

DINAS A SIR ABERTAWE

HYSBYSIAD O GYFARFOD

Fe'ch gwahoddir i gyfarfod

Y CABINET

Lleoliad: Siambr y Cyngor, Neuadd y Ddinas, Abertawe

Dyddiad: Dydd Iau, 9 Chwefror 2017

Amser: 4.00 pm

Cadeirydd: Cyngorydd Rob Stewart

Aelodaeth:

Cynghorwyr: M C Child, W Evans, R Francis-Davies, J E C Harris, D H Hopkins, A S Lewis, C E Lloyd, J A Raynor a/ac C Richards

Mae croeso i chi ddefnyddio'r Gymraeg. Os dymunwch ddefnyddio'r Gymraeg, rhowch wybod i ni erbyn canol dydd ar y diwrnod gwaith cyn y cyfarfod.

AGENDA

Rhif y Dudalen.

1. Ymddiheuriadau am absenoldeb.
2. Datgeliadau o fuddiannau personol a rhagfarnol.
www.abertawe.gov.uk/DatgeliadauBuddiannau
3. Adroddiad(au) Arweinydd y Cyngor.
4. Cwestiynau gan y cyhoedd.
5. Hawl i holi cynghorwyr.
6. Adborth ar graffu cyn penderfynu ar y gyllideb flynyddol (llafar).
7. Monitro Cyllid a Chyllideb Cyfalaf 3ydd Chwarter 2016/17. 1 - 18
8. Cynllunio Ariannol Tymor Canolig 2018/19 - 2020/21. 19 - 44
9. Cyllideb Refeniw 2017/18. 45 - 112
10. Cyllideb a Rhaglen Gyfalaf 2017/18 - 2020/21. 113 - 129
11. Cyllideb Refeniw Cyfrif Refeniw Tai (CRT) 2017/18. 130 - 134
12. Cyllideb a Rhaglen Gyfalaf Cyfrif Refeniw Tai 2017/18 - 2020/21. 135 - 151

Cyfarfod Nesaf: Dydd Iau, 16 Chwefror 2017 ar 5.00 pm

Huw Evans

Huw Evans

Pennaeth Gwasanaethau Democrataidd

Dydd Mercher, 1 Chwefror 2017

Cyswllt: Gwasanaethau Democrataidd - Ffon: (01792) 636923

Agenda Item 7.

Report of the Cabinet Member for Finance and Delivery

Cabinet - 9 February 2017

REVENUE AND CAPITAL BUDGET 3rd QUARTER REPORT 2016/17

Purpose:	To report on financial position of the Council re 2016/17 revenue and capital budgets, including the delivery of budget savings.
Policy Framework:	Budget 2016/17 Sustainable Swansea –fit for the future
Reason for Decision:	To note any significant variations from the agreed budget 2016/17 and savings plan and the actions planned 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:	Ben Smith
Finance Officer:	Ben Smith
Legal Officer:	Tracey Meredith
Access to Services Officer:	Phil Couch

1. Background and Introduction

1.1 This report details forecast variations from the agreed budget for 2016/17, including the latest assessment of the delivery of savings.

1.2 In respect of Revenue Budgets, this report provides a consolidated forecast which combines:

- projected variations (mainly shortfalls) in relation to budget savings agreed by Council in February and March 2016
- Variations arising from other service pressures not directly linked to specific savings plans (e.g. increased demand)

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 December 2016 Position

2.1 Appendix 'A' to this report details the approved Revenue Budget for 2016/17 and the forecast variation at this time.

2.2 Other than projected variations on Directorate expenditure, there are other variations that can arise on corporate items and assumed savings on capital financing items have now been explicitly included in this third quarter forecast. It is still too early to forecast any variations that may arise on other items including the level of Council Tax collection (and potential surplus) which will be declared at outturn.

2.3 The overall Directorate position is summarised below:-

DIRECTORATE

	FORECAST VARIATION 2016/17 £000	SAVINGS VARIATION 2016/17 £000	OTHER VARIATION 2016/17 £000
CORPORATE SERVICES	1,665	1,880	-215
PEOPLE - POVERTY AND PREVENTION	-450	0	-450
PEOPLE - SOCIAL SERVICES	2,678	1,039	1,639
PEOPLE - EDUCATION	1,677	620	1,057
PLACE	-1,991	535	-2,526
ADDITIONAL SAVINGS STRANDS - TO BE ALLOCATED	1,400	1,400	0
<u>NET DIRECTORATE EXPENDITURE</u>	4,979	5,474	-495

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

2.5 The position on cross cutting savings is dependent on savings being identified and, more importantly, agreement to reflect those savings within the detail (not just the place holding target amounts) of Directorate Budgets for 2016/17. It is clearly essential that work continues in this area if the forecast budget outturn is to be improved. Within the *Sustainable Swansea* Delivery Programme, work is underway to develop service delivery plans that will include all savings requirements across all strands.

2.6 The above potential service overspend is a significant risk and needs to be addressed (as part of the 2017-18 budget setting) on a whole Council basis going forward. Many of the overspend items follow on from the outturn position for 2015/16 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 Corporate Management Team 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 16/17 budget.

And this is already reducing the overall reported overspend, albeit the position remains challenging even at that lower level of overspend.

2.8 As set out in the first quarter report, offsetting opportunities do continue exist to ameliorate some of the identified service pressures, totalling at least £2.4m, as follows.

- To date £1.6m has been allocated against the combined £3m inflation provision to cover elements of care home fees , potential living wage cost increases in relation to suppliers ,Home to School transport and recoument/out of county placements. It is assumed that there will be no more calls on this provision leaving a tentative £1.4m , on a one off basis, to offset 2016-17 spending pressures.
- With regard to the National Living Wage it is clear that the financial effects to 2020-21 will grow into the several millions more than budgeted and it is right to keep in mind the pressures to come.
- In setting the budget for 2016-17 it was anticipated that several specific grants could be reduced as part of the overall funding package from Welsh Government and a £1.7m reserve established to cushion the immediate impact. In the immediate aftermath of the “Brexit” result of the EU referendum, there are ongoing future uncertainties over long term wider grant funding . However in the immediate term identified “bids” against the reserve were modest, totalling just over £350,000 (Waste direct grant losses £0.304m and Child and Family £0.050m re Youth Justice/Early Intervention). Anticipating some further bids in year to come, another provisional £1m, again one off only, is identified as an offsetting underspend.

2.9 Conversely, it should be noted that on basis of bids already committed to the Council's existing Transformation Fund reserve this is wholly committed and cannot therefore be used to fund further transformative work unless and until monies advanced for existing plans start to crystallise additional and significant savings to pay back to the fund, not merely help unlock already planned budgeted savings.

3. Contingency Fund Provision for 2016/17

3.1 There is no carry forward of previous years underspends into the contingency fund for 2016/17. As such the contingency fund is set at the £5.4m contribution set out in the budget report approved by Council on 25th February 2016.

3.2 The estimated calls on the contingency fund at present are:-

Contingency Fund 2016/17	Prediction
	2016/17 (£m)
Contribution for year	5.400
ERVR Scheme <i>minimum</i>	-4.434
City Region bid	-0.050
Housing Options(reinstated budget saving)	-0.045
Employment Training residual costs	-0.300
Carbon Reduction Scheme (provisional)	-0.095
Streetscene enhancements (pot holes)	-0.150
Swans in Premier League (was 100 days saving)	-0.055
Wales Football Fanzone Singleton Park	-0.025
Increased legal costs re DOLs (per CMT)	-0.039
City Centre Regeneration	-0.207
Balance 31st March	0.000

There are residual wind down costs estimated at £0.3m associated with the transfer of the core Employment Training provision to another provider. The transfer ended up occurring after 31 March 2016 so there are residual one off costs relating to 2016-17 for which there is no core budget provision in 2016-17. Historically there have also been additional costs arising from the actual costs of the Carbon Reduction scheme. Costs on interim staffing arrangements to support the City Centre Regeneration project together with a number of smaller value items have also recently been agreed to be funded from the Contingency Fund and these are also shown above.

Any departures under ER/VR in 2016-17 will again be charged to the contingency fund as a one off cost to release future revenue savings. It would be prudent given the experience in 2015-16 and the accelerated budgetary savings pressures likely to bear upon the authority to assume the call on the contingency for the purposes of funding ER/VRs to be at least £4.4m, i.e. the balance of the contingency fund .

In addition at the end of the second quarter an identified call on the restructuring reserve of approximately £2.5m was identified in respect of the additional costs of “back pay” arising from the equal pay and job evaluation process. There is currently a mix of costs charged to services and centrally. The Section 151 officer has determined that it would be more appropriate to fund these additional costs centrally, rather than from within services where they would appear otherwise as part of the service outturn. Whilst final figures for 2016/17 will not be known until all the processes are complete and payments made in the current financial year it is recommended that a further £2m from the restructuring reserve is utilised to fund the costs centrally.

<i>Additional sum to meet the cost of outstanding equal pay claims and funding of staff to 31st March 2017.</i>	£4.5m
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3.3 The scale of potential overspends for 2016/17 are significantly in excess of any potential minor residual sum, if any, available from contingency fund to meet the shortfall, and the current indication is that there needs to be continued urgent and decisive action to pursue additional savings across the Council if an overall balanced budget is to be anywhere near achieved.

3.4 The action being taken includes working through existing plans on an accelerated delivery basis :

- Management Review: ongoing comprehensive review of the management structure across the Council and future requirements given the Council's priorities, future challenges and the changing nature of the role of managers
- Commercialism through third party Procurement Savings and Income Generation: review of further options to increase income from fees and charges, trading etc, in addition to the targets already set for 2016/17

3.5 There is also a need to review existing savings plans around:

- Reducing the Pay Bill: review of options to reduce employee costs across the Council as part of our overall future workforce strategy (subject to trade union consultation at the appropriate time)
- Progressing Reviewing and Stopping Services

But is also necessary to be realistic given implementation times for these elements of the budget plan and an inevitability of needing to look at all options in the round given the pending local government finance settlement. It is therefore likely any work that continues on these items will be around cementing future delivery of savings, not in year savings, and it is this deferral that drives the bulk of the reported net overspend position at the end of the second quarter.

3.6 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 The position reported above reflects the best known current position, at the third quarter stage, which indicates a higher degree of risk of eventual overspend in the year based on the forecast estimates when compared to the equivalent, third quarter report last year. A net £4.9m of shortfall in revenue budgets, including the £1.4m wider stopping services ask, offset by a maximum, one off, £2.4m of identified additional savings.

4.2 This leaves a forecast overall £0.7m overspend forecast for the year at the end of the second quarter, assuming the debt and interest charges are rescheduled as forecast.

4.3 Corporate Management Team have reinforced the expectation that overall net expenditure must be contained within the limits of the current year budget as set by Council.

- 4.4 Capital Financing Charges are projected to be approximately £1.9m underspent. Principal repayment savings have been made due to scheme slippage and the beneficial effect of re-profiling the amortisation periods for the debt in line with the actual useful lives of the assets, whilst the interest burden has been reduced due to the use of alternative sources of funding e.g. capital receipts and scheme slippage.
- 4.5 As previously mentioned, it is too early to provide an accurate forecast as to the potential outturn on Corporate items such as Council Tax collection (and any surplus or deficit) which is in itself potentially affected by the effects of welfare reform measures, but offset by an increasing tax base.
- 4.6 The overall judgement at this point is that there is a continued need to identify some additional budget savings across all Council Services if a balanced outturn for 2016/17, which can be sustained going forward, is to be achieved. This is especially true given that the majority of the ongoing service over spending is being offset by action taken on corporate items and a significant one of use of the restructuring reserve (£4.5m).
- 4.7 Furthermore Social Services have developed a recovery plan to seek to address a significant element of their current forecast overspending. Consequently there is a degree of confidence that further inroads can be made into the forecast overspend position by ongoing management and member action and that this can be carried forward into 2017-18.
- 4.8 Detailed monitoring of budgets will continue to be carried out and reported to Departmental Performance and Financial Management meetings on a monthly basis. Similarly monitoring will continue to be reported to the Budget Performance Review Group of officers and members. This will continue to help deliver and enable early intervention and action to be taken as to move closer still to a balanced budget for 2016/17.
- 4.9 In addition it should be noted that a number of technical virements between budget headings have been agreed by the S151 officer in year to effect the implementation of previously agreed outcomes from commissioning reviews and to assist with practical deliver of cross cutting savings previously budgeted for as lump sums.

5. Capital Budget

5.1 Expenditure to 31 December 2016 is £62.389 million, summarised as follows:

Directorate	Budget 2016/17	Actual to 31/12/16	% spend
Corporate Services	1,616	50	3.1%
People	15,139	7,212	47.6%
Place (General Fund)	42,909	19,428	45.3%
Place (HRA)	60,771	35,699	58.7%
Total	120,435	62,389	51.8%

The spend for the quarter is higher than the same period in 2015/16, when spend was 46.5% of budget.

The HRA budget is currently overstated and the anticipated delivery for 2016/17 is being reviewed. Once the review of schemes is complete the budgets will be amended.

Expenditure on major schemes is detailed in Appendix F.

6. HRA Projected Revenue Outturn Summary

- 6.1 There is a forecast underspend on HRA Revenue management and maintenance budgets of £0.045m which is comprised of reductions in premises costs (£0.1m), underspends on transport costs (£0.035m), underspends on supplies & services (£0.06m) and a reduction in revenue repairs (£0.150m). These underspends are offset by an overspend in employee costs (£0.250m) due to lower than anticipated vacancies along with Pay & Grading back pay and redundancy costs for some staff along with a reduction in income (£0.05m) due to voids created by the kitchen and bathroom replacement programme.
- 6.2 The revenue contribution to the 2016/7 Capital Programme has increased by £1.8m as a result of higher than anticipated balances carried forward and a reduction in the borrowing requirement. This has been partially offset by lower borrowing costs of £0.83m. As a result the forecast for the balances carried forward has reduced to £8.5m.

7. Legal Issues

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

8. Equality issues

- 8.1 The Revenue budget of the Council was approved following extensive Equality Impact Assessments being undertaken throughout the Budget setting process. It is essential where service levels are affected by changes to the Revenue Budgets (including savings options) that adequate consideration is given to the equality impact of such decisions with mitigating actions applied where possible to avoid any disproportionate effects on members of protected groups.

Background papers: - None

Appendices: Appendix A – Revenue Budget forecast 2016/17
Appendix B – Directors comments on variances
Appendix C – Commentary on Savings Tracker
Appendix D – Savings tracker chart
Appendix E – Savings tracker summary
Appendix F - Expenditure on major Capital Schemes

REVENUE BUDGET PROJECTION QUARTER 3 2016/17

Appendix A

<u>DIRECTORATE</u>	BUDGET 2016/17 £000	PROJECTED 2016/17 £000	VARIATION 2016/17 £000
CORPORATE SERVICES	45,882	47,547	1,665
PEOPLE - POVERTY AND PREVENTION	6,268	5,818	-450
PEOPLE - SOCIAL SERVICES	104,692	107,370	2,678
PEOPLE - EDUCATION	159,039	160,716	1,677
PLACE	52,632	50,641	-1,991
ADDITIONAL SAVINGS STRANDS - TO BE ALLOCATED	-1,400	0	1,400
NET DIRECTORATE EXPENDITURE	367,113	372,092	4,979
SPECIFIC PROVISIONS FOR CONTRACT INFLATION	1,400	0	-1,400
OTHER ITEMS			
LEVIES			
SWANSEA BAY PORT HEALTH AUTHORITY	93	93	0
CONTRIBUTIONS			
MID & WEST WALES COMBINED FIRE AUTHORITY	11,912	11,912	0
CAPITAL FINANCING CHARGES			
PRINCIPAL REPAYMENTS	14,916	13,560	-1,356
NET INTEREST CHARGES	14,732	14,169	-563
NET REVENUE EXPENDITURE	410,166	411,826	1,660
MOVEMENT IN RESERVES			
GENERAL RESERVES	0	0	0
EARMARKED RESERVES	2,059	1,059	-1,000
TOTAL BUDGET REQUIREMENT	412,225	412,885	660
DISCRETIONARY RATE RELIEF	375	375	0
TOTAL CITY AND COUNTY OF SWANSEA REQUIREMENT	412,600	413,260	660
COMMUNITY COUNCIL PRECEPTS	967	967	0
TOTAL REQUIREMENT	413,567	414,227	660
FINANCING OF TOTAL REQUIREMENT			
REVENUE SUPPORT GRANT	234,543	234,543	0
NATIONAL NON-DOMESTIC RATES	73,224	73,224	0
COUNCIL TAX - CITY AND COUNTY OF SWANSEA	104,833	104,833	0
COUNCIL TAX - COMMUNITY COUNCILS	967	967	0
TOTAL FINANCING	413,567	413,567	0

Director of Corporate Services

Variance	£000	Explanation and Action
<u>Savings Variation</u>		
<i>Comms & Consultation :</i>		
Governance Review	40	As per Tracker
Rationalisation of Cabinet / Exec Support	40	As per Tracker
New Communications model	160	As per Tracker
Non specific	20	As per Tracker
<i>HR&OD :</i>		
Implementation of Business Support Review	100	As per Tracker
CHS&WB Trading Income	80	As per Tracker
Restructure of H&S Team	40	As per Tracker
<i>Sustainable Swansea (Directorate Target) :</i>		
Senior Staff Review	210	As per Tracker
T&C's	150	As per Tracker
Commercial Savings	55	As per Tracker
Additional Sustainable Swansea savings	885	As per Tracker
Lean Systems Thinking	80	As per Tracker
Training	20	As per Tracker
<u>Other Variation</u>		
<i>Commercial Services :</i>		
Reduction in Retro Rebates income	35	Direct effect of implementation of centralised National Procurement Service
<i>Legal & Dem Services :</i>		
Members	-65	Salaries foregone for duplicate positions; savings on generic NI rate applied to budget
Net vacancies	-45	Savings accruing; difficulty in appointing
Various incomes	-25	Additional incomes generated
<i>Comms & Consultation :</i>		
Net supplies & services	-50	Savings on running costs throughout Service

<i>HR&OD :</i>		
CHS&WB Trading Income	70	Not likely to progress – alternative funding will need to be found
Net supplies & services	5	Additional running costs throughout Service
<i>Finance & Delivery :</i>		
Additional Allowances – ex employees	-20	Likely underspend based on current trend
External Audit Fees	-75	Likely underspend based on historic evidence.
Additional HB DWP Grant	-25	Some of which can be absorbed via business as usual
Reduction in Schools SLA income	55	Cost efficiencies passed on to schools
Cost Reduction schemes not progressed	55	e.g. Debt Restructure
Net vacancies	-130	Savings accruing throughout service as posts kept vacant in prep for 17/18 targets

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
Potential shortfalls in originally planned savings targets	1,039	As per tracker. Areas include the Domiciliary Review and allocated savings targets. We are not on target to achieve the senior staff review savings in 2016/17, but have developed proposals to achieve this and the full target in 2017/18. Work to realign Social Services budgets has seen the Sustainable Swansea savings targets subsumed within Services.
Mental Health and Learning Disability Complex Care	1,681	Substantial time and resource has been invested into understanding the cost base for Mental Health and Learning Disability placements. Whilst this work has resulted in a much improved understanding of costs in this area, it has also given a greater ability to forecast cost pressures from new placements and transition. In 2015/16 this area overspent by £1.7m and we have been advised of growth in excess of £700k in the current year. Work to review packages in this area is ongoing and will be accelerated.
External Domiciliary Care	864	This area overspent by more than £2m in 2015/16 and whilst additional budget has been allocated to meet some of this pressure, the effect of increases in minimum wage as well as

		the levels of demand mean that an overspend is forecast.
External Residential Care	318	It is hoped that this projected overspend will be mitigated by above budget income.
Internal Staffing and Services	-650	Underspends are forecast due to increased grant utilisation, better use of resources and staff vacancies
Third Party Spend	-69	
Training Realignment	-520	A realignment of training reserves provides the opportunity for a one off benefit to the revenue position.
Miscellaneous	15	Aggregate position of areas not included within the above.

The above position includes £1.3m funded by release of central inflation and living wage provisions.

A reorganisation of budgets within Social Services has recently been completed. Whilst this has affected the individual variances reported above, it has not altered the overall position of the service.

Significant management action is ongoing to improve the overall position of the Department.

Education

Variance	£000	Explanation and Action
Potential shortfalls in originally planned savings targets	620	Areas include Behaviour Review, corporate IT, Integrated Transport Review savings, and allocated corporate savings targets such as relating to Terms and Conditions
Recoupment / Independent Special School Fees (net of 150k inflation provision)	850	Pressures are likely to continue to grow in spite of work to mitigate costs unless action is taken to enhance provision available within Swansea. Processes tightened to monitor costs at commitment stage but transitional and management capacity issues to still resolve.
Pupils Educated at Home	100	To avoid more costly places out of County the cost of pupils educated at home has increased. Pressures likely to increase further without enhanced placements within Swansea. This area currently under review.
Behaviour Review	408	Slippage in delivery of further savings as originally envisaged in previous years to provide funding to devolve to schools. The strategy for delivering these savings has been reviewed in the light of growing demand. An alternative strategy is now being pursued to implement these, as well as robust management action to identify alternative savings.

