



City and County of Swansea

Notice of Meeting

You are invited to attend a Special Meeting of the

Cabinet

At: Council Chamber - Guildhall, Swansea

On: Thursday, 20 February 2020

Time: 10.00 am

Chair: Councillor Rob Stewart

Membership:

Councillors: M C Child, R Francis-Davies, D H Hopkins, E J King, A S Lewis, C E Lloyd, A Pugh, J A Raynor and M Thomas

Also Invited: S Pritchard & A H Stevens

Webcasting: This meeting may be filmed for live or subsequent broadcast via the Council's Internet Site. By entering the Council Chamber you are consenting to be filmed and the possible use of those images and sound recordings for webcasting and / or training purposes.

You are welcome to speak Welsh in the meeting.

Please inform us by noon, two working days before the meeting.

Agenda

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1. **Apologies for Absence.**
2. **Disclosures of Personal and Prejudicial Interests.**
www.swansea.gov.uk/disclosuresofinterests
3. **Minutes.** 1 - 5
To approve & sign the Minutes of the previous meeting(s) as a correct record.
4. **Announcements of the Leader of the Council.**
5. **Public Question Time.**
Questions must relate to matters on the open part of the Agenda of the meeting and will be dealt with in a 10 minute period.
6. **Councillors' Question Time.**
7. **Pre-decision Scrutiny Feedback on the Annual Budget. (Verbal)**

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** Call In Procedure - Subject to Pre-Decision Scrutiny: This decision is exempt from the Authority's Call In Procedure as "the decision has been subject to Pre-Decision Scrutiny and there is no material change in relevant information / evidence".*

Next Meeting: Thursday, 19 March 2020 at 10.00 am



Huw Evans
Head of Democratic Services
Wednesday, 12 February 2020

Contact: Democratic Services - Tel: (01792) 636923

Agenda Item 3.



City and County of Swansea

Minutes of the **Cabinet**

Council Chamber - Guildhall, Swansea

Thursday, 23 January 2020 at 1.00 pm

Present: Councillor R C Stewart (Chair) Presided

Councillor(s)

R Francis-Davies
C E Lloyd
M Thomas

Councillor(s)

D H Hopkins
A Pugh

Councillor(s)

A S Lewis
J A Raynor

Officer(s)

Huw Evans
Adam Hill
Tracey Meredith
Phil Roberts
Ben Smith

Head of Democratic Services
Deputy Chief Executive / Director of Resources
Chief Legal Officer / Monitoring Officer
Chief Executive
Chief Finance Officer / Section 151 Officer

Also present

Councillor(s): S Pritchard, A H Stevens

Apologies for Absence

Councillor(s): M C Child and E J King

125. Disclosures of Personal and Prejudicial Interests.

In accordance with the Code of Conduct adopted by the City and County of Swansea, no interests were declared.

126. Minutes.

Resolved that the Minutes of the meeting(s) listed below be approved and signed as a correct record:

- 1) Cabinet held on 9 January 2020 subject to Councillor M C Child being shown as being present.

127. Announcements of the Leader of the Council.

The Leader of Council made no announcements.

128. Public Question Time.

No questions were asked.

129. Councillors' Question Time.

No questions were asked.

130. Contract Award and Capital Programme Authorisation for the Extension and Remodelling of Ysgol Gyfun Gŵyr.

The Cabinet Member for Education Improvement, Learning & Skills submitted a report which sought approval of the scheme for the extension and remodelling of YG Gŵyr subject to confirmation of grant and contract with Welsh Government. Authorisation was also sought to award the Contract to Tender No. 2 subject to confirmation of grant and contract with Welsh Government. The report also complied with Financial Procedure Rule 7 (Capital Programming and Appraisals) to commit and authorise schemes as per the Capital Programme or to include new schemes in the Capital Programme.

Resolved that:

- 1) The scheme for the extension and remodelling of YG Gŵyr be approved subject to confirmation of grant and contract with Welsh Government;
- 2) The contract be awarded to Tender No. 2, subject to confirmation of grant and contract with Welsh Government;
- 3) The capital scheme as detailed in the report together with the financial implications be approved, subject to confirmation of the grant and contract with Welsh Government.

131. Contract Award and Capital Programme Authorisation for the New Build Replacement of YGG Tirdeunaw.

The Cabinet Member for Education Improvement, Learning & Skills submitted a report which sought approval for the scheme for the new build at YGG Tirdeunaw subject to confirmation of grant and contract with Welsh Government. Authorisation was also sought to award the Construction Contract to Tender No. 2 subject to confirmation of grant and contract with Welsh Government.

The report also noted the requirement to modify the implementation date to enlarge YGG Tirdeunaw in line with the proposed contractor appointment and updated project timeline, and that a further report be brought to Cabinet prior to the original January 2021 implementation date, to seek approval to the delay and of the modification to the implementation date.

Resolved that:

- 1) The contract be awarded for the remaining design and construction of a new build for YGG Tirdeunaw on land in the ownership of the Council at Heol Gwyrosydd to Tender No. 2, subject to confirmation of grant and contract with Welsh Government;

- 2) The capital scheme as detailed in the report together with the financial implications be approved in line with FPR7, subject to confirmation of the grant and contract with Welsh Government.

132. Complaints Annual Report 2018-2019.

The Cabinet Member for Delivery & Performance submitted an information report which reported on the number, nature and outcome of complaints made against the Authority, together with details of lessons learned and service improvements.

The following reports had been prepared separately in conjunction with this report, and were appended for information purposes:

- Adult Social Services Complaints;
- Child and Family Services Complaints;
- Freedom of Information Act (FOI);
- Regulation of Investigatory Powers Act (RIPA).

133. More Homes Development Programme Update.

The Cabinet Member for Homes, Energy & Service Transformation submitted a report which set out the Council's ambition to deliver new affordable homes over 10 years.

Resolved that:

- 1) The Council sets a target to deliver 1,000 new Council homes via the Housing Revenue Account (HRA), and a further 4,000 affordable homes as part of its ambition to deliver more than 5,000 new affordable homes over the period from 2021 to 2031;
- 2) In line with Welsh Government grant funding requirements, a 3 year rolling programme of development schemes be produced setting out where the homes will be delivered and it is noted that any changes in the financial assumptions presented in this report will result in an increase or decrease in the number of units that the Council can afford to deliver;
- 3) Any further decisions relating to the process above will be delegated to the Director of Place and the Cabinet Member for Homes, Energy and Service Transformation, and future development schemes are detailed and approved via the annual HRA Capital Budget report.

134. Marketing of Housing Revenue Account (HRA) Sites and Joint Venture Opportunity.

The Cabinet Member for Homes, Energy & Service Transformation submitted a report which outlined the Council's intention to undertake a procurement exercise to appoint a development partner or partners to deliver mixed tenure housing schemes on a range of Housing revenue Account (HRA) sites as a joint venture arrangement.

Resolved that:

- 1) The Council proceeds to undertake a procurement exercise to appoint a development partner or partners to develop a selection of HRA sites;
- 2) Prior to commencing the procurement exercise, the Council undertakes the due diligence required;
- 3) Appropriate legal, financial and planning support to support the process will be procured as necessary;
- 4) Any further decisions relating to the process will be delegated to the Director of Place and the Cabinet Member for Homes, Energy and Service Transformation.

135. Update on Progress for Education Directorate Priorities 2018-2019.

The Cabinet Member for Education Improvement, Learning & Skills submitted an update on the progress in meeting the priorities set for the 2018-2019 academic year and outline priorities set for 2019-2020 academic year.

Resolved that:

- 1) Progress be noted.

136. Proposed Appropriation of 70-72 Alexandra Road, Gorseinon, Swansea.

The Cabinet Member for Delivery & Performance submitted a report which considered whether 70-72 Alexandra Road, Gorseinon should be appropriated under s122 Local Government Act 1972 for the purposes of Housing. The land proposed to be appropriated is currently held by the Council as social services land and is considered to be surplus to requirements for those purposes.

Resolved that:

- 1) The property identified on the plan at Appendix B of the report be noted as being surplus to requirements and no longer required for social services purposes;
- 2) The property identified above be appropriated under s122 Local Government Act 1972 for the purposes of Housing, namely the provision of two residential units for council housing.

137. Exclusion of the Public.

Cabinet were requested to exclude the public from the meeting during consideration of the item(s) of business identified in the recommendations to the report(s) on the grounds that it / they involve the likely disclosure of exempt information as set out in the exclusion paragraph of Schedule 12A of the Local Government Act 1972, as

amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007 relevant to the items of business set out in the report(s).

Cabinet considered the Public Interest Test in deciding whether to exclude the public from the meeting for the item of business where the Public Interest Test was relevant as set out in the report.

Resolved that the public be excluded for the following item(s) of business.

(Closed Session)

138. Council Property Development Proposals.

The Cabinet Member for Delivery and Performance submitted a report which provided a detailed update concerning the Pilot Direct Property Development Project and a Prior Information Notice (PIN).

Resolved that the recommendations as detailed in the report be approved.

The meeting ended at 1.29 pm

Chair

Call In Procedure – Relevant Dates	
Minutes Published:	23 January 2020
Call In Period Expires (3 Clear Working Days after Publication):	23.59 on 28 January 2020
Decision Comes into force:	29 January 2020

Agenda Item 8.



Report of the Cabinet Member for Economy & Strategy

Special Cabinet – 20 February 2020

Revenue and Capital Budget Monitoring 3rd Quarter 2019/2020

Purpose:	To report on financial monitoring of the 2019/20 revenue and capital budgets, including the delivery of budget savings.
Policy Framework:	Budget 2019/20. Transformation and Future Council (Sustainable Swansea –fit for the future)
Consultation:	Cabinet Members, Corporate Management Team, Legal and Access to Services.
Recommendation(s):	It is recommended that: <ol style="list-style-type: none">1) The comments and variations in this report, and the actions in hand to address these, are noted;2) The substantial improvement to date be noted and Directors remaining plans to assure Cabinet that service budgets can be sustainably brought back into line for 2019-20 and beyond continue and are implemented by 1 April 2020, and earlier still wherever possible;3) No officer may consider any material further spending commitments until those savings plans, as referenced in recommendation 2 to address service overspending are fully assured and delivered.
Report Author:	Ben Smith
Finance Officer:	Ben Smith
Legal Officer:	Debbie Smith
Access to Services Officer:	Rhian Millar

1. Background and Introduction

- 1.1 This report details forecast variations from the agreed budget for 2019/20, 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 2019
 - Variations arising from other service pressures not directly linked to specific savings plans (e.g. increased service demand, price and pay inflation, increased, but most often unfunded, regulatory obligations and burdens from both UK and Welsh governments)
- 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.
- 1.4 The report also includes the latest completed Savings tracker summary in Appendix C that indicates the current overall forecast delivery % of the various savings streams by the services is at 84%. Any shortfalls in achieving savings will be reflected in the table at 2.3 and in Appendix A.

2. Revenue Outturn Forecast Based on 3rd Quarter position

- 2.1 Appendix 'A' to this report details the approved Revenue Budget for 2019/20 and the forecast variation at this time.
- 2.2 Other than projected variations on Directorate expenditure, it is still too early to forecast final variations that may arise on some significant Corporate items, including the level of Council Tax collection (which posted a deficit in 2018-19 of £0.3m though in previous years has returned a modest surplus) – it is assumed at the current time that these remain largely as per the approved budget.
- 2.3 The overall Directorate position is summarised below:-

DIRECTORATE

	FORECAST VARIATION 2019/20 £000	SAVINGS VARIATION 2019/20 £000	OTHER VARIATION 2019/20 £000
RESOURCES	-596	1,757	-2,353
PEOPLE - SOCIAL SERVICES	-99	842	-941
PEOPLE - EDUCATION	1,629	0	1,629
PLACE	-500	731	-1,231
NET DIRECTORATE EXPENDITURE	434	3,330	-2,896

- 2.4 Directors' comments on the above variations are shown at Appendix B:-
- 2.5 Within the *Sustainable Swansea* Delivery Programme, work continues to develop service delivery plans that will include all savings requirements across all strands. This includes the cross cutting nature of new reviews as well as the completion of current in-flight reviews.
- 2.6 Whilst continuing to significantly improve, the above potential service overspend, and more pertinently continued shortfall in original savings plans, remains a risk, albeit a diminishing one, more especially so given the overall position is helped temporarily by some one-off grant funding sources . A number of the overspend areas follow on from the outturn position for 2018/19 and need to be considered in the light of the forecast savings going forward within the 2019/20 budget, Medium Term Financial Plan, and the cumulative effect of non-achievement of savings going forward.
- 2.7 Corporate Management Team has re-enforced the current arrangements for budget monitoring in particular :-
- focus on a range of corrective actions;
 - targeted immediate spend reduction action;
 - spending control on all vacancies and contracts;
 - a continued reminder that **no Responsible Officer is authorised to overspend their budget in line with Financial Procedure Rules;**
 - and consequently that Directors have brought forward to Cabinet and Corporate Management Team detailed and realistic mitigation plans to contain service overspending.
- 2.8 Offsetting opportunities do exist to temporarily ameliorate the currently identified service demand and price pressures as follows.
- £1m was set aside in the budget for the potential costs relating to the impact of the Apprenticeship Levy. The final costs relating to this levy will only be known once final employee related costs are calculated at the year end. Should the full allocation not be required then any saving will be proposed to be used to mitigate service pressures at year end.
 - £2m was also set aside to meet any specific and significant inflationary increases arising in year. A Commercial savings target was held corporately in 2018/19 and initially 2019/20. Any actual contract/procurement savings were delivered within services and not allocated to this central target. For 2019/20 this total has been allocated to services and is funded from the Inflationary provision to avoid double counting against previous contract procurement savings. Given the overall financial projection at this stage it is proposed by the S151 officer that £1.1m is allocated to services to cover commercial pricing pressures as outlined in the 1st Quarter report and the remaining £0.9m be conserved for now as a hedge against potential service over spending with any final underspend being allocated equally to the Capital Equalisation Reserve and Restructure Reserve .

- Use of the Contingency Fund as detailed below.

3. Contingency Fund Provision for 2019/20

3.1 The contingency fund is set at the £7.072m contribution for 2019/20 as set out in the budget report approved by Council in February 2019. This is significantly higher than in recent years reflecting additional mitigation against any repeated overspending.

3.2 The current potential calls on the contingency fund for 2019-20 are:-

Contingency Fund 2018/19	Prediction
	2019/20 (£m)
Budgeted contribution for year.	7.072
One off interim support arrangements for Chief Executive and ongoing regional working.	-0.030
One off support to a range of events celebrating the 50 th anniversary of the granting of city status to Swansea .	-0.158
Support for Swansea Community Awards.	-0.003
Key Cities Subscription.	-0.010
High Street Multi Story Car Park urgent lift works.	-0.135
New Depot : CTU equipment(previous service earmarked reserve fully used in extremis to balance budget 18-19. Anticipated spend now funded in 19-20)	-0.314
Western Powerhouse subscription	-0.020
Community Help Fund	-0.025
Christmas trading City Centre car park support . BID to support in addition.	-0.050
Equalities consultation and co-production support	-0.005
ER/VR in year costs if ultimately exceeding balance on Restructure Reserve of £3m (this is currently not expected to be needed on basis of levels of ER/VRS).	0.000
Section 151 officer proposes to utilise current year underspend on contingency fund by allocating it between Capital Equalisation Reserve and Restructure Reserve	-6.322
Balance 31st March 2020	0

The above table lists current potential calls on the budgeted contingency fund. The final amounts will be dependent on a number of factors during the year including speed of implementation, actual costs/commitments incurred and final Directorate

outturn position. Spend approvals will be deliberately limited to seek to maximise underspend here as part of mitigating budget savings action.

As set out in the 2018-19 Revenue outturn report to members some £3m remained within the Restructure Reserve to contribute toward ER/VR costs in 2019-20. The S151 officer proposes that any such costs over and above this £3m will be funded via the contingency. The final costs of ER/VR will only be known towards the end of the year once all management actions re savings proposals etc are implemented. At this stage it is assumed that all ER/VR costs will be able to be contained within the sum left in the Restructure Reserve.

Based on current forecast the S151 officer proposes to utilise the current year forecast underspend on the Contingency Fund of £6.322m to provide additional funding in the Capital Equalisation Reserve and the Restructure Reserve. This provides further flexibility to manage the large scale capital programme ambition in the short term for the former item and renewal of funding to continue to centrally underwrite staff restructuring costs (early retirements and voluntary redundancies if needed), including those proposed by schools themselves, for the latter item.

However , the S151 officer proposes to reserve his final position on the recommended levels of use of the restructure reserve and contingency fund until the absolute success or otherwise of reducing the forecast overspend is known at year-end.

3.3 The current indication is that, for 2019-20, there still needs to be some further closely targeted mitigating action and delivery of savings proposals if a fully balanced budget for services for the year is to be achieved .

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

- Management and Business Support Review: ongoing 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
- 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)
- 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 2019/20
- Progressing implementation of Commissioning Reviews and Cross Cutting Themes.
- Further implementation of the Social Services Saving Plan through which we have identified mechanisms for bringing down overall costs.
- Continuing the extant spending restrictions which have been reviewed, refreshed and reissued by Corporate Management Team.
- Directors detailed action plans which are summarised in their commentary in Appendix B.

3.5 It should be noted that at this time, although the Council continues to pursue a number of VAT related claims, some are more advanced than others, there is NO certainty of windfalls from VAT refunds or any other external source being received in the current year.

4. Revenue Budget Summary

4.1 The position reported above reflects the best known current position. A net £0.434m of shortfall in service revenue budgets, offset wholly by £0.434m of identified additional savings from the non-allocation of the Inflation provision. This is materially better than the equivalent 3rd Quarter report for 2018-19.

4.2 Corporate Management Team have reinforced the expectation that both service and overall net expenditure **must** be contained within the relevant limits of the current year budget as set by Council.

4.3 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 which is in itself potentially affected by the effects of welfare reform measures, but offset by an often increasing tax base.

4.4 Included in the projected budget for 2019/20 for other corporate items are capital finance charges. At this early stage no variance is forecast, in any case any underspending or overspending will be transferred at year end to or from the capital equalisation reserve, a strategy previously agreed by Council. This will be reviewed and updated during the year as various capital schemes/programmes progress.

4.5 The overall judgement at this point is that there remains some residual need to identify and implement all existing budget savings across all Council Services to improve the 2019/20 position and beyond.

4.6 There remains a degree of confidence that some further inroads can continue to be made into the forecast overspend position by ongoing management and member action/mitigation.

4.7 There continue to be risks around general inflationary pay and price pressures in the forthcoming year including significant increases to the National Living Wage from April 2020 which will significantly impact contractors to the Council in some service areas. It may also put further pressure on the lower end of the current local government pay spine. Whilst entirely welcomed from a policy perspective, nevertheless the Council simply cannot afford to fund them in isolation, unless additional support is forthcoming from the UK and Welsh Governments, otherwise savings will have to be made elsewhere to meet such pressures.

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.

4.9 The Section 151 Officer has previously considered professional advice given as to funding levels within the Insurance Reserve and notwithstanding the ongoing modest draws from the reserve over the duration of the MTFP to help support the

revenue budget, he is satisfied there is at least a further £2.648m of headroom (over funding) beyond that reasonably likely needed to meet future claims. This enabled a previous transfer to be made between earmarked reserves and bolster the capital equalisation reserve yet further in anticipation of the substantial future capital spending which remains to be predominantly financed from unsupported borrowing. This transfer was approved by Council on the 24th October 2019 in the annual Review of Revenue Reserves report.

- 4.10 It remains imperative that sustainable base budget savings are found to replace in year one off actions to stabilise the 19-20 budget ahead of the finalisation of the 2020-21 budget round.

5. Capital Budget

- 5.1 Expenditure to 31st December 2019 is £86.448 million, summarised as follows:

Directorate	Budget 2019/20	Actual to 31/12/19	% spend
	£'000	£'000	
Corporate Services	3,299	1,289	39.1%
People	16,852	6,703	39.8%
Place (General Fund)	94,586	44,387	46.9%
Place (HRA)	60,746	34,069	56.1%
Total	175,483	86,448	49.3%

- 5.2 Expenditure on major capital schemes is detailed in Appendix D.

- 5.3 It should be noted that the actual spend to 31 December may only have 7 or 8 months costs relating to external invoices. The capital budgets were reviewed during October which resulted in some budgets being re-profiled into later years. Nevertheless it remains highly likely that some capital expenditure slippage will occur and this will help reduce the in-year revenue costs of capital financing.

6. Housing Revenue Account

- 6.1 The current repairs forecast is £100k underspent, which is mainly due to lower than forecast spend on responsive repairs; which is partly offset by some additional electrical maintenance costs. In addition to this, there is £150k income from technical design fees and an underspend on employee costs of £160k due to higher than anticipated vacancies. As it stands, the slippage on the Capital programme will lead to a reduction in capital finance costs, and we are forecasting this to be in the region of £1m. There are no other material budget issues to flag at this stage.

7. Legal Issues

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

8. Equality and Engagement Implications

8.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

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

8.2 The Revenue budget of the Council was approved following the application of the corporate Equality Impact Assessment (EIA) process throughout the Budget setting process. It is essential where service levels are affected by changes to the Revenue Budgets (including savings options) that the EIA process (alongside consultation and engagement as appropriate) is applied to ensure due regard is paid to the potential equality impacts of any proposals prior to decision making.

Background papers: None.

Appendices:

Appendix A – Revenue Budget forecast 2019/20

Appendix B – Directors comments on variances and action plans

Appendix C – Savings tracker summary

Appendix D – Expenditure on major Capital Schemes

REVENUE BUDGET PROJECTION QUARTER 3 2019/20

<u>DIRECTORATE</u>	BUDGET 2019/20 £000	PROJECTED 2019/20 £000	VARIATION 2019/20 £000
RESOURCES	46,291	45,695	-596
PEOPLE - SOCIAL SERVICES	120,750	120,651	-99
PEOPLE – EDUCATION	170,600	172,229	1,629
PLACE	56,769	56,269	-500
<i>NET DIRECTORATE EXPENDITURE</i>	394,410	394,844	434
SPECIFIC PROVISION FOR APPRENTICESHIP LEVY/INFLATION	1,850	1,416	-434
CONTINGENCY FUND	6,322	6,322	0
<i>OTHER ITEMS</i>			
LEVIES			
SWANSEA BAY PORT HEALTH AUTHORITY	86	86	0
CONTRIBUTIONS			
MID & WEST WALES COMBINED FIRE AUTHORITY	12,971	12,971	0
<i>CAPITAL FINANCING CHARGES</i>			
PRINCIPAL REPAYMENTS	14,478	14,478	0
NET INTEREST CHARGES	18,119	18,119	0
<i>NET REVENUE EXPENDITURE</i>	448,236	448,236	0
<i>MOVEMENT IN RESERVES</i>			
GENERAL RESERVES	0	0	0
EARMARKED RESERVES	-5,310	-5,310	0
<i>TOTAL BUDGET REQUIREMENT</i>	442,926	442,926	0
DISCRETIONARY RATE RELIEF	400	400	0
<i>TOTAL CITY AND COUNTY OF SWANSEA REQUIREMENT</i>	443,326	443,326	0
COMMUNITY COUNCIL PRECEPTS	1,465	1,465	0
<i>TOTAL REQUIREMENT</i>	444,791	444,791	0
<i>FINANCING OF TOTAL REQUIREMENT</i>			
REVENUE SUPPORT GRANT	242,197	242,197	0
NATIONAL NON-DOMESTIC RATES	80,014	80,014	0
COUNCIL TAX - CITY AND COUNTY OF SWANSEA	121,115	121,115	0
COUNCIL TAX - COMMUNITY COUNCILS	1,465	1,465	0
<i>TOTAL FINANCING</i>	444,791	444,791	0

Director's comments on budget variances

Director of Resources

The directorate is undergoing a substantial realignment of all service budgets to address historic cumulative variances and this will see the undelivered historic items fully removed by 1 April 2020. For completeness the full range of variations, in year management one off and permanent actions and new year planned base budget proposals to mitigate those historic shortfalls will be reported for the remainder of 2019-20.

Variance	£000	Explanation and Action
<u>Savings Variation</u>		
18/19 Sustainable Swansea Savings targets:		
Management review of grade 10 and above	113	These three areas form part of Corporate Services proposals to merge and review cross-cutting functions across the Council related to Business Support functions, exploring new ways working including regional collaboration where possible. Limited opportunities are available regarding shared services and the regional working options are very slow in progressing, with little if any appetite across other organisations. Further Proposals and plans are now in place to achieve this saving by 1 st April 2020.
Service review/regional working/shared services	239	
Stopping or reducing services through new ways of working	597	
Merging of Land Charges with Planning and Building Control as per the Commissioning Review	25	The team has successfully merged with Planning and savings achieved in the Place Directorate. It was planned that new ways of working would release this £25k in legal, however, this is no longer possible.
Establishing Business Support hubs in the People and Place Directorates	-79	An additional saving achieved as a result of implementing the 'One Council' approach to Business Support.
19/20 balance	-125	Additional savings as a result of vacancy freeze and delay in appointing staff.
16/17 & 17/18 saving targets	531	Alternative proposals are now in place to deliver this by 1 st April 2020
Sub total	1,301	

Other saving targets:		
Transfer and review of the Welsh Translation Unit, including cost and charges	150	The Welsh Translation Unit is reviewing ways of working however, the demand for Welsh translation continues to increase. In order for the Council to meet its statutory responsibilities and statutory deadlines. New proposals are in discussion related to this saving.
16/17 Communications model & Corporate Health & Safety/Wellbeing	306	This saving is challenging with the identified model of merging the marketing and communications from across the council into one team not able to progress. In addition, the increase in demand in the referrals to occupational health has not enabled the growth of this area to become income generating due to all spare capacity being used internally. Alternative proposals are now in place to achieve the saving by 1 st April 2020.
Total Savings variation	1,757	
Other Net Underspends	-2,353	Mainly as a result of Legal Services underspends of £-688k due to staff savings of £-427k and income from the Liberty Stadium court case £-130k, Financial Services underspends due to CTRS forecasted underspend of £-450k, however, this dependant on caseloads & net staff savings of £-503k, Digital and Transformation staff savings of £-400k and potential IT contract cost savings of £-295k due to Oracle support and maintenance contract which has been negotiated as part of the Oracle Cloud implementation, training of support team on new contact centre technology and other contract costs, however, these are subject to confirmation.
Total Variation	-596	

Corporate Services underwent significant change in 2017/18 which followed into 2018/19, in order to realise savings and rebalance the budget.

The Directorate has proactively and strictly managed spending throughout the year, and as a base budget has performed well. The legacy savings from the previous years have affected the budget and these have been offset by underspends on service areas mainly as a result staff savings through managing vacant posts and from a one off income item in relation to the Liberty Stadium court case and Council Tax Reduction Scheme (CTRS)

underspend, which is dependent on caseloads. This has resulted in an overall Directorate variance of £-596k.

Detailed plans and proposals are now in place to deliver alternative savings to the above variances. The full year effect of those savings will not be felt until 1st April, but as a result of reflecting these savings against in-year budgets for some services this has created a new overspend position, even though the Directorate as a whole is underspending in-year. Individual service overspends have occurred where they have adopted a new unplanned saving mid-year which will not materialise until 2020/21. This is not without difficulty in some areas where vacant posts have been left unfilled and ultimately deleted in the savings proposals. This continues to create pressure across Resources and work has been prioritised accordingly.

Action Plans for Resources include:

- Releasing of vacancies in each service
- Ensuring all legacy savings are achieved, which were previously allocated to services
- Service budget reviews to release additional savings, reviewing the risk across the Council including impact on other Directorates.
- A range of other measures are being considered as part of in year and annual budget savings considerations , these include.
 - Review of the CTRS which is a demand-led service
 - Reductions in corporate services.
- Bringing forward savings as a result of digital wherever possible
- Reducing and stopping fees and subsidies wherever possible.

Director of Social Services

Social Services

Variance	£000	Explanation and Action
Savings Variation		
Implement preferred options as outcome of Commissioning Review (Learning Disability, Physical Disability & Mental Health service provision)	500	This project continues with dedicated resource and senior management input. Initial retendering exercise underway. The continued effect of increases to minimum wage and the need to diversify the supplier base will cause costs to increase.
Review of CHC Arrangements/LD MH Right Sizing and Review	248	This scheme has had success in obtaining external funding for appropriate placements. This work will continue.
Review all packages of care to ensure fit for purpose and effectively manage new admissions to domiciliary care.	140	Domiciliary care continues to be subject to significant demand pressures. Rightsizing work is therefore likely to release capacity rather than reduce spend.
Direct Payments Strategy - Targeted increase in recourse to direct payments as alternative to non-complex	100	Savings in this area continue through reviews of allowances paid and, where appropriate, the reclaim of unused balances.

Variance	£000	Explanation and Action
domiciliary care packages		
Income Targets	-500	Targets are expected to be exceeded in this area due to significant deferred payment receipts as well as funding transfers received in respect of legislative changes.
Maximise Income Opportunities in Outdoor Centres	25	Staffing changes have taken place in the centres, however there is an expected overspend in this area.
Creation of a single family support function across Poverty & Prevention and CFS	50	This target is 87% achieved. Unachieved savings are primarily a consequence of the Youth Offending Service's disaggregation from regional arrangements.
Increase income from training delivered	10	This saving target is dependent on income that will not be realised until later in the year.
Realignment of employability service to maximise efficiency of grant and management.	100	This saving is currently 50% achieved. An Employability Commissioning Review is underway to identify further opportunities to offset core funds to achieve this target in 19/20 and beyond.
Direct licensing model with Duke of Edinburgh Wales in line with other authorities.	20	The model is dependent on income generated to make savings and cover costs. As the area is expected to overspend, this saving target is unachieved.
Transfer Client Income and Finance from Social Services to Corporate Centre and make efficiencies in the process.	17	This saving has been largely achieved through increased income. It remains possible that this saving will be achieved.
Cross Cutting Savings	132	Cross cutting savings arising from a combination of proposed changes to terms and conditions are unlikely to be achieved.
Other		
Independent Child and Family Placements	1,360	This budget is subject to both fee and demand pressures, with a number of high cost placement in Q3.
Adoption Fees	200	The council contributes towards a regional adoption service where costs are shared between partners dependent on placement activity. This forecast corresponds with the latest placement information.
External Residential Care	-324	Tight management of costs and increased income mean than business as usual underspends are predicted in these areas.
External Domiciliary Care	-193	

Variance	£000	Explanation and Action
Internal Staffing and Services	-3,219	A number of grants have been received that are able to support the overall financial position. Work to ensure services are designed in a way that enables the Council to access all funding sources continues and will cause significant underspends to appear in this financial year.
Third Party Spend	-265	The Directorate continues to maintain tight vacancy and cost management approaches.
MHLD Complex Care	1,500	This remains an area of significant pressure. Additional budget has been allocated but is being outstripped by pressures on demand and fees.
Overall Variation	-99	

Director's Comments

For the first time in some years, we are predicting an overall underspend at the third quarter. This is largely driven by increased income, both client and grant. Work is underway to mitigate the time limited nature of the grants and to manage the challenge provided by increasing demand for services.

The Directors action plan as outlined in the Quarter 2 report for Social Services to mitigate the previous overspend forecast included:

In order to address the £1m gap, an in year review of gross expenditure across the Directorate compared to last financial year is being undertaken. For any increases above 2% wage inflation, remedial action will be taken to bring increased spend back below 2% by year end.

In addition to the above, a vacancy freeze will be implemented across the Directorate for any posts which do not give rise to either a safeguarding or business continuity risk.

Finally WG have announced a further tranche of regional grants to address Winter pressures and the local authority will seek to draw down further funding to accelerate transformational activity this financial year.

Director of Education

Variance	£000	Explanation and Action
Home to School Transport	545	Inflationary fuel price pressures and continuing demand, particularly within the ALN and post 16 sector continue to increase costs. These demand and price pressures are inherently volatile and uncontrollable within current transport policy.
Catering and Cleaning	786	The service continues to be subject to substantial inflationary pressures on the

		cost of food and staff. This has been partially offset by a combination of management cost control and positive take up of paid meals. Further means of reducing net cost are being examined.
Additional Learning Needs	600	This forecast primarily concerns the cost of placements within Independent Special Schools. The Council continues to see both cost and demand pressures in this area, despite continued efforts to increase the supply of such places locally.
Centrally funded non-delegated pressures.	679	This overspend is primarily attributable to ongoing historic pension costs borne by the Council on behalf of Schools. It also includes increases in the cost of maternity/paternity leave.
Potential one-off managed savings	-981	All savings opportunities are being explored to alleviate the pressures above.
Overall Variation	1,629	

Many of the pay, price and demand pressures identified above are a continuation of the overspend position from 2018/19. Ongoing robust management action will continue.

The Directors action plan outlined in the Quarter 2 report for Education to mitigate the forecast overspend at that stage included :

The scale of external demand and cost pressures facing education services is such that no continuing robust management action will be able to bring the net spending across the directorate into balance within the 2019-20 financial year. By far the most significant area of education spending is the delegated schools budget and whilst this cannot be reduced in year it would be possible to effectively 'top slice' the budget in 2020-21, as a one off base adjustment, to effectively recover any net overspend by the year end on the 1st April 2020. Any such retrospective 'top slicing' would be in addition to any cash or real terms reductions in funding for schools approved as part of the Council budget for 2020-21.

However, to mitigate and minimise any potential reduction to schools delegated budgets all LEA budgets will be reviewed further in the first instance.

Director of Place

A number of issues need to be highlighted for the purpose of visibility. These include unfunded budget pressures as follows:

- Significant increased electricity costs for street lighting of £200k
- Reduced recycling prices in waste management reflecting an income shortfall of £222k
- Increased costs for maintaining and replacing aging social services fleet £381k

In year savings of £731k have been identified as difficult to achieve by year end and these comprise mainly of Commissioning Review (Service in the Community), IT delays for rollout of mobile working and delayed and “cashable” Integrated Transport Unit savings and transport savings removed budget but authorisation to implement withdrawn

In addition there are some challenges in achieving all of the “cross cutting” saving requiring policy changes identified for 19/20 in particular

- Staff – Christmas closure, average holiday pay, 50% Honoraria reduction, 50% market supplement reduction and remove first aid payments (total £118k)

The directorate has identified appropriate mitigation to offset these spending pressures within its overall budget to enable it to offset these costs and return a balanced budget and has looked to accelerate other in year measures and income generation which will allow it to improve on its projected out-turn by declaring a forecast underspend of £500k.

November 2019 MTFP Tracker Report

Target Savings

£12.64m

Expected Savings by 31st March 2020

£10.60m 

Oct: £10.17m

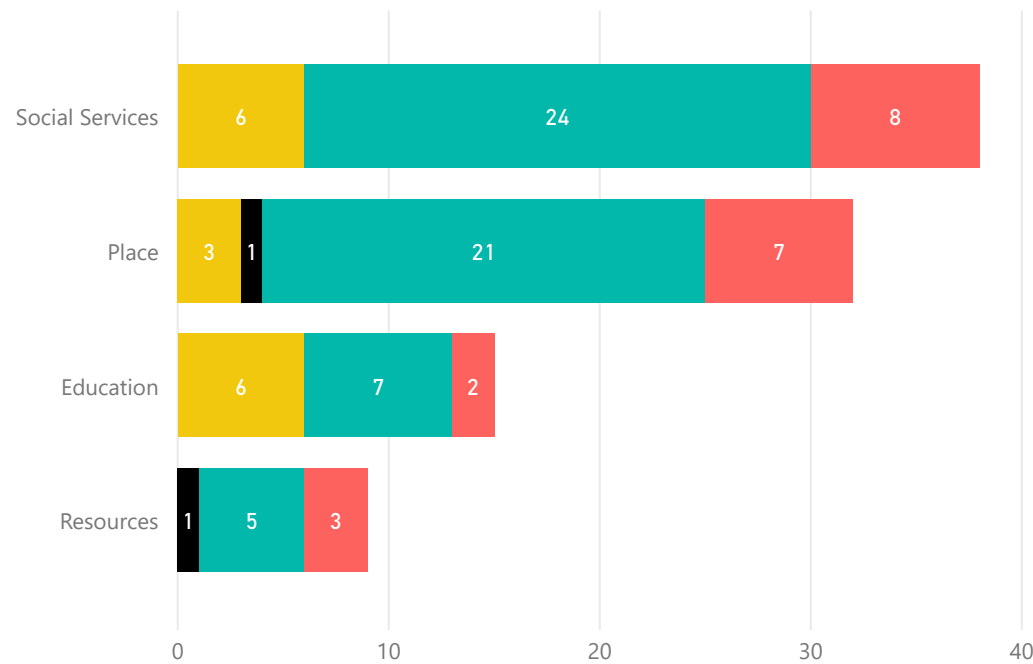
Delivered

£7.85m

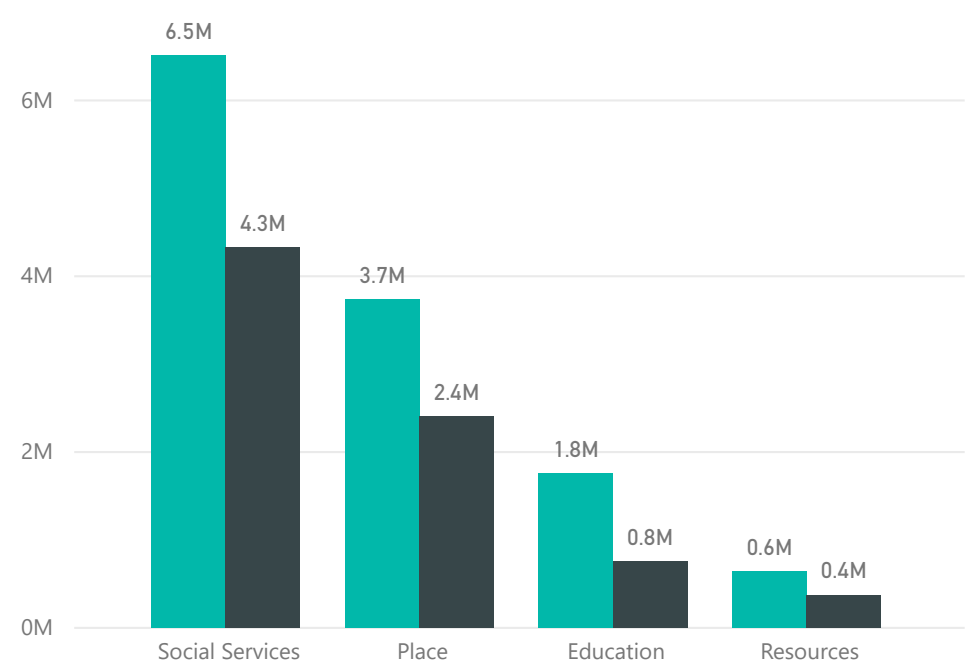
Oct: £6.84m

Sept: £6.30m

Nov BRAG  Amber  Black  Green  Red

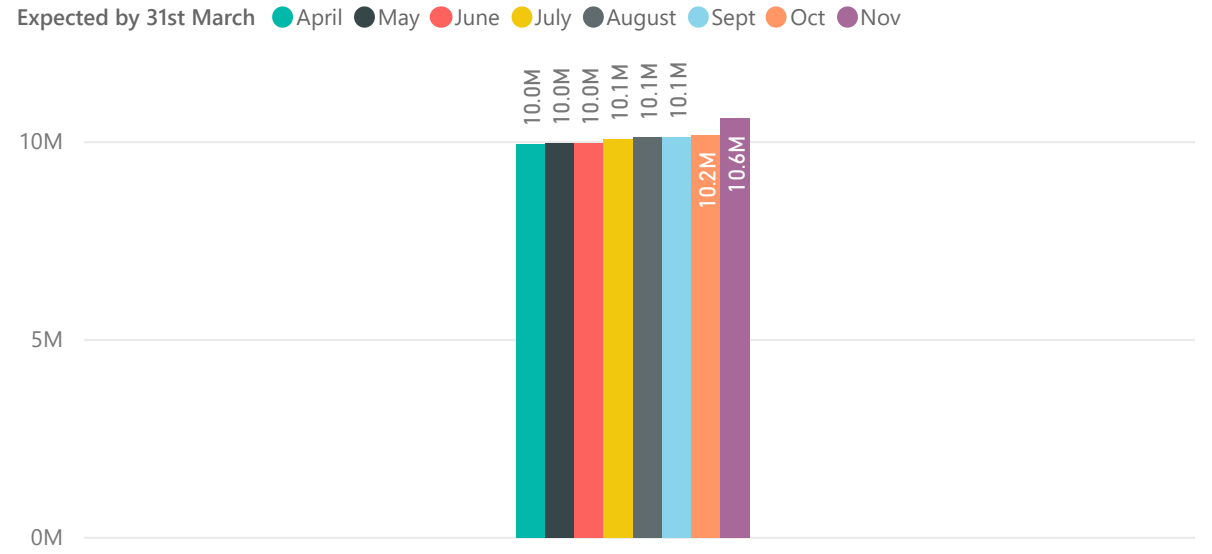
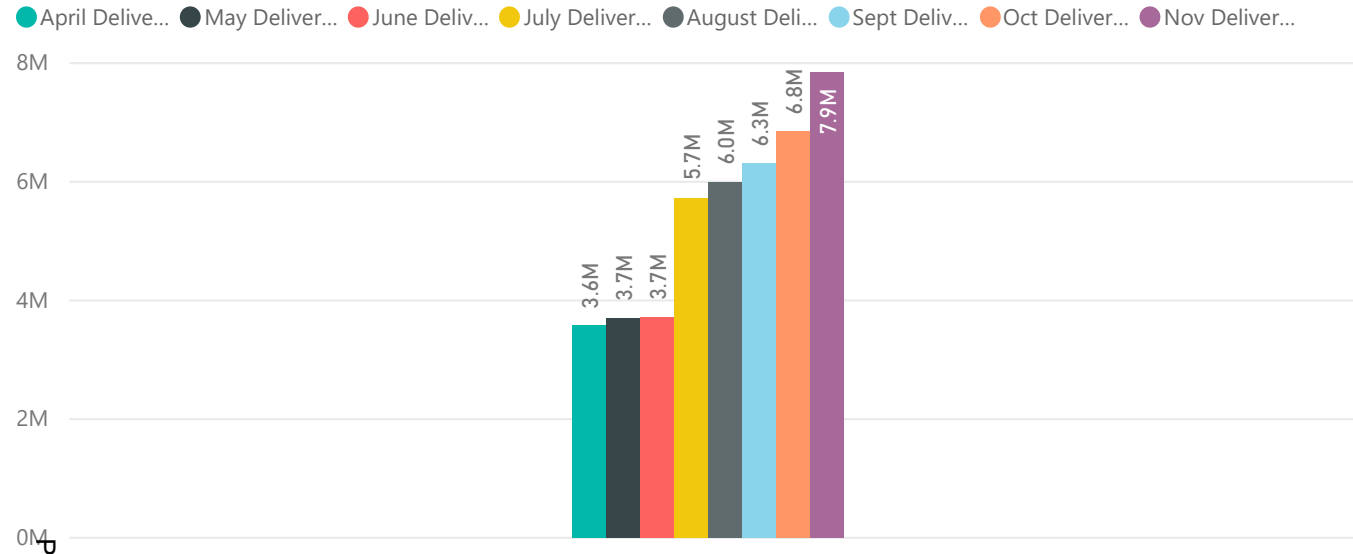


 Target (£)  Nov Delivered

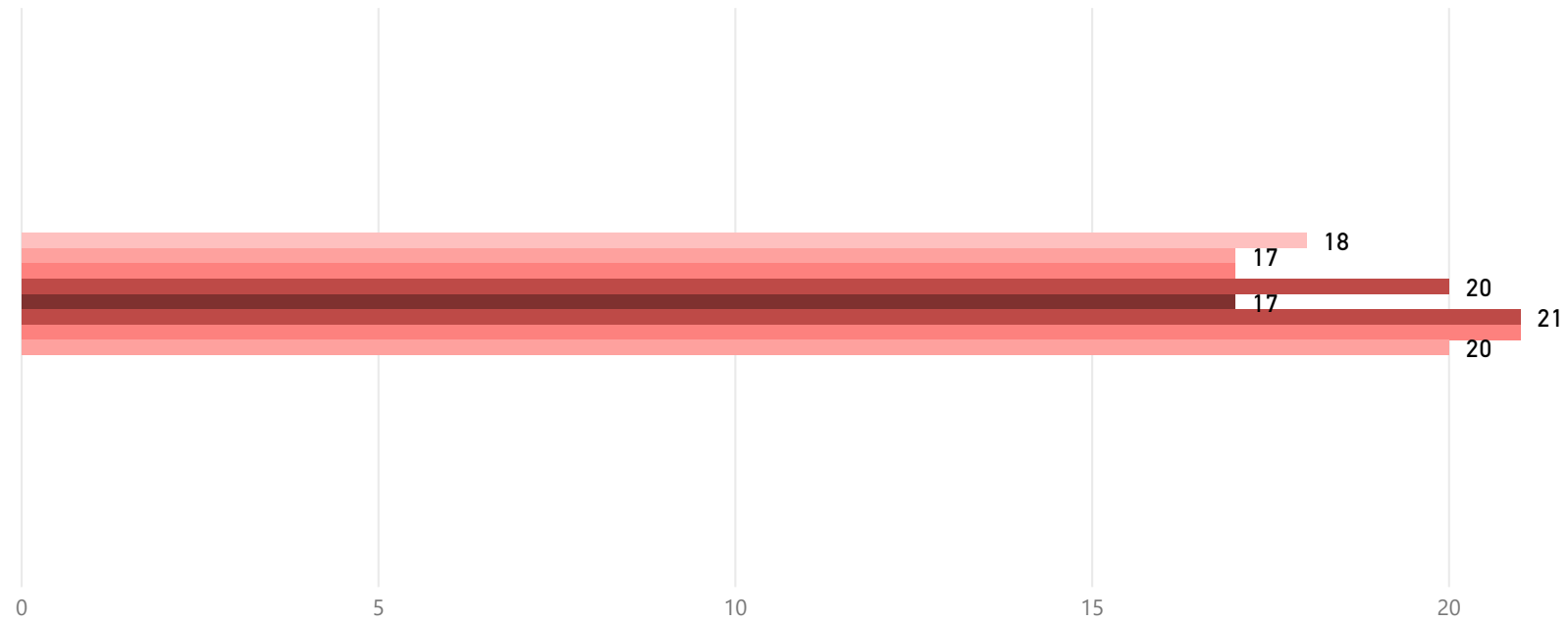




Delivered to Date



Red BRAG Count of April ... Count of Ma... Count of June ... Count of Jul... Count of Au... Count of Se... Count of Oct ... Count of No...



