that the contribution towards a reserve for transformation costs be discontinued.

8.12 It is clear from analysis of specific grant approvals so far received in respect of 2016/17 that the Council is likely to face a significant reduction across a number of services in terms of specific grants.

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 (e.g. waste grant) that any reduction in associated expenditure may have a detrimental effect in meeting service targets with a consequential increase in future financial penalties.

It is therefore proposed that a contribution of £1.7m is made to a one off reserve in order to mitigate the loss of specific grants and/or deal with timing issues, with application being made on an individual basis as each grant notification is received.

In addition, whilst not explicitly budgeted for on the face of the revenue account, there is an underlying planning assumption that £2m of the recently created Restructuring Costs Reserve provisionally be committed towards meeting part of the cost of actual staffing reductions as they fall due in 2016-17 as part of the evolving reviews of senior staffing, business support, stopping lower priority services and the wider commissioning reviews.

Review of Insurance Fund

- 8.13 A further review has been 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.

The review highlighted an Insurance Fund surplus as at 31st March 2015.

- 8.14 In the light of an assessment of likely financial risks facing the Council over the period of the Medium Term Financial Plan, a report was approved by Council on 24th September 2015 which allocated £4m of Insurance Fund reserves into a restructuring reserve.

Adequacy of Reserves

- 8.15 Whilst the proposed use of Earmarked Reserves in 2016/17 funds 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 2016/17 and future years, I am satisfied that the proposed management of reserves in 2016/17 will result in a forecast level of General Reserves, Earmarked Reserves and Provisions which is 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.
- 8.16 Given the considerable risks and uncertainties facing the Council in 2016/17 and future years, it remains my advice as the officer designated with responsibility for the overall finances of the Council that the above represents prudent financial management.

9. Budget Requirement and Council Tax 2016/17

- 9.1 The Council's recommended requirement is set out in Appendix A. The City and County of Swansea Requirement of £412.650m will be financed partly by Revenue Support Grant of £234.530m and National Non-Domestic Rates of £73.224m.

Based on the report to Cabinet on 10th December 2015, and in line with assumptions contained in the Medium Term Financial Plan for 2016/17 approved at Council on 23th February 2015, a Council Tax rise of 3% would generate an additional sum of £3.122m, a band 'D' charge of £1,165.76.

- 9.2 Including Community Councils, the total requirement, after taking account of proposals in respect of reserve transfers and currently assumed savings, is £412.650m.
- 9.3 The above proposals are based on an indicative Council Tax rise of 3% which has been consistently used as a basis for planning assumptions within the Medium Term Financial Plan.

10. Summary of Funding 2016/17

- 10.1 The implications of sections 4, 5, 6, 7 and 8 above, together with the assumed 3% rise in Council Tax identified in Section 9 above, results in a forecast additional funding of £20.992m in 2016/17 as detailed in Table 6 below.

Table 6 – Budget Proposals 2016/17

	£'000
Savings identified per Section 5.3 above	-17,870
Net effect of Council tax base increase and proposed charges	-3,122
Overall resourcing	20,992

- 10.2 Cabinet is asked to consider whether, as a result of the consultation exercise, it wishes to make any changes to the budget savings proposals for 2016/17 and, if so, any other consequential changes that may need to be addressed. The lower than expected cut in AEF should be seen as an opportunity to increase investment in 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, the following items:

(a) Implications of specific 2015/16 overspends

The 3rd quarter financial monitoring report on this agenda highlighted a number of service overspends. It is anticipated that remedial action already in place will serve to mitigate many 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) New Unavoidable Spending Requirements

All services will need to meet a range of additional / new pressures in 2016/17. 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 is assumed that whilst the cost of pay protection arising out of single status implementation can be funded centrally, any additional costs that will have arisen as a result of the appeals process will have to be met from within specific existing Directorate budgets.

(c) Savings

The 2016/17 budget includes significant and extensive savings targets which must be achieved. It is a 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, alternative savings are achieved in year to meet approved Directorate Budgets.

Given the nature and scale of the savings challenge during 2016/17, there will be enhanced monitoring and tracking of progress in achieving budget savings which will be reported to Executive Board, Budget Steering Group and Cabinet.

It is essential in terms of the financial challenges facing the Council beyond 2016/17 that further savings proposals are developed as part of the *Sustainable Swansea* programme and implemented in 2016/17 over and above those proposed within this budget. As noted above, further proposals will be brought to Cabinet during the year, for example, as reviews within the New Model of Delivery Workstream are completed.

(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 £1m has been provided for potential specific increases in areas where there is a significant element of contracted out services.

(e) Outcome Agreement Grant

Outcome agreement grant has ceased for 2016/17 and has been incorporated into the overall financial settlement. This removes risk in this area

(f) Care Home Fees

Budget provision has been made for the 2015 contract settlement with care home providers. However, it is likely that fees will need to be further increased over and above the budget provision 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.

(g) Specific Grants

A number of specific grants are yet to be announced. In the event that the level of specific grants awarded for 2016/17 is less than that for 2015/16, which is highly likely based on limited announcements made so far, 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. Recent experience suggests that there may be substantial in-year reductions to grant funding streams that will require urgent and concerted action in terms of mitigation.

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.

The proposals on earmarked reserves detailed in Section 8.12 of this report propose setting up a one-off fund of £1.7m against which service bids can be made to offset timing issues or as a basis for baseline increases in budget to mitigate against losses in specific grants.

(h) Equal Pay Back Payments

It is envisaged that the bulk of equal pay claims both in number and value will have been settled by 31st March 2016. 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.

(i) 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.

(j) 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.

(k) Capital Financing Charges

There is a risk that the funding shortfalls 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 2015/16-2019/20 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.

- 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 2016/17 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
 - Early and ongoing monitoring of the effect of pay and grading implementation and in particular the cumulative effect of the initial appeals procedure
 - The impact of any changes to specific grant funding streams

12. Equality Impact Assessment (EIA)

12.1 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.

12.2 As the budget EIA process is now ongoing throughout the year, the majority of EIA reports remain open as proposals are considered, undergo relevant engagement and develop further as a result of feedback, ongoing developments and reviews. Thus, EIA reports will be updated over a period of time to take account of impact and the outcomes of service specific engagement where required. As they are completed each report will be published on the Council's website at:

<http://www.swansea.gov.uk/eia>

13. The Medium Term Financial Plan (MTFP) 2017/18 – 2019/20

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.

Contact officer : Mike Hawes, Head of Finance and Delivery
Telephone no : 636423
Background papers : None

Appendix 'A' Revenue Budget summary 2016/17
Appendix 'B' Net Directorate budget proposals
Appendix 'C' Earmarked Reserves
Appendix 'D' Specific savings proposals
Appendix 'E' Summary of consultation responses
Appendix 'F' Equality Impact Assessment Statement
Appendix 'G' Response of the Schools' Budget Forum
Appendix 'H' Directorate Budgets

	<i>Appendix 'A'</i>	
REVENUE BUDGET SUMMARY 2016/17		
<u>DIRECTORATE</u>		
	BUDGET	BUDGET
	2015/16	2016/17
	£000	£000
CORPORATE SERVICES	44,380	42,815
PEOPLE - POVERTY AND PREVENTION	4,780	4,912
PEOPLE - SOCIAL SERVICES	104,701	103,510
PEOPLE - EDUCATION	156,301	159,000
PLACE	52,691	50,367
ADDITIONAL SAVINGS STRANDS - TO BE ALLOCATED	-3,000	-2,000
<i>NET DIRECTORATE EXPENDITURE</i>	359,853	358,604
SPECIFIC PROVISION FOR CONTRACT INFLATION	0	3,000
<i>OTHER ITEMS</i>		
LEVIES		
SWANSEA BAY PORT HEALTH AUTHORITY	94	93
CONTRIBUTIONS		
MID & WEST WALES COMBINED FIRE AUTHORITY	11,773	11,893
<i>CAPITAL FINANCING CHARGES</i>		
PRINCIPAL REPAYMENTS	14,541	14,916
NET INTEREST CHARGES	14,357	14,732
<i>NET REVENUE EXPENDITURE</i>	400,618	403,238
<i>MOVEMENT IN RESERVES</i>		
GENERAL RESERVES	-1,200	0
EARMARKED RESERVES	8,648	8,070
<i>TOTAL BUDGET REQUIREMENT</i>	408,066	411,308
DISCRETIONARY RATE RELIEF	375	375
<i>TOTAL CITY AND COUNTY OF SWANSEA REQUIREMENT</i>	408,441	411,683
COMMUNITY COUNCIL PRECEPTS	910	967
<i>TOTAL REQUIREMENT</i>	409,351	412,650
<i>FINANCING OF TOTAL REQUIREMENT</i>		
REVENUE SUPPORT GRANT	237,542	234,530
NATIONAL NON-DOMESTIC RATES	70,092	73,224
COUNCIL TAX - CITY AND COUNTY OF SWANSEA	100,807	103,929
COUNCIL TAX - COMMUNITY COUNCILS	910	967
<i>TOTAL FINANCING</i>	409,351	412,650
<i>COUNCIL TAX BASE for the City and County of Swansea</i>	89,066	89,151
<i>COUNCIL TAX AT BAND 'D' (£) for the City and County of Swansea</i>	1,131.82	1,165.76
GENERAL RESERVES		
AT 1 APRIL	12,360	11,160
AT 31 MARCH	11,160	11,160

REVENUE BUDGET 2016/17							
NET DIRECTORATE BUDGET PROPOSALS							
	Corporate Services	People - Poverty and Prevention	People - Social Services	People - Education	Place	To be allocated	Total
	£000	£000	£000	£000	£000	£000	£000
Original estimate 2015/16	44,380	4,780	104,701	156,301	52,691	-3,000	359,853
Directorate Transfers	0	0	0	0	0	0	0
Original estimates following transfers	44,380	4,780	104,701	156,301	52,691	-3,000	359,853
Transfer to (+) / from (-) reserves 2015/16	-319	-22	-331	-75	705	0	-42
Original estimate 2015/16 excluding reserves	44,061	4,758	104,370	156,226	53,396	-3,000	359,811
Transfers for specific grants 2015/16	2,342	0	0	0	0	0	2,342
Baseline adjustments 2015/16	1,056	1	-1,068	36	-25	0	0
Adjusted service budgets 2015/16	47,459	4,759	103,302	156,262	53,371	-3,000	362,153
Spending Needs	800	450	3,800	3,850	2,500		11,400
Pay inflation provision	257	85	453	235	670	0	1,700
Savings:							
Specific consultation proposals	-3,839	-387	-933	-1,149	-3,913	0	-10,221
Net 100 days money proposals	0	0	0	-10	-220	0	-230
Sustainable Swansea workstreams	-5,037	-257	-3,362	-630	-4,961	0	-14,247
OVERLAP - specific proposals which contribute to Sustainable Swansea	2,777	83	0	414	3,145	1,000	7,419
Original estimate 2016/17 excluding reserves	42,417	4,733	103,260	158,972	50,592	-2,000	357,974
Transfer to (-) / from (+) reserves 2016/17	398	179	250	28	-225	0	630
Net Directorate budgets 2015/16	42,815	4,912	103,510	159,000	50,367	-2,000	358,604

APPENDIX B

REVENUE BUDGET 2016/17					
EARMARKED RESERVES					
	Balance	2015/16	Balance	2016/17	Balance
	31/03/15		31/03/16		31/03/17
	£000	£000	£000	£000	£000
DIRECTORATE RESERVES					
Equalisation reserves	-649	0	-649	0	-649
Commuted sums	-4,945	-54	-4,999	-21	-5,020
Repair & renewal funds	-3,686	-300	-3,986	-356	-4,342
Profit share	-1,027	-66	-1,093	-66	-1,159
Service reserves	-3,871	1,074	-2,797	451	-2,346
TOTAL DIRECTORATE RESERVES	-14,178	654	-13,524	8	-13,516
CORPORATE RESERVES					
Contingency Fund	0	0	0	-5,400	-5,400
Insurance	-14,775	0	-14,775	0	-14,775
Job Evaluation earmarked	0	-363	-363	0	-363
Transformation/Efficiency	-10,376	-1,767	-12,143	-2,722	-14,865
TOTAL CORPORATE RESERVES	-25,151	-2,130	-27,281	-8,122	-35,403
UNUSABLE/TECHNICAL RESERVES	-1,465	44	-1,421	45	-1,376
SCHOOLS DELEGATED RESERVES*	-9,754	3,247	-6,507	-1	-6,508
TOTAL RESERVES	-50,548	1,815	-48,733	-8,070	-56,803
* No updated information available - balances held by individual schools					

Appendix D

Proposals flowing from existing agreed Medium Term Financial Plan

Service Area	Proposal	Saving £'000
Comms & Consultation	Establish a leaner model for communications across the council and reduce third party spending	88
Comms & Consultation	Reduce costs of producing the Swansea Leader by reviewing frequency of publication	30
Comms & Consultation	Governance Review: savings from more effective working across Democratic Services and Scrutiny as part of business support review	40
Comms & Consultation	Increase Staffnet advertising income	5
Comms & Consultation	Savings and efficiencies in range of administrative functions	62
Comms & Consultation	Efficiencies in Design & Print: new technology, reallocation of work; increased income. Commercial plan to be put in place to trade.	57
Finance	Workforce savings across the finance function linked to the business support review	300
Finance	1. Greater use of e-payments 2. Insistence of payment in advance of service in order to minimise the incidence of invoicing/debt collection. 3. Further progress on e-invoicing, automated payments and supplier enablement, linked to the business support review	120
HR & OD	Implementation of business support review in Employee Services (ISIS self serve, Pensions, Support staff) and in HR	185
HR & OD	Corporate Health and Safety & Wellbeing Income from Trading	80
HR & OD	Restructuring of Health and Safety Team to focus on priorities and support managers via self service advice	81
Information & Business Change	Reduced Oracle system support costs, saving in systems development costs and rationalisation of ICT systems across all areas of the Council, linked to the business support review	532
Information & Business Change	Savings from the cessation of the ICT contract and establishing an in-house managed IT service.	1,215
Legal & Democratic Services	Reduction in a range of supplies and services budgets	44
Legal & Democratic Services	Continue to reduce the Child and Family Services legal budget in line with safely meeting demand	30

Legal & Democratic Services	Reduce remaining Legal Services Budget by 7% and 6% between 2016-18, linked to the business support review	132
Legal & Democratic Services	Review of all Member support as part of the business support review	12
Legal & Democratic Services	Review joint legal team funded by the members of the Shared Legal Service and hosted by Swansea. The purpose for the team is to carry out work that would ordinarily be outsourced.	21
Poverty & Prevention	Efficiency savings in childcare support	12
Poverty & Prevention	Residential and Outdoor Centres - Implement the recommendations of recently completed Commissioning Review	23
Poverty & Prevention	Withdraw project funding for the West Glamorgan County Youth Theatre	23
Poverty & Prevention	Implement the recommendations of the recently agreed review of CCTV provision	25
Poverty & Prevention	Reduction in the payment of grants to third sector organisations	35
Social Services (Child and Family)	Further development of Signs of Safety to improve practice and ultimately reduce numbers of children in care	100
Social Services (Child and Family)	Foster Swansea - reduce costs by increasing in house Fostering placements	200
Social Services (Child and Family)	Residential Placements - reduce number and recourse to residential/out of county placements	400
Social Services (Child and Family)	Family and Friends - review number of funded placements	50
Social Services (Child and Family)	Emergency residential care - remodelling in-house provision to a 2 bed short term facility	150
Social Services (Child and Family)	Right sizing care packages, with providers, through Permanence team	33
Education	Make use of cloud technology to reduce reliance on server usage	100
Education	Full year effect of increase in price of school meals	45
Education	Removal of remaining Council contribution to Music Service through restructure, changes in delivery, & review of charges	232
Education	Cessation of remaining funding to support voluntary groups	6
Education	Fully implement current Business Support Commissioning Review as part of wider agile working across Department	105

Education	Implement the outcomes from the recent Behaviour Review to build capacity within mainstream schools to meet the needs of all pupils at the earliest opportunity and so avoid more costly interventions and placements at a later stage.	310
Education	ICT invest to save proposal to reduce cost of external software licences & maintenance - initially schools contribute towards costs of licences	31
Education	Minor reduction in SEN equipment budget & Specialist Teaching Facility sick cover	10
Education - Improvement	Reduce the level of service to the level that can be supported by the Welsh Government grant of £1.522m in line with Council policy	189
Corporate Building & Property Services	Minimum savings required from outcome of commissioning review on Building and Property services to be consulted on when review is complete	650
Cultural Services	Implement outcomes of agreed Leisure commissioning reviews	286
Cultural Services	Cease the literature programme as a stand alone function	85
Cultural Services	Share back office functions of venues across cultural services	120
Cultural Services	Reduce the directorate budget for grants, prizes and sponsorship	85
Cultural Services	Review small grants, enabling greater community governance, utility savings	70
Cultural Services	Leasing - new income streams	15
Cultural Services	Management and administration - staff reductions, grant reductions and efficiencies	40
Cultural Services	Grand Theatre staffing efficiencies/ increased income	50
Cultural Services	Libraries - Review book fund provision subject to forthcoming Commissioning Review	97
Cultural Services	Reduce grants to partner venues at Wales National Pool and National Waterfront Museum	90
Economic Regeneration & Planning	Restructure Economic Development, Planning & Environment Team, reduce costs in Planning Control, cease Planning Advertising in media, restructure Conservation & Urban Design Section, minimum required in advance of commissioning review	210
Economic Regeneration & Planning	Increase Planning Applications income	50
Highways & Transportation	Cleansing - reduce staff overtime	100
Highways & Transportation	Minimum savings arising out of the Commissioning Review of Public Toilets provision. Consultation to take place on completion of review	88