Home to School Transport (net of 150k inflation provision)	50	Significant pressures on SEN/Statemented and Post 16 SEN transport, offset by savings in mainstream transport, Specialist Teaching Facilities and Special Schools
Other demand-led pupil specific support for special needs	109	Continuing pressures likely without wider strategy to delegate budget and responsibilities and/or enhance mainstream capacity within schools
Other non-delegated schools cost pressures	158	Detailed scrutiny of non-delegated school cost centres show higher than budgeted levels of spending in areas such as maternity, and schools at risk, partially offset by one-off management action.
Proposed Managed Savings	-618	To seek to mitigate unavoidable cost pressures reported above

Poverty & Prevention

Variance	£000	Explanation and Action
Child & Poverty Projects	-70	This budget is in place to support Child Poverty Projects as need arises. There was no call on this budget in 15/16 and therefore no spend plan in place for 16/17. The reduced spend reflect the success in additional sponsorship monies for the High Five awards, along with improved management of external funding.
Young Peoples Service	-170	Savings identified in year through delays in staff recruitment due to implementation of Youth Club commissioning review, only now seeing full effects of implementation of Outdoor Centres commissioning review, delay in recruitment due to redeployment timings in order to mitigate impact of Communities First withdrawal in 17/18 and maximisation of Youth Strategy Grant, part-year implementation and movement of the NEETS service.
Early Intervention Service	-70	WG have now confirmed the amount of money we will receive in terms of Childcare Grants, this grant will be maximised in 16/17 and therefore realised an underspend on core funds.
Community Safety	-40	Planned reductions in budget spend through the implementation of the CCTV and Community Safety Commissioning Review which are now in implementation phase.
Tackling Poverty Service	-100	The underspend has been caused by a delay in recruitment to the Tackling Poverty Manager Post and backfill for parts of this post have been claimed through Grant and maximisation of grants in current year.

Director of Place

The majority of areas are largely in line with the projection outlined in the quarter 2 report with the exception of the following notable exceptions.

- The decision has been made to centrally fund all back pay costs arising out of single status whereas these cost had been directly charged back to these services. This has resulted in an overall improvement in the directorate position of £865k
- A number of areas have improved as a result of increased income including leisure operations, grand theatre, building regulation income and highway improvement fees
- The £600k commissioning savings identified under Corporate Building and Property Services for 16/17 have now been captured under the banner of sustainable Swansea so moved from the service budget
- Reduction of posts via ER/VR and delayed filling has resulted in some savings against staffing budgets
- A rating appeal claim has been successful for the Crematorium resulting in a one off rebate of £320k for 16/17

This has result in an overall improvement to the directorate budget of £1.991m below budget when compared to the 2 quarter of £1.459m.

Overall Target

The overall target was set by Council on 25/02/16. Taking into account the various savings streams (service savings, cross cutting savings, stopping services, increased council tax resources and unpicking some of the overlaps across streams) a stretch target equivalent to £22.513m is needed to balance the budget on its own. This tracker was predominantly compiled in November ahead of the end of the third quarter.

Firm/To date

A strict interpretation of "firm" has been used. To qualify budget must have been allocated, removed and actual practical steps delivered to achieve the planned saving. Senior staff savings have deteriorated since first quarter due to delayed implementation. Service savings and delivery strand savings performance is unacceptable and already urgent action is needed. **NON DELIVERY OF ORIGINAL**

Forecast

The overall weighted forecast remains 67%, so significantly short of where we should be. There is some progress on most areas of savings but limited delivery significant savings in the delivery strands or commercial savings now embedded in directorates. This replicates past years' performances. **SOME LARGE GAPS NB in year broadly mitigating actions are not shown here, only deviation from original plan**

Service Savings

There are gaps in assured and evidenced commercial savings (£2.65m) across all directorates. There are further issues around Education savings, particularly around one specific area (the Behaviour Review) and in the business support savings. These are significant enough to indicate that the overall budget will remain overspent. Steps are being taken to address issues in the 17-18 budget. **SUBSTANTIALLY BELOW**

Senior Staffing

Of the £3m savings target set at budget, £2.7m was originally identified by CMT following rigorous challenge (this has now slipped to £2.2m - predominantly due to delays in implementation), A further £0.3m was to delivered from the Council approved Senior Management review but this is also behind schedule . **SIGNIFICANTLY BELOW TARGET**

Delivery Strands

Insufficient progress has been made on agreeing any meaningful additional tangible cash releasing savings in the delivery strands. No proposal has yet been identified to go back to Cabinet for a decision on £1m of Terms and Conditions Savings nor on the £2m Stopping Services option. Given the consultation periods needed for both these options it is unrealistic to expect any saving to accrue from either option in 16-17. Work needs to be done on agreeing removal of budgets relating to commercial activity. No significant sums agreed to date. **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 major exception is Council Tax which ultimately depends upon collection performance. There is work to be done on reviewing the assumed 100 days money savings and to date this is the only reason for savings to have fallen slightly short of target. **TARGET BROADLY MET**

Risks and Issues to Address This Time

Overall rate of progress is significantly below expectation and is therefore again red flagged for the whole year mid second quarter.

The risks are predominantly around assuring any progress is actually occurring on the Delivery Strands - i.e. stopping services, reducing terms and conditions and making significant enough commercial inroads to additional income generation and third party spending (the latter now included with service savings).

The next biggest risk relates to the original £1m target for the Business Support review. For now it is assumed little of the cashable saving is delivered in 2016-17 and explicitly £1m of non deliverables is built into the Corporate Services forecast. Validation work needs to be undertaken to determine whether any of the existing savings in Corporate Services can contribute and count towards this savings target. It is likely that this needs to increase to deliver the Corporate Services element of any part of Stopping Services. Again given this is predicated predominantly on reducing staff numbers to cut costs, the scale of savings needed, the number of posts at risk and the required consultation time plus effort and investment to remap existing processes to enable the savings to be realised longer term means it is extremely unlikely that any significant savings will now flow in 16-17.

Cabinet will in due course be advised of the third quarter position, which taken together with emerging additional overspends in Corporate Services, Education and Social Services means that urgent action must be taken now on service spending.

Spending restrictions remain in place and will need to do so all year.

Immediate effort has been directed to:

Reminding every Head of Service they have NO authority to overspend and must take all endeavours to balance their budgets

Freezing recruitment to all but utterly exceptional circumstances posts

Stopping all overtime bar utter exception

Freezing all discretionary spend

HOWEVER, when one off and in year actions are taken into account as remediating action for these original budget shortfalls the 3rd quarter monitoring report to Cabinet will equally indicate a much closer balanced to budget position. The risk remains very much about the longer term sustainability of savings and their pace and scale of implementation, a common theme all year.

Comments and feedback from PFMs

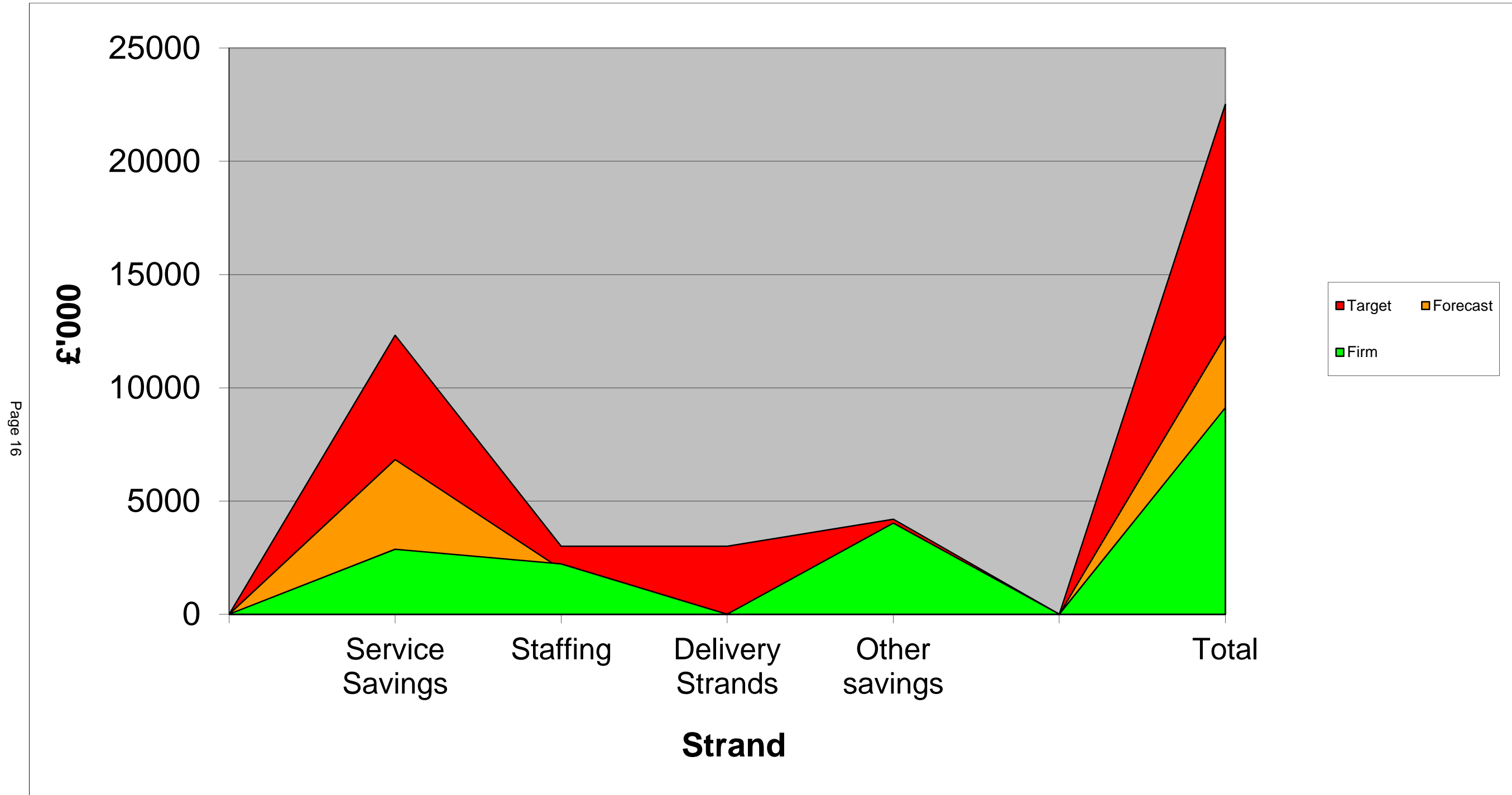
None to date

	£'000
Target	22,513

	£'000
To date	12,303

	£'000
Forecast	15,020

	To date	Forecast
Delivery	55%	67%



	Target £'000	Forecast £'000	Firm £'000
Service Savings	12,317	6,828	2,868
Staffing	3,000	1,993	2,220
Delivery Strands	3,000	0	0
Other savings	4,196	3,482	4,026
Total	22,513	12,303	9,114

Service Savings	Target £'000	Firm £'000	Forecast £'000	Target Met	Assessment
Corporate Services	3,903	2,666	2,868	73%	RED
Education	1,152	580	687	60%	RED
Social Services	2,183	1,383	1,545	71%	RED
Poverty and Prevention Place	248	205	255	103%	GREEN
	4,831	1,994	3,419	71%	RED
	12,317	6,828	8,774	71%	RED

Senior Staffing	Target £'000	Firm £'000	Forecast £'000	Target Met	Assessment
Corporate Services	750	539	539	72%	RED
Education	325	258	290	89%	AMBER
Social Services	725	279	354	49%	RED
Poverty and Prevention Place	150	141	141	94%	GREEN
	1,050	776	896	85%	AMBER
	3,000	1,993	2,220	74%	RED

Delivery Strands	Target £'000	Firm £'000	Forecast £'000	Target Met	Assessment
Terms and Conditions	1,000	0	0	0%	RED
Stopping Services	2,000	0	0	0%	RED
	3,000	0	0	0%	RED

Other savings	Target £'000	Firm £'000	Forecast £'000	Target Met	Assessment
Council Tax (net)	4,026	3,482	4,026	100%	GREEN
Net 100 days savings	170	0	0	0%	RED
Net levy savings	0	0	0	100%	GREEN
Reduced contingency fund	0	0	0	100%	GREEN
Use of General Reserves	0	0	0	100%	GREEN
	4,196	3,482	4,026	96%	GREEN

GRAND TOTAL	22,513	12,303	15,020	67%	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 2016	£000's
People	
YGG Lon Las Primary School new build	4,748
Pentre' Graig Primary remodelling	1,085
Pentrehafod Comp School Remodelling	487
YG Gwyr remodelling	471
Place (General Fund)	
Glynn Vivian Art Gallery refurbishment (including HLF equipment spend)	858
Westway & Wellington Street Gyratory, phase 1 (VVP scheme)	1,224
Planning / feasibility studies for St David's	889
Oceana demolition	2,172
Highways spend to save programme	938
Highways - carriageway resurfacing	1,227
Highways - Footways	385
Highways - Drainage works	328
Morfa Distributor road	420
Corporate Building and Property Services	3,605
LC roof repairs	455
Disability Facilities Grants	2,499
Sandfields Renewal Area	887
Mini Adaptation Grants	382
Place (HRA)	
HRA Wind & Weatherproofing programme	5,190
HRA Adaptations programme	1,824
HRA Kitchens & Bathrooms (including electrical rewiring)	13,250
HRA Boiler replacements and energy efficiency	2,158
HRA regeneration (Trusteel properties/WNF)	1,290
HRA High-rise flats (Clyne Court / Jeffreys Court)	8,483
HRA High-rise flats (Matthew Street)	1,511
HRA External Facilities	819
HRA security measures	544
HRA new build at Milford Way	418

Agenda Item 8.

Report of the Section 151 Officer

Cabinet - 9 February 2017

MEDIUM TERM FINANCIAL PLANNING 2018/19-2020/21

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 2018/19 to 2020/21 be recommended to Council as the basis for future service financial planning.</p>
Report Author:	Mike Hawes
Finance Officer:	Ben Smith
Legal Officer:	Tracey Meredith
Access to Services Officer:	Phil Couch

Section 1 – Introduction and Background

1. Introduction and Background

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

The Medium Term Financial Plan (MTFP) is an overarching strategy that:

- 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 2018/19 to 2020/21 and as such the indicative annual assumptions included both within the projected spending pressures detailed in Section 2 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, base assumptions around service pressures and progress against delivery of savings.
- 1.5 The plan serves to highlight the trend for increasingly difficult times ahead in terms of funding for this Council and Local Government in general, as well as the service pressures that the Council faces from rising demands and increases in demography, together with potential funding pressures arising from ambitious plans for capital development.
- 1.6 Importantly, it is essential that the MTFP becomes a 'living' document that is subject to regular review and revisions 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 2017/18, further reports to Cabinet regarding the MTFP will be made as necessary. In particular, the Mid Term Budget Statement in the Autumn of 2017 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 2018/19 to 2020/21
 - Section 3 - Detailed spending and resources forecast 2018/19 to 2020/21
 - 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

Section 2 – Overview of Financial Planning Environment 2018/19 to 2020/21

- 2.1 The Medium Term Financial Plan (MTFP) report considered by Council on 25th February 2016 included a service and financial overview. This was updated in terms of the Mid-Term budget statement taken to Council in November 2016 and is updated further below.

Economic outlook and prospects for Public Finances

- 2.2 The announcement of both the provisional and final Revenue and Capital Settlements for 2017/18 has resulted in an overall postulated like for like cash increase of £2.3m. However, there is an increase of just £1.2m in block grant after allowing for some funding pressures arising from changes to social services client self-funding (i.e. the change to a £30k savings limits and the disregard of certain war pension payments) and homelessness prevention duties. This needs to be set in the context of the forecast cost of the apprenticeship levy of £1m plus alone.
- 2.3 However, the current economic climate continues to be uncertain, indeed the Welsh Government stated in their draft budget document that there is a backdrop of uncertain and difficult times. There is and will continue to be uncertainty over the UK's relationship with Europe and the impact on Wales following Brexit, and although the UK Government is no longer aiming for surplus by 2020, it is not ending austerity. It is still the case that the Welsh budget will continue to reduce in real terms over the period to 2020/21.
- 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, including full devolution of matters relating to business rates, together with further tax changing/raising powers, may impose greater or lesser financial risks to Welsh Government than is currently the case.

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

- 2.5 Whilst it is a very positive settlement for 2017/18, it is unlikely that such a good settlement will be forthcoming in future years and, in addition to possible reductions in core funding, 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 examples in 2017/18 are of the proposed Apprenticeship Levy, which will add around £1m to the Council's annual pay bill, and the National Minimum Wage increases will impact on staff costs and third party contract costs.
- 2.6 As mentioned above, a further complicating factor over the period of the MTFP involves proposals to devolve tax varying powers from Westminster to the Welsh Government. Whilst this notionally impacts primarily on individual taxation, potential devolution of National Business Rates (NDR) has the potential to impact directly on Local Authority budgets and risk. Latest proposals, for example, are to devolve the cost of welfare provision in Wales to the Welsh Government with all the risk that might entail regarding cost movement.
- 2.7 In terms of core revenue funding, the final Revenue settlement issued by the Welsh Government in December 2016 did not give indicative settlement levels beyond 2017/18 as has 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.
- 2.8 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.
- 2.9 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 forecast 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
2018/19	3,107	6,214	12,428
2019/20	3,076	6,090	11,931
2020/21	3,045	5,968	11,454
Cumulative	9,228	18,272	35,813

Note that the above reductions are based on the final AEF for 2017/18 of £310.701m as announced in December 2016.

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.

- 2.10 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:-

- Any voluntary or joint arrangements, including increased regionalisation, in lieu of compulsory Local Government reorganisation in Wales
- Wider events that could impact on the Global economic position including Eurozone elections.
- The final exit package agreed by the UK Government in respect of “Brexit”

Support for Capital Programmes

The final settlement indicated support for future General Fund Capital programme at a level of £10.238m for 2017/18, a very slight decrease from 2016/17. This support is through a mix of General Capital Grant and support for borrowing.

Planning assumptions for both 2018/19, 2019/20 and 2020/21 are based on unchanged levels of support, which is in line with the indicative headline figure issued by the Welsh Government.

- 2.11 In addition, the Welsh Government has committed some £25.655m (50% of overall cost) towards Band A of 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. An outline programme has recently been submitted for Band B schools which would both significantly scale up likely obligation from both this Council and Welsh Government, although the status of such and outline submission is not binding at this stage.

- 2.12 There is an expected imminent announcement due on, and raised spending and funding expectations, flowing from the Swansea Bay City Region bid.
- 2.13 More importantly, the Council will have to decide on a financing strategy to fund potential City Deal and other City centre investment together with potential significant additional borrowing arising from band 'B' Schools improvement programme from 2019/20 onwards.
- 2.14 Equally importantly, 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.
- 2.15 Over the past six years the Council has predominantly 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 has become 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 continue to be undertaken in 2017/18 and beyond as opportunities arise.
- 2.16 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.
- 2.17 It remains the case that each year the Council sets aside a significant amount of money (c £15m) towards the repayment of debt. This effective repayment will have to be taken into account when evaluating overall borrowing levels and the ability to service any additional borrowing requirement.

Section 3 – Detailed Spending and Resources Forecast 2018/19 to 2020/21

- 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 2018/19 – 2020/21

	Note	<u>2018/19</u> <u>£'000</u>	<u>2019/20</u> <u>£'000</u>	<u>2020/21</u> <u>£'000</u>
Future cost of pay awards	1	1,800	3,600	7,300
Future cost of pay awards - Teachers	1	1,200	2,400	4,800
Pay and grading scheme	2	2,700	2,700	2,700
National Living Wage – own pay bill	3	700	2,400	2,400
National Living Wage – contract increases	3	1,000	2,000	3,000
Increased employers pension cost (including school based staff)	4	1,700	3,400	3,400
Cumulative contract inflation	5	1,000	2,000	3,000
Capital charges	6	1,500	3,250	5,000
Use of General Reserves	7	0	0	0
Demographic and Service pressures	8	3,000	6,000	9,000
Proposed targeted investment in services (EOTAS)		300	300	300
Council Tax Support Scheme	9	700	1,300	2,000

Total known pressures		15,600	29,350	42,900
Aggregate External Finance movement at 2% reduction	10	6,200	12,300	18,300
Cumulative budget shortfall		21,800	41,650	61,200

Note:

- 1) Assumed pay increases at 1% p.a. for 2018/19 and 2019/20, rising to 2% for 2020/21. 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 increases due to implementation of National Living Wage.
- 4) Year 2 and 3 costs arising from the triennial revaluation of the local government pension scheme effective from 1st April 2017. The provisional assumption is an effective stepped 1% increase each year to overall costs. This gross cost includes an estimate of that applicable to delegated schools budgets.
- 5) Assumed minimum cumulative effect of known contract inflation
- 6) Presumed overall increase in borrowing due to delays in capital receipts on both general fund and schools programmes. This does not include any potential costs arising from major aspirational capital investment.
- 7) There is no planned use of general reserves in the MTFP
- 8) 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.
- 9) Assumed costs of Council Tax support in line with increases in Council Tax.
- 10) This reflects an estimated 2% reduction in aggregate external finance provided by Welsh Government

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 – 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 in the past.

3.5 In addition the forecast does not allow for any potential increase in non-schools' employer superannuation rates for 2020/21 which will be based on a triennial valuation as at 31st March 2020. There is also likely to be a further impact on non funded schemes including the Teachers Pension Scheme in or around 2020.

3.6 In October 2016 the Local Government Secretary set out the new way forward for Local Government Reform. In particular he highlighted that there will be no change to the existing number of local authorities, although voluntary mergers would be supported, but there will be a new way of regional working required, which will become more systematic and mandatory. No account of any additional costs or savings resulting from any further regional working has been included in the forecast.

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 future savings requirements.

4.3 The Strategy was agreed by Cabinet and reported to Council in October 2013. The Delivery Programme was 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 Work-streams
- Completed a number of commissioning reviews and moved to implementation phase
- Started the next phrase 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 shortfall in 2016/17, which result in further savings during the period of the MTFP which is relevant to this report.

Our Service Priorities for 2017/18 and the MTFP period

4.5 Although the Council is currently focused on a plan to save an additional £61m 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 just under £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
- *Sustainable Swansea's* core objectives – 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 - to 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 £61m (excluding schools) over three years was applied, for example, just to Corporate Services (excluding Council Tax Reduction Scheme) and Place Services, the budgets for these areas would be cut by around 75%.

Consequently, other areas such as Schools and Social Care also need to face some level of relative and real terms reductions over the next 3 years, given the relative size of their budgets.