Appendix D

Capital expenditure on major schemes to 31 December 2019 (where spend greater than £250k)	£000's
People	
Pentrehafod Comp School Remodelling	538
EOTAS new build	2,077
Gorseinon primary new build	2,110
Bishop Vaughan VA School	289
St Joseph's VA School	290
Resources	
Agile & Mobile programme (laptops and accessories)	1,129
Place	
Swansea Central Phase 1 (Arena)	20,705
Swansea Central Phase 2 (Kingsway offices)	494
Llys Dewi Sant site	381
Kingsway infrastructure and demolition	2,116
Highways - carriageways & resurfacing	2,893
Highways - footways	441
Highways - bridges and retaining walls	335
Highways Patch resurfacing	612
Highways Active Travel Fund schemes	512
Bascule Bridge	433
Seawall repairs Mumbles	303
CTU - chassis cabs and bodies	427
Corporate Building (including school improvements)	4,825
Disability Facilities Grants	2,428
Mini adaptation grants	464
Property Appreciation loans	257
Sandfields Renewal Area	323
Freedom Leisure improvements	3,008
Plantasia improvements	299
HRA	
HRA capital programme (excluding More Homes schemes)	32,215
HRA capital programme - More Homes schemes	1,854

Total scheme value where spend greater than £250k

81,758

Agenda Item 9.



Report of the Section 151 Officer

Special Cabinet – 20 February 2020

Medium Term Financial Planning 2021/22 to 2023/24

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
Consultation:	Legal Services, Access to Services, Cabinet Members and Corporate Management Team
Recommendations:	It is recommended that:- 1) The Medium term Financial Plan 2021/22 to 2023/24 be recommended to Council as the basis for future service financial planning.
Report Author:	Ben Smith
Finance Officer:	Ben Smith
Legal Officer:	Tracey Meredith
Access to Services Officer:	Rhian Millar

1. Introduction and Background

- 1.1. Service and financial planning continues to be undertaken against a backcloth of increasing service pressures and demand.
- 1.2. 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 6 priorities.
- Has due regard to our duties under the Well-being of Future Generations Act 2015.

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

- 1.3. **It is important to understand that the MTFP does not constitute a formal budget in respect of the period 2021/22 to 2023/24 and as such the indicative annual assumptions included both within the projected spending pressures detailed in Sections 2 and 3 of this report, and the potential funding detailed in Sections 4 and 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.**
- 1.4. 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.
- 1.5. 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.
- 1.6. The plan serves to highlight the trend for increasingly uncertain 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.
- 1.7. Importantly, it is essential that the MTFP becomes a 'living' document that is subject to regular review and revisions as more information becomes available and risks are updated. As such it is anticipated that, along with close monitoring of the specific budget proposals and savings targets for 2020/21, further reports to Cabinet regarding the MTFP will be made as necessary. In particular, the Mid Term Budget Statement in the autumn of 2020 will provide a key update on the financial outlook and delivery of savings.
- 1.8. 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 Statement of Accounts produced and approved by Council on an annual basis.
- 1.9. 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 2021/22 to 2023/24
Section 3	Detailed spending and resources forecast 2021/22 to 2023/24
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

2. Overview of Financial Planning Environment 2021/22 to 2023/24

- 2.1. The Medium Term Financial Plan (MTFP) report considered by Council on 28th February 2019 included a service and financial overview. This was updated in the budget proposals report given to Cabinet in January 2020 and is updated further below.

Economic Outlook and Prospects for Public Finances

- 2.2. The announcement of the provisional Revenue and Capital Settlement for 2020/21 has resulted in an overall cash increase of £17.170m in 2020/21 compared to 2019/20. There have been transfers into the settlement (£3.983m) in respect of Teachers Pay (£0.9m) and Pensions (£2.93m) and also in respect of NHS funded Social Care (£0.15m). There is an increase of just over £13m in block grant after allowing for these changes. Whilst this is a much appreciated, substantial increase, it needs to be set in the context of the forecast cost of pressures faced by this Council – over £35m for 2020/21 alone.
- 2.3. Furthermore, the current economic climate continues to be uncertain, and the Welsh Government acknowledged in their letter to all Local Authorities that this favourable settlement does not mean that austerity is over. There is and will continue to be uncertainty over the UK's relationship with Europe and the impact on Wales of "Brexit". It is still the case that the Welsh budget will be expected to continue to reduce in real terms over the period to 2022/23.
- 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 provisional settlement for 2020/21, there is no certainty that it can continue at such a relatively high level in future years and, in addition to possible real terms reductions in future 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 example in 2020/21 is of the changes to the National Living Wage, which will add around £1.5m to the Council's annual 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 provisional Revenue settlement issued by the Welsh Government in December 2019 gave a settlement level for 2020/21 only. There has been no indication beyond 2020/21. 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 a range of scenarios between cash flat (0%), an increase of 2% and an increase of 4%. This is a fundamentally more positive assumption than in previous years when it has been considered more likely that the settlement would be cash flat or a

reduction and entirely contingent upon UK and Welsh Government future budget decisions.

Year	AEF Reduction @ 0% £'000	AEF Increase @ 2% £'000	AEF Increase @ 4% £'000
2021/22	0	6,730	13,600
2022/23	0	7,000	14,100
2023/24	0	7,100	14,700
Cumulative	0	20,830	42,400

Note that the above scenarios are based on the provisional AEF for 2020/21 of £339.381m as announced in December 2019.

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

The compounding effect of this key assumption is substantial over the life of the MTFP – the savings ask could be considerably higher if the actual increase is less than the 2% used as a planning assumption or considerably less if the settlements are more than assumed.

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;
- The final exit package agreed by the UK Government in respect of “Brexit”.

Support for Capital Programmes

The provisional settlement indicated support for future General Fund Capital programme at a level of £12.984m for 2020/21, this is an increase of £0.470m compared to 2019/20. At an all Wales level the Welsh Government have allocated an extra £15m to the non-hypothecated general capital funding for 2020/21. This has increased the funding available to Swansea. However, this has been partially offset by the profiled reduction as a result of the final year of the tapered allocation of £100m over 3 years. At an all Wales level this has reduced from an extra £30m in 2019/20 to an extra £20m in 2020/21. Therefore, the actual increase in 2020/21 compared to 2019/20 is only £5m

(£15m new money offset by £10m reduction to the additional £100m tapering). This support is through a mix of General Capital Grant and support for borrowing.

Planning assumptions for 2021/22, 2022/23 and 2023/24 are based on unchanged levels of capital support, in the absence of any further indications from the Welsh Government.

As reported elsewhere on this agenda, in the Capital Budget & Programme 2019/20- 2024/25 Report, there is an ambitious capital investment programme. This provides support for the 21st Century Schools Band B Programme and major capital schemes flowing from the Swansea Bay City Deal including the Digital Village £30m, Swansea Arena and Swansea Central City Centre Development £135m.

The Swansea Bay City Region Deal is subject to substantial grant and loan funding support, the first tranche of which is to be received in this financial year. The capital programme 2019/20 – 2024/25 shall also require significant unsupported borrowing to be undertaken to enable completion.

- 2.11. The total estimated cost of the Band B schools programme envelope is £141.3m (excluding the potential aided sector project, which is assumed to require no Council contribution). Of this total, £126.25m is from traditional capital funding, requiring (after allowance for realisable capital and other receipts) a net local funding requirement of £28.489m. The remaining £23.247m (or £15.032m if the potential aided sector scheme is excluded) is expected to be delivered through revenue funding (Mutual Investment Model), which would require no local capital funding contribution but incur an annual charge once the accommodation and facilities are completed. An equivalent local share of the capital cost would be £2.856m although the 25% local contribution would apply to the annual revenue charge.
- 2.12. The capital financing strategy underpinning the capital budget seeks to maximise grants, supported borrowing, contributions and capital receipts in order to minimise the need to borrow funds. The borrowing requirement identified to support the capital programme is significant and shall require substantial revenue support to service. The revenue implications of the borrowing are reported in the Revenue Budget elsewhere on this agenda. The revenue implications are considered affordable and sustainable over the cycle of the programme.
- 2.13. As indicated above, the position remains that should such capital 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 shall place a further burden on revenue finances.
- 2.14. In the recent past, the Council has sought to minimise its external borrowing by the use of internal funds, which is entirely consistent with good Treasury Management policy given historic low interest rates on investments and avoiding the 'cost of carry'. Sustained internalisation of borrowing requirement and the significant funding required for the capital programme 2020/21

onwards and the depletion of Reserves and Provisions (including significant sums relating to equal pay settlements) means that 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 debt will continue to be undertaken in 2020/21 and beyond as opportunities arise. The position in the short-term is complicated by the current 1% additional premium levied by government on PWLB borrowing so alternative funding sources will also be explored.

- 2.15. It should be noted however, that even with borrowing rates as low as they are, externalising of borrowing is still likely to have a potentially negative impact on revenue finances going forward.
- 2.16. It remains the case that each year the Council sets aside a significant amount of money (c £10.9m 2018/19) called the Minimum Revenue Provision (MRP) towards the repayment of debt. This provision is in line with the Council's existing MRP Policy, which was reviewed (and changed) in 2018/19. This effective repayment will have to be taken into account when evaluating overall borrowing levels and the ability to service any additional borrowing requirement.
- 2.17. The additional capital investment identified above will attract significant grant funding (especially 21st Century Schools and Swansea City Region Deal), however the programme will still require a material unsupported borrowing to enable completion alongside the use of capital receipts as they are realised. Furthermore some schemes have the potential to provide additional revenue streams of property income, or, subject to agreement, in due course, with Welsh Government, retained elements of non-domestic rates or possibly tax increment financing as further powers devolve to Welsh Government and then on to local government.
- 2.18. Notwithstanding this scale of ambition, each major scheme will, as is always the case, be considered on the overall merits of each business case, both in capital cost, and revenue income streams where appropriate. Unsupported borrowing will be undertaken on a phased basis within the overall envelope for affordability which is considered over the medium to long term to be up to £180m, reduced from the previous £200m envelope, recognising the additional capital grant support received or due to be received from Welsh Government. .

3. Detailed Spending and Resources Forecast 2021/22 to 2023/24

- 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 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 – **these are pressures and must be read in conjunction with the funding plans and indicative solutions set out in 5.4:**

Projected Spending Pressures/Funding Deficiency 2021/22 – 2023/24

	Note	2021/22	2022/23	2023/24
		£'000	£'000	£'000
Future cost of pay awards	1			
- Non Teachers		5,100	10,200	15,300
- Teachers (Local top up required)		3,701	7,401	10,901
National Living Wage – own pay bill	2	500	500	500
National Living Wage – contracts		1,000	2,000	3,000
Increase in Pension Costs	3	0	0	0
Cumulative contract inflation	4	1,000	2,000	3,000
Capital charges – existing	5	0	0	0
Capital charges - new scheme aspirations	6	2,000	3,250	4,500
Capital charges – expected savings as a result of increased grants and thus reduced borrowing – general capital and Band B schools	6	-300	-500	-500
MRP review linked to capital programme	7	366	716	1,053
Use of Insurance Reserve	8	0	0	700
Use of Capital Equalisation Reserve	9	-196	-1,393	-2,209
Demographic and Service pressures	10	2,000	4,000	6,000
Mid and West Wales Fire authority Levy	11	400	800	1,200
Council Tax Support Scheme	12	1,200	2,400	3,600
Agreed Service Pressures	13	3,365	5,685	8,085
Total known pressures		20,136	37,059	55,130
Aggregate External Finance Increase @2%	14	-6,730	-13,730	-20,830
Total Savings Requirement BEFORE COUNCIL TAX		13,406	23,329	34,300

Alternative scenarios

Total Savings Requirement Needed if 4% AEF BEFORE COUNCIL TAX		6,536	9,359	12,730
Total Savings Requirement needed if 0% AEF BEFORE COUNCIL TAX		20,136	37,059	55,130

Note:

1. *The pay award figures represent an average forecast increase of 2.75% for the period of the MTFP for non-teachers and teachers.*
 2. *Assumed increases due to implementation of National Living Wage - will affect contract prices and lower end of own pay scale.*
 3. *The latest forecast from the triennial revaluation of the local government pension scheme effective from 1st April 2020 indicates that no increase to current rates will be required over the lifetime of the MTFP.*
 4. *Reflects the assumed minimum cumulative effect of contract inflation.*
 5. *The additional estimated borrowing costs as a result of the current Capital programme together with potential increases arising from externalisation of borrowing due to cashflow requirements.*
 6. *The initial additional estimated borrowing costs for the delivery of the major aspirational capital programme, and the estimated savings due to increased grants for general capital and Band B schools.*
 7. *The on-going increases associated with reviewing the MRP policy in line with the report to Council on 20th December 2018. The immediate baseline saving was taken in 2018-19 and the ongoing benefit reduces year on year (shown thus as a pressure)*
 8. *The 2017/18 budget report agreed an annual take from the insurance reserve for three years, which was further extended for three more years, after which this money can no longer be assumed available and alternative funding will need to be identified.*
 9. *The Authority has prudently been setting aside money in the Capital Equalisation Reserve in order to smooth the effect of the increased capital charges associated with the new scheme aspirations. This is the use of that reserve, it is shown on the pressures table as it is being used to reduce the capital charges pressures identified above.*
 10. *Assumed Demographic and Service pressures mainly around Schools and Adult and Children's Services.*
 11. *Estimated Fire Authority Levy increase.*
 12. *Reflects the assumed cost of Council Tax Support Scheme costs based on Council Tax increases as a planning assumption only at this stage.*
 13. *The future year impact of service specific savings agreed as part of the 2020/21 budget report.*
 14. *Reflects the middle ground assumption that the local government finance settlement for future years will stabilise in cash at an increase of 2.0% pa.*
- 3.4. As stated, this forecast contains limited provision for increases in net service costs, in particular there is no provision for :-
- Any increase in costs arising from decisions on Government taxation – most significantly increases arising from upward increases in landfill tax costs.
 - Corporate costs in excess of budget provision in respect of issues relating to higher than assumed employee costs (higher than 2.75% pay awards), or bigger movements in minimum statutory wage.
 - Any one off costs arising from changes to service delivery across the Council, including transformational change.

- Any general inflation provision relating to non-contractual issues.
 - Any increased costs or reductions in income arising from ongoing changes to welfare reform, in particular the full introduction of Universal Credit during the lifetime of the MTFP.
 - Any budget changes arising from further regionalisation of any services particularly where projected budget transfers may be in excess of current Swansea Council service budgets.
 - 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.
 - 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.
 - Any potential downward movement in service specific grants, some of which we have experienced at short notice in the past.
 - Any ongoing increase on non-funded schemes including the Teachers' Pension Scheme at a future date.
- 3.5. The Welsh Government has proposed legislative changes around Local Government and Elections (Local Government and Elections (Wales) Bill). There are likely to be financial implications arising from this, however until more detail and implementation timescales are known this can only remain a risk for future consideration.

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 continue 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 16th July 2015. It

remains the Council's overarching approach to budget and medium term financial planning, to help deliver the well-being of future generations, and 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:

- Continued to work on the delivery of the Savings Programme
- Commenced and delivered the first two phases of Service commissioning Reviews
- Identified our next phase of cross cutting reviews.

Our Service Priorities for 2020/21 and the MTFP Period

4.5. Although the Council is currently focused on a plan to save an additional £63m plus over the period of the MTFP (since revised as per the January 2020 Budget Proposals Report to Cabinet), 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 over £700m (excluding Housing Services (HRA)) and we spend just under £1.7m 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 6 priorities and future plans for services (a refreshed Corporate Plan was agreed on 25th October 2018) to help deliver the well-being of future generations
- The core objectives of Sustainable Swansea – which embrace all we do
- The application of the budget principles – which guide our decision making
- The ongoing and sustained real terms reduction in external funding and the need to meet known budget pressures.

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 (excluding schools) over three years was applied, for example, just to the Director of Resources (excluding Council Tax Reduction Scheme) and Place Services, the budgets for these areas would have to be almost cut in their entirety. Consequently, other areas such as Education and Social Care also need to face some relative real terms level of reduction 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
- **Remodel:** 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.

Potential Funding 2021/22 to 2023/24

4.10. The Revenue Budget report detailed elsewhere on this agenda identifies possible savings for the 2020/21 financial year. Some of these proposals will generate further savings in future years and so will contribute to the future years' savings requirement.

4.11. In addition, there are a number of service specific savings proposals that are being considered – it should be noted that these have not yet gone out to consultation, but will do so at the appropriate time.

4.12. These are detailed in Appendix B, but are shown in summary below:

	21/22 £'000	22/23 £'000	23/24 £'000
Future Year Impact of current (2020/21) proposals:			
Resources	412	412	412
Education	386	636	852
Social Services	1,826	1,826	1,826
Place	1,034	1,810	3,332
Cross Cutting	29	79	79
	3,687	4,763	6,501
Future Proposals to be Considered:			
Resources	333	1,360	2,171
Education	700	1,050	1,550
Social Services	250	330	580
Place	535	1,225	1,897
Cross Cutting	41	41	41
	1,859	4,006	6,239
Sub-total of Service Specific Savings (as per Appendix B)	5,546	8,769	12,740
Schools*	0	0	0
Total Savings	5,546	8,769	12,740

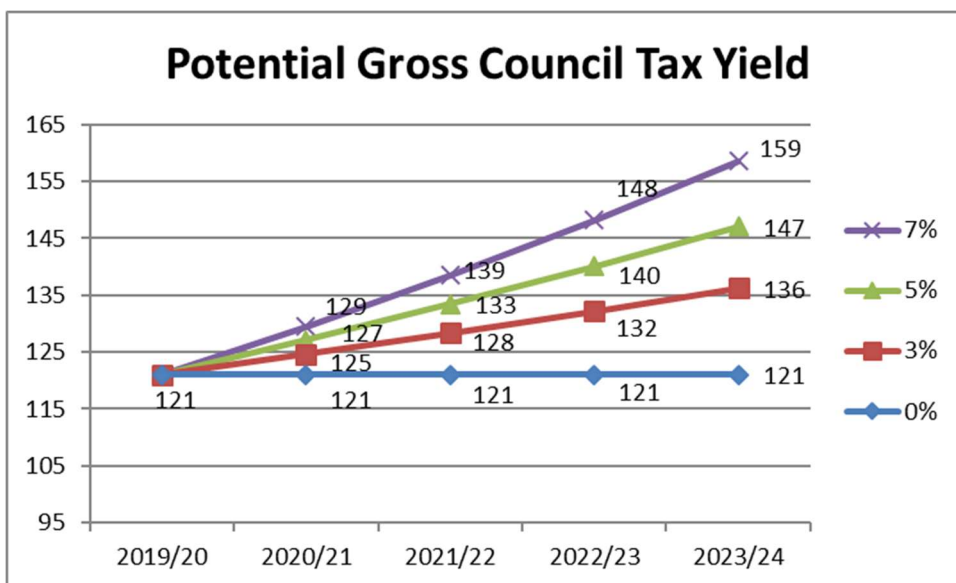
*Schools savings and pressures fall entirely to the delegated budgets and are shown separately as these are decisions for schools to take

- 4.13. In addition to the savings proposals above (and listed at Appendix B), the Council is embarking on its next stage of budget reviews as part of the Sustainable Swansea Programme. These will be built into the budget process at the appropriate stage of the reviews.
- 4.14. In addition to savings proposals, Council Tax levels must be considered as part of the MTFP. Budgeted gross council tax yield for Swansea for 2019/20 is £121,115,000, which we have rounded to £121 million. This remains the gross yield on Council Tax and it must be borne in mind that any Council Tax increases results in a corresponding increase in the local cost of the Council Tax Support Scheme, (which has been taken account of in the spending pressures above). No assumption about growth in the Council Tax base has been made, to remain prudent and err on the side of caution.
- 4.15. Policy decisions on the level of Council Tax will of course remain a matter for full Council to determine on an annual basis and it is always relatively challenging to set out a published range of Council Tax options years in advance. Therefore, what follows can only be an indicative assumption to give a plausible range of planning scenarios, to aid the overall understanding of the financial plan.

The following stylised planning assumptions are made:

- As in the past, there is no formal published upper limit to annual Council Tax increases but Welsh Government reserve powers and hints of action effectively placed a top end cap at 5% per annum. However, since 2018/19 a number of Councils (including Swansea in 2019/20) have set increases higher than 5%, and no action has been taken by the Welsh Government. In addition to this, in its 2020/21 Standard Spending Assessment calculation, the Welsh Government have assumed a Council Tax rise of 7.1%. As such this in effect places no upper limit for planning assumptions, however it is unrealistic to assume increases in excess of 7% (i.e. two percentage points above the previous upper limit) and so 7% is used as the maximum increase this Council could reasonably be expected to consider, in extremis.
- Given the sheer scale of spending reductions needed to set a future balanced budget it is considered equally implausible (albeit theoretically not impossible) that Council Tax levels will be cut. This provides a lower limit of 0% per annum;
- As a middle ground option, 3% and 5% are also modelled. The middle ground stylised assumption included for planning purposes is 5%.

The chart below demonstrates the different levels of Council Tax that could be expected under the different scenarios:



5. 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 paragraph 3.3 of this report.

	<u>2021/22</u> <u>£'000</u>	<u>2022/23</u> <u>£'000</u>	<u>2023/24</u> <u>£'000</u>
Cumulative budget shortfall	13,406	23,329	34,300

5.2. The assumptions surrounding the compilation of these figures are given in detail within the table at paragraph 3.3 above and, in particular, are heavily dependent on the assumption of an ongoing increase in AEF for each of the three years covered by the MTFP. This is a departure from previous MTFP assumptions.

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 2020/21 consultation proposals

- Additional Directorate/Service Area targeted savings as detailed in paragraph 4.12 of this report
 - Potential rises in Council Tax levels, as estimated in paragraph 4.14
- 5.4. Bringing these items together, and assuming a balanced position for 2020/21, the following indicative position is envisaged:

	<u>2021/22</u> <u>£'000</u>	<u>2022/23</u> <u>£'000</u>	<u>2023/24</u> <u>£'000</u>
<i>Cumulative budget shortfall</i>	13,406	23,329	34,300
<i>Future year impact of current service savings proposals</i>	-3,687	-4,763	-6,501
<i>Future year proposals to be considered</i>	-1,859	-4,006	-6,239
<i>Schools savings</i>	0	0	0
<i>Cumulative budget shortfall before Council Tax is taken into consideration</i>	7,860	14,560	21,560
<i>100% Council Tax Premia on both long term empty and second homes</i>	-1,560	-1,560	-1,560
<i>Cumulative budget shortfall after Council Tax Premia introduced</i>	6,300	13,000	20,000
<i>Council Tax at stylised assumption of 5%</i>	-6,300	-13,000	-20,000
<i>Remaining Gap at 2% AEF</i>	0	0	0

<i>Surplus at 4% AEF – which would be available to re-invest, reduce savings and/or lower council tax assumptions</i>	6,870	13,970	21,570
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- 5.5. In terms of addressing the overall budget, there are further options available to the Council that are not yet firm enough to be able to be included in the table above, but nevertheless are being worked through and considered for future inclusion.
- 5.6. These options include reviewing services and funding provided to schools, potentially higher or lower than 5% increases to Council Tax, and the level of Council Tax premiums and discounts applied. To some extent decisions around these proposals will also be reliant on the annual settlements received from the Welsh Government.
- 5.7. The Council will deliver the bulk of this through the Sustainable Swansea programme, as previously agreed.

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 in this report.
- 6.2. More specifically the Detailed Budget report to Council in respect of the 2020/21 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 be required to make some contribution to 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. It should be noted that at present there is no contribution from Schools built into the budget forecast, however to some extent although this is the intention of the Council, whether this can be maintained will be reliant on future settlements from the Welsh Government.
- 6.4. It is essential that we continue to engage with Schools on a strategic review of provision as simply cutting budgets in real terms without otherwise doing so will simply not work.

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 core funding support from the Welsh Government being incorrect, particularly if overstated.
 - Ongoing reductions in specific grants that 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 that 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 paragraph 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 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.

8. **Use of Reserves**

8.1. The purpose of this section is to highlight the current planned use of General Reserves to support the 2020/21 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 paragraphs 8.3 to 8.8 below.

8.2. Conclusions and recommendations in respect of reserves usage are given in paragraph 8.9 below.

8.3. The current 2019/20 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 in 2020/21 or beyond.

8.5. Whilst the Council maintains a number of specific reserves they are not factored into planning assumptions because they are either ring-fenced under statute or scheme of delegation (e.g. Schools' delegated reserves), or they are earmarked to meet known liabilities.

8.6. In October 2019 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 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 paragraph 8.10 below.
- 8.8. In addition, various sections highlighted throughout this report refer to significant ongoing risk around current activities.
- 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.

9. **Legal and Equalities Implications**

Legal Implications

- 9.1. There are no legal implications arising from this report.

Equality and Engagement Implications

- 9.2. The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:
 - Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.

Our Equality Impact Assessment process ensures that we pay due regard to the above during the annual budget process, where proposals are subject to consultation.

- 9.3. The budget reductions implicit in the 2019/20 approved budget were subject to the corporate and appropriate Equality Impact Assessment process, which was considered as part of the overall budget process.
- 9.4. Where additional budget savings requirements are identified as part of the 2020/21 and MTFP 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.

Background Papers: None

Appendix A Statement of Budget Principles and Service Budget Priorities

Appendix B Savings Proposals

Statement of Budget Principles and Service Budget priorities

GENERAL PRINCIPLES FOR ALL SERVICES

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

Budget Principles

2. The Council has adopted a number of Budget Principles that underpin *Sustainable Swansea*:

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

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

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

Service Transformation and Efficiency

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

Transformation	<p>All service must transform through a fundamental review of purpose, however services are commissioned, to:</p> <ul style="list-style-type: none"> • deliver better outcomes • develop a sustainable delivery model, fit for the future • reduce costs and secure value for money
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

	<ul style="list-style-type: none"> • 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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4. STATEMENT OF BUDGET PRIORITIES: SCHOOLS AND EDUCATION

Education is continuing to deliver a consistent and coherent budget strategy across delegated and non-delegated budgets. Whilst recognising the relative priority given to Education (and Social Services), further significant savings cannot be made without reductions in real terms the Schools Delegated Budget over the coming years.

Moreover, further significant 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 against a context of increasing demands and expectations.

At the same time, greater focus is being given to the regional delivery of services, with a fundamental review of those services being delivered via regional arrangements in the coming years. At present it is not clear what the full financial impact of such changes will be, though Swansea will continue to be robust in its presentations to the regional consortia and Welsh Government about our needs.

A further move towards a fundamentally different relationship between schools and the local authority is required, reflecting the challenges and opportunities presented by the national changes in curriculum and support for additional learning needs. By its very nature, this is a long-term strategy. 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 independent behaviour review
- Building capacity in mainstream educational provision and in County specialist provision
- Empowering & facilitating more collaborative school to school support
- Ensuring delivery of Out of County places for specialist provision are commissioned jointly with other services to seek to maximise economies of scale.
- Delivery of further significant financial savings through a continuing coherent 'one education budget' strategy:
 - Retaining an absolute core level of statutory and regulatory provision at the centre
 - Ensuring a full recovery of the 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.

5. STATEMENT OF BUDGET PRIORITIES: SOCIAL SERVICES

Social Services- Child & Families

No significant 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 and service improvements.

There will be an increasing expectation of evidencing impact of early intervention and prevention services being more closely aligned to support families and children earlier, to lessen the need for greater intervention later.

Social Services – Adult Social Care

Cabinet have agreed a new Adult Services Model, which supports the service changes that will be needed to deliver improvements in experience and performance, and also to deliver the significant savings required in the medium term.

This model outlines how we will focus on the following objectives:

- Better prevention
- Better early help
- A new approach to assessment
- Improved cost effectiveness
- Working together better
- Keeping people safe.

Underpinning these principles is the need to build trusting relationships with those that we work with, improve communication and work co-productively to design and deliver services and interventions.

Further, we will be finalising and then implementing the outcomes of the Commissioning Reviews for: Day Care Services, Residential Care Services and Domiciliary Care Services and devising the Learning Disability, Physical Disability and Mental Health Commissioning Strategies. These are the Council's regular process for consistently reviewing service provision and comparing with other services to ensure value for money and improvements in service delivery.

Social Services – Poverty & Prevention

We have agreed a comprehensive Tackling Poverty Strategy, which was extensively reviewed in 2017 to ensure it is meeting its aims. The overarching themes are:

- Empowering local people through involvement and participation
- Changing cultures to reflect that tackling poverty is everyone's business
- Targeting resources to maximise access to opportunity and prosperity.

We will be adopting the following principles to this work:

- A whole Public Services Board and whole Council approach.
- Building resilience, social capital and social networks.
- Involvement and participation of service users.
- Implementing 'what works' in future delivery.

We have also revised our Prevention Strategy, which has been consulted upon in 2017 and outlines our approach in this important area. Our vision is to **'....secure better outcomes and better manage demand through preventative approaches'**.

The principles we will adopt as Swansea's optimum model for preventative activity are:

- A whole Public Services Board and whole Council approach;
- Making every conversation count;
- Holistic universal and early intervention services;
- A culture where all services are acting at every point to de-escalate need and build on strengths;
- Adopting strength based approaches using the strengths of individuals, families and communities;
- Supporting independence at all stages, with different levels of interventions offered;
- Building resilience, social capital and social networks;
- Delivery partners have confidence in the approach;
- Making evidence based investment decisions of what reduces demand;
- Learning about 'what works' is fundamental to future delivery.

6. STATEMENT OF BUDGET PRIORITIES: PLACE SERVICES

The Place-based services has faced significant challenges over recent years to meet its continued reduction in budgets and has been successful in largely maintaining the high level of delivery against the agreed corporate and service objectives. The proposed settlement for 20/21 will improve the overall position and allow additional investment in some of its front line “place based” services positively impacting on the environment and communities the Council serves. The main areas of priority are:

- Prioritisation of key corporate objectives including the regeneration of the City Centre, delivery of the city deal and its biodiversity and climate emergency objectives.
- Introductions of the remaining actions arising out of the previous commissioning and cross cutting reviews including integrated transport and a reformatted services in the community
- Continue to embed the transition of leisure services following its transfer to Freedom leisure
- Maximise commercial opportunities and income generation for services and assets
- Seek opportunities for community involvement in the delivery of services and community enablement
- Invest where necessary to maintain vital services including front line delivery of environmental services
- Work within the affordability of the housing revenue account to deliver more council homes and the attainment of the Welsh Housing Quality Standard for our council tenants.
- Maximise the opportunities brought by modernising terms and condition across the council
- Adequately resource the significant council wide capital programme and further enhance its underpinning workforce strategy
- Seek to deliver on the Councils’ homelessness strategy and housing first model
- Seek to maximise the success of grant bids maximising the beneficial use of council resources
- Grow the capacity to support local businesses and suppliers and maximise the support available for inward investment

7. STATEMENT OF BUDGET PRIORITIES: RESOURCES

The Resources Directorate will continue to deliver high quality and cost effective core services, supporting frontline service delivery and achieve better outcomes for our residents, customers and Visitors.

The Resources directorate supports the political and managerial leadership of the council to set the strategic direction and enable the organisation to deliver it, responding to external challenges including financial pressures and changes in the operating environment.

To be able deliver the above our focus must be to:

- Manage demand for central support services by supporting the workforce to have the right skills for the future, particularly managers
- Focus on the Priorities within the functions of the corporate centre such as governance, financial control, core HR advice and commercial capability
- Look for opportunities for collaboration and co-production models with other organisations and partners, in order to maintain support services as efficiently as possible
- Radically change our approach to customer contact and engagement, to channel shift to digital channels where appropriate and reduce costs where possible
- 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 and Digital First, on a business case basis, to support the transformation agenda, including on-line self-service, agile and mobile working and direct service innovation.
- To continue to evolve the services as the operating environment changes to ensure we can be agile and responsive to change.

Director	Head of Service	2021/22 £'000	2022/23 £'000	2023/24 £'000	Savings Proposals
Future Impact of 20/21 Savings Proposals					
Cross Cutting	Cross Cutting	25	75	75	Becoming digital by default and reducing paper printing
Cross Cutting	Cross Cutting	4	4	4	Changing Pension AVCs and staff reward scheme to tax efficient salary sacrifice schemes
Education	Non-Delegated	150	350	550	Home to School Transport review savings identified
Education	Non-Delegated	16	26	42	Reduction in regional improvements service and grant consistent with funding settlements
Education	Non-Delegated	140	140	140	Construction of new Active Travel links which will facilitate pupils walking and cycling to school.
Education	Non-Delegated	80	120	120	School Meal to increase by 5p (as per previous consultation)
Place	Corporate Building Services	50	50	50	Reduced maintenance required on a number of building assets as size of the corporate estate is reduced or investment in buildings reduces maintenance costs
Place	Corporate Property Services	0	50	50	Additional income generated from the relating of released space in the Civic as a result of the agile programme
Place	Corporate Property Services	0	50	50	Additional income via existing investment properties and new property acquisitions
Place	Housing and Public Protection	25	25	25	A fee to 'save the date' for future weddings at civic centre
Place	Housing and Public Protection	150	306	306	Increase to fees and charges and increased income generation activity across Bereavement Services, Registration Services, Building Control, Trading Standards, Food & Safety, HMO licensing and Housing Renewals
Place	Housing and Public Protection	10	20	20	Proceeds of Crime (POCA) income to be re-invested in core Trading Standards Service
Place	Housing and Public Protection	14	14	14	Savings as a result of the conclusion of the Renewal Area programme when it expires in 2019
Place	Planning and City Regeneration	25	25	25	Reduce net to taxpayer of cost of Natural Environment services by generating additional income and maximise use of grants
Place	Various	750	1,250	2,000	Income earning services to self-fund pressures from increased fee charges on full cost recovery basis
Place	Various	0	0	762	Review of additional staffing costs
Place	Waste Management and Parks	10	20	30	Increase graffiti removal charges to ensure full cost recovery

Director	Head of Service	2021/22 £'000	2022/23 £'000	2023/24 £'000	Savings Proposals
Resources	Resources	108	108	108	Efficiencies in Digital services as a result of current programme changes, e.g. lines, licences etc.
Resources	Resources	294	294	294	Resources - Review of Management Structure
Resources	Resources	10	10	10	Review of costs of Welsh Translation Service (as part of joint working with NPT)
Social Services	Adults	155	155	155	Implementation of the Social Services and Poverty & Prevention Business Support hub
Social Services	Adults	146	146	146	Increase regional investment in Hospital to Home Recovery Service
Social Services	Child and Family Services	800	800	800	Better integrated arrangements with Child & Family and Poverty & Prevention to create one single approach to achieve a reduction in residential placements
Social Services	Child and Family Services	500	500	500	Better integrated arrangements with Child and Family and Poverty and Prevention to create one single approach to IFA placements
Social Services	Poverty and Prevention	25	25	25	Review opportunities for Outdoor Centres with new business model. Full consultation will be undertaken on completion of the review
Social Services	Poverty and Prevention	150	150	150	Integrate Family Support Services into a single family support function that operates with a more targeted prevention offer
Social Services	Poverty and Prevention	50	50	50	Review structure in the Life Stages Team to achieve better alignment other roles in Child and Family and adult services
		3,687	4,763	6,501	Total of Future Impact of 20/21 Savings Proposals
New Proposals from 2021/22					
Cross Cutting	Cross Cutting	41	41	41	Reduction in Trade Unions central facility time
Education	Non-Delegated	300	650	1,150	ALN - more costly out of County provision mitigated by further enhanced in County provision
Education	Non-Delegated	150	150	150	Managed Moves - bringing forward future managed savings through new EOTAS model
Education	Non-Delegated	250	250	250	Review of Out of County placements / delivery model - dependent on additional special school places
Place	Corporate Property Services	150	150	150	Additional Income from further commercial lettings (offset against St David's)
Place	Cultural Services	0	0	400	Reductions to the Library Service, initial savings a review of opening hours. Long term savings to include a review of accommodation and shared services in the Community
Place	Highways and Transportation	250	250	250	CTU service become commercial operation within 2 year or externalise service

Director	Head of Service	2021/22 £'000	2022/23 £'000	2023/24 £'000	Savings Proposals
Place	Highways and Transportation	0	500	750	Increased Car Park income including charging for free car parks and increased city centre tariffs
Place	Highways and Transportation	0	25	25	Partial removal of school crossing patrols where suitable safe measures exist
Place	Housing and Public Protection	10	25	47	Introduce paid for advice and approval service for businesses across Food Safety and Trading Standards functions
Place	Regional Working	100	100	100	Regionalisation savings in Place based services (assuming future regional model for mandated services)
Place	Waste Management and Parks	0	150	150	Develop the most cost effective way of collection and disposal of plastics
Place	Waste Management and Parks	25	25	25	Fortnight collection of tiger (nappy) bags (instead of weekly)
Resources	Resources	0	0	210	AI and automation/ robots across council e.g. revs and bens
Resources	Resources	178	178	178	Automation of digital services leading to reduction of staff in Customer Services
Resources	Resources	50	50	50	Community safety & H&S restructure
Resources	Resources	0	100	100	Contract saving around merchant card costs and PCI compliance
Resources	Resources	0	50	50	Restructure design print and reduce design function
Resources	Resources	0	459	1,050	Review of resources (structure and services)
Resources	Resources	0	330	330	Savings from implementing WCCIS
Resources	Resources	0	78	78	Service Centre staff reductions
Resources	Resources	105	115	125	Shared services / collaboration / regional working income opportunities in Resources
Social Services	Adults	200	200	200	Reduce commissioning of high cost placements and deliver service in house - Explore the development of an in-house residential service for younger adults with complex needs (as part of the 4th Commissioning Review)
Social Services	Poverty and Prevention	50	100	100	Integrate youth prevention and offending services as part of the wider creation of a single family support function across departments but continue to support regional working on youth offending
Social Services	Poverty and Prevention	0	30	30	Partnership & Commissioning - Reduce core contribution to VAWDASV (Violence Against Women and Domestic Abuse) Agenda and look for economies of scale across the region, aligning with WG funding and Home Office Transformation Funding
Social Services	Poverty and Prevention	0	0	250	Partnership & Commissioning - Remove 3rd sector Change Fund
		1,859	4,006	6,239	Total of New Proposals from 2021/22
		5,546	8,769	12,740	Total of ALL service specific savings proposals

Agenda Item 10.



