

Cyngor

Rydych dan wŷs trwy hyn i ddod i gyfarfod **Cyngor Dinas a Sir** i'w gynnal yn Siambr y Cyngor, Neuadd y Ddinas, Abertawe ar Dydd Iau, 5 Mawrth 2020 am 5.00 pm.

Cynigir trafod y materion canlynol:

1. **Ymddiheuriadau am absenoldeb.**
2. **Datgeliadau o fuddiannau personol a rhagfarnol.**
www.abertawe.gov.uk/DatgeluCysylltiadau
3. **Cofnodion.** **1 - 8**
Cymeradwyo a llofnodi cofnodion y cyfarfod(ydd) blaenorol fel cofnod cywir
4. **Ymatebion ysgrifenedig i gwestiynau a ofynnwyd yng Nghyfarfod Cyffredinol Diwethaf y Cyngor.** **9 - 11**
5. **Cyhoeddiadau'r Aelod Llywyddol.**
6. **Cyhoeddiadau Arweinydd y Cyngor.**
7. **Cwestiynau gan y Cyhoedd.**
Rhaid i'r cwestiynau ymwneud â materion ar ran agored agenda'r cyfarfod, ac ymdrinnir â hwy o fewn 10 munud.
8. **Cynllunio Ariannol Tymor Canolig 2021/22 - 2023/24.** **12 - 39**
9. **Cyllideb Refeniw 2020/2021.** **40 - 94**
10. **Cyllideb a Rhaglen Gyfalaf 2019/20- 2024/25.** **95 - 115**
11. **Cyfrif Refeniw Tai (CRT) - cyllideb refeniw 2020/21.** **116 - 124**
12. **Cyfrif Refeniw Tai - cyllideb a rhaglen gyfalaf 2019/20 - 2023/24.** **125 - 147**
13. **Penderfyniad statudol - dylid gwneud penderfyniadau yn unol â'r rheoliadau wrth bennu Treth y Cyngor ar gyfer 2020/21.** **148 - 152**
14. **Strategaeth Gyfalaf 2020/21- 2025/26.** **153 - 166**
15. **Datganiad strategaeth rheoli'r Trysorlys, Dangosyddion darbodus/Trysorlys, strategaeth fuddsoddi Datganiad polisi ar y ddarpariaeth isafswm refeniw 2020/21** **167 - 217**

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|---|-----------|
| 16. Enwebu'r Darpar Arglwydd Faer a'r Darpar Ddirprwy Arglwydd Faer ar gyfer 2020-2021. | 218 - 227 |
| 17. Adroddiadau Craffu - Adroddiad Effaith Chwarterol. | 228 - 233 |
| 18. Cwestiynau gan y Cynghorwyr. | 234 - 242 |

Gweddarlledu: Gellir ffilmio'r cyfarfod hwn i'w ddarlledu'n fyw neu'n ddiweddarach drwy wefan y cyngor. Drwy fynd i mewn i Siambr y Cyngor, rydych yn cytuno i gael eich ffilmio ac i'r delweddau a'r recordiadau sain hynny gael eu defnyddio at ddibenion gweddarlledu a/neu hyfforddiant o bosib.

Mae croeso i chi siarad Cymraeg yn y cyfarfod.

Dywedwch wrthym erbyn canol dydd, ddeuddydd cyn y cyfarfod.

Cyfarfod nesaf: Dydd Iau, 26 Mawrth 2020 ar 5.00 pm



Huw Evans
Pennaeth Gwasanaethau Democraidd
Neuadd y Ddinas,
Abertawe.

Dydd Mercher, 26 Chwefror 2020

I: Bob Aelod o'r Cyngor

Agenda Item 3.



City and County of Swansea

Minutes of the **Council**

Council Chamber - Guildhall, Swansea

Thursday, 23 January 2020 at 5.00 pm

Present: Councillor D W W Thomas (Chair) Presided

Councillor(s)

C Anderson
P M Black
J E Burtonshaw
J P Curtice
N J Davies
A M Day
P Downing
C R Doyle
C R Evans
V M Evans
W Evans
E W Fitzgerald
R Francis-Davies
S J Gallagher
L S Gibbard
F M Gordon
K M Griffiths
D W Helliwell
T J Hennegan
C A Holley
P R Hood-Williams

Councillor(s)

B Hopkins
D H Hopkins
L James
O G James
J W Jones
L R Jones
M H Jones
P K Jones
S M Jones
E T Kirchner
M A Langstone
A S Lewis
M B Lewis
R D Lewis
W G Lewis
C E Lloyd
P Lloyd
I E Mann
P M Matthews
P N May
H M Morris

Councillor(s)

C L Philpott
S Pritchard
A Pugh
J A Raynor
K M Roberts
B J Rowlands
M Sherwood
P B Smith
R V Smith
A H Stevens
R C Stewart
D G Sullivan
M Sykes
M Thomas
L G Thomas
W G Thomas
L J Tyler-Lloyd
G D Walker
L V Walton
T M White

Officer(s)

Jeffrey Dong

Deputy Chief Finance Officer / Deputy Section 151 Officer.

Huw Evans

Head of Democratic Services

Adam Hill

Deputy Chief Executive / Director of Resources

Tracey Meredith

Chief Legal Officer / Monitoring Officer

Phil Roberts

Chief Executive

Martin Nicholls

Director of Place

Apologies for Absence

Councillor(s): M C Child, M Durke, J A Hale, Y V Jardine, E J King, D Phillips, C Richards and G J Tanner

110. Disclosures of Personal and Prejudicial Interests.

The Chief Legal Officer gave advice regarding the potential personal and prejudicial interests that Councillors and / Officers may have on the agenda.

The Head of Democratic Services reminded Councillors and Officers that the "Disclosures of Personal and Prejudicial Interests" sheet should only be completed if the Councillor / Officer actually had an interest to declare. Nil returns were not required. Councillors and Officers were also informed that any declarable interest must be made orally and in writing on the sheet.

In accordance with the provisions of the Code of Conduct adopted by the City and County of Swansea the following interests were declared:

- 1) Councillors H M Morris and B J Rowlands declared a Personal & Prejudicial Interest in Minute 117 "Adoption of the Council Tax Reduction Scheme".

111. Minutes.

Resolved that the following Minutes be approved and signed as a correct record:

- 1) Ordinary Meeting of Council held on 27 November 2019.

112. Written Responses to Questions asked at the Last Ordinary Meeting of Council.

The Chief Legal Officer submitted an information report setting out the written responses to questions asked at the last Ordinary Meeting of Council.

113. Announcements of the Presiding Member.

1) Condolences

i) Councillor Sybil Crouch

The Presiding Member referred with sadness to the recent death of Councillor Sybil Crouch. Councillor Crouch served the Castle Electoral Ward for nearly eight years. Councillor Crouch was Lady Mayoress when her husband, Councillor David Phillips, was Lord Mayor in 2018-2019. She was also a former cabinet Member and Committee Chair. Councillor Crouch served the:

- City & County of Swansea 3 May 2012 to 5 January 2020.

Councillor Crouch was widely-known across Wales for her role as a former chair of the Arts Council for Wales as well as for her work at Swansea University's Taliesin Centre, which has become a major performance centre for music, theatre and dance.

In 2008 she was nominated a finalist in the Western Mail's Welsh Woman of the Year competition, for women who have made an outstanding contribution to the promotion of democracy.

ii) Former Councillor Derek James

The Presiding Member referred with sadness to the recent death of former Councillor Derek James. Former Councillor James served the Uplands Electoral Ward for 5 years and was the father of Julie James AM. Former Councillor James served the:

- City & County of Swansea 6 May 1999 to 10 June 2004.

iii) Former Councillor Ioan Stock

The Presiding Member referred with sadness to the recent death of former West Glamorgan County Councillor Ioan Stock. Former Councillor Stock served Gower and is the father in law of Councillor Mark Thomas.

iv) Former Councillor Tom Hilton

The Presiding Member referred with sadness to the recent death of former Swansea City Councillor Tom Hilton. Former Councillor Hilton served Castle and Landore

v) Ann Evans, Sister of Councillor Chris Holley

The Presiding Member referred with sadness to the recent death of Ann Evans, sister of Councillor Chris Holley. Ann Evans was also an Officer of the Council within Social Services.

vi) Hazel Morgan, Wife of Former Councillor Keith Morgan

The Presiding Member referred with sadness to the recent death of Hazel Morgan, wife of former Councillor Keith Morgan.

vii) Former Councillor John Bushell

The Presiding Member referred with sadness to the recent death of former Swansea City Councillor and former City & County of Swansea Councillor John Bushell. Former Councillor Bushell served the Fairwood Electoral Ward.

viii) Margaret Hill, Mother of Sarah Lackenby

The Presiding Member referred with sadness to the recent death of Margaret Hill, Sarah Lackenby's mother.

All present stood as a mark of sympathy and respect.

2) Social Services Client Finance Team

The Presiding Member stated that he was delighted to state that the audit from the Office of the Public Guardian described the Social Services Client Finance Team as “Impressive; the service provided was excellent; they put the best interests of their clients first and they had great systems and caseworkers”.

This is truly a superb audit of the Authority’s handling of Guardianship responsibilities for people in Swansea who are unable to exercise decisions for themselves.

3) Green Flag Heroes

The Presiding Member stated that the Green Flag Award scheme is delivered in Wales by Keep Wales Tidy with support from Welsh Government. The Award is about connecting people with the very best parks and green spaces. It’s the benchmark for parks and green spaces in the UK and beyond. Wherever you see a Green Flag, you know you’re visiting an exceptional place with the highest standards. A good quality environment can have a big impact on our communities, health and well-being, and economy.

He was delighted to announce that Jeff Walton of the Friends of Mayhill Washing Lake & (Hillside) Community Food Garden was one of two finalists for Volunteer of the Year.

4) 50th Anniversary as a City – Gideons International Bibles

The Presiding Member thanked Jeff Bowen of the Gideons International for providing each Councillor and others at the Council Meeting with a commemorative 50th Anniversary as a City, copy of the New Testament and Psalms.

5) Santes Dwynwen

The Presiding Member stated that its Santes Dwynwen day on Saturday (25-01-2019). Santes Dwynwen is the Welsh and Celtic Patron saint of friendship and love. The popularity and celebration of St Dwynwen's day has increased considerably in recent years. Remember to tell your partner that you love them.

6) New Year’s Honours

Citizens of Swansea who received awards in the New Year Honours.

a) Officer of the Order of the British Empire (OBE)

- i) Andrew James Falvey. Commercial Director, Driver and Vehicle Licensing Agency. For services to Transport (West Glamorgan).

b) British Empire Medal (BEM)

- i) Susan Ann Croall. For services to Music in Swansea.

c) Queen's Police Medal (QPM)

- i) Richard John Lewis. Deputy Chief Constable, South Wales Police.
ii) Constable Bharat Kumar Narbad. South Wales Police.

7) Corrections / Amendments to the Council Summons

The Presiding Member stated that an amended report had been circulated in respect of Minute 118 "Membership of Committees" and that Appendix A outlined on Pages 35 to 61 of the Council Summons referred to Question 2 of the Councillors Questions.

114. Announcements of the Leader of the Council.

i) Condolences

The Leader of the Council referred with sadness to the recent death of Councillor Sybil Crouch and paid tribute to her work as a Councillor.

He also echoed the sentiments previously shared by the Presiding Member in relation to all condolences received at Council.

ii) Parliamentary Election – 12 December 2019

The Leader of the Council congratulated the Tonia Antoniazzi (Gower Constituency), Carolyn Harris (Swansea East Constituency) and Geraint Davies (Swansea West Constituency) for being returned as Members of Parliament following the Parliamentary Election on 12 December 2019.

iii) Swansea Bay City Region

The Leader of the Council stated that the Swansea Bay City Region Programme Director had been appointed. He also stated that the first £18 million had been received.

iv) Men Shed Initiative

The Leader of the Council referred to his announcement at Council on 27 November 2019 in relation to the Men Shed Initiative and the fact that a £25,000 fund had been established aimed at supporting the initiative.

He stated that an application had been received from the Penderry Electoral Ward and it was hoped that they would be the first to benefit from a grant from the fund.

115. Public Questions.

David Davies asked a question in relation to Minute 119 "Councillors' Questions" – Question 5:

- i) *"Would a Swansea wide competition be appropriate where all Schools could nominate their Reader of the Year, a Boy and Girl; and appear before a Panel organised by the Council who would judge the winners and present a Cup to them and the School. Perhaps our Education Minister could choose a particular book for the contestants and then assess their critical appraisal of it and their imagination.*

Wales is the land of Poets and Bards and this competition might inspire potential writers of the future. Cardiff has its Singer of the World, let Swansea have its Readers of the Year."

The Education Improvement, Learning and Skills Cabinet Member welcomed the suggestion and stated that a written response would be provided.

116. Presentation - None.

No presentations were received.

117. Adoption of The Council Tax Reduction Scheme.

The Section 151 Officer submitted a report, which explained the requirement to annually consider whether to revise or replace the Council's existing Council Tax Reduction Scheme and the requirement to either adopt a new scheme or re-adopt the existing scheme by 31 January 2019.

Resolved that:

- 1) The Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 ("the Prescribed Requirements Regulations") by the National Assembly for Wales (NAfW) on 26 November 2013, as amended be noted;
- 2) The amendments to "the Prescribed Requirements Regulations" contained in the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (Wales) (Amendment) Regulations 2018, considered and approved by NAfW on 7 January 2020 be noted;
- 3) The outcome of the consultation exercise undertaken by the Council in November 2018 on the discretionary areas of the current scheme be noted;
- 4) The current scheme (2019/2020) in relation to the discretionary areas (as set out in section 3 of the report) remain unchanged from 2020/2021;
- 5) The scheme as set out in section 3 of the report be adopted and any amendments to the regulations made by NAfW be reflected in the scheme.

118. Membership of Committees.

The Delivery & Performance Cabinet Member submitted a report which sought Council approval to the nominations / amendments to the membership of Council Bodies. He stated that an updated report had been circulated.

He stated that the Leader of the Council had made the following changes to the Authority's Outside Bodies:

i) Outside Bodies - Gower Commoners Association

The Leader of the Council stated that the Council were no longer entitled to a representative on the Gower Commoners Association. Councillor A H Stevens was therefore removed and the Association deleted from the Outside Bodies list.

Resolved that the membership of the Council Bodies listed below be amended as follows:

- 1) Poverty Reduction Policy Development Committee**
Remove Councillor H M Morris.
Add Councillor L V Walton.
- 2) Admissions Panel**
Reduce the Panel size from 5 to 3 Members.
New membership to be Councillor J P Curtice, A M Day and R V Smith.

119. Councillors' Questions.

1) Part A 'Supplementary Questions'

Ten (10) Part A 'Supplementary Questions' were submitted. The relevant Cabinet Member(s) responded by way of written answers contained in the Council Summons.

Those supplementary question(s) required a written response are listed below:

Question 2

Councillor A M Day asked the relevant Cabinet Member:

"There are 574 Organisations shown in Appendix relating to this question.

- i) Do these Organisations within the Council Advertising Network (CAN) share the information collected?*
- ii) £6,243.93 will be collected from CAN for 2019-2020. Does the Cabinet Member believe this to be good value and does he believe that the Council is receiving its fair share?"*

The Delivery and Performance Cabinet Member stated that a written response would be provided.

Question 10

The Homes & Energy Cabinet Member stated that she would be bringing a future report on engagement with rough sleepers and the impact of Housing First.

2) Part B 'Questions not requiring Supplementary Questions'

One (1) Part B 'Questions not requiring Supplementary Questions' were submitted.

The meeting ended at 5.55 pm

Chair

Agenda Item 4.



Report of the Chief Legal Officer

Extraordinary Council – 5 March 2020

Written Responses to Questions asked at the Last Ordinary Meeting of Council

The report provides an update on the responses to Questions asked during the Ordinary Meeting of Council on 23 January 2020.

For Information

1. Introduction

- 1.1 It was agreed at Council on 8 April 2010 that a standing item be added to the Council Summons entitled “Written Responses to Questions Asked at the Last Ordinary Meeting of Council”.
- 1.2 A “For Information” report will be compiled by the Democratic Services Team collating all written responses from the last Ordinary Meeting of Council and placed in the Agenda Pack;
- 1.3 Any consequential amendments be made to the Council Constitution.

2. Responses

- 2.1 Responses to questions asked during the last ordinary meeting of Council are included as Appendix A.