- 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 2017/18), as reported to Cabinet on 12th December 2016, 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 \$	138.9	+1.3	+1.8
Rest of Education	20.2	-15	-3.0
Social Care – Child & Families	37.6	-15	-5.7
Social Care- Adults	65.9	-20	-13.2
Poverty & Prevention*	5.1*	+5	+0.3
Place	51.0	-50	-25.5
Corporate Services +	23.0	-50	-11.5
Total	341.7m		-56.8m

*\$ Assumes **local** schools protection continues limiting any material scope for reduction in cash terms.*

** 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 £43m less £20m 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.
- 4.12 It should be noted that the savings targets detailed above are for the period 2018/19 to 2020/21 and will need to be extended to 2021/22 as planning assumptions for that year become more predictable
- 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>2018/19</u> <u>£'000</u>	<u>2019/20</u> <u>£'000</u>	<u>2020/21</u> <u>£'000</u>
Cumulative budget shortfall	21,800	41,650	61,200

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% 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 2017/18 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 2017/18, the following indicative position is envisaged:-

	<u>2018/19</u> <u>£'000</u>	<u>2019/20</u> <u>£'000</u>	<u>2020/21</u> <u>£'000</u>
Cumulative budget shortfall	21,800	41,650	61,200
Directorate savings proposals/agreed	-	-	-
Additional Directorate Savings required (including Schools delegated budgets)	-21,800	-41,650	-61,200

- 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 Programme, 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 3 Programme areas and themes 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 Programme.

- 5.7 Further work has taken place on the development of a revised Sustainable Swansea Delivery Programme to update the one agreed by Cabinet on 16th July 2015. The new programme approach has a greater focus on cross Council transformation. The three Programme areas are:
- Transformation
 - Digital
 - Future Council

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 2017/18 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 make some contribution to ongoing savings targets during this period. However, the Council will continue to prioritise education funding and spending pressures and take into account the extent to which these can be met on annual resources available and competing spending needs.
- 6.4 The table shown in Section 4.10 of this report details the proposed indicative Directorate Savings targets for the period 2018/19 to 2020/21 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 the 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 the 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 ongoing practical impact of legislation such as the Wellbeing of Future Generations (Wales) Act 2015
- 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. In particular that any additional borrowing requirements in respect of aspirational capital development will be met from additional income generation from such schemes or a combination of funding from the public and private sector that evidences financial neutrality and sustainability.
 - The Council continues to achieve its ambitious savings targets.

- 7.4 It is assumed that there will be substantive change to the structure of service delivery, including additional regionalisation of services. It is however far too early to financially quantify and describe those changes so they are explicitly excluded at present.

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 2017/18 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 reserves usage is given in Section 8.6 below.
- 8.3 The current 2016/17 Revenue Budget was set with no planned use of General Reserves.
- 8.4 In terms of planning assumptions there is no assumption of ongoing use of or availability of General Reserves for 2017/18 or beyond.
- 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 November 2016 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

Legal Implications

9.1 There are no legal implications arising from this report.

Equalities Implications

9.2 The budget reductions implicit in the 2016/17 approved budget were subject to the corporate and appropriate Equality Impact Assessment which process, which was considered as part of the overall budget process.

9.3 Where additional budget savings requirements are identified as part of the 2017/18 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

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

4.11 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

4.12 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

4.13 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

4.14 Schools and Education

Education is working 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 fully aware of the promises that the Minister has given regarding schools funding, and we are meeting our obligation on this in a number of ways, as outlined below.

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 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

4.14 Social Services- Child & Families

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.

4.15 Social Services – Adult Social Care

A new approach has been proposed for Social Services based on the application of *Sustainable Swansea* principles and Workstreams and the national legislative requirements to the future model of social services. This is required to deliver savings of £13m over 3 years.

Our policy must be to:

- Promote greater independent living for longer, and reduce demand for long term care by investment in prevention and reablement
- Develop the Swansea model of Local Area Coordination to increase community-based support and change the current model of day and residential services

- Ensure our services are as efficient as possible by reviewing alternative models for delivering social care such as social enterprise, increased use of the voluntary sector, increase volunteering and community self help
- Drive forward the reshaping and integration of services with health and other key partners to achieve whole system change, including local commissioning and delivery
- Communicate the new vision, the long term benefits and our plan for safe and better care to residents, carers and partners

4.17 Poverty & Prevention

We have agreed a comprehensive Poverty Strategy, no changes are proposed to this.

Our policy must be to:

- Implement the strategy and provide additional investment **or** redirect existing spend in community based preventative programmes where evidence shows this works
- Ensure all Council services (as well as partners) contribute to combatting poverty by directing activity towards these objectives
- Invest in prevention through the Prevention Fund and development of a Council-wide Prevention Strategy

4.18 STATEMENT OF BUDGET PRIORITIES: PLACE SERVICES

Place based services will see a 50% reduction over the next 3 years, around £25m.

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 eg: 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, with a particular emphasis on target areas
- Prioritise the Regeneration of the City Centre and the economy

STATEMENT OF BUDGET PRIORITIES: CORPORATE SERVICES

Corporate Services will see a 50% reduction over the next 3 years, around £11m.

To deliver such a challenge our policy must be to:

- Change the current model of delivery to increase self-service and reduce demand for transactional services
- Focus only on the critical functions of the corporate centre such as governance, financial control, core HR advice and commercial capability and stop doing other things
- Look for opportunities for shared services with other public sector organisations in the area and/or outsource
- Radically change our approach to customer contact and engagement, to shift to digital channels and reduce costs
- Consolidate and reduce the cost of all common support functions across the Council, such as financial processes, ICT, business support
- Maintain overall investment 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

SUSTAINABLE SWANSEA – FIT FOR THE FUTURE (SSFFF)

Transformation Programme 2017-18

The Transformation programme is coming into its third year of delivery and has provided the **framework for around £48m of savings since its inception. However, the benefits have not only been financial.**

Thirteen commissioning reviews have been at the heart of the transformation programme, which are either completed or are currently in flight. These reviews provide a robust process for transforming services and have contributed to significant changes over the past year including the following examples:-

- **Digital Services:** Many services have moved online or automated over the telephone, providing 24/7 access to those residents that prefer these channels. Non-digital channels are available to support the most vulnerable. In addition, training has been delivered to help communities increase their digital skills and confidence, contributing towards digital inclusion with the aim of lowering digital poverty
- **A single contact centre** has brought together five teams so that customers have a single point of contact
- **Agile working** has improved how the Council utilises its assets, e.g. Moving out of Oldway House has saved over £600,000
- **Business Support: Bringing ICT back to an in-house managed service** has saved the Council £1.5m per year and improved the Council's ability to innovate through the new ambitious digital strategy
- **Cultural Services** are undertaking a procurement exercise to seek an alternative delivery model, but have already achieved savings through local service transformation
- **Waste Management** have implemented initiatives to lower the impact on landfill and change behaviours at local Household Waste Recycling Centres (HWRC) sites in order to achieve Welsh Government targets of 64% by 2020
- **Adult Services** have developed their new service model and Domiciliary Care service transformation, which is out currently for consultation until February 2016.

The *Sustainable Swansea – Fit for the Future* (SSFFF) programme work is reviewed and updated annually to reflect both: projects that have delivered in year; and any changes in the internal or external environment.

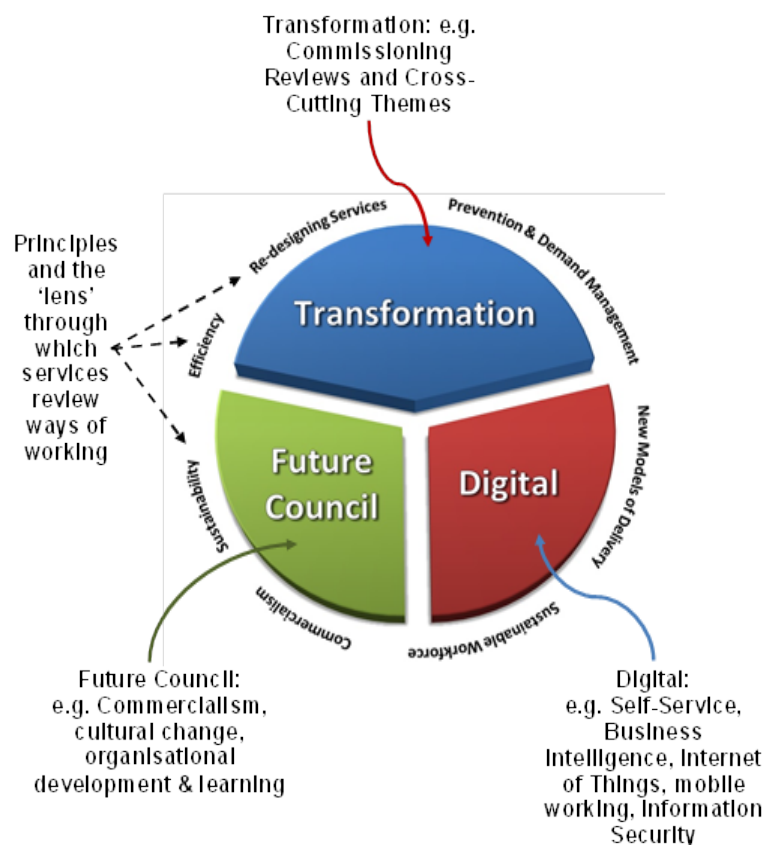
One outcome of the annual review of the programme, is to **acknowledge the maturity of the Council after almost three years of the transformation journey.** The organisation and the workforce has developed new skills, capabilities and competencies as a result of the Commissioning Reviews. However, many of these were service focused in the beginning. Therefore, the Council is now looking to move

to the next level of transformation with cross-cutting change across a range of services. Therefore, the Sustainable Swansea framework has been updated for 2017-18 in the diagram below and reflects:

- **Principles of the programme:** These act as the 'lens' through which each service can continuously review working practices and plan for change. The principles form the outside of the model
- **Priority deliverables for the year** so that resources can be targeted to those areas. The diagram below highlights that: Transformation, Future Council and Digital will form the focus for 2017-18.

The diagram below illustrates the new programme approach, with a greater focus on cross Council transformation. This was communicated to staff during the recent roadshows.

Sustainable Swansea Framework for 2017-18



The Commissioning review approach, including key tools such as the toolkit, has developed into a trusted approach with all service areas. The commissioning reviews have left a positive impression on much of the workforce; therefore the aim is to replicate this in the new transformation work on the cross-cutting themes.

A New Phase to the Programme: Cross-Cutting Themes

Cross-cutting themes are projects / programmes which will be supported and in some cases led by the SSFF programme, working with Officers, Members and Partners to deliver agreed objectives. The list has been arrived at using the following rationale:

- Cross-cutting themes are projects/programmes where **similar themes of transformational work** have been identified across the Council which could be grouped in a different way (including in some cases projects within schools and regional working)
- These **cross-cutting themes will set the work plan for 2017-18 and beyond** for the Sustainable Swansea programme and transformation team
- Some projects have **emerged through the outcomes of commissioning reviews**. Although cross-cutting themes were explored at the beginning of the commissioning review process the Council needed to be further along the maturity curve to deliver this approach (staff skills, capabilities, experience across all services). 12 reviews are currently either completed or in flight, 7 have been approved by Cabinet and are moving into implementation
- Some new projects have **emerged as a result of discussions between Cabinet and CMT**
- Some are **legacy projects** which have struggled to be delivered due to lack of resources.

The focus of Sustainable Swansea programme going forward will be based on the following cross-cutting themes around specific outcomes including:-

- Integrated Transportation (including Strategy)
- Outcomes for children
- Outcomes for adults
- Building Sustainable Communities
- Prevention
- Capital programme
- Regulatory services
- Business support
- All catering
- Asset utilisation
- Commercialism
- Integrated car parking.

Agenda Item 9.

Report of the Section 151 Officer

Cabinet – 9 February 2017

REVENUE BUDGET 2017/18

Purpose:	This report sets out the current position with regard to the Revenue Budget for 2017/18 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 2017/18 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 2017/18. 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 2017/18 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 2017/18;b) A Budget Requirement and Council Tax levy for 2017/18.
Report Author:	Mike Hawes
Finance Officer:	Ben Smith
Legal Officer:	Tracey Meredith
Access to Services Officer:	Phil Couch

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- 1.1 This report details:
- Financial monitoring 2016/17
 - The Local Government Finance Settlement 2017/18
 - Budget Forecast 2017/18
 - Specific Savings Proposals
 - Outcome of Budget Consultation
 - Staffing Implications
 - Reserves and Contingency Fund requirements
 - The Budget Requirement and Council Tax 2017/18
 - Summary of funding proposals
 - Risks and uncertainties
- 1.2 The financial assessment in relation to 2018/19 – 2020/21 is contained in the **Medium Term Financial Plan 2018/19 – 2020/21** 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 12th December 2016 – **Sustainable Swansea – Fit for the Future : Budget Proposals 2017/18 – 2019/20** 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 2016/17

- 2.1 Cabinet will have considered a report on the estimated Revenue Outturn for 2016/17 as a prior item on this agenda. It is projected that the Council will outturn at a position that reflects a very substantially improved position from the £4.5m forecast overspend at quarter 2.
- 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 Current estimates are that the overspend is likely to be limited to around £1m (approximately 0.25% of original budget) as an upper figure, predominantly because of significant use of specific reserves to meet one off pay related costs on JE implementation.
- 2.5 2016/17 has seen continued significant progress in settling almost all outstanding 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 2016/17.
- 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 (including significant use of specific reserves and provisions) 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 2017/18

- 3.1 The Minister for Local Government & Government Business announced the final Revenue and Capital Settlement for 2017/18 on 21st December 2016.
- 3.2 The final Revenue Settlement for 2017/18 provided an additional increase of £1.315m compared to the provisional settlement issued in October 2016, and included in the budget proposals report to Cabinet in December 2016. This is mainly due to an increase of £741k in respect of a new responsibility for Homelessness Prevention. Changes are as follows:

	<u>£'000</u>
Forecast increase in Welsh Government support 2017/18 per Cabinet report 12 th December 2016	1,618
Funding for Homelessness Prevention	+741
Increase due to updated data and assumed relative changes in tax base	+574

- 3.3 The result is an improvement on forecast Aggregate External Finance of some £1.3m. However, there are likely further reductions in several specific grant totals, which may affect actual grant received by the Council in due course . 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 settlement is assumed partial protection in respect of Social Services. The local value of that protection is not particularly specified in terms of value but it is anticipated that funding in terms of known service pressures identified in Section 4 of this report will satisfy any ministerial funding expectation. Some further details have been announced by Welsh Government on additional funding to be made available for domiciliary care purposes to help mitigate cost pressures caused by the national living wage increases (which this Council has of course already prudently already budgeted for in its estimates).
- 3.5 In respect of Schools, there is no longer an ongoing formal ministerial protection or funding guarantee so any decision over schools funding is a local one to be made by Cabinet and ultimately by Council, having any due regard to any budget consultation responses received.
- 3.6 In revising the Medium Term Financial Plan and setting the Budget for 2017/18, 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.
- 3.7 **The financial pressures and level of risk that we face and will continue to face make the need to implement these changes ever more urgent. The further increase 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 2017/18

Overview

- 4.1 The budget proposals for 2017/18 as submitted for consultation on 12th December 2016 resulted in a projected funding deficit of £15.269m. The funding deficit was made up of projected funding pressures of £16.887m partly offset by a provisional increase on Welsh Government Aggregate External Finance of £1.618m as set out in Section 3.2 above.
- 4.2 The announcement of the final settlement, together with an improved view on the financial position with regards to 2016/17 outturn, means that the overall funding deficit forecast for 2017/18 will inevitably have changed.

- 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 (including opportunity to reconsider the 3% planning assumption)
 - Potential reductions in contributions to the Contingency Fund (not considered necessary)
 - Use of Reserves and Balances (not advised)

Forecast funding shortfall 2017/18

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

Table 1(a) – Projected pressures 2017/18

	2017/18
	£'000
Future cost of pay awards	1,800
Schools Pay Award	1,200
Pay and grading scheme	2,700
Increased Employers Pension Cost	1,300
Increased Employers Pension Cost – School based staff	200
<i>Costs imposed without funding by UK Government</i>	
- Apprenticeship Levy	900
- Apprenticeship Levy – Schools	400
- National Living Wage – contract inflation	1,400
Capital charges	750
Use of General Reserves	0
Passported through AEF to Services	1,293
Demographic and Service pressures	3,964
Investment in services (including EOTAS)	2,208
Council Tax Support Scheme	600
Fire Authority Levy/Port Health Levy	325
Total known pressures	19,040
Final increase in core Welsh Government Funding CASH	-2,934
Total Savings Requirement	16,106

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

Table 1b – Movement in projected pressures

	2017/18
	£'000
Target per Cabinet Report 12th December 2016	15,269
Increase in Aggregate External Finance from the Welsh Government	-1,316
New responsibilities/opportunities for Homelessness Prevention	741
Revised increased cost of living wage	400
Schools - apprenticeship levy/pensions	600
Other minor consequential estimate refinements	87
Projected increase in Levies	325
Cumulative revised target	16,106

Inflation

- 4.7 The 2016/17 revenue Budget provided a corporate provision of £3m for inflation, of which there has been a call of £1.6m during 2016/17. This was to cover specifically increased contract costs due to the rise in National Minimum Wage levels and increased costs on recoupment and home to school transport.

Given current UK inflationary levels and forecasts to come through the year there is no case to be made for increasing the corporate (General) provision for inflation in 2017/18.

It is the case, however, that the Council is likely to experience significant cost pressures in specific areas as detailed in Table 2 below and these have already been provided for as follows.

Table 2 – Potential Service inflationary and cost pressures:

	£'000
Increased contract costs due to rise in National Minimum Wage levels (already in services)	1,400
Increased cost due to new Apprenticeship Levy (held centrally)	900

In the November 2015 Autumn Statement, the Chancellor first announced significant increases in the National Minimum wage to be introduced over the next three financial years. Whilst the actual increases will vary year to year there will be continued pressures. This is unlikely to affect direct employee costs incurred by this Council during 2017/18, 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 £1.4m has already 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. These will need to be funded from the Contingency Fund on a case by case basis as the need arises. Consequently the contingency fund contribution has been increased by £1 million to meet this and other general emerging inflationary pressures.

The Chancellor of the Exchequer continues to assume limited pay awards within the public sector at a level of no more than 1% per annum until 2020. This increase for 2017-18 has therefore been built into revenue budget proposals.

The Apprenticeship Levy is held centrally on this general provision for inflation line as we await further details of the how the scheme will operate in practice but we are certain it will happen so this sum has to be considered already fully committed with the final sum uncertain rather than merely a general provision for a cost that might come to pass.

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 Prioritisation

- 4.8 It remains the case that the forward financial plans for the Council will continue to show year on year savings requirements which are likely to be significant and sustained.

Given the scale of savings required, it is inevitable that it will be impossible to exempt schools' budgets fully from longer terms real terms cuts.

- 4.9 Reductions can be viewed in two ways:

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

- 4.10 For 2017/18 there is no longer any Ministerial funding commitment to schools, however it is intended to provide funding for various service pressures as a local priority for Cabinet.

The net result of these proposals is an increase in the underlying cash settlement to Schools of some £1.8m for 2017/18.

In addition, the headline increase across Wales in respect of Pupil Deprivation Grant is 7.38% which, if applied uniformly, would result in an increase to Swansea Schools of around £0.5 million.

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

Table 3 – Impact on Schools delegated budgets

Item	£'000
<i>Cash position</i>	
Net core delegated base budget 2016/17	126,684
Increase for Pay Award (1%)	1,200
Increase for new Apprenticeship Levy (0.5%)	400
Increased Pension costs re non-teaching school based staff	200
Core delegated base budget 2017/18	128,484
+1.4%	

i.e. The above cash increase assumes that Schools will meet the additional costs of teachers pay awards, pension costs and apprenticeship levy increases for 2017/18.

The increase in core delegated budget would therefore be 1.4%.

Further delegated funding increases for Specialist Teaching Facilities plus additional delegation and/or devolvement of some existing budgets to schools over both 2016-17 and 2017-18 (school meals, cleaning, part of breakfast clubs, kitchen repairs) means that the total amount available to school governing bodies and head teachers to decide to spend locally and flexibly has significantly increased from the 2016-17 original budget. The total gross school cost centre budgets set out in Appendix H have increased by more than £4.5m for 2017-18.

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 2017/18 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. There has been a further announcement of £10m available to local authorities for domiciliary care purposes (predominantly national living wage related cost increases). Further information will be provided on this in due course.

Overall the cash budget proposed for social services increases by around 0.3% or £0.3m.

Capital Financing Charges

- 4.13 There is a base line increase of a net £750,000 compared to the 2016/17 approved budget reflecting the potential requirement to externalise elements of borrowing during 2017/18 dependent on expected movements in 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 2017/18, as has happened in 2016/17, there may be a further 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 borrowing, and that a decision may be required to externalise further elements of current internal borrowing should there be a predicted and marked increase in forecast rates in order to best serve the Council's interests in the medium to long term.

Furthermore the authority has a potential range of ambitious and challenging investment plans and opportunities in the shape of 21st Century Schools Band B programme, the City Region Deal, City Centre redevelopment, and new housing plans. It is therefore prudent to start anticipating some of the financial costs of this investment and to that end an initial just over £1m of additional capital financing costs on top of the base increase of £750,000 has been provided for in the proposed budget for 2017/18.

Fire Authority Levy

- 4.14 Since the 12th December 2016 Cabinet report we have been notified of a proposed increase in the Fire Authority Levy of £0.354m (2.8%). We will need to await final notification, which will include changes expected due to the relative allocation across each levied Authority.

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 2017.

In line with previous reports, the budget proposals for 2017/18 allow for increased employee costs of some £2.7m for 2017/18 in relation to incremental progression for those staff who were originally 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 12th December 2016 to recommend specific savings proposals totalling £15.701m in 2017/18 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, totalling some £15.701m as detailed below include the previously agreed senior staff reductions, specific service proposals and a reduction in the insurance reserve.

Table 4 – Summary of Savings proposals (as at 12th December 2016)

Savings	Savings
----------------	----------------

	£'000
Service Savings as submitted for budget consultation	12,536
Senior Staff reductions	2,465
Reduction to Insurance Reserve *	700
Total	15,701

* Made possible by efficiencies in procurement and administration of insurance, this reduction is per annum for 3 years.