Report of the Section 151 Officer

Special Cabinet – 20 February 2020

Revenue Budget 2020/21

Purpose: This report sets out the current position with regard to the Revenue Budget for 2020/21 for consideration by Cabinet.

Policy framework: Sustainable Swansea – Fit for the Future

Consultation: Cabinet Members, Legal, Access to Services & Corporate Management Team

Recommendations: It is recommended that:

- 1) Cabinet considers the outcome of the formal consultation exercise, and agrees any changes to the Budget Proposals in Appendix D, together with the position regarding delegated budgets as set out in Sections 4.10 and 4.11 of this report.
- 2) Cabinet note the current 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 2020/21. In addition to a review of current savings proposals Cabinet will need to:
 - Review and approve the Reserve transfers recommended in this report
 - Agree a level of Council Tax for 2020/21 to be recommended to Council
- 3) Subject to these changes, Cabinet recommends to Council for approval:
 - a) A Revenue Budget for 2020/21;
 - b) A Budget Requirement and Council Tax levy for 2020/21.

Report Author: Ben Smith

Finance Officer: Ben Smith

Legal Officer: Tracey Meredith

Access to Services Officer: Rhian Millar

1. Introduction and Background

1.1. This report details:

- Financial monitoring 2019/20
- The Local Government Finance Settlement 2020/21
- Budget Forecast 2020/21
- Specific Savings Proposals
- Outcome of Budget Consultation
- Staffing Implications
- Reserves and Contingency Fund requirements
- The Budget Requirement and Council Tax 2020/21
- Summary of funding proposals
- Risks and uncertainties

1.2. The financial assessment in relation to 2021/22 – 2023/24 is contained in the ***Medium Term Financial Plan 2021/22 – 2023/24*** elsewhere on this agenda.

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

- The budget strategy agreed by Council on 22nd October 2013 – ***‘Sustainable Swansea: Fit for the Future’*** 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 9th January 2020 – ***Sustainable Swansea – Fit for the Future: Budget Proposals 2020/21 – 2023/24*** 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.

1.5. **Whilst emphasising what is proposed being removed, at approximately £10 million, it must equally be borne in mind that £35m is being added. Net service budgets are increasing substantially, and the overall revenue budget by a net £25 million.**

2. Financial Monitoring 2019/20

- 2.1. Cabinet will see a report for consideration elsewhere on this agenda on the estimated Revenue Outturn for 2019/20. It is projected that the Council will outturn at an underlying directorate overspend position of £0.434m, which is an improved position compared to the forecast overspend at quarter 2.
- 2.2. The biggest improvement is within Social Services (£1m), although both Resources and Place also have an improved forecast.
- 2.3. There are significant variances on savings built into the base budget for 2019/20; if these savings are not achieved there will continue to be an impact in 2020/21 and beyond.
- 2.4. Current estimates are that the service overspend is likely to be around £0.434m (considerably less than 1% of the original budget), predominantly because of overspending in Education Services, offset by underspends in Resources and Place.
- 2.5. It is expected that this will be covered from underspends expected on the Inflation provision. If necessary the contingency fund will also be used to cover any residual overspend.

3. The Local Government Finance Settlement 2020/21

- 3.1. The Cabinet Secretary for Finance announced the provisional Revenue and Capital Settlement for 2020/21 on 16th December 2019 and the final settlement will be announced on 25th February 2020.
- 3.2. At the time of writing this report the Welsh Government had not announced the final settlement, however the Minister for Housing and Local Government stated in the provisional settlement that there was no intention to make significant changes to either the methodology or the data underpinning the settlement. As such any changes should only be minor and capable of being smoothed out by adjustments to the Contingency Fund. Any other changes such as any new responsibilities transferred into the Revenue Support Grant will simply be passported to Services as usual.
- 3.3. For the purposes of this report there is assumed to be no change to the provisional settlement figure.
- 3.4. In respect of Schools and Social Services, although the provisional settlement does make it clear that the cost pressures in schools are definitively recognised by the Welsh Government, there is no formal protection or funding guarantee within the settlement so any decision over funding is a local one to be made by Cabinet and ultimately by Council, having any due regard to any budget consultation responses received.
- 3.5. In revising the Medium Term Financial Plan and setting the Budget for 2020/21, 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 citizens.

- 3.6. **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 increase in AEF should be seen as an opportunity to maintain investment in the Council's priorities and preventative action in particular, and embracing wide scale transformational change, not to slow down the pace of change or the level of required savings.**

4. Budget Forecast 2020/21

Overview

- 4.1. The budget proposals for 2020/21 as submitted for consultation on 9th January 2020 resulted in a projected funding deficit of £18.380m. The funding deficit was made up of projected funding pressures of £35.550m partly offset by a provisional increase on Welsh Government Aggregate External Finance (AEF) of £17.170m. This is in respect of transfers into the settlement of £3.983m, and an increase in the overall level of AEF of £13.187m.
- 4.2. The announcement of the final settlement will mean that the overall funding deficit forecast for 2020/21 will inevitably, but hopefully this year marginally, change.
- 4.3. In addition, the opportunity has arisen to review all aspects of the budget pressures and risks so far identified with a view to updating the forecast using the latest up to date assumptions.
- 4.4. The options for funding the deficit that is identified remain as:
- Savings on current service net expenditure (through a combination of expenditure reduction and additional income generation)
 - Increases in Council Tax levels
 - Use of Reserves and Balances (not advised).

Forecast Funding Shortfall 2020/21

- 4.5. The revised shortfall in funding previously identified in paragraph 4.1 above can now be updated and summarised in Table 1(a) below.
- 4.6. The items highlighted in ***bold italic*** in the table have changed since the budget proposals report in January 2020. These are discussed later in the report, but have resulted in a reduction to the pressures of £0.516m

Table 1(a) – Projected Pressures 2020/21

	2020/21 £'000
Future cost of pay awards	
- Non Teachers - 2.75%	5,100
- Teachers – 2.75% - local top up required	2,699
<i>Costs imposed without funding by UK Government:</i>	
- National Living Wage – own pay bill	900
- National Living Wage – contracts	1,000
Increase in Pension Costs	0
Increased Teachers Pension Costs (local top up required)	2,069
Cumulative contract inflation	1,000
Capital charges – existing	1,750
Capital charges – new scheme aspirations	2,000
Capital charges – expected savings as a result of increased grants and thus reduced borrowing – general capital and Band B schools	-350
MRP review linked to capital programme (policy change approved by Council in December 2018)	381
Use of General Reserves	0
Reinstate Temporary Use of Insurance Reserve	700
Demographic and Service pressures	6,000
<i>Mid and West Wales Fire authority Levy increase</i>	770
<i>Council Tax Support Scheme</i>	1,000
Service pressures previously accepted	716
<i>New Service pressures accepted</i>	5,316
Passported through AEF to Services – Teachers pay	901
Passported through AEF to Services – Teachers pensions	2,931
Passported through AEF to Services – NHS funded nursing care	151
Total known pressures	35,034
Aggregate External Finance increase CASH	-13,187
Aggregate External Finance increase – passport to Services	-3,983
Total Savings Requirement	17,864

Inflation

- 4.7. The 2019/20 Revenue Budget provided a corporate provision of £3m for general inflation (£2m) and the cost of the Apprenticeship Levy (£1m). £1.15m of the general inflation provision was utilised during 2019/20.

Given current UK inflationary levels and forecasts to come through the year there is a strong case for increasing the corporate (General) provision for inflation in 2020/21. Mainly to cover the increase of costs associated with contracts, a further £1m will be provided in the corporate provision.

It is the case, however, that the Council is likely to experience significant cost pressures in specific areas as detailed in Table 1 (b) below and these have already been provided for as follows.

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

	£'000
Increased contract costs due to rises in inflation	1,000
Increased contract costs due to rise in National Minimum Wage levels (already in services)	1,000
Increased costs due to rise in National Minimum Wage levels (own pay bill) (already in services)	900

In the November 2015 Autumn Statement, the Chancellor first announced significant increases in the National Minimum wage. Whilst the actual increases will vary year to year there will be continued pressures. This will affect direct employee costs incurred by this Council during 2020/21, and it is highly probable that this will impact directly on wage costs of external contractors particularly in respect of contracted services within Social Services.

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

The cap on public sector pay awards has recently loosened somewhat, with increases approved for firefighters and teachers that are considerably higher than the previous 1% cap. Indeed, the main local government pay sector has had pay awards in excess of 1% for the past couple of years. Whilst the pay award for 2020/21 has not yet been agreed, an estimated award of 2.75% has been fully built into, and adds to, revenue budget pressures.

The Apprenticeship Levy is still held centrally on the general provision for inflation line as it is currently a cost that is in effect a corporate tax. This makes the total provision for inflation £2.85m, although £1m of this has to be considered already fully committed for that levy.

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 term 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 2020/21 there is no longer any Ministerial funding commitment to schools, although the provisional settlement does make it clear that the cost pressures in schools are specifically recognised (such as Teachers' Pension costs). However, it is intended to provide funding for various service pressures as a local priority for Cabinet.

The net result of these proposals is an increase in the underlying base budget cash settlement to Schools of some £9.732m (6.5%) for 2020/21, which is a better position than the 5.5% increase in this Council's funding from Welsh Government.

This year the headline figure across Wales in respect of Pupil Development Grant has increased and the Regional Consortia School Improvement Grant has reduced marginally compared to 2019/20, if allocated across authorities on the same basis then this should mean a minimal effect on Swansea Schools.

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

Table 1 (c) – Impact on Schools Delegated Budgets

Item	£'000
Cash position	
Net core delegated base budget 2019/20	150,720
Increase for Pay Award - all staff (2.75%)	3,600
Increased Pension costs re non-teaching staff	0
Increased Teachers Pension costs – now funded by UK and Welsh Governments via RSG	5,000
Increased demographics pressures	600
Fall out of Teachers Pay Grant 2019/20	550
SLA top slice - with schools agreement (PR)	-18
Core delegated base budget 2020/21	160,452
	+6.5%

i.e. the above cash increase covers known pressures for Schools in full.

There are no further delegated funding changes for 2020/21 and so the total school cost centre budgets set out in Appendix H have increased by more

than £9.7m for 2020/21 or 6.5% in respect of changes within the control of this authority.

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

Social Care Protection

- 4.12. Similarly to Schools, the Welsh Government overall Revenue Settlement for 2020/21 no longer includes a protection or prioritisation of funding for social care.

Overall the cash budget proposed for social services (including Poverty & Prevention) increases by around 3.5% or £4.2m.

Capital Financing Charges

- 4.13. There is a base line increase of £4.4m compared to the 2019/20 approved budget reflecting both additional unsupported borrowing (for existing and new capital schemes) and the effect of the MRP review carried out in 2018/19.

As at 1st April 2015, and to date, a significant element of the Capital Financing requirement has been met by the allocation of internal funds (internal borrowing). This is highly dependent on cash-flows of the Council and it is anticipated that, during 2020/21, as has happened in 2019/20, there may be a further requirement to externalise borrowing as good treasury management practices dictate.

Regardless, we continue to enjoy historically low rates of interest on borrowing, and a decision may be required to externalise further elements of current internal borrowing should there be a predicted and marked increase in forecast rates in order to best serve the Council's interests in the medium to long term. The source of the most economically advantageous is uncertain following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will also need to be given to sourcing funding at cheaper rates from the following:

- Local authorities
- Financial institutions
- Municipal Bonds Agency

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

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

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

Fire Authority Levy and Port Health Authority Levy

- 4.14. Since the 9th January 2020 Cabinet report we have been notified of the final increase in the Fire Authority Levy. The final figure reflects an overall average 5.71% increase in the levy and some redistribution of shares of the levy between contributing authorities (£0.02m). This is £0.03m lower than the estimated increase included in the budget proposals report to Cabinet. The levy for 2020/21 will be £13.741m.
- 4.15. There has been a minor increase in the Swansea Bay Port Health Authority Levy, the levy for 2020/21 has been set at £87,384 for Swansea.

Council Tax Reduction Scheme

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

The effects of funding additional Council tax support have been taken into account when calculating the funding in respect of the overall budget shortfall highlighted in Table 1(a) in paragraph 4.5 of this report. This has been marginally reduced to £1.0m in the latest forecast, from £1.1m.

Service Pressures and Additional Investment

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

part 2 of Appendix D. Since the proposals report there has been the addition of one new investment in respect of wildflower planting to reflect the commitment to the natural environment.

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. It is planned to launch a major refresh and review of the strategy, whilst likely retaining its core principles, during 2020 to develop the next phase and iteration of the strategy for future years.

- 5.2. The strategy as adopted underpinned the decision taken at the Council’s Cabinet on 9th January 2020 to recommend specific savings proposals totalling £9.705m in 2020/21 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 £9.705m as summarised below include specific service savings and cross cutting items. These are detailed in Appendix D (Part 1).

Table 2 – Summary of Savings Proposals (as at 9th January 2020)

Savings	2020/21 £’000
Cross cutting savings	194
Service specific savings	9,511
Sub-total (as detailed in Appendix D)	9,705
Schools*	0
Total	9,705

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

- 5.4. As with previous years, the Corporate Management Team will ensure that the Sustainable Swansea crosscutting savings targets are allocated to specific Heads of Service and cost centres for delivery during the course of 2020/21.

- 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 10th January 2020 to 9th February 2020. The consultation included a public survey available online and in hard-copy in council venues. In total 289 people took part in the general budget consultation survey.

A full summary of consultation results can be found in Appendix E.

- 6.2. The EIA process has been running continually through the budget process. The EIA report is attached as Appendix F. Cabinet will be kept updated on any potential issues that may arise as part of the budget implementation process.
- 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:
 - Future funding of services
 - Proposed spend 2020/21
 - Future Spend
 - Specific budget proposals

Future funding of services

40% Would be prepared to pay more for some services rather than lose them

76% Would prefer for the Council to deliver services in a different way rather than lose them

Proposed Spend

76% Agree that Social Services and Education should remain the Council's priority in terms of future spend?

Future Spend

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

Areas which were selected the most are outlined below:

53% Care for Older People and Disabled Adults

48% Street/Road Repairs

47% Parks & Green Spaces

43% School improvements

42% Keeping Children Safe

Specific Proposals

Both proposals were supported by respondents.

85% agree to introduce a premium service to allow individuals to 'save the date' for future weddings up to 2 years in advance. Proposal to charge £25 per booking.

75% agree with proposal to replace the current delivery-to-the-door service provided by the council for replacement food caddies, reusable pink sacks and recycling bags. The service would be replaced with a service which will allow residents to collect replacements from various local outlets as detailed on the council website. Exemptions will be considered on a case-by-case basis for example residents with significant mobility or other health issues.

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

Staff

In January/February 2020 a series of staff roadshows were held to explain the budget proposals and council priorities.

Children and Young People

As part of our planned 'Big Conversation' events with children and young people, we held an event on the 17th January 2020 which was attended by 68 children and young people (aged between 7 and 18 years old).

Young people aged 7 – 18 years were offered the chance to contribute to the online budget consultation in the same way as other residents in Swansea, so their views would be included within the main body of the results.

Children & Young People were asked if they would like to contribute to the proposal for the Outdoor Education Centres and shared that they were particularly keen to contribute once more information is available, along with other more detailed service proposals when they arise.

Young people have asked in the future if conversations about budget proposals could be discussed throughout the year, and in more detail, when they are directly relevant to them so they can contribute at the early stages of planning and undertake a more meaningful conversation. This is something what we need to consider as the Council is committed to effectively engaging with young people.

Summary

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

- An account of the consultation responses will be placed on the Council's website
- 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.

6.6. As previously agreed, engagement on the delivery of the objectives in *Sustainable Swansea, fit for the future* will continue during 2020.

Changes Proposed to the Budget in this Report

6.7. As a result of the public consultation, and latest updates to forecasts, Cabinet is able to consider a reduced level of Council Tax payable and include a new, modest but environmentally important pressure, and will now need to consider further whether it is minded to make any further recommendations to Council on its final proposals for the 2020/21 budget.

7. Staffing Implications

Background

7.1. The Cabinet Report of 9th January 2020 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 2020/21, these have been updated in **Table 3** (shown as Full Time Equivalents (FTEs))

Table 3 – Potential Impact of Savings Proposals on FTEs 2020/21

Potential Headcount Reduction (likely vacant posts or volunteers for ER/VR)	Headcount Number
Resources	2
Place	4
Education (excluding schools)	13
Social Services	29
Total	48
Indicative schools figure	FTEs
Schools	0

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

- 7.2. The Council is committed to continue to work closely with Trade Unions to minimise the number of compulsory redundancies.
- 7.3. The S188 Letter was sent out on 28th January 2020 and consultation with Trade Unions will continue throughout the process.
- 7.4. 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 2020/21 may still be unavoidable, given that the Council spends around 40% of its overall budget on employees (significantly more in some Service Areas).
- 7.7. As achieved and evidenced in previous years, and continuing the Council's current policy, every effort will be made to minimise compulsory redundancies. Management action includes:
 - *Tight management of vacancies so that we manage the deletion of posts via natural wastage over time*
 - *The use of fixed term appointments where a post needs to be covered*
 - *Stopping the use of agency staff unless a clear business case can be made*
 - *Redeployment and retraining wherever possible*
 - *Further encouragement of staff to consider ER/VR options, including bumped redundancies*
 - *Encouraging staff to work flexibly e.g. reduce hours or job share*
 - *Flexible retirement*
- 7.8. The groups of staff likely to be most at risk (no options can be ruled out at this stage) are those affected by service savings in schools, social services and poverty and prevention and those in management/ supervisory posts and employed in business support functions.

Issues

- 7.9. Through consultation meetings the Trade Unions have raised some concerns regarding the cross cutting proposals relating to the Council paybill. In terms of consultation with individual directorates discussions are ongoing.

We have not yet received a formal response to the budget proposals.

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

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

These figures will be updated on an ongoing basis.

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

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

Consultation Period and Notice Periods

- 7.10. The formal staff consultation period will last for a minimum of 30 days; although formal consultation meetings with staff and Trade Unions will continue as and when necessary.

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

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

8. Reserves and Contingency Fund Requirement

Background

- 8.1. It is a requirement of the Local Government Finance Act 1992 that authorities have regard to the level of reserves when calculating their Budget Requirement. Whilst there is no prescribed statutory minimum level of

reserves, account should be taken of the strategic, operational and financial risks facing the Council.

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

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

The Section 151 Officer continues, as set out below, to view General Reserves as already being at the absolute minimum safe level. Any consideration on use of reserves to fund the 2020/21 Revenue Budget is dependent on the level of confidence in predicting 2019/20 Revenue Outturn and the overall draw from those reserves. At present it remains the case therefore that there should ordinarily be no planned use of general reserves for any future budgets.

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

8.3. In considering reserve levels Members should have specific regard to:-

- The report of the Section 151 Officer to Council on 24th October 2019 'Review of Revenue Reserves'
- The guidance issued by Welsh Government and circulated to all Members advising on methods that might be employed when reviewing the overall reserves of the Council.

General Reserves

8.4. The General Reserve amounted to £9.352m at 1st April 2019.

8.5. The Revenue Budget for 2019/20 approved by Council on 28th February 2019 assumed no transfer from General Reserves and there is no movement in the General Reserve currently expected during 2019/20, although any final determination on the use of reserves will depend on the outturn position for 2019/20.

8.6. In the opinion of the S151 Officer the level of the General Reserve is currently at the very minimum recommended level and as such there is no assumed transfer from the reserve to support the 2020/21 budget.

Therefore the level of General Fund balances estimated at 31st March 2021 would be £9.352m.

Contingency Fund

- 8.7. The 3rd quarter financial monitoring report detailed several forecast uses of the Contingency Fund in 2019/20. At this time, it is anticipated that the £7.072m budgeted contribution in 2019/20 will be fully expended and/or used to fund the Council's final outturn position. Given the overall position as forecast in the 3rd quarter budget monitoring report for 2019/20 considered elsewhere on this agenda, the forecast Fund balance as at 31st March 2020 is nil.
- 8.8. In assessing the value of the Contingency Fund requirement in 2020/21, the following potential requirements are relevant:
- The risks and issues detailed in Section 11 below.
 - The need to provide a substantial potential source of finance for repeated potential overspending in services given past performance, bearing in mind the Council has now likely exhausted all other Earmarked Reserves.
 - The continuing uncertainty for Public Finances as set out in the Cabinet report on 9th January and summarised in the MTFP report elsewhere on the agenda.
 - The expectation that any emerging additional inflationary pressures beyond the large already budgeted items (National Living Wage, pay awards) will be a call on the fund in year.
- 8.9. Bearing the above in mind, together with the proposals in respect of funding current year service pressures within the 2020/21 base budget, and the reduced risk of repeating overspending from 2019/20, it is now recommended that the contribution to the base budget Contingency Fund in respect of 2020/21 is no longer increased, but is maintained at the 2019/20 base level of £3.621m, depending upon any further budget decisions Cabinet is also minded to recommend. Again this is considered the absolute minimum range necessary to be maintained in light of the likely risks and issues facing this Council.

Earmarked Reserves

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

On 24th October 2019 Council received and approved a report detailing a formal review and re-allocation of Earmarked Revenue Reserves of the Council.

- 8.11. From the list of specific grants announced by the Welsh Government for 2020/21 it appears that where there are reductions to grants these are not significant so it is unlikely that there will be a significant impact on Swansea.

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

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

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

Review of Insurance Fund

- 8.12. A further review was completed of the sums set aside to provide for future claims which are not known or only partly known at this time. Such claims can be very significant and can relate to past periods going back many years.
- 8.13. In the light of that assessment £700k was released for the three years starting with 2017/18 and was already reflected in the budget proposals previously considered by Cabinet. This was extended as part of the budget processes for 2018/19 and 2019/20 so will now end in 2022/23.
- 8.14. In addition to this, the Section 151 Officer has identified that £2.648m can be transferred from the Insurance Reserve to the Capital Equalisation Reserve in 2019/20 only. This is in the light of professional advice given as to funding levels within the Insurance Reserve. This transfer was approved by Council on the 24th October 2019 in the annual Review of Revenue Reserves report.

Capital Receipts Reserve

- 8.15. Unusually some use of capital receipts to fund revenue expenditure is planned in 2020/21. This is very specifically in respect of transformational work to the Council's I.T systems (Oracle). A sum of £0.812m will be utilised. A full report on Enterprise Resource Planning (ERP) was presented to Cabinet on 19th September 2019, which stated should the use of capital receipts not be permitted the capital equalisation reserve will be utilised instead. It should be noted that the capital receipts reserve is not detailed as part of Appendix C as it isn't a revenue reserve.

Adequacy of Reserves

- 8.16. Whilst the proposed use of Earmarked Reserves in 2020/21 funds one off and some recurring expenditure, taking into account the level of General and

Earmarked Reserves which would be available should there be an overriding financial requirement, and the arrangements in place to monitor and manage financial risk in 2020/21 and future years, I am just satisfied that the proposed management of reserves in 2020/21 will result in a forecast level of General Reserves, Earmarked Reserves and Provisions which may be 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.

8.17. Given the considerable risks and uncertainties facing the Council in 2020/21 and future years, it remains my advice as the officer designated with responsibility for the overall finances of the Council that the above represents reasonable prudent financial management having due regard to service pressures and funding constraints. Nevertheless, increasingly the risks associated with the budget, especially any non-deliverability in practice of planned savings remains very pronounced. This is especially important when viewed in the context of draws from General Reserves in 2017/18 and Earmarked Reserves in 2018/19, which cannot be repeated. Put simply and bluntly both those routes are now all but fully exhausted going forward and Council will have to consider some or all of the following in future years:

- Service reductions
- Reductions in future capital aspirations
- Further council tax increases each year

9. Budget Requirement and Council Tax 2020/21

9.1. The Council's recommended requirement is set out in Appendix A. The City and County of Swansea Requirement of £468.655m will be financed partly by Revenue Support Grant of £253.660m and National Non-Domestic Rates of £85.721m.

Based on the report to Cabinet on 9th January 2020, and in line with assumptions contained in the Welsh Government's spending assessment for Swansea, a Council Tax rise of 5% would have generated an additional sum of £8.675m including assumptions on Premia.

However, following consultation and other refinements, Cabinet are asked to consider a slightly lower Council Tax rise of 4.58%, which would generate an additional sum of £8.159m, a band 'D' charge of £1,406.33

Taking consequential lower Council Tax Reduction Scheme support costs into consideration there is a net reduction in proposed income of £0.416m. This has been funded by a combination of the reduction to the contingency fund and the Fire Authority Levy less the cost of the new pressure identified.

This remains provisional pending the final local government finance settlement which is due on 25th February and it is envisaged that as long as there are no material changes at final settlement that this can be contained within the margins of error in the assumptions and estimates already used in this report. Council will be advised of the final settlement figure before making

a final determination on budget and Council Tax and any implications it may have to take into account.

- 9.2. Including Community Councils, the total requirement, after taking account of proposals in respect of reserve transfers and currently assumed savings, is £470.237m.
- 9.3. The above proposals are based on an indicative Council Tax rise which is within the range of planning assumptions of the Medium Term Financial Plan.

10. Summary of Funding 2020/21

- 10.1. The implications of Sections 4, 5, 6, 7 and 8 above, together with the assumed 4.58% rise in Council Tax identified in Section 9 above, results in a forecast additional funding of £17.864m in 2020/21 as detailed in Table 4 below.

Table 4 – Budget Proposals 2020/21

	£'000
Savings identified per Section 5.3 above	9,705
Net effect of Council tax base increase and proposed charges	8,159
Funding identified for change to Council Tax	0
<hr/>	
Overall resourcing	17,864
<hr/>	

- 10.2. Cabinet is asked to consider whether, as a result of the consultation exercise, it wishes to make any further changes to the budget savings proposals for 2020/21 and, if so, any other consequential changes that may need to be addressed. The wholly expected and fully built in increase in AEF should be seen as an opportunity to maintain targeted investment in to the Council's priorities and preventative action in particular, not to slow down the pace of change or the level of required savings.

11. Assessment of Risks and Uncertainties

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

(a) Implications of Specific 2019/20 Overspends

The 3rd quarter financial monitoring report, discussed elsewhere on this agenda, highlights a number of service overspends. It is anticipated that remedial action already in place will serve to mitigate some of the overspends identified. Where this is not the case, then adjustment via the Contingency Fund will have to be made for any items that are seen to re-occur.

(b) Unavoidable Spending Requirements

All services will need to meet a range of additional / new pressures in 2020/21. These include the implications of new legislation; demographic changes; final completion of the single status appeals process; and other requirements. Whilst reasonable provision has been made for these costs, there is a risk that some items will result in overspends. In particular it has previously been the case that the cost of pay protection arising out of single status implementation can be funded centrally, going forward any and all costs that arise as a result of the appeals process will have to be met from within specific existing Directorate budgets.

(c) Savings

It is essential in terms of the financial challenges facing the Council beyond 2020/21 that further savings proposals are continuously developed as part of the *Sustainable Swansea* programme and **implemented over and above those proposed within this budget to provide some headroom**. This will be a continuation of plans already underway and specifically include existing and the next waves of commissioning.

The 2020/21 budget includes significant and extensive savings targets which must be fully achieved. **It is a fundamental requirement of the Council's financial procedure rules that Responsible Officers are required to manage expenditure within approved budgets of the Council and to that extent it is essential, should specific proposed budget savings be delayed or postponed, that alternative savings are fully achieved in year to meet approved Directorate Budgets.**

Given the nature and scale of the savings challenge during 2020/21, there will be continued and enhanced monitoring and tracking of progress in achieving budget savings which will be reported to Corporate Management Team, Reshaping Board and Cabinet.

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

(d) Inflation

Where there have been specific announcements around minimum wage increases an estimate has been included around the potential additional costs that may fall to the Council from external contractors. In addition £1.0m has been provided for potential inflationary increases in areas where there is a significant element of contracted out services.

(e) Care Home Fees

Budget provision has been made for the 2020 contract settlement with care home providers. However, it is likely that fees will need to be further monitored given that the Council has to undertake an annual review of

payments to care home providers which must be robust and evidenced – see specific provision for inflation above.

(f) Specific Grants

In the event that the level of specific grants awarded for 2020/21 is less than that for 2019/20, it is essential that Directorates take action to manage such reductions within the proposed spending limits – i.e. there is no ongoing corporate provision for meeting such shortfalls. There is a clear expectation that expenditure will be cut to match the level of grant.

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

(g) Equal Pay Back Payments

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

(h) Implementation of Single Status

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

(i) Council Tax Reduction Scheme

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

(j) Capital Financing Charges

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

The report on the Capital Programme for 2019/20 – 2024/25 elsewhere on this agenda highlights specific actions that need to be taken to mitigate

against future increases in revenue costs linked to increases in unsupported borrowing and further externalisation of current debt.

In additional mitigation, there was a report to Council on 20th December 2018 in respect of the formal review of the Minimum Revenue Provision. This has the benefit of reducing capital financing charges in the short to medium term, albeit at the expense of increases in the medium to longer term, before once again reducing in the very long term. These shorter-term savings have been built into the budget for 2020/21 and beyond.

The low interest rate and bond yield environment has resulted in historically low interest rates available from the PWLB in the past few years, which the Authority has taken advantage of in funding its capital financing requirement. However, following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will also need to be given to sourcing funding at cheaper rates from the following:

- Local authorities
- Financial institutions
- Municipal Bonds Agency

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

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

11.3. The above risks are both substantial and potentially significant in value. Therefore during 2020/21 specific actions are being put in place which will involve:-

- Monthly monitoring of specific savings targets against an agreed implementation timetable in order to identify any slippage and appropriate and equivalent compensating budget savings.
- Ensuring compliance with the Council's Financial Procedure Rules, which require Responsible Officers to manage budgets within the limits set by Council.
- The impact of any changes to specific grant funding streams.

12. Equality and Engagement Implications

12.1. The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.

- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

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

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

[Browse Meetings, 2000 - City and County of Swansea](#)

13. The Medium Term Financial Plan (MTFP) 2021/22 – 2023/24

- 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 2020/21
Appendix 'B' Net Directorate Budget Proposals
Appendix 'C' Earmarked Reserves
Appendix 'D' Specific Savings Proposals and Service Investment
Appendix 'E' Summary of Consultation Responses
Appendix 'F' Equality Impact Assessment Statement
Appendix 'G' Response of the Schools' Budget Forum
Appendix 'H' Directorate Budgets

	APPENDIX A	
REVENUE BUDGET SUMMARY 2020/21		
DIRECTORATE	RESTATED	ORIGINAL
	BUDGET	BUDGET
	2019/20	2020/21
	£'000	£'000
RESOURCES	45,111	49,842
POVERTY AND PREVENTION	4,452	4,368
SOCIAL SERVICES	116,039	120,366
EDUCATION	19,968	21,381
EDUCATION - DELEGATED TO SCHOOLS PLACE	150,720	160,452
CROSS CUTTING SAVINGS	0	-194
NET DIRECTORATE EXPENDITURE	392,549	414,521
SPECIFIC PROVISION FOR INFLATION / APPRENTICESHIP LEVY	3,000	2,850
OTHER ITEMS		
LEVIES		
SWANSEA BAY PORT HEALTH AUTHORITY	86	87
CONTRIBUTIONS		
MID & WEST WALES COMBINED FIRE AUTHORITY	12,971	13,741
CAPITAL FINANCING CHARGES		
PRINCIPAL REPAYMENTS	14,152	16,368
NET INTEREST CHARGES	17,793	20,010
NET REVENUE EXPENDITURE	440,551	467,577
MOVEMENT IN RESERVES		
GENERAL RESERVES	0	0
EARMARKED RESERVES	2,375	678
TOTAL BUDGET REQUIREMENT	442,926	468,255
DISCRETIONARY RATE RELIEF	400	400
TOTAL CITY AND COUNTY OF SWANSEA REQUIREMENT	443,326	468,655
COMMUNITY COUNCIL PRECEPTS	1,465	1,582
TOTAL REQUIREMENT	444,791	470,237
FINANCING OF TOTAL REQUIREMENT		
REVENUE SUPPORT GRANT	242,197	253,660
NATIONAL NON-DOMESTIC RATES	80,014	85,721
COUNCIL TAX - CITY AND COUNTY OF SWANSEA	121,115	129,274
COUNCIL TAX - COMMUNITY COUNCILS	1,465	1,582
TOTAL FINANCING	444,791	470,237
COUNCIL TAX BASE for the City and County of Swansea	90,069	91,923
COUNCIL TAX AT BAND 'D' (£) for the City and County of Swansea	1,344.69	1,406.33
GENERAL RESERVES		
AT 1 APRIL	9,352	9,352
AT 31 MARCH	9,352	9,352

REVENUE BUDGET 2020/21								
NET DIRECTORATE BUDGET PROPOSALS								
	Resources	Poverty and Prevention	Social Services	Education	Education - Delegated to Schools	Place	To be allocated	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Original estimate 2019/20	45,011	4,553	116,039	19,968	150,720	56,258	0	392,549
Directorate Transfers	100	-101	0	0	0	1	0	0
Original estimates following transfers	45,111	4,452	116,039	19,968	150,720	56,259	0	392,549
Transfer to (+) / from (-) reserves 2019/20	-56	0	0	0	0	-491	0	-547
Original estimate 2019/20 excluding reserves	45,055	4,452	116,039	19,968	150,720	55,768	0	392,002
Transfers for specific items 2019/20	0	0	0	0	0	0	0	0
Baseline adjustments 2019/20	299	-139	-25	-53	0	416	0	498
Adjusted service budgets 2019/20	45,354	4,313	116,014	19,915	150,720	56,184	0	392,500
Baseline adjustments 2020/21	266	0	61	-10	-18	-97	0	202
Spending Needs	1,820	75	6,250	3,455	6,150	2,131	0	19,881
Pay inflation provision	755	320	1,460	565	3,600	2,000	0	8,700
Savings:								
Specific consultation proposals	-181	-340	-3,619	-2,509	0	-2,162	-194	-9,005
Senior Staff Savings	0	0	0	0	0	0	0	0
Original estimate 2020/21 excluding reserves	48,014	4,368	120,166	21,416	160,452	58,056	-194	412,278
Transfer to (-) / from (+) reserves 2020/21	1,828	0	200	-35	0	250	0	2,243
Net Directorate budgets 2020/21	49,842	4,368	120,366	21,381	160,452	58,306	-194	414,521

APPENDIX B

REVENUE BUDGET 2020/21

EARMARKED RESERVES

	Balance 31/03/19 £000	2019/20 £000	Balance 31/03/20 £000	2020/21 £000	Balance 31/03/21 £000
DIRECTORATE RESERVES					
Equalisation reserves	-15,077	-2,591	-17,668	1,436	-16,232
Commuted sums	-6,613	-265	-6,878	60	-6,818
Repair & renewal funds	-3,052	908	-2,144	-210	-2,354
Profit share	-1,417	-66	-1,483	-66	-1,549
Service reserves	-5,583	351	-5,232	161	-5,071
TOTAL DIRECTORATE RESERVES[#]	-31,742	-1,663	-33,405	1,381	-32,024
CORPORATE RESERVES					
Contingency Fund	0	0	0	-3,621	-3,621
Insurance	-17,395	3,348	-14,047	700	-13,347
Job Evaluation earmarked	0	0	0	0	0
Transformation/Efficiency	-3,085	-3,122	-6,207	31	-6,176
TOTAL CORPORATE RESERVES	-20,480	226	-20,254	-2,890	-23,144
UNUSABLE/TECHNICAL RESERVES	-997	20	-977	19	-958
SCHOOLS DELEGATED RESERVES*	-8,600	0	-8,600	0	-8,600
TOTAL RESERVES	-61,819	-1,417	-63,236	-1,490	-64,726

[#] In 2020/21 some Directorate expenditure (£0.8m) is supported by use of the Capital Receipts Reserve, not shown here as it is a Capital Reserve and not an Earmarked Revenue Reserve

* There is no updated information available for schools reserves for 2019/20 or 2020/21.