Highways & Transportation	Increased coring programme	5
Highways & Transportation	Review of winter gritting provision	24
Highways & Transportation	Remove night patrol staff post	21
Highways & Transportation	Review of abandoned vehicle service	50
Highways & Transportation	Increased parking enforcement in resident parking areas	120
Highways & Transportation	Increase charges for berthing and barrage	40
Highways & Transportation	Cessation of Penlleger Shuttle	19
Highways & Transportation	Minor efficiencies and income generation from advertising	15
Highways & Transportation	Siding and ditching works in rural areas - potential to recycle the waste produced from this operation and reduce costs.	30
Housing & Public Protection	Increase fees and charges for Grant Agency Services	23
Housing & Public Protection	Service review and staffing reductions in Housing Options and management of Bed and Breakfast Budget.	79
Housing & Public Protection	Increase burial and cremation fees.	78
Housing & Public Protection	Increase charges for wedding venue facility at Civic Centre.	20
Housing & Public Protection	Reduce Dredging requirement in Tawe impoundment	25
Housing & Public Protection	On-going efficiencies and staffing reviews	35
Waste Management & Parks	Minimum savings required from outcome of commissioning review on waste services to be consulted on when review is complete	519
Waste Management & Parks	Reduce machinery, transport, utility and maintenance costs	80
Waste Management & Parks	Reduction in seasonal gardeners who compliment the permanent workforce during spring and summer.	20
Waste Management & Parks	Weedspraying and knotweed work re-modelled to generate additional income	50

Waste Management & Parks	Minimum savings required from administrative/staff savings as part of the commissioning reviews	88
Waste Management & Parks	Restructure Play and landscape, arborist and tree services teams	58
Waste Management & Parks	Take out all planters at various sites such as Civic Centre, Guildhall, Grand Theatre for which we do not receive income	7
Waste Management & Parks	Increased income from marketing memorial benches	10
Waste Management & Parks	Increase income across parks operations	110
Waste Management & Parks	Further develop existing policy on Community Asset transfers for bowling greens	65
Waste Management & Parks	Senior/Specialist staff reduction in parks	54

TOTAL	8,794
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New proposals being consulted upon

Service Area	Proposal	Saving £'000
Comms & Consultation	Reduce the Lord Mayor hospitality budget by approx 70%	25
Comms & Consultation	Delete the Lord Mayor inauguration budget. Savings to be achieved by sponsorship of events and other income opportunities	11
Financial Services	Underspending on Council Tax Reduction Scheme - actual take up is lower than expected - due to improved local economic circumstances and this is expected to continue	475
Financial Services	Removal of Discretionary Council Tax Grant for Pensioners	294
Poverty & Prevention	Reduce funding for the provision of childcare and early years support	39
Poverty & Prevention	Remodel open access youth club provision across the City & County	80
Poverty & Prevention	Remodel Council funding provision to third sector organisations.	150
Education	Review funding of the Employment Training Schools Programme	121
Culture	Close existing Tourist Information Centre following provision of new TIC in conjunction with the scheme to develop Swansea Castle as a visitor attraction as part of agreed Leisure commissioning review	103
Highways & Transportation	Reduction in sweeping hire	8
Highways & Transportation	Minimum savings required as a result of the commissioning review of highways and parking services to be consulted upon when commissioning review is complete	76
Housing & Public Protection	Review of grants to housing voluntary sector	45

TOTAL	1,427
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SERVICE SPECIFIC PROPOSALS	10,221
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Summary of Budget Corporate Consultation

Survey activity

- 771 responses to the consultation survey itself, 646 received online
- 1 CYP budget big conversation event (56 pupils attended)
- 3 consultation drop in sessions with Cabinet members for members of the public

Main survey results

Main areas of concern from sections one, four and five which asked users to agree or disagree with proposals:

1. Additional cost for some social care services
713 survey responses on this proposal in total, with 62% disagreed with the proposal
2. Reduction of gritting routes
714 survey responses in total, 53% disagreed with this proposal
3. Cease to provide the abandoned vehicle service
695 survey responses, 56% disagreed with the proposal

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Other areas creating interest

- End the discretionary pensioner council tax reduction scheme
42% disagreed with this proposal in the survey
- Libraries review
41% disagreed with this proposal in the survey
5 comments outside of the survey comments against the sale of Civic Centre and relocation of Central Library, plus more against potential closures in other libraries
- Archives
Petition received from Neath Antiquarian Society with 115 signatures against the proposal to reduce the service
15 emails and letters against the reduction of service in Neath including from Neath councillors and mentioning lack of notification

- Swansea Museum and Glynn Vivian Art Gallery

Detailed response from Federation of Museums and Art Galleries of Wales covering both the museum and gallery issues

Comments and suggestions on the proposals

A very large number of comments and responses have been collected within the survey in addition to the summary below. The full report is available from Rhian Millar and will be circulated to Councillors, Executive Board and the relevant Heads of Service and senior managers.

Name of proposal	Number of survey responses	Agree / disagree
Would you be prepared to pay more for some services rather than lose them?	729	Yes - 433 (59%) No - 296 (41%)
Would you prefer for the council to deliver services in a different way rather than lose them?	727	Yes - 599 (82%) No - 128 (18%)
Would you be prepared to pay an additional cost for some social care services from the council?	713	Yes - 272 (38%) No - 441 (62%)
Provide tourist information and visitor marketing activity through online platforms	736	Strongly agree - 302 (41%) Tend to agree - 271 (37%) Tend to disagree – 102 (14%) Strongly disagree – 61 (8%)

Transform the tramshed in Dylan Thomas Square into commercial premises for lease	728	<p>Strongly agree - 233 (32%)</p> <p>Tend to agree - 257 (35%)</p> <p>Tend to disagree – 104 (14%)</p> <p>Strongly disagree – 134 (18%)</p>
Transform the collections centre in Landore so that it can be used as a visitor centre	715	<p>Strongly agree - 275 (38%)</p> <p>Tend to agree - 269 (38%)</p> <p>Tend to disagree – 80 (11%)</p> <p>Strongly disagree – 91 (13%)</p>
Seek a charitable or not-for-profit partner to run Swansea Museum and the Olga, Canning and the Helwick Lightship	725	<p>Strongly agree - 230 (32%)</p> <p>Tend to agree - 269 (37%)</p> <p>Tend to disagree – 116 (16%)</p> <p>Strongly disagree – 110 (15%)</p>
Seek an alternative operator to manage the Dylan Thomas Exhibition	718	<p>Strongly agree - 267 (37%)</p> <p>Tend to agree - 300 (42%)</p> <p>Tend to disagree – 87 (12%)</p> <p>Strongly disagree – 64 (9%)</p>

Develop a fully-integrated regional archive service	717	<p>Strongly agree - 266 (37%)</p> <p>Tend to agree - 348 (49%)</p> <p>Tend to disagree – 64 (9%)</p> <p>Strongly disagree – 39 (5%)</p>
Establish the Glynn Vivian Art Gallery as a major attraction and destination gallery	712	<p>Strongly agree - 269 (38%)</p> <p>Tend to agree - 300 (42%)</p> <p>Tend to disagree – 85 (12%)</p> <p>Strongly disagree – 61 (9%)</p>
Develop conference opportunities between the Brangwyn Hall and the rand Theatre	718	<p>Strongly agree - 329 (46%)</p> <p>Tend to agree - 308 (43%)</p> <p>Tend to disagree – 50 (7%)</p> <p>Strongly disagree – 31 (4%)</p>
Seek interest from not-for-profit parties to run community leisure centres	717	<p>Strongly agree - 229 (32%)</p> <p>Tend to agree - 265 (37%)</p> <p>Tend to disagree – 117 (16%)</p> <p>Strongly disagree – 106 (15%)</p>

Review opening hours and charging policies	708	<p>Strongly agree - 217 (31%)</p> <p>Tend to agree - 333 (47%)</p> <p>Tend to disagree – 94 (13%)</p> <p>Strongly disagree – 64 (9%)</p>
Review events to establish a revised programme to cover staff / management costs	696	<p>Strongly agree - 262 (38%)</p> <p>Tend to agree - 350 (50%)</p> <p>Tend to disagree – 52 (7%)</p> <p>Strongly disagree – 32 (5%)</p>
Review currently subsidised events	719	<p>Strongly agree - 342 (48%)</p> <p>Tend to agree - 212 (29%)</p> <p>Tend to disagree – 102 (14%)</p> <p>Strongly disagree – 63 (9%)</p>
Review the best way to deliver and develop the library service	717	<p>Strongly agree - 187 (26%)</p> <p>Tend to agree - 237 (33%)</p> <p>Tend to disagree – 132 (18%)</p> <p>Strongly disagree – 161 (22%)</p>

<p>Seek interest from a third party operator to run Plantasia on a sustainable basis</p>	<p>709</p>	<p>Strongly agree - 387 (55%) Tend to agree - 239 (34%) Tend to disagree – 39 (6%) Strongly disagree – 44 (6%)</p>
<p>Change the way costs for such things as legal and planning support are funded when the council undertakes work as part of the Disabled Facilities Grant</p>	<p>640</p>	<p>Strongly agree - 239 (37%) Tend to agree - 295 (46%) Tend to disagree – 77 (12%) Strongly disagree – 29 (5%)</p>
<p>Reduce the gritting routes by 10%</p>	<p>714</p>	<p>Strongly agree - 153 (21%) Tend to agree - 184 (26%) Tend to disagree – 180 (25%) Strongly disagree – 197 (28%)</p>
<p>End the discretionary pensioner council tax reduction scheme</p>	<p>694</p>	<p>Strongly agree - 201 (29%) Tend to agree - 201 (29%) Tend to disagree – 167 (24%) Strongly disagree – 125 (18%)</p>

Exploit the commercial opportunities offered by Swansea Leader and reduce publication from six editions to four	716	<p>Strongly agree - 526 (73%)</p> <p>Tend to agree - 149 (21%)</p> <p>Tend to disagree – 19 (3%)</p> <p>Strongly disagree – 22 (3%)</p>
Cease to provide the abandoned vehicle service	695	<p>Strongly agree - 166 (24%)</p> <p>Tend to agree - 139 (20%)</p> <p>Tend to disagree – 219 (32%)</p> <p>Strongly disagree – 171 (25%)</p>
Reduce admin costs through greater use of automation and e-payments at Civic Centre	709	<p>Strongly agree - 306 (43%)</p> <p>Tend to agree - 189 (27%)</p> <p>Tend to disagree – 127 (18%)</p> <p>Strongly disagree – 87 (12%)</p>

Profile of respondents

Which best describes you?	Totals	%
Member of the general public	531	0
Work for the City and County of Swansea	190	0
Councillor	5	0
Member of the Swansea LSB	3	0
Representing a voluntary/community group	15	0
Representing an equality group	0	0
Representing businesses	8	0
Other (write in)	7	0

Language	Totals	%
Welsh	14	2%
English	757	98%

The Big Budget Conversation 2016

In September 2013 the City & County of Swansea agreed to create a 'due regard' duty and to consider Children's /Rights (UNCRC 1989) in all of the Council's decision-making processes. This has provided the opportunity to create a platform for change and achieve a culture where there is a full appreciation of children's rights, and that they are consciously considered in all of the Council's work so that ultimately, it will result in better services and lives for children, young people and families.

The Big Budget Conversation was the 3rd annual consultation with children and young people on the City and County of Swansea budget proposals. The City and County recognises every child's right to be heard in decisions that affect them, and to ensure a quality experience for children and young people a comprehensive exercise was undertaken to assess which of the full list of budget proposals:

- Have been identified as important and relevant to children and young people, by children and young people, and;
- Have already been consulted upon with children and young people.

As such, the following three areas formed the basis of the 2016 budget consultation with children and young people:

- **Sustainable Swansea:** young people were encouraged to think about the council budget as a whole and some of the challenges faced in making savings from it. The session encouraged young people to prioritise areas of the budget important to them, and to consider where and how we might/should make savings.
- **Remodelling youth club provision:** young people were supported by staff from Young People's Services to inform a way forward to ensure effective and efficient youth club provision in Swansea.
- **Education:** School and Learning has consistently been identified as a priority for children and young people. This session encouraged children and young people to explore what Education should/could look like in a climate where budgets have to be reduced but effectiveness maximised.

Participants were also directed to the wider public corporate consultation.

56 pupils took part in the Big Budget Conversation 2016, representing the following schools:

- Birchgrove Comprehensive School
- Bishop Gore Comprehensive School
- Bishopston Comprehensive School
- Cefn Hengoed Comprehensive School
- Dylan Thomas Community School
- Gowerton School
- Pentrehafod School
- Penyrheol Comprehensive School
- Pontarddulais Comprehensive School
- Ysgol Gyfun Bryn Tawe
- Ysgol Gyfun Gwyr
- Ysgol Pen-y-Bryn

Education was also the focus of the Big Local Democracy Conversation that took place with 58 primary school pupils in October 2015. Schools represented at this event were:

- Clase Primary
- Craigfelin Primary
- Gwyrosydd Primary
- Pontlliw Primary
- Portmead Primary
- St. Joseph's Cathedral Primary
- St. Thomas Primary
- Talcopa Primary
- Terrace Road Primary
- Whitestone Primary
- Ysgol Gynradd Gymraeg Bryn Y Mor
- Ysgol Gynradd Gymraeg Llwynderw

Feedback from young people from this session will also feed into the Big Budget Consultation.

Findings

Workshop 1: Sustainable Swansea

Context and Overview

Swansea Council provides services to more than 240,000 residents. This includes the delivery of services such as education, care services for vulnerable people, protection services for children, waste and recycling collections, highways maintenance, leisure and recreation.

Despite successfully transforming the council through the Sustainable Swansea: Fit for the Future programme through the modernisation of services and the generation of income there is still a budget gap of £90 million meaning that difficult decisions need to be made.

This workshop aimed to encourage participants to consider:

1. The challenges of making budget decisions of this nature;
2. Future funding of services, both directly delivered by CCS and services contracted to partners;
3. Alternative ways subsidising budget efficiencies, e.g. delivering services differently, working with partners, and working with the community and with individuals.

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

Yes 26

No 30

Comments

The groups in each workshop were split in their response to this question. Most agreed and were willing to pay more if the alternative was to lose services, particularly services they use such as leisure and recreation services and youth services. However, participants were concerned unanimously for poorer families and members of the community who may already struggle to access services. Young people agreed that if services introduce or increase charges, they should always be means tested to ensure that all have access to Council services regardless of their financial situation.

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

Yes 40

No 16

Comments

Participants generally agreed that they would prefer to see services delivered differently rather than lose them although most felt that specific information would be required for particular service changes in order to make an informed decision to answer this question.

20 young people felt that some services should change, particularly in relation to the protection of children. These young people stated that they did not feel safe, particularly after dark and that services should be changed to support people to feel safe in their communities in the evenings.

3. Would you be prepared to pay an additional cost for some social care services from the Council?

Yes 28

No 25

Comments

Participants were very split in answering this question. As in question 1, participants were willing to pay more for services rather than lose them but felt that charges should apply on a means tested basis. Young people agreed this was particularly important in this case as those receiving social care services are likely to be vulnerable.

In part 2 of the workshop, young people were asked to consider where, if they were ‘the Executive’, they might make savings to the budget and why. Each Sustainable Swansea theme was allocated 10 jenga blocks to symbolise the budget. The group had to take 20 blocks (or as close to as they could) from the total amount negotiating how they do this, e.g., they may choose to top slice 2 blocks from all of the areas or they may choose to take more/less from particular areas based on how important they feel they are.

Recycling, street cleaning and waste	Sports, leisure and cultural facilities	Parks and green spaces	Keeping children safe	Care for older people and disabled adults	School and learning	Tackling poverty	Housing and homelessness	Children’s Play/youth centres	Transport, park and ride and car parks

Why should we reduce budget in this area and can we deliver our services in a different way?