Background Papers: None

Appendices: Appendix A (Questions & Responses)

**Providing Council with Written Responses to Questions asked at Council
23 January 2020**

1.	<p>Mr David Davies</p> <p>In relation to Minute 119 “Councillors’ Questions” – Question 5.</p> <p>Would a Swansea wide competition be appropriate where all Schools could nominate their Reader of the Year, a Boy and Girl; and appear before a Panel organised by the Council who would judge the winners and present a Cup to them and the School. Perhaps our Education Minister could choose a particular book for the contestants and then assess their critical appraisal of it and their imagination.</p> <p>Wales is the land of Poets and Bards and this competition might inspire potential writers of the future. Cardiff has its Singer of the World, let Swansea have its Readers of the Year.</p> <p>Response of the Cabinet Member for Education Improvement & Skills</p> <p>Many thanks for this interesting and stimulating suggestion.</p> <p>We are looking at ways in which we can support your suggestion.</p> <p>I will get back to you when I have more information.</p>
2.	<p>Councillor A M Day</p> <p>In relation to Minute 119 “Councillors’ Questions” – Question 2.</p> <p>There are 574 Organisations shown in Appendix relating to this question.</p> <p>1. Do these Organisations within the Council Advertising Network (CAN) share the information collected.</p> <p>2. £6,243.93 will be collected from CAN for 2019-2020. Does the Cabinet Member believe this to be good value and does he believe that the Council is receiving its fair share.</p> <p>Response of the Cabinet Member for Delivery & Performance</p> <p>1. The CAN service states ‘Collection, use and storage relating to cookies are controlled by the General Data Protection Regulation (GDPR) and the Privacy and Electronic Communications Regulations (PECR or ‘E-privacy Directive’). They are designed to give individuals control of their online data and make sure companies who intend to collect and use it have permission from every individual before they do so.</p> <p>2. CAN is used across a number of local authorities across the UK and therefore Swansea is following best practice. As previously provided, CAN performs comprehensive business and technical checks to ensure each vendor is suitable to deliver brand safe advertising to the council. Business checks include credit history, vendor location and position in the market. Technical checks include where data is stored, checks for virus and malware and what security measures are in place to ensure the safety of the council</p>

	and its customers. Therefore it is providing the Council with a comprehensive service and therefore deemed value for money.

Agenda Item 8.



Report of the Section 151 Officer

Extraordinary Council - 5 March 2020

Medium Term Financial Planning 2021/22 - 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, 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 approved 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 reports given to Cabinet in January 2020 and February 2020.

Economic Outlook and Prospects for Public Finances

- 2.2 The announcement of the final 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 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 final Revenue settlement issued by the Welsh Government in February 2020 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 final AEF for 2020/21 of £339.381m as announced in February 2020.

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 final 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
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Total Savings Requirement needed if 0% AEF BEFORE COUNCIL TAX		20,136	37,059	55,130
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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 and February 2020 budget reports 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

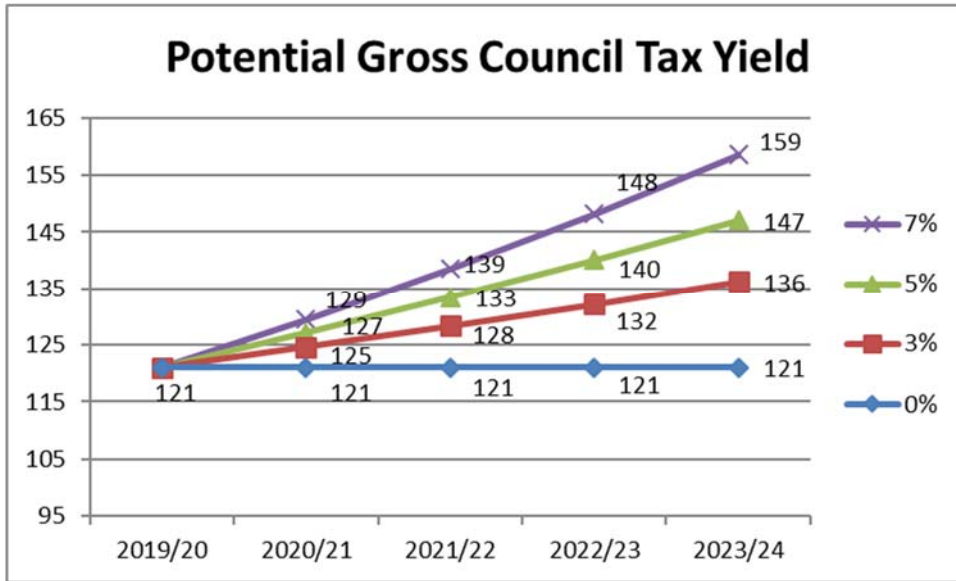
Sustainable Swansea Programme. These will be built into the budget process at the appropriate stage of the reviews.

- 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

Appendices:

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 9.



Report of the Section 151 Officer

Extraordinary Council – 5 March 2020

Revenue Budget 2020/2021

Purpose:	This report proposes a Revenue Budget and Council Tax Levy for 2020/21
Policy framework:	Sustainable Swansea – Fit for the Future
Consultation:	Cabinet Members, Legal, Access to Services & Corporate Management Team
Recommendations:	It is recommended that: 1) Council approves a Revenue Budget for 2019/20 as detailed in Appendix A. 2) Council approves a Budget Requirement and Council Tax Levy for 2019/20 as detailed in Section 9 of this report.
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. Cabinet has considered the comments received from residents, community groups, partners, employees, School Budget Forum, Joint Phase Head Teachers, Trade Unions and others. 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 considered a report on the estimated Revenue Outturn for 2019/20 at its meeting of 20th February 2020. It was 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 was announced on 25th February 2020.

- 3.2 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. The publication of the final settlement confirmed that there was indeed no change between the provisional and final levels of funding.

- 3.3 In respect of Schools and Social Services, although the 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.

- 3.4 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.

- 3.5 **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 was 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 has resulted in no change to the above.
- 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 to Cabinet 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
Mid and West Wales Fire authority Levy increase	770
Council Tax Support Scheme	1,000
Service pressures previously accepted	716
New Service pressures accepted	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 Council.

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
<i>Cash position</i>	
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 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 on 20th February 2020 has now considered what changes to make to these proposals in light of the outcome of the consultation and the latest forecasts, and these are set out in paragraph 6.7.

- 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 and Council will be kept updated on any potential issues that may arise as part of the budget implementation process.
- 6.3 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 considered a reduced level of Council Tax payable and included a new, modest but environmentally important pressure, and Council will now need to

consider whether it is minded to make any further changes to the final proposals for the 2020/21 budget.

7. Staffing Implications

Background

- 7.1 The Cabinet Report of 20th February 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 are reflected 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 by Cabinet on 20th February 2020, 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 Council 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, based on the recommendations made at Cabinet on 20th February 2020, a slightly lower Council Tax rise of 4.58% 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 is confirmed following the final local government finance settlement announced on 25th February.

- 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
<hr/> Overall resourcing <hr/>	<hr/> 17,864 <hr/>

- 10.2 I am satisfied that the budget proposals detailed in this report represent a realistic and achievable financial plan for 2020/21 subject to the potential financial implications of the risks described in Section 11 below.

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.

(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 10.



Report of the Section 151 Officer

Extraordinary Council - 5 March 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.

2.6.3 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.

Background Papers: None.

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

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
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 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'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

Poverty & Prevention

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
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
Additional WG grant funding for carriageway resurfacing, footways and safety barriers	1187						1,187

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

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000
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 programme	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
3G Pitch Cefn Hengoed Comprehensive School		492					492

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 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
Corporate Building							

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
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

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
Band A	Actual spend	Actual spend	Actual spend	Actual spend	Actual spend	Actual spend	Actual spend	Forecast spend	Forecast spend	Forecast spend	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
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^o 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 with 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 11.



Report of the Section 151 Officer

Extraordinary Council – 5 March 2020

Housing Revenue Account (HRA) Revenue Budget 2020/21

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 Government's 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 - Summarised HRA 2019/20 to 2020/21
- Appendix B - Movement in Balances 2019/20 to 2020/21
- Appendix C - 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

Appendix B

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

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

Agenda Item 12.



Report of the Section 151 Officer & the Director of Place

Extraordinary Council – 5 March 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, Waunarlwydd	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 13.



Report of the Section 151 Officer

Extraordinary Council - 5 March 2020

Statutory Resolution – Resolutions to be Made in Accordance with the Regulations in the Setting of the Council Tax 2020/2021

- (1) **That** the Council notes and adopts the statutory resolutions set out below.
- (2) **That** it be noted that at its meeting on 27th November 2019 the Council calculated the following amounts for the year 2020/2021 in accordance with Regulations made under Section 33(5) of the Local Government Finance Act 1992 (as amended) -
- a) 91,923 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) (Wales) Regulations 1995, as amended, as its Council Tax base for the year.

b) Parts of the Council's Area –

Bishopston	1,986
Clydach	2,661
Gorseinon	3,319
Gowerton	1,972
Grovesend & Waungron	426
Ilston	327
Killay	2,148
Llangennith, Llanmadoc & Cheriton	508
Llangyfelach	947
Llanrhidian Higher	1,626
Llanrhidian Lower	341
Llwchwr	3,446
Mawr	762
Mumbles	9,822
Penllergaer	1,437
Pennard	1,482
Penrice	426
Pontarddulais	2,340
Pontlliw & Tircoed	1,039
Port Eynon	433
Reynoldston	300
Rhossilli	190
Three Crosses	715
Upper Killay	589

being the amounts calculated by the Council, in accordance with Regulation 6 of the Regulations, as the amounts of its Council Tax base for dwellings in those parts of its area to which special items relate.

- (3) That** the following amounts be now calculated by the Council for the year 2020/2021 in accordance with Section 32 to 36 of the Local Government Finance Act 1992 -
- (a) £754,648,943 being the aggregate of the amounts which the Council estimates for the items set out in Sections 32(2)(a) to (d) of the Act.
 - (b) £284,811,933 being the aggregate of the amounts which the Council estimates for the items set out in Sections 32(3)(a), 32(3)(c) and 32(3a) of the Act.
 - (c) £469,837,010 being the amount by which the aggregate at (3)(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year.
 - (d) £338,980,555 being the aggregate of the sums which the Council estimates will be payable for the year into its Council Fund in respect of redistributed non-domestic rates, and revenue support grant less discretionary Non Domestic Rate relief.
 - (e) £1,423.54 being the amount at (3)(c) above less the amount at (3)(d) above, all divided by the amount at (2)(a) above, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year.
 - (f) £1,582,010 being the aggregate amount of all special items referred to in Section 34(1) of the Act.
 - (g) £1,406.33 being the amount at (3)(e) above less the result given by dividing the amount at (3)(f) above by the amount at (2)(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special items relate.

(h) Parts of the Council's Area -

Bishopston	1,432.51
Clydach	1,449.74
Gorseinon	1,444.33
Gowerton	1,423.50
Grovesend & Waungron	1,423.94
Ilston	1,421.33
Killay	1,415.64
Llangennith, Llanmadoc & Cheriton	1,421.88
Llangyfelach	1,431.67
Llanrhidian Higher	1,487.88
Llanrhidian Lower	1,415.13
Llwchwr	1,431.83
Mawr	1,492.94
Mumbles	1,464.32
Penllergaer	1,414.68
Pennard	1,461.74
Penrice	1,433.85
Pontarddulais	1,455.94
Pontlliw & Tircoed	1,433.07
Port Eynon	1,420.19
Reynoldston	1,448.00
Rhossili	1,423.70
Three Crosses	1,448.57
Upper Killay	1,438.59

being the amounts given by adding to the amount at (3)(g) above the amounts of the special items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at (2)(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

(I) Parts of the Council's Area -

	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £	Band I £
Bishopston	955.00	1,114.17	1,273.34	1,432.51	1,750.85	2,069.19	2,387.51	2,865.02	3,342.53
Clydach	966.49	1,127.57	1,288.66	1,449.74	1,771.91	2,094.07	2,416.23	2,899.48	3,382.73
Gorseinon	962.88	1,123.37	1,283.85	1,444.33	1,765.29	2,086.26	2,407.21	2,888.66	3,370.11
Gowerton	949.00	1,107.16	1,265.33	1,423.50	1,739.84	2,056.17	2,372.50	2,847.00	3,321.50
Grovesend & Waungron	949.29	1,107.51	1,265.72	1,423.94	1,740.37	2,056.81	2,373.23	2,847.88	3,322.53
Ilston	947.55	1,105.48	1,263.40	1,421.33	1,737.18	2,053.04	2,368.88	2,842.66	3,316.44
Killay	943.76	1,101.05	1,258.35	1,415.64	1,730.23	2,044.82	2,359.40	2,831.28	3,303.16
Llangennith, Llanmadoc & Cheriton	947.92	1,105.90	1,263.89	1,421.88	1,737.86	2,053.83	2,369.80	2,843.76	3,317.72
Llangyfelach	954.44	1,113.52	1,272.59	1,431.67	1,749.82	2,067.97	2,386.11	2,863.34	3,340.57
Llanrhidian Higher	991.92	1,157.24	1,322.56	1,487.88	1,818.52	2,149.16	2,479.80	2,975.76	3,471.72
Llanrhidian Lower	943.42	1,100.65	1,257.89	1,415.13	1,729.61	2,044.08	2,358.55	2,830.26	3,301.97
Llwchwr	954.55	1,113.64	1,272.74	1,431.83	1,750.02	2,068.20	2,386.38	2,863.66	3,340.94
Mawr	995.29	1,161.17	1,327.06	1,492.94	1,824.71	2,156.47	2,488.23	2,985.88	3,483.53
Mumbles	976.21	1,138.91	1,301.62	1,464.32	1,789.73	2,115.13	2,440.53	2,928.64	3,416.75
Penllergaer	943.12	1,100.30	1,257.49	1,414.68	1,729.06	2,043.43	2,357.80	2,829.36	3,300.92
Pennard	974.49	1,136.91	1,299.32	1,461.74	1,786.57	2,111.41	2,436.23	2,923.48	3,410.73
Penrice	955.90	1,115.21	1,274.53	1,433.85	1,752.49	2,071.12	2,389.75	2,867.70	3,345.65
Pontarddulais	970.62	1,132.40	1,294.17	1,455.94	1,779.48	2,103.03	2,426.56	2,911.88	3,397.20
Pontlliw & Tircoed	962.04	1,122.39	1,282.73	1,443.07	1,763.75	2,084.44	2,405.11	2,886.14	3,367.17
Port Eynon	946.79	1,104.59	1,262.39	1,420.19	1,735.79	2,051.39	2,366.98	2,840.38	3,313.78
Reynoldston	965.33	1,126.22	1,287.11	1,448.00	1,769.78	2,091.56	2,413.33	2,896.00	3,378.67
Rhossili	949.13	1,107.32	1,265.51	1,423.70	1,740.08	2,056.46	2,372.83	2,847.40	3,321.97
Three Crosses	965.71	1,126.66	1,287.62	1,448.57	1,770.48	2,092.38	2,414.28	2,897.14	3,380.00
Upper Killay	959.06	1,118.90	1,278.75	1,438.59	1,758.28	2,077.97	2,397.65	2,877.18	3,356.71
All other parts of the Council area	937.55	1,093.81	1,250.07	1,406.33	1,718.85	2,031.37	2,343.88	2,812.66	3,281.44

being the amounts given by multiplying the amounts at (3)(g) and (3)(h) above by the number which, in the population set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of the categories of dwellings listed in the different valuation bands.