APPENDIX D

Part 1 – Savings Proposals

Director	Head of Service Budget	Savings Proposals	Savings 2020/21 £'000
Cross Cutting		Becoming digital by default and reducing paper printing	25
Cross Cutting		Changing Pension AVCs and staff reward scheme to tax efficient salary sacrifice schemes	71
Cross Cutting		Review of long service awards as part of a better rewards scheme	98
		Cross Cutting Savings	194
Education	Non-Delegated	Ethnic minority achievement service to be fully grant funded	17
Education	Non-Delegated	School Meal to increase by 5p (as per previous consultation)	46
Education	Non-Delegated	Reduction in regional improvements service and grant consistent with funding settlements	16
Education	Non-Delegated	Home to School Transport review savings identified	250
Education	Non-Delegated	SIMS / MIS Joint Working and broadband / licence costs through enhanced scale discounts	40
Education	Non-Delegated	Construction of new Active Travel links which will facilitate pupils walking and cycling to school	140
Education	Non-Delegated	Base budget adjustment for Central Education department shortfall (non-schools) – fully offset by investment	2,000
		Education - Non-Delegated Budgets	2,509
Place	Corporate Building Services	Reduced maintenance required on a number of building assets as size of the corporate estate is reduced or investment in buildings reduces maintenance costs	50
Place	Corporate Property Services	Additional income generated from the re-letting of released space in the Civic as a result of the agile programme	275
Place	Corporate Property Services	Additional income via existing investment properties and new property acquisitions	100
Place	Cultural Services	Additional saving as a result of new leisure centres contract	92
Place	Cultural Services	Savings as a result of establishment of community hubs and better one stop shop facilities	82
Place	Housing & Public Protection	Increase to fees and charges and increased income generation activity across Bereavement Services, Registration Services, Building Control, Trading Standards, Food & Safety, HMO licensing and Housing Renewals.	213
Place	Housing & Public Protection	Integrate asylum seeker housing function in core Housing Options service	37
Place	Housing & Public Protection	Proceeds of Crime (POCA) income to be reinvested in core Trading Standards Service	10
Place	Housing & Public Protection	A fee to 'save the date' for future weddings at civic centre	25

Director	Head of Service Budget	Savings Proposals	Savings 2020/21 £'000
Place	Housing & Public Protection	Savings as a result of the conclusion of the Renewal Area programme when it expires in 2019	86
Place	Planning & City Regeneration	Move City Centre Halloween Event into cultural programme (from regeneration)	10
Place	Planning & City Regeneration	Planning Applications Fee uplift	50
Place	Planning & City Regeneration	Reduce net to taxpayer of cost of Natural Environment services by generating additional income and maximise use of grants	25
Place	Planning & City Regeneration	Saving as a result of Swansea Vale Landscape Maintenance changes	10
Place	Various	"Income earning" services to self-fund pressures from increased fee charges on full cost recovery basis	750
Place	Various	Review of additional staffing costs	250
Place	Waste Management & Parks	Increase graffiti removal charges to ensure full cost recovery	10
Place	Waste Management & Parks	Reduction in use of HGV vehicles (SKIPS)	57
Place	Waste Management & Parks	Recycling container provision to be by collection only	30
		Place	2,162
Resources	Resources	Recover exceptional admin costs from the City Deal	46
Resources	Resources	Efficiencies in Digital services as a result of current programme changes, e.g. lines, licences etc	65
Resources	Resources	Recharge lawyer costs against large project budgets and contract work	20
Resources	Resources	Review of insurance levels/reserves	700
Resources	Resources	Review of Management Structure	40
Resources	Resources	Review of costs of Welsh Translation Service (as part of joint working with NPT)	10
		Resources	881
Social Services	Adult Services	Amalgamation of Ty Cila and Alexandra Road Respite Provision (implemented)	48
Social Services	Adult Services	Implementation of the Social Services and Poverty & Prevention Business Support hub	181
Social Services	Adult Services	Increase partner contributions or alternative forms of funding for Local Area Co-ordinators and increase coverage	100
Social Services	Adult Services	Increase regional investment in Hospital to Home Recovery Service	190
Social Services	Adult Services	Increased client income	500

Director	Head of Service Budget	Savings Proposals	Savings 2020/21 £'000
Social Services	Adult Services	Review all Mental Health and Learning Disability packages of care, to ensure that they are fit for purpose and all those eligible for health funding receive it	750
Social Services	Adult Services	Review of Senior Staff structure across Adults, Children and Poverty and Prevention Services to create a better structure	500
Social Services	Adult Services	Targeted increase in recourse to direct payments where this is a more cost effective alternative to traditional forms of direct care provision.	250
Social Services	Child and Family Services	Better integrated arrangements with Child & Family and Poverty & Prevention to create one single approach to achieve a reduction in residential placements	400
Social Services	Child and Family Services	Better integrated arrangements with Child and Family and Poverty and Prevention to create one single approach to IFA placements	500
Social Services	Child and Family Services	Maximise regional grant opportunities across the service to off-set where appropriate	200
Social Services	Poverty & Prevention	Relocation of staff from Alexandra House to release grant funding from Flying Start and Families First	40
Social Services	Poverty & Prevention	Integrate Family Support Services into a single family support function that operates with a more targeted prevention offer	100
Social Services	Poverty & Prevention	Review opportunities for Outdoor Centres with new business model. Full consultation will be undertaken on completion of the review.	180
Social Services	Poverty & Prevention	Review structure in the Life Stages Team to achieve better alignment other roles in Child and Family and adult services	20
		Social Services	3,959
		Grand Total	9,705

Part 2 – Service Pressures and Investment

Director	Description	20/21 £'000
Education	Unbudgeted and uncontrollable ER/VR and ongoing pension costs - beyond base budget assumptions re service pressures	600
Education	ALN - out of county placements and pupil support - beyond base assumptions re service pressures	800
Education	Home to School Transport beyond base assumptions re service pressures - very largely statutory ALN demands	835
Education	Catering and Cleaning cost pressures - beyond general pay assumption & food costs and net of assumed further efficiency measures (should be offset by further proposed price and SLA charge increases proposed)	290
Education	Free School Meal costs - impact of national changes in entitlements and transitional protection - with no tangible additional base funding within 19-20 local government finance settlement	330
Poverty and Prevention	Creation of a Men's Shed Fund	25
Poverty and Prevention	Human rights funding	50
Place	Restate previous year agreed saving for switching off lighting on non-highways owned land	46
Place	Restate previous year agreed saving for removal of school crossing patrols where suitable safe measures exist	25
Place	Create community engagement resource to assist with creation and roll out of hubs (re RCT model)	60
Place	Review income and remove charges from non-profit outlying car parks making them free	50
Place	Establish cleansing team resource targeted at 'community hot spots' 'sign cleaning' 'rubbish clearing' 'weed removal' 'overgrowth cut backs'	500
Place	Extra resource to fix 'bottlenecks' to ensure faster delivery of community budget schemes	50
Place	Enhance cleansing service to ensure missed collections / spillages are dealt with same day	60
Place	Employ additional grants officers to secure further major central grants and also assist in securing community grants	150
Place	Additional resource to assist in progressing major project and de-risking delivery	100
Place	Remodel structure and establish new business investment function as part of new commercial team structure	100
Place	Retain additional 50th funding for events until arena fully open in 2022	150
Place	Create resource to coordinate and progress delivery of all climate emergency and natural environment obligations detailed in the carbon reduction action plan (including section 6 obligations)	75

Director	Description	20/21 £'000
Place	Introduce dedicated resource to support SME developers to assist the delivery of more local housing	75
Place	Mechanical sweeper operation expansion	50
Place	Additional drainage crew	100
Place	Flooding contingency fund	10
Place	Transport review resource	60
Place	<i>Increased costs of wildflower planting to help ensure our commitment to the natural environment is sustained</i>	20
Resources	Cost of supporting protected groups to engage with the Council during consultation and co-production	5
Resources	Fund revenue for free WiFi in commercial centres	50
Resources	Consider additional legal support to unblock 'bottlenecks'	150
Resources	Restructure support in cabinet office to achieve more flexible and responsive support structure - this will include agile working by resources to support CM's at meetings, dedicated resource to monitor all media and proactively engage on issues - linking communications and service areas, additional junior resource to support PA's and to undertake basic organisational tasks. Consider merging Lord Mayor support function with Chief Officer support function	150
Resources	Increase resource in members support /democratic services	50
Resources	Consider additional resource to assist with faster digital transformation programme delivery	100
Resources	Regional obligation funding - legal, finance, admin support	200
	Total of new pressures and investment	5,316

Items in ***bold italic*** have been amended since the January 2020 Budget Proposals report to Cabinet

Budget Consultation Results 2020

1. Budget Consultation

Consultation on the specific budget proposals ran from 10th January 2020 to 9th February 2020. A survey was produced detailing the council's budget proposals, giving people the opportunity to provide their feedback. In total 289 people took part in the general budget consultation survey.

The consultation was available online at www.swansea.gov.uk/budgetsurvey and hard copies were made available in Libraries and Council venues across the City.

1671 visits to our Budget Consultation webpages. The link on Staffnet went straight to the main budget page.

Communication and Social Media

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

- 2 press releases in total
- 4 media mentions, including a front page lead and a double page spread in South Wales Evening Post
- 4 Facebook posts – with a total reach of 13,600 and 1,410 engagements
- 7 tweets – 20.1k impressions and 388 engagements

2. Budget Consultation Summary Results (full results Appendix 1)

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

- Future funding of services
- Proposed spend 2020/21
- Future Spend
- Specific budget proposals

Future funding of services

40% Would be prepared to pay more for some services rather than lose them

76% Would prefer for the Council to deliver services in a different way rather than lose them

Proposed Spend

76% Agree that Social Services and Education should remain the Council's priority in terms of future spend?

Future Spend

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

Areas which were selected the most are outlined below:

53% Care for Older People and Disabled Adults

48% Street/Road Repairs

47% Parks & Green Spaces

43% School improvements

42% Keeping Children Safe

Specific Proposals

Both proposals were supported by respondents.

85% agree to introduce a premium service to allow individuals to 'save the date' for future weddings up to 2 years in advance. Proposal to charge £25 per booking.

75% agree with proposal to replace the current delivery-to-the-door service provided by the council for replacement food caddies, reusable pink sacks and recycling bags. The service would be replaced with a service which will allow residents to collect replacements from various local outlets as detailed on the council website. Exemptions will be considered on a case-by-case basis for example residents with significant mobility or other health issues.

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

3. Staff

In January/February 2020 a series of staff roadshows were held to explain the budget proposals and council priorities.

4. Children and Young People

As part of our planned 'Big Conversation' events with children and young people, we held an event on the 17th January 2020 which was attended by 68 children and young people (aged between 7 and 18 years old).

During feedback and evaluation from young people of Budget Big Conversations young people told us that they did not want to dedicate an entire Big Conversation session to the budget as they felt as though they have contributed opinions over the last few years and that many of the questions within the budget consultation were the similar as previous years, which they had already contributed too or were not directly relevant to them

Children & Young people aged 7 – 18 years were offered the chance to contribute to the online budget consultation in the same way as other residents in Swansea, so their views would be included within the main body of the results. The link to the on-line survey was shared at the Big Conversation, so that individuals and schools could access the survey should they wish to do so.

Children & Young People were asked if they would like to contribute to the proposal for the Outdoor Education Centres and shared that they were particularly keen to contribute once more information is available, along with other more detailed service proposals when they arise.

Children & Young people told us that they would rather discuss the budget as and when it is relevant to the priority topic that they have allocated to each Big Conversation. This will ensure that young people contribute meaningful opinions on matters that they understand and are directly affected by.

Appendix 1

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

Are you ...

211 (73.3%)	A member of the public	0 (0.0%)	A third sector organisation/partner organisation (please specify)
73 (25.3%)	A council employee	3 (1.0%)	A private sector organisation/partner organisation (please specify)
1 (0.3%)	An elected member		
15 (100.0%)			

Future funding of services

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

We want your views on how we can provide services in the future:

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

107 (40.4%) Yes
158 (59.6%) No

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

93 (100.0%)

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

204 (76.1%) Yes
64 (23.9%) No

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

117 (100.0%)

Proposed Spend 2020/21:

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

104 (39.4%)	Strongly Agree	97 (36.7%)	Tend to Agree	45 (17.0%)	Tend to Disagree	18 (6.8%)	Strongly Disagree
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If you disagree, please tell us why?

63 (100.0%)

Future Spend:

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

130 (52.8%)	Care for Older People and Disabled Adults
22 (8.9%)	Keeping people informed about the Council
40 (16.3%)	Engaging and consulting people on things the council does
32 (13.0%)	Promoting and supporting Equality and Diversity
19 (7.7%)	Improving the Council's website
19 (7.7%)	Promoting and supporting Welsh Language
51 (20.7%)	Making the Council more commercial
103 (41.9%)	Keeping Children Safe
105 (42.7%)	School improvements
68 (27.6%)	Additional Learning needs
77 (31.3%)	Education services
48 (19.5%)	Adult learning
118 (48.0%)	Street/Road Repairs
53 (21.5%)	Traffic Management
51 (20.7%)	Car Parking
56 (22.8%)	Council Housing
26 (10.6%)	Improvements to Council buildings
96 (39.0%)	Housing & Homelessness
94 (38.2%)	Tackling Poverty
81 (32.9%)	Libraries
54 (22.0%)	Community Centres
67 (27.2%)	Children's Play / Youth Services
40 (16.3%)	Developing Swansea City Centre
50 (20.3%)	Refuse Collection
84 (34.1%)	Recycling services
75 (30.5%)	Street cleaning
115 (46.7%)	Parks & Green Spaces
76 (30.9%)	Sports, Leisure & Cultural Facilities
77 (31.3%)	Transport services/ Bus station
18 (7.3%)	Other (write in)
36 (100.0%)	

Budget Proposals

Housing and Public Protection:

Do you agree or disagree with the proposals listed below?

	Strongly Agree	Tend to Agree	Tend to Disagree	Strongly Disagree
Introduce a premium service to allow individuals to 'save the date' for future weddings up to 2 years in advance. Proposal to charge £25 per booking.	116 (45.1%)	77 (30.0%)	34 (13.2%)	30 (11.7%)

If you disagree with any of the above, please tell us why?

59 (100.0%)

Waste Management and Parks:

Do you agree or disagree with the proposal listed below?

	Strongly Agree	Tend to Agree	Tend to Disagree	Strongly Disagree
Proposal to replace the current delivery-to-the-door service provided by the council for replacement food caddies, reusable pink sacks and recycling bags. The service would be replaced with a service which will allow residents to collect replacements from various local outlets as detailed on the council website. Exemptions will be considered on a case-by-case basis for example residents with significant mobility or other health issues.	124 (46.6%)	75 (28.2%)	26 (9.8%)	41 (15.4%)

If you disagree, please tell us why?

81 (100.0%)

Any Other Comments:

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

122 (100.0%)

Future Involvement:

We will shortly be reviewing how we run our Outdoor Centres. There are currently 2 council owned outdoor centres, Ty Borfa in Port Eynon and Ty Rhossili. We need to consider how best to run these centres going forward.

Do you have any views/suggestions that you would like the Council to consider in relation to our review of Outdoor centres?

112 (100.0%)

If you would like to take part in future consultation in relation to our Outdoor Centres, please provide your details below:

Name:

31 (100.0%)

Email:

31 (100.0%)

Address:

27 (100.0%)

About You

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

Are you...?

112 (44.4%) Male

140 (55.6%) Female

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

234 Yes
(98.3%)
4 (1.7%) No

How old are you ...

0 (0.0%)	Under 16	46 (17.9%)	56 - 65
9 (3.5%)	16 - 25	19 (7.4%)	66 - 75
55 (21.4%)	26 - 35	5 (1.9%)	76 - 85
61 (23.7%)	36 - 45	0 (0.0%)	Over 85
52 (20.2%)	46 - 55	10 (3.9%)	Prefer not to say

Would you describe yourself as...

Please mark all that apply

105 (47.7%)	British	3 (1.4%)	Other British (please write in at end)
96 (43.6%)	Welsh	2 (0.9%)	Non British (please write in at end)
17 (7.7%)	English	0 (0.0%)	Gypsy/traveller
7 (3.2%)	Irish	1 (0.5%)	Refugee/Asylum Seeker (please write in current/last nationality at end)

0 (0.0%) Scottish

Write in here

12 (100.0%)

To what 'ethnic' group do you consider

217 (91.6%)	White - British	1 (0.4%)	Asian or Asian British - Bangladeshi
13 (5.5%)	Any other White background (please write in at end)	1 (0.4%)	Any other Asian background (please write in at end)
0 (0.0%)	Mixed - White & Black Caribbean	0 (0.0%)	Black or Black British - Caribbean
0 (0.0%)	Mixed - White & Black African	0 (0.0%)	Black or Black British - African
1 (0.4%)	Mixed - White & Asian	1 (0.4%)	Any other Black background (please write in at end)
1 (0.4%)	Any other Mixed background (please write in at end)	0 (0.0%)	Chinese
0 (0.0%)	Asian or Asian British - Indian	2 (0.8%)	Other ethnic group (please write in at end)
0 (0.0%)	Asian or Asian British - Pakistani		

Write in here

22 (100.0%)

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

Please mark one box or write in

126 (51.0%)	No religion	0 (0.0%)	Jewish
107 (43.3%)	Christian (including Church of England, Catholic, Protestant, and all other Christian denominations)	2 (0.8%)	Muslim
2 (0.8%)	Buddhist	0 (0.0%)	Sikh
0 (0.0%)	Hindu	10 (4.0%)	Other

Any other religion or philosophical belief (please write in)

17 (100.0%)

Do you consider that you are actively practising your religion?

61 (28.4%) Yes
154 (71.6%) No

What is your sexual orientation

8 (3.2%)	Bisexual	41 (16.5%)	Prefer not to say
19 (7.6%)	Gay/ Lesbian	2 (0.8%)	Other
179 (71.9%)	Heterosexual		

Please write in

6 (100.0%)

Can you understand, speak, read or write Welsh?

Please mark all that apply

23 (10.2%)	Understand spoken Welsh	5 (2.2%)	Write Welsh
6 (2.7%)	Speak Welsh	24 (10.7%)	Learning Welsh
11 (4.9%)	Read Welsh	173 (76.9%)	None of these

Which languages do you use from day to day?

Please mark all that apply

223 (98.7%) English
6 (2.7%) Welsh
6 (2.7%) Other (write in)

Please write in

15 (100.0%)

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

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

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

72 (28.5%) Yes
181 (71.5%) No

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

56 (24.8%) Yes

170 (75.2%) No

Thank you for your participation

Equality Impact Assessment (EIA) Statement for Swansea Council's Budget 2020/21

1. Introduction

This statement provides an overall view of the budget EIA process for the Council, along with any specific relevant details for 2020.

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

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

The council has faced unprecedented financial pressures over the last few years due to government budget reductions, increased demand for services and extra costs such as teachers' pay and pensions. We think our funding from Welsh Government, whilst substantially positive this year, will not increase our immediate real terms spending power, nor is it likely to increase significantly in future years. This means we will continue to have less to spend in real terms at a time when demand for services like social care is rising. The result of this is a need to find savings of £16.2 million next year and roughly £60 million in savings over the next four years.

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

The authority 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 for the second time last year. The process covers:

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

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

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

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

The process does not change for specific budget proposals.

3. Assessing impact

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

Officers are always advised to undertake the initial screening as early as they can, with (if required) a full EIA report then opened as soon as possible. This is then completed as proposals are worked through and means that we are now working on budget EIAs throughout the year.

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

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

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

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

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

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

4. Consultation and engagement

Whilst there is a specific regulation around engagement (contained within the Public Sector Equality Duty for Wales), our '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 (2017) and 2011 Census is as follows:

- The gender split of the **City & County of Swansea** is **50.0% Female** (122,600 people) and **50.0% Male** (122,800 people).
- Children and young people **aged 0-25 years** represent **32.7%** of the population, or **80,300** people.
- **Over 50s** represent **37.7%** of the population (92,400 people), of which around **47,500** are over 65 (19.4% 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% (55,718 people)** had a long term health problem or disability including 17.4% of people of working age (26,988 people). **6.9%** of those aged 16-74 (**12,146 people**) were economically inactive due to long term sickness or disability.
- In 2011, there were **26,332** Welsh speakers in Swansea, or **11.4%** of the population aged 3+. **44,659** people (19.3%) had one or more skills in Welsh.

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

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

6. Staffing

The Cabinet report in January 2020 referred to 48 posts at risk throughout the Authority, not including any impact in schools. Heads of Service have been provided with the same advice as in previous years that where an application is made for early retirement/voluntary redundancy consideration should be given as to whether there is any potential equality impact effect and, if there is, to follow the EIA process.

7. Publication Arrangements

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

8. Conclusion

We know from previous years that, due to the scale of budget reductions, those with protected characteristics are likely to be affected. In assessing the impact of the budget proposals, we continue to attempt to ensure that any effect is not

disproportionate and that we continue to focus on mitigation wherever possible. In this context the following should be noted:

- where EIAs show potential significant impact with no possible mitigation, these proposals will be referred for further consideration
- for those EIAs where potential significant impact has been identified and mitigation has been possible, the associated action plans will be monitored and reviewed
- the outcomes of engagement will inform EIAs
- this is an ongoing process and as noted this statement and many EIAs will remain open for varying periods of time
- there is a focus on the council doing things differently in order to further deliver services that are flexible, citizen-centered, meet individual needs and are sustainable for the future.

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

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

Response of the Schools Budget Forum

None received at time of publication.

Revenue Budget 2020/2021

Resources

	ORIGINAL BUDGET 2019/2020 £	ORIGINAL BUDGET 2020/2021 £
Resources Directorate		
Deputy Chief Executive	190,100	194,600
	190,100	194,600
Chief Finance Officer		
Audit	580,200	595,800
Benefits	24,942,100	25,613,800
Finance DMT	415,700	230,700
Financial Services	1,366,700	1,323,000
Pensions	-7,400	9,600
Revenues	381,600	515,500
Service Centre	1,908,500	1,971,100
Treasury and Technical	483,100	612,700
	30,070,500	30,872,200
Chief Legal Officer		
Coroners	731,000	742,000
Democratic Services	2,552,200	2,725,100
Information Governance Unit	162,900	167,500
Legal Services	2,072,000	2,323,900
Overview and Scrutiny Unit	199,600	210,600
	5,717,700	6,169,100
Chief Transformation Officer		
Commercial Team & Procurement	527,500	*408,300
Corporate Customer Services & Complaints	958,300	891,700
Digital & Transformation Services	6,165,800	7,732,200
Human Resources & Organisational Development	706,100	656,700
Welsh Translation Unit	104,500	149,300
	8,462,200	9,838,200
Head of Communication & Customer Engagement		
Access to Services	94,500	140,600
Communications	134,800	357,700
Community Integration Team	101,300	104,300
Corporate Marketing	324,300	439,700
Corporate Mgt Team Support	332,400	340,700
Design and Print	161,600	124,300
Health and Safety	695,200	811,300
Strategic Delivery Unit	580,300	449,300
	2,424,400	2,767,900

*Reflects an assumption over increased income accruing to the service from activity undertaken by the service on behalf of the whole Council

Revenue Budget 2020/2021

Resources

	ORIGINAL BUDGET 2019/2020 £	ORIGINAL BUDGET 2020/2021 £
Sustainable Swansea		
Workstreams	-1,754,100	0
	-1,754,100	0
Total Resources	45,110,800	49,842,000

Revenue Budget 2020/2021

Poverty & Prevention

	ORIGINAL BUDGET 2019/2020 £	ORIGINAL BUDGET 2020/2021 £
Poverty & Prevention		
Adult Prosperity & Wellbeing Service	791,300	764,100
Cross Directorate Commissioning	795,500	735,500
Early Intervention Services	955,900	711,500
Head of Poverty & Prevention	114,000	0
Partnership Performance & Commissioning	1,214,500	1,364,800
Young Peoples Services	2,038,600	985,400
Poverty & Prevention Staffing Savings	-1,458,100	-193,300
	4,451,700	4,368,000
Total Poverty & Prevention	4,451,700	4,368,000

Revenue Budget 2020/2021

Social Services

	ORIGINAL BUDGET 2019/2020 £	ORIGINAL BUDGET 2020/2021 £
Head of Adult Services		
Directorate Services	4,814,800	5,199,750
Disability Residential & Day Care	6,644,000	6,160,400
Integrated Services - Domiciliary Care & Hubs	21,508,350	23,189,350
Integrated Services - External Residential	16,047,850	16,148,850
Integrated Services - Other	2,879,500	3,078,400
Learning Disabilities & Mental Health Support	18,640,200	19,120,800
Older Persons Residential and Day Care	5,840,300	5,407,400
Safeguarding/Wellbeing	2,380,850	1,987,550
Western Bay	249,150	200,000
Commissioning Reviews	-500,000	0
Business Support Review	-205,000	-181,000
Staffing Savings	-900,000	-189,800
	77,400,000	80,121,700
Head of Child & Family Services		
Accommodation Services	18,782,800	19,653,800
Aftercare	1,277,400	1,346,000
Assessment and Care Management	12,520,800	12,902,400
Family Support Services	3,298,600	3,343,800
Regional Services	2,134,600	2,296,150
Residential Care-Internal Provision	624,800	702,150
	38,639,000	40,244,300
Total Social Services	116,039,000	120,366,000

Revenue Budget 2020/2021

Education

	ORIGINAL BUDGET 2019/2020 £	ORIGINAL BUDGET 2020/2021 £
Delegated Schools		
School Cost Centres	150,720,217	160,452,000
	150,720,217	160,452,000
Director of Education		
Mgt & Admin Effectiveness	129,800	144,000
Schools At Risk	109,056	109,100
	238,856	253,100
Head of Achievement & Partnership Service		
Education Improvement Service	1,251,600	1,170,600
Management Systems Unit	184,400	218,500
Welsh Service	32,600	0
	1,468,600	1,389,100
Head of Vulnerable Learner Service		
Behaviour, Learning Support & EOTAS	6,276,900	6,344,300
Cleaning Services	91,860	101,800
Ethnic Minority Achievement Unit	38,000	0
Head of Learner Support Service	103,600	0
Miscellaneous Grants	103,400	103,800
Psychology Service	702,500	664,400
Recoupment/Out of County	1,035,000	885,000
School And Governor Unit	363,600	351,700
School Meals	660,800	708,400
SEN Statementing & Support	3,794,500	4,954,900
STF Additional Hours	1,069,373	1,039,400
Swansea Music Service	45,300	13,000
Transport	7,593,100	8,085,200
Welfare Service	621,100	518,300
	22,499,033	23,770,200

Revenue Budget 2020/2021

Education

	ORIGINAL BUDGET 2019/2020 £	ORIGINAL BUDGET 2020/2021 £
Head of Education Planning & Resources		
Additional School Support	78,200	36,200
Broadband & Cloud Technology	363,900	284,900
Capital Planning & Delivery Unit	377,625	344,800
Continuing Education & Pensions	410,300	402,300
Education Improvement Grant for Schools	714,418	714,000
Empty Properties	15,500	14,500
Funding & Information Unit	76,600	49,600
Health & Safety	84,500	84,500
Learning Portal Team	52,500	38,500
Management & Admin-Planning & Resources	101,700	105,000
Non Delegated - Pensions, Insurance & Public Duties	5,439,126	5,913,375
Post 16 Funding	-5,132,945	-5,132,945
Pupil Deprivation Grant	-7,011,930	-7,011,930
Stakeholder Engagement Unit	191,800	125,800
	-4,238,706	-4,031,400
Total Education	170,688,000	181,833,000

Revenue Budget 2020/2021

Place

	ORIGINAL BUDGET 2019/2020 £	ORIGINAL BUDGET 2020/2021 £
Head of Corporate Building		
Property Preventative Maintenance	3,001,100	2,951,200
Building Services Trading	1,345,400	1,102,500
	4,346,500	4,053,700
Head of Corporate Property		
Facilities Management	2,930,800	1,938,801
Strategic Estates Properties	-678,200	426,100
	2,252,600	2,364,901
Head of Highways & Transportation		
Car Parking and Enforcement	-3,192,800	-3,197,200
Transportation	4,847,500	5,108,700
Traffic Management	1,092,900	1,203,000
Central Transport	-575,900	-730,000
Engineering	664,400	706,900
Highways	7,117,400	7,355,900
Swansea Marina	-82,400	-70,200
Directorate and Other Costs	-60,300	-121,000
	9,810,800	10,256,100
Head of Waste Cleansing & Parks		
Household Waste Recycling Centres	872,300	1,430,500
Parks	5,238,600	5,335,196
Recycling and Residual Waste Collection	6,897,500	7,565,200
Residual Disposal/Tir John	4,032,400	3,574,900
Trade Refuse	-776,900	-546,000
Neighbourhood Working	4,592,800	5,300,004
Directorate and Other Costs	1,265,300	137,800
	22,122,000	22,797,600
Place Directorate		
Place Directorate	339,250	1,012,300
Workstreams	-1,424,200	-728,200
	-1,084,950	284,100

Revenue Budget 2020/2021

Place

	ORIGINAL BUDGET 2019/2020 £	ORIGINAL BUDGET 2020/2021 £
Head of Cultural Services		
Archives	218,700	222,700
Arts	2,353,100	2,191,099
Community Buildings	210,200	216,200
Development and Outreach	241,300	257,100
Libraries	3,084,700	3,045,100
Sport and Recreation	3,362,950	2,688,600
Tourism, Marketing & Events	1,483,400	1,608,100
Directorate and Other Costs	387,200	628,200
	11,341,550	10,857,099
Head of Planning & City Regeneration		
Business Support	344,319	353,619
Property Development	833,398	1,279,198
City Centre Management & Indoor Market	-331,400	-383,500
European & External Funding Team	0	0
Major Projects, Design and Conservation	112,600	120,700
Planning Control	452,600	459,500
Planning Policy and Environment	941,000	940,500
Directorate and Other Costs	219,783	391,483
	2,572,300	3,161,500
Head of Housing & Public Health		
Building Regulations	130,900	140,400
Burials and Cremations	-817,700	-1,011,100
Food Safety	650,200	667,600
Licensing	-44,700	-35,500
Pollution	708,900	653,800
Public Health	823,900	746,700
Registrars	4,500	-33,500
Trading Standards	629,500	608,600
Housing Grants to the Independent Sector	40,500	40,500
Housing Renewals and Adaptations	198,800	59,800
Housing Strategy, Advice and Support	1,872,700	1,892,100
Other Housing Services	496,200	509,000
Directorate and Other Costs	205,000	292,600
	4,898,700	4,531,000
Total Place	56,259,500	58,306,000

Agenda Item 11.



Report of the Section 151 Officer

Special Cabinet - 20 February 2020

Capital Budget & Programme 2019/20 - 2024/25

Purpose:	This report proposes a revised capital budget for 2019/20 and a capital budget for 2020/21 - 2024/25
Policy framework:	Sustainable Swansea – Fit for the Future
Consultation:	Cabinet Members, Corporate Management Team (CMT), Legal, Finance and Access to Services
Recommendation:	The revised capital budget for 2019/20 and a capital budget for 2020/21 – 2024/25 as detailed in appendices A, B C, D, E, F and G is approved.
Report Author:	Ben Smith
Finance Officer:	Ben Smith
Legal Officer:	Debbie Smith
Access to Services Officer:	Rhian Millar

1 Introduction

1.1 This report details:

- Revised capital expenditure and financing proposals for 2019/20
- Capital expenditure and financing proposals for 2020/21 – 2024/25

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

Appendix A Total General Fund Capital Budget Expenditure 2019/20 - 2024/25

Appendix B Total General Fund Financing 2019/20 - 2024/25

Appendix C General Fund Capital Budget Expenditure (excluding C21st School programme and Swansea Central City Deal Schemes) 2019/20 -

2024/25

Appendix D C21st Schools Programme Band A Capital Expenditure 2012/13 – 2021/22

Appendix E C21st Schools Programme Band B Capital Expenditure 2017/18 – 2024/25

Appendix F Swansea Central City Deal Capital Expenditure 2019/20 – 2021/22

Appendix G Material changes to the original 2019/20 budget

- 1.4 Appendix A, C, D, E and F outline a comprehensive programme of capital investment including:
- a significant continuing programme of IT investment across the Council
 - the continued investment in Swansea Schools, including the completion of Band A Schools programme with the exception of the new build for Gorseinon Primary School and implementing over several further years the Band B phase of the 21st Century Schools Programme
 - Swansea Bay City Deal schemes, the construction phase for Phase 1 the Arena and design and planning for Phase 2 Digital Village.
- 1.5 The additional capital investment identified above will attract significant grant funding (21st Century Schools and Swansea Bay City Deal), however the programme will still require material unsupported borrowing to enable completion alongside the use of capital receipts as they are realised. Furthermore some schemes have the potential to provide additional revenue streams of property income, or, subject to agreement, in due course, with Welsh Government, retained elements of non-domestic rates or possibly tax increment financing as further powers devolve to Welsh Government and then on to local government.
- 1.6 Notwithstanding this scale of ambition, each major scheme will, as is always the case, be considered on the overall merits of each business case, both in capital cost, and revenue income streams where appropriate, and unsupported borrowing will be undertaken on a phased basis within the overall envelope for affordability which is considered over the medium to long term to be up to £180m.
- 1.7 Furthermore it has to be recognised that the scale of funding proposed to be injected by this Council, leverages in significant additional sums:
- £98m of Welsh Government funding for Band B schools
 - a City Deal, worth, across the region, around £1.3 billion.
- 1.8 The Swansea City & Waterfront Digital District project is one of eleven projects comprising the wider City Deal. It has been developed by the Council, in partnership with University of Wales Trinity Saint David (UWTSD). The core aim of the project is to create a strong and vibrant digital city that will be the economic engine of the wider city region. There are 3 main components: a Box Village and Innovation Precinct project (led by UWTSD); a Digital Village, which includes 100,000 sq. ft. of flexible and affordable office accommodation for tech businesses (led by the Council); and a Digital Square and Arena which will deliver a 3,500 seat Digital Arena and associated developments (also led by the Council). A 5 case business model has been approved by UK and WG, it sets out the project in great detail, including the benefits, costs, and income derived. The Digital Square component has been approved by Cabinet on 21st November 2019 under a FPR7 report. The

Arena operator is contracted under an agreement for lease. The Council has now entered into the main building contract with the Contractor and works commenced on the 27th November 2019. With regard to Digital Village, the appointed professional team are progressing scheme design with a planning consent to be made Q1 in 2020. The professional team have started the leasing process and a contractor will be procured in 2020, subject to a FPR7 report a start on site will be made in 2021.

2 Capital Budget 2019/20-2024/25

- 2.1 Total General Fund Expenditure in the current year is forecast to be £116.72m (see Appendix A) an increase of £45.024m (see Appendix G) compared with the original estimate of £71.696m excluding waste provision.

This increase is due to the following:

- the addition of grant funded and non-grant funded schemes after Council approved the capital budget in February 2019, together with increases in the cost of schemes following detailed design and planning.
- the addition of Swansea Central City Deal Arena scheme 2019-20 forecast expenditure
- the net balance of schemes carried over from 2018/19 into 2019/20 and schemes carried over from 2019/20 into 2020/21.

- 2.2 The proposed capital programme 2019/20 – 2024/25 and associated financing is set out below in 2.3 for The General Fund Programme, 2.4 for The 21st Century Schools Programme and 2.5 for the Swansea Central City Deal Programme

2.3 The General Fund Programme and Financing 2019/20 -2024/25

2.3.1 The General Fund programme in summary together with detailed schemes is in Appendix C. The attached proposals exclude the Housing Revenue Account capital budget which is detailed in a separate report.

2.3.2 The Capital Budget report considered by Council on 28th February 2019 outlined an unsupported borrowing requirement in the four year forward programme of £104.49m made up of £31.17m for the 21st Century Schools programme and £73.32m for the rest of the General Fund capital programme.

2.3.3 The updated total Capital programme which includes C21st Schools and Swansea Central City Deal Phase1 Arena highlights a 5 year forward programme expenditure of £459.23m (Appendix A) identifying an unsupported borrowing requirement of £178.699m (Appendix B). This reflects a significant increase in the unsupported borrowing requirement of the capital programme. The capital planning envelope for unsupported borrowing requires significant revenue funding to service the finance and this is set out in both the reports on the revenue budget and the medium term financial plan.

2.3.4 Phased, considered affordable borrowing, within the overall planning envelope will develop over the next 5-7 years and, in the case of the funding, from the City Deal, the next 15 years. Some Major schemes added to the General Fund Capital Programme which are partially financed by borrowing are as follows:

- Swansea Central Arena, additional phased development £110.72m for construction phase
- Palace Theatre development £7m total scheme value
- Property investment portfolio £3.9m (borrowing will be financed by future rental income)
- Swansea Vale new car park facility £3.1m (borrowing will be financed by future rental income)

2.3.5 Although there is significant accompanying grant funding and City Deal funding for the first two schemes above, there is substantial unsupported borrowing requirement to underwrite these schemes. The detailed financing for the City Deal schemes is shown in Appendix B.

2.4 Schools Programme and Financing 2019/20 -2024/25

2.4.1 Band A of the Welsh Government's 21st Century Schools and Colleges Programme has drawn to a close, and Band B officially commenced this financial year.

2.4.2 Band A was funded by a 50% contribution from the Welsh Government and a 50% contribution from the council towards a programme Band A total of £51.46m (£51.31m from the programme plus £150k Challenge Cymru funding). Band A is now complete with the exception of the new build for Gorseinon Primary School due for completion in July 2020.

2.4.3 The increase in cost of the Gorseinon Primary School project was funded in part from savings made through unspent optimism bias on other completed Band A projects, but required an overall increase in the Band A programme envelope of £197k from £51.310m to £51.507m. This resulted in a saving against the Band B programme envelope, which was reduced accordingly by £197k.

2.4.4 The Band A total therefore now is £51.657m including the £150k Challenge Cymru funding.

2.4.5 Welsh Government approved the Council's Strategic Outline Programme (SOP) for Band B in December 2017; the funding for Band B of the 21st Century Schools and Colleges Programme is being provided through £600m capital and £500m revenue funding for the whole of Wales. It was announced by Welsh Government on the 21 November 2018, that for Band B the grant rate for capital projects is increased to 65%. (The intervention rate for special schools and PRUs is increased to 75%, and the rate for voluntary aided schools remains the same at 85%). However the programme is not affected by this change.

2.4.6 The approval in principle of the SOP for Band B does not commit the council to the funding contributions until the final approval of any capital allocation from the Welsh Government which is subject to the submission of further detailed business cases in respect of each specific project, and specific approvals in accordance with Financial Procedure Rules.

2.4.7 The Band B programme envelope is now therefore £149.5m (if the potential aided sector scheme is excluded this amounts to £141.3m). Of this total, £126.250m is being sought from traditional capital funding, requiring (after allowance for realisable capital and other receipts) a net local funding

requirement of £28.489m from prudential borrowing. The remaining £23.247m (or £15.032m if the potential aided sector scheme is excluded) is expected to be delivered through the MIM, which would require no local capital funding contribution but incur an annual charge once the accommodation and facilities are completed. An equivalent local share of the capital cost would be £2.856m although the 25% local contribution would apply to the annual revenue charge.

- 2.4.8 The early projects in Band B are making good progress with the first project, a new build for Education Other Than At School (EOTAS) at Cockett; this is currently on site and construction is due for completion in early autumn of 2020.
- 2.4.9 The extension, remodelling and refurbishment of Bishopston Comprehensive School has the 1st stage pre-construction phase contract let, and the contract for the construction of the new build for YGG Tan y lan has also recently been approved.
- 2.4.10 It is anticipated the extension of YG Gwyr and new build for YGG Tirdeunaw will also commence construction early in 2020.
- 2.4.11 There are now only three possible MIM schemes included in the programme since the switch of the special school to capital on the advice of Welsh Government that it was no longer suitable for MIM funding.

The three possible schemes are; additional Welsh medium primary places through new build, English-medium primary schools with category C condition rankings addressing split sites and rationalisation, and St Joseph's Cathedral Primary School.

2.5 Swansea Central City Deal Programme and Financing

- 2.5.1 The Swansea Central City Deal Phase 1 Arena scheme construction phase was approved at Cabinet on 21 November 2019 which has added £110.72m of expenditure to the Capital programme (Appendix F). The detailed financing for this scheme is shown in Appendix B and spend will be funded from a combination of City Deal grant, capital receipts and predominantly unsupported borrowing.
- 2.5.2 The Swansea Central City Deal Phase 2 Digital Village scheme is at the detailed design and planning stage and as noted in paragraph 1.8 planning consent is due in early 2020. The detailed financing for this scheme is shown in Appendix F which is from unsupported borrowing.

2.6 Financing the Capital Programme

- 2.6.1 The financing for the General Fund capital programme identified in 2.3, 2.4 and 2.5 is detailed in Appendix B and requires unsupported borrowing of £178.699m towards forecast expenditure of £459.23m (Appendix A).
- 2.6.2 It should be noted that efforts to increase and maximize grants, contributions and capital receipts in order to minimize borrowing requirements are pursued throughout the year. Included within the programme are a number of schemes which are self-financing. Indeed there is a clear strategy for the Council 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.

2.6.3 It is recognized that a forecast capital financing requirement of £178.699m is significant. The revenue implications of this are identified in the revenue budget and medium term financial plan on this agenda. The above programme is affordable and sustainable throughout the lifetime of the medium term financial plan subject to the risks highlighted below.

2.6.4 It should be noted that the Council makes an annual budget provision to repay debt through what is known as the Minimum Revenue Provision (MRP). The MRP policy was revised and approved by Council on Dec 20th 2018, mitigating the impact of revenue provision in the earlier years, aligning the repayment of the debt with the lifetime of the asset. During the past year The Council has taken advantage of the low interest rate and volatility in the market to externalise its borrowing requirement in year, by borrowing up to the approved capital finance requirement, though the overall strategy is to mitigate the impact of interest charges by utilising internal resources as far as possible. However, noting the significant capital financing identified by this report, 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 be averaged in the short/medium term, as the capital programme develops with the associated increase in interest payments. The long term value afforded by the low interest rates available via the PWLB during the last few years has now been removed by the shock decision by HM Treasury to impose a 1% premium on all PWLB certainty rate borrowing going forward as of 9th October 2019, adversely impacting the cost of capital for all public sector capital spending. The S151 Officer shall consider all forms of capital funding (PWLB, Bond, private market) when sourcing this funding. The most economically / operationally advantageous form of borrowing shall be secured by the S 151 Officer.

2.6.5 Noting the programmed profile of grant payments in respect of The Swansea Bay City Deal Financing, it has been determined prudent to establish a Capital Equalisation Reserve, with which to mitigate and smooth the timing differences between funding and capital spend during the early years of the programme.

3 Future Schemes

3.1 The Capital programme as outlined in this report reflects known planned expenditure and financing as at the date of the report.

3.2 Future discretionary projects and schemes shall only be incorporated if they are self-financing or the associated financing costs can be supported from the revenue budget affordably and sustainably.

4 Risks

4.1 There are significant risks which may require a future revision of the attached six 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
- failing to deliver revenue budget savings as identified in the Revenue Budget Report
- 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
- increased borrowing costs

Mitigation in respect of the latter four risks will be achieved by continual review and consideration of individual business cases for the larger schemes.

5 Legal Implications

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

6 Prudential Code

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

6.2 A further report on the agenda will detail what is required under the requirement of the Code and set out in detail Prudential Borrowing Indicators for 2018/19 and subsequent years.

7 Equalities Implications

7.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Our Equality Impact Assessment process ensures that we have paid due regard to the above. An equality impact assessment screening has been undertaken and it concludes that there are no equality impact implications arising from this report. All future programs and schemes covered within this report will be subject to their own Equality Impact Assessment process.