<p>People should be encouraged to make rubbish and recycling their own responsibility.</p> <p>Communities could buddy up and take trips to the tip. Community organisations could support this.</p>	<p>These facilities are important but 'luxury'. Need to concentrate on basic needs of people first. These are choice and used by some, whereas everyone needs housing, care, education, etc.</p> <p>These could be run by someone else. The LC is a good example of this where equipment and services are higher quality than the council's gyms and pools.</p>	<p>Not enough thought goes into where parks and open spaces are situated. Some young people don't feel safe and wouldn't go to many parks.</p> <p>The council could concentrate on the bigger parks, making them attractive for people to want to visit.</p> <p>There is so much technology and most young people spend their time indoors on computers or at structured outdoor activities.</p> <p>Parks are weather dependant.</p> <p>Parks and open spaces are important but could be reduced as we think other areas such as education are more important .</p>	<p>"We have chosen to take 1 out here as we don't feel safe anyway. If this area has less money then perhaps the Council would have to think about how to make best use of the money they have".</p>	<p>Some people are able to afford their care and should contribute to it. Those who genuinely can't should be supported. People should be supported to live independently for as long as they can.</p>	<p>A small reduction in funding can help people to think about how to be more efficient. Some schools waste funding.</p> <p>Reducing education budgets impacts our future – in the long run education can contribute to reducing poverty.</p>	<p>Investment in education can tackle poverty in the long term</p>	<p>The housing system and criteria should be reviewed to make sure that the most vulnerable people have decent shelter, and that others who may abuse the system are identified.</p>	<p>These are important but could be run independently or by volunteers.</p> <p>Support should be offered to people to train and volunteer in these centres. This could help with unemployment too.</p>	<p>People should be encouraged to ride bikes or walk where possible instead of driving. Other organisations can help with bike schemes.</p> <p>Reduction in public transport should encourage people to get fitter and will help pollution.</p> <p>Parking charges could be increased to make up for some of the money taken out.</p> <p>Need to remember the needs of disabled and elderly though.</p>
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Workshop 2: Remodelling Youth Club Provision

Context and Overview

A review of youth clubs is taking place in the Poverty & Prevention service within the People Directorate. This service area looks at many things but specifically reducing poverty in Swansea communities where vulnerable families and young people live. There are statistics which direct us to those communities and help us identify the most vulnerable people who need support. We need to be SMART and utilise the money we have available more effectively to make it work better for us and those most vulnerable.

Swansea Young People's service is looking at the way youth clubs run. The purpose of youth clubs is to provide a safe space to access youth workers, engage in informal learning and opportunities and be supported. Youth Club data shows some clubs are not being used well and that the costs of these clubs are not effective.

Young People's Service need to gather young people's opinions on options being looked at by the council for the future provision of youth clubs.

Currently there are 4 youth hubs and 7 satellite youth clubs, these are listed below by area along with the positive and negative aspects about them.

Hubs x 4	Satellites x 7	Positive & Negative
Blaenymaes 3 nights	Montana & Gendros 1 night each	+Hub young people designated space, well resourced & FT youth worker access. -Satellites in community centres, ltd resources due to storage issues, pay rent, not YP friendly.
Stadwen 3 nights	St Thomas & Clydach 2 nights each NB – Clydach closed as no building or staff team at present.	+Hub young people designated space, well resourced & FT youth worker access. -Clydach closed no space or staff team. St Thomas, low numbers, ltd due to school base.
Townhill 3 nights	None	+Hub young people designated space, well resourced & FT youth worker access.

Gorseinon 3 nights	Pontarddulais – 2 nights> no staff or suitable building = closed. Rhossili- 1 night >no young people attending. Close	+Hub young people designated space, well resourced & FT youth worker access. -no suitable space in Pontarddulais for YC & no staff= closed. Rhossili-No YP's in age range in village to attend.
	Friendship House (2 nights) 1 night YP & adults with LD's. 1 night Adults with LD's. Community of interest – people with learning disabilities.	Vulnerable adults, out of county attendees, not fitting with young people's service aims etc.

Options

What we are not looking to do is close all the clubs or operate all clubs in the way we are currently.

We are looking at 3 different options:

1. Building on the provision that works well and are in the highest areas of need and close youth clubs that don't work.
2. Reduce the nights open in Hubs and keep satellite clubs open and in areas of need spreading the nights from Hubs to Satellite Clubs that work.
3. Retain only the Hubs and increase the level of staffing and support ensuring they are fit for purpose & the future.

Previous Feedback from Young People

In 2014 there was a proposal for some clubs to close, this was not taken forward. In 2015 there was a proposal for all youth clubs to close; this was not taken forward either.

Some key points from previous consultations with young people were to reconfigure the way things work as access to youth workers was expressed as important by young people, and work with young people raise funds towards costs of running youth club, Young people value the relationship between youth worker & young people and we need to find a way to share provision so that the most vulnerable young people in Swansea are supported. Use the data we have on attendance and performance of each club and analyse this to inform decisions made.

Young People's Comments on the Options Proposed

<i>Responses from BIG Conversation 15/1/16</i>	Option 1	Option 2	Option 3	Commissioning out to other organisations
Group 1	3	X	11	No - 11 Yes – 0 No vote-3
Group 2	10	4	2	No - 14 Yes – 1 No vote – 1 Check people are capable to run a club.
Group 3	5	7	4	No - 16 Yes - 0
TOTAL	18	11	17	Total 46
	Option 1 key points	Option 2 key points	Option 3 key points	
Key Points	Popular & interest. Invest in them. Apply to most vulnerable people. Could satellites use local schools? Easier to prioritise needs in Vulnerable areas. Put the money into clubs that work. Build the biggest & grow the smallest.	More realistic solution than hiding problem (option 3). Take resource to where it is needed. Transport issues getting to & from the big clubs (Hubs). Need options for those who don't drive, can't afford transport or are not	Keep Hubs Use money from satellites for transport. Townhill YP's want to keep the club. Big Hub = more support Support now and in the future. More staff + more resources.	

	<p>Combine options 1 & 3. Put youth cafes in hubs to make money to support the clubs. Young people work it and run like a business. Open hubs for quieter young people to access the club & who won't attend when it is busy.</p>	<p>allowed to catch the bus.</p>		
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NB There is a need to support vulnerable Young People with learning difficulties to enjoy opportunities such as after school clubs within environments they are comfortable in & with people they know well e.g. teachers; these need continued support.
(Young people from Pen y Bryn School & Support workers)

Workshop 3: Education

Context and Overview

Swansea cannot continue to implement the current education model of service delivery within the proposed budget. Therefore, it is essential that we consider a range of innovative solutions to ensure we build on the successes of recent years and refine our delivery model to ensure it is sustainable.

It is important that we continue to work to promote the rights of the child and ensure that children and young people are involved in decision making which affect their lives, therefore would like to offer the opportunity for children and young people in Swansea to be part of shaping the future Education Delivery Model in Swansea.

In both sessions (The Big Local Democracy Conversation with Primary Schools and The Big Budget Conversation with Secondary Schools), pupils were offered an open space to think about education, specifically considering what children and young people's most 'fit for purpose' education looks like in a climate where efficiency and effectiveness to ensure children and young people can thrive in education is critical.

Participants worked in groups to explore:

- What would they need to learn?
- What helps them to learn?
- What they would like their learning environment to look like?

All groups then prioritised three key messages to be fed back to the Chief Education Officer of the City & County of Swansea. Feedback from Secondary School pupils is in black. Feedback from Primary School pupils is in blue: Please note that while there is large overlap in messages from children and young people across schools, some pupils have shared specific feedback and linked key messages to a specific school and therefore feedback has been identified in some cases under a certain school.

- **School Facilities & Equipment** – More modern facilities, which are fit for purpose. Better library provision in schools and improved science facilities. Informal study areas. Better toilet/changing facilities. Stop smoking near schools. Facilities are important; we would like to learn lots of things using good quality equipment, e.g. better library, theatre, science labs, gardens, café, gym. Residential trips are useful for learning new things.
- **Classroom Environment** - Comfortable seats in class (Bean bags and sofa areas for recreational space) Not so formal classrooms. Different learning spaces. Bigger classrooms – Smaller class numbers, so each pupil gets a chance of more attention. Shorter lessons and more variety to keep attention spans Make lessons more fun. Classrooms should include things that support children who need special care to be able to learn in the same place as others, e.g. ramps, special play and learning equipment, areas to rest and quiet spaces. We all have equal rights.
- **Eating Facilities** - Better eating facilities. More than one canteen in bigger schools. More healthy eating options and snack options for break times – vending machines etc. Children would find it useful to have better links between the school kitchen and canteen. Cooking lessons would help children to understand where food comes from and what skills you need

to cook meals. Children need good food to grow and learn well. Cooking healthy, fresh food will save money. Schools should grow food where they can.

- **Recreational Space** - More recreational space – Free play areas and sporting facilities for lunch and break times. The playground is one of the most important parts of the school; this is where children can relax and play safely. Grass and green space is important as is equipment, e.g. football posts and playgrounds. Children and young people should be able to access open space regularly in school as this will keep minds fresh when they continue to work in class.
- **Technology** – More touch screen, iPad, use of macs, videos and presentations, educational games, pc, Xbox and ps4 etc.. Interactive technology, tablets in desks, cuts costs and good for environment. Equipment should be modern and up to date. We use iPad and computers to save time and paper.
- **Teaching Staff** -More relaxed/less strict teachers – Chilled out teachers. Teachers with experience of children with additional needs, so they can be fully integrated into mainstream school. Teachers should know about and understand rights. School should be a place where rights are respected. Staff who listen to you and other people and not just to other teachers. We could learn from other people not just teachers, e.g. actors, dancers, scientists, artists, doctors, lifeguards, gardeners, caretakers, chefs, sports people from the area.
- **Physical Education** - More lessons. Equal treatment for boys and girls – Same P.E options available and support for sports teams. More variety of sports and not stereotypical options. Sports are important because it gives you energy and keeps you fit and healthy to learn.
- **Teaching Styles & Lessons** - More Practical/creative lessons – Will help people who learn by doing, rather than writing or listening – Cookery, gardening, building maintenance, experiments, arts lessons, music, drama, etc.. – Professional master classes. More practical ways of learning numeracy and literacy. More opportunities to explore music, art, I.T, professional video gaming and E-Sports, digital design, 3D models and coding etc. Life skills – Equip us to be more independent and ready to leave school and go to university etc. Cooking, woodwork, textiles etc. At Key Stage 4 there should be 2 Free periods a week to allow for supported project/homework or study with guidance from teaching staff present, as this support may not always be available at home. Children should be able to learn through play, indoors and outdoors.
- **Options** – Allow more options instead of just three, more choice of options in year nine. Talk about your options in year 8, so they become more confident and think through/practise, trial sessions etc. to make sure your options are the right ones for you. Try out lessons, so you know and get a feel of your choice options. To have a say in compulsory options – To not have Welsh and RE
- **Transition & Sixth Form** – Moving up before the next school year, to try out your subjects and better familiarisation. Sixth Forms – Should not be closed, because there is a reason that pupils choose to stay than leave. Longer work experience. Better and varied career advice. Visits to University's so people can aim high and know what to expect.

- **School environment as a whole:**

Physical environment - buildings should be clean. There should be plenty of green spaces and flowers. Food should be good and healthy. There should be places to sit and to meet.

Ethos of school – the school ethos and the way people treat each other is very important. Schools should be environments where there is acceptance, courage, support, and gratitude for the things we have; where people are kind to each other, where there is discipline, where people are supported to show love, respect, tolerance and helpfulness to each other and where people feel welcome. People should learn about God and Jesus. Achievement should be celebrated, big or small.

Birchgrove

- Not to make class sizes any bigger
- Have a taster day in 6th form as well as college
- Focus on exam practise earlier in school

Bryn Tawe

- More Welsh Language
- No more cuts in Education - Ask Mr Harvey to visit our school to explore further questions we have about Education in Swansea and help us reach a consensus. (One of the questions raised was: Why has lots of money been spent on Lon Las, although budget cuts were ahead and foreseen?)
- Make Politics a subject choice from GCSE level.

Gowerton

- More Options at GCSE/A levels
- Smaller class sizes
- Increase funds for physical activity
- A choice about if you should do full course welsh because the short course is no longer an option.
- Newer buildings – purpose built for current educational needs. Better facilities
- Make HE options optional, not compulsory; choose what you actually want to do with your life.

Bishop Gore

- School building very old and in desperate need of repair and updating
- Better facilities in school – Improved access to open space/playing fields. Outside areas, P.E. spaces, Better lunchtime and break time space, improved I.T. provision, Better toilet facilities. Another canteen – Needs to be bigger, too many pupils
- More funds for resources
- I.T. lessons in year 7

Arrangements for feedback

It is important to ensure children and young people are provided with feedback on consultation event/activities. It clearly demonstrates that they have not voiced their opinions, feelings and ideas openly for nothing and that they have been listened to; that their right to voice has been respected. This includes information about decisions that could or could not be changed as a result of what they have said and why.

Feedback to children and young people will be facilitated by the City & County of Swansea Partnerships Team in the following ways:

- Feedback will be circulated to children and young people about final budget decisions with two weeks of sign off; it is estimated that this will take place around 9th March 2016.
- Specific feedback on education input will be provided at the first Pupil Voice Forum which will take place on Wednesday 2nd March 2016; this feedback will be based on indications of budget decisions and ongoing policy decision in this area.
- Specific feedback will be provided to Primary schools pupils following the Pupil Voice Forum on 2nd March 2016.
- Input from young people regarding youth club provision will inform the on-going Commissioning Review of Young People's Services. Specific feedback will be provided through the findings of this.

Results from the CYP budget consultation event

Responses from the Sustainable Swansea workshop that involve questions from the survey are below. The full report will be shared with the senior management responsible for Education and the youth club provision and all other sections mentioned in the responses.

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

Yes 26
No 30

Comments

Most agreed and were willing to pay more if the alternative was to lose services, particularly services they use such as leisure and recreation services and youth services.

However, participants were concerned unanimously for poorer families and members of the community who may already struggle to access services. Young people agreed that if services introduce or increase charges, they should always be means tested to ensure that all have access to Council services regardless of their financial situation.

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

Yes 40
No 16

Comments

Participants generally agreed that they would prefer to see services delivered differently rather than lose them although most felt that specific information would be required for particular service changes in order to make an informed decision to answer this question.

20 young people felt that some services should change, particularly in relation to the protection of children. These young people stated that they did not feel safe, particularly after dark and that services should be changed to support people to feel safe in their communities in the evenings.

3. Would you be prepared to pay an additional cost for some social care services from the Council?

Yes 28
No 25

Comments

As in question 1, participants were willing to pay more for services rather than lose them but felt that charges should apply on a means tested basis. Young people agreed this was particularly important in this case as those receiving social care services are likely to be vulnerable.

Draft Equality Impact Assessment (EIA) Statement for City & County of Swansea Budget 2016/17

1. Introduction

This statement provides an overall view of the budget EIA process for the Council, along with any specific relevant details for 2016.

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

As reported previously, the council has needed to take substantial action to respond to the wide range of service and financial pressures that it faces, including the reduction in external grant.

We, like other local authorities, will be facing a significant 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.

Taken together it means we will need to make at least £80m of savings over the next three 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.

The authority has embarked on a specific strategy 'Sustainable Swansea - Fit for the Future' as a means of setting Council priorities, transforming services and addressing current and future deficits.

The council has 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

Further information on 'Sustainable Swansea - Fit for the Future' is available at: <http://www.swansea.gov.uk/sustainableswansea>

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 about six years ago. 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.

In order to apply the EIA process, officers follow the following 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
- 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, although additional information is provided to Directors and Heads of Service by way of briefings, reminders and updates.

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. As a result, proposals that were put forward last year are still being worked through, with a number of EIA reports still being worked upon.

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
- The Access to Services Team is maintaining a log of all EIAs, which includes attempting to record potential cumulative impacts, e.g. negative impacts on certain groups or certain geographical areas
- 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.

During the last 12 months, a number of EIAs have continued to progress following feedback from stakeholders and identification of different options for impact mitigation wherever possible.

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 this stage 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 as it reaches completion at: <http://www.swansea.gov.uk/eia>

4. Consultation and engagement

Whilst there is a specific regulation around engagement (contained within the Public Sector Equality Duty for Wales), our 'Sustainable Swansea - Fit for the Future' 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

Our stakeholders are:

- All citizens of, and visitors to, the City & County of Swansea
- Council staff
- Partner organisations
- Council Tax Payers.

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

- ❖ The gender split of the **City & County of Swansea** is **50.6% Female** (120,936 people) and **49.4% Male** (118,087 people).
- ❖ Children and young people **aged 0-25 years** represent **32.9%** of the population, or **78,697** people.
- ❖ **Over 50s** represent **36.3%** of the population (86,800 people), of which **42,812** are over 65 (around 17.9% of the total population).
- ❖ **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% (55,719 people)** had a long term health problem or disability including 11.3% 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.
- ❖ In 2011, there were **26,332** Welsh speakers in Swansea, or **11.4%** of the population. **44,659** people had one or more skills in Welsh.



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

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

6. Staffing

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 to whether there is any potential equality impact or effect and, if there is, to follow the EIA process. To date, no concerns have been raised in this area.

7. Third Sector Impact

Any reduction in grants to external bodies may impact Third Sector organisations. There could also be other proposals that may impact the sector which, if agreed, may require re-configuring or re-commissioning of services. In this context there may be opportunities for Third Sector organisations to be involved in this work. There could also be proposals that look to Third Sector support in the continuation of services through different means of delivery.

8. 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.

9. 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 the EIAs
- this is an ongoing process and as noted this statement and many EIAs will remain open
- there is a focus on the council doing things differently in order to further deliver services that are flexible, citizen-centred, meet individual needs and are sustainable for the future.

The council continues to deliver a wide range of services for all the citizens of the City & County 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 increasing challenging commitment given the financial constraints that it faces. However, services may be provided in a different way in line with 'Sustainable Swansea - Fit for the Future'.

PONTYBRENIN PRIMARY SCHOOL
HEADTEACHER/PRIFATHRO: Mr P S Williams



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Monday 25 January 2016

Councillor Rob Stewart
City and County of Swansea
Civic Centre
Oystermouth Road
Swansea
SA1 3SN

Dear Councillor Stewart,

School Budget Forum Response to Budget Consultation

As always, the School Budget Forum has sought to support the discussions that have already been held and which will be held over the coming weeks. **As a statutory consultative body, the Forum expects that the points made will be carefully considered as part of any forthcoming corporate discussion of future revenue and capital budgets.** The School Budget Forum represents a considerable body of statutory provision meeting the needs of a great many pupils, families, schools and communities within Swansea.