- (4) That it be noted that for the year 2020/2021 the Police and Crime Commissioner for South Wales have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwelling shown below -

	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £	Band I £
The Police and Crime Commissioner for South Wales	181.81	212.11	242.41	272.72	333.32	393.92	454.53	545.43	636.34

- (5) That having calculated the aggregate in each case of the amounts at (3)(l) and (4) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2020/21 for each of the categories of dwelling shown below –

	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £	Band I £
<i>Bishopston</i>	1,136.81	1,326.28	1,515.75	1,705.23	2,084.17	2,463.11	2,842.04	3,410.45	3,978.87
<i>Clydach</i>	1,148.30	1,339.68	1,531.07	1,722.46	2,105.23	2,487.99	2,870.76	3,444.91	4,019.07
<i>Gorseinon</i>	1,144.69	1,335.48	1,526.26	1,717.05	2,098.61	2,480.18	2,861.74	3,434.09	4,006.45
<i>Gowerton</i>	1,130.81	1,319.27	1,507.74	1,696.22	2,073.16	2,450.09	2,827.03	3,392.43	3,957.84
<i>Grovesend & Waugron</i>	1,131.10	1,319.62	1,508.13	1,696.66	2,073.69	2,450.73	2,827.76	3,393.31	3,958.87
<i>Ilston</i>	1,129.36	1,317.59	1,505.81	1,694.05	2,070.50	2,446.96	2,823.41	3,388.09	3,952.78
<i>Killay</i>	1,125.57	1,313.16	1,500.76	1,688.36	2,063.55	2,438.74	2,813.93	3,376.71	3,939.50
<i>Llangennith, Llanmadoc & Cheriton</i>	1,129.73	1,318.01	1,506.30	1,694.60	2,071.18	2,447.75	2,824.33	3,389.19	3,954.06
<i>Llangyfelach</i>	1,136.25	1,325.63	1,515.00	1,704.39	2,083.14	2,461.89	2,840.64	3,408.77	3,976.91
<i>Llanrhidian Higher</i>	1,173.73	1,369.35	1,564.97	1,760.60	2,151.84	2,543.08	2,934.33	3,521.19	4,108.06
<i>Llanrhidian Lower</i>	1,125.23	1,312.76	1,500.30	1,687.85	2,062.93	2,438.00	2,813.08	3,375.69	3,938.31
<i>Llwchwr</i>	1,136.36	1,325.75	1,515.15	1,704.55	2,083.34	2,462.12	2,840.91	3,409.09	3,977.28
<i>Mawr</i>	1,177.10	1,373.28	1,569.47	1,765.66	2,158.03	2,550.39	2,942.76	3,531.31	4,119.87
<i>Mumbles</i>	1,158.02	1,351.02	1,544.03	1,737.04	2,123.05	2,509.05	2,895.06	3,474.07	4,053.09
<i>Penllergaer</i>	1,124.93	1,312.41	1,499.90	1,687.40	2,062.38	2,437.35	2,812.33	3,374.79	3,937.26
<i>Pennard</i>	1,156.30	1,349.02	1,541.73	1,734.46	2,119.89	2,505.33	2,890.76	3,468.91	4,047.07
<i>Penrice</i>	1,137.71	1,327.32	1,516.94	1,706.57	2,085.81	2,465.04	2,844.28	3,413.13	3,981.99
<i>Pontarddulais</i>	1,152.43	1,344.51	1,536.58	1,728.66	2,112.80	2,496.95	2,881.09	3,457.31	4,033.54
<i>Pontlliw & Tircoed</i>	1,143.85	1,334.50	1,525.14	1,715.79	2,097.07	2,478.36	2,859.64	3,431.57	4,003.51
<i>Port Eynon</i>	1,128.60	1,316.70	1,504.80	1,692.91	2,069.11	2,445.31	2,821.51	3,385.81	3,950.12
<i>Reynoldston</i>	1,147.14	1,338.33	1,529.52	1,720.72	2,103.10	2,485.48	2,867.86	3,441.43	4,015.01
<i>Rhossili</i>	1,130.94	1,319.43	1,507.92	1,696.42	2,073.40	2,450.38	2,827.36	3,392.83	3,958.31
<i>Three Crosses</i>	1,147.52	1,338.77	1,530.03	1,721.29	2,103.80	2,486.30	2,868.81	3,442.57	4,016.34
<i>Upper Killay</i>	1,140.87	1,331.01	1,521.16	1,711.31	2,091.60	2,471.89	2,852.18	3,422.61	3,993.05
All other parts of the Council area	1,119.36	1,305.92	1,492.48	1,679.05	2,052.17	2,425.29	2,798.41	3,358.09	3,917.78

Agenda Item 14.



Report of the Section 151 Officer

Extraordinary Council – 5 March 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

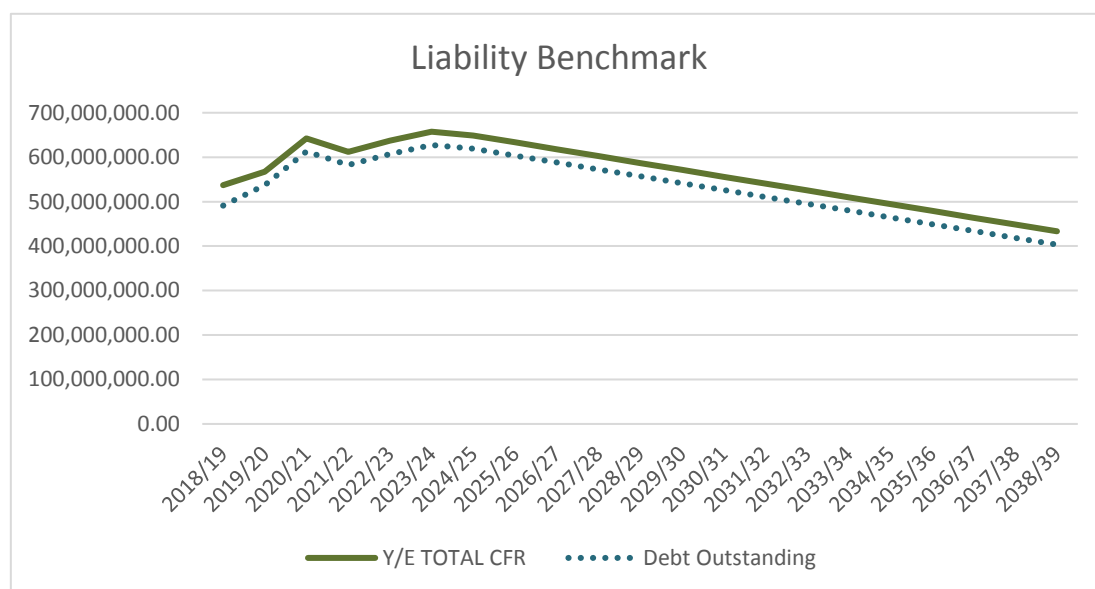
6.2 In the current austere financial climate, capital allocations are constrained and the financing of prioritised schemes need to be carefully considered. In light of the continuing pressures on the revenue budget, unsupported borrowing is only to be utilised if there is a clear business case for expenditure 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"/>	<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 Section 151 Officer

Extraordinary Council – 5 March 2020

Treasury Management Strategy Statement, Prudential/Treasury Indicators, Investment Strategy and Minimum Revenue Provision Policy Statement 2020/21

Purpose:	To recommend the Treasury Management Strategy Statement, Prudential Indicators, Investment Strategy and Minimum Revenue Provision Policy Statement for 2020/21 be approved.
Consultation:	Legal, Finance and Access to Services.
Recommendations:	It is recommended that Council approves the: (1) Treasury Management Strategy and Prudential Indicators (Sections 2-7) and (2) Investment Strategy (Section 8) and (3) Minimum Revenue Provision (MRP) Statement (Section 9)
Report Author:	Jeff Dong
Finance Officer:	Ben Smith
Legal Officer:	Debbie Smith
Access to Services Officer:	Rhian Millar

1. Introduction

1.1 This strategy statement has been prepared in accordance with the revised CIPFA Treasury Management Code of Practice adopted by this Council in 2010 which has been recently revised in 2017. The Council's Treasury Management Strategy will be received and reviewed annually by Council and there will also be an interim year report providing summary of progress against that strategy. The aim of these reporting arrangements is to ensure that those with ultimate responsibility for the scrutiny of the Treasury Management function appreciate fully the implications of the Treasury

Management policies and activities, and that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting. CIPFA has adopted the following as its definition of treasury management

“The management of the organisation’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”

1.2 CIPFA Prudential Code – Revised 2017

During the preparation of this year’s Treasury management Strategy, CIPFA have recently made some changes to the Code in 2017. They were

- Minor changes to the treasury indicators which were initially developed in 2004
- Clarifying that the definition of ‘Investments’ above includes:-
- Treasury Management investments (as historically included in this Strategy, as well as
- investments made for policy reasons and managed outside of normal treasury management activity.

1.3 The latter change is primarily in response to increasing commercialisation activities undertaken by Local authorities. Examples of investments made for policy reasons and managed outside of normal treasury management activity include:-

- ‘service investments’ held in the course of provision and for the purposes of operational services
- ‘commercial investments’ which are taken mainly for financial reasons. These may be shares and loans in business structures e.g. subsidiaries; investments explicitly taken with the aim of making a financial surplus for the Council; non financial assets such as investment properties held primarily for financial benefit

1.4 Where, in addition to treasury management investment activity, organisations invest in other financial assets and property primarily for financial return, the Code requires that these investments should be proportional to the level of resources available to the organisation and the organisation should ensure that robust procedures for the consideration of risk and return are applied to these decisions.

1.5 The Code requires that all investments have an appropriate investment management and risk management framework. This includes making it explicit in any decision making:-

- the powers under which investment is made
- the governance process including arrangements in place to ensure

appropriate due diligence to support decision making

- the extent to which capital invested is placed at risk
- the impact of potential losses on financial sustainability
- the methodology and criteria for assessing performance and monitoring process
- how knowledge and skills in managing such investments is arranged and that these are monitored, reported and highlighted explicitly in the decision making process and due diligence.

1.6 The most significant investments currently held by the Council and managed outside of normal treasury management activity are the Council's Investment Properties, which include various freeholds within the City held for strategic investments and/or income generation. The principles behind this strategy are outlined in the Capital Strategy, a separate report on this agenda

1.7 The Council will need to adhere to this strategy when considering any new proposals for non treasury investments as well as any updates to existing strategies, practices and reporting such as in the Statement of Accounts. It will be recommended that Council adopt the practices for Non Treasury Investments identified in a separate section of the Treasury Investment Strategy below in 8.7.

1.8 The Local Government Act 2003 requires the Council to have regard to the Prudential Code and to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

The Council is required to formally consider the Prudential and Treasury Indicators as detailed in section 2 of this report

1.9 The Act also requires the Council to set out its Treasury Strategy for borrowing and to prepare an Annual Investment Strategy as required by Investment Guidance issued subsequent to the Act. This strategy sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. The management of the Council's Treasury Management activities are in line with the CIPFA Treasury Management Revised Code of Practice.

1.10 The recommended strategy for 2020/21 is based upon a view on interest rates, having considered leading market forecasts provided by the Council's treasury advisor, Link Asset Services. The overall strategy covers:

- Treasury Limits 2019/20-2023/24
- Prudential / Treasury Indicators
- The current portfolio position
- Prospects for interest rates including a summary of the economic background
- The Borrowing Requirement
- The Borrowing Strategy

- Gross v Net Debt Position
- Policy on Borrowing in Advance of Need
- Debt Rescheduling
- The Annual Investment Strategy
 - Investment Policy
 - Including non Treasury Investments
 - Interest Rate Outlook
 - Creditworthiness Policy
 - Country Limits
 - Policy on the Use of External Advisors
 - Scheme of Delegation
 - Pension Fund Cash
- Minimum Revenue Provision (MRP) Policy Statement

1.11 A glossary of terms used within this report is attached at Appendix A.

2. Treasury Limits 2019/20 to 2023/24

2.1 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to set a balanced budget. Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from: -

- increases in capital finance charges (principal and net interest) caused by increased borrowing to finance additional capital expenditure and
- any increases in running costs from new capital projects

are affordable within the projected revenue of the Council for the foreseeable future.

2.2 Under statute, the Council is required to set an Affordable Borrowing Limit i.e a limit which the Council can afford to borrow. In Wales, the Authorised Limit represents the legislative limit specified in section 3 of the Local Government Act 2003.

2.3 The Council must have regard to the Prudential Code when setting the Authorised Limit. This limit requires the Council to ensure that total capital investment remains within sustainable limits. The Authorised Limit must be set for the forthcoming financial year and the two successive financial years.

2.4 The Prudential Code for Capital Finance in Local Authorities requires Councils to calculate treasury indicators (formerly prudential indicators) which demonstrate prudence in the formulation of borrowing proposals. These are defined as:

- The Operational Boundary :
“...is based on expectations of the maximum external debt of the authority according to probable not simply possible events and being consistent with the maximum level of external debt projected

by the estimates....”

- The Authorised Limit :
“..the Authorised Limit must therefore be set to establish the outer boundary of the local authority’s borrowing based on a realistic assessment of the risks. The authorised limit is certainly not a limit that an authority will expect to borrow up to on a regular basis. It is crucial that it is not treated as an upper limit for borrowing for capital expenditure alone since it must also encompass borrowing for temporary purposes...”
- Upper limits for borrowing of fixed and variable rate loans.
- Upper limit for investments for over 364 days.
- Upper and lower limits for the maturity profile of the Council’s debt
- Estimates of the incremental impact of capital investment decisions on Council Tax / Housing rents
- Estimates of the ratio of financing costs to net revenue stream
- Estimates of the capital financing requirement

2.5 In setting and revising Prudential Indicators the authority is required to have regard to:-

- Affordability e.g revenue implications
- Prudence and sustainability e.g. implications for external borrowing
- Value for money e.g. option appraisals
- Stewardship of assets e.g. strategic planning
- Practicality e.g. achievability of forward plans

2.6 It is a requirement of the Code that Prudential / Treasury Indicators are regularly monitored and systems are in place to achieve compliance.

Treasury / Prudential Indicators						
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000	£'000
	Actual	Probable	Estimate	Estimate	Estimate	Estimate
Capital Expenditure						
GF	53,482	116,920	115,437	112,333	66,478	31,027
HRA	43,029	53,360	52,621	49,020	59,245	60,695
TOTAL	96,511	170,280	168,058	161,353	125,723	91,722
Capital Financing Requirement 31st March						
GF	340,841	411,678	471,469	444,282	443,358	434,592
HRA	151,916	164,768	176,063	174,433	197,230	223,076
Magistrates' Court **	1,300	1,248	1,198	1,150	1,104	1,060
Credit Arrangements*	778	791	519	276	113	0
Total	494,835	578,485	649,249	620,141	641,805	658,728
Authorised limit for external debt	554,023	789,249	798,728	798,728	798,728	798,728
Operational boundary for external debt	554,023	749,249	758,728	758,728	758,728	758,728
Upper limit for fixed interest rate exposure	82.32%/ £456,023	100%/ £789,249	100%/ £798,728	100%/ £798,728	100%/ £798,728	100%/ £798,728
Upper limit for variable rate exposure	17.68%/ £98,000	40%/ £315,700	40%/ £319,491	40%/ £319,491	40%/ £319,491	40%/ £319,491
Upper limit for total principal sums invested for over 364 days	0	40,000	40,000	40,000	40,000	40,000

* The GF Capital Financing Requirements includes arrangements classified as credit arrangements (finance leases) under International Financial Reporting Standards (IFRS) requirements as of 2011/12. However these continue to be budgeted on a revenue basis from the acquiring service and do not form part of the borrowing requirement.

** Legacy Magistrates' Court debt which is wholly recharged is included for completeness

Maturity structure of fixed rate borrowing during 2020/21-2023/24		
	Upper limit %	Lower limit %
Under 12 months	60	0
12 months and within 24 months	60	0
24 months and within 5 years	60	0
5 years and within 10 years	90	0
10 years and above	95	15

Ratio of Financing Costs to Net Revenue Stream						
	Actual 2018/19 %	Revised 2019/20 %	Estimate 2020/21 %	Estimate 2021/22 %	Estimate 2022/23 %	Estimate 2023/24 %
General Fund	6.2	5.78	5.99	6.16	6.28	6.14
HRA	14.77	15.11	15.60	15.23	16.06	17.56

Gross Debt v Capital Financing Requirement

The gross debt position versus the capital financing requirement is detailed below. The profile below assumes progressive external funding of the internalised borrowing and by the borrowing requirement informed by the capital programme, however in all likelihood internal balances shall be utilised where appropriate and the actual external borrowing shall be lower.

Comparison of average gross debt and capital financing requirement	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	actual	probable	estimate	estimate	estimate	estimate
	£'000	£'000	£'000	£'000	£'000	£'000
Average debt (gross)	515,599	554,209	584,000	584,000	614,000	634,000
Capital Financing Requirement at 31st March	494,835	578,485	649,249	620,141	641,805	658,728
Net Position	-20,764	24,276	65,249	36,141	27,805	24,728

3 . The current portfolio position

3.1 The Council's projected debt portfolio position at 31/3/20 comprises:

	Principal outstanding 31 March 2020 £'000	Average rate of Interest %
Public Works Loan Board (fixed)	444,082	4.21
Money Market	98,000	4.10
Temporary	1,137	0.60
Welsh Govt.	10,970	0
Total	554,189	4.10

3.2 The Council's forecast investment portfolio at 31 March 2020 is as follows:

Managed Investments	Investments 31 March 2020	2019/20 Probable Investment Return	2020/21 Estimated Investment Return
	£'000	%	%
Internally Managed	127,940	0.77	0.77%

4. Prospects for Interest Rates

4.1 The Council's Treasury advisers (Link Asset Services) provided the following interest rate forecast for both short term (bank rate) and long term (PWLb) interest rates as at January 2020. There is a downside risk to these forecasts if economic growth proves to be weaker and slower than currently forecast.