Appendices:

- Appendix A Total General Fund Capital Budget Expenditure 2019/20 - 2024/25
- Appendix B Total General Fund Financing 2019/20 - 2024/25
- Appendix C General Fund Capital Budget Expenditure (excluding C21st School programme and Swansea Central City Deal Schemes) 2019/20 - 2024/25
- Appendix D C21st Schools Programme Band A Capital Expenditure 2012/13 – 2021/22
- Appendix E C21st Schools Programme Band B Capital Expenditure 2017/18 – 2024/25
- Appendix F Swansea Central City Deal Capital Expenditure 2019/20 – 2021/22
- Appendix G Material changes to the original 2019/20 budget
- Appendix H EIA Screening Form

Total General Fund Capital Budget Expenditure 2019/20 - 2024/25

Appendix A

		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total General Fund (Excluding C21st School and Swansea Central City Deal schemes)	App C	61,956	45,677	26,003	13,410	13,657	15,195	175,898
C21st Schools Band A	App D	5,562	2,048	88				7,698
C21st Schools Band B	App E	7,926	25,290	42,711	53,068	17,370	1,780	148,145
City Deal Swansea Central Phase 1 Arena	App F	39,704	42,189	43,531				125,424
City Deal Swansea Central Phase 2 Digital Village	App F	1,832	233					2,065
Total General Fund (including Schools and City Deal schemes)		116,980	115,437	112,333	66,478	31,027	16,975	459,230
Less waste provision		-260						
Total General Fund (including Schools and City Deal schemes)		116,720						

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
GF Financing (Excluding C21st Schools and Swansea Central City Deal)							
Supported Borrowing							
Welsh Government Supported Borrowing	6,429	6,483	6,430	6,430	6,430	6,430	38,632
Grants and Contributions							
Welsh Government General Capital Grant	6,085	6,501	3,912	3,912	3,912	3,912	28,234
Welsh Government specific grants	14,908	5,230	1,904	148			22,190
European grants	2,353	121					2,474
Other Grants	1,514	1,946	42	162			3,664
Contributions	999						999
Capital Receipts							
Earmarked Capital receipts	543	844	1,216	139			2,742
General Capital receipts	2,141	3,277	11,130	2,083			18,631
Revenue and Reserve Contributions (including provision for waste schemes)	4,040	2,446	214	250	1,082	2,620	10,652
Financing excluding unsupported borrowing	39,012	26,848	24,848	13,124	11,424	12,962	128,218
Unsupported borrowing requirement	22,944	18,829	1,155	286	2,233	2,233	47,680
GF Financing (Excluding C21st Schools and City Deal)	61,956	45,677	26,003	13,410	13,657	15,195	175,898

C21st School Band A Financing							
21st Century Programme Schemes - grant	1,230						1,230
21st Century Programme Schemes - PB	1,733						1,733
Unsupported borrowing requirement	2,599	2,048	88				4,735
C21st School Band A Financing	5,562	2,048	88	0	0	0	7,698

C21st School Band B Financing							
WG Traditional capital grant funding	6,743	21,233	21,535	26,649	8,476	1,321	85,957
WG Mutual Investment Model financing			1,562	9,397	1,217	0	12,176
WG Voluntary Aided Schools			698	3,142	3,056	86	6,982
CCS Capital Receipts estimate				3,000	4,360		7,360
CCS Mutual Investment Model financing		253	113	2,204	286	0	2,856
Contributions (voluntary aided)		250	123	305	536	19	1,233
S106 Contributions			275	1,007	2,262	293	3,837
Unsupported borrowing requirement	1,183	3,554	18,405	7,364	-2,823	61	27,744
C21st School Band B Financing	7,926	25,290	42,711	53,068	17,370	1,780	148,145

Swansea Central City Deal Schemes Financing							
Swansea Central Phase 1 Arena Financing							
Capital receipts			4,900				4,900
City Deal funding (note City Deal funding will be annual for 15 years)	3,047	1,523	18,279				22,849
ATF grant towards bridge	1,200						1,200
Unsupported borrowing requirement	35,457	40,666	20,352				96,475
Swansea Central Phase 1 Arena Financing	39,704	42,189	43,531	0	0	0	125,424

Swansea Central Phase 2 Digital Village							
Unsupported borrowing requirement	1,832	233					2,065
Swansea Central City Deal Schemes Financing	41,536	42,422	43,531	0	0	0	127,489

Total General Fund Financing	116,980	115,437	112,333	66,478	31,027	16,975	459,230
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Total General Fund Unsupported Borrowing Requirement							
General Fund Unsupported borrowing requirement	22,944	18,829	1,155	286	2,233	2,233	47,680
C21st School unsupported borrowing requirement Band A	2,599	2,048	88				4,735
C21st School unsupported borrowing requirement Band B	1,183	3,554	18,405	7,364	-2,823	61	27,744
Swansea Central City Deal schemes unsupported borrowing requirement	37,289	40,899	20,352				98,540
Total GF unsupported borrowing requirement including C21st Schools and Swansea Central City Deal schemes	64,015	65,330	40,000	7,650	-590	2,294	178,699

General Fund Capital Budget Expenditure (excluding C21st School programme and Swansea Central City Deal Schemes) 2019/20 - 2024/25

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Directorate							
Resources (see schemes below)	3,268	2,869	2,130				8,267
People (see schemes below)	3,462	655	1,309				5,426
Place (see schemes below)	55,226	42,153	22,564	13,410	13,657	15,195	162,205
Total Expenditure	61,956	45,677	26,003	13,410	13,657	15,195	175,898
Director of Resources							
Digital & Transformation							
equipment	97						97
Digital Business Strategy	372						372
Agile IT - mobile phones	746	225	150				1,121
Agile IT - accessories	309	75	50				434
Mobile IT - laptops	1,404	890	1,930				4,224
ERP System Upgrade	255	510					765
Other IT schemes	77						77
Capital creditors for 2018-19 paid in 2019-20	8						8
Financial Services							
Corporate Contingency		1,169					1,169
Total for Director of Resources	3,268	2,869	2,130				8,267
Director of People							
Education (excluding 21st Century schools programme)							
Primary and secondary school schemes (not within C21st), including flying start schemes	381						381
Flying Start schemes	119						119
VA Schools repair works	1,000						1,000
Reducing Infant Class sizes	637	17					654

General Fund Capital Budget Expenditure (excluding C21st School programme and Swansea Central City Deal Schemes) 2019/20 - 2024/25

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Poverty & Prevention							
Glamping Pods at Borfa House	142						142
Other schemes	132						132
Social Services							
Residential home for young people	146						146
Enable scheme (support for independent living)	304						304
Nant-y-felin conversion	107						107
Intermediate Care Fund - relocation of North Hub	396	638					1,034
Social services premises and vehicles (to be allocated)			1,309				1,309
Capital creditors for 2018-19 paid in 2019-20	98						98
Total for Director of People	3,462	655	1,309				5,426
Director of Place							
Highways & Transportation							
Active Travel schemes (excluding City Bridge funding)	4326						4,326
SRIC - Clydach and Gower	675						675
Road Safety/Traffic grant Schemes	467						467
LTF - South-West Wales Metro	432						432
LTF Broadway Interchange Improvements	850						850
LTF Electric Vehicle Charging points	56						56
LTNF Strategic bus corridor improvements	461						461
Electric Vehicle Recharging Points in residential areas	130						130
Structural maintenance roads, including carriageway resurfacing, footways and lighting	2718						2,718
Highways annual allocation		3375	3375	3375	3375	3375	16,875
Highways Infrastructure additional Capital Maintenance (funded by reserves)	95	1500					1,595

General Fund Capital Budget Expenditure (excluding C21st School programme and Swansea Central City Deal Schemes) 2019/20 - 2024/25

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Additional WG grant funding for carriageway resurfacing, footways and safety barriers	1187						1,187
Highways/Infrastructure additional Capital for carriageways, traffic network and drainage schemes (within commissioning review)	1435	1400	1400				4,235
Seawall repairs Mumbles	466	132	1772				2,370
Highways & Transportation Vehicle replacement	2010						2,010
Integrated Transport Unit	370	1000					1,370
Slip Bridge Refurbishment				139			139
Pont-y-Lon Bridge	44	706					750
Bascule Bridge	631						631
Other Bridges & retaining Walls	699						699
Drainage and flood alleviation grant schemes	565						565
Coast protection	231						231
Marina barrage schemes	128						128
Marina fuel pump and campervan parking schemes	188						188
Bailing plant and recycling centre roads	189						189
Park & Ride extension and salt storage	212						212
Other highways schemes	392						392
Oxford Street trip upgrade		500					500
St Helen's Road upgrade		300					300
Waste Management							
Tir John works	260	181	214	250	1,082	2,620	4,607
Other waste schemes	52						52
Culture,Sport,Leisure & Tourism							
3G Pitch expansion (Ashleigh road - joint scheme with University)	135						135
Leisure Centre improvements (Freedom Leisure schemes)	3,831	504					4,335
Plantasia improvements	299						299
Heol Las Park play area and cricket club changing area	137						137

General Fund Capital Budget Expenditure (excluding C21st School programme and Swansea Central City Deal Schemes) 2019/20 - 2024/25

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
3G Pitch Cefn Hengoed Comprehensive School		492					492
3G Pitch expansion (match funding for 2 x 3G pitches)		500					500
Library Service		45					45
Other Culture, Sport, Leisure & Tourism schemes	226	45					271
Community Capital Funds		1,000					1,000
Economic Regeneration & Planning (Excluding Swansea Central City Deal schemes)							
Kingsway Urban Parkway	6,442	305					6,747
Civic Centre Relocation	200						200
Wind Street improvements		1,750					1,750
Skyline	87						87
Hafod/Morfa Copper Powerhouse	2,079	2,902	60	240			5,281
Musgrave Engine House repairs	71						71
Swansea Vale infrastructure/studies	306	844	1,216				2,366
Palace Theatre Redevelopment	1,584	2,483	2,727	206			7,000
TRI programme - Property Enhancement Development Grant	610	421					1,031
TRI programme - Sustainable Living Grant	405	519					924
Vibrant & Viable Places: Llys Dewi Sant site	401						401
Other regeneration schemes	322						322
Economic Stimulus		2,400					2,400
Wifi Infrastructure for commercial centres		150					150
Housing GF							
DFG's -1996 Act	4,300						4,300
Sandfields Renewal Area	600	558					1,158
Property Appreciation Loans (CCS funded)	500						500
Grant For Nominations	160						160
Comfort Safety & Security Grants (CSS)	38						38
Mini Adaptation Grants (MAG)	370						370
Housing GF annual allocation		5,200	5,200	5,200	5,200	5,200	26,000

General Fund Capital Budget Expenditure (excluding C21st School programme and Swansea Central City Deal Schemes) 2019/20 - 2024/25

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Building							
Capital Maintenance allocated including Schools additional capital maintenance	9,210						9,210
Social Services premises backlog maintenance	700						700
Capital Maintenance unallocated		4,000	4,000	4,000	4,000	4,000	20,000
Additional Schools Capital Maintenance		1,000					1,000
Corporate Property							
Accommodation Strategy (agile working)	360	970					1,330
Depot Review - Pipehouse Wharf Replacement	220	1,480					1,700
Property Investment Portfolio (the funding for this will be repaid by future rental income)		3,901					3,901
Energy Efficiency schemes funded by WG Salix loan	250	1,090					1,340
Swansea Vale new car park facility		500	2,600				3,100
Capital creditors for 2018-19 paid in 2019-20	2,114						2,114
Total for Director of Place	55,226	42,153	22,564	13,410	13,657	15,195	162,205
Totals	61,956	45,677	26,003	13,410	13,657	15,195	175,898

C21st Schools Programme Capital Expenditure 2012/13 - 2021/22

Appendix D

	to 2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	Actual spend £'000	Actual spend £'000	Actual spend £'000	Actual spend £'000	Actual spend £'000	Actual spend £'000	Actual spend £'000	Forecast spend £'000	Forecast spend £'000	Forecast spend £'000	£'000
Band A											
Expenditure											
Morrison Comprehensive Refurbishment	5,445	11,916	4,271	128	2	164					21,926
21st Century Schools Programme (Band A)											
Phase 1											
Burlais Primary new school build	17	453	5,941	1,266	94	185	10	1			7,967
Gowerton Primary new school build	16	446	2,193	3,833	136	2		10			6,636
YGG Lon Las rebuild and remodel		66	108	2,672	6,202	357	130	309			9,844
Glyncollen and Newton Primary improvements		393	1,007								1,400
Phase 2											0
Pentrehafod remodelling				52	3,704	6,951	3,418	734	210		15,069
Gorseinon Primary new school build			51	332	11	30	6	4,508	1,838	88	6,864
Pentre'r Graig Primary improvements			97	1,117	1,429	21					2,664
YG Gwyr improvements			50	109	766	246	6				1,177
Total Expenditure	5,478	13,274	13,718	9,509	12,344	7,956	3,570	5,562	2,048	88	73,547

C21st Schools Programme Capital Expenditure 2019/20 - 2024/25

Appendix E

			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Band B	Progress		Actual spend £'000	Actual spend £'000	Forecast spend £'000	Forecast spend £'000	Forecast spend £'000	Forecast spend £'000	Forecast spend £'000	Forecast spend £'000	£'000
Expenditure											
21st Century Schools Programme (Band B)											
Education other than at School new premises	Capital	On site	155	607	5,313	3,439	129				9,643
YGG Tan-y-Lan	Capital	Contract award stage	2	177	1,618	5,130	1,841	113			8,881
YG Gwyr	Capital	FBC submitted		112	131	4,279	2,797	95			7,414
YG Bryntawe	Capital	Initial feasibility				250	839	6,351	839	113	8,392
YGG Tirdeunaw	Capital	FBC submitted		165	252	5,357	6,696	225			12,695
Bishopston Comprehensive School	Capital	SOC/OBC approved	35	100	512	5,433	5,636	150	0		11,866
Gowerton Comprehensive School	Capital	Initial feasibility				275	8,330	120			8,725
English Medium Secondary School	Capital	Pending					275	7,520	120		7,915
English Medium Primary Scheme 2	Capital	Pending				150	435	3,271	435	60	4,351
Lougher / Kingsbridge new build welsh primary	Capital	Pending					275	3,388	6,463	838	10,964
Special Schools	Capital	SOC stage			100	474	12,962	16,787	4,418	664	35,405
Additional Welsh Medium Primary places	MIM	Pending					596	3,417	446		4,459
English Medium Primary Scheme 1	MIM	Pending				253	1,079	8,184	1,057		10,573
St Joseph's Cathedral School	(VA)	Pending				250	821	3,447	3,592	105	8,215
Total Expenditure			192	1,161	7,926	25,290	42,711	53,068	17,370	1,780	149,498

Swansea Central City Deal Programme Capital Expenditure 2019/20 - 2021/22

Appendix F

	spend to 2018/19	2019/20	2020/21	2021/22	Total
	Actual spend £'000	Forecast spend £'000	Forecast spend £'000	Forecast spend £'000	£'000
Swansea Central Phase 1 Arena Expenditure					
RIBA stage 4 and enabling works	9,413	8,857			18,270
Construction including main contract and internal staff		30,847	42,189	43,531	116,567
Total Expenditure	9,413	39,704	42,189	43,531	134,837
Swansea Central Phase 2 Digital Village Expenditure	£'000	£'000	£'000	£'000	£'000
Design & Planning	343	1,832	233		2,408
Total Expenditure	343	1,832	233	0	2,408

Scheme	Source of Funding	2019/20 Change £'000
Director of Resources		
Digital & Transformation		
Agile & Mobile Working Programme - Purchase of Lap Tops & Mobile Devices, scheme reduction	Borrowing	-2,309
Enterprise Resource Planning (ERP) Oracle System Upgrade	Capital Receipt	255
Director of People		
Education Planning & Resources		
Flying Start Capital Grant 19/20	Grant	119
Reducing Infant Class Sizes - Seaview Prim Internal Remodelling	Grant	501
Reducing Infant Class Sizes - Penyrheol Prim Internal Remodelling	Grant	132
Bishop Vaughan VA - Urgent Repair Works	Grant/School Contribution	700
St Joseph's Cathedral Primary VA - Urgent Repair Works	Grant/School Contribution	300
Social Services		
ENABLE Independent Living Grant	Grant	304
Poverty & Prevention		
Glamping Pods Borfa House Garden	Revenue	145
Director of Place		
Highways & Transportation		
WG Highways Refurbishment Grant 19/20	Grant	1,187
Local Transport Fund 19/20	Grant	1,271
Local Transport Network Fund 19/20	Grant	461
Road Safety 19/20	Grant	467
Safer Routes In Communities 19/20	Grant	371
Active Travel Fund 19/20	Grant	4,326
Small Scale Flood Risk Management Schemes	Grant	53
Vehicle Purchase from the Highways Replacement Reserve	Revenue/capital receipts	1,714
Refurbishment of Lift at High Street Multi-Storey Car Park	Revenue	135
Electric Vehicle Charging Infrastructure - 13 Car Parks	Grant	97
Culture, Sport, Leisure & Tourism		
Plantasia (Parkwood Leisure) completion of works	Borrowing	500
Changing Places Toilets Caswell	Grant	68
Heol Las Park Refurb of Play Area & Changing Facilities	Contribution/Revenue	137
Economic Regeneration & Planning		
Palace Theatre Redevelopment	Borrowing/Grant	1,584
TRI Prog - Property Enhancement Development Programme (PEDG)	Grant	610
TRI Prog - Sustainable Living Grant (SLG)	Grant	405
Parc Felindre Surfacing	Contribution	107
City Deal Ph 1 - Active Travel Fund 19/20 - Bridge	Grant	1,200
City Deal Ph 1 - Swansea Central Phase 1 Arena Construction	Borrowing/Grant	23,800
Corporate Building		
Additional Capital Maintenance - For Schools	Borrowing	2,921
Guildhall Court Roofing Works	Revenue	160
Cefn Hengoed Modular Building	School Contribution	73
Delayed & Reprofiled Spending From 2018/19 - All Services	Various	25,265
Delayed & Reprofiled Spending Into 2019/20 - All Services	Various	-22,035
TOTAL MATERIAL CHANGES		45,024

Equality Impact Assessment Screening Form – Appendix H

Please ensure that you refer to the '[Screening Form Guidance](#)' while completing this form. If you would like further guidance please contact your support officer in the Access to Services team (see guidance for details).

Section 1

What service area and directorate are you from?

Service Area: Finance & Delivery

Directorate: Resources

Q1(a) WHAT ARE YOU SCREENING FOR RELEVANCE?

Service/ Function	Policy/ Procedure	Project	Strategy	Plan	Proposal
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(b) Please name and describe below
Capital Budget 18/19 and programme 2020/21- 24/25

Q2(a) WHAT DOES Q1a RELATE TO?

Direct front line service delivery	Indirect front line service delivery	Indirect back room service delivery
<input type="checkbox"/> (H)	<input type="checkbox"/> (M)	<input checked="" type="checkbox"/> (L)

(b) DO YOUR CUSTOMERS/CLIENTS ACCESS THIS SERVICE...?

Because they need to	Because they want to	Because it is automatically provided to everyone in Swansea	On an internal basis i.e. Staff
<input type="checkbox"/> (H)	<input type="checkbox"/> (M)	<input type="checkbox"/> (M)	<input checked="" type="checkbox"/> (L)

Q3 WHAT IS THE POTENTIAL IMPACT ON THE FOLLOWING...

	High Impact (H)	Medium Impact (M)	Low Impact (L)	Don't know (H)
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Marriage & civil partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or (non-)belief	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sex	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual Orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Welsh Language	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Poverty/social exclusion	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Carers	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Community cohesion	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Q4 Have you / will you undertake any public consultation and engagement relating to the initiative?

Yes No (If no, you need to consider whether you should be undertaking consultation and engagement – please see the guidance)

If yes, please provide details below

Equality Impact Assessment Screening Form – Appendix H

Q5(a) HOW VISIBLE IS THIS SERVICE/FUNCTION/POLICY/PROCEDURE/ PROJECT/ STRATEGY TO THE GENERAL PUBLIC?

High visibility
to general public

 (H)

Medium visibility
to general public

 (M)

Low visibility
to general public

 (L)

**(b) WHAT IS THE POTENTIAL RISK TO THE COUNCIL'S REPUTATION?
(Consider the following impacts – legal, financial, political, media, public perception etc...)**

High risk
to reputation

 (H)

Medium risk
to reputation

 (M)

Low risk
to reputation

 (L)

Q6 Will this initiative have an impact (however minor) on any other Council service?

Yes

No

If yes, please provide details below

The capital budget is informed/developed by the Service depts. that consume capital expenditure

Q7 HOW DID YOU SCORE? Please tick the relevant box below

– NOTE: Q3 counts as a single H, M or L (and one H / M outscores any n° of Ls)

**MOSTLY H and/or M → HIGH PRIORITY → EIA to be completed
Please go to Section 2**

**MOSTLY L → LOW PRIORITY / NOT RELEVANT → Do not complete EIA
Please go to Q8 followed by Section 2**

Q8 If after completing the EIA screening process you determine that this service/function/policy/project is not relevant for an EIA you must provide adequate explanation below.

Capital is constrained by the amount of available resources, the budgetary process allocates that budget appropriately. There are no equality impact implications arising from this report. All future programs and schemes covered within this report will be subject to their own Equality Impact Assessment process.

Section 2

Please send this completed form to the Access to Services Team for agreement before obtaining email approval from your Head of Service.

Screening form completed by:	
Name: Jayne James	
Location: 1.4.1 civic centre (agile area)	
Telephone Number: 6934	
Jayne James	Date: 20/1/20
Approval by Head of Service:	
Name: Ben Smith	
Position: S 151 Officer	
Ben Smith	Date: 20/1/20

Agenda Item 12.



Report of the Section 151 Officer

Cabinet – 20 February 2020

Housing Revenue Account (HRA) Revenue Budget 2020/2021

Purpose:	This report proposes a Revenue Budget for 20/21 and a rent increase for properties within the HRA.
Policy framework:	None.
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 new Welsh Government policy as detailed in section 3.</p> <p>b) Fees, charges and allowances are approved as outlined in section 4.</p> <p>c) The revenue budget proposals as detailed in section 4.</p>
Report Authors:	Mark Wade / Ben Smith
Finance Officer:	Aimee Dyer
Legal Officer:	Debbie Smith
Access to Services Officer:	Rhian Millar

1. Introduction

- 1.1 The setting of the revenue budget has to take account of the following issues and factors:-
- the requirement to achieve and maintain the Welsh Housing Quality Standard (WHQS);
 - the funding requirements of the More Homes Programme;
 - future income and expenditure trends;
 - changes to the Welsh Governments rents policy;
 - the affordability of rent increases;

- cost efficiencies and value for money

1.2 The proposals in this report are based on the objective of maximising the resources available for investment in the housing stock to meet and maintain the WHQS and to build affordable housing in line with the More Homes Programme whilst considering the affordability of rents and other service charges for tenants.

2. Projected Revenue Outturn 2019/20

2.1 The current repairs forecast is £100k underspent, which is mainly due to lower than forecast spend on responsive repairs; which is partly offset by some additional electrical maintenance costs. In addition to this, there is £150k income from technical design fees and an underspend on employee costs of £160k due to higher than anticipated vacancies. As it stands, the slippage on the Capital Programme will lead to a reduction in capital finance costs, and we are forecasting this to be in the region of £1m. There are no other material budget issues to flag at this stage.

2.2 The forecast revenue contribution to the 2019/20 Capital Programme has increased by £1.9m as a result of higher than anticipated balances carried forward and a reduction in the borrowing requirement. As a result the forecast for the balances carried forward has reduced to £5.6m.

3. Rent Income

3.1 The Welsh Government have outlined changes to their policy for setting social housing rents. In December 2019 the Minister for Housing and Local Government set out the policy for the five year period from April 2020. The new policy sets a maximum annual increase in rental income of Consumer Price Index plus 1%.

3.2 An intrinsic part of the new five year policy is that all social landlords will be expected to ensure that rents and service charges remain affordable for current and future tenants and carry out an assessment of cost efficiencies and value for money.

3.3 The proposed rent increase has taken into account the affordability of rents for tenants. The following factors have been examined;

- The proposed average rent is below the target social housing rent for Swansea set by the Welsh Government;
- The current average weekly rent compares favourably with other Welsh social landlords ranking 26th out of 49.
- The current average rent is significantly lower than the average private sector. The average private sector rent in Swansea is £136.54 per week.
- A significant number of tenants are in receipt of Housing Benefit or Universal Credit. These benefits will be increased to cover the proposed rent increase so tenants in receipt of these benefits will not be worse off.
- The tenants survey carried out in August 2019 found that 84.8% of tenants were satisfied that their rent provided value for money.

3.4 Under the Welsh Government's new rents policy the maximum rent increase allowed for 2020/21 would be 2.7%. This would equate to an average increase of £2.58 per week and an average weekly rent of £98.17 (based on 50 weeks).

4. Revenue Budget Proposals 2020/21

4.1 Overview

4.1.2 In line with the requirements of the Welsh Government's Rents Policy, budgets have been examined and where possible savings have been identified.

4.1.3 A detailed analysis of employee's budgets has been undertaken and budget efficiency savings of £253k have been identified. These savings have been offset by the pay increases outlined in 4.1.3. Other budget savings include a reduction of consultant services for Technical Supervision and a reduction in finance charges of £161k due to changes in borrowing costs and lower than anticipated borrowing.

4.1.4 The main budget increases from 2019/20 are an increase in the revenue contribution to capital of £1m required to fund investment to complete the Welsh Housing Quality Standard and for the More Homes Programme. An increase in the provision for bad debt of £500k due to the impact of Universal Credit. An increase in revenue repairs of £290k mainly as a result of the additional costs of bi-annual fire door servicing. The savings on employee costs outlined above are offset by an increase of £339k to fund the budgeted pay increase of 2.75%.

4.1.5 The main changes to funding/income are an increase in rent and other income of £1.88m arising from the proposed rent increases £1.83m and increases in other charges including charges for furnished tenancies and some sheltered service charges of £50k. In addition there is an increase in Affordable Housing Grant from Welsh Government of £138k to contribute to the More Homes Schemes.

4.1.6 The main changes from the 2019/20 budget are shown in the following table:-

Item	£000
Increase in Revenue Contribution to Capital	958
Increase in the provision for bad debts	500
Increase in Revenue Repairs Budget	290
Effect of 2.75% pay rise	339
Reduction in the use of reserves	403
Other Revenue Reductions	-64
Increase in Affordable Housing Grant	-138
Reduction in Finance Charges	-161
Employee Savings	-253
Additional income including 2.7% rent increase	-1878

4.1.7 There is a projected surplus on the HRA next year of £26.5m. This surplus will contribute towards the capital programme of £52.6m in 2020/21. This investment is needed to complete work to meet the WHQS and for the More Homes Programme.

4.2 *Inflation*

Provision has been included in the budget for an average annual pay increase of 2.75% from April 2020. Other budgets, in particular repairs and maintenance and utility costs have been based on the latest prices.

4.3 *Capital Financing Charges*

Capital financing charges will reduce in 2020/21 as a result of lower borrowing costs and lower than anticipated borrowing brought forward.

4.4 *Fees, Charges and Allowances*

General fees, charges and allowances are to be increased either in line with the agreed rent increase of 2.7% or with CPI.

4.5 *Contributions to the Capital Programme*

The additional income enables a contribution of £26.5m to the capital programme.

5. **Risks and Uncertainties**

5.1 The main risk and uncertainty for next year is the ongoing impact of welfare reform measures, such as the potential increase in number of tenants in receipt of universal credit and what effect this will have on the level of income. In addition, there are other economic uncertainties as a result the impact of BREXIT which could impact on inflation and interest rates.

6. **Reserves**

6.1 The HRA predicted balance at the start of the year will be £5.57m. This is considered to be in line with the minimum level of reserves which is considered prudent and therefore reserves will not be used to finance capital expenditure in 2020/21. The reserves position is detailed in Table B.

7. **Equality and Engagement Implications**

7.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

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

- 7.2 The proposed HRA budget has been subject to the application of the corporate Equality Impact Assessment (EIA) process throughout the Budget setting process. It is essential where service levels are affected by changes to the Revenue Budgets (including savings options) that the EIA process (alongside consultation and engagement as appropriate) is applied to ensure due regard is paid to the potential equality impacts of any proposals prior to decision making.

An EIA screening form has been completed and reviewed. The agreed outcome was that a full EIA report is not required at this time. 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. Tenants will need to be notified of the proposed increase in accordance with the provisions of section 102 of the Housing Act 1985.

8 Legal Implications

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

Background Papers: None

Appendices:

Appendix A - Table A: Summarised HRA 2019/20 to 2020/21

Table B: Movement in Balances 2019/20 to 2020/21

Appendix B - Equality Impact Assessment Screening Form

Table A: Summarised HRA 2019/20 to 2020/21

Classification	Budget 2019/20	Budget 2020/21
	£'000	£'000
<u>Expenditure</u>		
Management and Maintenance	31,059	31,871
Capital Charges	10,669	10,508
Revenue Funding for capital schemes	25,499	26,457
Total Expenditure	67,227	68,836
<u>Income</u>		
Rents and other income	66,616	68,494
Affordable Housing Grant	208	346
Use of balances	403	
Total Income	67,227	68,836

Table B: Movement in Balances 2019/20 to 2020/21

Description	£000's
Actual balance at 1 st April 2019	6,156
Budgeted use 2019/20	-403
Budgeted balance 31st March 2020	5,753
Forecast use 2019/20	-582
Forecast balance 31st March 2020	5,574
Budgeted use 2020/21	
Forecast balance 31st March 2021	5,574

Please ensure that you refer to the Screening Form Guidance while completing this form. If you would like further guidance please contact the Access to Services team (see guidance for details).

Section 1	
Which service area and directorate are you from?	
Service Area:	Housing and Public Health
Directorate:	Place

Q1(a) WHAT ARE YOU SCREENING FOR RELEVANCE?

Service/ Function	Policy/ Procedure	Project	Strategy	Plan	Proposal
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

(b) Please name and describe here:

This report proposes a Revenue Budget for 2019/20 and a rent increase in line with Welsh Government rent policy for properties within the HRA. The proposed rent increase has taken into account the affordability of rents for tenants. The following factors have been examined;

- The proposed average rent is below the target social housing rent for Swansea set by the Welsh Government;
- The current average weekly rent compares favourably with other Welsh social landlords ranking 26th out of 49.
- The current average rent is significantly lower than the average private sector. The average private sector rent in Swansea is £136.54 per week.
- A significant number of tenants are in receipt of Housing Benefit or Universal Credit. These benefits will be increased to cover the proposed rent increase so tenants in receipt of these benefits will not be worse off.
- The tenants survey carried out in August 2019 found that 84.8% of tenants were satisfied that their rent provided value for money.

Q2(a) WHAT DOES Q1a RELATE TO?

Direct front line service delivery	Indirect front line service delivery	Indirect back room service delivery
<input type="checkbox"/> (H)	<input checked="" type="checkbox"/> (M)	<input type="checkbox"/> (L)

(b) DO YOUR CUSTOMERS/CLIENTS ACCESS THIS...?

Because they need to	Because they want to	Because it is automatically provided to everyone in Swansea	On an internal basis i.e. Staff
<input type="checkbox"/> (H)	<input checked="" type="checkbox"/> (M)	<input type="checkbox"/> (M)	<input type="checkbox"/> (L)

Q3 WHAT IS THE POTENTIAL IMPACT ON THE FOLLOWING...

	High Impact (H)	Medium Impact (M)	Low Impact (L)	Don't know (H)
Children/young people (0-18) →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Older people (50+) →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Any other age group →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
→				
→				
→				
→				

Disability		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race (including refugees)		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Asylum seekers		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gypsies & travellers		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or (non-)belief	→	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sex	→	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual Orientation	→	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	→	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Welsh Language	→	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Poverty/social exclusion	→	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Carers (inc. young carers)	→	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Community cohesion	→	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Marriage & civil partnership	→	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	→	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Q4 WHAT ENGAGEMENT / CONSULTATION / CO-PRODUCTIVE APPROACHES WILL YOU UNDERTAKE?

Please provide details below – either of your planned activities or your reasons for not undertaking engagement

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);
- the funding requirements of the More Homes Programme;
- future income and expenditure trends;
- increases in rent in line with the new Welsh Government rent policy;
- the effect on tenants of rent increases.
- cost efficiencies and value for money

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 and to build affordable housing in line with the More Homes Programme. 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.

Q5(a) HOW VISIBLE IS THIS INITIATIVE TO THE GENERAL PUBLIC?

High visibility
 (H)

Medium visibility
 (M)

Low visibility
 (L)

(b) WHAT IS THE POTENTIAL RISK TO THE COUNCIL’S REPUTATION? (Consider the following impacts – legal, financial, political, media, public perception etc...)

High risk
 (H)

Medium risk
 (M)

Low risk
 (L)

Q6 Will this initiative have an impact (however minor) on any other Council service?

Yes

No

If yes, please provide details below
Building Services, Legal, Finance

Q7 HOW DID YOU SCORE?

Please tick the relevant box

**MOSTLY H and/or M → HIGH PRIORITY → EIA to be completed
Please go to Section 2**

**MOSTLY L → LOW PRIORITY / NOT RELEVANT → Do not complete EIA
Please go to Q8 followed by Section 2**

Q8 If you determine that this initiative is not relevant for an EIA report, you must provide a full explanation here. Please ensure that you cover all of the relevant protected groups.

The proposed HRA budget has been subject to the application of the corporate Equality Impact Assessment (EIA) process throughout the Budget setting process. It is essential where service levels are affected by changes to the Revenue Budgets (including savings options) that the EIA process (alongside consultation and engagement as appropriate) is applied to ensure due regard is paid to the potential equality impacts of any proposals prior to decision making.

An EIA screening form has been completed and reviewed. The agreed outcome was that a full EIA report is not required at this time. 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. Tenants will need to be notified of the proposed increase in accordance with the provisions of section 102 of the Housing Act 1985.

Section 2

NB: Please email this completed form to the Access to Services Team for agreement before obtaining approval from your Head of Service. Head of Service approval is only required via email – no electronic signatures or paper copies are needed.

Screening completed by:	
Name:	Paul Lilley
Job title:	Housing Finance Manager
Date:	21/01/2020
Approval by Head of Service:	
Name:	Mark Wade
Position:	Head of Housing and Public Health
Date:	21/01/2020

Agenda Item 13.



Report of the Section 151 Officer & the Director of Place

Special Cabinet – 20 February 2020

Housing Revenue Account – Capital Budget & Programme 2019/20 – 2023/24

Purpose:	This report proposes a revised capital budget for 2019/20 and a capital budget for 2020/21 – 2023/24.
Policy Framework:	None.
Consultation:	Cabinet Member, Legal, Finance & Access to Services
Recommendation(s):	It is recommended that: 1) The transfers between schemes and the revised budgets for schemes in 2019/20 are approved; 2) The budget proposals for 2020/21 – 2023/24 are 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 the 4 years are approved.
Report Authors:	Ben Smith / Mark Wade
Finance Officer:	Ben Smith
Legal Officer:	Debbie Smith
Access to Services Officer:	Rhian Millar

1.0 Introduction

1.1 This report details:

- Revised Housing Revenue Account (HRA) capital expenditure and financing proposals in 2019/20
- HRA Capital expenditure and financing proposals in 2020/21 – 2023/24

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

- Appendix A: Summary of the revised budget for 2019/20 and a budget for 2020/21 – 2023/24
- Appendix B: Detailed breakdown of the revised budget for 2019/20 and a budget for 2020/21 – 2023/24
- Appendix C: Welsh Housing Quality Standard (WHQS) and More Homes scheme descriptions

2.0 Capital Budget 2019/20

- 2.1 The revised programme for the current year is £53.36m i.e. an original budget of £67.313m plus carry-forward from 2018/19 of £4.676m less slippage into 2020/21 of £12.810m. Slippage from this current year into 2020/21 has occurred in high value schemes due to factors which have not been in the Council's control including insufficient private contractor resource to fully deliver the external facilities scheme; the contractor for the wind and weatherproofing scheme at West Cross entered into administration mid-way through the contract requiring a second contractor to be engaged to deliver the remainder of the project. The contractor selected to deliver the wind and weatherproofing scheme at Waunarlwydd withdrew resulting in a delayed scheme start whereas slippage for the More Homes scheme at Colliers Way arose due to the time required to investigate and design suitable drainage arrangements for the site. In addition, £5.919m which was carried forward for kitchen and bathroom renewal (where tenants had declined to participate in the scheme) has now been set aside for use post 2020/21.
- 2.2 The majority of all other projects for 2019/20 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 2020/21 financial year and where underspend has occurred, officers have mitigated these by bringing other priority work forward to compensate. Transfers and changes to the 2019/20 budget are reflected and detailed in appendix B.

3.0 2020/21 – 2023/24

- 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 designed to achieve the Council's strategic aim of meeting and maintaining the Welsh Housing Quality Standard as well as other key Housing Service aims. The programme also sets out proposals for increasing the supply of council housing.
- 3.2 The Council is legally required to meet the Welsh Housing Quality Standard (WHQS) by the end of December 2020 and maintain it thereafter. The Council has embraced this standard and improved thousands of homes as a result. The capital investment programme set out in this report is prepared to be deliverable on the ground and ensure the Council reaches WHQS compliance by the deadline. The budget for 2020 will be the final stage in an 18-year investment programme designed to achieve this major milestone.
- 3.3 Schemes detailed in Appendix C will result in homes reaching the following key components of the Welsh Housing Quality Standard:

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 well designed and in good condition.

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 are 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.

- 3.4 In addition to the duty to maintain WHQS post 2020, Welsh Government has announced its intention to introduce Decarbonisation as a major new policy objective for social housing between 2021 and 2030. The Better Homes, Better Wales, Better World report sets out a number of recommendations and has an overall objective to reduce carbon emissions in social housing by 95% by 2030. The findings of the report have been accepted in principle by the Housing Minister. Work is currently ongoing to determine the likely technical requirements and financial implications should decarbonisation become a legal requirement. Initial estimates suggest it will cost the Council £300 - £500m to implement a Decarbonisation programme. This is not currently affordable within the HRA Business Plan. This has been communicated to WG. If WG compel the Council to decarbonise council housing this will directly impact financial headroom for delivery of the More Homes programme.
- 3.5 This report does not include any specific Decarbonisation items but elements of the WHQS maintenance programme relating to good state of repair, fuel efficient and well insulated will contribute to the overall Decarbonisation objectives.
- 3.6 When the exact requirements of the Decarbonisation programme and its funding is confirmed by Welsh Government, it is likely future HRA Capital

Budgets, Programmes and priorities will need to be amended. This will be reported separately at the appropriate time.

4.0 Financing of HRA Capital Budget 2019/20-2023/24

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, and borrowing. Details are set out in Appendix A.

4.2 The level of HRA borrowing was capped in Wales when Local Housing Authorities exited the former Housing Revenue Account Subsidy scheme in March 2015. The cap formed part of a Voluntary Agreement signed by Welsh Ministers and the Council. The HRA borrowing Cap for Swansea was £220.96m. In March 2019 the Welsh Government formally removed the borrowing cap and the Voluntary Agreement has been terminated.

4.3 The funding of the attached capital budget proposals requires additional borrowing of £100.9m. Total forecast outstanding HRA borrowing at 31 March 2024 is £235m.

5.0 More Homes

5.1 The More Homes Strategy for providing new Council housing has been endorsed by Council. Indicative expenditure of £42m over 4 years up to 2023/24 for taking forward the strategy has been included in the programme. Cabinet has approved a target of 1000 new council homes from 2021-2031, and this 4 year programme will enable the construction of around 340 new council homes.

6.0 Risks

6.1 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 effect of Welfare Reform on levels of income which support capital funding.

7.0 Equality and Engagement Implications

7.1 Tenants and leaseholders have been engaged as part of the Council's Tenant Participation Strategy.

7.2 An EIA screening form has been completed and reviewed. The agreed outcome was that a full EIA report is not required at this time. This will be reviewed as the projects progress. All schemes will be subject to consultation with individuals affected via the Council's Major Works Agreement and all schemes needing planning consent will be subject to normal planning procedures and the council's EIA process. Any individual requirement will be taken into account during the scheme liaison process.

7.3 It is confirmed all new homes are being built to Design Quality Requirement and Lifetime Homes Standards to ensure that accessibility is part and parcel of the design. New Council housing will be allocated in line with the Council's agreed allocations policy.

8.0 Legal Implications

- 8.1 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.

9.0 Financial Implications

- 9.1 Expenditure is ring fenced to the HRA and will be fully funded by MRA grant from Welsh Government, revenue contributions from the Housing Revenue Account and HRA borrowing. There are no financial implications for the Council General Fund.
- 9.2 Additional borrowing of £100.9m million will be required to fund the WHQS and new build programmes up to and including 2023/24.

Background Papers: None.

Appendices:

Appendix A: Summary of the revised budget for 2019/20 and a budget for 2020/21 – 2023/24.

Appendix B: A detailed breakdown of the revised budget for 2019/20 and a budget for 2020/21 – 2023/24.

Appendix C: Scheme descriptions.