- 5.4 As with previous years, the Corporate Management Team 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 2017/18.
- 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 24th December 2016 to 23 January 2017. The consultation included a public survey available online and in hard-copy in council venues. Overall we received 670 responses to the survey. We also held a children and young people's Big Conversation event attended by 75 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 **Statement** 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, bearing 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:

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

- Events – a review of the events we currently undertake as a council
- Specific budget proposals
- The Council's future spend

Events

Events which are perceived least and most important are outlined below:

Unimportant

71% unimportant - Skate and Street Festival
 69% unimportant - Olympic Fanzones Castle Square
 69% unimportant - Silence in the Square

Important

77% important - Wales National Airshow
 67% important - St David's Day Festival
 65% important - Major sporting events

Specific proposals

- 6.5 There were a small number of proposals where there was less than 50% support from the public:

67% disagree – Average 5% increase to Council car park charges

61% disagree – Charging for Sunday Parking in City Centre car parks during off peak periods

51% disagree – Remove the remaining Council subsidy to the school music service

51% disagree – National waterfront museum remove grant for floating exhibits

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

92% - Further implement the Safe Looked After Children Reduction Strategy

87% - Review all existing and new care packages

86% - Increase charges for wedding venue facility at Civic Centre by approx. 5%

80% - Restructure of our tourism and marketing services so that more is delivered digitally

Future Spend

6.7 There are a number of areas that we are looking to review spend over the next year. Views were sought on these areas as part of the budget consultation. Results from the consultation are outlined in the table below:

	Reduce spend	Maintain spend	Increase spend
Keeping our streets clean	8%	63%	29%
Improving the look and feel of the Kingsway	37%	34%	29%
Our programme of high-profile and community events	42%	51%	8%
Investment in sports pitches	26%	60%	14%
Road and pavement repairs	4%	50%	46%
Maintenance and repairs of our key public buildings	15%	67%	18%

Children and young people event: The Big Conversation

6.8 The Big Budget Conversation was the 4th annual consultation with children and young people on the City and County of Swansea budget proposals. The event gave 75 pupils from 12 secondary schools across Swansea an opportunity to consider a number of budget proposals that the City and County of Swansea have to make in order to meet the required savings target. The full outcome of the Big Conversation can be found within summary of consultation results.

6.9 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

6.10 As such, young people have considered proposals relating to cultural services and events, education (specifically in relation to school meal charges), transport and future spend.

Events

Events which are perceived least and most important during the Big Conversation are outlined below:

Unimportant

100% unimportant - Skate and Street Festival

60% unimportant – Outdoor theatre

40% unimportant - City Centre/Castle Square events – e.g. Roadshows/Films etc.

Important

100% important - Wales National Airshow

100% important - Large scale music events

100% important - Major sporting events

100% important - Showing major sporting events on the Big Screen in Castle Square

Specific Proposals

6.11 We invited the group to comment on 2 of our specific budget proposals:

1. **Increase the price of school meals** – 100% of those attending disagreed with this proposal
2. **Integrate the park and ride service with commercial local bus services** - 52% agreed and 48% disagreed

Future Spend

6.12 There are a number of areas that we are looking to review spend over the next year. Views were sought on these areas as part of the budget **consultation**. Results from the Big Conversation are outlined in the following table:

	Reduce	Maintain	Increase
Keeping our streets clean		45(60%)	30(40%)
Improving the look and feel of the Kingsway	30(40%)		45(60%)
Our programme of high-profile and community events		60(80%)	15(20%)
Investment in sports pitches	15(20%)	45(60%)	15(20%)
Road and pavement repairs		30(40%)	45(60%)
Maintenance and repairs of our key public buildings		30(40%)	45(60%)

Schools Budget Forum

6.13 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.

Summary

- 6.14 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
- 6.15 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.
- 6.16 As previously agreed, engagement on the delivery of the objectives in *Sustainable Swansea, fit for the future* will continue during 2017. Specific consultation will also be required on proposals from further Commissioning Reviews as they come forward during 2017.

Changes proposed to the budget in this report

- 6.17 As a result of the public consultation the following changes to the budget are proposed by Cabinet for consideration by Council on 23rd February 2017.

	2017/18
	£'000
Cumulative revised savings target	16,106
Remove existing stop services saving from the 16-17 base budget and realign the 17-18 budget accordingly	2,000
Provide extra revenue funding to support capital investment - to start to recognise future costs	1,119
Ensure completely free child burials – the majority of which are already free	1
Cumulative TOTAL revised target	19,226

- 6.18 Cabinet will need to consider whether it is minded to make any further recommendations beyond this to Council on its final proposals for the 2017-18 budget.

7 Staffing Implications

Background

- 7.1 The Cabinet Report of 12th December 2016 set out the latest estimate (**work on this is continuing and the number is likely to change**) of the impact of the current proposals on total staffing numbers for 2017/18 is set out in **Table 6** (shown as Full Time Equivalent (FTEs))

Table 6 – Impact of Savings Proposals on FTEs 2017/18

		FTEs
Service Saving Proposals		
	Corporate Services	7
	Business Support – Corporate Services leads	60
	Place	12
	People	17
	Total	96
Senior Staff Savings		
	Corporate Services	12
	Place	18
	People	18
	Total	48
	Grand Total	144

- 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 13th December 2016 and consultation with Trade Unions ran until 31st January 2017.
- 7.4 Six meetings have taken place with the Trade Unions since the S188 was issued; with further meetings scheduled as and when required.
- 7.5 It should be noted that consultation will be undertaken on a rolling basis outside the normal budget cycle, as the outcomes from commissioning and other reviews are presented to Cabinet. Consequently, in some Service Areas, it was not possible at the time of the formal meetings with the Trade Unions to give details of the precise impact on staff and the figures quoted were, therefore, overall estimates. Future meetings with Trade Unions will be used to provide more detail when this becomes available as future options are agreed.
- 7.6 A reduction in posts in 2017/2018 will be unavoidable, given that the Council spends 40% of its overall budget on employees (significantly more in some Service Areas).

7.7 As achieved and evidenced in previous years, and continuing the Council's current policy, every effort will be made to minimise compulsory redundancies. Management action includes:

- *Tight management of vacancies so that we manage the deletion of posts via natural wastage over time*
- *The use of fixed term appointments where a post needs to be covered*
- *Stopping the use of agency staff unless a clear business case can be made*
- *Redeployment and retraining 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*
- *Redeployment Open Days for staff*
- *Enhanced redundancy payment (maximum of 45 weeks). This is currently applies to applications approved before 31st March 2017 and with end dates up to 30th September 2017.*

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 To date, 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
- Bumped redundancies

These figures will be updated on an ongoing basis.

HR 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 2017; although consultation meetings with the Trade Unions will continue as and when necessary.

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

After any redundancy selection process has been completed, displaced staff will then be served with their contractual notice which could range from a 4 week period up to 12 weeks, which depends on the employee's length of service.

8 Reserves and Contingency Fund Requirement

Background

- 8.1 It is a requirement of the Local Government Finance Act 1992 that authorities have regard to the level of reserves when calculating their Budget Requirement. Whilst there is no prescribed statutory minimum level of reserves, account should be taken of the strategic, operational and financial risks facing the Council.

- 8.2 In assessing the adequacy of reserves account needs to be taken of the following general factors:

- treatment of inflation and interest rates
- level and timing of capital receipts
- treatment of demand led pressures
- Expected performance against challenging budget requirements
- treatment of planned efficiency savings / productivity gains
- financial risks inherent in major capital developments and funding
- the availability of reserves, government grants and other funds
- general financial climate to which the authority is subject

In addition, whilst the Council is making substantial progress towards achieving a balanced budget for 2016/17, there remains potential volatility until March 2017. Any consideration on use of reserves to fund the 2017/18 Revenue Budget is dependent on the level of confidence in predicting 2016/17 Revenue Outturn. At present it remains the case that there should be no planned use of reserves for the 2017/18 budget.

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

- 8.3 In considering reserve levels Members should have specific regard to:-
- The report of the Section 151 Officer to Council on 1st November 2016 'Review of Revenue Reserves'
 - The guidance issued by Welsh Government and circulated to all Members advising on methods that might be employed when reviewing the overall reserves of the Council.

General Reserves

- 8.4 The General Reserve amounted to £12.360m at 1st April 2016.
- 8.5 The Revenue Budget for 2016/17 approved by Council on 25th February 2016 assumed no transfer from General Reserves to support the budget. Any final determination on the use of reserves will depend on the outturn position for 2016/17.
- 8.6 At this point in time it is not proposed to transfer any further element of the General Fund Balance to support the 2017/18 Revenue Budget.

The level of General Fund balances therefore estimated at 31st March 2018, assuming achievement of the 2016/17 Revenue Budget, would also be £12.360m.

Contingency Fund

- 8.7 The 3rd quarter financial monitoring report detailed several forecast uses of the Contingency Fund in 2016/17. At this time, it is anticipated that the £5.4m budgeted contribution in 2016/17 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 2016/17 considered elsewhere on this agenda, the forecast Fund balance as at 31st March 2017 is nil.
- 8.8 In assessing the value of the Contingency Fund requirement in 2017/18, 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 ER/VR scheme (if it is extended beyond 31 March 2017), 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 12th December and summarised in the MTFP report elsewhere on the agenda.

(d) The expectation that any emerging additional inflationary pressures beyond the large already budgeted items (National Living Wage, Apprenticeship Levy) will be a call on the fund in year.

8.9 Bearing the above in mind, together with the proposals in respect of funding current year service pressures within the 2017/18 base budget, which continues to maintain reduced levels of risk, it is recommended that the contribution to the Contingency Fund in respect of 2017/18 is increased by £1m to £6.4m.

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 1st November 2016 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 2016/17 approved by Council on 25th February 2016 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 to mitigate any loss of specific grants that could have detrimental effects on service targets.

It is intended that the contribution to the ICF Reserve now be fully allocated to Social Services budget totals and indeed is already built in on that basis.

8.12 It is clear from analysis of specific grant approvals so far received in respect of 2017/18 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 £0.95m 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 Restructuring Costs Reserve provisionally be committed towards meeting part of the cost of actual staffing reductions as they fall due in 2017-18 as part of the evolving reviews of senior staffing, business support, stopping lower priority services and the wider commissioning reviews.

To complement that planning assumption of a provisional need to take from the Restructuring Costs Reserve it is also proposed that £1m of revenue base budget is used to contribute back into the same reserve. This will help slow the overall use of that reserve but more importantly is also intended to be 'ring-fenced' to achieving requirements to implement on a regional basis a national replacement IT solution (WCCIS – Welsh Community Care Information System) for social care case and record management and to further improve customer, client and patient data integration with the NHS. This will be intended to fund one off implementation costs and potentially fund for up to one year initial increased running costs on system implementation and changeover.

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.
- 8.14 In the light of that assessment £700k has been released for the next three years, starting with 2017-18 and is already reflected in the budget proposals previously considered by Cabinet in December 2016.

Adequacy of Reserves

- 8.15 Whilst the proposed use of Earmarked Reserves in 2017/18 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 2017/18 and future years, I am satisfied that the proposed management of reserves in 2017/18 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 2017/18 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 2017/18

- 9.1 The Council's recommended requirement is set out in Appendix A. The City and County of Swansea Requirement of £419.059m will be financed partly by

Revenue Support Grant of £231.170m and National Non-Domestic Rates of £79.531m.

Based on the report to Cabinet on 12th December 2016, and in line with assumptions contained in the Medium Term Financial Plan for 2017/18 approved at Council on 25th February 2016, a Council Tax rise of 3% would generate an additional sum of £3.525m, a band 'D' charge of £1,211.18.

- 9.2 Including Community Councils, the total requirement, after taking account of proposals in respect of reserve transfers and currently assumed savings, is £420.056m.
- 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 2017/18

- 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 £19.226m in 2017/18 as detailed in Table 7 below.

Table 7 – Budget Proposals 2017/18

	£'000
Savings identified per Section 5.3 above	-15,701
Net effect of Council tax base increase and proposed charges	-3,525
<hr/> Overall resourcing	<hr/> 19,226 <hr/>

- 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 2017/18 and, if so, any other consequential changes that may need to be addressed. The higher than expected increase 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 2016/17 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 2017/18. 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

It is essential in terms of the financial challenges facing the Council beyond 2017/18 that further savings proposals are continuously developed as part of the *Sustainable Swansea* programme and implemented over and above those proposed within this budget. This will be a continuation of plans already underway and specifically include existing and the next waves of commissioning reviews and a further particular focus on more cross cutting themes.

The 2017/18 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 2017/18, there will be continued and enhanced monitoring and tracking of progress in achieving budget savings which will be reported to Corporate Management Team, Budget Performance Review Group and Cabinet.

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

(d) Inflation

Where there have been specific announcements around minimum wage increases an estimate has been included around the potential additional costs that may fall to the Council from external contractors. In addition £1.4m has been provided for potential specific increases in areas where there is a significant element of contracted out services.

(e) Care Home Fees

Budget provision has been made for the 2016 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.

(f) Specific Grants

A number of specific grants are yet to be announced. In the event that the level of specific grants awarded for 2017/18 is less than that for 2016/17, 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 £0.95m 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.

(g) 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 2017. However, legislation is such that further claims cannot be precluded although the introduction of the compliant pay and grading structure from 1st April 2014 will significantly lessen risk in this area over time.

(h) Implementation of Single Status

Whilst the Council implemented a compliant pay and grading structure from 1st April 2014, there has been a significant number of appeals against grades awarded. Where these appeals have been successful, it will lead to additional costs over and above the grade initially allocated including incremental costs over a period of up to five years.

(i) Council Tax Reduction Scheme

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

(j) 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 2017/18-2021/22 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 2017/18 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) 2018/19 – 2020/21

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

14. Legal Implications

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

Background papers: None

Appendices:

Appendix A Revenue Budget summary 2017/18

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

REVENUE BUDGET SUMMARY 2017/18		<i>Appendix 'A'</i>	
<i>DIRECTORATE</i>			
	BUDGET		BUDGET
	2016/17		2017/18
	£000		£000
CORPORATE SERVICES	42,951		42,758
PEOPLE - POVERTY AND PREVENTION	5,101		5,988
PEOPLE - SOCIAL SERVICES	103,510		103,814
PEOPLE - EDUCATION	159,097		164,579
PLACE	50,999		49,913
ADDITIONAL SAVINGS STRANDS - TO BE ALLOCATED	-2,000		0
NET DIRECTORATE EXPENDITURE	359,658		367,052
SPECIFIC PROVISION FOR INFLATION / APPRENTICESHIP LEVY	3,000		1,000
OTHER ITEMS			
LEVIES			
SWANSEA BAY PORT HEALTH AUTHORITY	93		84
CONTRIBUTIONS			
MID & WEST WALES COMBINED FIRE AUTHORITY	11,912		12,246
CAPITAL FINANCING CHARGES			
PRINCIPAL REPAYMENTS	14,916		15,535
NET INTEREST CHARGES	14,732		15,982
NET REVENUE EXPENDITURE	404,311		411,899
MOVEMENT IN RESERVES			
GENERAL RESERVES	0		0
EARMARKED RESERVES	7,914		6,760
TOTAL BUDGET REQUIREMENT	412,225		418,659
DISCRETIONARY RATE RELIEF	375		400
TOTAL CITY AND COUNTY OF SWANSEA REQUIREMENT	412,600		419,059
COMMUNITY COUNCIL PRECEPTS	967		997
TOTAL REQUIREMENT	413,567		420,056
FINANCING OF TOTAL REQUIREMENT			
REVENUE SUPPORT GRANT	234,543		231,170
NATIONAL NON-DOMESTIC RATES	73,224		79,531
COUNCIL TAX - CITY AND COUNTY OF SWANSEA	104,833		108,358
COUNCIL TAX - COMMUNITY COUNCILS	967		997
TOTAL FINANCING	413,567		420,056
COUNCIL TAX BASE for the City and County of Swansea	89,151		89,465
COUNCIL TAX AT BAND 'D' (£) for the City and County of Swansea	1,175.90		1,211.18
GENERAL RESERVES			
AT 1 APRIL	12,360		12,360
AT 31 MARCH	12,360		12,360

REVENUE BUDGET 2017/18

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 2016/17	42,951	5,101	103,510	159,097	50,999	-2,000	359,658
Directorate Transfers	0	0	0	0	0	0	0
Original estimates following transfers	42,951	5,101	103,510	159,097	50,999	-2,000	359,658
Transfer to (+) / from (-) reserves 2016/17	-554	-179	-250	-28	225	0	-786
Original estimate 2016/17 excluding reserves	42,397	4,922	103,260	159,069	51,224	-2,000	358,872
Transfers for specific items 2016/17	1	0	620	-73	745	0	1,293
Baseline adjustments 2016/17	-129	697	1,158	-394	622	0	1,954
Adjusted service budgets 2016/17	42,269	5,619	105,038	158,602	52,591	-2,000	362,119
Baseline Adjustments 2017/18	416	-66	2,933	429	-925	2,000	4,787
Spending Needs	1,252	719	2,537	4,622	2,131	0	11,261
Pay inflation provision	282	105	505	1,415	693	0	3,000
Savings:							
Specific consultation proposals	-1,565	-243	-6,712	-451	-3,565	0	-12,536
Senior Staff Savings	-735	-146	-764	-98	-722	0	-2,465
Original estimate 2017/18 excluding reserves	41,919	5,988	103,537	164,519	50,203	0	366,166
Transfer to (-) / from (+) reserves 2017/18	839	0	285	60	-298	0	886
Net Directorate budgets 2017/18	42,758	5,988	103,822	164,579	49,905	0	367,052

APPENDIX B

REVENUE BUDGET 2017/18					
EARMARKED RESERVES					
	Balance	2016/17	Balance	2017/18	Balance
	31/03/16		31/03/17		31/03/18
	£000	£000	£000	£000	£000
DIRECTORATE RESERVES					
Equalisation reserves	-52	0	-52	0	-52
Commuted sums	-5,122	404	-4,718	-21	-4,739
Repair & renewal funds	-2,935	-345	-3,280	-371	-3,651
Profit share	-1,121	-66	-1,187	-66	-1,253
Service reserves	-3,907	1,082	-2,825	569	-2,256
TOTAL DIRECTORATE RESERVES	-13,137	1,075	-12,062	111	-11,951
CORPORATE RESERVES					
Contingency Fund	0	0	0	-6,400	-6,400
Insurance	-14,092	15	-14,077	700	-13,377
Job Evaluation earmarked	0	0	0	0	0
Transformation/Efficiency	-12,723	1,361	-11,362	-1,215	-12,577
TOTAL CORPORATE RESERVES	-26,815	1,376	-25,439	-6,915	-32,354
UNUSABLE/TECHNICAL RESERVES	-1,027	40	-987	44	-943
SCHOOLS DELEGATED RESERVES*	-9,547		-9,547		-9,547
TOTAL RESERVES	-50,526	2,491	-48,035	-6,760	-54,795
* No updated information available - balances held by individual schools					

APPENDIX C

Appendix D

Specific Savings Proposals

HoS Budget	Proposal	Savings 2017/18 £'000
Cultural Services	Tourism and Marketing Services - remove direct sales marketing as part of commissioning alternative management, remodel campaigns and staff. Special Events restructure and programme revision. Staffing efficiencies across Archives, Grand Theatre, Service Development, Business Partnership Unit	610
Cultural Services	Swansea Museum restructure and repurpose Exhibits. National Waterfront Museum remove grant for Floating Exhibits	140
Cultural Services	Transfer Management of Dylan Thomas Centre	134
Cultural Services	Remodel all leisure centre running costs through efficiencies, increased income as part of tender package. The LC - continue to negotiate reduced management fees with Bay Leisure and include in tender proposals	300
Cultural Services	Agree the strategy for Parc Tawe; seek an alternative operator	100
Cultural Services	Development & Outreach - cease free use, restructure staff, remodel programmes. Community Centres - transfer costs increase support	47
Cultural Services	Water Safety - revise contracts with the LC, NPS, SLAs, service RNL	31
Cultural Services	New income streams - Foreshore, car parking income, charges in caravan parks, licences at St Helens	59
Total of Previously Agreed Savings		1,421
Savings achievable for 17/18 @ 50%		711
CB&PS	Optimisation of Assets, develop mobile working and technological support, accommodation savings	450
CB&PS	Increase efficiencies, income & commercialism in Strategic Estates and Facilities Management, Fleet, in house operational works and technical services. Explore invest to save projects from Energy Report	200
Econ & Regen	Commissioning Savings to be more fully developed as review progresses	225
Housing and Public Protection	Review management and staffing across Public Protection and Housing Options	86
Housing and Public Protection	Reduce dredging requirement in Tawe impoundment	25
Housing and Public Protection	Pollution Control Monitoring - Remodel level of survey and evaluation work	30
Housing and Public Protection	Housing options – grants to the housing voluntary - saving ultimately not taken 16-17, to be implemented 17-18	45

Housing and Public Protection	Increase charges for wedding venue facility at Civic centre by approximately 5% per year for the next 3 years. Charges will increase by an average of £25 per year. Increase burial and cremation fees by 5% per year for next 3 years. Burial fee will increase by approximately £40 and new graves by £75 each year.17/18 is the third year	103
Highways & Transportation	Staffing efficiencies and other contract savings and management action across highways & transportation	381
Highways & Transportation	Remove budget for implementing residents parking schemes. Reduction of Private Streets and Un-adopted areas budget.	115
Highways & Transportation	Reduction in Winter Gritting Routes resulting from Thermal Mapping works.	10
Highways & Transportation	Park and ride cost reductions and re-tender local bus services. Withdraw funding for bespoke Park & Ride services and divert existing commercial local bus services via the Park & ride sites	402
Highways & Transportation	Charge for Sunday Parking within city centre. Review car parking tariffs to match demand patterns resulting in overall 5% increase in income	100
Highways & Transportation	Increase income from mooring fees and electronic management of contracts	31
Highways & Transportation	Increase in costs recovered from Coring Programme works. Systems Thinking review of the 'Charging for Waivers' process. Highway Licensing Charges increase of 3%	42
Highways & Transportation	Efficiencies and increased sales of telematics services to neighbouring authorities.	30
Highways & Transportation	Bus Station – Review Departure Charges, achieve IT Hardware & Software Maintenance savings via collaboration with NPT, reduced premises maintenance costs	94
Parks & Cleansing	Changes to internal staffing and weekly/seasonal working patterns. Efficiencies in costs of disposal, storage costs	265
Parks & Cleansing	Increased commercial, partnership, sponsorship and franchise, and income opportunities	220
Adult Services	Restructure the management and staffing arrangements (agency/overtime), review all contracts and costs to drive down spend where possible through efficiencies and management action	547
Adult Services	Improve processes by consolidating financial arrangements with Corporate Finance to include introduction of prepaid cards, increase the recourse to direct payments to clients, review charging for clients and maximise grant income	2,226
Adult Services	Review all packages of domiciliary care to ensure fit for purpose and minimise double handed calls through better use of equipment	1,000
Adult Services	Effective implementation of the Western Bay optimum model for intermediate care services to further reduce recourse to residential care	160

Adult Services	Implement outcome based assessments to ensure proportionate and enabling care packages are in place for all citizens	1,000
Adult Services	Review eligibility criteria for Social Services transport and remodel transport provided	250
Adult Services	Maximise health contribution to packages of care	529
Child & Family	Further implementation of the Safe LAC Reduction Strategy in Child & Family Services	1,000
Poverty & Prevention	Gain economies of scale and efficiencies by management action and maximise grant funding	128
Poverty & Prevention	Poverty & Prevention - develop the Food not-for-profit Enterprise	70
Poverty & Prevention	Complete the Rights Respecting Schools Award	20
Poverty & Prevention	Reduce third sector funding via the Change Fund by 10%	25
Education	Efficient management of staffing, catering and cleaning budgets through sound vacancy management and maximising recovery of costs through grants	224
Education	Continue tapering reduction of Council contribution to Ethnic Minority Achievement Service	50
Education	Full implementation of the full cost recovery model for the Music Service	97
Education	Increase price of school meals from September 2017 by 10p	80
Resources	Provision of common support services, digitalisation of processes, digital on-line forms, resulting in reduced staffing levels	1,000
Resources	More efficient use of cross Council ICT platforms and programmes	250
Resources	Efficiencies through procurement and administration of insurance	700
Resources	Consolidation of Communications and Marketing, Equalities and Access to Services and Performance Reporting Functions into a unified single Council structure	315
All	Senior Staff Review savings across all functions	2,465
	Total savings before council tax increase	15,701

Budget Consultation Results 2017

1. Budget Consultation

Consultation on the specific budget proposals ran from 24th December 2016 to 23rd January 2017. A survey was produced detailing the council's budget proposals, giving people the opportunity to provide their feedback. In total 670 people took part in the budget consultation survey.