Link Asset Services Interest Rate View														
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10yr PWLB Rate	2.60	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25yr PWLB Rate	3.20	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50yr PWLB Rate	3.10	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00

4.2 Economic Background

Attached at Appendix B is an economic background assessment provided by our Treasury advisers, Link Asset Services. This detailed assessment has informed the proposed strategies.

4.3 The above forecasts have been based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU, at some point in time. The result of the general election has removed much uncertainty around this major assumption. However, it does not remove uncertainty around whether agreement can be reached with the EU on a trade deal within the short time to December 2020, as the prime minister has pledged.

4.4 It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% due to the ongoing uncertainty over Brexit and awaiting the outcome of the general election. In its meeting on 7 November, the MPC became more dovish due to increased concerns over the outlook for the domestic economy if Brexit uncertainties were to become more entrenched, and for weak global economic growth: if those uncertainties were to materialise, then the MPC were likely to cut Bank Rate. However, if they were both to dissipate, then rates would need to rise at a "gradual pace and to a limited extent". Brexit uncertainty has had a dampening effect on UK GDP growth in

2019, especially around mid-year. There is still some residual risk that the MPC could cut Bank Rate as the UK economy is still likely to only grow weakly in 2020 due to continuing uncertainty over whether there could effectively be a no deal Brexit in December 2020 if agreement on a trade deal is not reached with the EU. Until that major uncertainty is removed, or the period for agreeing a deal is extended, it is unlikely that the MPC would raise Bank Rate.

5. The In Year Borrowing Requirement

5.1 The Council will have the following net capital borrowing / repayment requirements for 2019/20 to 2023/24:

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Borrowing and repayment requirements	Actual	Probable	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000	£'000
To finance new capital expenditure by supported borrowing	6,398	6,429	6,483	6,430	6,430	6,430
To finance new capital expenditure by unsupported borrowing	19,151	39,958	79,930	54,300	33,950	29,800
To replace loans maturing/repaid prematurely/voluntary contributions		1	3,001	365	365	5,365
Less						
Repayments (MRP)	11,533	12,874	14,199	15,975	16,822	16,450
Set aside capital receipts	0	10	10	10	10	10
NET IN YEAR BORROWING /(REPAYMENT) REQUIREMENT	14,016	33,504	75,205	45,110	23,913	25,135
Lease principal payments included within revenue (for information)	194	312	272	242	163	113

5.2 The borrowing requirement above reflects known planned capital expenditure to date as outlined in the “*The Capital Budget and Programme 2019/20 – 2024/25*” elsewhere on this agenda and may or may not be funded in year as opportunities to borrow affordably arise.

5.3 It can be seen from the “*The Capital Budget and Programme 2019/20 – 2024/25*”, that the capital programme is contains a number of major construction programmes requiring material capital funding :

- 21st Century Schools – A programme of major school refurbishment and new school build
- Swansea Bay City Region Deal Schemes - 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.

5.4 In considering the above, the Council shall determine that its plans are affordable, prudent and sustainable and shall formulate its Treasury Management, Borrowing & Investment Strategy and MRP Policy accordingly.

5.5 The above table in 5.1 details the net borrowing requirement for each financial year. In accordance with the Prudential Code, borrowing must be undertaken in line with a funding plan informed by the projected capital financing requirement. Borrowing may be financed from one or more of Public Works Loan Board loans, money market loans, other local authorities or internal loans. The precise choice and timing will depend on market conditions from time to time and will not necessarily mirror the profiling above.

5.6 Housing Revenue Account (HRA) Subsidy Reforms - Self Financing Settlement

As outlined in the report approved by Council on 2nd Dec 2014 entitled “*Reform of the Housing Revenue Account Subsidy System*” the Authority has entered into a Voluntary Agreement with Welsh Government to exit the current HRA subsidy system, resulting in more flexibility for the Authority in meeting affordable housing needs in the locale. In order to exit the current HRA subsidy system, a cash settlement amount had to be paid over to HM Treasury equal to a sum determined by formulae agreed in the Voluntary Agreement which resulted in a settlement figure of £73.58m for this Authority. The overriding principle of the HRA Reform is that all local housing authorities will be financially better off in revenue terms after the reforms.

5.7 The HRA reform settlement was required to be made to the Welsh Government on 1 April 2015 which was subject to a separate borrowing strategy dictated by the terms outlined in the Voluntary Agreement. The Council borrowed £73.58m from the PWLB and remitted this total amount to Welsh Government on April 2nd 2015.

5.8 The servicing and amortisation of this pool of debt shall be managed completely separately from the remainder of the pooled (GF and HRA) debt portfolio and this shall be recharged directly to the HRA.

6. Borrowing Strategy

6.1 PWLB borrowing interest rates were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps on 9.10.19 following the shock announcement from HMT applying a 100bps premium on PWLB borrowing. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. However, the Authority took advantage of the unprecedented historic low interest rates and undertook £90m of PWLB borrowing in 2018/19. This was extremely well timed ahead of the unexpected increase of 100 bps in PWLB rates which now requires a major rethink of local authority treasury management strategy and

risk management. At time of writing, borrowing rates are higher than investment rates as has been the case since the onset of the financial crisis. Considering this, it has been determined that, cashflow dictating, the borrowing requirement for the capital programme shall be met by internalising the borrowing. However as cashflow/funding requirements evolve in the medium term, if PWLB premium is still in place, that 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 .

Short term savings (by avoiding material new long term external borrowing) will be weighed against the potential additional long term extra costs (by delaying unavoidable new external borrowing until later when long term rates are forecast to be higher).

6.2 However, the overall strategy - with a view to minimising interest costs and the risk of default by counterparties - is therefore to continue to internalise the majority of the borrowing requirement for the short term capital programme with a view to averaging in the remainder of the borrowing requirement as cashflow and interest rates dictate in the medium to long term.

6.3 Policy on borrowing in advance of need

The Council has only a limited power to borrow in advance of need.

In determining whether borrowing will be undertaken in advance of need the Council will;

- ensure that there is a clear link between the expected capital programme and maturity profile of the existing debt portfolio which supports the need to borrow in advance of need
- ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow
- consider the merits and demerits of alternative forms of funding
- consider the alternative interest rate bases available, the most appropriate periods to fund and which repayment profiles to use.

7 Debt Rescheduling

7.1 The introduction of different PWLB rates on 1 November 2007 for new borrowing (as opposed to early repayment of debt) and the setting of a spread between the two rates (of about 0.4%-0.5% for the longest period loans narrowing down to 0.25%-0.30% for the shortest loans), has meant that PWLB to PWLB debt restructuring is now much less attractive than before that date.

7.2 Due to short term borrowing rates being expected to be cheaper than

longer term rates, there may be opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of their short term nature and the likely cost of refinancing short term loans, once they mature, compared to the current rates of longer term debt in the existing debt portfolio. Any rescheduling needs to be considered net of any premium payable which in light of current interest rates is likely to be considerable.

- 7.3 In actively managing credit counterparty and interest rate risks, consideration will also be given to running down investment balances by repaying debt prematurely as short term rates on investments are likely to be significantly lower than rates paid on current debt.

However, a repayment strategy will only be considered if a loan repayment offers value in terms of discount / associated costs and does not compromise the Council's long term debt management policies. In this respect, we will need to be mindful of the potential future need to arrange new long term loans as market conditions change from time to time.

- 7.4 Notwithstanding the above, it is envisaged that there will not be any debt rescheduling opportunities in the remainder of 2019/20 or 2020/21 in the current PWLB portfolio, however there may be opportunities to review the Authority's market debt dependent upon counterparty appetite. Opportunities are received from time to time and appraised and considered in line with 7.3. All rescheduling decisions will be reported to the Cabinet Member in the quarter following action.

8. The Annual Investment Strategy

8.1 Investment policy

- 8.1.1 The Council will have regard to the National Assembly of Wales' Guidance on Local Government Investments ("the Guidance") issued in March 2004 (and subsequent amendments); CIPFA's Revised Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA Treasury Management Code") and the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2004 SI 1010(W.107). The Council's investment priorities are: -

- (a) to ensure the security of capital
- (b) to ensure the liquidity of investments.
- (c) to maximise interest returns (yield) commensurate with (a) and (b)

The investment strategy will be implemented with security of investment as the main consideration. The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

- 8.1.2 The investment criteria are outlined in Appendix C.

- 8.1.3 Amendments to the arrangements, limits and criteria detailed in Appendix C may be made by the Section 151 Officer during the year and advised

to the Cabinet Member for Economy & Strategy in the quarter following action.

Appendix G is the list of UK financial institutions (counterparties) which satisfy the Council's minimum credit criteria as at 28th January 2020

8.1.4 It is anticipated that the Council will continue to hold internally managed sums during 2020/21 ensuring a suitable spread of investment risks. The Council has fixed benchmarks against which investment performance will be measured, i.e. the 7 day LIBID rate (internally managed).

8.1.5 Interest Rate Outlook:

On the assumption that the UK and EU agree a Brexit deal including the terms of trade by the end of 2020 or soon after, then Bank Rate is forecast to increase slowly over the next few months to reach 1.00% by quarter 1 2021. Bank Rate forecasts for financial year ends (March) are:

- Q1 2021 1.00%
- Q1 2022 1.00%
- Q1 2023 1.25%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

2019/20	0.75%
2020/21	1.00%
2021/22	1.00%
2022/23	1.25%
2023/24	1.50%
2024/25	1.75%
Later years	2.25%

- The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.
- In the event that a Brexit deal is agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

8.1.6 For its cash flow generated balances, the Council will seek to utilise its business reserve accounts and short-dated deposits (1-3 months) in order to benefit from the compounding of interest. However longer dated deposits will be made with appropriate counterparties if opportunities arise.

8.1.7 During and following the end of the financial year, the Council will report on its investment activity as part of its Mid Term Treasury Management Report and its Annual Treasury Management Report.

8.2 Creditworthiness Policy

This Council uses the creditworthiness service provided by our Treasury Management Advisors. This service has been progressively enhanced over the years and now uses a sophisticated modelling approach with credit ratings from all three rating agencies. Fitch, Moodys and Standard & Poors form the core element.

Appendix C outlines the Council's creditworthiness policy. Details of Fitch's short and long term ratings are at Appendix D.

The creditworthiness service does not rely solely on the current credit ratings of counterparties but also uses the following as overlays: -

- credit watches and credit outlooks from credit rating agencies
- Credit Default Swaps (CDS) spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

This modelling approach combines credit ratings, credit watches, credit outlooks and CDS spreads in a weighted scoring system. The end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the duration for investments.

All credit ratings will be monitored regularly with reference to the credit ratings report and updates. The Council is alerted to changes to ratings of all three agencies through its use of the Capita creditworthiness service.

There will be no future use of a counterparty/investment scheme which fails the credit rating tests .

In addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swaps against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in the downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition the Council will also use market data, market information, information on government support for banks and the credit ratings of that government support.

8.3 Country Limits

The Authority has not made any new overseas deposits for several years since the financial crisis. Going forward, continued caution will be required when considering future opportunities to make overseas investments. There are no plans to make overseas investments at this time.

If such opportunities arise then the Council has determined that it will only use approved counterparties from countries with a minimum sovereign

credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide a rating) The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix E. This list will be added to or deducted from should ratings change in accordance with this policy.

8.4 Policy on the use of external advisers

The Council uses the services of an external Treasury Management adviser namely - Link Asset Services Treasury Management Advisors.

The Council recognises that responsibility for Treasury Management decisions remains with the Council at all times and as such, we will ensure that undue reliance is not placed upon external advisers.

However it is recognised that there is value in employing external advisers in relation to Treasury Management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

8.5 Scheme of Delegation

The role and responsibilities of the Council, Cabinet Member for Resources and the S 151 officer are as follows:

(i) Council

- to receive and review reports on Treasury Management policies, practices and activities
- to receive and review the annual strategy.
- to receive and review amendments to the Authority's adopted clauses, Treasury Management policy statement
- to consider and approve the annual budget
- to receive and review the division of responsibilities

(ii) Cabinet Member for Resources

- to receive and review regular briefings/reports
- to receive and review the Treasury Management policy and procedures

(iii) Section 151 Officer

- to recommend clauses, Treasury Management policy for approval
- Implement and keep up to date operational Treasury Management practices
- to review the same regularly and monitor compliance
- to submit Treasury Management policy reports
- to submit budgets and budget variations
- to receive and review management information reports
- to review the performance of the Treasury Management function
- to ensure the adequacy of Treasury Management resources and skills, and the effective division of responsibilities within the Treasury Management function
- to ensure the adequacy of internal audit, and liaise with external

audit

- to appoint external service providers.

8.6 Pension Fund Cash

The Council will comply with the requirements of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 which was implemented on 1st January 2010. Any investments made by the Pension Fund will comply with the requirements of SI 2009 No 393 and will comply with the prevailing City & County of Swansea Treasury Management Policies, Practices and Strategies.

8.7 Non Treasury Investments

The Council recognises that investment for non-treasury management purposes in other financial assets and property, primarily for financial return, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios. The Council will ensure that all the organisation's investments are covered in its capital strategy, investment strategy or equivalent, and will set out, where relevant, the organisation's risk appetite and specific policies and arrangements for non-treasury investments if undertaking such investments. It is recognised that the risk appetite for these activities may differ from that for treasury management. The Capital Strategy Report also on this agenda outlines the strategy for these non treasury investments

8.8 Markets in Financial Instruments Directive II (MIFID II)

The EU Regulation MIFID II came into force in Jan 2018. Pre Jan 2018, this Authority was recognised as a professional investor. The new directive required financial institutions to recognise all investors as retail clients. This ensured maximum protections but also precluded some forms of investments, only available to professional clients. Financial Institutions may elect to opt up clients upon request, if they can demonstrate suitable professional competency and governance frameworks are in place. This Authority has successfully elected to opt up to professional status with all its counterparties and service providers.

9. Minimum Revenue Provision Policy Statement

9.1 Capital expenditure is generally expenditure on assets which have a life expectancy of more than one year e.g. buildings, vehicles, machinery. It is inappropriate to charge the entirety of this expenditure in the year in which it is incurred i.e the expenditure benefits more than a single year of account. As such, the resulting costs are spread over several years. The manner of spreading these costs is through an annual Minimum Revenue Provision (MRP) which was previously determined under Regulation and now is determined under Guidance.

9.2 Statutory instrument WSI 2008 no.588 section 3 states that “..a local authority must calculate for the current financial year an amount of minimum revenue provision which it considers to be prudent,,”

The previous requirement to make a 2% MRP charge for the Housing Revenue Account share of the Capital Financing Requirement (CFR) until 2020/21 when lifetime of asset shall be adopted is unchanged by this

instrument.

- 9.3 Along with the above duty, the Welsh Assembly Government issued guidance in March 2008 which requires that a Statement on the Council's Policy for its annual MRP should be submitted to the full Council for review before the start of the financial year to which the provision will relate. The Council is legally obliged to 'have regard' to the guidance.
- 9.4 The Welsh Assembly Government guidance outlined four broad options to adopt for the calculation of MRP. They are:
- Option 1- Regulatory Method
 - Option 2 - Capital Financing Requirement Method
 - Option 3 - Asset Life Method
 - Option 4 – Depreciation Method

The options and guidance are detailed at Appendix F.

- 9.5 The Council implemented the new Minimum Revenue Provision (MRP) guidance in 2008/09 and revised its MRP Policy for 2018/19 in December 2018 in accordance with the main recommendations contained within the guidance issued by the Welsh Government
- 9.6 The major proportion of the MRP chargeable will relate to the historic debt liability (pre 2008/09) that will now be charged at the rate of 2.5%% straight line. (equivalent to amortising over a 40 year asset life). Then other expenditure incurred using 'unsupported borrowing' will under delegated powers be subject to MRP under option 3 which will be charged over a period commensurate with the estimated useful life applicable to the nature of the expenditure or in accordance with the existing capitalisation directive.
- 9.7 Estimated life periods will be determined under delegated powers having taken professional advice. The Section 151 Officer reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.
- 9.8 Going forward, it is proposed that all GF debt arising from capital expenditure supported by the WG through supported borrowing or the Local Government Borrowing Initiative will be charged MRP at 2.5% straight line (equivalent to being amortised over a 40 year asset life) and all other capital expenditure and other 'capitalised' expenditure will be repaid under option 3 as appropriate unless otherwise superseded by any accompanying capitalisation directive/guidance. All HRA debt to be amortised at 2% until 2020/21 when new borrowing shall be amortised over the useful life of the asset.