Summary of HRA Capital Budget and Programme 2019/20 to 2023/24						
	2019/20	2020/21	2021/22	2022/23	2023/24	Total
HRA Subsidy Reform	Revised	Original	Original	Original	Original	
Scheme	£'000	£'000	£'000	£'000	£'000	£'000
Good State of Repair						
Wind and Weatherproofing	4,781	6,003	23,530	19,220	18,220	71,754
System Built Houses and Highrise Blocks	4,853	3,378	4,080	10,400	8,700	31,411
Roofing	962	2,851	1,150	1,300	1,300	7,563
Windows, Doors and General Repairs	555	1,270	730	735	705	3,995
Safe and Secure						
Fire Safety	1,634	2,365	1,550	1,400	1,300	8,249
Electrical Improvements	446	2,057	1,340	1,170	2,170	7,183
Passenger Lifts	127	652	1,300	1,300	300	3,679
Adequately Heated, Fuel Efficient & Well Insulated						
Heating Systems	640	1,050	1,050	1,220	2,300	6,260
Energy Efficiency and Grant Support	424	375	250	420	420	1,889
Contain Up to Date Kitchens and Bathrooms						
Kitchens and Bathrooms	25,156	9,527	2,500	2,500	2,500	42,183
Located in Attractive and Safe Environments						
Environment - Within the Curtilage	4,235	10,640	1,830	1,330	1,230	19,265
Estate Based Environment	900	1,866	1,200	1,800	3,000	8,766
Meeting Requirements of the Household						
Adaptations	2,850	2,850	2,750	2,750	2,750	13,950
More Homes						
New Build and Acquisitions	5,797	7,737	5,760	13,700	15,800	48,794
Total	53,360	52,621	49,020	59,245	60,695	274,941

Appendix A cont.

Financed By:	2019/20 Revised	2020/21 Original	2021/22 Original	2022/23 Original	2023/24 Original	Total
	£'000	£'000	£'000	£'000	£'000	£'000
MRA	9,210	9,210	9,210	9,210	9,210	46,050
RCCO	27,472	26,457	25,510	23,735	21,685	124,859
Borrowing	15,900	14,600	14,300	26,300	29,800	100,900
Innovative Housing Grant	778	2,354				3,132
Total	53,360	52,621	49,020	59,245	60,695	274,941

Appendix B

HRA CAPITAL PROGRAMME	2019/20 to 2023/24						
	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	Original	Revised	Original	Original	Original	Original	Original
Scheme / Project	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Good State of Repair							
Wind & Weatherproofing, Blaenymaes (Woodford Road)		662	408				1,070
Wind & Weatherproofing, Fforesthall			1,200	1,850	1,650	1,450	6,150
Wind & Weatherproofing, Garden City				1,300	1,300		2,600
Wind & Weatherproofing, Talcoppa	410	812	950				1,762
Wind & Weatherproofing, Birchgrove Road						1,650	1,650
Wind & Weatherproofing, Pentrechwyth				1,500	1,400		2,900
Wind & Weatherproofing, Trallwn Road Area				1,000			1,000
Wind & Weatherproofing, William Morris Gardens						700	700
Wind & Weatherproofing, Gorseinon					900	900	1,800
Wind & Weatherproofing, Loughor						850	850
Wind & Weatherproofing, Pontardulais	920	504			900	1,750	3,154
Wind & Weatherproofing, Waunarwydd				960	950	950	2,860
Wind & Weatherproofing, Penyrheol				1,000	1,000	1,000	3,000
Wind & Weatherproofing, Clase				700			700
Wind & Weatherproofing, Tirdeaunaw Sheltered Complex	400	416					416
Wind & Weatherproofing, Clydach Tanycoed Area		239	1,200	1,300			2,739
Wind & Weatherproofing, Gwernfadog & Llanllienwen Rd Area				1,150	1,150		2,300
Wind & Weatherproofing, Garnswllt				800			800
Wind & Weatherproofing, Morriston				1,300			1,300
Wind & Weatherproofing, Clydach Woodside Road Area				1,100	1,600		2,700
Wind & Weatherproofing, Clydach Tyle Teg Area					1,100	1,100	2,200
Wind & Weatherproofing, Trewyddfa Common Area						1,300	1,300
Wind & Weatherproofing, Llwynceithin & Maes Glas Flats		276	715				991

HRA CAPITAL PROGRAMME	2019/20 to 2023/24						
	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	Original	Revised	Original	Original	Original	Original	Original
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Good State of Repair continued.							
Wind & Weatherproofing, Landore				1,250	900		2,150
Wind & Weatherproofing, Penlan & Gendros					1,450	1,450	2,900
Wind & Weatherproofing, Sketty				900	900	1,000	2,800
Wind & Weatherproofing, Three Crosses					1,300	1,300	2,600
Wind & Weatherproofing, Jones & Evans Terrace & Wilkes Row				1,700			1,700
Wind & Weatherproofing, Cwm Road Area				1,500			1,500
Wind & Weatherproofing, Brondeg				1,500			1,500
Wind & Weatherproofing, Tower Gardens	300	326					326
Wind & Weatherproofing, West Cross	2,499	1,188	1,502	1,100	1,100	1,200	6,090
Wind & Weatherproofing, Mayhill & Townhill				1,620	1,620	1,620	4,860
Wind & Weatherproofing, West Cross Warwick Place	69	98	28				126
Wind & Weatherproofing, Various Locations	260	260					260
Airey & Traditional Built Properties, Felindre	574		479				479
Resiform & Traditional Built Properties, Craig Cefn Parc	378	199	175				374
British Iron & Steel Federation (BISFs) Houses West Cross	52	69	24				93
Wimpey No Fines (WNFs) Properties, Waunarwydd	840	318	782	30			1,130
Wimpey No Fines (WNFs) Properties, Caemawr	12						
Wimpey No Fines (WNFs) Properties, Heol Emrys & Tudno Place	75		75	150	1,500	1,500	3,225
Easiform Properties, Winch Wen	1,610	981					981
Easiform & Traditional Properties, Sketty	1,050	388	198				586
Easiform & Wimpey No Fines Properties, Clase	980	1,650	200				1,850
Easiform Properties, Birchgrove	1,280	527					527
Highrise Flats, Matthew Street, Dyfatty		93					93
Highrise Flats, Croft Street, Dyfatty	1,172	251	935	3,800	8,000	2,200	15,186

HRA CAPITAL PROGRAMME	2019/20 to 2023/24						
	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	Original	Revised	Original	Original	Original	Original	Original
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Good State of Repair continued.							
Highrise Flats, Griffith John Street, Dyfatty	50		103	100	900	5,000	6,103
Highrise Flats, Clyne & Jeffreys Court	647	377	407				784
Chimney Repairs	667	428	1,020	1,000	1,000	1,000	4,448
Chimney Repairs Building Services		100					100
Pitched Roof Renewal, Gower	14	83	14				97
Pitched Roof Various	406	103	55	50	100	100	408
Pitched Roof Various, Port Tennant Road Flats	3	92	3				95
Pitched Roof Various, Maes Yr Efail	2		400				400
Pantgwyn, Sketty			8				8
Flat Roof Renewal, Sketty	4	53	95				148
Flat Roof Renewal, Various	150	53	56	100	200	200	609
Flat Roof & Window Renewal Rheidol Court	50	50	1,200				1,250
Balcony Repairs	156	102	102	100	100	100	504
Window & Door Renewal	10		50	100	150	150	450
Fire Door Improvement	500	237	379	150	150	150	1,066
Structural Repairs	400	176	434	250	250	200	1,310
Drainage Repairs & Improvements	80	30	50	50	30	50	210
Repairs to Offices & Operational Assets - Various	75		250	75	50	50	425
Design & Scheme Preparation	5	10	5	5	5	5	30
Safe and Secure							
Fire Safety General	372	53	440	350	250	250	1,343
Smoke & Carbon Monoxide Detectors	300	694	950	1,100	1,100	1,000	4,844
Smoke & Carbon Monoxide Detectors - Communal Areas			75	100	50	50	275
Fire Safety Sprinkler System, Highrise & Sheltered	1,106	300	300				600
Sprinkler System, Griffith John Street			600				600

HRA CAPITAL PROGRAMME	2019/20 to 2023/24						
	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	Original	Revised	Original	Original	Original	Original	Original
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Sprinkler System, Jeffreys Court		6					6
Sprinkler System, Clyne Court	400	570					570
Sprinkler System, Matthew Street	0	11					11
Electrical Rewiring	508	212	1,407	950	950	1,500	5,019
Electrical Rewiring Contract 3 18/19		11					11
Electrical Rewiring Contingency	20		20	20	20	20	80
Electrical Rewiring, Communal Systems & Facilities	255	164	420	100			684
Electrical Rewiring Sub Mains to Highrise Blocks			20	20		500	540
Warden Call System			100	150	150	150	550
Communal Aerials	61	59	90	100	50		299
Passenger Lift Renewal & Improvements, Various Locations	150	127	652	1,300	1,300	300	3,679
Passenger Lift Renewal & Improvements, Hafan Glyd	7						
Energy Efficiency and Adequately Heated							
Boiler & Heating Replacement	750	600	900	900	1,000	1,800	5,200
Heating Distribution Systems, Various Locations			100	100	200	500	900
Heating Upgrades & Fuel Conversions	40	40	50	50	20		160
Loft Insulation	80	60	71	50	20	20	221
Energy Efficiency & Energy Grant Support	509	364	304	200	200	200	1,268
Energy Efficiency City Wide: Heating & Ventilation					200	200	400
Kitchens and Bathrooms							
Kitchen & Bathroom Renewal	22,500		9,500	2,500	2,500	2,500	17,000
Kitchen & Bathroom Renewal Asbestos	250	250	27				277
Kitchen & Bathroom Renewal 17/8 Contractor 1	12						
Kitchen & Bathroom Renewal 17/8 Contractor 2	7						
Kitchen & Bathroom Renewal 17/8 Contractor 3	15						

Scheme / Project	2019/20 to 2023/24						
	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	Original	Revised	Original	Original	Original	Original	Original
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Kitchen & Bathroom Renewal 18/19 Contractor 1	1,367	392					392
Kitchen & Bathroom Renewal 18/19 Contractor 2	1,396	549					549
Kitchen & Bathroom Renewal 18/19 Contractor 3	929	251					251
Kitchen & Bathroom Renewal 18/19 Contractor 4	339	243					243
Kitchen & Bathroom Renewal 19/20 Contractor 1		7,322					7,322
Kitchen & Bathroom Renewal 19/20 Contractor 2		4,899					4,899
Kitchen & Bathroom Renewal 19/20 Contractor 3		4,700					4,700
Kitchen & Bathroom Renewal 19/20 Contractor 4		4,550					4,550
Kitchen & Bathroom Renewal 19/20 CBS		2,000					2,000
Kitchen & Bathroom Renewal Contingency	200						
Located in Safe Attractive Environment							
Environment - Within the Curtilage							
External Facilities Scheme	6,040		6,500	1,500	1,000	1,000	10,000
External Facilities Contingency	80						
External Facilities Scheme Gorseinon Contract 1	16	37					37
External Facilities Scheme Gorseinon Contract 2	11	25					25
External Facilities 17/18 - Penlan	28	80	28				108
External Facilities 18/19 - Arennig Road Area	36	638	39				677
External Facilities 18/19 - Penlan 3 EHG Area	337	336					336
External Facilities 19/20 - St Thomas		1,086	64				1,150
External Facilities 19/20 - Bonymaen		567	528				1,095
External Facilities 19/20 - Birchgrove		107	655				762
External Facilities 19/20 - Penlan 4		572					572
External Facilities 19/20 - Trallwn		161	661				822
External Facilities 19/20 - Winch Wen		107	1,389				1,496
External Facilities 19/20 - Llanllienwen		268	330				598

HRA CAPITAL PROGRAMME	2019/20 to 2023/24						
	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	Original	Revised	Original	Original	Original	Original	Original
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Meter Boxes	200	20	50	30	30	30	160
Voice Entry Systems	52	231	396	300	300	200	1,427
Environment - Estate Based							
General Environmental Schemes	1,500	900	1,866	1,000	1,000	1,000	5,766
Environment – Estate Based				200	800	2,000	3,000
Meeting the Needs of the Household							
Adaptations Internal	2,000	2,100	2,100	2,000	2,000	2,000	10,200
Adaptations External	750	750	750	750	750	750	3,750
More Homes							
More Homes – Parc Y Helig, Birchgrove	3,503	3,170	651				3,821
More Homes – Colliers Way	3,792	1,632	2,307				3,939
More Homes – Acacia Refurbishment, West Cross	300	75	164				239
More Homes – Hillview / Beaconsview, Clase	500	100	2,595	2,200			4,895
More Homes – Creswell Road, Clase					2,100		2,100
More Homes – The Circle, West Cross			500	600			1,100
More Homes – Scurlage					3,500		3,500
More Homes – Ty Draw, Bonymaen					2,300	3,000	5,300
More Homes – Spark Centre, Blaenymaes				360			360
More Homes – Other	245	70	220			5,000	5,290
More Homes – Gorseinon			300				300
More Homes – Milford Way Partnership Scheme A					1,000	1,000	2,000
More Homes – Milford Way Partnership Scheme B					1,500	1,500	3,000
More Homes – Gwynfaen Farm				1,600			1,600
More Homes – District Housing Office Conversion						300	300

HRA CAPITAL PROGRAMME	2019/20 to 2023/24						
	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Scheme / Project	Original	Revised	Original	Original	Original	Original	Original
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
More Homes – Heol Emrys & Tudno Place New Build					2,300	4,000	6,300
More Homes – Acquisitions	250	750	1,000	1,000	1,000	1,000	4,750
Total	67,313	53,360	52,621	49,020	59,245	60,695	274,941

HRA 4 Year Capital Programme

WHQS and Scheme Descriptions

Welsh Housing Quality Standard (WHQS)

The WHQS is a legal requirement and a strategic target for the council; it contains key standards that council housing across Wales are expected to meet. Compliance with the WHQS is measured via condition surveys which gauge compliance based on the condition and suitability of a wide range of building components.

The WHQS permits what are termed 'acceptable fails', these apply to building components which are considered to be non-compliant but where the Council is unable to undertake major repairs or improvements required to meet compliance due to the following four reasons: i.) Cost of remedy; ii.) Resident choice; iii.) Physical constraint; and iv.) Timing of remedy. When classing components as acceptable fail, properties will continue to be maintained and managed through the Council's responsive repairs service and its servicing activities to ensure tenants remain safe and secure in their homes.

Good State of Repair

Wind and Weatherproofing

Wind and Weatherproofing includes the repair and upgrade of the external fabric to maintain structural integrity and improve weather protection and thermal efficiency. Work typically includes renewing roofs, weatherboards and rainwater goods, wall tie renewal, application of external wall insulation, and where required window renewal, new front and back doors, balcony railings, floors and doors, repairs to paths, steps, and handrails, fencing and drying facilities within the curtilage of the home. In some instances, improvements to fire safety will be undertaken.

Some schemes may include the application of renewable technologies and participate in grant assisted energy efficiency schemes. These schemes will explore the application of energy efficient and renewable technologies aimed at reducing household costs and carbon emissions. Investment will also be used for major repair or renewal of existing systems.

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 cladding may be removed and replaced with a new system or with traditional building materials depending on the most effective solution and where required new windows, front and back doors, repairs to paths, steps, handrails, fencing and drying facilities within the curtilage of the home where necessary. Internally, work will include kitchens and bathrooms and electric wiring 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 replacement heating systems and the application of renewable energy systems as part for the project. Investment may support energy grants where available. This scheme will operate beyond a single financial period. This contract may be subject to planning permission requirements and officers will submit planning applications as necessary.

Resiform and Traditional 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 thermally efficient windows and 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. Selected properties will form part of a pilot scheme trialling a suite of renewable technologies to create Homes as Power Stations (HAPS) which aims to greatly improve the energy efficiency of homes, reduce energy costs for tenants and inform future approaches to reducing carbon emissions and address the Welsh Government's decarbonisation agenda. The scheme will be supported by grant funding and work will be undertaken in partnership with the consortium SPECIFIC in particular Cardiff University. Partnership will include direct contribution of some renewable equipment, post occupancy monitoring, as well as public acknowledgement of grant based contributions, promotion and academic reporting. This scheme 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, window renewal where required and door renewal. Where required, thermally efficient windows as well as repairs to paths, steps, handrails, fencing and drying facilities within the curtilage of each home will be undertaken. Schemes may be subject to planning permission requirements and officers will submit planning applications as necessary.

Wimpey No Fines Properties – Heol Emrys and Tudno Place

A regeneration project has been commissioned to address some of the issues affecting the Wimpey No Fines properties in Heol Emrys and Tudno Place, An overarching masterplan is in the process of being developed which will set out a range of options and a programme of works to enable delivery of the agreed plan. It is likely that the plan will include a mix of refurbishment, new build and possible selective demolitions as part of regeneration works to improve the existing properties, increase the number of homes and enhance the area. Schemes will 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 safety and particularly improve the thermal efficiency of the properties. The scope of work will include roof repairs, wall repairs and insulation, window renewal as required, improvements to balconies where present and minor upgrades to fire safety. The scheme will include upgrades to communal entrance systems, repairs to

paths, steps, and handrails, fencing and drying 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 and Surrounding Low-rise 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 focus on the remaining blocks in Dyfatty, specifically Croft Street and Griffith John Street and the scope of the work will be significant and varied in order to deliver key aims which include protecting the structures; improving their weather resistance, thermal efficiency and fire safety. The flats will also receive improvements to communal areas within the blocks, internal facilities for individual homes as well as wider environment to ensure they are safe and attractive places to live. Investment will go towards the design, research and preparation of the scheme and the repair and improvements to the high and low rise blocks.

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 and cabling for internet access, new door entry systems and upgrades to fire safety which will include the installation of sprinklers through individual flats, improved fire detection and warning, fire stopping and improved fire separation. Work inside homes may require additional repairs and renewal of decorative and floor finishes depending on the level of disruption within homes.

Communal areas will have improved drainage and repairs and upgrades to any incoming or outgoing ducts and pipe work as well as service shafts. The blocks will receive new passenger lift cars and equipment, new communal lighting and electrical installations including communal integrated TV and internet cabling and where required upgrade to the incoming electrical sub mains supply. Communal areas will also be covered by a new sprinkler system and upgrades to CCTV to ensure all areas are monitored. Where required improvements to fire safety, decoration and floor finishes may be included.

Externally, the work will include a new roof and roof insulation, structural repairs, insulation and cladding systems, rainwater and foul water drainage and dispersal equipment, improvements to the communal walkways and upgrades to the balcony rails, balcony drainage and flooring, new balcony doors, repairs to balcony slabs, new thermally efficient windows, upgrades to fire protection, improved CCTV systems where required, improved entrances, renewal of the communal electrical wiring and lighting, and improvements to the decoration.

The Croft Street scheme will treat the immediate Housing owned areas surrounding area including High Street flats with the aim providing a safe and attractive environment for residents and visitors. To achieve this, the scheme will seek, amongst other works, to improve paths and circulation routes, improve security and safety which may include fencing and walls and improved lighting and CCTV coverage. Also work will include repairs to free standing and retaining walls, parking and areas of hard and soft landscaping, likely removal of garages and creation of additional resident parking.

The project will also create new accommodation by converting empty storage areas and commercial premises into HRA owned dwellings providing a mixture of general needs HRA accommodation as well as specialist temporary accommodation and where possible convert immediately surrounding hard environments into gardens or green buffer zones to improve the quality of accommodation. In some cases, this will require ownership transfer

into the HRA as well as acquisition of private properties; some units may temporarily remain operational as commercial units until the scheme to convert to accommodation begins on site. Officers will undertake appropriation and acquisition activities in line with the Council's constitution and corporate financial rules.

The project is expected to take over four 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 required.

Chimney Repairs

The scheme will involve repairing, rebuilding or taking away the chimney if it is no longer required and any works as required to heating systems which are affected by the works. 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.

Flat Roof and Window Renewal

The scheme at Rheidol Court, Clase will include the renewal of the main and store roofs and will include improved insulation. Windows will be renewed to ensure they are in good condition and thermally efficient. Work will also include any minor repairs and upgrades to fire safety in these areas and the block will be cleaned to enhance the appearance and upkeep.

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, supports and structures, drainage and floor surface.

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, some windows will be replaced to provide a means of escape. Where necessary, fire doors will be renewed in flats to ensure they provide suitable fire protection.

Structural Repairs

Structural Repairs will treat free standing or retaining structures where there is failure or disrepair, subsidence, heave or movement cases, and other structural elements that are considered to be in need. Where the need arises, the budget will meet the cost for demolition of properties or structures including any buy back of properties as required.

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 maintain or improve sites and may include amongst other items: new systems, alternative or new layouts, or expansion of current systems. In scope will be formal storm and foul water drainage systems, attenuation systems, gullies, watercourses, streams, ditches and culverts and areas of water run-off, pooling or ponding.

Repairs to HRA Offices and Operational Assets – Various

The scheme is to carry out repairs, alterations, refurbishment or renewal to HRA offices and / or operational assets where required. The scope of work may include the conversion of existing facilities into accommodation or vice versa depending on service requirements. The work will include various items relating to the structure, fabric, electrical, mechanical and elements within the curtilage. If works are subject to planning permission requirements, officers will submit planning applications as required.

Design and Scheme preparation

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

Safe and Secure

Fire Safety and Risk Reduction – Various Locations

A range of fire safety and general risk reduction measures will be undertaken to homes, land and HRA assets. Work will be varied but may include the provision of up-to-date fire safety signage and other fire safety communication, upgrading fire stopping materials, minor changes to layout and access routes, specialist intrusive investigations in relation to improvement work, safety improvements within homes and communal areas including communal kitchens, fire barriers, upgrades to firefighting equipment and material and improvements to fire warning systems.

Smoke Alarms and Carbon Monoxide Detectors

Hard wired smoke alarms, heat detectors and carbon monoxide detectors in homes are renewed to ensure uninterrupted service. Investment will also be used for remote monitoring and activation and dis-repair monitoring. The project will be ongoing and will run over the period of this four year programme.

Fire Safety Sprinkler Systems – Highrise and Sheltered Complexes

The scheme will install a sprinkler system to individual flats and communal areas of highrise blocks and older person sheltered complexes. The aim is to improve the fire safety for residents.

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 Wiring and Emergency systems

The electrical systems in communal areas will be rewired and improved where the existing installations are required by the relevant regulation, where an electrical inspection has identified that this is required or where it is required as part of a service provided by the Council. The scope of the work will include the provision of new electrical wiring, emergency lighting, new communal aerial facilities, lightning conductors, fire alarms, IT systems and cabling, warning or helpline systems, CCTV, electrical mains and sub mains supply (where in housing ownership) and communal fire alarm systems as required. This contract will operate over the period of this report.

Warden Call and Alarm Systems

Investment is required to upgrade and improve tenant and warden call systems to alarm receiving centres to ensure continued uninterrupted provision for older and or infirm tenants. Work will include all relevant materials, installation activities and subscriptions to ensure tenants have access to a call system allowing facilitating support and help in older person accommodation.

Communal Aerials and TV Systems

The scheme is to repair or renew and upgrade existing communal aerial systems in housing accommodation. The majority of work will take place in older person sheltered accommodation and blocks of flats. The work will include upgrading and renewing aerial and satellite systems.

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, design and 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.

Adequately Heated

Boiler Replacement – Various Locations

Heating systems will be renewed or upgraded as part of a long term programme aimed at improving efficiency and reliability. The scope of the work will include both individual and communal heating systems. This contract is ongoing and will run over the period of this four year programme.

Heating Distribution Systems – Various Locations

Investment will be used for the repair and improvement to heating distribution systems. Work will typically include repairs, improvements and renewal of central heating pipe work, radiators, valves and thermostatic valves, insulation measures, room thermostats, and communal heating system. The work may also involve reconfiguring and rerouting pipe work and any works in connection. The aim is to ensure heating systems are efficient, effective and reliable for tenants.

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, roof and ceiling insulation levels in council homes with the aim of improving thermal efficiency. This contract will operate over the period of this four year programme. The scheme will also seek to access and support grant funding where available.

Energy Efficiency Measures and Energy Grant Support – Various

This investment is to meet the costs directly and/or support grants for carrying out design and feasibility studies as well as the delivery of measures that improve thermal efficiency and/or Carbon Emission's in council homes. Work may include design and monitoring activities, the installation or the renewal of solar photovoltaics, solar hot water, battery

storage, air source or ground source heat pump, mechanical vent heat recovering systems, communal heating systems, insulation measures including wall insulation or other emerging energy saving technology / applications. The aim is to make homes more energy efficient, reduce energy costs for tenants, reduce carbon emissions and inform future approaches. The work will be ongoing and is expected to run over the period of this four year programme. Where schemes or activities are subject to planning permission requirements, officers will submit planning applications as necessary.

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, incoming water supply, drainage arrangements, renewing food preparation surfaces, storage and cooking areas, 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 age, illness or disability. Contracts will operate over the period of this four year programme.

Kitchen and Bathroom Asbestos Management

Investment is to meet costs of managing asbestos in relation to works to kitchen and bathroom renewal. The purpose is to ensure tenants remain safe in their homes and the Council meets its statutory obligations.

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 to the external facilities within the curtilage of homes and communal areas of blocks of flats to ensure they are reasonably safe and practicable areas. Garden 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 minor repairs or partial replacement of fencing and boundary walls, walls within the curtilage, paths, steps, handrails, drying facilities, clearance and or planting where necessary or lighting to communal areas. Where some facilities are no longer viable, these may be removed. The project will be ongoing and will run over the period of this four year programme.

Meter Boxes

The scheme will replace and upgrade gas and electric meter boxes to improve safety and the appearance. The project will be ongoing and will run over the period of this four year programme.

Voice Entry Systems

The scheme will renew or upgrade existing or provide new communal entrance doors in blocks of flats with voice entry systems. Investment will also ensure communal areas are protected and improve the safety and security for tenants and residents.

Environment

General Environmental Improvement 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 and improvements necessary for the Housing Service to discharge its duties as asset holder.

Area Enhancement – Estate Based

Investment will be used to address the environment of areas where there are specific needs and challenges to ensure these are suitable for future use. Where schemes or activities are subject to planning permission requirements, officers will submit planning applications as necessary. The project will be ongoing and will run over the period of this report.

Meeting Requirements of the Household

Adaptations

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

More Homes

The investment will be to support the creation of Council homes for social rent and increase the supply of affordable housing in Swansea. The investment will be primarily used to construct new homes on HRA land but also to acquire houses, property, buildings and land, and undertake any necessary clearance and preparation or other preparatory work associated with actions set out in the agreed 'More Council Homes Strategy'. Officers will undertake appropriation and acquisition activities in line with the Council's constitution and corporate financial rules. Activities to deliver the More Council Homes Strategy will include seeking and utilising grant assistance wherever available. As well as direct delivery to build new homes, the Council is also looking at options to procure a development partner or a range of partners to deliver some of the larger mixed tenure HRA sites, as well as exploring opportunities to work with local RSLs on delivery partnerships. The schemes will operate over the period of this four year programme. Schemes will be subject to planning permission requirements and officers will submit planning applications as required.

Agenda Item 14.



Report of the Section 151 Officer

Special Cabinet - 20 February 2020

The Capital Strategy 2019/20 – 2024/25

Purpose:	To approve the Capital Strategy which informs the four year capital programme.
Consultation:	Legal, Finance and Access to Services.
Recommendation(s):	It is recommended that: 1) The Capital Strategy is approved.
Report Author:	Jeff Dong
Finance Officer:	Ben Smith
Legal Officer:	Deb Smith
Access to Services Officer:	Rhian Millar

1. Introduction

- 1.1 Following the publication of the Revised CIPFA Prudential Code in Dec 2017, it is now a requirement for Authorities to produce a Capital Strategy in addition to its other suite of reports which are required by Regulation which outline and support the capital and revenue budgets
- 1.2 The Capital Strategy has been developed to ensure that the Council can take capital expenditure and investment decisions in line with Council priorities and properly take account of stewardship, value for money, prudence, risk, sustainability and affordability. The Strategy, therefore, sets out the longer term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and the impact on the achievement of priority outcomes. The Capital Strategy sets out the underlying principles in support of the capital programme presented to Council for approval on this same agenda. It seeks to ensure that each project is supportive of our corporate objectives, has clearly identified funding and has appropriate governance arrangements in place to support decision making and deliver the scheme.

- 1.3 The strategy covers capital expenditure, capital financing and asset management and is one of the key strategies alongside the more operational strategies for these and other areas including Treasury Management, Tax, Property Investment and service areas such as housing and other spending areas. It also gives an overview of how associated risk is managed and the implications for future financial sustainability. The Capital Strategy should support the delivery of the corporate objectives of the Authority and must complement and demonstrate clear links with the:
- The Corporate Plan
 - The Revenue Budget Report
 - The Capital Programme Report
 - The Medium Term Financial Plan
 - The Treasury Management, Investment Strategy and MRP Policy Statement Report

- 1.4 The Council's Corporate plan has the following well-being priorities:

1. **Safeguarding** people from harm - so that our citizens are free from harm and exploitation
2. Improving **Education and Skills** - so that every child and young person in Swansea gains the skills and qualifications they need to succeed in life
3. Transforming our **Economy and Infrastructure** - so that Swansea has a thriving mixed use City Centre and a local economy that will support the prosperity of our citizens
4. **Tackling Poverty** - so that every person in Swansea can achieve his or her potential
5. Maintaining and enhancing Swansea's **natural resources and biodiversity** - so that we maintain and enhance biodiversity, reduce our carbon footprint, improve our knowledge and understanding of our natural environment and benefit health and well-being
6. **Transformation and Future Council** development - so that we and the services that we provide are sustainable and fit for the future.

In formulating the detailed schemes within the programme of capital expenditure 2019/20- 2024/25, it can be demonstrated that all projects promote the objectives of at least one or more of the above priorities.

2. The Capital Programme 2019/20 – 2024/25

- 2.1 The Capital Budget and Programme 2019/20 – 2024/25 for the general fund and HRA is reported in detail in The Capital Programme & HRA Capital Programme Reports on this agenda.

3. Asset Management Planning

- 3.1 The programme includes capital expenditure on the following categories of spend:
- Operational – supporting core business and service delivery

- Investment – to provide a financial return to the Council
 - Regeneration/ Community – enabling strategic place shaping and economic growth / to support specific local community and regional projects
- 3.2 Operational – Within the capital programme, is a comprehensive schedule of programmed routine repairs and maintenance both on the existing property inventory but also on the significant portfolio of highways assets.
- 3.3 Investment – It is recognised that, over the long term property offers a sound total investment opportunity, (including yield in the form of contractually agreed rental/lease income and the potential for capital growth in the form of potential asset appreciating in value). The formation of the Property Investment Board has enabled the Authority to take advantage of investing in property with a view to making a financial return, based on robust business case analysis evaluating not only on financial returns but also considering strategic control of key sites within the City boundaries.
- 3.4 Regeneration/Community

A major portion of the current capital programme is comprised of a number of major regeneration and community construction programmes being undertaken by the Authority:

- 21st Century Schools – A programme of major school refurbishment and new school build
- Swansea Bay City Region Deal - The Swansea City and Waterfront Digital District project (one of the 11 Swansea Bay City Region Projects) plans include a 3,500-seat digital indoor arena at the current LC car park site in the city centre that will accommodate music concerts, touring shows, exhibitions, conferences, gaming tournaments and other events. A digital square featuring digital artworks and ultrafast internet connection speeds will also be developed outside the arena.
- More Homes and Welsh Housing Quality Standards– A programme of council house refurbishment and new council house building utilising new borrowing powers to invest in new Council housing stock.

4. Commercial Activity & Property Investment

- 4.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines investment property as property held solely to earn rentals or for capital appreciation or both. Returns from property ownership can be both income driven (through the receipt of rent) and by way of appreciation of the underlying asset value (capital growth). The combination of these is a consideration in assessing the attractiveness of a property for acquisition
- 4.2 In the context of the Capital Strategy, the council can use capital to invest in property and or infrastructure assets to provide a positive surplus/financial return. The council may fund the purchase of the property/infrastructure by

borrowing money, normally from the PWLB as part of HM Treasury. The income generated should cover the cost of servicing and repaying the borrowed money each year. If an annual surplus is generated, this can be used to support the council's budget position, and enables the council to continue to provide services for local people

4.3 The reasons for buying and owning property investments are primarily:

- Financial returns to fund services to residents
- Market and economic opportunity.
- Economic development and regeneration activity in the City (all investment property is within the City & County boundaries)

4.4 Historically, property has provided strong investment returns in terms of capital growth and generation of stable income. Property investment is not without risk as property values can fall as well as rise and changing economic conditions could cause tenants to leave with properties remaining vacant

4.5 The strategy makes it clear that the council will continue to invest prudently on a commercial basis and to take advantage of opportunities as they present themselves, supported by our robust governance process

4.6 The Authority has established an appropriate gateway mechanism through the property investment board to appraise and evaluate all such investment opportunities.

5. Governance & Oversight

5.1 The Council has a well-established corporate governance framework with which to manage, monitor and quality assure the delivery of the capital programme:

- Cabinet
 - Approval of large schemes/programmes
- Capital Budget Monitoring Cycle
 - Quarterly monitoring of progress against budget/programme
- Contract Procedure Rules
 - Identifies most appropriate procurement route for project
- Financial Procedure Rules
 - Identifies appropriate scheme approval limits and budget virements / overspends thresholds
- Regeneration Programme Board
 - Monitors all regeneration programme schemes for progress against time, budget, quality

- Housing Futures Programme Board
 - Monitors all Housing schemes for progress against time, budget, quality
- 21st Century Schools Programme Board
 - Monitors all 21st Century Schools schemes for progress against time, budget, quality
- Property Investment Board
 - Identifies, appraises and approves property investment opportunities
- External Funding Panel
 - Approves applications for grant funding where appropriate
- Grants & Capital Manual
 - Outlines the corporate capital & grant protocols, procedures and practices for compliance by practitioners within the organisation

6. Capital Financing Strategy

6.1 The Council's adopted capital financing strategy is to:

- maximise external private investment
- maximise external grant funding
- maximise capital receipt income
- finance self-funding income generative schemes
- minimise external borrowing
- minimise external funding costs

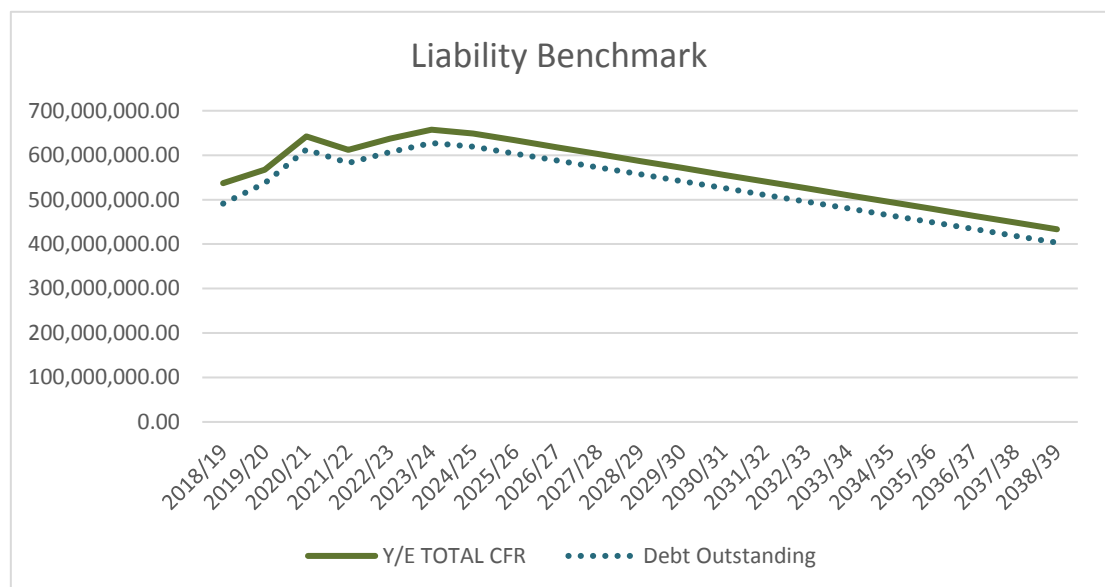
6.2 In the current austere financial climate, capital allocations are constrained and the financing of prioritised schemes need to be carefully considered. In light of the continuing pressures on the revenue budget, unsupported borrowing is only to be utilised if there is a clear business case for expenditure and other sources of finance have been fully explored and ruled out. The corollary of austerity is that PWLB capital financing is still at low levels but following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will also need to be given to sourcing funding at cheaper rates from the following:

- Local authorities
- Financial institutions
- Municipal Bonds Agency

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

7. Treasury Management Strategy

- 7.1 The Capital Strategy and the Capital Programme is intrinsically linked to the Treasury Management Strategy employed to fund the programme. The capital programme determines the borrowing need of the Council, essentially the longer term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. The Council approves its Treasury Management Strategy, Investment Strategy and Minimum Revenue Policy in a separate report on this agenda.
- 7.2 The Council is required to produce a liability benchmark informed by its underlying need to borrow, otherwise known as the Capital Financing Requirement (CFR), mapped against its actual levels of debt entered into. The attached is a projection of the benchmark as informed by the current capital programme. It can be seen that the benchmark enters into net repayment mode from 2024/25 as the current programme ends, but in reality the ongoing programme will be refreshed and ongoing financing shall be required.



8. Revenue Impact of The Capital Programme

- 8.1 Unsupported borrowing has a direct impact on the revenue budget, with revenue required to support both interest and principal repayments. The associated capital financing costs of a project are thoroughly considered when appraising a potential capital investment. The revenue impact are considered in light of affordability, prudence and sustainability whilst considering the long term impact and benefits of a considered capital programme. The revenue impact of the capital programme are outlined in the Medium Term Financial Plan, which is also presented on this agenda.

9. Risk Appetite

- 9.1 Under CIPFA guidance, a local authority is required to outline its risk appetite in respect of its investment activities.

- 9.2 For the purpose of this statement, the Authority has referenced the Orange Book (UK government publication on the strategic management of risk within government) definition of Risk Appetite, namely:

“the amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time.”

It is important to note that risk will always exist in some measure and cannot be removed in its entirety. Additionally, in order to realise investment and commercial gains, one has to take some measure of risk. Therefore, risks need to be considered both in terms of threats to the Council as well as positive opportunities. It is worth noting that the Public Accounts Committee supports well-managed risk taking across government, recognising that innovation and opportunities to improve public services requires risk taking, providing that the ability, skills, knowledge and training to manage those risks well, exist within the organisation or can be brought to bear from outside.

- 9.3 The risk appetite statement sets out how we balance risk and return in pursuit of achieving our objectives. It is intended to aid careful decision-making, such that the Council takes well thought through risks to aid successful delivery of its services and obligations, while also understanding the adverse aspects of risk undertaken and taking appropriate measures to mitigate these in line with its stated goals. Thereby, the Council’s risk judgements are more explicit, transparent and consistent over time.
- 9.4 The risk appetite statement shall form a key element of the Council’s governance and reporting framework. In addition, the risk appetite will be considered annually and monitored on an ongoing basis by senior management, advisors, Audit Committee and Scrutiny Panel as appropriate.
- 9.5 It is important to note that the risk appetite is a high level view on the key areas of risk and the qualitative quantum therein that the Council is willing to accept in pursuit of its objectives. In this, it is different to other key aspects of risk management, primarily:
- The risk universe – a detailed list of all the potential risks the Council is exposed to.
 - Risk capacity – the maximum level of risk the Council can run given its reserves, revenues, and access to funding, liquidity, regulatory and legal constraints, and any other restrictions.
 - Risk tolerance – the maximum amount and type of risk that the Council is willing to tolerate on a prudent assessment.
- 9.6 The latter two are usually quantified and given as a series of limits and analyses. The risk appetite is also supported by the following:
- The Council’s risk management framework
 - The governance structure and responsibilities
 - Risk reporting
 - Monitoring and escalation procedures

It should be noted that aspects of these will be bespoke to individual areas where risk is undertaken, e.g. the treasury portfolio, GDPR,

- 9.7 In general, the Council's risk appetite is expressed through its tolerance to risk in respect of capital preservation, meaningful liquidity and income certainty and volatility. The Council seeks to minimise its exposure to risks that are unwanted and unrewarded. Capital is managed centrally on an ongoing basis to ensure that there is sufficient liquidity in the short and medium term to meet costs and support front line services, as well as meeting long-term solvency and funding requirements.
- 9.8 The Council is exposed to a broad range of risks:
- **Financial risks** related to the investment of the Council's assets and cash flow, market volatility, currency etc.
 - **Macroeconomic risks** related to the growth or decline of the local economy, interest rates, inflation and to a lesser degree, the wider national and global economy amongst others.
 - **Credit and counterparty risks** related to investments, loans to institutions and individuals and counterparties in business transactions.
 - **Operational risks** related to operational exposures within its organisation, its counterparties, partners and commercial interests
 - **Strategic risks** related to key initiatives undertaken by the Council such as significant purchases, new ventures, commercial interests and other areas of organisational change deemed necessary to help the Council meet its goals.
 - **Reputational risks** related to the Council's dealings and interests, and the impact of adverse outcomes on the Council's reputation and public perception.
 - **Environmental and social risks** related to the environmental and social impact of the Council's strategy and interests.
 - **Governance risks** related to ensuring that prudence and careful consideration sit at the heart of the Council's decision-making, augmented by quality independent advice and appropriate checks and balances that manage oversight and efficiency.
- 9.9 Managing the Council's risks is an area of significant focus for senior management and members, and the Council adopts an integrated view to the management and qualitative assessment of risk .The Council aims to minimise its exposure to unwanted risks – those risks that are not actively sought and which carry no commensurate reward for the Council – through a range of mitigation strategies to the extent that it is cost-effective to do so. Specifically, the Council has no appetite for reputational risk, governance risk and currency risk.