The consultation was available online at www.swansea.gov.uk/budgetsurvey and hard copies have been made available in Libraries and Council venues across the City. We had 1868 visits to our Budget Consultation webpages (up 2% from last year) with 905 clicks through to the survey itself during this consultation and 1784 visit to staffnet pages.

Communication and Social Media

The consultation was widely promoted across Swansea within the press and social media. This resulted in:

- Eight press releases in total
- 17 media mentions, including six page leads and one double-page spreads in Evening Post plus mentions on local radio, Swansea Bay TV and BBC Online.
- 16 number of Facebook posts - 2237 Facebook clicks on posts to find out more and 259 reactions and comments (examples presented in Appendix 1).
- 2 Facebook adverts (one English, 1 Welsh) – 58 clicks through to the website costing 17p per click
- 5 Facebook videos promoting the budget consultation resulting in 6157 views
- 25 bilingual tweets sent out on Twitter - 113 re-tweets, likes and conversations = 50,102 impressions and 1101 engagements
- Social media activity resulted in 592 page visits to the budget survey webpage

2. Budget Consultation Summary Results (full results Appendix 2)

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

- Events – a review of the events we currently undertake as a council
- Specific budget proposals
- The Council's future spend

Events

Events which are perceived least and most important are outlined below:

Unimportant

71% unimportant - Skate and Street Festival
69% unimportant - Olympic Fanzones Castle Square
69% unimportant - Silence in the Square
61% unimportant - Swansea Special Festival
60% unimportant - Annual Fireworks Display
60% unimportant - City Centre/Castle Square events – e.g. Roadshows/Films etc.

Important

77% important - Wales National Airshow
67% important - St David's Day Festival
65% important - Major sporting events
63% important - Waterfront Winterland
61% important - Large scale music events
61% important - Christmas Lights Switch on/ Christmas Parade

Specific Proposals

The majority of proposals were supported by respondents. Areas which are receiving the highest levels of objection and agreement, are outlined below:

Disagree

67% disagree – Average 5% increase to Council car park charges
61% disagree – Charging for Sunday Parking in City Centre car parks during off peak periods
51% disagree – Remove the remaining Council subsidy to the school music service
51% disagree – National waterfront museum remove grant for floating exhibits

Agree

92% - Further implement the Safe Looked After Children Reduction Strategy
87% - Review all existing and new care packages
86% - Increase charges for wedding venue facility at Civic Centre by approx. 5%
80% - Restructure of our tourism and marketing services so that more is delivered digitally

Future Spend

There are a number of areas that we are looking to review spend over the next year. Views were sought on these areas as part of the budget consultation. Results from the consultation are outlined in the table below:

	Reduce spend	Maintain spend	Increase spend
Keeping our streets clean	8%	63%	29%
Improving the look and feel of the Kingsway	37%	34%	29%
Our programme of high-profile and community events	42%	51%	8%
Investment in sports pitches	26%	60%	14%
Road and pavement repairs	4%	50%	46%
Maintenance and repairs of our key public buildings	15%	67%	18%

3. **Children and Young People** (full results Appendix 3)

On Friday 20th January 2017, 75 young people participated in the 4th Annual Big Budget Conversation, where they had an opportunity to consider a number of budget proposals that the City and County of Swansea have to make in order to meet the required savings target.

Young people attended from the following schools:

- Birchgrove
- Bishopston
- Bishop Gore
- Bishop Vaughan
- Cefn Hengoed
- Dylan Thomas
- Gowerton
- Morriston
- Olchfa
- Pentrehafod
- Pontarddulais

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, young people have considered proposals relating to cultural services and events, education (specifically in relation to school meal charges), transport and future spend.

The consultation was aligned to the corporate public budget consultation and the key results are as follows:

Events

Events which are perceived least and most important are outlined below:

Unimportant

100% unimportant - Skate and Street Festival

60% unimportant – Outdoor theatre

40% unimportant - City Centre/Castle Square events – e.g. Roadshows/Films etc.

Important

100% important - Wales National Airshow

100% important - Large scale music events

100% important - Major sporting events

100% important - Showing major sporting events on the Big Screen in Castle Square

Specific Proposals

We invited the group to comment on 2 of our specific budget proposals:

1. **Increase the price of school meals** – 100% of those attending disagreed with this proposal
2. **Integrate the park and ride service with commercial local bus services** - 52% agreed and 48% disagreed

Future Spend

There are a number of areas that we are looking to review spend over the next year. Views were sought on these areas as part of the budget consultation. Results from the Big Conversation are outlined in the table below:


	Reduce spend	Maintain	Increase
Keeping our streets clean		45(60%)	30(40%)
Improving the look and feel of the Kingsway	30(40%)		45(60%)
Our programme of high-profile and community events		60(80%)	15(20%)
Investment in sports pitches	15(20%)	45(60%)	15(20%)
Road and pavement repairs		30(40%)	45(60%)
Maintenance and repairs of our key public buildings		30(40%)	45(60%)

Appendix 1

Social media examples – budget consultation 2016 / 2017

Dinas a Sir Abertawe - City and County of Swansea
Published by Greg Jones [?] · 9 January at 12:15 · 🌐

VIDEO: Here's some great historic footage of Kingsway, but should we now be investing in its look and feel?
Let us know at www.swansea.gov.uk/budgetsurvey



00:51

✔ **Get more likes, comments and shares**
Boost this post for £20 to reach up to 8,300 people.

8,393 people reached **Boost post**

👍 12 9 Comments 2 Shares 🔥

8,393 People Reached

2,963 Video Views

54 Likes, Comments & Shares

32 Likes	12 On Post	20 On Shares
17 Comments	9 On Post	8 On Shares
5 Shares	3 On Post	2 On Shares

839 Post Clicks

140 Clicks to Play ⓘ	31 Link clicks	668 Other Clicks ⓘ
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NEGATIVE FEEDBACK

2 Hide Post	0 Hide All Posts
0 Report as Spam	0 Unlike Page

Big Conversation Facebook post

Dinas a Sir Abertawe - City and County of Swansea added 4 new photos.
Published by Maxine Anne Bromfield [?] · 20 January at 11:51 · 🌐

Today the 'Big Conversation' is taking place.
70 pupils from 12 secondary schools across Swansea have come together to discuss the things that are important to them, take part in our budget conversation and to have their say on the future of the city centre 😊






2,264 People Reached

9 Reactions, comments & shares

7 Like	7 On post	0 On shares
1 Love	1 On post	0 On shares
0 Comments	0 On Post	0 On Shares
1 Shares	0 On Post	1 On Shares

216 Post Clicks

159 Photo views	1 Link clicks	56 Other Clicks ⓘ
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NEGATIVE FEEDBACK

3 Hide Post	1 Hide All Posts
0 Report as Spam	0 Unlike Page

Council Budget 2017/18: Have Your Say

Cultural Services

Events

We will be carrying out a review of the events we currently undertake as a Council. To help inform our review we would like to find out how important our events are to the people of Swansea.

1. How important or unimportant would you rate the following events?

	Very important	Fairly important	Fairly unimportant	Very unimportant
Annual Fireworks Display	65 (10.3%)	190 (30.1%)	184 (29.1%)	193 (30.5%)
Armed Forces Day	132 (20.8%)	240 (37.7%)	137 (21.5%)	127 (20.0%)
BBC Proms in the Park	68 (10.8%)	216 (34.3%)	192 (30.5%)	153 (24.3%)
City Centre/Castle Square events – e.g. Roadshows/Films etc..	61 (9.7%)	192 (30.5%)	212 (33.7%)	165 (26.2%)
Large scale music events in Singleton Park Concerts e.g. MTV, Noel Gallagher, Paolo Nutini, Alfie Boe, Status Quo, Busted, Escape, Steps, Party in the Park etc	149 (23.5%)	238 (37.5%)	139 (21.9%)	108 (17.0%)
Major sporting events e.g. Tour of Britain Cycling Race, Olympic / Commonwealth Torch Relay	155 (24.5%)	254 (40.2%)	121 (19.1%)	102 (16.1%)
Major sporting events on the Big Screen in Castle Square e.g. European/World Cup Football/Rugby World Cup/ Wimbledon/ Olympics	83 (13.1%)	193 (30.4%)	196 (30.9%)	162 (25.6%)
Military /Freedom/Civic Parades	106 (16.8%)	209 (33.1%)	173 (27.4%)	144 (22.8%)
Olympic Fanzones - Castle Square	37 (5.9%)	159 (25.2%)	231 (36.7%)	203 (32.2%)
Outdoor Theatre	59 (9.4%)	212 (33.7%)	217 (34.4%)	142 (22.5%)
Silence in the Square	57 (9.2%)	138 (22.3%)	211 (34.1%)	213 (34.4%)
Skate and Street Festival	28 (4.5%)	154 (24.6%)	231 (36.9%)	213 (34.0%)
St David's Day Festival	162 (25.6%)	263 (41.5%)	113 (17.9%)	95 (15.0%)
Swansea Bay 10k	170 (27.0%)	271 (43.0%)	94 (14.9%)	95 (15.1%)

Swansea Special Festival	41 (6.8%)	193 (32.0%)	210 (34.8%)	160 (26.5%)
Wales National Airshow	293 (46.3%)	197 (31.1%)	64 (10.1%)	79 (12.5%)
Waterfront Winterland	153 (24.2%)	243 (38.5%)	122 (19.3%)	113 (17.9%)
Xmas Lights Switch-On / Christmas Parade	148 (23.8%)	230 (37.0%)	132 (21.3%)	111 (17.9%)

2. Do you agree or disagree with the proposals listed below?

	Strongly Agree	Tend to Agree	Tend to Disagree	Strongly Disagree
Restructure of our tourism and marketing services so that more is delivered digitally e.g. online, social media etc	218 (34.5%)	286 (45.3%)	88 (13.9%)	39 (6.2%)
National Waterfront Museum remove grant for floating exhibits	104 (16.9%)	198 (32.1%)	200 (32.4%)	115 (18.6%)

3. Please provide us with additional views on any of the above proposals:
163 (100.0%)

Housing and Public Protection

4. Do you agree or disagree with the proposals listed below?

	Strongly Agree	Tend to Agree	Tend to Disagree	Strongly Disagree
Increase burial and cremation fees by 5% for 17/18. Burial fee will increase by approximately £35 and new graves by £40. This was a 3-year proposal and 17/18 is the final year of implementation.	133 (21.0%)	232 (36.7%)	131 (20.7%)	136 (21.5%)
Increase charges for wedding venue facility at Civic Centre by approximately 5% in 17/18. Charges will increase by an average of £25. This was a 3-year proposal and 17/18 is the final year of implementation.	321 (51.0%)	222 (35.3%)	52 (8.3%)	34 (5.4%)

5. Please provide us with additional views on any of the above proposals:
104 (100.0%)

Highways and Transportation

6. Do you agree or disagree with the proposals listed below?

	Strongly Agree	Tend to Agree	Tend to Disagree	Strongly Disagree
Average 5% increase to Council car park charges. The council will take a graduated approach to charging so those car parks with lower levels of usage will see lower increases in charges.	86 (13.6%)	126 (19.9%)	162 (25.6%)	260 (41.0%)
Charging for Sunday Parking in City Centre Council car parks during off-peak periods (8am-11am and after 5pm) to ensure adequate free parking is available for shoppers during peak times	99 (15.6%)	148 (23.3%)	138 (21.7%)	251 (39.5%)
Introduce a park and ride service integrated with commercial local bus services. This will increase flexibility of the service by increasing the frequency of services operating from the sites and the number of city centre locations where passengers can be dropped off and picked up on their return.	230 (36.6%)	250 (39.7%)	78 (12.4%)	71 (11.3%)

7. Please provide us with additional view on any of the above proposals: 176 (100.0%)

People - Education and Poverty and Prevention

8. Do you agree or disagree with the proposals listed below?

	Strongly Agree	Tend to Agree	Tend to Disagree	Strongly Disagree
Align the third sector Change Fund to council priorities and reduce by 10%	88 (16.3%)	237 (43.8%)	140 (25.9%)	76 (14.0%)
Increase the price of school meals from September 2017 by 10p from £2.20 per day to £2.30 per day	145 (23.1%)	207 (32.9%)	138 (21.9%)	139 (22.1%)
Remove the remaining Council subsidy to the school music services service so that the service is fully funded by the Schools Service Level Agreement and other funding streams.	142 (22.8%)	162 (26.0%)	140 (22.5%)	179 (28.7%)

9. Please provide us with additional views on any of the above proposals:

135 (100.0%)

Social Services

The Social Services and Well-being (Wales) Act ('the Act') is a new law that changes the way that local councils in Wales provide social care and support. It came into force in April 2016 and means that councils must provide information, support and services in the way that the Act sets out. The Act gives individuals and their carers more of a say in the care and support they receive. The Act focuses on helping people to stay well, to be safe from harm, to be as independent as possible and to be supported within and by their local community.

The Act has five principles:

Promoting Well-being: Working with people to understand what matters to them and helping them achieve what is important for their well-being

Voice and control: Putting people at the centre of their care; giving people a voice in making decisions about their life and control over reaching the outcomes that matter to them

Prevention and early intervention: Increasing preventative services within the community to help people to keep well and help us to know when you may need extra support to prevent problems reaching a critical stage

Co production: Providing opportunities for you to be involved in how your care and support is designed and provided

Collaboration: Strong partnership working between the various organisations and people that support you, helping you live the life you choose for longer

In order to meet the requirements of the Act we have to do some things differently...

10. Do you agree or disagree with the proposals listed below?

	Strongly Agree	Tend to Agree	Tend to Disagree	Strongly Disagree
Review all existing and new care packages in line with the new requirements of the Social Services and Wellbeing Act. Care packages will become more focussed on achieving the outcomes that matter to people depending on their circumstances and needs; including through effective use of equipment and telecare services. This may mean that some people have either more or less care, depending on their individual circumstances and needs, but we will ensure that nobody is left without the care that they need.	269 (43.0%)	275 (44.0%)	49 (7.8%)	32 (5.1%)
In order to increase citizens voice and give people direct control over the care they receive we propose to actively promote the use of direct payments as an alternative to traditional care provided by local authority services. We will make it easier to use direct payments by introducing a pre-paid card service.	196 (31.9%)	264 (43.0%)	96 (15.6%)	58 (9.4%)
The Safe Looked After Children Reduction Strategy in Child & Family Services has reduced the number of children becoming looked after, reduced the number of children living within institutionalised care settings and has ensured that where children do need to become looked after that they are cared for within families in or as close to Swansea as possible. We propose to further implement this strategy resulting in further reductions and savings.	271 (44.2%)	291 (47.5%)	30 (4.9%)	21 (3.4%)

11. Please provide us with additional views on any of the above proposals:
97 (100.0%)

12. Do you think that any of the proposals would negatively affect you because of your age, disability, gender, gender identity, race, religion / belief or sexual orientation? If yes, please tell us why below:
201 (100.0%)

Future Spend

There are a number of areas that we are looking to review spending over the next year:

13. For each of the following areas, do you feel we should reduce spend, maintain the same level of spend, or increase spend?

	Reduce spend	Maintain spend	Increase spend
Keeping our streets clean	51 (8.0%)	399 (62.6%)	187 (29.4%)
Improving the look and feel of the Kingsway	236 (37.1%)	218 (34.3%)	182 (28.6%)
Our programme of high-profile and community events	263 (41.7%)	318 (50.5%)	49 (7.8%)
Investment in sports pitches	160 (25.5%)	377 (60.1%)	90 (14.4%)
Road and pavement repairs	23 (3.6%)	319 (50.2%)	293 (46.1%)
Maintenance and repairs of our key public buildings	94 (14.9%)	425 (67.2%)	113 (17.9%)

Are there any other areas we need to review our spending?

14. Areas we should reduce our spending
268 (100.0%)
15. Areas we should increase our spending
318 (100.0%)

Tell us a little about you: We will use this information to see if we have gathered a range of view across the city and to find out if any proposal impacts on one group of people more than another. These questions are optional.

16. Are you
281 (45.0%) Male
309 (49.5%) Female
34 (5.4%) Prefer not to say
17. Is your gender identity the same as you were assigned at birth (i.e. born male and currently living as a man or born female and currently living as a woman)?
583 (93.1%) Yes
4 (0.6%) No
39 (6.2%) Prefer not to say

18. How old are you ...

6 (1.0%)	under 16	103 (16.5%)	56 - 65
31 (5.0%)	16 - 25	59 (9.5%)	66 - 75
92 (14.7%)	26 - 35	17 (2.7%)	76 - 85
128 (20.5%)	36 - 45	3 (0.5%)	over 85
149 (23.9%)	46 - 55	36 (5.8%)	Prefer not to say

19. What is your sexual orientation?

10 (1.6%)	Bisexual
17 (2.8%)	Gay/Lesbian
510 (82.5%)	Heterosexual/Straight
2 (0.3%)	Other
79 (12.8%)	Prefer not to say

20. Would you describe yourself as... (Please cross all that apply or write in)

240 (39.0%)	British	8 (1.3%)	Other British (please write in)
292 (47.4%)	Welsh	5 (0.8%)	Non-British (please write in)
23 (3.7%)	English	1 (0.2%)	Refugee (please write in current/last nationality below)
3 (0.5%)	Irish	0 (0.0%)	Asylum Seeker (please write in current/last nationality below)
13 (2.1%)	Scottish	31 (5.0%)	Prefer not to say

21. What is your ethnic group? (Please cross one box)

583 (93.0%)	White - British, any other White background
2 (0.3%)	Mixed - White & Black Caribbean, White and Black African, White & Asian, any other Mixed background
2 (0.3%)	Asian or Asian British - Indian, Pakistani, Bangladeshi, Chinese any other Asian background
0 (0.0%)	Black or Black British - Caribbean, African, any other Black
2 (0.3%)	Other ethnic group - Gypsy or traveller, Arab, any other
38 (6.1%)	Prefer not to say

22. What is your religion or (non) belief, even if you are not currently practising?

253 (40.7%)	No religion/belief	2 (0.3%)	Jewish
295 (47.5%)	Christian (including Church of England, Catholic, Protestant and all other Christian denominations)	3 (0.5%)	Muslim
3 (0.5%)	Buddhist	0 (0.0%)	Sikh
0 (0.0%)	Hindu	65 (10.5%)	Prefer not to say

23. Do you consider that you are actively practising your religion or belief?

157 (26.8%)	Yes
331 (56.6%)	No
97 (16.6%)	Prefer not to say

24. Can you understand, speak, read or write Welsh?

Please mark all that apply

- 98 (15.7%) Understand spoken Welsh
- 62 (10.0%) Speak Welsh
- 71 (11.4%) Read Welsh
- 50 (8.0%) Write Welsh
- 78 (12.5%) Learning Welsh
- 377 (60.5%) None of these
- 64 (10.3%) Prefer not to say

25. Which languages do you use from day-to-day

- 586 (93.5%) English
- 55 (8.8%) Welsh
- 3 (0.5%) British Sign Language
- 8 (1.3%) Other (please write in)
- 38 (6.1%) Prefer not to say

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

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

This could also be defined Under the Equality Act 2010 as: "Having a physical or mental impairment which has a substantial and long term adverse effect on your ability to carry out normal day to day activities."