10 Legal Implications

- 10.1 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. The statutory provisions and guidance imposing such a duty on

the Authority are as set out in the main body of the Report.

11. Equality Impact Implications

11.1 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 H)

Background Papers: The revised CIPFA Treasury Management Code of Practice 2011

The revised CIPFA Prudential Code for Capital Finance in Local Authorities 2011

The revised CIPFA Prudential Code for Capital Finance in Local Authorities 2017

Appendices: Appendix A – Glossary of Terms
Appendix B – Treasury Advisors’ View On The Economic Background
Appendix C – Investment Criteria and creditworthiness policy
Appendix D – Credit Rating Agency Definitions
Appendix E – Approved Countries for Investment
Appendix F Minimum Revenue Provision Guidance
Appendix G – Approved Internal Counterparty Lending List
Appendix H – Equality Impact Assessment

TREASURY MANAGEMENT – GLOSSARY OF TERMS

Annualised Rate of Return	Represents the average return which would have been achieved each year.
Authorised Limit <i>(can also be considered as the affordable borrowing limit)</i>	The authorised limit must be set to establish the outer boundary of the local authority's borrowing based on a realistic assessment of the risks. The authorised limit is certainly not a limit that an authority will expect to borrow up to on a regular basis. It is crucial that it is not treated as an upper limit for borrowing for capital expenditure alone since it must also encompass borrowing for temporary purposes. It is the expected maximum borrowing need, with some headroom for unexpected movement.
Bank Rate	The Official Bank rate paid on commercial bank reserves i.e. reserves placed by commercial banks with the Bank of England as part of the Bank's operations to reduce volatility in short term interest rates in the money markets.
Base Rate	Minimum lending rate of a bank or financial institution in the UK.
Basis Points (bp)	A basis point is 0.01 of 1% (100 bp = 1%)
Borrowing	In the Code, borrowing refers to external borrowing. Borrowing is defined as both:- <ul style="list-style-type: none"> • Borrowing repayable with a period in excess of 12months • Borrowing repayable on demand or within 12months
Capital Expenditure	The definition of capital expenditure starts with all those items which can be capitalised in accordance with the Statement of Recommended Practice (SORP). To this must be added any items that have/will be capitalised in accordance with legislation that otherwise would not be capitalised. Prudential indicators for current and future years are calculated in a manner consistent with this definition.

Capital Financing Charges (see financing costs also)	These are the net costs of financing capital i.e. interest and principal, premium less interest received and discounts received.
Capital Financing Requirement	The Capital Financing Requirement is simply the total outstanding capital expenditure, which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need.
CIPFA	The Chartered Institute of Public Finance and Accountancy. One of the leading professional accountancy bodies in the UK and the only one which specialises in the public services.
Counterparty	The organisations responsible for repaying the Council's investment upon maturity and for making interest payments.
Credit Rating	<p>This is a scoring system that lenders issue people with to determine how credit worthy they are.</p> <p>The Credit Rating components are as follows:</p> <ol style="list-style-type: none"> 1. The AAA ratings through to C/D are long-term rating definitions and generally cover maturities of up to five years, with the emphasis on the ongoing stability of the institution's prospective financial condition. AAA are the most highly rates, C/D are the lowest. This Council does not invest with institutions lower than AA- for investments over 364 days 2. F1/A1/P1 are short-term rating definitions used by Moody's, S&P and Fitch Ratings for banks and building societies based on their individual opinion on an institution's capacity to repay punctually its short-term debt obligations (which do not exceed one year). This Council does not invest with institutions lower than F1/A1/P1 for investments under 364 days.
Debt	For the purposes of the Code, debt refers to the sum of borrowing (see above) and other long-term liabilities (see below). It should be noted that the term borrowing used with the

	Act includes both borrowing as defined for the balance sheet and other long terms liabilities defined as credit arrangements through legislation.
Discounts	Where the prevailing interest rate is higher than the fixed rate of a long-term loan, which is being repaid early, the lender can refund the borrower a discount. This is calculated on the difference between the two interest rates over the remaining years of the loan, discounted back to present value. The lender is able to offer the discount, as their investment will now earn more than when the original loan was taken out.
Financing Costs	The financing costs are an estimate of the aggregate of the following:- <ul style="list-style-type: none"> • Interest payable with respect to borrowing • Interest payable under other long-term liabilities • Gains and losses on the repurchase or early settlement of borrowing credited or charged to the amount to be met from government grants and local taxpayers (premiums and discounts) • Interest earned and investment income • Amounts required in respect of the minimum revenue provision plus any additional voluntary contributions plus any other amounts for depreciation/impairment that are charged to the amount to be met from government grants and local taxpayers
Financial Reporting Standards (FRSs)	These are standards set by governing bodies on how the financial statements should look and be presented.
Investments	Investments are the aggregate of:- <ul style="list-style-type: none"> • Long term investments • Short term investments (within current assets) • Cash and bank balances including overdrawn balances <p>From this should be subtracted any investments that are held clearly and explicitly</p>

	in the course of the provision of, and for the purposes of, operational services.
IMF	International Monetary Fund
LOBO (Lender's Option/ Borrower's Option)	Money Market instruments that have a fixed initial term (typically one to ten year) and then move to an arrangement whereby the lender can decide at pre-determined intervals to adjust the rate on the loan. At this stage the borrower has the option to repay the loan.
London Inter-Bank Bid Rate (LIBID)	The interest rate at which major banks in London are willing to borrow (bid for) funds from each other.
Managed Funds	<p><u>In-House Fund Management</u> Surplus cash arising from unused capital receipts and working cashflows can be managed either by external fund managers or by the Council's staff in-house. The in-house funds are invested in fixed deposits through the money markets for periods up to one year.</p> <p><u>Externally Management Funds</u> Fund managers appointed by the Council invest surplus cash arising from unused capital receipts in liquid instruments such as bank certificates of deposit and government stocks. The fund managers' specialist knowledge should ensure a higher rate of earnings on the managed funds than would be otherwise obtained.</p>
Maturity	The date when an investment is repaid or the period covered by a fixed term investment.
Minimum Revenue Provision (MRP)	The amount required by statute to be principal repayment each year.
Monetary Policy Committee (MPC)	This is a body set up by the Government in 1997 to set the repo rate (commonly referred to as being base rate). Their primary target (as set by the Government) is to keep inflation within plus or minus 1% of a central target of 2% in two year time from the date of the monthly meeting of the Committee. Their secondary target is to support the Government in maintaining high and stable levels of growth

	and employment.
Money Market	<p>Consists of financial institutions and deals in money and credit.</p> <p>The term applied to the institutions willing to trade in financial instruments. It is not a physical creation, but an electronic/telephone one.</p>
Net Borrowing	For the purposes of the Code, net borrowing refers to borrowing (see above) net of investments (see above).
Net Revenue Stream	Estimates for net revenue stream for current and future years are the local authority's estimates of the amounts to be met from government grants and local taxpayers.
Operational Boundary	This is based on expectations of the maximum external debt of the authority according to probable not simply possible – events and being consistent with the maximum level of external debt projected by the estimates. It is not a limit and actual borrowing could vary around this boundary for short periods.
Other Long Term Liabilities	The definition of other long term liabilities is the sum of the amounts in the Council's accounts that are classified as liabilities that are for periods in excess of 12months, other than borrowing (see definition above).
Premature Repayment of Loans (debt restructuring/rescheduling)	A facility for loans where the Council can repay loans prior to the original maturity date. If the loan repaid has a lower interest rate than the current rate for a loan of the same maturity period the Council can secure a cash discount on the repayment of the original loan. If the loan replaced has a higher rate of interest than the current rate for a loan of the same maturity period, a cash penalty is payable to the lender.
Premia	Where the prevailing current interest rate is lower than the fixed rate of a long term loan, which is being repaid early, the lender can charge the borrower a premium. This is

	calculated on the difference between the two interest rates over the remaining years of the loan, discounted back to present value. The lender may charge the premium, as their investment will now earn less than when the original loan was taken out.
Prudential Code	The Prudential Code is the largely self regulatory framework outlined by CIPFA for managing/monitoring capital investment in local government.
Public Works Loan Board (PWLB)	A Government agency which provides loans to local authorities. Each year, it issues a circular setting out the basis on which loans will be made available. Loans can be either at a fixed rate or on a variable rate basis. They can be repaid on either an annuity, equal instalment of principal or maturity basis. The interest rate charged is linked to the cost at which the Government itself borrows.
Risk	<p><u>Counterparty Credit Risk</u> The risk that a counterparty defaults on its obligations.</p> <p><u>Inflation Risk</u> The risk that growth in the Authority's investment income does not keep pace with the effects of inflation on its expenditure.</p> <p><u>Interest Rate Risk</u> The risk that changes in rates of interest creates an unexpected or unbudgeted burden on the Council's finances.</p> <p><u>Liquidity Risk</u> The risk that cash will not be available when it is needed.</p> <p><u>Operational Risk</u> The risk of loss through fraud, error, corruption, system failure or other eventualities in Treasury Management dealings, and failure to maintain effective contingency management arrangements.</p> <p><u>Refinancing Risk</u></p>

	The risk that the Authority is unable to replace its maturing funding arrangements on appropriate terms.
Set Aside Capital Receipts	A proportion of money received by the Council for the sale of fixed assets must be set aside to repay debt.
SONIA (sterling overnight index average)	<p>Sterling Overnight Index Average, abbreviated SONIA, is the effective overnight interest rate paid by banks for unsecured transactions in the British sterling market. It is used for overnight funding for trades that occur in off-hours and represents the depth of overnight business in the marketplace.</p> <p>It offers an alternative to LIBOR as a benchmark interest rate for financial transactions.</p>
SORP	Statement of Recommended Practice, published by CIPFA (Local Authority Accounting Body). This sets out guidelines regarding the Council's financial matters.
Specified/Non Specified investments	Specified investments are sterling denominated investments for less than 364 days as identified in Appendix C in line with statutory investment regulations. Non-specified investments are all other investments identified in Appendix C in line with statutory investment regulations.
Supranational Bonds	These are bonds issued by institutions such as the European Investment Bank and World Bank. As with Government bonds (Gilts) they are regarded as the safest bond investments with a high credit rating.
Temporary Borrowing and Investment	Loans which are capable of being repaid within one year. The term of the loans will be negotiated from overnight to 364 days.
Treasury Management	<p>Treasury Management has the same definition as in CIPFA's code of Practice of Treasury Management in the Public Services.</p> <p>"The management of the organisation's cash flows its banking, money market and capital</p>

	<p>market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”</p>
<p>Yield Curve</p>	<p>The line resulting from portraying interest rate graphically for a series of periods, e.g. 7days, 1month, 3, 6, 9, and 12months. When longer-term interest rates are higher than short-term rates the yield curve slopes upwards and is described as positive. When the opposite prevails the yield curve is referred to as inverse.</p>

TREASURY ADVISORS' VIEW ON THE ECONOMIC BACKGROUND

1.2

UK. Brexit. 2019 has been a year of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on 31 October 2019, with or without a deal. However, MPs blocked leaving on that date and the EU agreed an extension to 31 January 2020. In late October, MPs approved an outline of a Brexit deal to enable the UK to leave the EU on 31 January. Now that the Conservative Government has gained a large overall majority in the **general election** on 12 December, this outline deal will be passed by Parliament by that date. However, there will still be much uncertainty as the detail of a trade deal will need to be negotiated by the current end of the transition period in December 2020, which the Prime Minister has pledged he will not extend. This could prove to be an unrealistically short timetable for such major negotiations that leaves open two possibilities; one, the need for an extension of negotiations, probably two years, or, a no deal Brexit in December 2020.

GDP growth has taken a hit from Brexit uncertainty during 2019; quarter three 2019 surprised on the upside by coming in at +0.4% q/q, +1.1% y/y. However, the peak of Brexit uncertainty during the final quarter appears to have suppressed quarterly growth to probably around zero. The economy is likely to tread water in 2020, with tepid growth around about 1% until there is more certainty after the trade deal deadline is passed.

While the Bank of England went through the routine of producing another **quarterly Inflation Report**, (now renamed the Monetary Policy Report), on 7 November, it is very questionable how much all the writing and numbers were worth when faced with the uncertainties of where the UK will be after the general election. The Bank made a change in their Brexit assumptions to now include a deal being eventually passed. Possibly the biggest message that was worth taking note of from the Monetary Policy Report, was an increase in concerns among MPC members around weak global economic growth and the potential for Brexit uncertainties to become entrenched and so delay UK economic recovery. Consequently, the MPC voted 7-2 to maintain Bank Rate at 0.75% but two members were sufficiently concerned to vote for an immediate Bank Rate cut to 0.5%. The MPC warned that if global growth does not pick up or Brexit uncertainties intensify, then a rate cut was now more likely. Conversely, if risks do recede, then a more rapid recovery of growth will require gradual and limited rate rises. The speed of recovery will depend on the extent to which uncertainty dissipates over the final terms for trade between the UK and EU and by how much global growth rates pick up. The Bank revised its inflation forecasts down – to 1.25% in 2019, 1.5% in 2020, and 2.0% in 2021; hence, the MPC views inflation as causing little concern in the near future.

The **MPC meeting of 19 December** repeated the previous month's vote of 7-2 to keep Bank Rate on hold. Their key view was that there was currently 'no evidence about the extent to which policy uncertainties among companies and households had declined' i.e. they were going to sit on their

hands and see how the economy goes in the next few months. The two members who voted for a cut were concerned that the labour market was faltering. On the other hand, there was a clear warning in the minutes that the MPC were concerned that “domestic unit labour costs have continued to grow at rates above those consistent with meeting the inflation target in the medium term”.

If economic growth were to weaken considerably, the MPC has relatively little room to make a big impact with Bank Rate still only at 0.75%. It would therefore, probably suggest that it would be up to the Chancellor to provide help to support growth by way of a **fiscal boost** by e.g. tax cuts, increases in the annual expenditure budgets of government departments and services and expenditure on infrastructure projects, to boost the economy. The Government has already made moves in this direction and it made significant promises in its election manifesto to increase government spending by up to £20bn p.a., (this would add about 1% to GDP growth rates), by investing primarily in infrastructure. This is likely to be announced in the next Budget, probably in February 2020. The Chancellor has also amended the fiscal rules in November to allow for an increase in government expenditure.

As for **inflation** itself, CPI has been hovering around the Bank of England’s target of 2% during 2019, but fell again in both October and November to a three-year low of 1.5%. It is likely to remain close to or under 2% over the next two years and so, it does not pose any immediate concern to the MPC at the current time. However, if there was a hard or no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

With regard to the **labour market**, growth in numbers employed has been quite resilient through 2019 until the three months to September where it fell by 58,000. However, there was an encouraging pick up again in the three months to October to growth of 24,000, which showed that the labour market was not about to head into a major downturn. The unemployment rate held steady at a 44-year low of 3.8% on the Independent Labour Organisation measure in October. Wage inflation has been steadily falling from a high point of 3.9% in July to 3.5% in October (3-month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.0%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The other message from the fall in wage growth is that employers are beginning to find it easier to hire suitable staff, indicating that supply pressure in the labour market is easing.

USA. President Trump’s massive easing of fiscal policy in 2018 fuelled a temporary boost in consumption in that year which generated an upturn in the rate of growth to a robust 2.9% y/y. **Growth** in 2019 has been falling after a strong start in quarter 1 at 3.1%, (annualised rate), to 2.0% in quarter 2 and then 2.1% in quarter 3. The economy looks likely to have maintained a growth rate similar to quarter 3 into quarter 4; fears of a recession have largely dissipated. The strong growth in employment numbers during 2018 has weakened during 2019, indicating that the economy had been cooling, while inflationary pressures were also weakening. However, CPI inflation rose from 1.8% to 2.1% in November, a one year high, but this was

singularly caused by a rise in gasoline prices.