For other risks, the Council's appetite is as follows:

Risk	Appetite
Financial	<p>Moderate appetite for a range of asset classes, property and longer-term investments, subject to careful due diligence and an emphasis on security as well required liquidity profile.</p> <p>Lower appetite for capital growth oriented investments versus income generating investments.</p> <p>No appetite for currency risk, emerging markets and high volatility investments.</p>
Macroeconomic	<p>High appetite for exposure to local economic growth. Moderate appetite for exposure to national and global growth.</p> <p>Low appetite for interest rate risk, and inflation risk.</p> <p>No appetite for geopolitical risks and tail risk events.</p>
Credit & Counterparty	<p>High appetite for investment grade or secured credit risk, as well as exposure to highly rated counterparties and financial institutions with strong balance sheets.</p> <p>Lower appetite for unsecured non-investment grade debt. All subject to careful due diligence and an assessment of the transaction capacity, funding needs, broader goals and cashflow requirements.</p>
Operational	<p>Low appetite for BAU (Business as Usual) operational risks such as pricing errors, errors in administration, IT, cybersecurity etc. The Council maintains Risk Registers for key initiatives and significant investments to assess and mitigate specific risks on a more granular level. Business</p>

	<p>continuity plans have also been established to mitigate external occurrences.</p> <p>No appetite for fraud, regulatory breaches and exceeding risk tolerances.</p>
Strategic	High appetite for strategic initiatives, where there is a direct gain to the Council's revenues or the ability to deliver its statutory duties more effectively and efficiently.
Environmental & Social	<p>No appetite for environmentally negative risks.</p> <p>Low appetite for social risks, especially in the local region and always subject to full due diligence.</p>

9.10 Risk management is not a stand-alone discipline. In order to maximize risk management benefits and opportunities, it is integrated with existing business processes.

10. Skills & Knowledge

10.1 It is important that the Authority has the appropriate staff with the right skills, knowledge and expertise with which to deliver the capital strategy and the programme.

10.2 The Director of Place has operational responsibility for the delivery of the capital programme and has management responsibility for :

- Building Services (including procurement of Education Capital Programme)
- Property Services
- Regeneration & Planning Services
- Highways and Transportation
- Housing

where the staff are appropriately qualified as engineers, quantity surveyors, town planners, housing professionals, electricians, carpenters, subject matter experts and building professionals. Where required, external professionals are engaged and the appropriate framework/procurement route is adopted.

10.3 The financial management and budget monitoring of the capital programme is the responsibility of the S 151 Officer who is a CCAB qualified accountant and is supported by professionally CCAB qualified finance staff and technicians in providing the financial oversight and strategic financial advice for the capital programme.

10.4 The Head of Commercial Services is responsible for ensuring appropriate internal and external procurement and commissioning procedures are adhered to, ensuring that best value is achieved.

10.5 The Chief Legal Officer is responsible for ensuring legal compliance in the execution of contracts and completion of legal agreements in relation to the capital programme.

11. Legal Implications

11.1 The regulations requiring Authorities to have regard to The Prudential Code are issued under part 1 of The Capital Finance Act 2003. The code and subsequent guidance was revised in 2017 and 2018 respectively. The 2017 Code now requires the production of a Capital Strategy.

12. Financial Implications

12.1 The financial implications of this strategy are outlined in the Capital Programme, Medium Term Financial Plan and Treasury Management Strategy and Investment Strategy also on this agenda.

13. Equality Impact Assessment

13.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Our Equality Impact Assessment (EIA) process ensures that we have paid due regard to the above. We have undertaken an EIA screening which demonstrates there are no equality impact implications arising directly from this report (appendix 1)

Background Papers:

None

Appendices:

Appendix 1 – Equality Impact Assessment

Please ensure that you refer to the [‘Screening Form Guidance’](#) while completing this form. If you would like further guidance please contact your support officer in the Access to Services team (see guidance for details).

Section 1

What service area and directorate are you from?

Service Area: Financial Services & Service Centre

Directorate: Resources

Q1(a) WHAT ARE YOU SCREENING FOR RELEVANCE?

Service/ Function Proposal	Policy/ Procedure	Project	Strategy	Plan
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

(b) Please name and describe below Capital Strategy- Now a requirement of the CIPFA Prudential Code, this sets out the overarching principles guiding the formulation of the capital programme

Q2(a) WHAT DOES Q1a RELATE TO?

Direct front line service delivery	Indirect front line service delivery	Indirect back room service delivery
<input type="checkbox"/> (H)	<input type="checkbox"/> (M)	<input checked="" type="checkbox"/> (L)

(b) DO YOUR CUSTOMERS/CLIENTS ACCESS THIS SERVICE...?

Because they internal need to	Because they want to	Because it is automatically provided to everyone in Swansea	On an basis i.e. Staff
<input type="checkbox"/> (H)	<input type="checkbox"/> (M)	<input type="checkbox"/> (M)	<input checked="" type="checkbox"/> (L)

Q3 WHAT IS THE POTENTIAL IMPACT ON THE FOLLOWING...

	High Impact (H)	Medium Impact (M)	Low Impact (L)	Don't know (H)
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Marriage & civil partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Religion or (non-)belief	→	<input type="checkbox"/>	<input type="checkbox"/>	✓	<input type="checkbox"/>
Sex	→	<input type="checkbox"/>	<input type="checkbox"/>	✓	<input type="checkbox"/>
Sexual Orientation	→	<input type="checkbox"/>	<input type="checkbox"/>	✓	<input type="checkbox"/>
Welsh Language	→	<input type="checkbox"/>	<input type="checkbox"/>	✓	<input type="checkbox"/>
Poverty/social exclusion	→	<input type="checkbox"/>	<input type="checkbox"/>	✓	<input type="checkbox"/>
Carers	→	<input type="checkbox"/>	<input type="checkbox"/>	✓	<input type="checkbox"/>
Community cohesion	→	<input type="checkbox"/>	<input type="checkbox"/>	✓	<input type="checkbox"/>

Q4 Have you / will you undertake any public consultation and engagement relating to the initiative?

Yes ✓ No (If no, you need to consider whether you should be undertaking consultation and engagement – please see the guidance)

If yes, please provide details below

Q5(a) HOW VISIBLE IS THIS SERVICE/FUNCTION/POLICY/PROCEDURE/PROJECT/ STRATEGY TO THE GENERAL PUBLIC?

High visibility to general public
 (H)

Medium visibility to general public
 (M)

Low visibility to general public
✓ (L)

(b) WHAT IS THE POTENTIAL RISK TO THE COUNCIL'S REPUTATION? (Consider the following impacts – legal, financial, political, media, public perception etc...)

High risk to reputation
 (H)

Medium risk to reputation
✓ (M)

Low risk to reputation
✓ (L)

Q6 Will this initiative have an impact (however minor) on any other Council service?

Yes ✓ No If yes, please provide details below

Q7 HOW DID YOU SCORE? Please tick the relevant box below
– NOTE: Q3 counts as a single H, M or L (and one H / M outscores any n° of Ls)

MOSTLY H and/or M → HIGH PRIORITY → EIA to be completed
Please go to Section 2

MOSTLY L → LOW PRIORITY / NOT RELEVANT → ✓ Do not complete EIA
Please go to Q8 followed by Section 2

Q8 If after completing the EIA screening process you determine that this service/function/policy/project is not relevant for an EIA you must provide adequate explanation below.

This is now a code requirement to outline the principles behind the formulation of the capital programme and has no direct impact on the groups identified in Q3

Section 2

Please send this completed form to the Access to Services Team for agreement before obtaining email approval from your Head of Service.

Screening form completed by:	
Name: Jeff Dong	
Location: 1.4.1c	
Telephone Number: 07810438119	
Date: 29/1/20	
Approval by Head of Service:	
Name: B Smith	
Position: Section 151 Officer	
Date: 29/1/20	

Please return the completed form to accesstoservices@swansea.gov.uk

Agenda Item 15.



Report of the Cabinet Member for Children Services

Special Cabinet – 20 February 2020

Gower Activity Centres Budget Proposal 2020/2021

Purpose:	To seek permission to consult on price increases for the Gower Activities Centres through a range of options for consideration for the future operating model of the Gower Activity Centres with a zero based budget in line with the budget proposal for 20/21
Policy Framework:	Medium Term Financial Plan (MTFP) 2019-23, Council Budget 20/21 and <i>Sustainable Swansea – Fit for the Future</i>
Consultation:	Access to Services, Finance, Legal
Recommendation(s):	It is recommended that: <ol style="list-style-type: none">1) The proposals outlined are approved for consultation as below:2) Proposal 1 - Remove ALL subsidies for Swansea Schools and for pupils on Free School Meals (FSM) and put in place a more commercial price based on current market rates, and open up the offer wider than just Swansea schools (Public Consultation)3) Proposal 2 - A further staffing restructure to amalgamate posts and utilise seasonal/relief staff when required (Internal Consultation)
Report Author:	Jane Whitmore
Finance Officer:	Chris Davies
Legal Officer:	Caritas Adere
Access to Services Officer:	Rhian Millar

1. Introduction

- 1.1 The Gower Activity Centres provide educational outdoor activities for children, young people and their families in Swansea as well as operating as a commercial venture.
- 1.2 The core budget of the Gower Activity Centres is identified as part of the “Sustainable Swansea Four Year Transformation Programme aligned to the MTFP 2019-23” to move toward a zero based budget.
- 1.3 In order to achieve this it is necessary to review the pricing and operating model for the Gower Activities Centre to enable the continued operation and sustainability for the future.

2. Background

- 2.1 In 2016 a Commissioning Review was undertaken on the Gower Activity Centres and the core purpose of the Gower Activity Centres, agreed through the commissioning review as;

“To provide educational outdoor activity opportunities for children, young people, families and schools on the Gower in a sustainable way”

Following an option appraisal as part of the Commissioning Review the preferred option for implementation agreed outlined a new model of delivery to;

- Transform in house with phased implementation of a staff restructure, closure of 1 site, Dan-y-coed due to the backlog of maintenance issues, and seek an alternative operating model for the future;
 - Appoint a centre manager to have overall control of the centres and to drive forward change and review the vision and strategic business plan.
- 2.2 In 2015/16 the base budget for the centres was 493K, as a result of implementation of the recommendation of the Commissioning Review this was significantly reduced, after the disposal of the Dan-y-coed site, a staffing restructure and implementation of a new operating model.
 - 2.3 However, income generated has significantly increased over the years, whilst core budget has reduced.
 - 2.4 At the time of the Commissioning Review it was noted that to get to a zero base budget the subsidised places for Schools and for children and young people attending the centres who are in receipt of free school meals would need to be removed.
 - 2.5 Feasibility studies around outsourcing and partnership opportunities have been explored, however this is difficult to realise and there are risks around

this due to the fact that there are covenants in place at both Ty Borfa and Ty Rhossili Centres.

3. Current Offer and Financial Position in 19/20

3.1 Gower Activity Centres is comprised of two residential facilities, Tŷ Borfa in Port Eynon and Tŷ Rhossili in Middleton. Both centres provide positive life enhancing experiences to a broad section of children, young people and families across Swansea. The size and bed count of the centres informs the main differences of usage between them.

3.2 **Tŷ Borfa** is the largest of the centres with a bed count of 38 beds including a mix of private leader rooms and is therefore ideal for use with large groups and in particular school residential booking. Offering full week and split week fully catered residential trips between February and November with an average take up of over 30 local schools. The centre is also available at weekends where it is used by a mix of commercial customers and internal departments, however the majority of bookings come via Gower Activity Centres enterprise partnership with the Youth Hostel Association (YHA). Lastly, the centre is primarily used during school holidays by youth service departments as Tŷ Borfa is big enough to enable more than one family to come away together and to house all the necessary staff and break out spaces for a multi-family residential.

3.3 **Tŷ Rhossili** is a 12-bed centre more in keeping with the sort of accommodation in demand within its locality. It also is available to schools who want to take away small groups on a self-catering basis (more likely to be comprehensive schools). Also due to its smaller bed count it can be utilised by the Edge of Care Child and Family teams for group and family work/residential as well as offering respite opportunities to service users. Gower Activity Centres due to its enterprise partnership with the Youth Hostel Association (YHA) will also derive bookings for Tŷ Rhossili throughout the year, mainly during weekends and school holidays. The centre is also listed on other small group booking websites in an aim to capture the wide cross section of potential users. Lastly, the centre is utilised as a venue for bespoke events, training, and partnership opportunities due to the high demand because of the location that 'Rhossili' holds as a destination.

3.4 The financial position for 19/20 predicts a slight overspend circa £5k. Mitigating action has already been taken to address overspend with a staffing restructure completed in November 2019 and increased pricing structure. Both of these factors has significantly reduced this a predicted overspend in year.

3.5 The income target set for 19/20 was £280k, at outturn the income is predicted at circa £254k, which is £26k short of the target. This is because predicted income at the Ty Borfa site was based on the site being able to cater for larger groups by placing pods on the site. After much work

investigating this proposal, it was not possible to proceed due to planning permission.

3.6 The capital funds allocated for pods was then utilised to make small internal adaptations to the site (converting office space to bedrooms) so the site can house 40 beds, this work is still underway but will be finished by the end of this financial year and will increase the capacity for bookings on this site.

3.7 The financial outlook for 19/20 is summarised in the table below:

	Actual spend (end Nov19)	Predicted spend (Dec 19 – Mar 20)	Total	Income Target	Income target shortfall
Core Budget 19/20			£180,000		
Expenditure 19/20	£308,057	£131,347	£439,404		
Income 19/20	£206,336	£48,049	£254,385	£280,000	£25,615
Predicted Overspend			£5,019		

**The financial detail above is for both Ty Borfa and Ty Rhossili Centres*

4. Future Offer and Financial Position 20/21

4.1 The core budget of the Gower Activity Centres is identified as part of the “Sustainable Swansea Four Year Transformation Programme aligned to the MTFP 2019-23” to move toward a zero based budget.

4.2 In order to achieve this below outlines:

- Predicted financial position for 20/21 with a zero based budget
- Proposals to facilitate this process in order to expedite the timeline for achieving the removal in core funding for this area.

4.3 The financial position for 20/21 is outlined in the table below. The following assumptions have been applied to arrive at these figures:

- Staffing is predicted on same basis as 19/20
- Predicted income for 20/21 assumes a 5% increase per head, plus increased minimum occupancy
- Completion of new commercial centre price at 38 beds at Ty Borfa
- 30% free school meal contingent factored into school bookings
- Income is based on 80% annual occupancy (term prices apply)
- Holiday income is based on prior period figures for 19/20

Gower Activities Centres	Indicative Budget 20/21
Employee Costs	£332,000
Premises Costs	£22,000
Transport Costs	£15,000
Supplies & Services Costs	£36,000
Total costs	£405,000
Borfa Income	£226,000
Rhossili Income	£37,000
Activities Income	£43,000
Total income	£306,000
Income shortfall	£99,000

****The financial detail above is for both Ty Borfa and Ty Rhossili Centres***

4.4 In order to achieve a balanced budget for 20/21, with no core budget available, income would need to be increased by circa £99k.

5. Proposals to address Budget Gap 20/21

5.1 In order to close the budget gap for 20/21 and run the centres in line with their core purpose, ***providing educational outdoor activity opportunities for children, young people, families and schools on the Gower in a sustainable way***, the table below outlines a number of proposals for consultation.

5.2 We will undertake a full consultation on these proposals, the consultation plan is as follows:

- Undertaking a **Public Survey** on the proposals
- **Consultation with specific groups.** We will consult a number of impacted groups including children and young people and Schools
- **Staff consultation.** We will specifically consult staff potentially impacted by the proposals

5.3 The consultation will run for four weeks and we will write out to schools directly, promote and communicate the consultation via website and Social media.

Proposals to close the budget gap for 20/21 and provide sustainability for the future delivery model

Proposal 1 - Remove ALL subsidies for Swansea Schools and for pupils on Free School Meals and put in place a more commercial price based on current market rates, which would be competitive and increase prices accordingly. This would include opening up the offer wider than just Swansea schools. (See table 1 for details on financial impact of this)

Proposal 2 – A further staffing restructure to amalgamate posts and utilise seasonal/relief staff when required

5.4 It is worth noting that not all of the schools in Swansea use the Centres, only 30 schools are regular users of the Centres. School visitor figures per annum are roughly 870, with 115 FSM visitors (approximately 13%)

5.5 **Table 1** - Current school prices are as below with proposed increase aligned with market price (although slightly below, maintaining a competitive edge)

Current Prices (Full Week)	Proposed Prices – ALL (Full Week)	Increase
Autumn (Sept - Dec) £179 Spring (Jan - Mar) £188 Summer (Apr-Jul) £197	Autumn (Sept - Dec) - £200 Spring (Jan - Mar) - £225 Summer (Apr-Jul) - £250	£21 £37 £53
Current Prices FSM (Full Week)	Proposed Prices – ALL (Full Week)	Increase
Autumn (Sept - Dec) £103 Spring (Jan - Mar) £112 Summer (Apr-Jul) £122	Autumn (Sept - Dec) - £200 Spring (Jan - Mar) - £225 Summer (Apr-Jul) - £250	£97 £113 £128

5.6 Market competition from other providers in the area that are used by Swansea Schools are as follows:

- Pendine Outdoor Education Centre (Carmarthenshire)
- Kilvrough Manor (Gower)
- Down to Earth (Gower) - expensive and offer very few AALA licensed activities
- Urdd (Llangranog) - just received 1 million for refurbishment but has waiting lists
- Urdd (Cardiff) - urban experience, non-traditional outdoor education experience
- Call of the Wild Training Centre (Brecon)
- Stackpole National Trust Outdoor Learning (Pembrokeshire)
- Margam Park Outdoor Activities (Neath Port Talbot)

5.7 Gower Activity Centres has a place in the market as it is small, affordable, and accessible and value for money for the programmes they offer.

5.8 A week's price for any of the above is between £250 - £400 depending on package selection. The suggested prices have purposely tried to come in under or at the very base of market value to try and maintain an incentive for schools to select the Gower Activities Centres.

- 5.9 Schools have the capability and choice on how they pass on school trip costs to families. They can utilise Pupil Development Grant (PDG) money, and a whole range of other methods to pay for their residential trips.
- 5.10 **The Pupil Development Grant - Access** makes available £125 to buy school uniform, equipment, sports kit and kit for activities outside of school for children and young people. Learners eligible for free school meals can apply for this grant for the 2019/20 school year, if they are:
- entering reception class or year 3 in primary school
 - entering year 7 or year 10 in secondary school
 - aged 4, 7, 11 or 14 in special schools, special needs resource bases or pupil referral units

For Year 7 learners the grant is £200, recognising the increased costs associated with starting secondary school.

Funding for looked-after children is available in every school year

6. Equality and Engagement Implications

- 6.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.

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

- 6.2 An EIA Screening Form has been completed with the agreed outcome that a full EIA report is required and full consultation on the proposal.
- 6.3 A full EIA report has been opened and will be completed and updated following consultation

7. Financial Implications

- 7.1 If the options outlined in section 5 are not applied the budget will overspend and not achieve the saving in the MTPF

8. Legal Implications

- 8.1 There are covenants in place at both Borfa House and Rhossili Centre restricting solely commercial activity. Both centres must fulfil their core purpose, which is for Educational Outdoor Pursuits. At Borfa there is a

specific covenant to prevent the property being used as a guest house or hotel.

- 8.2 There is a further covenant on both Borfa and Rhossili to 'not cause nuisance or annoyance'. Such covenants have been held to be far reaching and can be used to prevent extensions, noise, increased volume of traffic etc. Essentially anything that could be considered as such.
- 8.3 The above restrictions limits the options available to the Gower Activity Centres to move towards a zero based budget. A review of the pricing and operating model of the Centres will facilitate a legally compliant route to achieve the Council's financial ambitions for the Centres, under the Medium Term Financial Plan 2019-23, Council Budget 20/21 and *Sustainable Swansea - Fit for the Future*.

Background Papers: None

Appendices:

Appendix A EIA Screening

Please ensure that you refer to the Screening Form Guidance while completing this form. If you would like further guidance please contact the Access to Services team (see guidance for details).

Section 1

Which service area and directorate are you from?

Service Area: Child & Family Services

Directorate: Social Services

Q1(a) WHAT ARE YOU SCREENING FOR RELEVANCE?

Service/ Function	Policy/ Procedure	Project	Strategy	Plan	Proposal
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

(b) Please name and describe here:

To seek price increases for the Gower Activities Centres through a range of options for consideration for the future operating model of the Gower Activity Centres with a zero based budget in line with the budget proposal for 20/21 as outlined below:

Proposal 1 - Remove ALL subsidies for Swansea Schools and for pupils on Free School Meals and put in place a more commercial price based on current market rates, and open up the offer wider than just Swansea schools (Public Consultation)

Proposal 2 - A further staffing restructure to amalgamate posts and utilise seasonal/relief staff when required (Internal Consultation)

Q2(a) WHAT DOES Q1a RELATE TO?

Direct front line service delivery	Indirect front line service delivery	Indirect back room service delivery
<input type="checkbox"/> (H)	<input checked="" type="checkbox"/> (M)	<input type="checkbox"/> (L)

(b) DO YOUR CUSTOMERS/CLIENTS ACCESS THIS...?

Because they need to	Because they want to	Because it is automatically provided to everyone in Swansea	On an internal basis i.e. Staff
<input type="checkbox"/> (H)	<input checked="" type="checkbox"/> (M)	<input type="checkbox"/> (M)	<input type="checkbox"/> (L)

Q3 WHAT IS THE POTENTIAL IMPACT ON THE FOLLOWING...

	High Impact (H)	Medium Impact (M)	Low Impact (L)	Don't know (H)
Children/young people (0-18)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Older people (50+)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Any other age group	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race (including refugees)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Asylum seekers	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gypsies & travellers	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or (non-)belief	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sex	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual Orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Welsh Language	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Poverty/social exclusion	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Carers (inc. young carers)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Community cohesion	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Marriage & civil partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Q4 WHAT ENGAGEMENT / CONSULTATION / CO-PRODUCTIVE APPROACHES WILL YOU UNDERTAKE?

Please provide details below – either of your planned activities or your reasons for not undertaking engagement

We will undertake a full consultation on these proposal, the consultation plan is as follows:

- Undertaking a **Public Survey** on the proposals
- **Consultation with specific groups.** We will consult a number of impacted groups including children and young people and Schools
- **Staff consultation.** We will specifically consult staff potentially impacted by the proposals

The consultation will run for four weeks and we will write out to schools directly, promote and communicate the consultation via website and Social media.

Q5(a) HOW VISIBLE IS THIS INITIATIVE TO THE GENERAL PUBLIC?

High visibility <input checked="" type="checkbox"/> (H)	Medium visibility <input type="checkbox"/> (M)	Low visibility <input type="checkbox"/> (L)
--	---	--

**(b) WHAT IS THE POTENTIAL RISK TO THE COUNCIL’S REPUTATION?
(Consider the following impacts – legal, financial, political, media, public perception etc...)**

High risk <input type="checkbox"/> (H)	Medium risk <input checked="" type="checkbox"/> (M)	Low risk <input type="checkbox"/> (L)
---	--	--

Q6 Will this initiative have an impact (however minor) on any other Council service?

Yes No If yes, please provide details below

**Q7 HOW DID YOU SCORE?
Please tick the relevant box**

**MOSTLY H and/or M → HIGH PRIORITY → EIA to be completed
Please go to Section 2**

**MOSTLY L → LOW PRIORITY / NOT RELEVANT → Do not complete EIA
Please go to Q8 followed by Section 2**

Q8 If you determine that this initiative is not relevant for an EIA report, you must provide a full explanation here. Please ensure that you cover all of the relevant protected groups.

The EIA Screening Form demonstrates that a full EIA is required, this has been opened and will be completed after the consultation .

Screening completed by:
Name: Jane Whitmore
Job title: Partnership & Commissioning Manager
Date: 17 th January 2020
Approval by Head of Service:
Name: Jane Whitmore
Position: Partnership & Commissioning
Date: 17 th January 2020

Agenda Item 16.



Report of the Chief Finance Officer (Section 151 Officer)

Special Cabinet – 20 February 2020

Business Rates – Temporary Rate Relief Scheme (Wales) 2020/2021

Purpose:	To provide information and to consider the adoption of a new temporary High Street and Retail Rates Relief Scheme, relating to Business Rates, which has been introduced by Welsh Government (WG) for the financial year 2020/21.
Policy Framework:	None
Consultation:	Access to Services, Finance, Legal.
Recommendation(s):	It is recommended that: 1) The details of the scheme in this report are noted. 2) The rate relief scheme and the application process outlined in this report are adopted for 2020/21.
Report Author:	Julian Morgans
Finance Officer:	Ben Smith
Legal Officer:	Tracey Meredith
Access to Services Officer:	Rhian Millar

1. Introduction

- 1.1 In April 2017, the Welsh Government (WG) introduced a new temporary High Street Rate Relief Scheme to reduce Business Rates (BR) in certain circumstances. This scheme was amended and extended in 2018/19 and 2019/20 and has been further extended for 2020/21. The scheme for 2020/21 remains unchanged from that of 2019/20. In 2019/20 the name was changed to The High Street and Retail Rates Relief Scheme (HSRRRS) to reflect a wider eligibility outside the previous geographical limitations.

- 1.2 Rate relief under the scheme is available for the financial year 2020/21 and WG has offered funding to each local authority in Wales under section 58A of the Government of Wales Act 2006 to re-imburse authorities, for expenditure up to a defined limit, incurred for the purpose of providing relief under this scheme. The funding is subject to authorities formally accepting the grant offer.
- 1.3 It is a condition of the grant that the relief under this scheme is provided by way of discretionary rate relief under section 47 of the Local Government finance Act 1988. The qualifying criteria for the HSRRRS have been set by WG and there are no powers to vary. The local discretionary rate relief policy currently used to grant relief to charities and other organisations does not require amendment.

2.0 The High Street and Retail Rates Relief Scheme

- 2.1 This relief is aimed at businesses in Wales occupying “retail properties”, for example shops, pubs, restaurants and cafes, with a rateable value of £50,000 or less, on the high street and in other locations. WG has not specifically defined what it considers a ‘retail property’ and believes each local authority is best placed to judge which businesses should qualify in its area. However, it has provided guidance as to the types of uses that it considers to be a high street and retail business (see Appendix 1 to this report) for this purpose. Initially the scheme was limited to high street premises but from 2019/20 this was changed to include all properties within Wales meeting the wider retail criteria.
- 2.2 Relief should be granted to businesses based on occupation between 1 April 2020 and 31 March 2021. It is recognised that there may be some instances where a local authority is retrospectively notified of a change of occupier. In such cases, if it is clear that the ratepayer was in occupation on or after the 1 April 2020, the local authority may use its discretion in awarding relief.
- 2.3 The scheme aims to provide support for eligible retail businesses by offering up to £2,500 discount on the non-domestic rates bill per property, to retailers:-
- In occupation between 1 April 2020 and 31 March 2021 AND
 - Of premises with a rateable value between £6001 and £50,000 on 1 April 2020.
- 2.4 Empty properties becoming occupied after 1 April 2020 will also qualify for this relief. Also, if there is a change in occupier part way through the financial year, after relief has already been provided to the previous occupant of the property, the new occupier will qualify for the relief on a pro-rata basis based on the remaining days of occupation to the end of the financial year.

- 2.5 It is expected that retailers with a rateable value of £6,000 and below will receive full Small Business Rate Relief (SBRR). However it is left to the discretion of authorities to determine if there are properties not in receipt of SBRR that should be eligible for this relief.
- 2.6 The Authority has estimated that provisional funding of up to £2,300,000 will be required from WG to fund this relief and the necessary return has been submitted to WG to advise of this. WG will follow the process used for the 2019/20 scheme and make an initial payment followed by a top-up payment at the end of 2020/21 if necessary. The award of this relief is subject to state aid limits.
- 2.7 To qualify for the relief a property should be wholly or mainly used as a shop, restaurant, café or drinking establishment. This is a test on use rather than occupation. Therefore, properties which are occupied, but not wholly or mainly used for the qualifying purpose, will not qualify for the relief.
- 2.8 WG has set out what it does **not** consider to be high street retail use for the purpose of this relief including:
- (i) The provision of financial, medical or professional services, post office sorting offices, tourism accommodation, sports clubs, children's play centres, day nurseries, outdoor activity centres, gyms, kennels and catteries, show homes and marketing suites and employment agencies.
 - (ii) Premises that are not reasonably accessible to visiting members of the public even if there is ancillary use of the property that might be considered to fall within the scheme.
 - (iii) Those having a rateable value of more than £50,000.
 - (iv) Properties that are owned, rented or managed by a local authority
 - (v) Unoccupied premises.
 - (vi) Properties where the ratepayer is in receipt of mandatory charitable rate relief.
- 2.9 This relief can be provided in addition to SBRR and Transitional Rate Relief. High Street and Retail Rates Relief should be applied against the net bill after these two reliefs have been applied. Any hardship or discretionary relief awarded by the local authority should be considered by the local authority once all other rates reliefs have been awarded.
- 3.0 Administration and Application of the Scheme**
- 3.1 In line with previous years, WG has again advised local authorities (LAs) that in order to maximise take-up and reduce the administrative burden for rate-payers and LA Revenues Services, LAs are able to determine

the application process. Across Wales, a number of different award processes have historically been applied. Some authorities make automatic awards where they are satisfied the necessary criteria have been complied with. Others require all potential beneficiaries of the relief to formally apply in writing and the remainder follow an approach that is a combination of the two.

3.2 In 2019/20, to maximise the award of the relief to businesses in Swansea, a combination award process was followed and it is recommended that the same process be followed for the 2020/21 scheme using the following criteria:

- (i) HSRRR is applied without the need for a formal application where it is possible for the authority to identify, to its satisfaction, an eligible retail business premises. Businesses to whom this relief is awarded that have more than one premises in receipt of HSRR or who are receiving other De Minimis State Aid are required to advise the authority if the award breaches state aid rules.
- (ii) Where it is not possible for the authority to satisfy itself that a business premises complies with the necessary criteria, the ratepayer will be issued with a formal application to complete and return, which will also be subject to State Aid consideration.

4.0 Implementation of the Scheme

4.1 WG has provided the following to authorities:

- Guidance for the HSRRRS
- A certificate of acceptance form to confirm the estimated number of properties that will benefit from the scheme and the estimated cost.

4.2 The most recent estimates suggest approximately 1300 business properties will be eligible and will have relief applied to their accounts if the scheme is adopted. This will involve significant extra workload for the Business Rates team although using a combination award process will assist with this additional burden.

5.0 Financial Implications

5.1 The Authority has estimated that provisional funding of up to £2,300,000 will be required from WG to fund this relief and the necessary certificate has been submitted to WG to advise of this and the estimated number of eligible properties. WG will specify the amount of funding available for the scheme once the certificate of acceptance that has been submitted has been considered. Any award made in excess of the funding may have to be met by the Authority.

5.2 There is a small risk that the funding that has been requested from WG, based on the estimate, could be insufficient as the estimate was provided based on descriptions of properties contained in the Valuation List, which

is maintained by the Valuation Office Agency and there may be instances where the description is not wholly accurate. It is not certain, but is likely, that any amount of relief applied in excess of the initial funding requested would be re-imbursed. This is because WG has recognised the funding request is only an estimate of the likely cost of the scheme. Whilst there is thus some risk of an element of non-reimbursement to the authority if the actual eligibility experience differs from the estimate, it is felt on balance that it is worth that residual risk to enable local businesses to benefit from the scale of overall relief offered.

- 5.3 In previous years WG have provided a grant to the authority to support the administration and marketing costs of the relief. No details of whether such a grant will again be provided this year have been received as of the date this report was written. However, given the level of financial benefits to the businesses in the Swansea area, it is considered that this should not prevent the authority adopting the scheme.

6.0 Legal Implications

- 6.1 There are no further legal implications to those set out in the report.

7.0 Equality and Engagement Implications

- 7.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

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

- 7.2 An EIA screening has been completed with the agreed outcome that a full EIA report is not required as the qualifying criteria for the HSRRRS has been set by WG and there is no power to vary. Relief will be awarded to all eligible ratepayers as per the criteria set out in this report

Background Papers: EIA Screening Form

Appendices:

Appendix 1 - Non-domestic Rates High Street and Retail Rates Relief in Wales - 2020-21 Guidance



Llywodraeth Cymru
Welsh Government

Non-Domestic Rates

High Street and Retail Rates Relief in Wales – 2020-21

Guidance

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Non-Domestic Rates – High Street and Retail Rates Relief

Guidance

About this guidance

1. This guidance is intended to support local authorities in administering the High Street and Retail Rates Relief scheme (“the relief”). On 7 January, the Minister for Finance and Trefnydd announced the extension of the relief into 2020-21. This guidance applies to Wales only.
2. This guidance sets out the criteria which the Welsh Government will use to determine the funding for local authorities for relief provided to high street and retail properties. The guidance does not replace any existing non-domestic rates legislation or any other relief.
3. Enquiries about the scheme should be sent to:
localtaxationpolicy@gov.wales
4. The relief is being offered from 1 April 2020 and will be available until 31 March 2021.

Introduction

5. This relief is aimed at high street businesses and retailers in Wales, for example shops, pubs, restaurants and cafes.
6. The Welsh Government will provide grant funding to the 22 unitary authorities to continue the High Street and Retail Rates Relief scheme to eligible ratepayers for 2020-21. The scheme aims to provide support for eligible retail businesses by offering a discount of up to £2,500 on the non-domestic rates bill for a property, to retailers occupying premises with a rateable value of £50,000 or less in the financial year 2020-21, subject to State Aid limits.
7. This document provides guidance on the operation and delivery of the scheme.

Section 1

High Street and Retail Rates Relief

How will the relief be provided?

8. As this is a temporary measure, we are providing the relief by reimbursing local authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988. It will be for individual local authorities to adopt a scheme and decide in each individual case when to grant relief under section 47. The Welsh Government will then reimburse local authorities for the relief that is provided in line with this guidance via a grant under section 31 of the Local Government Act 2003 and 58A of the Government of Wales Act 2006.

How will the scheme be administered?

9. It will be for local authorities to determine how they wish to administer the scheme to maximise take-up and minimise the administrative burden for ratepayers and for local authority staff, subject to State Aid considerations set out in paragraphs 26 to 30.
10. Local authorities are responsible for providing ratepayers with clear and accessible information on the details and administration of the scheme. If, for any reason, an authority is unable to provide this relief to eligible ratepayers from 1 April 2020, consideration should be given to notifying eligible ratepayers that they qualify for the relief and that their bills will be recalculated.

Which properties will benefit from relief?

11. Properties that will benefit from this relief will be occupied retail properties – such as shops, restaurants, cafes and drinking establishments - on the high street and in other locations and other, with a rateable value of £50,000 or less. More detailed eligibility criteria and exceptions to the relief are set out in paragraphs 15 to 19.
12. Relief should be granted to businesses as a payment based on occupation between 1 April 2020 and 31 March 2021. It is recognised that there may be some instances where a local authority is retrospectively notified of a change of occupier. In such cases, if it is clear that the ratepayer was in occupation on or after the 1 April 2020, the local authority may use its discretion in awarding relief.

Level of support: up to £2,500

13. Eligible ratepayers will be retailers whose property has a rateable value between £6,001 and £50,000 on 1 April 2020. It is expected that retailers with a rateable value of £6,000 and below will receive full Small Business Rate Relief (SBRR). However it is left to the discretion of authorities to determine if there are properties not in receipt of SBRR that should be eligible for this relief.
14. **The 2020-21 scheme is not limited to high street premises but includes all properties within Wales that meet the wider retail criteria.**

15. It is intended that, for the purposes of this scheme, retail properties such as, “shops, restaurants, cafes and drinking establishments” will mean the following (subject to the other criteria in this guidance).

i. Hereditaments that are being used for the sale of goods to visiting members of the public

- Shops (such as florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off-licences, newsagents, hardware stores, supermarkets, etc)
- Opticians
- Pharmacies
- Post offices
- Furnishing shops or display rooms (such as carpet shops, double glazing, garage doors)
- Car or caravan showrooms
- Second hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale or hire)

ii. Hereditaments that are being used for the provision of the following services to visiting members of the public

- Hair and beauty services
- Shoe repairs or key cutting
- Travel agents
- Ticket offices, eg. for theatre
- Dry cleaners
- Launderettes
- PC, TV or domestic appliance repair
- Funeral directors
- Photo processing
- DVD or video rentals
- Tool hire
- Car hire
- Cinemas
- Estate and letting agents

iii. Hereditaments that are being used for the sale of food and / or drink to visiting members of the public

- Restaurants
- Drive-through or drive-in restaurants
- Takeaways
- Sandwich shops
- Cafés
- Coffee shops
- Pubs
- Wine Bars

16. To qualify for the relief a hereditament listed in (i) to (iii) should be wholly or mainly used as a shop, restaurant, café or drinking establishment. This is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.
17. The above list is not intended to be exhaustive as it would be impossible to list all the many and varied retail uses that exist. There will also be mixed uses. However, it is intended to be a guide for local authorities as to the types of uses that the Welsh Government considers for this purpose to be high street and retail. Local authorities should determine for themselves whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above should not be eligible for the relief.
18. As the grant of the relief is discretionary, local authorities may choose not to grant the relief if they consider that appropriate, for example where granting the relief would go against the local authority's wider objectives for the local area.

Types of hereditaments that are not considered to be eligible for High Street and Retail Rates Relief

19. The following list sets out the types of uses that the Welsh Government does not consider to be retail use for the purpose of this relief and which would not be deemed eligible for the relief. However, it will be for local authorities to determine if hereditaments are similar in nature to those listed below and if they would not be eligible for relief under the scheme.
- i. Hereditaments that are being used wholly or mainly for the provision of the following services to visiting members of the public**
- Financial services, eg. banks, building societies, cash points, ATMs, bureaux de change, payday lenders, betting shops, pawnbrokers
 - Medical services, eg. vets, dentists, doctors, osteopaths, chiropractors
 - Professional services, eg. solicitors, accountants, insurance agents, financial advisers, tutors
 - Post office sorting office
 - Tourism accommodation, eg. B&Bs, hotel accommodation, caravan parks
 - Sports clubs
 - Children's play centres
 - Day nurseries
 - Outdoor activity centres
 - Gyms
 - Kennels and catteries
 - Show homes and marketing suites
 - Employment agencies

There are a number of further types of hereditament which the Welsh Government believes should not be eligible for the High Street and Retail Rates Relief Scheme.

ii. Hereditaments with a rateable value of more than £50,000

It is recognised there are some retail businesses with rateable value above the £50,000 relief who will not be eligible for this relief. However, local authorities have the option to use their discretionary powers to offer discounts outside this scheme to such businesses if it is in the interests of the local community to do so.

iii. Hereditaments that are not reasonably accessible to visiting members of the public

If a hereditament is not reasonably accessible to visiting members of the public, it will be ineligible for relief under the scheme even if there is ancillary use of the hereditament that might be considered to fall within the descriptions in paragraph 15 (i), (ii) or (iii).

iv. Hereditaments that are not occupied

Properties that are not occupied on 1 April 2020 should be excluded from this relief. However, under the Empty Property Relief scheme, empty properties will receive a 100% reduction in rates for the first three months (and in certain cases six) of being empty.

v. Hereditaments that are owned, rented or managed by a local authority

Hereditaments owned, rented or managed by a local authority, such as visitor centres, tourist information shops and council-run coffee shops or gift shops attached to historic buildings, are exempt from this scheme.

vi. Hereditaments that are in receipt of mandatory charitable rates relief

These properties already receive mandatory charitable relief which gives an 80% reduction in liability and authorities may also choose to provide discretionary charitable relief which can reduce the remaining liability to nil. As such, these properties will not be eligible for High Street and Retail Rates Relief.

How much relief will be available?

20. The total amount of government funded relief available for each property for 12 months under this scheme is up to £2,500. This relief can be provided in addition to SBRR and Transitional Rates Relief. High Street and Retail Rates Relief should be applied against the net bill after these two reliefs have been applied. Any hardship or discretionary relief awarded by the local authority should be considered by the local authority once all other rates reliefs have been awarded.
21. The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis. The following formula should be used to determine the amount of relief to be granted for a particular hereditament in the financial year.

Amount of relief to be granted = $A \times (B / C)$

Where:

A is the funding amount of £2,500

B is the number of days in the financial year that the hereditament is eligible for relief; and

C is the number of days in the financial year

22. When calculating the relief, if the net liability before High Street and Retail Rates Relief is £2,500 or less, the maximum amount of this relief will be no more than the value of the net rates liability. This should be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.
23. Ratepayers who occupy more than one property will be entitled to High Street and Retail Rates Relief for each of their eligible properties, subject to State Aid de minimis limits.