The School Budget Forum recognises the scale of the continuing financial challenges facing the Council. Nevertheless, it has a responsibility to seek to ensure that the full implications of any budget proposals on schools and the wider education service are properly recognised by the Council before any decisions are taken.

We welcome the positive recognition over recent weeks of the outcomes achieved by schools in Swansea against the relevant benchmarks, together with significantly positive Estyn outcomes and school bandings. These positive outcomes have been achieved in spite of very challenging financial settlements, notwithstanding the Welsh Government uplift guarantees of recent years. These outcomes should be the foundation for future excellence and should not be jeopardised by forthcoming Council budget decisions.

We also welcome the latest proposals to honour the Ministerial funding commitment for the coming year and pass on a cash increase to schools, albeit at a lower level than would be required to meet the cost pressures facing school budgets. So, whilst this still represents a real terms cut for schools, it is considerably better than previous proposals and the Forum is appreciative of the way the Council has listened to its concerns over recent months. Nevertheless, if other Authorities also follow the Ministerial commitment the relative funding position of Swansea schools will at best remain as it is currently.

Swansea schools do not fare well financially. As has been stressed in previous years, they suffer a double blow. The Council can do nothing about the fact that the settlement it receives from the Welsh Government is relatively poor, ranking it around 18th out of the 22 authorities. However, due to choices made by the Council, the education budget as a whole ranks even lower at 20th in 2015, and £350 per pupil less than the Wales average – a difference of around £11.9m. In 2014 Swansea ranked 19th and was £200 per pupil less than the Wales average and has worsened this year as a result of the 5% real terms cut in the delegated budget. Other authorities do better, including the large urban authority of Cardiff.

Schools' funding within Swansea is significantly lower than that of all of our ERW partners, thus putting the city's schools at considerable disadvantage as regionalisation gathers pace.

We have appreciated the positive response in Council Budgets over recent years to some of the recommendations previously made by the Forum, particularly:

- The recognition of the essential contribution of the Education service to the achievement of wider Council priorities
- The recognition of the severe financial pressures facing school delegated budgets and other statutory Education services

Through working closely with the Authority, schools have been better able to manage the significant pressures and increasing expectations placed upon them and to mitigate the effects of large scale redundancies on the Council.

Nevertheless, the impact of further real terms cuts proposed for 2016/17, exacerbated by expected further cuts in specific grants, and the 5% (or £6.3m) real terms cut in 2015/16, presents an extremely challenging position for schools. Schools have become reliant on grant funding to maintain key elements of provision. There is further uncertainty for future years, a cause of concern when set alongside changes in demographics, increasing pupil numbers and growing numbers of pupils with ALN. These pressures come as we enter a period of significant change and challenge for schools as we prepare for the design and implementation of a new curriculum for Wales 'Qualified for Life'.

Significant work has been undertaken previously to model and evaluate the likely serious implications of the potential funding scenarios facing schools. Even with the Ministerial protection for 2016/17, it will be extremely challenging for schools to continue to set a balanced budget each year, whilst continuing to meet their growing range of statutory duties, and further cuts to provision would be necessary which would undermine nursery provision, the local anti-poverty strategy, and wider learning opportunities of pupils. There is clear evidence of increased class sizes, mixed age group classes, nursery classes without qualified teachers and an increase in headteachers' teaching commitment. There will be an inevitable impact on other Council services, particularly where schools provide significant support (for example safeguarding whereby schools provide significant support for social services and health, incurring hidden costs) or find themselves unable to continue to support corporate services through service level agreements.

In short, the Forum is extremely concerned that, given the very poor position of Swansea schools in funding terms, it is difficult to see how further savings of any scale can be achieved. **The Forum urges the Administration to recognise the importance of making proper revenue provision for schools every year as a matter of course**, not merely because it has been required to do so by the Minister. The Forum accepts the proposed areas of additional delegation of funding for 2016/17. It is important to note that additional delegation results in additional responsibilities for schools and headteachers (many of which detract from their core purpose). There are increased charges to schools for new and existing SLAs as central services seek to rationalise their provision and make their own efficiencies.

Non Delegated Education Budgets

The Forum has supported a fundamental review of base budgets during 2013, 2014 and again in 2015 in order to ensure that we have the correct starting points. The Forum still feels that lessons could be learned from the One Education Budget Strategy, both in terms of the transparency of the process and also the rigour of the structured challenge and review undertaken over recent years, which has then been reflected in the Council's Medium Term Financial Plan, and delivered. This continues to require difficult spending choices, challenging savings targets and robust management action, moving towards a largely statutory and regulatory 'core' minimum provision within the department.

As such, the Forum continues to recognise the attempt to develop a more engaging wider corporate budget process, although it feels that the Cabinet Report fails to provide a fully transparent and accurate picture of the potential implications of the proposals. Consequently, it is unlikely that the responses to this stage of public consultation will be adequately informed. Moreover, the Forum has previously expressed concern that the questions asked in the public consultation do not allow for any responses with regard to the potential impact of proposals on education services, whilst encouraging concerns to be raised regarding other areas of Council services, some of which are discretionary. Consequently, the Forum considers the basis of the public consultation to be inadequate and that proper and due weighting should be given to the response from the Forum as it represents the collective views of Swansea's headteachers, schools and governing bodies.

The Forum remains gravely concerned where the proposals would result in drastic cuts to a wide range of services currently provided from the non-delegated Education budget. These are not simply 'management and administration' but provide core support for statutory and regulatory duties of the Council. The Forum urges the Council to bear in mind the pressures on the non-delegated budget when setting the quantum of the education budget as a whole.

The Forum appreciates that no services can be protected from cuts but it does feel strongly that the full implications of the very significant cuts proposed, on top of the existing challenging medium term financial strategy cuts targets, which will impact severely on front line provision for pupils through the inevitable indirect strain on delegated school budgets, need to be recognised and fully transparent. Areas of particular concern include the following:

Behaviour Review Outcomes

- The Forum fully supports changes to the way in which support for pupils is provided to facilitate more flexible earlier intervention, as local as possible. However, it would stress that this is an extremely challenging transformational strategy requiring major cultural change within all schools and *would urge the Council to consider additional funding to facilitate the major cultural and service changes required* - which will deliver major future benefits once these are progressively embedded across all year groups.

Changes to Music Service through restructure, changes in delivery and charges

- The Forum recognises the need to review the service and as far as possible remove the remaining Council funding support, whilst also recognising the valuable learning opportunities that are provided to pupils. It is hoped that any increase in charges will not reduce access for the most disadvantaged pupils.

Review of Ethnic Minority Achievement Service

- The Forum recognises the need to review all areas of current 'subsidy' to such areas of support, and this area in particular in view of the likely loss of Welsh Government funding . However, the Forum would wish to see further detailed discussion prior to implementation of any further changes in order to ensure that the loss of front line support for pupils is as far as possible minimised.

Business Support Review

- Whilst such areas clearly need challenge and further rationalisation, the scale of cuts proposed, on top of progressive cuts over the last 3 years, represent far more than efficiency savings or cuts to 'overheads' and 'management and administration'. Schools recognise the need to work increasingly collaboratively, but the loss of so many areas of professional support will seriously exacerbate the already unmanageable pressures on headteachers. There is clear evidence that applications for headship are decreasing whilst cases of stress within the profession are rising.

Whilst the continuing support for investment in school facilities through the QEd programme is welcome, the vital importance of the Corporate Structural Repair and Maintenance programme cannot be exaggerated with the scale of Health and Safety/compliance issues affecting school premises.

There is a continuing willingness to support and contribute constructively to the further detailed discussion regarding the implications and implementation of budget proposals through the appropriate Task and Finish Groups.

We trust that you will seriously consider these points as you decide future Council budget allocations. We invite you to attend the next School Budget Forum to respond to the issues raised in this letter.



Gethin Sutton
Vice Chair, School Budget Forum

Revenue Budget 2016/2017

Corporate Services Directorate

	ORIGINAL BUDGET 2015/2016 £	ORIGINAL BUDGET 2016/2017 £
Corporate Services Directorate		
Corporate Services Directorate	158,000	163,400
	158,000	163,400
Head of Commercial Services		
Commercial Team & Procurement	469,200	595,200
	469,200	595,200
Head of Comms & Customer Engagement		
Access to Services	242,600	259,900
Communications	260,200	172,200
Complaints	221,600	210,200
Corporate Customer Services	259,600	1,072,800
Corporate Marketing	313,500	264,700
Corporate Mgt Team Support	368,500	353,400
Design and Print	262,400	227,900
Overview and Scrutiny	243,700	210,300
Web Development	201,900	131,700
Commissioning Review	0	-190,000
Overlap	0	162,000
	2,374,000	2,875,100
Head of Finance & Delivery		
Audit	443,700	468,400
Benefits	23,302,100	22,677,900
Finance DMT	-1,986,100	681,200
Financial Services	1,223,600	1,202,500
Performance and Delivery	242,600	205,100
Revenues	1,090,700	1,000,900
Treasury and Technical	982,400	969,500
Commissioning Review	0	-405,000
Overlap	0	420,000
	25,299,000	27,220,500

Revenue Budget 2016/2017

Corporate Services Directorate

	ORIGINAL BUDGET 2015/2016 £	ORIGINAL BUDGET 2016/2017 £
Head of Human Resources & OD		
Employee Services	810,100	757,600
Health and Safety	928,800	796,800
Human Resources	617,700	612,000
Pay and Grading Team	363,000	0
Pensions	-63,500	-45,900
Training	268,600	269,000
Commissioning Review	0	-299,000
Overlap	0	243,000
	2,924,700	2,333,500
Head of Information & Business Change		
Business Improvement	630,900	698,900
DMT, ICT and Transformation	456,800	401,500
ICT Services	6,571,800	3,094,800
Information & Strategy	976,500	2,813,700
Commissioning Review	0	-1,756,000
Overlap	0	1,747,000
	8,636,000	6,999,900
Head of Legal & Democratic Services		
Coroners	400,900	478,000
Democratic Services	2,257,800	2,390,000
Legal Services	1,860,400	1,826,400
Commissioning Review	0	-202,000
Overlap	0	183,000
	4,519,100	4,675,400
Sustainable Swansea		
Workstreams	0	-2,119,000
Overlap	0	71,000
	0	-2,048,000
Total Corporate Services Directorate	44,380,000	42,815,000

Revenue Budget 2016/2017

People Directorate - Poverty & Prevention

	ORIGINAL BUDGET 2015/2016 £	ORIGINAL BUDGET 2016/2017 £
Head of Poverty & Prevention		
Community Safety	550,200	560,400
Early Intervention Services	651,700	679,700
Partnership Performance & Commissioning	1,149,200	1,303,000
Poverty and Prevention	346,500	399,700
Tackling Poverty Unit	692,100	678,000
Young Peoples Services	1,390,700	1,465,200
Commissioning Review	0	-7,000
Overlap	0	83,000
	4,780,400	5,162,000
Sustainable Swansea - Head of Poverty & Prevention		
Workstreams	0	-250,000
	0	-250,000
Total People Directorate - Poverty & Prevention	4,780,400	4,912,000

Revenue Budget 2016/2017

People Directorate - Social Services

	ORIGINAL BUDGET 2015/2016 £	ORIGINAL BUDGET 2016/2017 £
Head of Adult Services		
Disability Residential & Day Care	8,301,700	8,671,600
Learning Disabilities & Mental Health Support	11,841,400	11,792,300
Integrated Services - Domiciliary Care & Hubs	16,122,000	18,353,900
Integrated Services - External Residential	13,214,300	12,714,300
Integrated Services - Other	2,639,200	2,389,700
Older Persons Residential and Day Care	6,628,200	6,984,800
Safeguarding/Wellbeing	3,916,700	4,012,300
Support	2,707,800	2,463,900
Commissioning Review	0	-139,000
	65,371,300	67,243,800
Head of Child & Family Services		
Accommodation Services-External	11,676,700	11,503,700
Accommodation Services-Internal	7,254,300	7,399,700
Adoption Services	1,467,200	1,585,900
Aftercare-External	472,400	472,400
Aftercare-Internal	500,000	500,000
Assessment and Care Management	8,412,400	8,456,300
Family Support Services-External	1,619,000	1,470,500
Family Support Services-Internal	1,780,400	1,655,900
Management & Administration	2,193,200	2,191,900
Other Children's Services-Internal	895,000	650,500
Preventing Youth Offending	746,800	717,300
Residential Care-Internal Provision	571,400	588,400
Review and Quality Assurance	705,200	845,500
Commissioning Review	0	-473,000
	38,294,000	37,565,000
Directorate Services		
Central Services	553,300	363,600
Service Strategy and Regulation	287,200	369,900
Social Services Training Section	195,200	217,700
	1,035,700	951,200
Sustainable Swansea		
Workstreams	0	-2,250,000
	0	-2,250,000
Total People Directorate - Social Services	104,701,000	103,510,000

Revenue Budget 2016/2017

People Directorate - Education

	ORIGINAL BUDGET 2015/2016 £	ORIGINAL BUDGET 2016/2017 £
Delegated Schools		
School Cost Centres	135,179,085	138,874,085
	135,179,085	138,874,085
Head of Education Improvement		
Education Improvement Grant	653,400	653,600
Ethnic Minority Language Service	342,700	146,500
Management and Admin	108,300	112,400
Miscellaneous Grants	23,800	24,800
Music Service	232,400	26,500
School Improvement	1,416,300	1,396,500
School Intervention	191,000	241,000
Support for the Arts	57,000	51,000
Welsh Service	440,300	445,600
Commissioning Review	0	-24,000
Overlap	0	238,000
	3,465,200	3,311,900
Head of Education Inclusion		
Access to Learning Mgt and Admin	265,000	221,300
Behaviour and Learning Support	820,200	1,173,100
Community Education	424,800	433,100
Employment Training	854,500	733,500
EOTAS Pathways	1,106,900	892,800
Home Tuition Service	421,100	420,400
Management and Admin	161,900	167,400
One to One Support Primary	765,900	782,900
One to One Support Secondary	380,800	389,100
Psychology Service	723,100	746,200
Pupil Referral Units	1,934,900	1,293,400
Recoupment	580,000	630,000
School and Governor Unit	304,700	312,700
School Planning & Information	67,400	69,500
SEN Statementing and Support	2,970,700	3,541,500
Welfare Service	562,400	559,000
Commissioning Review	0	-29,000
	12,344,300	12,336,900

Revenue Budget 2016/2017

People Directorate - Education

	ORIGINAL BUDGET 2015/2016 £	ORIGINAL BUDGET 2016/2017 £
Head of Education Planning and Resources		
Asset Management	144,100	150,100
Cleaning Service	961,100	1,018,300
Continuing Education	901,300	901,600
DfES Post 16 Grant	-5,542,985	-5,542,985
Empty Properties	15,000	15,000
Free Breakfast	653,700	753,700
Health and Safety	62,900	62,900
ICT Strategy	680,600	548,400
Management and Admin	865,000	877,800
Pupil Deprivation Grant	-6,151,700	-6,646,700
School Cost Centres	11,282,100	11,285,900
School Funding and Information	147,200	154,500
School Meals Client	1,263,800	1,266,700
School Meals Service	30,200	32,900
Commissioning Review	0	-2,000
Overlap	0	176,000
	5,312,315	5,052,115
Sustainable Swansea - Education		
Workstreams	0	-575,000
	0	-575,000
Total People Directorate - Education	156,300,900	159,000,000

Revenue Budget 2016/2017

Place Directorate

	ORIGINAL BUDGET 2015/2016 £	ORIGINAL BUDGET 2016/2017 £
Head of Corporate Building and Property Services		
Facilities Management	4,438,400	4,580,400
Strategic Estates Properties	-3,965,000	-3,894,000
Property Preventative Maintenance	4,273,000	4,068,100
Corporate Building Services Trading	820,600	1,442,600
Community Budgets	216,000	676,000
Commissioning Review	0	-170,000
Overlap	0	500,000
	5,783,000	7,203,100
Head of Highways and Transportation		
Car Parking and Enforcement	-1,387,100	-1,499,000
Transportation	2,985,900	2,792,700
Traffic Management	1,314,600	1,053,000
Central Transport	-576,200	-519,100
Engineering	614,200	671,500
Highways	6,278,700	6,620,300
Swansea Marina	-19,000	-35,200
Directorate and Other Costs	485,200	512,700
Commissioning Review	0	-132,000
Overlap	0	562,000
	9,696,300	10,026,900
Head of Waste Management & Parks		
Household Waste Recycling Centres	944,200	806,200
Parks	5,154,300	4,835,500
Recycling	832,000	1,158,200
Residual Disposal/Tir John	3,867,000	3,890,400
Residual Waste Collection	3,215,900	2,684,500
Trade Refuse	-276,700	-154,700
Waste Management Strategy	215,100	62,500
Neighbourhood Working	3,975,900	3,784,400
Directorate and Other Costs	1,017,600	905,400
Commissioning Review	0	-670,000
Overlap	0	549,000
	18,945,300	17,851,400
Place Directorate		
City Centre Action Plan	100,000	100,000
Place Directorate	209,900	239,600
	309,900	339,600