- 100 (16.2%) Yes
- 469 (75.8%) No
- 50 (8.1%) Prefer not to say

27. Does this illness or disability limit your normal day-to-day activities in any way?

- 68 (12.8%) Yes
- 406 (76.5%) No
- 57 (10.7%) Prefer not to say

THANK YOU FOR TAKING THE TIME TO COMPLETE THIS QUESTIONNAIRE.

Appendix 3

Big Budget Conversation 2017

On Friday 20th January 2017, 75 young people participated in the 4th Annual Big Budget Conversation, where they had an opportunity to consider a number of budget proposals that the City and County of Swansea have to make in order to meet the required savings target.

Young people attended from the following schools:

- Birchgrove
- Bishopston
- Bishop Gore
- Bishop Vaughan
- Cefn Hengoed
- Dylan Thomas
- Gowerton
- Morriston
- Olchfa
- Pentrehafod
- Pontarddulais

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, young people have considered proposals relating to cultural services and events, education (specifically in relation to school meal charges), transport and future spend. The consultation was aligned to the corporate public budget consultation and the results are as follows:

Cultural Services

Events

We will be carrying out a review of the events we currently undertake as a Council. To help inform our review we would like to find out how important our events are to the people of Swansea.

	Very important	Fairly important	Fairly unimportant	Very unimportant	Haven't heard of it
Annual Fireworks Display	30(40%)	30(40%)	15(20%)		
Armed Forces Day	30 (40%)	30(40%)	15(20%)		
BBC Proms in the Park	45(60%)		15(20%)		15(20%)
City Centre/Castle Square events – e.g. Roadshows/Films etc.	15(20%)	30(40%)	15(20%)	15(20%)	
Large scale music events in Singleton Park Concerts e.g. MTV, Noel Gallagher, Paolo Nutini, Alfie Boe, Status Quo, Busted, Escape Stage	45(60%)	30(40%)			
Major sporting events e.g. Tour of Britain Cycling Race, Olympic / Commonwealth Torch Relay	45(60%)	30(40%)			
Major sporting events on the Big Screen in Castle Square e.g. European/World Cup Football/Rugby World Cup/ Wimbledon/ Olympics	60(80%)	15(20%)			
Military /Freedom/Civic Parades	15(20%)	45(60%)	15(20%)		
Olympic Fanzones - Castle Square		60(80%)			15(20%)
Outdoor Theatre		15(20%)	45(60%)		15(20%)
Silence in the Square	60(80%)				15(20%)
Skate and Street Festival			75(100%)		
St David's Day Festival	45(60%)	15(20%)			15(20%)
Swansea Bay 10k	60(80%)	15(20%)			
Swansea Special Festival	30(40%)	15(20%)	15(20%)		15(20%)
Wales National Airshow	45(60%)	30(40%)			
Waterfront Winterland	45(60%)	15(20%)	15(20%)		
Xmas Lights Switch-On / Christmas Parade	30(40%)	30(40%)	15(20%)		

People - Education and Poverty and Prevention

Do you agree or disagree with the proposal listed below?

	Strongly Agree	Tend to Agree	Tend to Disagree	Strongly Disagree
Increase the price of school meals from September 2017 by 10p from £2.20 per day to £2.30 per day			33(44%)	42(66%)

Highways and Transportation

Do you agree or disagree with the proposal listed below?

	Strongly Agree	Tend to Agree	Tend to Disagree	Strongly Disagree
Introduce a park and ride service integrated with commercial local bus services. This will increase flexibility of the service by increasing the frequency of services operating from the sites and the number of city centre locations where passengers can be dropped off and picked up on their return.	4(5%)	35(47%)	33(44%)	3(4%)

Please provide us with additional view on any of the above proposals:

- If events are continuing, more needs to be done to promote some of them, e.g. special festival. We didn't know what some of the events were.
- Swansea Christmas lights = bad
- Airshow creates too much pollution and endangers lives. We must think about our environment.
- School meal charges may not seem a lot, but per day, per week, per person could add up to be a lot, particularly for families with several children
- Park and ride doesn't really affect us. If the council has to make savings, this makes sense, but we recognise there is an impact on people who use buses and park and ride services more than we do. They are better placed to answer.

Future Spend

There are a number of areas that we are looking to review spending over the next year:

For each of the following areas, do you feel we should reduce spend, maintain the same level of spend, or increase spend?

	Reduce	Maintain	Increase
Keeping our streets clean		45(60%)	30(40%)
Improving the look and feel of the Kingsway	30(40%)		45(60%)
Our programme of high-profile and community events		60(80%)	15(20%)
Investment in sports pitches	15(20%)	45(60%)	15(20%)
Road and pavement repairs		30(40%)	45(60%)
Maintenance and repairs of our key public buildings		30(40%)	45(60%)

Are there any other areas we need to review our spending?

Areas where we should reduce our spending

- Improving the Kingsway – the more it gets changed the more confusing it gets

Areas we should increase our spending

- Beach activities – tourism
- Singleton park – more event to draw people in
- Increase police
- Schools – should advise each other
- Youth clubs – get people off the street
- Road and pavement repairs because of safety
- Improving buildings to make sure they're safe
- Schools – because education need to be improved x3
- Parks
- Beaches
- Charity based organisations

Equality Impact Assessment (EIA) Statement for City & County of Swansea Budget 2017/18

1. Introduction

This statement provides an overall view of the budget EIA process for the Council, along with any specific relevant details for 2017.

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.

Although the amount of money we receive from Welsh Government is likely to increase next year by £1million, this has to be balanced by the fact that we expect £16.3million of additional expenditure (which is outside our control) such as the new apprenticeship levy, for example. We also believe that our funding from Welsh Government will reduce significantly in the coming years which means we'll have £55m less to spend at a time when demand for services like social care is rising.

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 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 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 in previous years 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
- 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> and/or with the relevant corporate report at: <http://democracy.swansea.gov.uk/ieDocHome.aspx?bcr=1&LLL=0?Lang=eng>

4. Consultation and engagement

Whilst there is a specific regulation around engagement (contained within the Public Sector Equality Duty for Wales), our '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 latest population estimates (2015) and 2011 Census is as follows:

- The gender split of the **City & County of Swansea** is **50.1% Female** (121,500 people) and **49.9% Male** (120,900 people).
- Children and young people **aged 0-25 years** represent **32.8%** of the population, or **79,500** people.
- **Over 50s** represent **37.5%** of the population (90,900 people), of which **46,800** are over 65 (around 19.3% 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 EIAs
- this is an ongoing process and as noted this statement and many EIAs will remain open for varying periods of time
- there is a focus on the council doing things differently in order to further deliver services that are flexible, citizen-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 challenging commitment given the financial constraints it faces. However, services may be provided in a different way in line with 'Sustainable Swansea - Fit for the Future'.

Response of the School Budget Forum

PONTYBRENIN PRIMARY SCHOOL

HEADTEACHER/PRIFATHRO: Mr P S Williams



Glyn Rhosyn

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11 January 2017

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 been made relating to the cabinet report, shared with councillors on the 12th December, 2016.

As a consultative body, the forum expects that the points made will be carefully considered as part of any forthcoming corporate discussion of future revenue and budgets.

The School Budget Forum recognises that every year it is getting harder to use the available funding from the block grant, sent from Welsh Assembly to Swansea to cover all areas of service pressure.

Nevertheless, it is our responsibility to highlight the implications of the budget proposals on schools and the wider education service and that they are properly recognised by the council before any decisions are made. This year our discussions are set out in the following manner.

POSITIVES

- Recognition by the council of the outcomes achieved by schools in Swansea, in particular ESTYN outcomes being the best out of 22 local authorities.
- The proposal to continue to prioritise delegated school budgets.
- The proposal for additional cash funding to transform provision e.g. Education Other Than At School and further specialist teaching facilities.
- The recognition that although Swansea schools receive relatively low funding (21st out of 22) compared to other councils, there is a clearly communicated message that there is commitment to bridge the funding gap over time.

- The recognition of the essential contribution of the Education service to wider council priorities.
- The transparency and improved communication, particularly by the Leader and Cabinet Member, 'to say it as it is' and give schools chance to plan for the cuts in good time.
- The significant work of headteachers and officers of the council to model and evaluate the serious implications of potential alternative funding scenarios for schools (5% every year).

NEGATIVES

- The poor funding position of schools in Swansea compared to other councils, in that the education budget as a whole ranks at 21st in 2016 and £444 per pupil less than the Wales average. If Swansea schools results are already in the top rankings for ESTYN and Standards, think about how much more they can do with an extra £15.3m. Urban areas such as Cardiff do better than their Swansea counterparts.
- Regionalisation of the Education Improvement Service (ERW) does not help schools funding, rather it hinders – Swansea receives significantly lower amounts of monies than that of all our ERW partners – Is there a better model out there to ensure the appropriate funding for schools so that Swansea schools are not penalised in comparison with other neighbouring areas. Are our ERW partners more rural orientated? If so, should we be banded with them?
- Specific Grants, a life line for many schools are being drastically cut, causing an extremely challenging position for schools, especially nursery provision, the local anti-poverty strategy and the wider learning opportunities of pupils. Additionally, some Service Level Agreements for schools will become a thing of the past as schools look inwardly to cover statutory duties.
- Setting a balanced budget each year is getting harder each year with many schools seeking to utilise their workforce (e.g. part time challenge advisors) to generate income for the school.
- The cabinet report appears confusing on the pressures facing schools. Appendix B we have been told is more accurate (2% to 2.5% real terms reductions per year) rather than table 1 which suggests 5% year on year. During the most recent school budget forum it was clarified that Appendix B is the one to use, so Table 1 needs to be removed as it no longer stands.
- Non Delegated Education Budgets are facing drastic cuts to a wide range of services. This is likely to have a direct impact on the delegated budget.

Concluding, the council must be congratulated on their proposed additional funding to transform the model of EOTAS provision, both in terms of revenue funding and also capital investment in enhanced accommodation and facilities. Many headteachers consider this to be a much needed and indeed visionary proposal, reflecting the hard work undertaken to fundamentally review the existing provision. The additional £1m investment in structural repairs in the current year has also been very valuable and the Forum would welcome any further capital injection in 2017/18, together with the continuing investment in school facilities through the 21st Century Schools Programme.

The strength of the education service and children's outcomes compared to other councils is borne out of a desire from all stakeholders to secure the very best for the young people of Swansea. If, collectively, we appreciate that education and qualifications are the key principal drivers in moving pupils and families out of deprivation and into a skilled workforce with better standards of living, then putting schools first in the queue for appropriate funding is imperative.

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.

Philip Williams
Chair, School Budget Forum

Revenue Budget 2017/2018

Corporate Services

	ORIGINAL BUDGET 2016/2017 £	ORIGINAL BUDGET 2017/2018 £
Resources Directorate		
Resources Directorate	163,400	166,200
	163,400	166,200
Head of Commercial Services		
Commercial Team & Procurement	595,200	638,700
	595,200	638,700
Head of Comms & Customer Engagement		
Access to Services	259,900	265,000
Communications	172,200	183,700
Complaints	210,200	224,100
Corporate Customer Services	1,072,800	982,500
Corporate Marketing	300,700	297,500
Corporate Mgt Team Support	353,400	358,800
Design and Print	227,900	222,200
Overview and Scrutiny	210,300	217,600
Web Development	131,700	134,100
Commissioning Review	-190,000	-28,000
Overlap	162,000	0
Senior Staff Reductions 17/18	0	-84,000
	2,911,100	2,773,500
Chief Finance Officer		
Audit	468,400	666,100
Benefits	22,677,900	23,475,900
Finance DMT	681,200	344,500
Financial Services	1,202,500	1,408,800
Performance and Delivery	256,100	260,600
Revenues	1,000,900	880,900
Treasury and Technical	969,500	1,032,900
Commissioning Review	-405,000	15,000
Overlap	420,000	0
Senior Staff Reductions 17/18	0	-147,000
	27,271,500	27,937,700

Revenue Budget 2017/2018

Corporate Services

	ORIGINAL BUDGET 2016/2017 £	ORIGINAL BUDGET 2017/2018 £
Head of Human Resources & OD		
Employee Services	757,600	857,800
Health and Safety	796,800	938,100
Human Resources	612,000	638,100
Pensions	-45,900	-41,000
Training	269,000	273,800
Commissioning Review	-299,000	-56,000
Overlap	243,000	0
Senior Staff Reductions 17/18	0	-175,000
	2,333,500	2,435,800
Head of Information & Business Change		
Business Improvement	698,900	811,500
DMT, ICT and Transformation	401,500	356,600
ICT Services	3,094,800	3,266,900
Information & Strategy	2,813,700	2,601,500
Commissioning Review	-1,756,000	-9,000
Overlap	1,747,000	0
Senior Staff Reductions 17/18	0	-152,000
	6,999,900	6,875,500
Head of Legal & Democratic Services		
Coroners	478,000	482,500
Democratic Services	2,439,000	2,700,100
Legal Services	1,826,400	1,818,000
Commissioning Review	-202,000	-19,000
Overlap	183,000	0
	4,724,400	4,981,600
Sustainable Swansea-Resources Directorate		
Workstreams	-2,119,000	-2,873,900
Overlap	71,000	0
Senior Staff Reductions 17/18	0	-177,000
	-2,048,000	-3,050,900
Total Corporate Services	42,951,000	42,758,100

Revenue Budget 2017/2018

People Directorate - Poverty & Prevention

	ORIGINAL BUDGET 2016/2017 £	ORIGINAL BUDGET 2017/2018 £
Head of Poverty & Prevention		
Community Safety	560,400	508,100
Early Intervention & Prevention	718,700	788,300
Partnership Performance & Commissioning	1,603,300	1,683,900
Poverty and Prevention	399,700	422,300
Tackling Poverty Unit	527,700	639,200
Young Peoples Services	1,465,200	2,091,700
Senior Staff Reductions 17/18	0	-146,000
	5,275,000	5,987,500
Sustainable Swansea - Head of Poverty & Prevention		
Commissioning Review	-7,000	0
Workstreams	-250,000	0
Overlap	83,000	0
	-174,000	0
Total People Directorate - Poverty & Prevention	5,101,000	5,987,500

Revenue Budget 2017/2018

People Directorate - Social Services

	ORIGINAL BUDGET 2016/2017 £	ORIGINAL BUDGET 2017/2018 £
Head of Adult Services		
Disability Residential & Day Care	8,671,600	8,252,800
Learning Disabilities & Mental Health Support	11,792,300	11,945,400
Integrated Services - Domiciliary Care & Hubs	18,353,900	18,604,900
Integrated Services - External Residential	12,714,300	13,307,100
Integrated Services - Other	2,389,700	2,473,900
Older Persons Residential and Day Care	6,984,800	6,711,700
Safeguarding/Wellbeing	4,012,300	3,525,200
Support	2,463,900	2,738,000
Commissioning Review	-139,000	-139,000
Senior Staff Reductions 17/18	0	-362,000
	67,243,800	67,058,000
Head of Child & Family Services		
Accommodation Services	18,903,400	17,289,900
Aftercare	972,400	894,900
Assessment and Care Management	12,144,200	11,546,200
Family Support Services	3,126,400	3,396,500
Regional Services	2,303,200	2,141,900
Residential Care-Internal Provision	588,400	519,700
Commissioning Review	-473,000	-11,500
Senior Staff Reductions 17/18	0	-402,000
	37,565,000	35,375,600
Directorate Services		
Central Services	363,600	436,000
Service Strategy and Regulation	369,900	660,100
Social Services Training Section	217,700	284,200
Senior Staff Reductions 17/18	0	0
	951,200	1,380,300
Sustainable Swansea-Social Services		
Workstreams	-2,250,000	0
	-2,250,000	0
Total People Directorate - Social Services	103,510,000	103,813,900

Revenue Budget 2017/2018

People Directorate - Education

	ORIGINAL BUDGET 2016/2017 £	ORIGINAL BUDGET 2017/2018 £
Delegated Schools		
School Cost Centres	138,874,085	143,607,660
	138,874,085	143,607,660
Chief Education Officer		
Mgt & Admin Effectiveness	112,400	101,300
Schools At Risk	76,000	240,056
SIPD	28,500	17,000
WJEC Subscriptions	51,000	36,000
	267,900	394,356
Head of Strategic Planning Improvement Group		
Management Systems Unit	207,400	176,200
Improvement and Monitoring Unit	0	133,000
Broadband & Cloud Technology	339,500	410,000
Learning Portal Team	208,900	80,500
Stakeholder Engagement Unit	355,000	215,300
Welsh Translation Unit	329,200	256,200
	1,440,000	1,271,200
Head of Education Improvement Service		
Education Improvement Service	1,396,500	1,331,300
Performance Management	46,900	0
Data	11,600	0
Early Years Training	24,800	0
Welsh Service	116,400	45,000
	1,596,200	1,376,300

Revenue Budget 2017/2018

People Directorate - Education

	ORIGINAL BUDGET 2016/2017 £	ORIGINAL BUDGET 2017/2018 £
Head of Learner Support Service		
Head of Learner Support Service	112,900	115,200
Access To Learning Mgt & Admin	221,300	0
Behaviour & Learning Support	1,173,100	1,113,800
Home Tuition Service	420,400	489,000
One To One Support Primary	782,900	796,300
One To One Support Secondary	389,100	395,800
Psychology Service	746,200	726,400
Recoupment	630,000	1,780,000
SEN Statementing & Support	3,541,500	3,165,800
EOTAS	892,800	2,927,400
Pupil Referral Units	1,293,400	1,687,300
School Transport - Special	756,800	806,900
Appetite For Life Grant	175,700	0
Catering Staff Canteen	0	0
Cleaning Services	1,018,300	120,300
Free Breakfast	753,700	588,700
FSM Secondary	0	0
School Meals Client	1,091,000	0
School Meals Service	32,900	-132,700
Contribution To Swansea Safeguarding Children Board	14,000	14,000
Free School Milk	0	0
Miscellaneous Grants	0	0
School And Governor Unit	368,200	384,500
School Transport	5,458,200	5,557,700
School Transport Continuing Education	561,300	561,200
Welfare Service	559,000	536,100
Youth Offending Team	54,500	55,300
Adult & Community Learning	433,100	483,800
Employment Training	733,500	0
Ethnic Minority Achievement Unit	146,500	98,300
West Glamorgan Music Service	123,500	32,200
Senior Staff Reductions 17/18	0	-98,000
	22,483,800	22,205,300

Revenue Budget 2017/2018

People Directorate - Education

	ORIGINAL BUDGET 2016/2017 £	ORIGINAL BUDGET 2017/2018 £
Head of Education Planning Resource Service		
Additional School Support	78,000	78,100
Capital Planning & Delivery Unit	367,300	352,085
Continuing Education & Pensions	340,300	500,900
DfES Post 16	-5,542,985	-5,748,745
DfES Post 16 Funding Retained	0	115,000
Education Improvement Grant for Schools	653,600	719,744
Empty Properties	15,000	15,600
Funding And Information Unit	154,500	82,700
Health & Safety	62,900	100,000
Management & Admin-Planning & Resources	98,200	100,000
Non Delegated Primary - Pensions, Insurance & Public Board	1,974,000	2,755,300
Non Delegated Secondary - Pensions, Insurance & Public Board	3,051,500	3,259,600
Non Delegated Special - Pensions, Insurance & Public Board	45,400	40,500
Pupil Deprivation Grant	-6,646,700	-6,646,700
	-5,348,985	-4,275,916
Sustainable Swansea - Education		
Comm Review - Education Improvement	-24,000	0
Comm Review - Education Inclusion	-29,000	0
Comm Review - Education Planning and Resources	-2,000	0
Overlap - Education Improvement	238,000	0
Overlap - Education Planning and Resources	176,000	0
Workstreams - Education Directorate	-575,000	0
	-216,000	0
Total People Directorate - Education	159,097,000	164,578,900

Revenue Budget 2017/2018

Place Directorate

	ORIGINAL BUDGET 2016/2017 £	ORIGINAL BUDGET 2017/2018 £
Head of Corporate Building & Property Services		
Facilities Management	4,580,400	3,902,300
Strategic Estates Properties	-3,894,000	-2,253,800
Property Preventative Maintenance	4,068,100	3,540,000
Corporate Building Services Trading	1,442,600	1,063,500
Community Budgets	676,000	676,400
Commissioning Review	-170,000	0
Overlap	500,000	0
Senior Staff Reductions 17/18	0	-90,000
	7,203,100	6,838,400
Head of Highways and Transportation		
Car Parking and Enforcement	-1,379,000	-2,386,800
Transportation	3,042,700	3,124,200
Traffic Management	1,053,000	991,100
Central Transport	-519,100	-617,900
Engineering	671,500	605,600
Highways	6,659,300	6,593,400
Swansea Marina	-35,200	-75,300
Directorate and Other Costs	512,700	471,200
Commissioning Review	-132,000	0
Overlap	562,000	0
Senior Staff Reductions 17/18	0	-207,000
	10,435,900	8,498,500
Head of Waste Management & Parks		
Household Waste Recycling Centres	806,200	723,900
Parks	4,855,500	4,594,100
Recycling	1,158,200	1,947,300
Residual Disposal/Tir John	3,890,400	3,682,800
Residual Waste Collection	2,684,500	2,832,900
Trade Refuse	-154,700	-193,000
Waste Management Strategy	62,500	0
Neighbourhood Working	4,017,400	3,878,300
Directorate and Other Costs	935,400	922,000
Commissioning Review	-670,000	0
Overlap	549,000	0
Senior Staff Reductions 17/18	0	-70,000
	18,134,400	18,318,300

Revenue Budget 2017/2018

Place Directorate

	ORIGINAL BUDGET 2016/2017 £	ORIGINAL BUDGET 2017/2018 £
Place Directorate		
Place Directorate	239,600	360,150
	239,600	360,150
Head of Cultural Services		
Archives	290,200	257,700
Arts	3,198,900	2,962,750
Community Buildings	213,700	218,900
Development and Outreach	334,200	244,800
Libraries	2,823,000	2,970,400
Sport and Recreation	1,947,800	1,785,900
Tourism, Marketing and Events	1,599,100	1,361,500
Directorate and Other Costs	336,500	382,700
Commissioning Review	-1,404,000	0
Overlap	1,041,000	0
Senior Staff Reductions 17/18	0	-174,000
	10,380,400	10,010,650
Head of Planning & City Regeneration		
Business Support	426,419	385,419
Property Development	759,298	636,298
City Centre Management and Indoor Market	-250,500	-256,900
European Team	0	0
Major Projects, Design and Conservation	125,500	123,500
Planning Control	647,800	675,700
Planning Policy and Environment	1,085,500	1,069,000
Directorate and Other Costs	300,783	41,583
Commissioning Review	-5,000	0
Overlap	260,000	0
Senior Staff Reductions 17/18	0	-94,000
	3,349,800	2,580,600

Revenue Budget 2017/2018

Place Directorate

	ORIGINAL BUDGET 2016/2017 £	ORIGINAL BUDGET 2017/2018 £
Head of Housing and Public Protection		
Building Regulations	88,400	99,700
Burials and Cremations	-380,200	-560,200
Food Safety	591,100	580,600
Licensing	-108,400	-96,300
Pollution	802,300	719,300
Public Health	740,700	786,700
Registrars	30,100	17,900
Trading Standards	669,500	586,200
Housing Grants to the Independent Sector	40,500	40,500
Housing Renewals and Adaptations	152,100	144,800
Housing Strategy, Advice and Support	615,200	1,343,100
Other Housing Services	75,400	89,300
Directorate and Other Costs	286,100	269,500
Commissioning Review	-5,000	0
Overlap	233,000	0
Senior Staff Reductions 17/18	0	-87,000
	3,830,800	3,934,100
Sustainable Swansea-Place		
Workstreams	-2,575,000	-627,700
	-2,575,000	-627,700
Total Place Directorate	50,999,000	49,913,000

Revenue Budget 2017/2018

Place Directorate

ORIGINAL BUDGET 2016/2017 £	ORIGINAL BUDGET 2017/2018 £
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Report Total

361,658,000 367,051,400

Agenda Item 10.