The Fed finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a ‘midterm adjustment’ but flagged up that this was not intended to be seen as the start of a series of cuts to ward off a downturn in growth. It also ended its programme of quantitative tightening in August, (reducing its holdings of treasuries etc.). It then cut rates by 0.25% again in September and by another 0.25% in its October meeting to 1.50 – 1.75%. At its September meeting it also said it was going to **start buying Treasuries again**, although this was not to be seen as a resumption of quantitative easing but rather an exercise to relieve liquidity pressures in the repo market. Despite those protestations, this still means that the Fed is again expanding its balance sheet holdings of government debt. In the first month, it will buy \$60bn, whereas it had been reducing its balance sheet by \$50bn per month during 2019. As it will be buying only short-term (under 12 months) Treasury bills, it is technically correct that this is not quantitative easing (which is purchase of long term debt). The Fed left rates unchanged in December. However, the accompanying statement was more optimistic about the future course of the economy so this would indicate that further cuts are unlikely.

Investor confidence has been badly rattled by the progressive ramping up of increases in tariffs President Trump has made on Chinese imports and China has responded with increases in tariffs on American imports. This **trade war** is seen as depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China. However, in November / December, progress has been made on agreeing a phase one deal between the US and China to roll back some of the tariffs; this gives some hope of resolving this dispute.

EUROZONE. Growth has been slowing from +1.8 % during 2018 to around half of that in 2019. Growth was +0.4% q/q (+1.2% y/y) in quarter 1, +0.2% q/q (+1.2% y/y) in quarter 2 and then +0.2% q/q, +1.1% in quarter 3; there appears to be little upside potential in the near future. German GDP growth has been struggling to stay in positive territory in 2019 and fell by -0.1% in quarter 2; industrial production was down 4% y/y in June with car production down 10% y/y. Germany would be particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes tariffs on EU produced cars.

The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which then meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by quantitative easing purchases of debt. However, the downturn in EZ growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), has prompted the ECB to take new measures to stimulate growth. At its March meeting it said that it expected to leave interest rates at their present levels “at least through the end of 2019”, but that was of little help to boosting growth in the near term. Consequently, it announced a **third round of TLTROs**; this provides banks with cheap borrowing every three months from September 2019 until March 2021 that means that, although

they will have only a two-year maturity, the Bank was making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank's eligible loans. However, since then, the downturn in EZ and world growth has gathered momentum; at its meeting on 12 September it cut its deposit rate further into negative territory, from -0.4% to -0.5%, and announced a **resumption of quantitative easing purchases of debt for an unlimited period**. At its October meeting it said these purchases would start in November at €20bn per month - a relatively small amount compared to the previous buying programme. It also increased the maturity of the third round of TLTROs from two to three years. However, it is doubtful whether this loosening of monetary policy will have much impact on growth and, unsurprisingly, the ECB stated that governments would need to help stimulate growth by 'growth friendly' fiscal policy.

There were no policy changes in the December meeting, which was chaired for the first time by the new President of the ECB, Christine Lagarde. However, the outlook continued to be down beat about the economy; this makes it likely there will be further monetary policy stimulus to come in 2020. She did also announce a thorough review of how the ECB conducts monetary policy, including the price stability target. This review is likely to take all of 2020.

On the political front, Austria, Spain and Italy have been in the throes of **forming coalition governments** with some unlikely combinations of parties i.e. this raises questions around their likely endurance. The latest results of German state elections has put further pressure on the frail German CDU/SDP coalition government and on the current leadership of the CDU. The results of the Spanish general election in November have not helped the prospects of forming a stable coalition.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and shadow banking systems. In addition, there still needs to be a greater switch from investment in industrial capacity, property construction and infrastructure to consumer goods production.

JAPAN - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

WORLD GROWTH. Until recent years, world growth has been boosted by increasing **globalisation** i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high

tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a **reversal of world globalisation and a decoupling of western countries** from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation. **Central banks are, therefore, likely to come under more pressure to support growth by looser monetary policy measures and this will militate against central banks increasing interest rates.**

The trade war between the US and China is a major concern to **financial markets** due to the synchronised general weakening of growth in the major economies of the world, compounded by fears that there could even be a recession looming up in the US, though this is probably overblown. These concerns resulted in **government bond yields** in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US). There are also concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks and the use of negative central bank rates in some countries. The latest PMI survey statistics of economic health for the US, UK, EU and China have all been predicting a downturn in growth; this confirms investor sentiment that the outlook for growth during the year ahead is weak.

INTEREST RATE FORECASTS

The interest rate forecasts provided by Link Asset Services in paragraph 3.3 are **predicated on an assumption of an agreement being reached on Brexit between the UK and the EU.** On this basis, while GDP growth is likely to be subdued in 2019 and 2020 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement on the detailed terms of a trade deal is likely to lead to a boost to the rate of growth in subsequent years. This could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an **orderly non-agreement exit in December 2020**, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.
- If there were a **disorderly Brexit**, then any cut in Bank Rate would be likely to last for a longer period and also depress short and

medium gilt yields correspondingly. Quantitative easing could also be restarted by the Bank of England. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably even, but dependent on a successful outcome of negotiations on a trade deal.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.
- In the event that a Brexit deal was agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis**. In 2018, Italy was a major concern due to having a populist coalition government which made a lot of anti-austerity and anti-EU noise. However, in September 2019 there was a major change in the coalition governing Italy which has brought to power a much more EU friendly government; this has eased the pressure on Italian bonds. Only time will tell whether this new coalition based on an unlikely alliance of two very different parties will endure.
- Weak capitalisation of some **European banks**, particularly Italian banks.
- **German minority government**. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in recent state elections but the SPD has done particularly badly and this has raised a major question mark over continuing to support the CDU. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until 2021.
- **Other minority EU governments**. Austria, Finland, Sweden, Spain, Portugal, Netherlands and Belgium also have vulnerable minority

governments dependent on coalitions which could prove fragile.

- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been rising anti-immigration sentiment in Germany and France.
- In October 2019, the IMF issued a report on the World Economic Outlook which flagged up a synchronised slowdown in world growth. However, it also flagged up that there was **potential for a rerun of the 2008 financial crisis**, but this time centred on the huge debt binge accumulated by corporations during the decade of low interest rates. This now means that there are corporates who would be unable to cover basic interest costs on **some \$19trn of corporate debt in major western economies**, if world growth was to dip further than just a minor cooling. This debt is mainly held by the shadow banking sector i.e. pension funds, insurers, hedge funds, asset managers etc., who, when there is \$15trn of corporate and government debt now yielding negative interest rates, have been searching for higher returns in riskier assets. Much of this debt is only marginally above investment grade so any rating downgrade could force some holders into a fire sale, which would then depress prices further and so set off a spiral down. The IMF's answer is to suggest imposing higher capital charges on lending to corporates and for central banks to regulate the investment operations of the shadow banking sector. In October 2019, the deputy Governor of the Bank of England also flagged up the dangers of banks and the shadow banking sector lending to corporates, especially highly leveraged corporates, which had risen back up to near pre-2008 levels.
- **Geopolitical risks**, for example in North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **Brexit** – if agreement was reached all round that removed all threats of economic and political disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- **UK inflation**, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

APPENDIX C

Creditworthiness Policy and Investment Criteria

The Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands

- Yellow 5 years *
- Dark pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.25
- Light pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

	Colour (and long term rating where applicable)	Money and/or % Limit	Time Limit
Banks /UK Govt debt*	yellow	£120m	5yrs
Banks	purple	£25m	2 yrs
Banks	orange	£25m	1 yr
Banks – part nationalised	blue	£30m	1 yr
Banks	red	£25m	6 mths
Banks	green	£25m / %	100 days
Banks	No colour	Not to be used	
Council's banker	-	£30m / %	5 yrs
Other institutions limit	-	£25m	1yr
DMADF	AAA	unlimited	6 months
Local authorities	n/a	£30m	5yrs
	Fund rating	Money and/or % Limit	Time Limit
Money market funds	AAA	£25m / %	liquid
Enhanced money market funds with a credit score of 1.25	Dark pink / AAA	£25m / %	liquid
Enhanced money market funds with a credit score of 1.5	Light pink / AAA	£25m / %	liquid

** Please note: the yellow colour category is for UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt*

The Capita Asset Services' creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are

marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored before deals are undertaken and The Council is alerted to changes to ratings of all three agencies through its use of the Capita Asset Services' creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Capita Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on any external support for banks to help support its decision making process.

Investment Criteria for Specified and Non Specified Investments

1.1 Investments will be made in accordance with the following terms:

1.1.1 Specified Investments:

(All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high' rating criteria where applicable and the principal sum to be repaid at maturity is the same as the initial sum invested other than investments in the UK Government.)

Instrument	Minimum Credit Criteria	Use	Max investment
Debt Management Agency Deposit Facility	--	In-house	£120M
Term deposits – UK government	--	In-house	£120M
Term deposits – other LAs	--	In-house	£30M with each counterparty
Term deposits – banks and building societies	Short-term F1,P1,A1, Long-term AA- or UK nationalised banks Blue Orange Red Green No Colour	fund managers and In-house 12 months 12 months 6 months 100 days Not for use	£30M with each counterparty/ per agreement

Term deposits – Banks nationalised by highly credit rated sovereign countries	Short-term F1,P1,A1, Long-term AA- Blue Orange Red Green No Colour	fund managers and In-house 12 months 12 months 6 months 100 days Not for use	£30M with each counterparty/ per agreement
Government guarantee on all deposits by high credit rated sovereign countries	Short-term F1,P1,A1, Long-term AA- or UK nationalised banks Blue Orange Red Green No Colour	fund managers and In-house 12 months 12 months 6 months 100 days Not for use	£30M with each counterparty/ per agreement
UK Government supported banking sector	Short-term F1,P1,A1, Long-term AA- or UK nationalised banks Blue Orange Red Green No Colour	fund managers and In-house 12 months 12 months 6 months 100 days Not for use	£30M with each counterparty/ per agreement
UK Government Gilts with maturities in excess of 1 year	AAA	Fund Managers/in house	See 2 below/£25M with each counterparty
Bonds issued by multilateral development banks	AA	In-house on a 'buy-and-hold' basis. Also for use by fund managers	£25M with each counterparty and per agreement
Bonds issued by a financial institution which is guaranteed by the UK government	AA-	In-house on a 'buy-and-hold' basis. Also for use by fund managers	£25M with each counterparty per agreement
Sovereign bond issues (i.e. other than the UK govt)	AAA	In- house Fund Managers	£25M with each counterparty per agreement
Corporate Bonds : [under SI 1010 (W.107)]	AA-	In- house Fund	£25M with each counterparty per agreement

		Managers	
Gilt Funds and Bond Funds	AA-	In- house Fund Managers	£15M per agreement
Money Market Funds	AAA	In- house Fund Managers	£25M per agreement
Property/alternative asset funds	AA-	Fund managers	£20M per agreement
Floating Rate Notes	AA-	Fund managers	per agreement
Treasury Bills	N/A	Fund Managers	per agreement
Local authority mortgage guarantee scheme	Short-term F1,P1,A1	In-house	£25m with each counterparty

1.1.2 **Non-Specified Investments:**

A maximum of 35% will be held in aggregate of Council managed funds in non-specified investments. A maximum of 50% of aggregate funds managed by the Council's external fund managers will be held in non-specified investments.

Instrument	Min Credit/Colour Criteria	Use	Maximum Period	Maximum Investment
Term deposits – UK government (with maturities in excess of 1 year)		In-house	5 years	£25M
Term deposits – other Local Authorities (with maturities in excess of 1 year)		In-house	5 years	£25M with each counterparty
Deposits with banks and building societies covered by UK government guarantee	Long-term AA- Blue Orange	Fund managers/ in-house	See 2 and 3 below 12 months 12 months	per agreement/£25m with each counterparty
Certificates of deposits issued by banks and building societies covered by UK government guarantee	Long-term AA- Blue Orange	Fund managers/in house	See 2 and 3 below 12 months 12 months	per agreement/£25m with each counterparty
UK Government Gilts	-	Fund	See 2 and	per

		Managers/in house	3 below/5 years	agreement /£25M
Treasury Bills	-	Fund Managers/in house	See 2 and 3 below/5 years	per agreement /£25M
Term deposits – banks and building societies (with maturities in excess of 1 year)	Long-term AA- Blue Orange	In-house	5 years 12 months 12 months	£25M with each counterparty
Certificates of deposits issued by banks and building societies	Long-term AA- Blue Orange	fund managers/in-house	10 years 12 months 12 months	per agreement /£25M with each counterparty
UK Government Gilts with maturities in excess of 1 year	AAA	Fund Managers/in house	10 years	See 2 below/£25M with each counterparty
Bonds issued by multilateral development banks	AA	In-house on a 'buy-and-hold' basis. Also for use by fund managers	5 years 10 years	£25M with each counterparty and per agreement
Bonds issued by a financial institution which is guaranteed by the UK government	-	In-house on a 'buy-and-hold' basis. Also for use by fund managers	5 years 10 years	£25M with each counterparty per agreement
Sovereign bond issues (i.e. other than the UK govt)	AAA	In- house Fund Managers	5 years 10 years	£25M with each counterparty per agreement
Corporate Bonds : [under SI 1010 (W.107)]	Long-term AA-	In- house Fund Managers	5 years 10years	£25M with each counterparty per agreement
Gilt Funds and Bond Funds	Long-term AA-	In- house Fund Managers	5 years 10years	£15M per agreement
Money Market Funds	AAA	In- house	n/a	£25M

		Fund Managers	n/a	per agreement
Property/alternative asset funds	-	Fund managers	n/a	£20M per agreement
Floating Rate Notes	Long-term AA-	Fund managers	10 years	per agreement
Treasury Bills	N/A	Fund Managers	10 years	per agreement
Local authority mortgage guarantee scheme	Short-term F1,P1,A1 Long-term AA-,	In-house	10 years	£25m with each counterparty

APPENDIX D

Fitch International Long-Term Credit Ratings

International Long-Term Credit Ratings (LTCR) may also be referred to as Long-Term Ratings. When assigned to most issuers, it is used as a benchmark measure of probability of default and is formally described as an Issuer Default Rating (IDR). The major exception is within Public Finance, where IDRs will not be assigned as market convention has always focused on timeliness and does not draw analytical distinctions between issuers and their underlying obligations. When applied to issues or securities, the LTCR may be higher or lower than the issuer rating (IDR) to reflect relative differences in recovery expectations. The following rating scale applies to foreign currency and local currency ratings:

Investment Grade	Definition
AAA	Highest credit quality. 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	Very high credit quality. 'AA' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	High credit quality. 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.
BBB	Good credit quality. 'BBB' ratings indicate that there are currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity. This is the lowest investment grade category.
Speculative Grade	Definition
BB	Speculative. 'BB' ratings indicate that there is a possibility of credit risk developing, particularly as the result of adverse economic change over time; however, business or financial alternatives may be available to allow financial commitments to be met. Securities rated in this category are not investment grade.

B	<p>Highly speculative.</p> <ul style="list-style-type: none"> • For issuers and performing obligations, 'B' ratings indicate that significant credit risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favourable business and economic environment. • For individual obligations, may indicate distressed or defaulted obligations with potential for extremely high recoveries. Such obligations would possess a Recovery Rating of 'RR1' (outstanding).
CCC	<p>For issuers and performing obligations, default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favourable business or economic conditions.</p> <ul style="list-style-type: none"> • For individual obligations, may indicate distressed or defaulted obligations with potential for average to superior levels of recovery. Differences in credit quality may be denoted by plus/minus distinctions. Such obligations typically would possess a Recovery Rating of 'RR2' (superior), or 'RR3' (good) or 'RR4' (average).
CC	<p>For issuers and performing obligations, default of some kind appears probable.</p> <ul style="list-style-type: none"> • For individual obligations, may indicate distressed or defaulted obligations with a Recovery Rating of 'RR4' (average) or 'RR5' (below average).
C	<ul style="list-style-type: none"> • For issuers and performing obligations, default is imminent. • For individual obligations, may indicate distressed or defaulted obligations with potential for below-average to poor recoveries. Such obligations would possess a Recovery Rating of 'RR6' (poor).
RD	<p>Indicates an entity that has failed to make due payments (within the applicable grace period) on some but not all material financial obligations, but continues to honour other classes of obligations.</p>
D	<p>Indicates an entity or sovereign that has defaulted on all of its financial obligations. Default generally is defined as one of the following:</p> <ul style="list-style-type: none"> • Failure of an obligor to make timely payment of principal and/or interest under the contractual terms of any financial obligation; • The bankruptcy filings, administration, receivership, liquidation or other winding-up or cessation of business

	<ul style="list-style-type: none"> • The distressed or other coercive exchange of an obligation, where creditors were offered securities with diminished structural or economic terms compared with the existing obligation.
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Fitch International Short-Term Credit Ratings

The following ratings scale applies to foreign currency and local currency ratings. A Short-term rating has a time horizon of less than 13 months for most obligations, or up to three years for US public finance, in line with industry standards, to reflect unique risk characteristics of bond, tax, and revenue anticipation notes that are commonly issued with terms up to three years. Short-term ratings thus place greater emphasis on the liquidity necessary to meet financial commitments in a timely manner.