Revenue Budget 2016/2017

Place Directorate

	ORIGINAL BUDGET 2015/2016 £	ORIGINAL BUDGET 2016/2017 £
Head of Culture and Tourism		
Archives	277,300	290,200
Arts	3,083,600	3,198,900
Community Buildings	273,300	213,700
Development and Outreach	320,300	334,200
Libraries	2,818,800	2,823,000
Sport and Recreation	2,153,300	1,947,800
Tourism, Marketing and Events	1,656,700	1,599,100
Directorate and Other Costs	534,700	336,500
Commissioning Review	0	-1,404,000
Overlap	0	1,041,000
	11,118,000	10,380,400
Head of Economic Regeneration and Planning		
Business Support	415,000	426,419
Property Development	634,200	759,298
City Centre Management and Indoor Market	-319,200	-290,500
Major Projects, Design and Conservation	177,500	125,500
Planning Control	755,600	647,800
Planning Policy and Environment	1,097,800	1,085,500
Directorate and Other Costs	238,400	300,783
Commissioning Review	0	-5,000
Overlap	0	260,000
	2,999,300	3,309,800
Head of Housing and Public Protection		
Building Regulations	68,400	88,400
Burials and Cremations	-324,800	-380,200
Food Safety	566,700	591,100
Licensing	-124,600	-108,400
Pollution	810,900	802,300
Public Health	720,400	740,700
Registrars	34,400	30,100
Trading Standards	661,300	669,500
Housing Grants to the Independent Sector	85,500	40,500
Housing Renewals and Adaptations	176,800	152,100
Housing Strategy, Advice and Support	651,700	615,200
Other Housing Services	67,500	75,400
Directorate and Other Costs	445,000	286,100
Commissioning Review	0	-5,000
Overlap	0	233,000
	3,839,200	3,830,800

Revenue Budget 2016/2017

Place Directorate

	ORIGINAL BUDGET 2015/2016 £	ORIGINAL BUDGET 2016/2017 £
Sustainable Swansea		
Workstreams	0	-2,575,000
	0	-2,575,000
Total Place Directorate	52,691,000	50,367,000

Revenue Budget 2016/2017

Place Directorate

ORIGINAL BUDGET 2015/2016 £	ORIGINAL BUDGET 2016/2017 £
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Report Total

362,853,300 360,604,000

Report of the Section 151 Officer

Special Cabinet – 15 February 2016

CAPITAL BUDGET & PROGRAMME 2015/16 – 2019/20

Purpose:	This report proposes a revised capital budget for 2015/16 and a capital budget for 2016/17 - 2019/20
Policy framework:	None
Reason for decision:	To agree a revised capital budget for 2015/16 and a capital budget for 2016/17 – 2019/20
Consultation:	Cabinet Members & Executive Board
Recommendation:	The revised capital budget for 2015/16 and a capital budget for 2016/17 – 2019/20 as detailed in appendices A, B C, D, and E is approved.
Report Author:	M.Hawes
Finance Officer:	M.Hawes
Legal Officer:	Patrick Arran
Access to Services Officer:	Sherrill Hopkins

1. Introduction

1.1 This report details:

- Revised capital expenditure and financing proposals in 2015/16
- Capital expenditure and financing proposals in 2016/17 – 2019/20

1.2 Capital spending and funding proposals in relation to the Housing Revenue Account (HRA) are detailed in a separate report to be considered.

1.3 The budget proposals are detailed in appendices to this report as follows:

Appendix A Summary of General Fund Capital Expenditure and Financing
2015/16 – 2019/20

Appendix B Schools Programme Capital Expenditure
and Financing 2015/16 – 2019/20

Appendix C Material changes to the original 2015/16 budget

Appendix D Material changes to the Capital Programme

Appendix E General Fund Capital Budget 2015/16 – 2019/20

- 1.4 The key message arising from this report is that the overall programme deficit, encompassing both the General Fund Programme and Schools programme, amounts to some £29.885 million over the lifetime of the programme.

Additional capital receipts will continue to be reviewed and brought onto the programme but in the absence of such further receipts it must be assumed that additional borrowing will need to be taken out to fund the capital programme.

2. Capital Budget 2015/16

- 2.1 Spending in the current year is forecast to be £72.062m (GF £61.048 plus Schools programme £11.014m) – an increase of £28.16m compared with the original estimate of £43.902m.

This increase is due to the following:

- the addition of grant funded schemes after Council approved the capital budget in February 2015.
- The net balance of schemes carried over from 2014/15 into 2015/16 and schemes carried over from 2015/16 into 2016/17.

Material changes to the 2015/16 budget are summarised in Appendix C.

3. Capital Programme and Financing 2015/16 to 2019/20

- 3.1 The proposed programme and financing is set out below.

Paragraphs 3.2 to 3.9 detail the General Fund Programme and Financing.

Paragraphs 3.10 to 3.13 detail the 21st Century Schools Programme and Financing.

GENERAL FUND PROGRAMME AND FINANCING

- 3.2 The General Fund programme is summarised in Appendix A and detailed in appendix E. The attached proposals exclude the Housing Revenue Account capital budget which is detailed in a separate report.

The Capital Budget report considered by Council on 24th February 2015 highlighted a forecast shortfall in the four year forward programme of £57.038m made up of £30.884m for the 21st Century Schools programme and £26.154m for the rest of the General Fund capital programme. The report contained the following in respect of both the general fund and Schools programme shortfalls:- In order to address the shortfall Cabinet will need to consider the following options:-

- Identify and progress further additional Capital receipts over and above those already incorporated in this budget,
- Reduce the expenditure contained within the Capital Programme primarily a reduction in proposed allocations as set out in 3.4,
- Incur additional unsupported borrowing. This is a last resort given the known pressures on future revenue budgets within the Council and should only be considered on a temporary basis until such time as Capital Receipts are realised.

Whichever option(s) is pursued it is likely that there will have to be an increase in both temporary and overall borrowing limits in the short term.

Additional borrowing requirement was utilised to fund the 2014-15 Capital Spend.

- 3.3 The updated General Fund programme is summarised in Appendix A. This highlights expenditure of £136.626m; forecast financing of £128.771m and a forecast shortfall of £7.855m. Appendix D provides a reconciliation between the General Fund and 21st Century Schools programme shortfall reported in February 2015 and the current proposals. The material changes to the General Fund are as follows:

Addition of a further year to the programme

- 3.4 The addition of a further year (i.e. 2019/20) causes a £2.928m increase in the funding shortfall. This is because recurring annual commitments are no longer offset by Welsh Government annual funding i.e.

	£m
Welsh Government funding 2019/20	10.242
<i>less 2019/20 spending requirements</i>	
Property and highways maintenance	-7.375
DFGs & Improvement Grants	-5.200
Annual Contingency Budget	-0.595
Additional shortfall 2019/20	2.928

It should be noted that the core capital budget identified above is itself in excess of the support available from Welsh Government (£10.242m). Given the annual repayment of principal as detailed in 3.7 below expenditure at this level will not increase overall levels of borrowing.

- 3.5 The 2016-17 Capital budget incorporates capital investment in respect of:
- the Development phase of the City Centre sites (St David's and the Civic Centre site)
 - additional funding for Highways & Transport (funded by reserves)
 - schools' capital investment (outside the scope of the 21st Century Schools programme) to cover a backlog of urgent maintenance and health & safety requirements.
 - In respect of highways and transport and Schools Capital investment specific schemes will have to be brought forward and authorized in line with Financial Procedure Rules.

Forecast Capital Funding Gap

- 3.6 As at February 2016, the updated forecast GF funding shortfall for the capital programme 2015/16 – 2019/20 is £7.855m. (at Feb 2015 the projected forecast shortfall for 2014/15- 2018/19 was £26.154m). Appendix D to this report analyses the movement in the funding deficit as reported in February 2015 with the current deficit as now reported. The reduced shortfall is specifically accounted for by the need to undertake additional borrowing in respect of the 2014/15 Capital programme as detailed in appendix 'D'. This additional borrowing was undertaken in the absence of actual Capital receipts being received.
- 3.7 Current forecast capital receipts indicate a level of receipts of £9.623m in excess of the level predicted in February 2015. However it remains the case that in the absence of additional capital receipts or curtailing spend an implicit additional borrowing requirement on both GF and the Schools programme of £29.885m will be required over

the life of the programme. Ultimately the Capital programme as set out is underpinned by a likely permanent borrowing requirement.

3.8 In order to address the funding gap Cabinet will need to consider the following options:-

- Continue to identify and progress further additional Capital receipts over and above those already incorporated in this budget,
- Reduce the expenditure contained within the Capital Programme primarily a reduction in proposed allocations as set out in 3.4, this is not recommended given the growing backlog of capital maintenance issues,
- Undertake additional prudential borrowing. This should be a carefully considered option given the known pressures on future revenue budgets within the Council.

Whichever option(s) is used it is likely that there will have to be an increase in overall borrowing requirements in the short term.

3.9 It should be noted that, whilst annually the Council makes an average annual provision to repay debt of £14.25m, the Council has not actually borrowed money from the markets in the interim period but has funded capital requirements by utilising internal resources. It is forecast that in line with good Treasury Management practice and being mindful of interest rate movements, it is likely that actual external borrowing shall increase in the medium term therefore increasing capital financing charges.

SCHOOLS PROGRAMME AND FINANCING

3.8 The Welsh Government announced its support in principle for an agreed programme of school building improvements in early 2012. This programme – termed the 21st Century Schools Programme - will entail the Welsh Government providing a 50% contribution in relation to schemes costing £51m. The Council is expected to provide the remaining 50% contribution.

3.9 Phase 1 schemes are progressing well, with Burlais and Gowerton completed in 2015-16 and Phase 2 schemes are being developed. The schemes included in both phases of the programme are detailed in Appendix B and are summarised below:

Phase 1 Schemes	£m	
Burlais Primary new school build	8.250	Completed
Gowerton Primary new school build	6.804	Completed
YGG Lon Las rebuild and remodel	9.797	Committed and Progressing
Glyncollen Primary improvements	0.750	Completed
Newton Primary improvements	0.650	Completed

Total Phase 1 Schemes	26.251
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Phase 2 Schemes	£m	
Pentrehafod remodelling	12.720	Outline Business Case approved by WG
Gorseinon Primary new school build	6.080	Full Business Case approved by WG
Pentre Graig Primary improvements	2.724	On Site
St Josephs Primary improvements	0.500	Uncommitted
YGG Gywr improvements	1.350	Business Justification submitted to WG Jan16
Secondary Review	1.425	Uncommitted
Special Schools Review	0.100	Uncommitted

Total Phase 2 Schemes	24.899
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- 3.10 For completeness, the previously agreed Morryston Comprehensive School scheme and the second phase of the 21st Century Schools Programme are also detailed in Appendix B. This is necessary as the funding for the Morryston Scheme and the second phase need to be considered in the context of the wider schools programme.
- 3.11 The cashflow projections currently approved by WG are reflected in Appendix B. However these are currently under review with the WG to reflect the potential impact on the Gorseinon scheme of the Village Green Application that has recently been received by the Council.
- 3.12 The financing of the schools programme and current shortfall of **£22.030m** is set out in Appendix B. As previously highlighted, the position remains extremely difficult and challenging and may be summarised as follows:
- The Welsh Government has provided a 70% grant contribution to the Morryston Comprehensive Refurbishment Scheme. As previously reported, this means that the Council provided a £6.6m contribution.
 - The Council is required to fund a 50% contribution to the 21st Century Schools Programme cost i.e. **£25.5m**.
 - CCS has identified confirmed contributions of £1.4 million to date which have been used to fund the Schools programme.
 - The implication of (a) (b) and (c) is that the Council is required to fund a contribution of **£30.625m** over the period to 2020.
 - As identified in 3.6, there is an ambitious programme of Council asset disposals which shall be used to support not only the 21st Century Schools programme but the GF capital programme as a whole. If in the eventuality that inadequate capital receipts are realised, prudential borrowing would be considered to fund the shortfall.
 - The Welsh Government has confirmed that it will meet part of its 50% contribution by providing annual support for Council supported borrowing rather than grants. The proposed funding is detailed in Appendix B.
- 3.13 Notwithstanding the uncertainties regarding the funding of the overall Schools Programme, it is proposed that the schemes detailed above be committed over the

coming year. It should also be noted that many of these schemes are high priority due to the significant risks of building failure.

If required, it will be necessary to finance the forecast schools programme shortfall in 2015/16 by unsupported borrowing pending future capital receipts from the disposal programme.

4. Risks

4.1 There are significant risks which may require a future revision of the attached four year capital budget. In particular:

- urgent capital maintenance requirements
- unforeseen costs e.g. failure of retaining walls
- failing to achieve the General Fund capital receipts target
- Capital financing charges arising from additional unsupported borrowing which can not be met from revenue budgets.
- Additional costs arising from any other additions to the Capital programme.

4.2 There is a further significant risk that external grants will greatly diminish as cuts are applied by grant providers – in particular the Welsh Government and European Grants.

4.3 Whilst there is an annual Contingency Budget provided to deal with unexpected spending requirements this would be insufficient if a number of the risks detailed above were to arise.

5. Legal Implications

5.1 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.

6. Prudential Code

6.1 Under the Local Government Act 2003 and subsequent regulations, a local authority is required to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities when setting its budget and must determine and keep under review how much it can afford to borrow.

6.2 A further report on the agenda will detail what is required under the requirement of the Code and set out in detail Prudential Borrowing Indicators for 2015/16 and subsequent years.

7. Equalities Implications

There are no equalities implications contained within this report but individual projects will be subject to the EIA process where required.

SUMMARY OF GENERAL FUND CAPITAL BUDGET AND FINANCING 2015/16 - 2019/20

	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£'000	£'000	£'000	£'000	£'000	£'000
DIRECTORATE						
Resources	2,193	595	595	595	595	4,573
People	1,892					1,892
Place	56,963	32,630	12,676	15,317	12,575	130,161
TOTAL EXPENDITURE	61,048	33,225	13,271	15,912	13,170	136,626
FINANCED BY:						
Borrowing:						
Supported Borrowing	6,356	6,367	6,367	6,367	6,367	31,824
Supported Borrowing - Highways	1,421					1,421
Grants and Contributions:						
Welsh Government General Grant	3,868	3,875	3,875	3,875	3,875	19,368
Welsh Government specific grants	19,016	8,755				27,771
European grants	9,780					9,780
Other Grants	410					410
Contributions	1,014					1,014
Capital Receipts:						
Earmarked Capital receipts	1,169	1,113				2,282
General Capital receipts	5,355	10,420	5,004	1,800		22,579
Revenue and Reserve Contributions (including provision for waste schemes)	4,516	5,064		2,742		12,322
TOTAL FINANCING	52,905	35,594	15,246	14,784	10,242	128,771
FORECAST SHORTFALL	8,143	-2,369	-1,975	1,128	2,928	7,855

SCHOOLS PROGRAMME CAPITAL EXPENDITURE & FINANCING 2012/13 - 2019/20

	to 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	Actual spend £'000	Actual spend £'000	Actual spend £'000	Forecast spend £'000	Forecast spend £'000	Forecast spend £'000	Forecast spend £'000	Forecast spend £'000	£'000
EXPENDITURE									
Morrison Comprehensive Refurbishment	5,445	11,916	4,271	354					21,986
21st Century Schools Programme									
Phase 1									
Burlais Primary new school build	17	453	5,941	1,780	59				8,250
Gowerton Primary new school build	16	445	2,193	4,050	101				6,805
YGG Lon Las rebuild and remodel		66	108	1,679	7,327	616			9,796
Glyncollen and Newton Primary improvements		393	1,007						1,400
Phase 2									
Pentrefhafod remodelling				250	7,167	5,153	150		12,720
Gorseinon Primary new school build			51	1,471	4,488	70			6,080
Pentre'r Graig Primary improvements			97	1,340	1,287				2,724
St Joseph's Primary improvements						500			500
YG Gwyr improvements			50	90	1,210				1,350
Secondary Review						258	1,167		1,425
Special Schools Review							100		100
TOTAL EXPENDITURE	5,478	13,273	13,718	11,014	21,639	6,597	1,417		73,136
FINANCED BY:									
Welsh Government Grant									
Morrison Comprehensive Refurbishment	5,198	10,192							15,390
21st Century Programme Schemes - grant		782	6,231	4,846	5,314	1,244	633		19,050
21st Century Programme Schemes - PB				2,000	3,000	1,450			6,450
Pentrefhafod Challenge Cymru funding						150			150
Capital Receipts			104						104
Contributions	33	592	742						1,367
TOTAL FINANCING	5,231	11,566	7,077	6,846	8,314	2,844	633		42,511
FORECAST PROGRAMME SHORTFALL	247	1,707	6,641	4,168	13,325	3,753	784		30,625
CURRENT FORECAST SHORTFALL (2015/16 TO 2019/20)									22,030