Changes to existing hereditaments, including change in occupier

24. Empty properties becoming occupied after 1 April 2020 will qualify for this relief.
25. If there is a change in occupier part way through the financial year, after relief has already been provided to the hereditament, the new occupier will qualify for the relief on a pro-rata basis based on the remaining days of occupation using the formula in paragraph 21 of this guidance.

State Aid

26. State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid. High Street and Retail Rates Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulation (1407/2013).
27. The De Minimis Regulation allows an undertaking to receive up to €200,000 of de minimis aid in a three-year period (consisting of the current financial year and the two previous financial years). Local authorities should familiarise themselves with the terms of this State Aid exemption, in particular the types of undertaking that are excluded from receiving de minimis aid, the relevant definition of undertaking and the requirement to convert the aid into Euros.
28. To administer de minimis it is necessary for the local authority to establish that the award of aid will not result in the undertaking having received more than €200,000 of de minimis aid. Note that the threshold only relates to aid provided under the De Minimis Regulations (aid under other exemptions or outside the scope of State Aid is not relevant to the de minimis calculation).
29. Section 2 of this guidance contains a sample de minimis declaration which local authorities may wish to use. Where local authorities have further questions about de minimis or other aspects of State Aid law, they should seek advice from their legal department in the first instance.
30. Desk instructions covering the administration of de minimis schemes are available at:

<https://gov.wales/state-aid>

http://ec.europa.eu/competition/state_aid/legislation/de_minimis_regulation_en.pdf

Section 2 – State Aid

Sample paragraphs that could be included in letters to ratepayers about High Street and Retail Rates Relief for 2020-21

The Minister for Finance and Trefnydd announced on 7 January 2020 that an additional £24.2 million of support would be available to extend the High Street and Retail Rates Relief scheme for a further year.

Relief of up to £2,500 will be provided to eligible occupied retail properties with a rateable value of £50,000 or less in 2020-21. Your current rates bill includes this High Street and Retail Rates Relief.

Awards such as High Street and Retail Rates Relief are required to comply with the EU law on State Aid¹. In this case, this involves returning the attached declaration to this authority if you have received any other De Minimis State Aid, including any other High Street and Retail Rates Relief you are being granted for premises other than the one to which this bill and letter relates, and confirming that the award of High Street and Retail Rates Relief does not exceed the €200,000 an undertaking² can receive under the De Minimis Regulations EC 1407/2013.

Please complete the declaration and return it to the address above. In terms of declaring previous de minimis aid, we are only interested in public support which is de minimis aid (State Aid received under other exemptions or public support which is not State Aid does not need to be declared).

If you have not received any other De Minimis State Aid, including any other High Street and Retail Rates Relief you are being granted for premises other than the one to which this bill and letter relates, you do not need to complete or return the declaration.

If you wish to refuse to receive the High Street and Retail Rates Relief granted in relation to the premises to which this bill and letter relates, please complete the attached form and return it to the address above. You do not need to complete the declaration. This may be particularly relevant to those premises that are part of a large retail chain, where the cumulative total of High Street and Retail Rates Relief received could exceed €200,000.

Under the European Commission rules, you must retain this letter for three years from the date on this letter and produce it on any request by the UK public authorities or the European Commission. You may need to keep this letter longer than three years for other purposes. Furthermore, information on this aid must be supplied to any other public authority or agency asking for information on De Minimis State Aid for the next three years.

1 Further information on State Aid law can be found at <https://www.gov.uk/state-aid>

2 An undertaking is an entity which is engaged in economic activity. This means that it puts goods or services on a given market. The important thing is what the entity does, not its status. Thus a charity or not for profit company can be undertakings if they are involved in economic activities. A single undertaking will normally encompass the business group rather than a single company within a group. Article 2.2 of the de minimis Regulations (Commission Regulation EC/ 1407/2013) defines the meaning of 'single undertaking'.

'De Minimis' declaration

Dear []

NON-DOMESTIC RATES ACCOUNT NUMBER: _____

The value of the non-domestic rates High Street and Retail Rates Relief to be provided to [name of undertaking] by [name of local authority] is £ [] (Euros []).

This award shall comply with the EU law on State Aid on the basis that, including this award, [name of undertaking] shall not receive more than €200,000 in total of de minimis aid within the current financial year or the previous two financial years). The De Minimis Regulations 1407/2013(as published in the Official Journal of the European Union L352 24.12.2013) can be found at:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:352:0001:0008:EN:PDF>.

Amount of de minimis aid	Date of aid	Organisation providing aid	Nature of aid
€	1 April 2020 – 31 March 2021	Local authorities (for the High Street and Retail Rates Relief total, you do not need to specify the names of individual authorities)	High Street and Retail Rates Relief

I confirm that:

1) I am authorised to sign on behalf of _____ [name of undertaking];

and

2) _____ [name of undertaking] shall not exceed its de minimis threshold by accepting this High Street and Retail Rates Relief.

SIGNATURE:

NAME:

POSITION:

BUSINESS:

ADDRESS:

DATE:

Refusal of High Street and Retail Rates Relief Form

Name and address of premises	Non-domestic rates account number	Amount of High Street and Retail Rates Relief

I confirm that I wish to refuse High Street and Retail Rates Relief in relation to the above premises.

I confirm that I am authorised to sign on behalf of _____ [name of undertaking].

SIGNATURE:

NAME:

POSITION:

BUSINESS:

ADDRESS:

DATE:

Agenda Item 17.



Report of the Local Authority Governor Appointment Group

Special Cabinet – 20 February 2020

Local Authority Governor Appointments

Purpose:	To approve the nominations submitted to fill Local Authority Governor vacancies in School Governing Bodies.
Policy Framework:	Local Authority (LA) Governor Appointments Procedure (Adopted by Council on 26 October 2017).
Consultation:	Access to Services, Finance, Legal.
Recommendation(s):	It is recommended that: 1) The nominations recommended by the Director of Education in conjunction with the Cabinet Member for Education Improvement, Learning and Skills.
Report Author:	Agnieszka Majewska
Finance Officer:	Chris Davies
Legal Officers:	Stephen Holland / Stephanie Williams
Access to Services Officer:	Rhian Millar

1.0 The nominations referred for approval

1.1 The nominations are recommended for approval as follows:

1. Brynhyfryd Primary	Mrs Debbie Whyte
2. Brynhyfryd Primary	Cllr Michael White
3. Newton Primary	Mr George Butterfield
4. Penclawdd Primary	Mrs Lynwen Tregembo

5. Penllergaer Primary	Mr Alan Hussey
6. Portmead Primary	Mr Paul Phillips
7. Seaview Primary	Cllr Cyril Anderson
8. Ynystawe Primary	Mrs Jenifer James
9. YGG Bryniago	Miss Elen Jones
10. YGG Pontybrenin	Mr Huw Evans
11. Bishopston Comprehensive	Mrs Joanne Meller
12. Cefn Hengoed Comprehensive	Mrs Sarah Cole
13. Olchfa Comprehensive	Cllr Mary Jones
14. Penyrheol Comprehensive	Cllr Kelly Roberts
15. YG Bryntawe	Parch Eirian Wyn

2.0 Financial Implications

2.1 There are no financial implications for the appointments; all costs will be met from existing budgets.

3.0 Legal Implications

3.1 There are no legal implications associated with this report.

4.0 Equality and Engagement implications

The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

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

4.1 There are no equality and engagement implications associated with this report.

Background papers: None

Appendices: Equality Impact Assessment Form

Equality Impact Assessment Screening Form – Appendix A

Please ensure that you refer to the Screening Form Guidance while completing this form. If you would like further guidance please contact the Access to Services team (see guidance for details).

Section 1

Which service area and directorate are you from?

Service Area: Education

Directorate: People

Q1(a) WHAT ARE YOU SCREENING FOR RELEVANCE?

Service/ Function	Policy/ Procedure	Project	Strategy	Plan	Proposal
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

(b) Please name and describe here:

Appointing Local Authority governors to schools in Swansea

Q2(a) WHAT DOES Q1a RELATE TO?

Direct front line service delivery	Indirect front line service delivery	Indirect back room service delivery
<input type="checkbox"/> (H)	<input checked="" type="checkbox"/> (M)	<input type="checkbox"/> (L)

(b) DO YOUR CUSTOMERS/CLIENTS ACCESS THIS...?

Because they need to	Because they want to	Because it is automatically provided to everyone in Swansea	On an internal basis i.e. Staff
<input type="checkbox"/> (H)	<input type="checkbox"/> (M)	<input checked="" type="checkbox"/> (M)	<input type="checkbox"/> (L)

Q3 WHAT IS THE POTENTIAL IMPACT ON THE FOLLOWING...

	High Impact (H)	Medium Impact (M)	Low Impact (L)	Don't know (H)
Children/young people (0-18) →	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Older people (50+) →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Any other age group →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Disability →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race (including refugees) →	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Asylum seekers →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gypsies & travellers →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or (non-)belief →	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sex →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual Orientation →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender reassignment →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Welsh Language →	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Poverty/social exclusion →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Carers (inc. young carers) →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Community cohesion →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Marriage & civil partnership →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Q4 WHAT ENGAGEMENT / CONSULTATION / CO-PRODUCTIVE APPROACHES WILL YOU UNDERTAKE?

Please provide details below – either of your planned activities or your reasons for not undertaking engagement

This activity does not require consultation

Equality Impact Assessment Screening Form – Appendix A

Q5(a) HOW VISIBLE IS THIS INITIATIVE TO THE GENERAL PUBLIC?

High visibility <input checked="" type="checkbox"/> (H)	Medium visibility <input type="checkbox"/> (M)	Low visibility <input type="checkbox"/> (L)
--	---	--

(b) WHAT IS THE POTENTIAL RISK TO THE COUNCIL'S REPUTATION?
(Consider the following impacts – legal, financial, political, media, public perception etc...)

High risk <input type="checkbox"/> (H)	Medium risk <input type="checkbox"/> (M)	Low risk <input checked="" type="checkbox"/> (L)
---	---	---

Q6 Will this initiative have an impact (however minor) on any other Council service?

Yes x No If yes, please provide details below

Q7 HOW DID YOU SCORE?
Please tick the relevant box

MOSTLY H and/or M → HIGH PRIORITY → EIA to be completed
 Please go to Section 2

MOSTLY L → LOW PRIORITY / NOT RELEVANT → Do not complete EIA
 Please go to Q8 followed by Section 2

Q8 If you determine that this initiative is not relevant for an EIA report, you must provide a full explanation here. Please ensure that you cover all of the relevant protected groups.

There are no equality and engagement implications associated with this process. Under the Government of Maintained Schools (Wales) Regulations 2005, it is a statutory requirement for all schools to have Local Authority governors who are appointed by the Direction of Education in conjunction with the Cabinet Member for Education Improvement, Learning and Skills. The Councillor(s) representing the ward(s) in the catchment area of the schools', the Headteacher and Chair of governors views will be sought to input into the decision-making and recommendations are taken to Cabinet for ratification as agreed by the Council Constitution.

Section 2

NB: Please email this completed form to the Access to Services Team for agreement before obtaining approval from your Head of Service. Head of Service approval is only required via email – no electronic signatures or paper copies are needed.

Screening completed by:
Name: Gemma Wynne
Job title: Governor Support Officer
Date: 03/06/19
Approval by Head of Service:
Name: Nick Williams
Position: Director of Education
Date: 03/06/19

Agenda Item 18.



Report of the Cabinet Member for Delivery and Performance

Special Cabinet – 20 February 2020

Sale of Surplus Education Land at Olchfa School

Purpose:	To request consent to dispose of surplus land at Olchfa School, at best consideration, for a sum in excess of delegated authority limits.
Policy Framework:	Asset Management Plan 2017-2021
Consultation:	Access to Services, Finance, Legal and Education.
Recommendation(s):	It is recommended that: <ol style="list-style-type: none">1) Cabinet notes the recommendations of the Council's appointed land sales Agents and approves the disposal of the land to Bidder 2.2) Authority is delegated to the Director of Place in conjunction with the Cabinet Member for Delivery and Performance to negotiate the final Heads of Terms and to take all necessary actions to finalise the disposal.3) Authority is delegated to the Chief Legal Officer to enter into any documentation necessary to complete the transaction.
Report Author:	Richard John
Finance Officer:	Jeff Dong
Legal Officer:	Debbie Smith
Education:	Louise Herbert-Evans
Access to Services Officer:	Rhian Millar

1.0 Introduction

- 1.1 In March 2018, following a consultation with the governing body and under the Playing Fields, (Community Involvement in Disposal Decisions (Wales) Regulations 2015), Cabinet agreed that approximately 7.8 acres of land at Olchfa School was surplus to requirements, subject to the provision of an artificial games surface being funded from the proceeds of the sale.

- 1.2 The Director of Place was authorised to proceed with the disposal by marketing the land identified and to report back to Cabinet in due course upon completion of that exercise.
- 1.3 A plan of the land is included as **Appendix A**.
- 1.4 Lambert Smith Hampton, (LSH), was appointed as the Council's sales agent, through the Council's procurement process. LSH subsequently marketed the site and managed the sales process through tender and Interviews with all interested parties. There followed a second round of tenders and further detailed analysis of bids augmented by a second round of interviews with remaining potential purchasers. A copy of the LSH recommendation report which details the marketing and tender process in greater detail is contained within a separate report in the closed session of the 20th February Cabinet agenda.

2.0 Background

- 2.1 The Capital Budget and Programme 2015/16 - 2019/20 details an ambitious programme of Council asset disposals used to support not only the 21st Century Schools programme but the General Fund Capital programme as a whole. In the case of land which forms part of school premises, a disposal will only proceed on the basis of agreement with the governing body and then the support of Cabinet on a case by case basis. It is required that notice is served and that consultation of communities and other interested parties about the proposed disposal of land consisting, or forming part of a playing field, is undertaken in accordance with The Playing Fields (Community involvement in Disposal Decisions) (Wales) Regulations 2015). Where responses/objections to the proposed disposal are received, a report must be brought back to Cabinet to consider those responses/objections.
- 2.2 A report prepared by the Education Department was presented to Cabinet on 16th June 2016 to consider the response to the consultation carried out with the Olchfa Governing Body about the proposed land sale. It was resolved that the site as indicated being approximately 7.8 acres, (31,566 m²) be declared as surplus to requirements, subject to the provision of an artificial games surface being funded from the proceeds of a future sale.
- 2.3 Notice was served and the required consultation with communities and other interested parties about the proposed disposal of land consisting, or forming part of a playing field was undertaken in accordance with The Playing Fields (Community Involvement in Disposal Decisions) (Wales) Regulations 2015). The consultation period was open for 6 weeks as per the regulations. The notice also appeared for two consecutive weeks in The South Wales Evening Post on the 18th and 25th September 2017. The proposal was available for viewing by the public for the 6 weeks the notice was displayed at the site entrances and available on the Council's website for the same period.

- 2.4 The following organisations were also consulted under the Playing Fields (Community Involvement in Disposal Decisions) (Wales) Regulations 2015); Sports Council Wales, Fields In Trust, Natural Resources Wales, Wildlife Trust, Open space Society, Swansea Environmental forum, Play Wales, Children's Play Officer Swansea, Ward Members, School Governing Body and local residents.
- 2.5 A further report was presented to the Council's Cabinet on the 15th March 2018 to consider the responses and objections to the consultation and decide whether the Council would confirm its earlier decision that the land be considered surplus to requirements and proceed with its disposal.
- 2.6 In consideration of the report presented to Cabinet on 15th March 2018, the objections and responses to the proposed disposal, Cabinet resolved that:
- (i) The site as indicated on the plans being approximately 7.8 acres (31,566m²) is surplus to requirements, subject to the provision of an artificial games surface being funded from the proceeds of the sale, and;
 - (ii) Authority be delegated to the Director of Place to proceed with the disposal by marketing the land identified and to report back to Cabinet in due course upon completion of that exercise.
- 2.7 The decision notice was published in the South Wales Evening Post for two consecutive weeks, 11th and 18th June 2018. A summary of the decision report was sent to anyone the Council received a substantive representation from.
- 2.8 The decision notice and report were available for viewing by the public for the 6 weeks, the notice was displayed at the site entrances and available on the Council's website for the same period.
- 2.9 The Estates Department was able to proceed with the disposal 12 weeks after publication of the decision.

3.0 General Issues

- 3.1 After extensive marketing post consultation, a tender process and interviews with prospective bidders, LSH has made a recommendation as to which bid is likely to represent the largest capital receipt to the Council although the final sum received is likely to be lower as it is dependent upon a successful planning application and the extent of currently unknown costs associated with the final development being established. These include for example, site remediation costs, abnormal building costs, Section 278, (Highways) costs, Section 106 (Education contribution costs) etc. These will not become certain until further more detailed investigations have taken place and a planning application is processed.

- 3.2 The terms of the prospective disposal will be in accordance with the principles of best consideration. The identified preferred bidder is also offering the highest level of affordable housing provision of any of the offerees, (42%), which, in combination with their bid being likely to realise the highest capital receipt is considered to further enhance their status as the preferred bidder and to best represent “best consideration” under the Land Transaction Procedure Rules.
- 3.3 The Director of Place certifies that he is satisfied that the property represents a reasonable proposition for sale at the provisionally agreed price.

4.0 Equality and Engagement Implications

- 4.1 The Council is subject to the Public Sector Equality Duty (Wales) and must in the exercise of their functions have due regard to the need to:
- Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.

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

- 4.2 An EIA screening was completed and reviewed for the 2018 Cabinet Report prepared by Education, and was updated and amended post consultations. The most recent report, amended February 2018, is attached at **Appendix B**. The agreed outcome was that the disposal should proceed as there were no concerns.
- 4.3 Wellbeing of Future Generations (Wales) Act 2015. This disposal will generate additional housing including a higher percentage of affordable housing than is required under current planning guidance. It is considered that this will be to the benefit of current and future citizens of Swansea. The proposal also provides for improved leisure and sporting facilities at Olchfa School which will be for the benefit of pupils and community for both current and future generations. Also the realisation of a capital receipt will allow the Council to invest in future projects and essential services also for the benefit of current and future citizens of Swansea.
- 4.4 The proposed sale of land will assist the Council in delivering the strategic themes of “Cymraeg 2050, a million welsh speakers” which includes an increase in welsh medium education places and opportunities for recreational use of the welsh language.
- 4.5 Any future development will of course be subject to normal planning procedures.

5.0 Financial Implications

- 5.1 The net receipt from the disposal of the site, after the provision of an all-weather pitch, would be significant and both the school and local community would benefit from enhanced external facilities.
- 5.2 In accordance with current policy, the net capital receipt will also contribute towards the achievement of the Council's overall capital receipt target and could part fund the 21st Century Programme for school improvements as set out in the approved capital programme.
- 5.3 The provisional sale price is reported in a separate report in the closed session of the 20th February Cabinet agenda. This provisional sale price is the best bid received based upon the known facts about the site and the reasoned approximations of costs associated with development. As such it is a starting point only. It is possible that this figure could vary up or down once costs are established and if they vary from those allowed for within the recommended bidder's estimates. Figures will be refined once further investigations have been concluded and a formal planning application has been submitted and the contributions required are set.

6.0 Legal Implications

- 6.1 As highlighted in the report, the Council has undertaken the necessary consultation with the School Governors and the wider consultation required by the Playing Fields (Community Involvement in Disposal Decisions) (Wales) Regulations 2015 ("the Regulations").
- 6.2 Under S.123 of the Local Government Act 1972, the Council has a duty to obtain best consideration reasonably obtainable on a disposal. The Director of Place confirms he is satisfied the land has been adequately exposed to the market, that the current offer represents the best price likely to be achieved in the current market and that as it is intended to recover full market value; the council is prima facie complying with its statutory duty.

Background Papers:

Cabinet Report dated Tuesday 28 May 2013.

Cabinet Report dated Thursday 16 June 2016.

Cabinet Report dated Thursday 15 March 2018 (Closed session)

Appendices:

Appendix A: Plan

Appendix B: EIA Screening Form

Olfha Comprehensive School

Olfha Community Sports Centre

Drain

Tennis Courts

Car Park

Hen Dderwen

Land at Olfha Comprehensive School



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Equality Impact Assessment (EIA) Report

This form should be completed for each Equality Impact Assessment on a new or existing function, a reduction or closure of service, any policy, procedure, strategy, plan or project which has been screened and found relevant to equality.

Please refer to the 'EIA Report Form Guidance' while completing this form. If you need further support please contact acesstoservices@swansea.gov.uk.

Where do you work?
Service Area: Education Planning and Resources
Directorate: People

(a) This EIA is being completed for a...

Service/ Function <input type="checkbox"/>	Policy/ Procedure <input type="checkbox"/>	Project <input type="checkbox"/>	Strategy <input type="checkbox"/>	Plan <input type="checkbox"/>	Proposal <input checked="" type="checkbox"/>
--	--	---	--	--------------------------------------	---

(b) Please name and describe below...

Disposal of Surplus Land on School Sites (Olchfa Comprehensive School)

In order to provide vital investment in our schools we are required to provide match-funding for any financial support from the Welsh Government.

As explained in the report to Council on the 25 February 2016, Capital Budget & Programme 2015/16 - 2019/20 there is an ambitious programme of Council asset disposals which shall be used to support not only the 21st Century Schools programme but the General Fund capital programme as a whole.

It is therefore now the case that school land will be considered within the overall assets programme, and the disposal of surplus land will only proceed on the basis of agreement with the governing body and then the support of Cabinet on a case by case basis.

The criteria to be applied for comprehensive school sites are as follows:

- Evaluated on an individual basis rather than a generic filter based on site acreage; there are fewer sites to consider and each case is very different.
- The parcel of land is physically capable of being separated and developed.

Prior to making any final decision on disposal the Authority have been advised by Counsel to seek the views of the Governing Body of each school in question. In particular it was advised that their view must be sought on whether they consider the land to be surplus and if not then they must be given the opportunity of putting forward their reasons and for those reasons to be fully considered.

The formal planning process will further ensure that community considerations and views are fully considered with regard to any alternative use of the areas.

(c) It was initially screened for relevance to Equality and Diversity on 4 May 2016.

(d) It was found to be relevant to...

- | | | | |
|-----------------------------------|-------------------------------------|----------------------------------|-------------------------------------|
| Children/young people (0-18)..... | <input checked="" type="checkbox"/> | Religion or (non-)belief | <input type="checkbox"/> |
| Any other age group (18+) | <input checked="" type="checkbox"/> | Sex | <input checked="" type="checkbox"/> |
| Disability | <input checked="" type="checkbox"/> | Sexual orientation | <input type="checkbox"/> |
| Gender reassignment | <input type="checkbox"/> | Welsh language | <input type="checkbox"/> |
| Marriage & civil partnership..... | <input type="checkbox"/> | Poverty/social exclusion | <input checked="" type="checkbox"/> |
| Pregnancy and maternity | <input type="checkbox"/> | Carers (inc. young carers) | <input type="checkbox"/> |
| Race | <input checked="" type="checkbox"/> | Community cohesion | <input checked="" type="checkbox"/> |

(e) Lead Officer

Name: Louise Herbert-Evans

Job title: Head of Capital Planning and Delivery Unit

Date (dd/mm/yyyy): 4 May 2016

(f) Approved by Head of Service

Name: Brian Roles

Date (dd/mm/yyyy): 4 May 2016

****Updated on 24 January 2018 and 9 February 2018****

Section 1 – Aims (See guidance):

Briefly describe the aims of the initiative:

What are the aims?

Our main aims are to:

Raising standards

Our vision is that every child will have access to high quality teaching that helps them to make the most of their talents

Better use of resources

The decision is in line with the QEd vision that budgets should be spent on pupils and not wasted on empty places

Quality of learning environment

Quality learning environments have been shown to lead to improved performance by pupils

Our specific aims with this proposal are to:

Identify pockets of land on school land that are considered potentially surplus to the requirements of individual schools which could be released for disposal whilst retaining the appropriate facilities for pupils. In accordance with current policy, the relevant capital receipt will contribute towards the achievement of the Council's capital receipt target to part fund the overall capital programme including the 21st Century Programme for school improvements as set out in the approved capital programme. As such, the capital receipt will not be allocated for any other specific purpose.

Who has responsibility?

Cabinet of the City & County of Swansea

Chief Education Officer

Head of Education Planning and Resources

QEd Programme Manager

Who are the stakeholders?

Cabinet Member(s)
Executive Board
Cabinet
Education Senior Leadership Team
Group Leaders
All Councillors
Trade Unions
Headteacher
School Staff
Governing Body
Pupils
Parents
Evening Post
Welsh Government
Estyn
AMs
MPs
Swansea Bay Radio, Wave/Swansea Sound, BBC, ITV, Western Mail, TES,
All Council staff
Swansea residents

Section 2 - Information about Service Users (See guidance):

Please tick what information you know about your service users and provide details/evidence of how this information is collected.

Children/young people (0-18).....	<input checked="" type="checkbox"/>	Carers (inc. young carers)	<input type="checkbox"/>
Any other age group (18+)	<input type="checkbox"/>	Race	<input checked="" type="checkbox"/>
Disability	<input checked="" type="checkbox"/>	Religion or (non-)belief	<input type="checkbox"/>
Gender reassignment	<input type="checkbox"/>	Sex	<input checked="" type="checkbox"/>
Marriage & civil partnership.....	<input type="checkbox"/>	Sexual orientation.....	<input type="checkbox"/>
Pregnancy and maternity	<input type="checkbox"/>	Welsh language.....	<input checked="" type="checkbox"/>

What information do you know about your service users and how is this information collected?

Pupil information – SIMS which is linked with the Authority's 'One' system which gives more detailed information about pupils with ALN and SEN needs. This is managed by the LEA to ensure that the needs are met of all pupils in all schools within the City & County of Swansea.

The information held on Olchfa is as follows:

School	Using WIMD 2014		Using WIMD 2011		
	2014-2015	2015-2016	2011-2012	2012-2013	2013-2014
Olchfa	9.1	8.8	12.3	12	12

School	Percentage with SEN	
	Total on roll 2017	2017
Olchfa	1693	14.4%

PLASC January 2017 EAL Stage of English Acquisition Summary

School	Non-EAL	Stages					Total	%A-D	%A-E
		A	B	C	D	E			
Olchfa	1356	3	9	42	154	129	1693	12.3%	19.9%

Ethnic background	7	8	9	10	11	12	13	Total
Asian	14.8%	9.8%	7.7%	6.5%	10.6%	9.5%	5.7%	9.3%
Black	0.8%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%
Chinese	0.4%	2.2%	0.0%	0.7%	0.8%	1.1%	1.6%	1.0%
Mixed	3.8%	2.9%	4.2%	2.5%	5.7%	2.6%	4.2%	3.7%
Other	9.3%	5.8%	6.5%	5.1%	4.5%	5.8%	3.6%	5.9%
White other	5.1%	2.2%	4.2%	3.2%	1.2%	4.2%	4.7%	3.5%
White British	65.7%	76.0%	77.3%	81.9%	77.2%	76.7%	80.2%	76.5%
Not White British*	34.3%	24.0%	22.7%	18.1%	22.8%	23.3%	19.8%	23.5%

*excluding unknowns

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Unknown	4.1%	1.8%	1.9%	2.5%	0.8%	2.6%	3.0%	2.3%
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Free school meals

School	Percentage claiming FSM Y1-Y11 Only					2017
	2012	2013	2014	2015	2016	
Olchfa	9.0%	9.5%	8.0%	6.7%	6.0%	5.8%

Any Actions Required?

-
-

Section 3 - Impact on Protected Characteristics (See guidance):

Please consider the possible impact on the different protected characteristics. This could be based on service user information, data, consultation and research or professional experience (e.g. comments and complaints).

	Positive	Negative	Neutral	Needs further investigation
Children/young people (0-18)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Any other age group (18+)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Marriage & civil partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or (non-)belief	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sex	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Welsh language	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Carers (inc. young carers)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Thinking about your answers above, please explain in detail why this is the case.

Age – the sale of potentially surplus land will allow the City & County of Swansea to invest in the facilities of a number of schools across the City, benefiting a number of children and young people.

Disability – the money being invested in schools will improve access for a number of children and young people with disabilities

What consultation and engagement has been undertaken (e.g. with the public and/or members of protected groups) to support your view? Please provide details below.

Colleagues from Education and Corporate Building & Property Services have visited the school to discuss the matter with the Headteacher.

Following on from this a letter was sent to the governing body to offer a further opportunity to make representations known to the Authority in writing. In particular, they were invited to comment and make representations on behalf of and reflecting the views of staff, parents and pupils (possibly via the school council). We were seeking views on:

- a) Whether you agree that the land is surplus to requirements; if you do not agree, then please indicate why you do not agree and any alternative that you might wish to suggest.
- b) Whether you consider disposal of the land would have an effect on any disabled children at the school, or any disabled adults visiting the school or working at the school or any person who comes within the protected characteristics under the Equality Act 2010.
- c) Any other representations you consider are relevant.

The governing body at Olchfa are supportive and the findings were reported back to Cabinet.

January 2018 Update

The Council published a notice of the proposed land disposal comprising certain playing fields at Olchfa Comprehensive school, Gower Road Sketty under the Playing Fields (Community Involvement in Disposal Decisions) (Wales) Regulations 2015.

The following organisations were consulted under the Playing Fields (Community Involvement in Disposal Decisions) (Wales) Regulations 2015; Sports Council Wales, Fields In Trust, Natural Resources Wales, Wildlife Trust, Open space Society, Swansea Environmental forum, Play Wales, Children's Play Officer Swansea, Ward Members, School Governing Body and local residents.

Whilst the consultation period was open for 6 weeks as per the regulations the notice also appeared for two consecutive weeks in The South Wales Evening Post on the 18 and 25 September 2017.

A total of 36 pieces of correspondence (22 emails, 13 letters and a petition) were received, including two items of support.

One of the objections received in response to this notice was in the form of a petition containing 111 signatures. The petition referred to the ongoing parking issues on the Hendrefoilan Estate and in particular students using the estate to park their cars. The petitioners feel that "if land is surplus to educational needs it should be retained to provide car parking for students"

The petition states "this is having a serious adverse effect on the enjoyment of environment by the residents due to the following:

1. *The visual amenity of the area*
2. *Adequacy of parking/loading/turning for residents and visitors*
3. *Disabled persons access to properties*
4. *Highway safety due to restricted visibility*
5. *Unsafe congestion on the roundabout*
6. *Noise and disturbance”*

The response to the consultation process has been answered in the report to go to Corporate Briefing on 1 March 2018 and Cabinet on 15 March 2018 for consideration.

The two plans attached at appendix A and B of the report both indicate hatched, the proposed land sale area. The area consists in the main of the red gravel pitch which is in disrepair and is not safe to play on and tennis courts which are unfit for purpose. The disposal of the area indicated would also reduce the number of potential pitches by one.

Should Cabinet declare the site as indicated on the plans surplus to requirements, subject to the provision of an artificial games surface, the school would not lose any current on-site car parking space.

Therefore, the parking concerns raised as part of this consultation process, via letters and petition, are considered to be an ongoing issue and are not as a direct result of or impacted by the proposal to declare land surplus to requirements at Olchfa Comprehensive school. It is therefore considered that no persons with protected characteristics would be negatively affected by the proposal

Whilst we acknowledge the proposal raised as part of the consultation to use the land indicated to provide extra car parking, it is considered that the proposal to declare the land indicated as surplus to requirements subject to the installation of an all-weather pitch; would be far more beneficial to both the school and the community.

It is the intention of the Council to provide an all-weather surface pitch, floodlit and available for hire to the Community outside of school hours. The installation of a 3G facility would provide an all-weather resource available to both pupils and the community, this facility will have a positive effect on community, health, social care and well-being strategies. It is the intention that parking for this facility would utilise the current school site.

If the land in question is to be developed in the future, a planning application will need to be submitted to the Council's planning department outlining the proposals. As part of that application process residents will be afforded the opportunity to formally raise any questions/objections to the proposals within the set 21 day consultation period.

As part of the consultation we have spoken to officers from highways who have informed us that the Council has previously introduced Traffic Regulation Orders (TRO) at key junctions within the estate to maintain access for emergency vehicles. The Council has engaged in consultation for wider TRO's in the estate, however, residents felt that this would be detrimental to their quality of life and that the school should encourage their students to act in a responsible manner.

Highways officers also informed us that Local ward member and traffic officers have visited the school to attend a sixth form assembly to appeal for student cooperation (in terms of parking and inappropriate pedestrian routes)

Highways officers have stated that whilst the Council recognises that, the student parking within the Hendrefoilan Estate does cause an inconvenience to residents and visitors to negotiate through the streets and gain access / egress into their driveways, there is no over-riding threat to road safety.

Should residents wish to reopen the discussion for further TROs they can contact the local authority.

The responses will now be considered by Cabinet.

Any actions required (to mitigate adverse impact or to address identified gaps in knowledge).

- Send response to the petition lead on the action taken/offered by Highways Department.

Section 4 - Other Impacts:

Please consider how the initiative might address the following issues.

You could base this on service user information, data, consultation and research or professional experience (e.g. comments and complaints).

Foster good relations between different groups	Advance equality of opportunity between different groups
Elimination of discrimination, harassment and victimisation	Reduction of social exclusion and poverty

(Please see the specific Section 4 Guidance for definitions on the above)

Please explain any possible impact on each of the above.

Investment in a number of school sites resulting from part capital receipt of potential land sales will lead to improved school buildings and create better environments for all children and young people thus *fostering good relations between different groups*.

A number of the proposed investments resulting from part capital receipt of potential land sales will provide children and young people with facilities already enjoyed in other schools within the City & County of Swansea thus *advancing equality of opportunity between different groups*.

There are a number of examples of improvements to school buildings within the proposed investments resulting from part capital receipt of potential land sales that will provide open school areas that have the potential to *eliminate discrimination, harassment and victimisation*.

Any investment in schools as a result of the potential land sales will have a beneficial impact on the education of the children and young people of Swansea. In the long term this can lead to a *reduction of social exclusion and poverty*. In Olchfa's case the sale of the land will assist in providing a 3G pitch that could potentially also be used by the community.

What work have you already done to improve any of the above?

The Quality in Education (QEd) Programme/21st Century Schools programme has been running for a number of years with a large number of Children and Young People benefiting from investments in our schools.

Is the initiative likely to impact on Community Cohesion? Please provide details.

The sale of land at Olchfa could potentially provide a 3G pitch that could be used by the community.

How will the initiative meet the needs of Welsh speakers and learners?

One of the main beneficiaries of the proposed land sales could be one of the proposed Welsh-medium developments in Band B of the 21st Century Schools Programme. In addition, the possible 3G pitch at Olchfa could be used by all members of the community

including Welsh speakers and Welsh language groups.

Actions (to mitigate adverse impact or to address identified gaps in knowledge).

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Section 5 - United Nations Convention on the Rights of the Child (UNCRC):

In this section, we need to consider whether the initiative has any direct or indirect impact on children. Many initiatives have an indirect impact on children and you will need to consider whether the impact is positive or negative in relation to both children's rights and their best interests

Please visit <http://staffnet/eia> to read the UNCRC guidance before completing this section.

Will the initiative have any impact (direct or indirect) on children and young people? If not, please briefly explain your answer and proceed to Section 6.

The initiative will have a direct impact on children and young people.

Is the initiative designed / planned in the best interests of children and young people? Please explain your answer.

The initiative is designed in the best interest of children as stated in guiding principal Article 3. *Best interests of the child (Article 3): The best interests of children must be the primary concern in making decisions that may affect them. All adults should do what is best for children. When adults make decisions, they should think about how their decisions will affect children. This particularly applies to budget, policy and law makers.*

The initiative is planned to improve pupils' school environment thus giving them the best opportunity of achieving to their full potential. The proposal relates to the following articles:

Article 3 - All organisations concerned with children should work towards what is best for each child.

Article 12 - Respect for the views of the child

Article 18 - Both parents share responsibility for bringing up their children. We should help parents by providing services to support them.

Article 28 - Children have a right to an education. Discipline in schools should respect children's human dignity.

Article 29 - Education should develop each child's personality and talents to the full.

Article 30 - Children have a right to learn and use the language and customs of their families.

Actions (to mitigate adverse impact or to address identified gaps in knowledge).

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Section 6 - Monitoring arrangements:

Please explain the arrangements in place (or those which will be put in place) to monitor this initiative:

Monitoring arrangements: All projects within the Quality in Education (QEd) 2020 Programme have a clear monitoring process in place. Regular progress meetings will be

held with the school and the contractors, a formal Project Board will be held monthly to discuss key issues and make key decisions, any issues can then be escalated to the QEd Programme Board with the Strategic Programme Board (Corporate) having an overarching view of all City & County of Swansea projects.

Actions: Monitor EIA monthly at the Project Board and Programme Board by exception as required.

Section 7 – Outcomes:

Having completed sections 1-5, please indicate which of the outcomes listed below applies to your initiative (refer to the guidance for further information on this section).

- | | |
|---|-------------------------------------|
| Outcome 1: Continue the initiative – no concern | <input checked="" type="checkbox"/> |
| Outcome 2: Adjust the initiative – low level of concern | <input type="checkbox"/> |
| Outcome 3: Justify the initiative – moderate level of concern | <input type="checkbox"/> |
| Outcome 4: Stop and refer the initiative – high level of concern. | <input type="checkbox"/> |

For outcome 3, please provide the justification below:

For outcome 4, detail the next steps / areas of concern below and refer to your Head of Service / Director for further advice:

Section 8 - Publication arrangements:

On completion, please follow this 3-step procedure:

1. Send this EIA report and action plan to the Access to Services Team for feedback and approval – accesstoservices@swansea.gov.uk
2. Make any necessary amendments/additions.
3. Provide the final version of this report to the team for publication, including email approval of the EIA from your Head of Service. The EIA will be published on the Council's website - this is a legal requirement.

Action Plan:

Objective - What are we going to do and why?	Who will be responsible for seeing it is done?	When will it be done by?	Outcome - How will we know we have achieved our objective?	Progress
Monitor implementation of the proposal if approved by Cabinet	Project Manager	On-going until the project's conclusion	Any future developments as a result of the land sale takes full notice of all equalities issues	
Send response to the petition lead on the action taken/offered by Highways Department.	Project Manager	1 March 2018	Response sent and possible further response from the petition lead	
Propose actions to mitigate issues raised about parking in the area	Highways Department	Completed	Mitigation offered and refused by the local residents	
Re-visit option of TROs should the local residents wish	Residents/Highways Department	No deadline set		

* Please remember to be 'SMART' when completing your action plan (Specific, Measurable, Attainable, Relevant, Timely).

Agenda Item 19.



Report of the Chief Legal Officer

Special Cabinet – 20 February 2020

Exclusion of the Public

Purpose:	To consider whether the Public should be excluded from the following items of business.	
Policy Framework:	None.	
Consultation:	Legal.	
Recommendation(s):	It is recommended that:	
1)	The public be excluded from the meeting during consideration of the following item(s) of business on the grounds that it / they involve(s) the likely disclosure of exempt information as set out in the Paragraphs listed below of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007 subject to the Public Interest Test (where appropriate) being applied.	
	Item No's	Relevant Paragraphs in Schedule 12A
	20	13 & 14.
Report Author:	Democratic Services	
Finance Officer:	Not Applicable	
Legal Officer:	Tracey Meredith – Chief Legal Officer (Monitoring Officer)	

1. Introduction

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

2. Exclusion of the Public / Public Interest Test

- 2.1 In order to comply with the above mentioned legislation, Cabinet will be requested to exclude the public from the meeting during consideration of the item(s) of business identified in the recommendation(s) to the report on the

grounds that it / they involve(s) the likely disclosure of exempt information as set out in the Exclusion Paragraphs of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.

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

3. Financial Implications

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

4. Legal Implications

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

Background Papers: None.

Appendices: Appendix A – Public Interest Test.

Public Interest Test

No.	Relevant Paragraphs in Schedule 12A
12	Information relating to a particular individual.
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 12 should apply. Their view on the public interest test was that to make this information public would disclose personal data relating to an individual in contravention of the principles of the Data Protection Act. Because of this and since there did not appear to be an overwhelming public interest in requiring the disclosure of personal data they felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>
13	Information which is likely to reveal the identity of an individual.
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 13 should apply. Their view on the public interest test was that the individual involved was entitled to privacy and that there was no overriding public interest which required the disclosure of the individual's identity. On that basis they felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>
14	Information relating to the financial or business affairs of any particular person (including the authority holding that information).
	<p>The Proper Officer (Monitoring Officer) has determined in preparing this report that paragraph 14 should apply. Their view on the public interest test was that:</p> <ul style="list-style-type: none"> a) Whilst they were mindful of the need to ensure the transparency and accountability of public authority for decisions taken by them in relation to the spending of public money, the right of a third party to the privacy of their financial / business affairs outweighed the need for that information to be made public; or b) Disclosure of the information would give an unfair advantage to tenderers for commercial contracts. <p>This information is not affected by any other statutory provision which requires the information to be publicly registered.</p> <p>On that basis they felt that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider this factor when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.</p>

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

Agenda Item 20.

By virtue of paragraph(s) 13, 14 of Schedule 12A
of the Local Government Act 1972
as amended by the Local Government (Access to
Information) (Variation) (Wales) Order 2007.

Document is Restricted

By virtue of paragraph(s) 13, 14 of Schedule 12A
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