Short Term Rating	Current Definition
F1	Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.
F2	Good credit quality. A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.
F3	Fair credit quality. The capacity for timely payment of financial commitments is adequate; however, near term adverse changes could result in a reduction to non investment grade.
B	Speculative. Minimal capacity for timely payment of financial commitments, plus vulnerability to near term adverse changes in financial and economic conditions.
C	High default risk. Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon a sustained, favourable business and economic environment.
D	Indicates an entity or sovereign that has defaulted on all of its financial obligations.

APPENDIX E

Countries with approved Credit ratings as at Jan 2020 (NB subject to change and no overseas investments st this time)

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- U.K.
- Hong Kong

AA-

- Belgium
- Qatar

MINIMUM REVENUE PROVISION

1. Government Guidance

The Welsh Assembly Government issued new guidance in March 2008 which requires that a Statement on the Council's policy for its annual MRP should be submitted to the full Council for approval before the start of the financial year to which the provision will relate.

The Council are legally obliged by section 21 (1b) to "have regard" to the guidance, which is intended to enable a more flexible approach to assessing the amount of annual provision than was required under the previous statutory requirements. The guidance offers four main options under which MRP could be made, with an overriding recommendation that the Council should make prudent provision to redeem its debt liability over a period which is reasonably commensurate with that over which the capital expenditure is estimated to provide benefits. The requirement to 'have regard' to the guidance therefore means that: -

Although four main options are recommended in the guidance, there is no intention to be prescriptive by making these the only methods of charge under which a local authority may consider its MRP to be prudent.

It is the responsibility of each authority to decide upon the most appropriate method of making a prudent provision, after having had regard to the guidance.

Where the CFR was nil or negative on the last day of the preceding financial year, the authority does not need to make an MRP provision. MRP in the current financial year would therefore be zero,

Option 1: Regulatory Method

Under the previous MRP regulations, General Fund MRP was set at a uniform rate of 4% of the adjusted CFR (i.e. adjusted for "Adjustment A") on a reducing balance method (which in effect meant that MRP charges would stretch into infinity). This option is available for the General Fund share of capital financing requirement which relates to capital expenditure incurred prior to 1 April 2008. It may also be used for new capital expenditure up to the amount which is deemed to be supported by the Welsh Assembly Government annual supported borrowing allocation. The use of the commutation adjustment to mitigate the MRP charge is also allowed to continue under this option.

Option 2: Capital Financing Requirement Method

This is a variation on option 1 which is based upon a charge of 4% of the aggregate CFR without any adjustment for Adjustment A, or certain other factors which were brought into account under the previous statutory MRP

calculation. The CFR is the measure of an authority's outstanding debt liability as depicted by their balance sheet.

Option 3: Asset Life Method.

This method may be applied to most new capital expenditure, including where desired that which may alternatively continue to be treated under options 1 or 2.

The guidance suggests that any new borrowing which receives no Government support and is therefore self-financed would fall under option 3

Under this option, it is intended that MRP should be spread over the estimated useful life of either an asset created, or other purpose of the expenditure. There are two useful advantages of this option: -

- Longer life assets e.g. freehold land can be charged over a longer period than would arise under options 1 and 2.
- No MRP charges need to be made until the financial year after that in which an item of capital expenditure is fully incurred and, in the case of a new asset, comes into service use (this is often referred to as being an 'MRP holiday'). This is not available under options 1 and 2.

There are two methods of calculating charges under option 3:

Equal instalment method – equal annual instalments which are calculated using a simple formula set out in paragraph 9 of the MRP guidance,

under this approach, the MRP is provided by the following formula

$A - B$ divided by C

A is the amount of capital expenditure in respect of the asset financed by borrowing or credit arrangements

B is the total provision made before the current financial year in respect of that expenditure

C is the inclusive number of financial years from the current year to that in which the estimated life of the asset expires

Annuity method – annual payments gradually increase during the life of the asset with an appropriate interest rate used to calculate the annual amount

Under both options, the authority may make additional voluntary revenue provision and this may require an appropriate reduction in later years' MRP

In addition adjustments to the calculation to take account of repayment by other methods (e.g. application of capital receipts) should be made as necessary.

Option 4: Depreciation Method

Under this option, MRP charges are to be linked to the useful life of each type of asset using the standard accounting rules for depreciation (but with some exceptions) i.e. this is a more complex approach than option 3.

The same conditions apply regarding the date of completion of the new expenditure as apply under option 3.

2. Date of implementation

The previous statutory MRP requirements cease to have effect after the 2006/07 financial year. However, the same basis of 4% charge in respect of the GF share of CFR may continue to be used without limit until the 2009/10 financial year, relative to expenditure incurred up to 31/3/2008.

The guidance suggests that Options 3 and 4 should be applied to any capital expenditure which results in an increase in the CFR and does not relate to the authority's Supported Capital Expenditure.

The guidance also provides the authority with discretion to apply Options 3 or 4 to all capital expenditure whether or not supported and whenever it is incurred.

Any capitalised expenditure incurred after 1 April 2008 which gives rise to an increase in the GF CFR should be repaid by using option 3 as adapted by paragraphs 23 and 24 of the guidance.

APPENDIX G

**Active Internal Credit UK Counterparty List (as at 31 January 2020
subject to change)**

Institution	Country	Bank/BS	Fitch Ratings	Support	S Term
			L Term		
Abbey National Treasury Services PLC	UK	Bank	A	1	F1
Bank of Scotland PLC	UK	Bank	A+	5	F1
Barclays Bank PLC	UK	Bank	A+	5	F1
Close Brothers Ltd	UK	Bank	A	5	F1
Goldman Sachs International Bank	UK	Bank	A	1	F1
HSBC Bank PLC	UK	Bank	AA-	1	F1+
Lloyds Bank Corporate Markets Plc)	UK	Bank	A	1	F1
Santander UK PLC	UK	Bank	A+	2	F1
Standard Chartered Bank	UK	Bank	A+	5	F1
Sumitomo Mitsui Banking Corporation Europe Ltd	UK	Bank	A	1	F1
UBS Ltd.	UK	Bank	AA-	1	F1+
Coventry Building Society	UK	BS	A	5	F1
Leeds Building Society	UK	BS	A-	5	F1
Nationwide Building Society	UK	BS	A	5	F1
Skipton Building Society	UK	BS	A-	5	F1
Yorkshire Building Society	UK	BS	A-	5	F1
Debt Management Office	UK				
Local Authorities	UK				

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 & 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"/>	<input type="checkbox"/>

**(b) Please name and describe below
TREASURY MANAGEMENT STRATEGY, PRUDENTIAL INDICATORS,
INVESTMENT STRATEGY AND MINIMUM REVENUE PROVISION POLICY
STATEMENT 2019/20**

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	Medium Impact	Low Impact	Don't know
	(H)	(M)	(L)	(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 type="checkbox"/>
Race	<input type="checkbox"/>	<input 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**
The cost of capital for all capital projects undertaken by the Authority is informed by the TM strategy

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

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 a back office function which although important has little or 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 civic centre	
Telephone Number: 6934	
Date: 31/1/20	
Approval by Head of Service:	
Name: Ben Smith	
Position: S 151 Officer	
Date: 31/1/20	

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

Agenda Item 16.



Report of the Head of Democratic Services

Extraordinary Council – 5 March 2020

Nomination of Lord Mayor and Deputy Lord Mayor Elect 2020-2021

Purpose:	To nominate the Lord Mayor elect and Deputy Lord Mayor elect to enable the arrangements for the Inauguration of the Lord Mayor and Deputy Lord Mayor event to proceed.
Policy Framework:	Lord Mayor and Deputy Lord Mayor Protocol.
Consultation:	Political Group Leaders and their Deputies, Access to Services, Finance, Legal.
Recommendation(s):	It is recommended that: 1) Councillor Mark C Child be nominated Lord Mayor Elect 2020-2021; 2) Councillor Mary H Jones be nominated Deputy Lord Mayor Elect 2020-2021.
Report Author:	Huw Evans
Finance Officer:	Ben Smith
Legal Officer:	Tracey Meredith
Access to Services Officer:	Rhian Millar

1. Introduction

1.1 The Lord Mayor and Deputy Lord Mayor Protocol (adopted by Council on 20 April 2017) sets out the procedure to be followed when nominating a Lord Mayor and Deputy Lord Mayor. The Protocol is attached as **Appendix 1**.

2. Two or more Councillors have Exactly the Same Length of Service

2.1 Section 4 of the Protocol, sets out the Councillors Total Length of Service and includes a paragraph on the process to be followed if 2 or more Councillors have exactly the same length of service.

2.2 Councillors Mark C Child, A Mike Day, Mary H Jones and L Graham Thomas, all have exactly the same length of service. The Head of Democratic Services confirmed that each of the 4 candidates meet the criteria and that the Political Group Leaders and their Deputies have unanimously agreed that all 4

candidates are appropriate to hold the Office of Lord Mayor / Deputy Lord Mayor.

- 2.2 On 20 September 2018, the Head of Democratic Services drew lots in order to establish the order that each of the aforementioned Councillors will be considered for the role of Lord Mayor / Deputy Lord Mayor. The outcome of the draw being:
- i) Councillor M C Child;
 - ii) Councillor M H Jones;
 - iii) Councillor A M Day;
 - iv) Councillor L G Thomas.

3. Nominations

- 3.1 In line with the Protocol, the Head of Democratic Services sent an e-mail in February 2020 to the Political Group Leaders and their Deputies informing them that the candidates for the posts of Lord Mayor and Deputy Lord Mayor Elect 2020-2021 met the criteria for nomination as outlined within the Protocol.

- 3.2 The candidates being:

Councillor Mark C Child (To become Lord Mayor 2020-2021);
Councillor Mary H Jones (To become Deputy Lord Mayor 2020-2021).

- 3.3 The e-mail asked the Political Group Leaders and their Deputies to consider whether these candidates are considered appropriate for the roles. The Appropriateness Test is set out within the Protocol.
- 3.4 There was a unanimous decision that both candidates met the appropriateness test and were therefore appropriate to undertake the roles.

4. Equality and Engagement Implications

- 4.1 There are no equality or engagement implications associated with this report.

5. Financial Implications

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

6. Legal Implications

- 6.1 There are no legal implications associated with this report.

Background Papers: None.

Appendices:

Appendix 1 Lord Mayor and Deputy Lord Mayor Protocol

Lord Mayor and Deputy Lord Mayor Protocol

1. Introduction

1.1 On 22 March 1982, HM Queen Elizabeth II graciously granted to the City of Swansea letters patent which elevated the status of the Mayor to that of Lord Mayor. The Unitary Authority of the City and County of Swansea which came into being on 1 April 1996 was successful in having both the City and Lord Mayor status re-bestowed on 29 March 1996.

1.2 The actual wording of the letters patent is shown below:

“Elizabeth the Second by the Grace of God of the United Kingdom of Great Britain and Northern Ireland and of our other Realms and Territories Queen Head of the Commonwealth Defender of the Faith To all to whom these presents shall come, Greeting. Know ye that our will and pleasure is and We do hereby declare and ordain that from and after the date of these presents the Mayor of the City of Swansea and his successors in office shall be styled entitled and called LORD MAYOR OF SWANSEA And we do hereby authorise and empower the Mayor of the City of Swansea and his successors in office henceforth at all times to assume and use and to be called and to be named by the style title and appellation of Lord Mayor of Swansea and to enjoy and use all and singular the rights privileges and advantages to the degree of a Lord Mayor in all things duly and or right belonging. In witness whereof we have caused these our letters to be made patent. Witness Ourselves at Westminster the twenty second day of March in the thirty first year of our reign”.

1.3 The Lord Mayor and Deputy Lord Mayor Protocol aims to cover all aspects relating to the eligibility, nomination and behaviour of the Lord Mayor / Deputy Lord Mayor.

1.4 A “Civic Protocols and Guidance” document is provided to each Lord Mayor / Deputy Lord Mayor. The document is provided by the Lord Mayor’s Office and is maintained by the Civic and Corporate Marketing Manager.

2. Eligibility to be Lord Mayor / Deputy Lord Mayor

2.1 For the period that a person is elected as Lord Mayor / Deputy Lord Mayor, they must remain a Councillor of the City and County of Swansea.

2.2 From the moment that the person ceases to be a Councillor of the City and County of Swansea, they automatically also cease to be the Lord Mayor / Deputy Lord Mayor.

2.3 If the existing Lord Mayor / Deputy Lord Mayor is suspended or partially suspended from being a Councillor by the Standards Committee, Public Services Ombudsman for Wales and / or Adjudication Panel for Wales they shall not conduct any Lord Mayor / Deputy Lord Mayor duties.

3. Criteria for the Nomination of Lord Mayor and Deputy Lord Mayor

3.1 Councillors MUST satisfy the following **criteria** prior to being nominated as Deputy Lord Mayor / Lord Mayor:

i) Candidates for the position of Lord Mayor and Deputy Lord Mayor must be serving members of the Council and have the longest total length of service (**Appendix A1**).

Note: If the Candidate is suspended or partially suspended from being a Councillor then they do not meet the criteria at that point in time.

3.2 The Head of Democratic Services shall inform the Political Group Leaders and their Deputies via e-mail whether the candidate(s) meet the criteria.

4. Councillors Total Length of Service

4.1 Councillors shall be elected to the position of Deputy Lord Mayor and Lord Mayor based on their total length of service with the City and County of Swansea Council and its predecessor Authorities. **Appendix A1** (The List) highlights the “Councillors Total Length of Service with the City and County of Swansea and each of its predecessor Authorities” (As at Date Printed on **Appendix A1**).

4.2 Simultaneous service on more than one of the City and County of Swansea Council’s predecessor Authorities will count as one period of service i.e. If a Councillor was an Elected Member with Lliw Valley Borough Council and West Glamorgan County Council during 1990-1994, only 4 years would be counted towards the Councillors total length of service during that time.

4.3 If a Councillor has broken service with the City and County of Swansea Council or any of its predecessor Authorities, then the time of each of the periods of service will be added together in order to establish the total length of service. For details of a Councillors Period(s) of Service with the City and County of Swansea and its predecessor Authorities, please refer to www.swansea.gov.uk/councillors

4.4 If a Councillor has accrued service with another Authority, then that time will not be counted, as the time has not been spent representing the people of the City and County of Swansea Council.

4.5 A Councillor shall be honoured with the title Deputy Lord Mayor / Lord Mayor once.

4.6 If two or more Councillors have exactly the same length of service, then the nomination will be determined as follows:

- i) Between the Councillors involved;
- ii) The drawing of lots between the Councillors involved.

5. Procedure for the Nomination of Lord Mayor and Deputy Lord Mayor

5.1 Once a Councillor has been deemed to meet the criteria to be nominated Lord Mayor / Deputy Lord Mayor; the procedure is as follows:

- i) Head of Democratic Services to consult with Political Group Leaders and their Deputies (all of whom have a vote) via email to determine whether the candidate(s) are appropriate. Whether a candidate is appropriate is to be decided on an individual basis. Considerations may include whether a candidate has been found in breach of the Code of Conduct, whether the breach was a serious breach and what sanction, if any, was imposed. Other considerations include whether the Councillor has been found guilty or pleaded guilty to a serious criminal offence;
- ii) If **unanimous decision** that the candidate(s) are appropriate, and a report be presented to Council;
- iii) If there is **not a unanimous decision** then a meeting of the Constitution Working Group (CWG) shall be convened. CWG will consider the appropriateness of the candidate(s) and decide what action to take based on the Protocol.

6. Appropriateness Test

- 6.1 The Appropriateness Test seeks to determine the appropriateness of candidate(s) nominated for the role of Deputy Lord Mayor and Lord Mayor. It is a measure of their appropriateness at a current point in time. Questions by the Constitution Working Group may include whether the candidate(s) is subject to any investigation by the Public Services Ombudsman for Wales in relation to any breach of the Code of Conduct, any sanctions imposed, any court proceedings or any other matter they consider relevant.
- 6.2 Depending on outcome of paragraph 6.1 above, the Constitution Working Group may hear representations from the candidate prior to making any final decision.
- 6.3 The powers of the Public Services Ombudsman for Wales and the Adjudication Panel for Wales are outlined in **Appendix B1** to this report.
- 6.4 If a candidate is considered not appropriate for the role of either Lord Mayor or Deputy Lord Mayor they will be replaced on “the list” in accordance with their seniority and will be subject to the Appropriateness Test at the following round of Lord Mayor / Deputy Lord Mayor nominations.