MATERIAL CHANGES TO THE 2015/16 CAPITAL BUDGET

Scheme	Source Of Funding	2015/16 Change £'000
Director of People		
Education Planning & Resources		
Capital Flying Start Grant 15/16	Grant	444
YGG Pontybrenin Turning Circle	Contribution	153
Challenge Cymru 15/16 Pentrehafod/Morrison	Grant	97
Poverty		
Mayhill Family/Medical Centre Fixtures & Fittings	Revenue	50
Director of Place		
Highways & Transportation		
Highways Spend to Save	Revenue	1,000
Local Transport Fund 15/16 (including Morfa Road)	Grant	1,968
Road Safety 15/16	Grant	378
Safer Routes In Communities 15/16	Grant	248
LTF 15/16-Fabian Way Corridor	Contribution	275
Vehicle Replacement Prog 15/16	Revenue	819
Housing General Fund		
Sandfields Renewal 15/16	Grant	2,980
National Home Improvement Loans	Grant	200
Houses into Homes New Regulation	Grant	860
Waste Management		
Re-Use Shop Expansion Bailing Plant	Grant	75
Culture, Sport, Leisure & Tourism		
Glyn Vivian Art Gallery Refurbishment	Revenue	100
Oystermouth Castle Grant Clawback	Revenue	90
Economic Regeneration & Planning		
Purchase of Oceana	Grant/Earmarked Capital Receipts	838
Demolition of Oceana	Grant	1,200
Vibrant & Viable Places - Property Grant	Grant	974
Vibrant & Viable Places - Homes above Shops	Grant	626
Vibrant & Viable Places - High St Mixed Use Development	Grant	550
Vibrant & Viable Places - Llys Dewi Sant Site	Grant	350
Vibrant & Viable Places - City Centre Land Assembly	Grant	553
Vibrant & Viable Places - West Way Gyratory	Grant	150
Corporate Building		
Stadwen Youth Centre Refurbishment	Contribution	83
Delayed Spending From 2014/15 - All Services (excl HRA)	Various	25,995
Delayed Spending Into 2016/17 - All Services	Various	-13,078
Other Minor Changes	Various	183
TOTAL MATERIAL CHANGES		28,161

**RECONCILIATION OF CAPITAL PROGRAMME
SHORTFALL**

	£m
Forecast shortfall - per Council February 2015	57.038
Remove 2014-15 shortfall (and prior years for Schools)	-28.656
Additions and slippage into capital programme (2015-16 to 2018-19)	51.324
(App C shows 2015-16 changes, the balance relates to future year changes)	
Addition of a further year (2019/20) to programme	2.928
	<u>82.634</u>
Less additional funding (supported borrowing, grants, contributions and reserves)	-43.126
Less additional forecast capital receipts	-9.623
Amended forecast shortfall February 2016	<u>29.885</u>

GENERAL FUND CAPITAL BUDGET 2015/16 -

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	TOTAL £'000
DIRECTOR OF RESOURCES						
Delivery & Information						
WiFi Provision / Internet Connection	55					55
Telephony system replacement	500					500
Central Storage	30					30
Disaster recovery	1					1
Civic Centre LAN upgrade	83					83
School's Infrastructure	410					410
Digital Business Strategy	767					767
Financial Services						
Corporate Contingency	319	595	595	595	595	2,699
Capital creditors for 2014-15 paid in 2015-16	28					28
TOTAL FOR DIRECTOR OF RESOURCES	2,193	595	595	595	595	4,573
DIRECTOR OF PEOPLE						
Education(excluding 21st Century schools programme)						
Primary schools schemes	574					574
Secondary schools schemes	281					281
Special school schemes	138					138
Youth Activities schemes	20					20
YGG Pontybrenin turning circle	186					186
Social Services Adult Services						
Mayhill Family / Medical Centre	593					593
Community Regeneration Minor schemes	56					56
Capital creditors for 2014-15 paid in 2015-16	44					44

GENERAL FUND CAPITAL BUDGET 2015/16 -

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	TOTAL £'000
TOTAL FOR DIRECTOR OF PEOPLE	1,892					1,892
DIRECTOR OF PLACE						
Highways & Transportation						
Morfa Distributor Road	1400	1381				2781
SRIC 15/16 - Grovesend / Llansamlet	248					248
Links to NCN routes (including Bascule Bridge)	410	615				1025
Fabian Way, cycle routes, bus stop enhancements	607					607
Highways and Lighting Schemes	5810					5810
Highways/Infrastructure Capital Maintenance; Unallocated		3476	3476	3375	3375	13702
Highways/Infrastructure additional Capital Maintenance (funded by reserves)		1000				1000
Highways & Transportation Vehicle replacement programme	819					819
Slip Bridge Refurbishment	139					139
Pont-y-Lon Bridge	50	750				800
Other Bridges & retaining Walls	803					803
Road Safety/Traffic Schemes	446					446
Bus facility schemes	63					63
Car Park improvements	29					29
Coast protection	374					374
Foreshore and Marina	178					178
Waste Management						
Tir John works	795	2,507		2,742		6044
Purchase existing generating station		1,100				1100
Sorting Station and bag splitter	115					115
Recycling shop at Baling Plant	75					75
12/13-Replace Litter Bins		40				40
Provision of Food Waste Hall		157				157

GENERAL FUND CAPITAL BUDGET 2015/16 -

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	TOTAL £'000
Culture,Sport,Leisure&Tourism						
Art Gallery - Refurbishment	4,032					4,032
Art Gallery - Refurbishment (HLF element)	498					498
Dylan Thomas Exhibition Refurbishment	57					57
Library Service	66					66
Sport Centres	176					176
Parks and playing fields	252					252
Mobile Street Sports Facility	98					98
Other Culture, Sport, Leisure & Tourism schemes	39					39
Economic Regeneration&Planning						
Waterfront: BEP Grants	4,033					4033
Waterfront: Boulevard LC to Strand	2,268					2268
Waterfront: Lower Oxford St Public Realm Imps	100					100
Waterfront: Waterfront Connections	56					56
Waterfront: Northern Quarter High St Public Realm	454					454
Waterfront: Gloucester Place Public Realm	300					300
Waterfront: Clarence Terrace former Bus Depot	209					209
Waterfront: Wayfinder works	123					123
Waterfront: Cycling Network Works	151					151
City Centre Major Redevelopment study	92					92
St Davids/Oldway Demo & St Davids car park	203					203
Regeneration Match Funding	47					47
Revelopment schemes	238					238
City Centre regeneration; St David's / Civic Centre	321					321
City Centre regeneration; St David's / Civic Centre (Funding and FPR7 report to be confirmed)		5,929				5929
Hafod/Morfa Copper Works Regeneration	79					79
Felindre Development	804					804
Environmental Services	2					2
Refurb Swansea Market	1,424					1424

GENERAL FUND CAPITAL BUDGET 2015/16 -

	2015/16	2016/17	2017/18	2018/19	2019/20	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Swansea Vale infrastructure/studies	227	613				840
Vibrant & Viable Places: Homes above Shops	626	400				1026
Vibrant & Viable Places: High St Regen Scheme	550					550
Vibrant & Viable Places: Property Grant	974	1,030				2004
Vibrant & Viable Places: Oceana purchase	838					838
Vibrant & Viable Places: Oceana demolition	1,258					1258
Vibrant & Viable Places: Llys Dewi Sant site	1,534					1534
Vibrant & Viable Places: Land Assembly City Centre	553					553
Vibrant & Viable Places: Westway gyratory	150	850				1000
Housing & Public Protection						
Housing						
DFG's -1996 Act	5,548	5,200	5,200	5,200	5,200	26348
Sandfields Renewal Area	3,722	400				4122
Emergency Repair Fund	262					262
Property Appreciation Loans	763					763
Grant For Noms	80					80
Comfort Safety & Security Grants (CSS)	37					37
Mini Adaptation Grants (MAG)	425					425
Houses into Homes Loans	1,580					1580
National Home Improvement Loans	860					860
Public Protection						
Air Quality Management Action Plan	1					1
Corporate Building						
Guildhall Refurb. Phase 5 (Brangwyn)	486					486
Guildhall Relocation Management costs	256					256
Accommodation Strategy	299					299
Upgrade Server Hardware	332					332
Heol Y Gors Office Refurbishment	190					190
Pipehouse Wharf Replacement	50	2,382				2,432
Capital Maintenance allocated	5,084					5,084

GENERAL FUND CAPITAL BUDGET 2015/16 -

	2015/16	2016/17	2017/18	2018/19	2019/20	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Maintenance unallocated		4,000	4,000	4,000	4,000	16,000
School Capital improvements		800				800
Capital creditors for 2014-15 paid in 2015-16	1,795					1,795
TOTAL FOR DIRECTOR OF PLACE	56,963	32,630	12,676	15,317	12,575	130,161

Agenda Item 11.

Report of the Section 151 Officer and Director of Place

Special Cabinet – 15 February 2016

HOUSING REVENUE ACCOUNT (HRA) REVENUE BUDGET 2016/17

Purpose:	This report proposes a Revenue Budget for 2016/17 and a rent increase for properties within the HRA.
Policy Framework:	None.
Reason for Decision:	To agree a revenue budget as indicated and a rent increase for 2016/17.
Consultation:	Cabinet Members, Finance, & Legal
Recommendations:	<p>The following budget proposals be recommended to Council for approval:</p> <p>a) Rents to be increased in line with the Welsh Government rent setting policy as detailed in section 4.</p> <p>b) Fees, charges and allowances are approved as outlined in section 4.</p> <p>c) The revenue budget proposals as detailed in section 4 are recommended to Council for approval.</p>
Report Author:	A. Dyer / D.Evans
Finance Officer:	A. Dyer
Legal Officer	T.Meredith
Access to Services Officer	Phil Couch

1. Introduction

1.1 The setting of the revenue budget has to take account of the following issues and factors:-

- the requirement to achieve the Welsh Housing Quality Standard (WHQS);
- future income and expenditure trends;
- increases in rent in line with the rent policy;
- the effect on tenants of rent increases;

1.2 The proposals in this report are based on the objective of maximising the resources available for investment in the housing stock to make progress in achieving the WHQS.

2. Projected Revenue Outturn 2015/16

- 2.1 An updated assessment of forecast spending in 2015/16 is subject to a separate report on this agenda. This forecasts an underspend of £0.45m; comprising an increase in fees for Capital Works (£0.2) plus a reduction in borrowing costs (£0.4m) due to the use of more Capital Receipts. These have been offset by a slight fall in rent income (£0.15m).

3. Housing Revenue Account Subsidy (HRAS) and HRAS settlement

- 3.1 In April 2015 the exit from the Housing Revenue Account Subsidy System (HRAS) took place. This ended the old system of negative subsidy payments and replaced it with a one off settlement debt of £73.6m.

4. Revenue Budget Proposals 2016/17

4.1 Overview

- 4.1.1 There is a projected surplus on the HRA next year of £19.9m. This surplus together with the planned use of reserves will contribute towards the capital programme which is planned to increase from an original programme in the current year of £49.3m to £55m next year. This increase is for further investment in WHQS and a provision has been made for the More Homes Programme.

- 4.1.2 The main changes from 2015/16 are an increase in capital charges as a result of the repayment of principal of the Housing Subsidy system settlement debt and the additional cost of borrowing to support achievement of the WHQS of £1.6m. The main changes to funding/income are an increase in rent and other income of £1.8m mainly arising from the proposed rent increases and an increase in the planned use of reserves of £1.6m to fund the proposed capital programme for 2016/17.

- 4.1.3 There have been some changes to the revenue repairs budget, comprising an increase in day-to-day, voids and general repairs of £0.35m and a reduction in painting and minor works of £0.29m. However, expenditure in minor works will now be funded through the Capital budget.

- 4.1.4 The main changes from the 2015/16 budget are shown in the following table:-

Item	£000
Increase in capital financing charges	1,600
Increase in revenue contribution to capital programme	1,600
Changes to Revenue Repairs Budget	60
1% pay award and impact of NI Contributions	150
Additional income including a 4.00% rent increase	-1,819
Increase in contribution from reserves	-1,591

4.2 Rent Income

- 4.2.1 The target average rent per week for Swansea provided by the Welsh Government under the rent setting policy which was introduced in April 2015 is set out in the following table. The WG figures are based on a 52 week period. However, the Council has traditionally charged rents over 50 weeks allowing two

weeks during the year when rent is not collected. The equivalent 50 week average is also provided.

	Lower Band (i.e. mid point – 5%)	Mid Point	Higher Band (i.e. mid point + 5%)
WG weekly figures (based on 52 weeks)	£78.75	£82.89	£87.03
50 week equivalent	£81.90	£86.21	£90.52

4.2.2 In February 2015, Council agreed to maximise the available rent income by using the full transitional increase allowable under the WG policy until such time that the upper band limit is reached.

4.2.3 After applying the national increase of 1.4% plus the full transitional increase, the average rent for 2016/17 will be £83.19 (based on 50 weeks). This is an average increase of £3.20 (4%) per week.

4.3 *Inflation*

Provision has been included in the budget for a 1% annual pay increase from April 2016. In addition, budgets have been amended to reflect changes in employer's contributions for National Insurance. Other budgets, in particular repairs and maintenance and utility costs have been based on the latest prices.

4.4 *Capital Financing Charges*

Additional Capital financing charges will arise in 2016/17 as a result of the HRAS settlement borrowing and additional borrowing to finance WHQS improvements.

4.5 *Fees, Charges and Allowances*

General fees, charges and allowances are increased in line with the agreed rent increase or in line with the inflation provision set out in 4.3 above. If the recommendations relating to the rent increase are approved then these rent related items will increase by 4% and other charges by 1%.

4.6 *Contributions to the Capital Programme*

The additional income and net reduction as a result of the elimination of the subsidy system enables a contribution of £19.9m to the capital programme. A further £5.8m from reserves will also be utilised in supporting the capital programme.

5. **Risks and Uncertainties**

5.1 The main risk and uncertainty for next year is the ongoing impact of welfare reform measures, such as the potential increase in number of tenants in receipt of universal credit on the level of income.

6. **Reserves**

6.1 The HRA balance at the start of this year was £17.1m and at the end of the current year it is estimated to be £13.2m. It is proposed that £5.8m is used next year to finance capital expenditure. The reserves position is detailed in Table B.

7. Equality Impact Assessments

- 7.1 Proposals for changing levels of funding in specific areas have been subject to a screening process. Service managers have considered the implications of proposed budgetary decisions and believe that the proposed budget protects the most vulnerable and will not disproportionately impact on protected groups. EIA Screening has been undertaken.

8 Legal Implications

- 8.1 Tenants will need to be notified of the proposed increase in accordance with the provisions of section 102 of the Housing Act 1985. Section 102 b) states that variation of the Rent shall be carried out in accordance with the provisions of the Tenancy Agreement. Section 2.6 of the Council's Tenancy Agreement states that Tenants must be given 4 weeks notice before any Rent change.

Appendix	Table A: Summarised HRA 2015/16 to 2016/17 Table B: Movement in Balances 2015/16 to 2016/17
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Background Papers: None
Contact Officers: Aimee Dyer, Principal Accountant, Tel 637435
Paul Lilley, Senior Finance and ICT Officer, Tel 635308

Table A: Summarised HRA 2015/16 to 2016/17

Classification	Budget 2015/16	Budget 2016/17
	£'000	£'000
<u>Expenditure</u>		
Management and Maintenance	28,163	28,360
Capital Charges	8,277	9,883
Revenue Funding for capital schemes	24,093	25,700
Negative subsidy	0	0
Total Expenditure	60,533	63,943
<u>Income</u>		
Rents and other income	56,343	58,162
Use of balances	4,190	5,781
Total Income	60,533	63,943

Table B: Movement in Balances 2015/16 to 2016/17

Description	£000's
Actual balance at 1 st April 2015	17,135
Budgeted use 2015/16	-4,190
Budgeted balance 31st March 2016	12,945
Forecast use 2015/16	-3,938
Forecast balance 31st March 2016	13,197
Budgeted use 2016/17	-5,781
Forecast balance 31st March 2017	7,416

Report of the Section 151 Officer and Director of Place

Special Cabinet – 15 February 2016

HOUSING REVENUE ACCOUNT - CAPITAL BUDGET & PROGRAMME 2015/16 – 2019/20

Purpose	This report proposes a revised capital budget for 2015/16 and a capital budget for 2016/17 – 2019/20
Policy Framework:	None
Reason for Decision:	To agree a revised capital budget for 2015/16 and a budget for 2016/17 – 2019/20
Consultation:	Legal, Finance & Access to Services
Recommendation(s):	It is recommended that: 1) The transfers between schemes and the revised budgets for schemes in 2015/16 are approved. 2) The budget proposals for 2016/17 – 2019/20 be approved. 3) That, where individual schemes in Appendix B are programmed over the 4 year period described in this report, then these are committed and approved and that their financial implications for funding over subsequent years are approved. 4) Authorisation is granted to officers to submit planning applications in relation to capital repair schemes on Council owned land where planning permission is considered necessary.
Report Author:	Mike Hawes / David Evans
Finance Officer:	Jeff Dong / Jayne James
Legal Officer:	T Meredith
Access to Services Officer	Phil Couch

1.0 Introduction

1.1 This report details:

- Revised Housing Revenue Account (HRA) capital expenditure and financing proposals in 2015/16
- HRA Capital expenditure and financing proposals in 2016/17 – 2019/20

1.2 The budget proposals are further detailed in appendices to this report as follows:

- Appendix A: Summary of the revised budget for 2015/16 and a budget for 2016/17 – 2019/20
- Appendix B: Detailed breakdown of the revised budget for 2015/16 and a budget for 2016/17 – 2019/20
- Appendix C: Scheme descriptions

2.0 Capital Budget 2015/16 – 2019/20

2.1 As outlined in report approved by Council on 2nd Dec 2014 entitled “Reform of the Housing Revenue Account Subsidy System” the Authority entered into a Voluntary Agreement to exit the HRA subsidy system. Exiting the HRA subsidy system required a cash settlement which was arranged with HM Treasury via formulae agreed in the Voluntary Agreement between the 11 local housing authorities and the Welsh Government. The final settlement figure for Swansea was £73.6m and was fully funded by additional borrowing at an average interest rate of 4.25%.