Report of the Section 151 Officer

Cabinet – 9 February 2017

CAPITAL BUDGET & PROGRAMME 2016/17 – 2020/21

Purpose:	This report proposes a revised capital budget for 2016/17 and a capital budget for 2017/18 - 2020/21
Policy framework:	None
Reason for decision:	To agree a revised capital budget for 2016/17 and a capital budget for 2017/18 – 2020/21
Consultation:	Cabinet Members & Executive Board
Recommendation:	The revised capital budget for 2016/17 and a capital budget for 2017/18 – 2020/21 as detailed in appendices A, B C, D, and E is approved.
Report Author:	Mike Hawes
Finance Officer:	Mike Hawes
Legal Officer:	Debbie Smith
Access to Services Officer:	Sherill Hopkins

1. Introduction

1.1 This report details:

- Revised capital expenditure and financing proposals for 2016/17
- Capital expenditure and financing proposals for 2017/18 – 2020/21

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
2016/17 – 2020/21

Appendix B Schools Programme Capital Expenditure
and Financing 2016/17 – 2020/21

Appendix C Material changes to the original 2016/17 budget

Appendix D Reconciliation of Capital programme shortfall

Appendix E General Fund Capital Budget 2016/17 – 2020/21

- 1.4 The key message arising from this report is that the overall programme deficit, encompassing both the General Fund Programme and Schools programme, already amounts to some £56.933 million over the lifetime of the programme.

Capital receipts are a finite resource and 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 with the additional revenue implications

2. Capital Budget 2016/17

- 2.1 Spending in the current year is forecast to be £60.684m (GF £47.923m plus Schools programme £12.761 m) – an increase of £5.62m compared with the original estimate of £55.064m.

This increase is due to the following:

- the addition of grant funded schemes after Council approved the capital budget in February 2016.
- the addition of non-grant funded schemes
- the net balance of schemes carried over from 2015/16 into 2016/17 and schemes carried over from 2016/17 into 2017/18.

Material changes to the 2016/17 budget are summarised in Appendix C.

3. Capital Programme and Financing 2016/17 to 2020/21

- 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 3.15 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 25th February 2016 highlighted a forecast funding shortfall in the four year forward programme of £30.085m made up of £22.03m for the 21st Century Schools programme and £8.055m for the rest of the General Fund capital programme. The February 2016 report contained the following narrative in respect of both the General Fund and Schools programme funding 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 programme expenditure of £137.347m; forecast financing of £99.041m and a forecast funding shortfall of £38.306m. Appendix D provides a reconciliation between the General Fund and 21st Century Schools programme shortfall reported in February 2016 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. 2020/21) creates 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 2020/21	10.238
<i>less 2020/21 spending requirements</i>	
Property and highways maintenance	-7.375
DFGs & Improvement Grants	-5.200
Annual Capital Contingency Budget	-0.591
Additional shortfall 2020/21	2.928

It should be noted that the core capital budget identified above is itself in excess of the support available from Welsh Government (£10.238m).

- 3.5 This Capital budget incorporates capital investment in respect of:
- £6.15 million for the Development phase of the City Centre sites (St David’s and the Civic Centre site)
 - additional £1 million of funding for Highways & Transport (funded by reserves)
 - additional £1 million for schools’ capital investment (outside the scope of the 21st Century Schools programme) to cover a backlog of urgent maintenance and health & safety requirements.
 - £6.5 million for the proposed EOTAS accommodation scheme (this is a high level indicative estimate prior to the outcome of a feasibility study) and the actual cost and phasing will differ)
 - £10 million for Kingsway Infrastructure redevelopment (with funding to be confirmed)

In respect of highways and transport and Schools Capital investment specific schemes will have to be brought forward and authorised in line with Financial Procedure Rules.

Forecast Capital Funding Gap

- 3.6 As at February 2017, the updated forecast funding shortfall for the capital programme 2016/17 – 2020/21 is £56.933 million. (at Feb 2016 the projected forecast shortfall for 2015/16- 2019/20 was £30.085m). Appendix D to this report analyses the movement in the funding deficit as reported in February 2016 with the current deficit as now reported. The increased shortfall is specifically accounted for by the need to undertake additional borrowing in respect of the Capital programme as detailed in appendix 'D'. This additional borrowing will be required in the absence of sufficient Capital receipts being received.
- 3.7 It remains the case that in the absence of adequate capital receipts or curtailing spend an implicit additional borrowing requirement on both GF and the Schools programme of £56.933 million will be required over the life of the programme. Ultimately the Capital programme as set out is underpinned by a 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 requirement to fund the shortfall in the programme funding.

- 3.9 It should be noted that the Council makes an average annual budget provision to repay debt of approximately £14.9m (2016/17). The Council has taken advantage of the low interest rate and volatility in the market to externalise some of its borrowing requirement in year, though the overall strategy is to mitigate the impact of interest charges by utilising internal resources. It is forecast that in line with good Treasury Management practice and being mindful of interest rate movements and Cashflow requirements, it is certain that actual external borrowing shall increase in the short/medium term with the associated increase in interest payments.

SCHOOLS PROGRAMME AND FINANCING

- 3.10 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 – is funded by a 50% contribution from the Welsh Government and a 50% contribution from the Council towards a programme total of £51.31 million.
- 3.11 Phase 1 schemes are progressing well, with Burlais and Gowerton completed in 2015-16 and Phase 2 schemes are progressing. The schemes included in both phases of the programme are detailed in Appendix B and are summarised below:

C21st School Schemes (Band A)

Phase 1 Schemes	£'000	
Burlais Primary new school build	8,150	Completed
Gowerton Primary new school build	6,705	Completed
YGG Lon Las rebuild and remodel	9,796	Progressing to plan
Glyncollen Primary improvements	750	Completed
Newton Primary improvements	650	Completed
	<u>26,051</u>	
Phase 2 Schemes		
Pentrehafod remodelling	15,076	Commenced Nov16
Gorseinon Primary new school build	6,080	Full business approved by WG
Pentre Graig Primary improvements	2,724	Completed
YGG Gywr improvements	1,350	Progressing to plan
Secondary review	79	Uncommitted
Special Schools review	100	Work commissioned to draw down funding
	<u>25,409</u>	
Total Phase 1 and 2 (includes £150k Challenge Cymru)	51,460	

- 3.12 For completeness, the previously agreed Morriston Comprehensive School scheme is also detailed in Appendix B. This is necessary as the funding for the Morriston Scheme and the second phase need to be considered in the context of the wider schools programme.
- 3.13 The cashflow projections currently approved by WG are reflected in Appendix B. The cashflow projections will continue to be reviewed with WG to consider the potential impact on the Gorseinon scheme of the Village Green Application.
- 3.14 The financing of the schools programme and current shortfall of **£18.627m** 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 provided a 70% grant contribution to the Morriston 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. **£25.655m**.
 - CCS has identified confirmed contributions of £1.4 million to date which have already been used to fund the Schools programme. Further contributions have been provisionally identified and will be utilised to help fund part of the future programme once both fully agreed and actually received.
 - The implication of (a) (b) and (c) is that the Council is required to fund a contribution of **£31.030m** over the period to 2020.

- e) There is an ambitious programme of Council asset disposals which will 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 will be considered to fund the shortfall.
- f) The Welsh Government has confirmed that it will meet part of its 50% contribution by providing annual revenue support for Council supported borrowing rather than grants. The proposed funding is detailed in Appendix B.

If required, it will be necessary to finance the forecast schools programme shortfall in 2017/18 by unsupported borrowing pending future capital receipts from the disposal programme.

- 3.15 It is anticipated that Band B of the 21st Century Schools Programme will be delivered from April 2019 and run to March 2024. Welsh Government have commenced the planning work for this and sought information from local authorities about the scale and broad make up of their emerging investment priorities. This will inform the Welsh Government's own case for future capital investment in schools. As yet guidance is still to be provided on the grant intervention rate and criteria for Band B and until this is clarified it is not possible to judge the potential scale of future investment that might be 'affordable' for local authorities. Over the coming months the detail of the future programme will be developed as clarification is received from the Welsh Government and this will allow greater engagement with schools and their governing bodies to help shape the direction of travel.

4. Impact of proposed Developments and Schemes

- 4.1 The Capital programme as outlined in this report reflects known planned expenditure and financing as at the date of the report.
- 4.2 It is clear, however, that there are significant potential developments which are currently being developed which may have a significant effect on the Council's proposals for Capital Expenditure during the period covered by this report but which have not been included for a number of reasons including:-

- Schemes which are currently in the 'bid' stage where approval is required in terms of overall scheme approval, the overall level of expenditure within each scheme and the projected level of CCS contribution.

Such bids would encompass the current City Deal bid and the initial bids in respect of Band B of the 21st Century Schools programme.

- Schemes which are being developed outside of formal bid processes but where the current level of development is insufficient to estimate potential levels of CCS contributions and the nature and timing of funding requirements.

Such schemes would include the potential for the development of the majority of the St. David's site and the potential relocation and development of the Civic Centre site.

- 4.3 By their very nature and scale these schemes have the potential to radically change the scope of the Council's capital programme over the period covered by this report and, as such, any elements of expenditure relating to these schemes that fall to be incurred during 2017/18 will have to be the subject of a separate report under Financial Procedure Rule 7 (FPR 7) for inclusion in the Capital Programme as necessary.
- 4.4 The Capital programme is updated and approved on an annual basis as part of the formal budget round and to the extent that firm proposals around expenditure and funding are developed they will need to be included in subsequent annual reports even though they will inevitably relate to the time period that the current report covers.
- 4.5 The clear strategy for the Council should be to maximize external investment in any proposals and to seek to target its own investment into areas which offer a return commensurate with or greater than financing costs in order to minimise the Revenue impact of any additional borrowing requirements. In the absence of such a strategy then it has to be realised that any capital expenditure that leads to an overall net increase in borrowing costs brings with it the potential to impact on an already challenging revenue budget scenario going forward.

5. Risks

- 5.1 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 cannot be met from existing revenue budgets.
 - Additional costs arising from any other additions to the Capital programme.
- 5.2 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.
- 5.3 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.

6. Legal Implications

- 6.1 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.

7. Prudential Code

- 7.1 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.
- 7.2 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 2017/18 and subsequent years.

8. Equalities Implications

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

Appendix A Summary of General Fund Capital Expenditure and Financing
2016/17 – 2020/21

Appendix B Schools Programme Capital Expenditure and Financing 2016/17 – 2020/21

Appendix C Material changes to the original 2016/17 budget

Appendix D Reconciliation of Capital Programme shortfall

Appendix E General Fund Capital Budget 2016/17 – 2020/21

SUMMARY OF GENERAL FUND CAPITAL BUDGET AND FINANCING 2016/17 - 2020/21

	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£'000	£'000	£'000	£'000	£'000	£'000
DIRECTORATE						
Resources	1,516	1,142	591	591	591	4,431
People	2,483	5,850	2,000			10,333
Place	43,924	30,492	20,017	15,575	12,575	122,583
TOTAL EXPENDITURE	47,923	37,484	22,608	16,166	13,166	137,347
FINANCED BY:						
Borrowing:						
Supported Borrowing	6,367	6,365	6,365	6,365	6,365	31,827
Supported Borrowing - Highways						
Grants and Contributions:						
Welsh Government General Grant	3,875	3,873	3,873	3,873	3,873	19,367
Welsh Government specific grants	7,799					7,799
European grants						
Other Grants	4,488	629				5,117
Contributions	790					790
Capital Receipts:						
Earmarked Capital receipts	2,735	747				3,482
General Capital receipts	2,040	8,495	6,895	1,087		18,517
Revenue and Reserve Contributions (including provision for waste schemes)	5,642	3,758	2,742			12,142
TOTAL FINANCING	33,736	23,867	19,875	11,325	10,238	99,041
FORECAST SHORTFALL	14,187	13,617	2,733	4,841	2,928	38,306
C21 School forecast shortfall (Appendix B)	5,647	6,665	6,315			18,627
Total GF SHORTFALL including C21st Schools	19,834	20,282	9,048	4,841	2,928	56,933

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	Actual 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	128	226				21,986
21st Century Schools Programme (Band A)									
Phase 1									
Burlais Primary new school build	17	453	5,941	1,266	473				8,150
Gowerton Primary new school build	16	446	2,193	3,833	217				6,705
YGG Lon Las rebuild and remodel		66	108	2,672	6,334	616			9,796
Glyncollen and Newton Primary improvements		393	1,007						1,400
Phase 2									
Pentrehafod remodelling				52	2,750	6,966	5,308		15,076
Gorseinon Primary new school build			51	332	10	4,206	1,481		6,080
Pentre'r Graig Primary improvements			97	1,117	1,510				2,724
YG Gwyr improvements			50	109	991	200			1,350
Secondary Review							79		79
Special Schools Review							100		100
21st Century Schools Programme (Band B)									
Daniel James feasibility					250				250
TOTAL EXPENDITURE	5,478	13,274	13,718	9,509	12,761	11,988	6,968		73,696
FINANCED BY:									
Welsh Government Grant									
Morrison Comprehensive Refurbishment	5,198	10,192							15,390
21st Century Programme Schemes - grant		782	6,231	5,702	4,621	1,208	653		19,197
21st Century Programme Schemes - PB					2,343	4,115			6,458
Pentrehafod Challenge Cymru funding					150				150
Capital Receipts			104						104
Contributions	33	592	742						1,367
TOTAL FINANCING	5,231	11,566	7,077	5,702	7,114	5,323	653		42,666
FORECAST PROGRAMME SHORTFALL	247	1,708	6,641	3,807	5,647	6,665	6,315		31,030
CURRENT FORECAST SHORTFALL (2016/17 TO 2019/20)									18,627

MATERIAL CHANGES TO THE 2016/17 CAPITAL BUDGET

Scheme	Source Of Funding	2016/17 Change £'000
Director of People		
Education Planning & Resources		
Feasibility Commission Former Daniel James School	Unsupported Borrowing	250
Social Services		
Ty Nant Relocation	Revenue / Capital Receipts	310
ENABLE Independent Living Grant	Grant	280
Intermediate Care Fund 16/17	Grant	501
Poverty		
Mayhill Family/Medical Centre	Grant	167
Director of Place		
Highways & Transportation		
Local Transport Fund 16/17 (including Morfa Road)	Grant	1,789
Road Safety 16/17	Grant	381
Safer Routes In Communities 16/17	Grant	322
Small Scale Flood Risk Management Schemes	Grant	150
Blackpill Flood Alleviation Scheme	Grant	139
Housing General Fund		
Sandfields Renewal Area	Grant	730
Waste Management		
Improvements to the HWRC's to improve re-use facilities	Grant	60
Culture, Sport, Leisure & Tourism		
3G Pitch Morriston Comp/LC	Grant/Revenue	250
3G Pitch Penyrheol Comp/LC	Grant/Revenue	617
Economic Regeneration & Planning		
City Centre Major Redevelopment	Borrowing /Grant/ Revenue	1,638
Westway & Wellington St Gyratory Ph 1	Capital Receipts	292
Grant Clawback - Waterfront City Project	Revenue/Contribution	190
Demolition of Oceana	Unsupported Borrowing	2,682
Kingsway Infrastructure Works	Revenue	75
Delayed Spending From 2015/16 - All Services (excl HRA)	Various	19,735
Delayed Spending Into 2017/18 - All Services	Various	-24,550
Other Minor Changes	Various	-388
TOTAL MATERIAL CHANGES		5,620

RECONCILIATION OF CAPITAL PROGRAMME FUNDING SHORTFALL

	£m
Forecast shortfall (borrowing requirement) - per Council February 2016	30.085
Remove 2015-16 shortfall	-12.311
Capital additions and slippage within capital programme (2016-17 to 2017-18)	49.180
(App C shows 2016-17 changes, the balance relates to future year changes)	
Additional borrowing for a further year (2020/21) to programme	2.928
	69.882
Less additional funding obtained (supported borrowing, grants, contributions and reserves)	-11.656
Less additional forecast capital receipts	-1.293
Amended forecast funding shortfall (unsupported borrowing requirement) February 2017	56.933

GENERAL FUND CAPITAL BUDGET 2016/17 - 2020/21

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	TOTAL £'000
DIRECTOR OF RESOURCES						
Delivery & Information						
WiFi Provision / Internet Connection	54					54
Telephony system replacement	500					500
Civic Centre LAN upgrade / Disaster recovery	78					78
Upgrade Server Hardware		120				120
Improvements to school networks and associated equipment	80	321				401
Digital Business Strategy	500	260				760
Financial Services						
Corporate Contingency	304	441	591	591	591	2,518
TOTAL FOR DIRECTOR OF RESOURCES	1,516	1,142	591	591	591	4,431
DIRECTOR OF PEOPLE						
Education(excluding 21st Century schools programme)						
Primary school schemes	161					161
Secondary school schemes	279					279
Special school schemes	11					11
Youth Activities schemes	20					20
EOTAS accomodation scheme	100	4,500	2,000			6,600
STF Development		350				350
Schools - additional capital maintenance		1,000				1,000
Poverty & Prevention	56					56
Social Services						
Mayhill Family / Medical Centre	760					760
Residential home for young people	310					310

GENERAL FUND CAPITAL BUDGET 2016/17 - 2020/21

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	TOTAL £'000
Enable scheme (support for independent living)	280					280
Intermediate Care Fund grant schemes	501					501
Capital creditors for 2015-16 paid in 2016-17	5					5
TOTAL FOR DIRECTOR OF PEOPLE	2,483	5,850	2,000			10,333
DIRECTOR OF PLACE						
Highways & Transportation						
Morfa Distributor Road	1887					1887
SRIC 16/17 - Bishop Gore, Sketty	322					322
LTF Kingsbridge Link	65					65
LTF Fabian Way Transport Assessment	453					453
Structural maintenance roads, including carriageway resurfacing and footways, allocated schemes for 2016/17 with future years to be allocated	3490	3476	3375	3375	3375	17,091
Street lighting refurbishment	292					292
Highways/Infrastructure additional Capital Maintenance (funded by reserves)		1000				1000
Highways & Transportation Vehicle replacement programme	362					362
Slip Bridge Refurbishment	139					139
Pont-y-Lon Bridge		100	700			800
Bascule Bridge		613				613
Other Bridges & retaining Walls	771					771
Road Safety/Traffic Schemes	390					390
Drainage works	578					578
Flood alleviation works	334					334
Bus facility and car park schemes	74					74
Coast protection	333					333
Foreshore and Marina	323					323

GENERAL FUND CAPITAL BUDGET 2016/17 - 2020/21

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	TOTAL £'000
Other highways schemes	574					574
Waste Management						
Tir John works	1,855	1,487	2,742			6,084
Purchase existing generating station		1,100				1100
Recycling shop at Bailing Plant	72					72
Improvements to recycling facilities	60					60
Provision of Food Waste Hall	100	57				157
Waste refuse vehicle	22					22
Culture,Sport,Leisure&Tourism						
Art Gallery - Refurbishment	269					269
Art Gallery - Refurbishment (HLF element)	478					478
Library Service	66					66
Sport Centres	140					140
Parks and playing fields	156					156
3G Pitch Morriston Comprehensive School	250					250
3G Pitch Penyrheol Comprehensive School	650					650
3G Pitch Cefn Hengoed Comprehensive School	150	400				550
Other Culture, Sport, Leisure & Tourism schemes	102					102
Economic Regeneration&Planning						
Kingsway works	75	3,000	4,000	3,000		10,075
City Centre Regeneration Match Funding	200	1,438				1638
City Centre regeneration; St David's / Civic Centre (Funding to be confirmed)	2,150	4,000				6150
City Centre Redevelopment - planning		650				650
Hafod/Morfa Copper Works Regeneration	175					175
Environmental Services	1					1
Refurb Swansea Market	55					55
Swansea Vale infrastructure/studies	314	500				814
Vibrant & Viable Places: Homes above Shops	400					400
Vibrant & Viable Places: Property Grant	1,030					1030
Vibrant & Viable Places: Oceana demolition	2,686	250				2936

GENERAL FUND CAPITAL BUDGET 2016/17 - 2020/21

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	TOTAL £'000
Vibrant & Viable Places: Llys Dewi Sant site	1,184					1184
Vibrant & Viable Places: Westway gyratory (phase 1)	1,138					1138
Vibrant & Viable Places: Westway gyratory (phase 2)	300					300
Waterfront: ERDF grant clawback	190					190
Housing & Public Protection						
Housing						
DFG's -1996 Act (figure for 2017/18 inc. £1.4m slippage)	4,413	6,600	5,200	5,200	5,200	26,613
Sandfields Renewal Area	1,994					1994
Emergency Repair Fund	260					260
Property Appreciation Loans	423	400				823
Grant For Noms	117					117
Comfort Safety & Security Grants (CSS)	36					36
Mini Adaptation Grants (MAG)	375					375
Houses into Homes Loans	629					629
Houses into Homes Loans (WG new regulations)	885					885
National Home Improvement Loans	885					885
Home loans default provision	38					38
Public Protection						
Air Quality Management Action Plan	1					1
Pollution Control Air Quality signs	22					22
Corporate Building						
Guildhall Refurb. Phase 5 (Brangwyn)	117					117
Guildhall Relocation	256					256
Accommodation Strategy	299					299
LC roof repairs	478					478
Pipehouse Wharf Replacement	1,000	1,421				2,421
Capital Maintenance allocated	6,026					6,026
Capital Maintenance unallocated		4,000	4,000	4,000	4,000	16,000
School Capital improvements						
Capital creditors for 2015-16 paid in 2016-17	1,015					1,015
TOTAL FOR DIRECTOR OF PLACE	43,924	30,492	20,017	15,575	12,575	122,583

Appendix E

GENERAL FUND CAPITAL BUDGET 2016/17 - 2020/21

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	TOTAL £'000
Totals	47,923	37,484	22,608	16,166	13,166	137,347

Agenda Item 11.