2.2 The total programme for this current year is £47.65m i.e. an original budget of £49.29m plus carryforward from 2014/15 of £2.33m plus additional works of £2.48m plus £0.4m from revenue less slippage into 2016/17 of £6.85m. Slippage from this current year into 2016/17 is principally to fund the refurbishment of highrise blocks of flats in the Sketty area. Total spending in this current year is projected to remain at £47.65m. Notwithstanding the high rise projects, the majority of all other projects are complete in 2015/16, although a small element of under spend may exist due to a range of reasons including retentions retained for the defects liability period and some under spends on completed projects. Any projects not currently complete will be completed within the early part of the 2016/2017 financial year. The anticipated spend against profile for 15/16 will be in the region of 97% of the overall budget and where under spend has occurred officers have mitigated these by bringing other priority work forward to compensate. Transfers and changes to the 2015/16 budget are reflected and detailed in appendix B.

3.0 2016/17 – 2019/20

3.1 The proposed four year capital programme and the priorities of the various schemes have been developed in line with the HRA Business Plan and reflect the results of a stock condition survey. In addition, the programme contributes towards the Council’s strategic aim of improving homes up to the Welsh Housing Quality Standard (WHQS) and provision has been made for the development of new council housing.

3.2 Schemes detailed in Appendix C contribute towards the key components of the Welsh Housing Quality Standard as follows:

In a Good State of Repair

Dwellings must be structurally stable; free from damp and disrepair with key building components being in good condition – roofs, walls, windows, doors and chimneys.

Safe and Secure

Dwellings should be free from risks that could cause serious harm and should be secure in key areas of the home. Heating and electrical systems to be up to date and safe; doors and windows to provide good levels of security; risk of falls from height to be prevented; fire safety measures to be in good condition and well designed.

Adequately Heated, Fuel Efficient and Well Insulated

Dwellings must be capable of being heated adequately by ensuring heating systems are fuel efficient and properties well insulated.

Contain Up to Date Kitchens and Bathrooms

Kitchen and bathroom facilities are to be relatively modern and in good condition; sufficient to meet the needs of the household and well laid out to prevent accidents.

Located in Attractive and Safe Environments

Homes should be located in environments that residents can relate to and in which they are proud to live. Improvements will be required to ensure areas within the curtilage of properties are safe and communal areas and the wider shared environment is safe and attractive.

Suit the Specific Requirements of the Household

The requirement is that homes meet the necessary requirements for their occupants in terms of room sizes, ensuring necessary facilities such as kitchens and bathrooms are sufficient and where required, adaptations are undertaken for persons with disabilities.

- 3.3 The More Homes Strategy for providing new Council housing is currently being developed and pilot schemes to help inform the longer term plan are progressing. Indicative expenditure of £2m per year up to 2019/20 has been included in the programme.

4.0 Financing of HRA Capital Budget 2015/16 - 2019/20

- 4.1 The attached capital budget proposals will be funded by Major Repair Allowance (MRA) grant, revenue contributions, borrowing and capital receipts. Details are set out in Appendix A.

5.0 Risks

- 5.1 The risks to the 4 year programme are similar to those set out in the HRA Revenue report. In particular, the level of MRA grant, future rent increases (which are determined by WG) and the potential effect of Welfare Reform on levels of income.

6.0 Equality and Engagement Implications

- 6.1 Tenants and leaseholders have been engaged as part of the Council's Tenant Participation Strategy. There are no equality implications associated with the recommendations of this report, since this deals with the financial aspects of agreeing a budget for the scheme. Individual projects will take account of specific equality issues. EIA Screening has been undertaken.

7.0 Legal Implications

7.1 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.

8.0 Financial Implications

8.1 Expenditure is ring fenced to the HRA and will be fully funded by MRA grant from WG, revenue contributions from the Housing Revenue Account, HRA Capital Receipts and HRA borrowing. There are no financial implications for the Council General Fund.

8.2 Additional borrowing of £71.455 million will be required to fund the WHQS and new build programmes up to 2019/20.

Background Papers

None

Appendices

Appendix A: Transfers and changes to the original 2015/16 programme

Appendix B: A detailed breakdown of the revised budget for 2015/16 and a budget for 2016/17 – 2019/20

Appendix C: Scheme descriptions

Contact Officers: Mike Hawes / David Evans

☎ 01792 636423 / 635795

File Reference – HRA Capital Budget Report 2016

Summary of HRA Capital Budget and Programme 2014/15 to 2018/19						
	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£'000	£'000	£'000	£'000	£'000	£'000
HRA Subsidy Reform	73,580					73,580
Good State of Repair						
Wind and weatherproofing	5,297	6,450	3,630	1,650	2,050	19,077
System built houses and highrise Blocks	20,129	15,493	5,640	8,450	12,420	62,132
Roofing	1,868	2,582	2,980	300	900	8,630
Windows, doors and general repairs	2,140	861	970	500	800	5,271
Safe and Secure						
Fire Safety	1,045	1,106	500	250	100	3,001
Electrical Rewiring	1,809	2,069	1,700	1,320	1,620	8,518
Passenger Lifts		120			300	420
Adequately Heated, Fuel Efficient & Well Insulated						
Heating Systems	2,410	2,270	2,050	1,930	1,850	10,510
Energy Efficiency and Grant Support	171	572	430	350	400	1,923
Contain Up to Date Kitchens and Bathrooms						
Kitchens and Bathrooms	9,368	14,680	14,650	16,650	17,150	72,498
Located in Attractive and Safe Environments						
Environment - Within the Curtilage	637	3,047	5,700	5,550	6,660	21,594
Estate Based Environment	221	800	2,500	2,800	3,000	9,321
Meeting Requirements of the Household						
Adaptations	2,553	2,950	2,750	2,750	2,750	13,753
More Homes		2,000	2,000	2,000	2,000	8,000
Total	121,228	55,000	45,500	44,500	52,000	318,228

Appendix A cont.

Financed By:	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Major Repairs Allowance	9,100	9,100	9,100	9,100	9,100	45,500
Contribution from the HRA and HRA reserves	24,093	25,700	21,200	22,200	23,700	116,893
Borrowing for WHQS	4,455	20,000	15,000	13,000	19,000	71,455
Other Grants		200	200	200	200	800
HRA Capital Receipts	10,000					10,000
Sub Total	47,648	55,000	45,500	44,500	52,000	244,648
Borrowing to Support the HRA Subsidy Exit	73,580					73,580
Total	121,228	55,000	45,500	44,500	52,000	318,228

Appendix B

HRA CAPITAL PROGRAMME	2015/16 to 2019/20						
	2015/16 Original £'000	2015/16 Revised £'000	2016/17 Original £'000	2017/18 Original £'000	2018/19 Original £'000	2019/20 Original £'000	TOTAL £'000
Good State of Repair							
Wind & Weatherproofing, Mayhill and Townhill Scheme 1	1,000	809	950				1,759
Wind & Weatherproofing, Mayhill and Townhill Scheme 2	1,000	915	750				1,665
Wind & Weatherproofing, Mayhill and Townhill Scheme 3			750	400			1,150
Wind & Weatherproofing, Penlan Scheme 1	1,000	923	900	550			2,373
Wind & Weatherproofing, Penlan Scheme 2	1,000	933					933
Wind & Weatherproofing, Llanllienwen	1,850	1,110	1,684				2,794
Wind & Weatherproofing, Clydach						700	700
Wind & Weatherproofing, McRitchie Place			450	600			1,050
Wind & Weatherproofing, West Cross			940	980	950	900	3,770
Wind & Weatherproofing, Loughor				500	500		1,000
Wind & Weatherproofing, Penllergaer					200		200
Wind & Weatherproofing, Cwmbwrla				600			600
Wind & Weatherproofing, Blaenymaes (Woodford Road)						450	450
Wind & Weatherproofing, Heol Gwyrosydd 11/12		1					1
Wind & Weatherproofing, New Street Flats 12/13	21	20					20
Wind & Weatherproofing, Weig Gardens 13/14		14					14
Wind & Weatherproofing, Blaenymaes Future Years 13/14		12					12
Wind & Weatherproofing, Winch Wen Future Years 13/14	31	31					31

SCHEME/PROJECT	2015/16 Original £'000	2015/16 Revised £'000	2016/17 Original £'000	2017/18 Original £'000	2018/19 Original £'000	2019/20 Original £'000	TOTAL £'000
Good State of Repair continued							
Wind & Weatherproofing, Gelli Gardens 13/14		13					13
Wind & Weatherproofing, West Cross 13/14	11	32					32
Wind & Weatherproofing, Waun Wen	490	484	26				510
Airey and Traditional Built Properties, Felindre						220	220
Resiform and Traditional Built Properties, Craig Cefn Parc				300	300		600
British Iron & Steel Federation (BISFs) Houses West Cross				1,300	1,300	0	2,600
British Iron & Steel Federation (BISFs) Houses Gendros		1					1
British Iron & Steel Federation (BISFs) Houses Penlan Phase 5	32	19					19
British Iron & Steel Federation (BISFs) Houses Gendros 13/14	29	32					32
British Iron & Steel Federation (BISFs) Houses Waunarlyydd	53	50	26				76
British Iron & Steel Federation (BISFs) Houses Gendros 14/15	1,503	1,000	52				1,052
PRC Orlit Houses Design/Surveys	8	85					85
Wimpey No Fines (WNFs) Properties, Waunarlyydd						1,000	1,000
Wimpey No Fines (WNFs) Properties, Caemawr	882	847	884	700			2,431
Trusteel Houses, Penllergaer	450	433	415				848
Easiform Properties, Winch Wen				800	1,000	1,200	3,000
Easiform & Traditional Properties, Sketty			370	640	500		1,510
Easiform & Wimpey No Fines Properties, Clase					900	1,250	2,150
Easiform Properties, Birchgrove					750	750	1,500
Highrise Flats, Dyfatty				400	3,700	8,000	12,100
Highrise Flats, Matthew Street	7,154	8,261	2,800	600			11,661
Highrise Flats, Clyne & Jeffreys Court	13,463	9,401	10,946	900			21,247

SCHEME/PROJECT	2015/16 Original £'000	2015/16 Revised £'000	2016/17 Original £'000	2017/18 Original £'000	2018/19 Original £'000	2019/20 Original £'000	TOTAL £'000
Good State of Repair continued							
Chimney Repairs	153	169	541	400	300	300	1,710
Pitched Roof Renewal, Blaenymaes	450	901	823	800			2,524
Pitched Roof Renewal, Clase	421	72	600				672
Pitched Roof Renewal, Sketty (3 Storey Flats)			200	20			220
Pitched Roof Renewal, Clay Roofs Townhill				300			300
Pitched Roof Renewal, Penlan			400				400
Pitched Roof Renewal, Three Crosses & Llangennith				160			160
Pitched Roof Renewal, Penyrheol						400	400
Pitched Roof Renewal, Pantycelyn Road 13/14		8					8
Pitched Roof Renewal, Hawthorne Avenue 13/14	7	7					7
Pitched Roof Renewal, Cae Conna/B'maes	7	6					6
Pitched Roof Renewal, Penlan Flats	500	198	5				203
Pitched Roof Renewal, Gendros 15/16	500	309	7				316
Pitched Roof Renewal, William Street Area, Pontardulais	35						0
Pitched Roof Renewal, Clase Area 41	120	106	4				110
Flat Roof Renewal, Various						200	200
Flat Roof Renewal, High Street				400			400
Flat Roof & Window Renewal Rheidol Court				900			900
Flat Roof Renewal Chris Thomas House	200	92	2				94

SCHEME/PROJECT	2015/16 Original £'000	2015/16 Revised £'000	2016/17 Original £'000	2017/18 Original £'000	2018/19 Original £'000	2019/20 Original £'000	TOTAL £'000
Good State of Repair continued							
Balcony Repairs	100	179	161	200	150	0	690
Door Renewal Programme		9	300				309
PVC Rainwater Goods & Weatherboards		1,194					1,194
Door Renewal Prog 14/15-Sketty/Gorseinon/Pontardulais		5					5
Door Renewal Penlan/Blaenymaes15/16	120	100					100
Door Renewal Morryston15/16	90	15					15
Door Renewal Clydach15/16	50	5					5
Door Renewal Gorseinon & Gowerton15/16	90	15					15
Door Renewal Gower15/16	25	1					1
Door Renewal Townhill & Sketty15/16	90	10					10
Door Renewal Port Tennant & Town Centre15/16	35	42					42
Fire Doors Individual High rise Blocks		1					1
Window Renewal, Various	30	30		370			400
Structural Repairs, 13/14		2					2
Structural Repairs 14/15	250	482	300	300	250	750	2,082
Drainage Repairs and Improvements	50	50	50	50	50	50	250
Repairs to District Housing Offices – Various			50	50	50		150
Safe and Secure							
General Fire Safety and Risk Reduction – Various Locations	342	383	245	50	50		728
Smoke and Carbon Monoxide Detectors	200	55	100	100	100	100	455
Fire Safety Sprinkler Systems - Sheltered Complexes	429	430	361	350	100		1,241
Fire Separation Between Kitchens & Stairs	50	50	200				250
Fire Safety Separation Between Flats	150	127	200				327

SCHEME/PROJECT	2015/16 Original	2015/16 Revised £'000	2016/17 Original £'000	2017/18 Original £'000	2018/19 Original £'000	2019/20 Original £'000	TOTAL £'000
Safe and Secure continued							
Electrical Rewiring Contingency	50	50	50	50	20	20	190
Electrical Rewiring Penlan 103 Dwellings		1					1
Electrical Rewiring Unallocated 13/14		11					11
Electrical Rewiring	400	295	550	500	500	900	2,745
Kitchen & Bathroom - Electrical Rewiring	500	500	1,000	700	600	700	3,500
Electrical Rewiring 14/15 Eastside Contract 1	3	70	3				73
Electrical Rewiring 14/15 Eastside Contract 2	3	74	3				77
Electrical Rewiring 14/15 Penlan Contract 3	3	28	3				31
Electrical Rewiring 14/15 Penlan Contract 4	3	111	3				114
Electrical Rewiring 14/15 Townhill Contract 5	3	42	3				45
Electrical Rewiring & Emergency Lighting Communal Blocks	240	627	454	450	200		1,731
Passenger Lift Survey and Provision – Various Locations			120			300	420
Adequately Heated and Fuel Efficient							
Boiler Replacement	2,000	2,356	2,000	2,000	1,880	1,800	10,036
Boiler Replacement - Contingency	50	3					3
Kitchen & Bathroom - Boiler Renewal	50	50	270	50	50	50	470
Boiler Replacement 13/14		1					1
Loft Insulation	75	75	50	100	150	200	575
Heating Upgrades	50	61	50	50	50	50	261
Energy Efficiency & Energy Grant Support	250	35	472	280	150	150	1,087

SCHEME/PROJECT	2015/16 Original	2015/16 Revised £'000	2016/17 Original £'000	2017/18 Original £'000	2018/19 Original £'000	2019/20 Original £'000	TOTAL £'000
Up-to-Date Kitchens and Bathrooms							
Kitchen & Bathroom Renewal	7,412	8,891	14,530	14,500	16,500	17,000	71,421
Kitchen & Bathroom Renewal Historical	0	426					426
Kitchen & Bathroom Renewal Contingency 15/16	50	50	150	150	150	150	650
Kitchen & Bathroom - Contingency Historical		1					1
Located in Safe Attractive Environment							
Environment - Within the Curtilage							
External and Communal Facilities Scheme	520	394	2,599	5,300	5,300	6,500	20,093
External Facilities Contingency	50	50	50	50	50	50	250
Fencing/Walls/Hard Standings Contingency		5					5
Fencing/Walls/Hard Standings		1					1
Paths, Steps, H & S Rating System	37	2					2
Resurfacing Communal Areas/Walkways	0	3					3
Meter Boxes Various Sites	0	5					5
Voice Entry Systems	103	177	398	350	200	110	1,235
Environment - Estate Based							
General Environmental Schemes	220	220	800	2,500	2,800	3,000	9,320
General Environmental Schemes - Historical		1					1

SCHEME/PROJECT	2015/16 Original	2015/16 Revised £'000	2016/17 Original £'000	2017/18 Original £'000	2018/19 Original £'000	2019/20 Original £'000	TOTAL £'000
Located in Safe Attractive Environment							
Meeting the Needs of the Household							
Adaptations - adjustment		1					1
Adaptations 11/12		2					2
Adaptations Internal	2,000	2,000	2,000	2,000	2,000	2,000	10,000
Adaptations External	750	550	950	750	750	750	3,750
More Homes							
More Homes			2,000	2,000	2,000	2,000	8,000
Total	49,293	47,648	55,000	45,500	44,500	52,000	244,648

HRA 4 Year Capital Programme

Scheme Description

Good State of Repair

Wind and Weatherproofing

Wind and Weatherproofing - will repair and upgrade the external fabric to maintain structural integrity, improve weather protection and thermal efficiency. Work typically includes renewing roofs and rainwater goods, wall tie renewal, application of external wall insulation and where required new front and back doors, repairs to paths, steps, handrails, fencing and facilities within the curtilage of the home where necessary. In some instances, improvements to fire safety may be undertaken also. These contracts will operate over the period of this four year programme. Schemes may be subject to planning permission requirements and officers will submit planning applications as necessary.

Airey Properties

Airey properties are of a concrete panel type construction and were built in the early 1950s. Work will include renewing roofs and rainwater goods, repairs to the structure, wall insulation and where required new front and back doors, repairs to paths, steps, handrails, fencing and facilities within the curtilage of the home where necessary. In some instances, improvements to fire safety may be undertaken also. The repair scheme will secure the long term structural integrity of the properties, improve weather protection and increase the thermal efficiency of the dwellings. Due to location of these properties means they are off the mains gas grid. Subject to costs, the scheme may include renewable energy systems as part for the project. This scheme may operate over a single financial period and may be subject to planning permission requirements and officers will submit planning applications as necessary.

Resiform Properties

Resiform properties are of a timber frame and fiberglass panel type construction and were built in the 1970s. Work will include renewing roofs and rainwater goods, repairs to the structure, application of external wall insulation and where required new front and back doors, repairs to paths, steps, handrails, fencing and facilities within the curtilage of the home where necessary. In some instances, improvements to fire safety may be undertaken also. The repair scheme will secure the long term structural integrity of the properties, improve weather protection and increase the thermal efficiency of the dwellings. Subject to costs and the availability of energy saving grants, the scheme may include renewable energy systems as part for the project. This scheme may operate over a single financial period and may be subject to planning permission requirements and officers will submit planning applications as necessary.

British Iron & Steel Federation (BISFs) Houses

BISF houses are of a steel frame construction built in the 1950s. The scheme is designed to repair and maintain the structural integrity, improve thermal efficiency, weather protection and improve the main facilities within the home and, where necessary in the garden. The specification of work includes roof renewal, insulated render system and door renewal, boiler replacement, electrical rewiring, kitchens and bathrooms and where required repairs to paths, steps, handrails, fencing and facilities within the curtilage of each home. Schemes may be subject to planning permission requirements and officers will submit planning applications as necessary.

Wimpey No Fines Houses

Wimpey No Fines are properties built with solid concrete walls and the repair scheme will address structural cracking where present and will include application of insulated render to improve thermal efficiency and weather protection, roof covering and door renewal. Where required, repairs to paths, steps, handrails, fencing and facilities within the curtilage of each home may be undertaken. Schemes may be subject to planning permission requirements and officers will submit planning applications as necessary.

Trusteel Houses, Penllergaer

Trusteel houses are of a steel frame construction, the scheme will repair the frame and upgrade the external wall covering to increase weather protection and thermal insulation. The refurbishment scheme may be subject to planning permission requirements and officers will submit planning applications as necessary.

Easiform Properties

Easiform properties are typically a poured concrete construction built in the 1950s and 1960s. The scheme will secure the long term structural integrity of the properties, improve the weather protection and particularly improve the thermal efficiency of the properties. The scope of work will include roof repairs, wall repairs and insulation, improvement to balconies where present and minor upgrades to fire safety where required. Where necessary, the scheme will include repairs to paths, steps, handrails, fencing and facilities within the curtilage of each home. Schemes may be subject to planning permission requirements and officers will submit planning applications as necessary.

Refurbishment of Highrise Flats

The Council's high rise blocks were all built in the early 1960s and now require repairs to ensure their continued use over the long term. The schemes will protect the structures of the blocks; improve their weather resistance, thermal efficiency and their fire safety. The flats will also receive improvements to internal facilities for individual homes as well as communal areas.

For individual flats, the schemes will provide new kitchens and bathrooms including associated work and improved kitchen layout. Electrical rewiring will be renewed where required, improvements to heating systems, integrated television reception systems, new door entry systems and upgrades to fire safety will also be included. Where feasible, redundant storage areas will be converted to provide new additional units of accommodation.

Externally, the work will include a new roof, balcony rails, repairs to balcony slabs, insulated cladding across the walls, new double glazed windows, upgrades to fire protection, revised CCTV systems where required, improved entrances, renewal of the communal electrical wiring and lighting, improvements to fire safety measures, improvements to the decoration, new flooring in communal areas where agreed with residents.

The local environment will receive upgrades to CCTV systems, upgrades to paths and immediate areas of hard and soft landscaping, and improvements to the immediate HRA owned environment. Additional resident parking will be provided where required and achievable.

The projects are expected to take over three years to complete and will run across the full time scale of this reporting period. Schemes will be subject to planning permission requirements and officers will submit planning applications as necessary.

Chimney Repairs

Where chimneys are in poor condition, work will involve repairing, rebuilding or taking away the chimney if it is no longer required. The work will prevent damp and minimise repairs for the response repair service and will be an ongoing scheme over the four year reporting period.

Pitched Roof Renewal and Flat Roof Renewal

Pitched and flat roof renewal includes repairing the roof structure and chimneys, providing insulation where required and replacing the roof covering to ensure long term weather protection. Contracts are expected to run over the period of this four year programme.

Window Renewal

Replacement of windows which are at the end of their useful life or require upgrading, the new units will improve thermal efficiency and security.

Balcony Repairs

Balconies will be repaired and improved to ensure they remain in good condition and safe to use. Repairs will include new balcony rails, repairs to the balcony slabs and floor surface. This scheme is expected to run across three financial years

Door Renewal - Various locations

Doors will be renewed with Composite type units or fire doors with secure locks and hinges. The doors will improve weather protection, security, thermal efficiency and fire safety.

PVC Rainwater Goods & Weatherboards

Rainwater guttering and downpipes, fascia boards, soffits and bargeboards will be renewed to ensure these items remain in a good state of repair.

Structural Repairs

Structural Repairs will treat retaining wall failure or disrepair, subsidence cases, and other structural elements that are considered to be in need of repair or renewal.

Drainage and drainage protection

Where existing drainage is in disrepair or in need of upgrading or there is a need to address changes in demand, the scheme will look to improve selected sites and may include amongst other items: new systems, alternative or new layouts and/or expansion of current systems.

Repairs to District Housing Offices – Various

The scheme is to carry out large repairs and renewal to District Housing Offices where required. The work will include various items relating to the structure and facilities such as new windows and roof repairs.

Safe and Secure

General Fire Safety and Risk Reduction – Various Locations

A range of fire safety and risk reduction measures will be undertaken to homes across the City & County of Swansea. Work will be varied but likely to include the provision of up-to-date fire safety signage and other communication methods, upgrading fire stopping materials, minor changes to layout and access routes, safety improvements to communal stairs, fire barriers and improvements to fire warning systems.

Smoke Alarms and Carbon Monoxide Detectors Renewal

Hard wired smoke alarms and carbon monoxide detectors in homes are renewed to ensure uninterrupted service. The project will be ongoing and will run over the period of this four year programme.

Fire Safety - Sprinkler Systems to Sheltered Complexes

The scheme will install a sprinkler system to the flats and communal areas of sheltered complexes. The aim is to improve the fire safety for the residents within sheltered accommodation.

Fire Protection: Kitchen and Stair Separation - Various

The scheme will involve altering and improving the internal layout in homes to ensure there is safe separation between the staircases and the kitchen area. The outcome will improve fire safety.

Fire Separation between Flats - Various

The scheme will upgrade the fire and sound separation between ground and first floor flats where the separation is currently made up of timber joists. The outcome will improve fire safety and sound insulation between the flats.

Electrical Rewiring Contingency – Various Locations

Properties will be rewired where an electrical inspection has identified that this is necessary.

Electrical Rewiring – Various Locations

Homes with electrical installations that are approximately 30 years will be rewired as part of a planned scheme. The project will be a long term contract and will run over the period of this four year programme.

Electrical Rewiring Communal Blocks and Emergency Lighting – Communal Areas

Blocks of flats with communal areas will be rewired where the existing installations are approximately 30 years old or where an electrical inspection has identified that this is required. The scope of the work will include the provision of new emergency lighting. This contract will operate over the period of this four year programme.

Passenger Lift Survey and Provision – Various Locations

The Housing Service has responsibility for passenger lifts within its block of flats and sheltered accommodation. The investment is to meet the cost of an assessment and undertake renewal to passenger lifts where there are defects or at the end of their useful life to ensure continued safe and long term provision. Various Locations will be affected.

Adequately Heated

Boiler Replacement – Various Locations

Heating systems will be renewed as part of a long term programme aimed at improving efficiency and reliability. This contract is ongoing and will run over the period of this four year programme.

Heating Upgrades – Various Locations

The scheme is designed to provide fuel switching to council homes e.g. coal to gas, storage heaters to gas etc. as well as provide minor improvements to heating systems including time clocks and room thermostats. This contract will operate over the period of this four year programme.

Loft Insulation

The scheme will improve loft insulation levels in council homes with the aim of improving thermal efficiency of homes across Swansea. This contract will operate over the period of this four year programme.

Energy Efficiency Measures and Energy Grant Support – Various

This investment is to meet the costs directly and/or support grants for measures that contribute towards improving thermal efficiency in council homes. Work may include Solar Photovoltaics, Solar Hot water, insulation measures or other emerging energy saving technology / application to homes and which can provide a benefit to council tenants. The work will be ongoing and is expected to run over the period of this four year programme.

Kitchen and Bathroom Renewal

Kitchen and Bathroom Renewal

The investment will be to improve the internal living facilities, making these more safe and useable. Work will include alterations to electrical wiring, renewing food preparation surfaces, storage and cooking areas, minor kitchen layout alterations, flooring, decorative finishes including tiling and renewal of sanitary facilities. Where required the scheme will include general improvements to the home to enable kitchens and bathrooms to be improved, for example damp treatment, floor slab repairs/renewal or structural alteration to improve space and circulation within the home. Contracts will operate over the period of this four year programme.

Kitchen and Bathroom – Electrical Rewires and Boilers

The investment is to renew central heating boilers and domestic wiring as part of the kitchen and bathroom programme. Contracts will operate over the period of this four year programme.

Kitchen and Bathroom Renewal Contingency

The investment will be to renew kitchens and bathrooms where additional investment is required to empty homes in order to make ready for letting.

Located in Safe/Attractive Environments

Environment - Within the Curtilage

External and Communal Facilities (Including Fencing/Walls/Hardstanding & Paths)

The scheme will undertake repairs and improvements to the external facilities within the curtilage of homes to ensure they are safe and reasonably practicable areas. Garden and storage areas can vary considerably from property to property and therefore the work will be tailored to the needs of individual homes, but will broadly include the repair or renewal of meter box covers, fencing and boundary walls, walls within the curtilage, paths, steps, handrails, external viable storage facilities, drying facilities, clearance where necessary or lighting to communal areas. In some cases communal areas to flats will have minor repairs and improvements with the same aim of ensuring they are safe and practicable areas.

External Facilities Contingency

The budget is treat the external facilities to those homes scheduled for this work but which have become empty and require significant level of repair in order to make ready for letting. The aim is to improve home safety and security.

Environment – Estate Based

Environment – General

The scheme is to improve areas belonging to the Housing Service which are outside the curtilage of individuals' homes. The schemes will be based on consultation exercises with stakeholders as well as repairs necessary for the Housing Service to discharge its duties as the asset holder.

Meeting Requirements of the Household

Adaptations

This funding is for alterations and improvements to council homes for tenants with medical conditions or disabilities. This contract is ongoing and will operate over the period of this four year programme.

More Homes

More Homes

The investment will be to fund either directly or support council house building in Swansea. The scope of work is likely to include all preparatory work associated with constructing homes and estates including site acquisition, investigations, professional fees, construction, works associated with new estates such as highways, street lighting, drainage. Schemes may be subject to planning permission requirements and officers will submit planning applications as necessary.

Agenda Item 13.

Report of the Head of Legal & Democratic Services

Special Cabinet – 15 February 2016

EXCLUSION OF THE PUBLIC

Purpose:	To consider whether the Public should be excluded from the following items of business.	
Policy Framework:	None.	
Reason for Decision:	To comply with legislation.	
Consultation:	Legal.	
Recommendation(s):	It is recommended that:	
1)	The public be excluded from the meeting during consideration of the following item(s) of business on the grounds that it / they involve(s) the likely disclosure of exempt information as set out in the Paragraphs listed below of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007 subject to the Public Interest Test (where appropriate) being applied.	
	Item No.	Relevant Paragraphs in Schedule 12A
	14	14
Report Author:	Democratic Services	
Finance Officer:	Not Applicable	
Legal Officer:	Patrick Arran – Head of Legal & Democratic Services (Monitoring Officer)	

1. Introduction

- 1.1 Section 100A (4) of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007, allows a Principal Council to pass a resolution excluding the public from a meeting during an item of business.
- 1.2 Such a resolution is dependant on whether it is likely, in view of the nature of the business to be transacted or the nature of the proceedings that if members of the public were present during that item there would be disclosure to them of exempt information, as defined in section 100I of the Local Government Act 1972.

2. Exclusion of the Public / Public Interest Test

- 2.1 In order to comply with the above mentioned legislation, Cabinet will be requested to exclude the public from the meeting during consideration of the item(s) of business identified in the recommendation(s) to the report on the grounds that it / they involve(s) the likely disclosure of exempt information as set out in the Exclusion Paragraphs of Schedule 12A of the Local Government

Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.

- 2.2 Information which falls within paragraphs 12 to 15, 17 and 18 of Schedule 12A of the Local Government Act 1972 as amended is exempt information if and so long as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
- 2.3 The specific Exclusion Paragraphs and the Public Interest Tests to be applied are listed in **Appendix A**.
- 2.4 Where paragraph 16 of the Schedule 12A applies there is no public interest test. Councillors are able to consider whether they wish to waive their legal privilege in the information, however, given that this may place the Council in a position of risk, it is not something that should be done as a matter of routine.

3. Financial Implications

- 3.1 There are no financial implications associated with this report.

4. Legal Implications

- 4.1 The legislative provisions are set out in the report.
- 4.2 Councillors must consider with regard to each item of business set out in paragraph 2 of this report the following matters:
 - 4.2.1 Whether in relation to that item of business the information is capable of being exempt information, because it falls into one of the paragraphs set out in Schedule 12A of the Local Government Act 1972 as amended and reproduced in Appendix A to this report.
 - 4.2.2 If the information does fall within one or more of paragraphs 12 to 15, 17 and 18 of Schedule 12A of the Local Government Act 1972 as amended, the public interest test as set out in paragraph 2.2 of this report.
 - 4.2.3 If the information falls within paragraph 16 of Schedule 12A of the Local Government Act 1972 in considering whether to exclude the public members are not required to apply the public interest test but must consider whether they wish to waive their privilege in relation to that item for any reason.

Background Papers: None.

Appendices: Appendix A – Public Interest Test.

Public Interest Test

No.	Relevant Paragraphs in Schedule 12A
12	Information relating to a particular individual.
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 12 should apply. His view on the public interest test was that to make this information public would disclose personal data relating to an individual in contravention of the principles of the Data Protection Act. Because of this and since there did not appear to be an overwhelming public interest in requiring the disclosure of personal data he felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>
13	Information which is likely to reveal the identity of an individual.
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 13 should apply. His view on the public interest test was that the individual involved was entitled to privacy and that there was no overriding public interest which required the disclosure of the individual's identity. On that basis he felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>
14	Information relating to the financial or business affairs of any particular person (including the authority holding that information).
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 14 should apply. His view on the public interest test was that:</p> <p>a) Whilst he was mindful of the need to ensure the transparency and accountability of public authority for decisions taken by them in relation to the spending of public money, the right of a third party to the privacy of their financial / business affairs outweighed the need for that information to be made public; or</p> <p>b) Disclosure of the information would give an unfair advantage to tenderers for commercial contracts.</p> <p>This information is not affected by any other statutory provision which requires the information to be publicly registered.</p> <p>On that basis he felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>

No.	Relevant Paragraphs in Schedule 12A
15	<p>Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.</p>
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 15 should apply. His view on the public interest test was that whilst he is mindful of the need to ensure that transparency and accountability of public authority for decisions taken by them he was satisfied that in this case disclosure of the information would prejudice the discussion in relation to labour relations to the disadvantage of the authority and inhabitants of its area. On that basis he felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>
16	<p>Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.</p>
	<p>No public interest test.</p>
17	<p>Information which reveals that the authority proposes: (a) To give under any enactment a notice under or by virtue of which requirements are imposed on a person; or (b) To make an order or direction under any enactment.</p>
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 17 should apply. His view on the public interest test was that the authority's statutory powers could be rendered ineffective or less effective were there to be advanced knowledge of its intention/the proper exercise of the Council's statutory power could be prejudiced by the public discussion or speculation on the matter to the detriment of the authority and the inhabitants of its area. On that basis he felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>
18	<p>Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime</p>
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 18 should apply. His view on the public interest test was that the authority's statutory powers could be rendered ineffective or less effective were there to be advanced knowledge of its intention/the proper exercise of the Council's statutory power could be prejudiced by public discussion or speculation on the matter to the detriment of the authority and the inhabitants of its area. On that basis he felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>

Agenda Item 14.

By virtue of paragraph(s) 14 of Schedule 12A
of the Local Government Act 1972
as amended by the Local Government (Access to
Information) (Variation) (Wales) Order 2007.

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