Report of the Section 151 Officer and the Corporate Director Place

Cabinet – 9 February 2017

HOUSING REVENUE ACCOUNT (HRA) REVENUE BUDGET 2017/18

Purpose:	This report proposes a Revenue Budget for 2017/18 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 2017/18.
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 3.</p> <p>b) Fees, charges and allowances are approved as outlined in section 3.</p> <p>c) The revenue budget proposals as detailed in section 3.</p>
Report Author:	David Evans
Finance Officer:	Catherine Davies
Legal Officer	Tracey 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 2016/17

- 2.1 There is a forecast underspend on HRA Revenue management and maintenance budgets of £0.045m which is comprised of reductions in premises costs (£0.1m), underspends on transport costs (£0.035m), underspends on supplies & services (£0.06m) and a reduction in revenue repairs (£0.150m). These underspends are offset by an overspend in employee costs (£0.250m) due to lower than anticipated vacancies along with Pay & Grading back pay and redundancy costs for some staff along with a reduction in income (£0.05m) due to voids created by the kitchen and bathroom replacement programme.
- 2.2 The revenue contribution to the 2016/7 Capital Programme has increased by £1.8m as a result of higher than anticipated balances carried forward and a reduction in the borrowing requirement. This has been partially offset by lower borrowing costs of £0.83m. As a result the forecast for the balances carried forward has reduced to £8.5m.

3. Revenue Budget Proposals 2017/18

3.1 Overview

- 3.1.1 There is a projected surplus on the HRA next year of £22.1m. 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 £55m to £59.3m next year. This increase is for further investment in WHQS and a provision has been made for the More Homes Programme.
- 3.1.2 The main changes from 2016/17 are an increase in management and maintenance costs of £390k which is mainly as a result of the 1% pay rise and an increase in employer's pension contributions of £443k. There was an increase in the contribution to the bad debt provision of £43k and a reduction in the revenue repairs budget of £104k. Capital charges increased by £213k as a result of the additional cost of borrowing to support achievement of the WHQS.
- 3.1.3 The main changes to funding/income are an increase in rent and other income of £2.75m arising from the proposed rent increases, a reduction in the use of reserves of £3.4m and a reduction in the revenue contribution to the capital programme of £1.24m.
- 3.1.4 The main changes from the 2016/17 budget are shown in the following table:-

Item	£000
Reduction in the use of reserves	3,385
Effect of 1% pay rise and increase in pension contributions	443
Increased financing charges	213
Increase in bad debt reserve contribution	43
Additional income including 5% rent increase	2,748
Reduction in revenue contribution to capital programme	1,241
Reduction in revenue repairs	104

3.2 *Rent Income*

3.2.1 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)	£80.96	£85.22	£89.48
50 week equivalent	£84.20	£88.63	£93.06

3.2.2 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. This policy on rent income directly helps fundamentally underpin our additional investment in the HRA capital programme.

3.2.3 After applying the national increase of 2.5% plus the full transitional increase, the average rent for 2017/18 will be £87.35 (based on 50 weeks). This is an average increase of £4.16 (5%) per week.

3.3 *Inflation*

Provision has been included in the budget for a 1% annual pay increase from April 2017. In addition, budgets have been amended to reflect changes in employer's contributions for pensions. Other budgets, in particular repairs and maintenance and utility costs have been based on the latest prices.

3.4 *Capital Financing Charges*

Additional Capital financing charges will arise in 2017/18 as a result of additional borrowing to finance WHQS improvements.

3.5 *Fees, Charges and Allowances*

General fees, charges and allowances are normally increased either 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 5% and other charges by 1%.

3.6 *Contributions to the Capital Programme*

The additional income enables a contribution of £22.1m to the capital programme. A further £2.4m from reserves will also be utilised in supporting the capital programme.

4. **Risks and Uncertainties**

4.1 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.

5. Reserves

- 5.1 The HRA balance at the start of this year was £15.2m and at the end of the current year it is estimated to be £8.5m. It is proposed that £2.4m is used next year to finance capital expenditure. The reserves position is detailed in Table B.

6. Equality Impact Assessments

- 6.1 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.

7 Legal Implications

- 7.1 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.

Background Papers: None

Appendix 1:Table A: Summarised HRA 2016/17 to 2017/18

Table B: Movement in Balances 2016/17 to 2017/18

Table A: Summarised HRA 2016/17 to 2017/18

Classification	Budget 2016/17	Budget 2017/18
	£'000	£'000
<u>Expenditure</u>		
Management and Maintenance	28,360	28,750
Capital Charges	9,883	10,096
Revenue Funding for capital schemes	25,700	24,459
Total Expenditure	63,943	63,305
<u>Income</u>		
Rents and other income	58,162	60,910
Use of balances	5,781	2,395
Total Income	63,943	63,305

Table B: Movement in Balances 2016/17 to 2017/18

Description	£000's
Actual balance at 1 st April 2016	15,233
Budgeted use 2016/17	-5,781
Budgeted balance 31st March 2017	9,452
Forecast use 2016/17	-6,756
Forecast balance 31st March 2017	8,477
Budgeted use 2017/18	-2,395
Forecast balance 31st March 2018	6,082

Agenda Item 12.

Report of the Section 151 Officer & the Director of Place

Cabinet – 9 February 2017

HOUSING REVENUE ACCOUNT - CAPITAL BUDGET & PROGRAMME 2017/18 – 2020/21

Purpose	This report proposes a capital budget for 2017/18 – 2020/21
Policy Framework:	None
Reason for Decision:	To agree a revised budget for 2016/17 and a budget for 2017/18 – 2020/21
Consultation:	Legal, Finance & Access to Services
Recommendation(s):	It is recommended that: 1) The transfers between schemes and the revised budgets for schemes in 2016/17 are approved. 2) The budget proposals for 2017/18 – 2020/21 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.
Report Author:	Mike Hawes / David Evans
Finance Officer:	Jeff Dong / Jayne James
Legal Officer:	Debbie Smith
Access to Services Officer:	Sherill Hopkins

1.0 Introduction

1.1 This report details:

- Revised Housing Revenue Account (HRA) capital expenditure and financing proposals in 2016/17
- HRA Capital expenditure and financing proposals in 2017/18 – 2020/21
- In the context of an extremely ambitious and rolling programme of improvement and enhancement works which will necessitate some re-profiling and re-timing schemes over the investment period

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

- Appendix A: Summary of the revised budget for 2016/17 and a budget for 2017/18 – 2020/21
- Appendix B: Detailed breakdown of the revised budget for 2016/17 and a budget for 2017/18 – 2020/21
- Appendix C: Scheme descriptions

2.0 Capital Budget 2016/17

- 2.1 The total programme for this current year is £54.354m i.e. an original budget of £55m plus carry forward from 2015/16 of £6.231m less slippage into 2017/18 of £6.877m. Slippage from this current year into 2017/18 is to mainly fund the external facilities scheme, the wind and weatherproofing works in Llanllienwen and the refurbishment of the high rise blocks of flats in the Sketty area. Total spending in this current year is projected to remain at £54.354m.
- 2.2 The majority of all other projects for 2016/17 are complete although a small element of under spend may exist due to a range of reasons including retentions 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 2017/18 financial year and where underspend has occurred, officers have mitigated these by bringing other priority work forward to compensate. Transfers and changes to the 2016/17 budget are reflected and detailed in appendix B.
- 2.3 The Kitchen and Bathroom programme has been revised to reflect average unit costs which have been higher than originally provided for. Future budgets have been amended to reflect this and the cost of the overall programme remains affordable within the HRA Business Plan.

3.0 2017/18 – 2020/21

- 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 also been made for the supply 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 has been endorsed by Council. Indicative expenditure of £6m over 4 years up to 2020/21 for taking forward the strategy and delivering the pilot schemes has been included in the programme. Development of this pilot and its potential future extension is built on the assumption of the rent income strategy set out in the HRA revenue budget report. A further report will be presented to Cabinet to confirm the pilot scheme budgets when the costs have been confirmed.

4.0 Financing of HRA Capital Budget 2016/17-2020/21

- 4.1 The attached capital budget proposals will be funded through a combination of Welsh Government (WG's) contribution via its Major Repair Allowance (MRA) grant, revenue contributions from the HRA, 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. An EIA screening has been undertaken and 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.

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 and capital receipts. There are no financial implications for the Council General Fund.

8.2 Borrowing of £98.854 million will be required to fund the WHQS and new build programmes up to 2020/21.

Background Papers

None

Appendices

Appendix A: Transfers and changes to the original 2016/17 programme

Appendix B: A detailed breakdown of the revised budget for 2016/17 and a budget for 2017/18 – 2020/21

Appendix C: Scheme descriptions

Summary of HRA Capital Budget and Programme 2016/17 to 2020/21						
	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£'000	£'000	£'000	£'000	£'000	£'000
HRA Subsidy Reform						
Good State of Repair						
Wind and weatherproofing	5,037	5,277	1,900	2,500	1,000	15,714
System built houses and Highrise Blocks	14,802	6,829	10,180	10,100	10,280	52,191
Roofing	2,519	2,606	650	1,100	2,300	9,175
Windows, doors and general repairs	693	715	440	240	230	2,318
Safe and Secure						
Fire Safety	1,001	501	240	100	100	1,942
Electrical Rewiring	822	826	420	220	220	2,508
Passenger Lifts	112	350	150	150		762
Adequately Heated, Fuel Efficient & Well Insulated						
Heating Systems	3050	1,550	1,550	1,550	1,430	9,130
Energy Efficiency and Grant Support	219	631	250	150	150	1,400
Contain Up to Date Kitchens and Bathrooms						
Kitchens and Bathrooms	20,502	21,850	19,000	23,600	16,400	101,352
Located in Attractive and Safe Environments						
Environment - Within the Curtilage	1,354	7,774	10,250	10,160	10,950	40,488
Estate Based Environment	930	2,100	2,200	2,400	2,400	10,030
Meeting Requirements of the Household						
Adaptations	2,517	2,750	2,750	2,750	2,750	13,517
More Homes	796	5,500	1,250	1,250	1,204	10,000
Total	54,354	59,259	51,230	56,270	49,414	270,527

Financed By:	2016/17	2017/18	2018/19	2019/20	2020/21	Total
MRA	9,100	9,100	9,100	9,100	9,100	45,500
RCCO	27,500	24,459	22,430	23,370	23,814	121,573
Borrowing WHQS	13,154	25,700	19,700	23,800	16,500	98,854
Capital Receipts	4,600					4,600
Total	54,354	59,259	51,230	56,270	49,414	270,527

Appendix B

HRA CAPITAL PROGRAMME	2016/17 to 2020/21						
	2016/17 Original £'000	2016/17 Revised £'000	2017/18 Original £'000	2018/19 Original £'000	2019/20 Original £'000	2020/21 Original £'000	TOTAL £'000
SCHEME/PROJECT							
Good State of Repair							
Good State of Repair							
Wind & Weatherproofing, Mayhill and Townhill Scheme 1	950	910					910
Wind & Weatherproofing, Mayhill and Townhill Scheme 2	750	813					813
Wind & Weatherproofing, Mayhill and Townhill Scheme 3	750	801	50				851
Wind & Weatherproofing, Penlan Scheme 1	900	952	550				1502
Wind & Weatherproofing, 13/14 - Weig Gdns		17					17
Wind & Weatherproofing, Llanllienwen	1,684	893	950				1,843
Wind & Weatherproofing, Clydach Tanycoed						200	200
Wind & Weatherproofing, McRitchie Place	450	440	381				821
Wind & Weatherproofing, West Cross	940	159	1,506	950	800	500	3,915
Wind & Weatherproofing, West Cross 13/14		28					28
Wind & Weatherproofing, Loughor			500				500
Wind & Weatherproofing, Penllergaer				200	400		600
Wind & Weatherproofing, Cwmbwrla			590				590
Wind & Weatherproofing, Blaenymaes (Woodford Road)					550		550
Wind & Weatherproofing, Waun Wen	26	24					24
Wind & Weatherproofing, Tirdeunaw Complex						300	300
Wind & Weatherproofing, Glynhir Road, Pontardulais			750	750	750		2,250
Airey and Traditional Built Properties, Felindre					220		220
Resiform and Traditional Built Properties, Craig Cefn Parc			400	350			750

SCHEME/PROJECT	2016/17 Original £'000	2016/17 Revised £'000	2017/18 Original £'000	2018/19 Original £'000	2019/20 Original £'000	2020/21 Original £'000	TOTAL £'000
Good State of Repair continued							
British Iron & Steel Federation (BISFs) Houses West Cross			1,100	1,000			2,100
British Iron & Steel Federation (BISFs) Houses Waunarlyydd 14/15	26	25					25
British Iron & Steel Federation (BISFs) Houses Gendros 14/15	52	98	24				122
Wimpey No Fines (WNFs) Properties, Waunarlyydd					700	700	1,400
Wimpey No Fines (WNFs) Properties, Caemawr	884	575	730				1,305
Trusteel Houses, Penllergaer	415	551	21				572
Easiform Properties, Winch Wen			800	1,000	1,200		3,000
Easiform & Traditional Properties, Sketty	370	11	999	500			1,510
Easiform & Wimpey No Fines Properties, Clase				900	1,250	500	2,650
Easiform Properties, Birchgrove				750	750		1,500
High-rise Flats, Dyfatty			200	5,680	5,980	9,080	20,940
Highrise Flats, Matthew Street	2,800	1,698	175				1,873
Highrise Flats, Clyne & Jeffreys Court	10,946	11,844	2,380				14,224
Chimney Repairs	541	241	410	300	300	300	1,551
Pitched Roof Renewal, Blaenymaes	823	1,203	853				2,056
Pitched Roof Renewal, Bonymaen			310				310
Pitched Roof Renewal, Clase	600	784	22				806
Pitched Roof Renewal, Sketty (3 Storey Flats)	200	280	7				287
Pitched Roof Renewal, Townhill and Port Tennant			300				300
Pitched Roof Renewal, Penlan	400						0
Pitched Roof Renewal, Gower			500				500
Pitched Roof Renewal, Gorseinon and Penyrheol					500		500
Pitched Roof Renewal, Penlan Flats	5	5					5
Pitched Roof Renewal, Gendros 15/16	7		4				4

SCHEME/PROJECT	2016/17 Original £'000	2016/17 Revised £'000	2017/18 Original £'000	2018/19 Original £'000	2019/20 Original £'000	2020/21 Original £'000	TOTAL £'000
Good State of Repair continued							
Pitched Roof Renewal, Clase	4	4					4
Pitched Roof Various			200	250	200	200	850
Flat Roof Renewal, Various				100	100		200
Flat Roof & Window Renewal Rheidol Court						1,800	1,800
Flat Roof Renewal Chris Thomas House	2	2					2
Balcony Repairs	161	93	10	150			253
Door Renewal Programme	300	244					244
Window and Door Renewal Programme			385				385
Structural Repairs	300	306	250	200	200	200	1,156
Drainage Repairs and Improvements	50	50	20	20	20	10	120
Repairs to DHOs - Various	50		50	50			100
Design and Scheme preparation				20	20	20	60
							0
Safe and Secure							0
Fire Safety General	245	201	85	40			326
Smoke and Carbon Monoxide Detectors	100	50	100	100	100	100	450
Fire Safety Sprinkler System - Sheltered Complexes	361	371	316	100			787
Fire Separation Between Kitchens & Stairs	200	98					98
Fire Safety Separation Between Flats	200	281					281
Electrical Rewiring Contingency	50		20	20	20	20	80
Electrical Rewiring	550	320	356	200	200	200	1,276
Electrical Rewiring 14/15 Eastside Contract 1	3						
Electrical Rewiring 14/15 Eastside Contract 2	3						
Electrical Rewiring 14/15 Penlan Contract 3	3						
Electrical Rewiring 14/15 Penlan Contract 4	3						
Electrical Rewiring 14/15 Townhill Contract 5	3						

SCHEME/PROJECT	2016/17 Original £'000	2016/17 Revised £'000	2017/18 Original £'000	2018/19 Original £'000	2019/20 Original £'000	2020/21 Original £'000	TOTAL £'000
Safe and Secure continued							
Electrical Rewiring & Emergency Lighting Communal Blocks	454	502	450	200			1,152
Passenger Lift Provision	80	80	350	150	150		730
Passenger Lift survey and Provision	40	32					32
							0
Adequately Heated							0
Boiler Replacement	1,900	3,000	1,500	1,500	1,500	1,430	8,930
Loft Insulation	50	205	150	150	50	50	605
Heating Upgrades	50	50	50	50	50		200
Energy Efficiency & Energy Grant Support	472	14	481	100	100	100	795
							0
Kitchens and Bathrooms							0
Kitchen & Bathroom Renewal	1,000		20,750	18,900	23,500	16,300	79,450
Kitchen & Bathroom Renewal 15/16	846	2,450					2,450
Kitchen & Bathroom Renew16/7 Contractor 1	6,842	8,500	1,000				9,500
Kitchen & Bathroom Renew16/7 Contractor 2	4,105	6,432					6,432
Kitchen & Bathroom Renew16/7 Contractor 3	2,737	2,820					2,820
Kitchen & Bathroom Renewal Contingency 15/16	150	300	100	100	100	100	700
Kitchen & Bathroom - Boiler Renewal	370						0
							0
Located in Safe Attractive Environment							0
Environment - Within the Curtilage							0
External Facilities Scheme	2,510	541	6,969	10,000	10,000	10,800	38,310
External Facilities Scheme	89	597					597
External Facilities Contingency	50	64	50	50	50	50	264
Voice Entry Systems	398	152	755	200	110	100	1,317

SCHEME/PROJECT	2016/17 Original £'000	2016/17 Revised £'000	2017/18 Original £'000	2018/19 Original £'000	2019/20 Original £'000	2020/21 Original £'000	TOTAL £'000
Located in Safe Attractive Environment contd.							
Environment - Estate Based							
General Environmental Schemes	800	930	2,100	2,200	2,400	2,400	10,030
Meeting the Needs of the Household							
Adaptations - 15/16	200						
Adaptations Internal	2,000	1,900	2,000	2,000	2,000	2,000	9,900
Adaptations External	750	617	750	750	750	750	3,617
More Homes	2,000	796	5,500	1,250	1,250	1,204	10,000
Total	55,000	54,354	59,259	51,230	56,270	49,414	270,527

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. Externally, 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. Internally, work will include kitchens and bathrooms as part of the refurbishment and 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, provide new kitchens and bathrooms and increase the thermal efficiency of the dwellings. Due to location, these properties are not connected to the mains gas grid and subject to costs, the scheme may include renewable energy systems as part for the project and investment may support energy grants. This scheme may operate beyond a single financial period. This contract 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 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.

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 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 and Door Renewal

Replacement of windows and doors which are at the end of their useful life or require upgrading, the new units will improve thermal efficiency and security. Where required, fire doors will be renewed in flats to ensure they achieve suitable fire safety.

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.

Structural Repairs

Structural Repairs will treat free standing or 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 Housing Offices and Assets – Various

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

Design and Scheme preparation

Investment will meet the cost of early design and preparation of schemes contained within this report.

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 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 – 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 Contingency – Various Locations

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

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 electrical wiring, emergency lighting, new communal aerial facilities, fire alarms, IT systems, warning or helpline systems as required. This contract will operate over the period of this report.

Passenger Lift Repair, Improvement 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 assessment and undertake repair, improvement, alteration or renewal to passenger lifts and associated work where there are defects (or at the end of their useful life) to ensure continued safe and long term provision. Where there is sufficient requirement new provision may be included at selected sites. 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.

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 may include, depending on requirements, alterations or replacement to electrical wiring, replacement central heating systems, renewing food preparation surfaces, storage and cooking areas, minor kitchen layout alterations, flooring, decorative finishes including tiling and where required the 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. The scheme will also include alterations and adaptations to kitchen and bathrooms where the occupants are identified as requiring these due to illness or disability. 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. Where some facilities are no longer viable, these may be removed. 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 to 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

General Environment Schemes

The scheme is to improve areas belonging to the Housing Revenue Account element of 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 support the provision of new council housing, the conversion of existing buildings to new accommodation and all other actions set out in the agreed 'More Council Homes Strategy'.