7. Constitution Working Group Report to Council

- 7.1 The Constitution Working Group shall present a report to Council recommending the appropriate candidate(s) for the role of Deputy Lord Mayor / Lord Mayor to Council The report shall nominate one Councillor for the role of Deputy Lord Mayor and one Councillor for the role of Lord Mayor.
- 7.2 In the year of a **Local Government Election**, there will be a third and fourth recommendation seeking a resolution to name the next 5 Councillors as being eligible should the initial nominations fail to be re-elected. These additional 5 Councillors shall be appointed in line with the Protocol.

7.3 When a Councillor is elected to the position of Deputy Lord Mayor, then that person would become Lord Mayor the following municipal year, subject to the Appropriateness Test.

8. Role of Council

8.1 Council will receive the report of the Constitution Working Group regarding nominations for the Deputy Lord Mayor and Lord Mayor. It shall consider whether to accept the recommendations of the Constitution Working Group or not.

8.2 In the year of a **Local Government Election**, Council shall also be asked to accept the nominations of the next 5 Councillors under the Protocol in order to have an automatic fall-back position should the initial nominations fail to be re-elected. The automatic fall-back would mean that the next eligible Councillor who had been subjected to and passed the appropriateness test by the Constitution Working Group would be elected to the position of Lord Mayor / Deputy Lord Mayor as necessary.

8.3 Should Council not accept the recommendations of the Constitution Working Group, then the matter should be deferred to either the next Ordinary meeting of Council or to an Extraordinary meeting of Council in order for the appropriateness test to be considered for the next Councillor in line based on length of service by the Constitution Working Group.

9. Deferment of Term of Office

9.1 A Councillor may request that their term of Office be deferred for any length of time or even an unspecified length of time. However such a request must gain the support of the majority of the Political Group Leaders. In the event of a tie, then the Constitution Working Group will consider the matter.

9.2 Once a Councillor has completed their deferment they will be replaced back on the Seniority List in accordance with their seniority. They shall follow the next person in line to be Deputy Lord Mayor but shall not be permitted to replace the next person in line if the period until the next selection is less than 6 months.

10. Title and Chain of Office of Lady Mayoress / Lord Mayor's consort / Deputy Lady Mayoress / Deputy Lord Mayor's Consort

10.1 The Title and Chain of Office of Lady Mayoress / Lord Mayor's consort / Deputy Lady Mayoress / Deputy Lord Mayor's Consort is conferred at the Ceremonial Meeting of Council on an annual basis.

10.2 Any other person may accompany the Lord Mayor / Deputy Lord Mayor to any civic engagement to which the same courtesies and precedence would be extended, however, the Chain of Office may not be worn.

11. Behaviour of Lord Mayor / Deputy Lord Mayor during their Term of Office

11.1 Should the behaviour of the Lord Mayor / Deputy Lord Mayor be brought into question during their term of office, then the behaviour should be reported to

the Chief Executive, the Monitoring Officer, the Head of Democratic Services and the relevant Political Group Leader.

- 11.2 However, if the alleged behaviour may lead to any investigation by the Public Services Ombudsman for Wales in relation to any breach of the Code of Conduct, any sanctions imposed, any court proceedings or any other matter considered relevant then the complainant should refer the matter to the Public Services Ombudsman for Wales or Police as appropriate.
- 11.3 The allegation will be passed to the Constitution Working Group for them to consider whether it requires any immediate action to be taken. The Group should consider the point that people are presumed innocent and should not make any decision to impede that basis of law. However, the CWG may determine any appropriate sanction based on the Appropriateness Test following the outcome of the Ombudsman's or Police investigation (if any).

12. Suspension from Office as a Councillor

- 12.1 Should a Councillor be suspended from the Office of Councillor for a period of time following a breach of the Councillors Code of Conduct, the following actions are to be followed:
- i) A suspended, partially suspended or disqualified Councillor would no longer meet the criteria to be Lord Mayor / Deputy Lord Mayor and would therefore automatically relinquish that Office.
 - ii) The issue shall also be automatically referred to the Constitution Working Group for it to consider whether to appoint a new Lord Mayor, Deputy Lord Mayor etc.

13. Behaviour of Lord Mayor's Consort, / Deputy Lord Mayor's Consort, Lady Mayoress / Deputy Lady Mayoress during their Term of Office

- 13.1 Should the behaviour of the Lord Mayor's Consort, / Deputy Lord Mayor's Consort, Lady Mayoress / Deputy Lady Mayoress be brought into question during their term of office, then the behaviour should be reported to the Chief Executive, the Monitoring Officer, the Head of Democratic Services and the relevant Political Group Leader.
- 13.2 The allegation(s) will be passed to the Constitution Working Group for them to consider whether it requires any immediate action to be taken. Action could include suspending the individual for a period of time or seeking a Council resolution to remove the individual from Office.

Appendix A1

Councillors Total Length of Service with the City and County of Swansea and each of its predecessor Authorities” (27.09.2018).

Last Name	First Name(s)	Total Time Served	Municipal Year served as LM
Lewis	Richard	45 years, 4 months, 17 days	2010-2011
Thomas	Des	42 years, 10 months, 27 days	1996-1997
Burtonshaw	June	35 years, 4 months, 22 days	2002-2003
Francis-Davies	Robert	35 years, 4 months, 22 days	2001-2002
Holley	Christopher	33 years, 4 months, 25 days	2006-2007
Sullivan	Gareth	31 years, 4 months, 20 days	2008-2009
Hopkins	David	27 years, 4 months, 25 days	2016-2017
Downing	Philip	22 years, 3 months, 26 days	2017-2018
Phillips	David	25 years, 4 months, 21 days	Current Lord Mayor
Black	Peter	34 years, 4 months, 24 days	Current Deputy Lord Mayor
Lloyd	Paul	21 years, 5 months, 30 days	Deferred
Child	Mark	19 years, 4 months, 21 days	
Jones	Mary	19 years, 4 months, 21 days	
Day	Mike	19 years, 4 months, 21 days	
Thomas	Graham	19 years, 4 months, 21 days	
Stewart	Robert	15 years, 4 months, 26 days	
Fitzgerald	Wendy	14 years, 3 months, 17 days	
Hood-Williams	Paxton	14 years, 3 months, 17 days	
Kirchner	Erika	14 years, 3 months, 17 days	
Philpott	Cheryl	14 years, 3 months, 17 days	
May	Peter	11 years, 9 months, 6 days	
Matthews	Penny	11 years, 2 months, 8 days	
Doyle	Ryland	10 years, 4 months, 26 days	
Evans	William	10 years, 4 months, 26 days	
Jones	Jeff	10 years, 4 months, 26 days	
Jones	Sue	10 years, 4 months, 26 days	
Morris	Hazel	10 years, 4 months, 26 days	
Richards	Christine	10 years, 4 months, 26 days	
Smith	Paulette	10 years, 4 months, 26 days	
Jardine	Yvonne	10 years, 3 months, 21 days	
Crouch	Sybil	6 years, 4 months, 24 days	
Curtice	Jan	6 years, 4 months, 24 days	
Davies	Nick	6 years, 4 months, 24 days	
Evans	Mandy	6 years, 4 months, 24 days	
Gordon	Fiona	6 years, 4 months, 24 days	
Hale	Joe	6 years, 4 months, 24 days	
Hennegan	Terry	6 years, 4 months, 24 days	
Hopkins	Beverley	6 years, 4 months, 24 days	
James	Lynda	6 years, 4 months, 24 days	
Lewis	Andrea	6 years, 4 months, 24 days	
Lloyd	Clive	6 years, 4 months, 24 days	
Raynor	Jennifer	6 years, 4 months, 24 days	
Smith	Robert	6 years, 4 months, 24 days	
Tanner	Gloria	6 years, 4 months, 24 days	
Thomas	Mark	6 years, 4 months, 24 days	
Tyler-Lloyd	Linda	6 years, 4 months, 24 days	
Walker	Gordon	6 years, 4 months, 24 days	
Walton	Lesley	6 years, 4 months, 24 days	

White	Mike	6 years, 4 months, 24 days
Anderson	Cyril	3 years, 4 months, 20 days
Evans	Ceri	3 years, 4 months, 20 days
King	Elliot	3 years, 4 months, 20 days
Lewis	Mike	2 years, 4 months, 22 days
Durke	Mike	1 years, 4 months, 22 days
Gallagher	Stephen	1 years, 4 months, 22 days
Gibbard	Louise	1 years, 4 months, 22 days
Griffiths	Kevin	1 years, 4 months, 22 days
Helliwell	David	1 years, 4 months, 22 days
James	Oliver	1 years, 4 months, 22 days
Jones	Lyndon	1 years, 4 months, 22 days
Jones	Peter	1 years, 4 months, 22 days
Langstone	Myles	1 years, 4 months, 22 days
Lewis	Wendy	1 years, 4 months, 22 days
Mann	Irene	1 years, 4 months, 22 days
Pritchard	Samuel	1 years, 4 months, 22 days
Pugh	Alyson	1 years, 4 months, 22 days
Roberts	Kelly	1 years, 4 months, 22 days
Rowlands	Brigette	1 years, 4 months, 22 days
Sherwood	Mary	1 years, 4 months, 22 days
Stevens	Andrew	1 years, 4 months, 22 days
Sykes	Mo	1 years, 4 months, 22 days
Thomas	William	1 years, 4 months, 22 days

Public Services Ombudsman for Wales and the Adjudication Panel for Wales Powers

1. The Public Services Ombudsman for Wales considers complaints that Members of Local Authorities in Wales have broken the Code of Conduct. The Ombudsman investigates such complaints under the provisions of Part III of the Local Government Act 2000 and the relevant Orders made by the National Assembly for Wales under that Act. Where the Ombudsman decides that a complaint should be investigated, there are four findings, set out under Section 69 of the Local Government Act 2000, which the Ombudsman can arrive at:
 - a) That there is no evidence that there has been a breach of the Authority's Code of Conduct;
 - b) That no action needs to be taken in respect of the matters that were subject to the investigation;
 - c) That the matter be referred to the Authority's Monitoring Officer for consideration by the Standards Committee;
 - d) That the matter be referred to the President of the Adjudication Panel for Wales for adjudication by a tribunal (this generally happens in more serious cases).
2. In the circumstances of c) and d) above, the Ombudsman is required to submit the investigation report to the Standards Committee or a Tribunal of the Adjudication Panel for Wales and it is for them to consider the evidence found by the Ombudsman, together with any defence put forward by the Member concerned. It is also for them to determine whether a breach has occurred and, if so, what penalty (if any) should be imposed.
3. The **maximum penalty that a Standards Committee can apply** is suspension for **6 months**. In considering whether the Councillor or Co-opted Member has failed to comply with the relevant Authority's Code of Conduct it may also determine that:
 - i) No action needs to be taken in respect of that failure;
 - ii) The Councillor or Co-opted Member should be censured (A censure takes the form of a public rebuke of the Member concerned);
 - iii) The Councillor or Co-opted Member should be Suspended or Partially Suspended from being a Member of that Authority for a period not exceeding six months.
4. The **maximum that a Tribunal of the Adjudication Panel for Wales can determine** is **5 years'** disqualification from office. The Tribunal may:
 - i) Suspend or Partially Suspend a person from being a Councillor or Co-opted Member of the Relevant Authority concerned for a period not exceeding one year or, if shorter, the remainder of the person's term of Office;
 - ii) Disqualify a person for being, or becoming (whether by Election or otherwise), a Councillor of that or any other relevant Authority for a period **not exceeding 5 years**.

Agenda Item 17.



Report of the Chair of the Scrutiny Programme Committee

Extraordinary Council – 5 March 2020

Scrutiny Dispatches – Quarterly Impact Report

Purpose:	To present the quarterly report from the Scrutiny Programme Committee to Council on the impact of scrutiny.
Policy Framework:	None
Consultation:	Finance, Legal, Access to Services
Report Author:	Brij Madahar
Finance Officer:	Paul Cridland
Legal Officer:	Debbie Smith
Access to Services Officer:	Catherine Window
For Discussion	

1. Introduction

- 1.1 The Scrutiny Programme Committee is responsible for the overall work programme, including the various informal scrutiny activities, and monitoring progress to ensure that the work is effective.
- 1.2 The Committee is also concerned about improving communication and public engagement, and getting more coverage in the media so that the public are more aware of the work of scrutiny.
- 1.3 In order to provide 'headlines' from scrutiny activity and give the work of scrutiny greater visibility, both for Council and public audience, a quarterly 'Scrutiny Dispatches' report is published.

2. Scrutiny Dispatches

- 2.1 'Scrutiny Dispatches' is intended to demonstrate scrutiny achievements and outcomes. It is effectively a regular report about impact and how scrutiny is making a difference, rather than a descriptive account of scrutiny activities. The aim is to focus on and promote a small number

of 'significant stories'. A chair's roundup is also featured to highlight other work.

2.2 The quarterly report is attached for Council discussion – see **Appendix 1**.

2.3 This issue features scrutiny of:

- Cabinet Reports – Pre-decision Scrutiny
- Education Services
- Child & Family Social Services, and
- Council Budget

The chair's roundup talks about progress with the work programme, the cabinet response to Equality Scrutiny Inquiry recommendations, following up the Regional Working Inquiry, Cabinet Member Q & A sessions, and scrutiny of the Housing Commissioning Review.

2.4 As well as being a report to Council the content will be shared more widely, with advice and support from the Council's Communications Team and utilising social media. This should help raise awareness of the work and impact of scrutiny, and hopefully encourage more public engagement and participation in scrutiny. It is anticipated that some of the impact stories within Scrutiny Dispatches will generate press releases.

2.5 In order to ensure that people are informed more generally about the work of scrutiny a monthly newsletter is also being produced. This list is shared via an email subscription (www.swansea.gov.uk/scrutinyemail), and includes details of:

- Forthcoming panel and working group meetings
- Topics being looked at by scrutiny
- Progress with current activities

3. Equality & Engagement Implications

3.1 There are no specific equality and engagement implications raised by this report.

4. Financial Implications

4.1 There are no specific financial implications raised by this report.

5. Legal Implications

5.1 There are no specific legal implications raised by this report.

Background papers: None

Appendices: Appendix 1 – Scrutiny Dispatches

Scrutiny Dispatches

City & County of Swansea – 2019/2020 (No. 2)

‘How scrutiny councillors are making a difference’

Continuing to help improve cabinet decisions

“Pre-decision” scrutiny is an important practice where Scrutiny councillors look at a planned decision shortly before it is made by Cabinet. Scrutiny councillors bring a different perspective to the decision-making process than that provided by Cabinet members or officers, which can help decisions to be more robust.

Considering decisions before they are made provides an important means to influence and possibly improve them. It gives scrutiny councillors an opportunity to challenge, for example, how decision-makers have considered what risks might arise from the implementation of the decision and how those risks might be mitigated. Relevant Cabinet Members and officers will attend scrutiny to present and explain proposals and answer questions.

Recent pre-decision scrutiny activities in Swansea:

[Pre-decision scrutiny of Swansea Central Phase 1](#)

Scrutiny councillors on the Development & Regeneration Performance Panel undertook pre-decision scrutiny of the Swansea Central Phase 1 Final Delivery Report, which formed part of the Cabinet’s meeting on 21 November 2019.

A letter was sent to Cabinet to highlight views of the Panel and provide Cabinet with recommendations including:

- The Panel’s acknowledgment of the need for the regeneration of the city centre and welcoming the proposal of greening of the city centre, including the focus on promoting biodiversity.
- The Panel felt that the expenditure of public monies inevitability means that the tax payers of the city have a significant interest in the success of this project, as the effect on the council’s revenue account could mean resources being used for the borrowing and not for its core services.

[Pre-decision Scrutiny of Cabinet Report: Foreshore Sites – Public Consultation and Procurement Responses Summary and Next Steps](#)

The Scrutiny Programme Committee met on 8 January to consider the report of Councillor Robert Francis-Davies, listened to views of several local ward members and a number of members of the public. The chair of the Committee, Councillor Mary Jones, then presented the Committee’s views and recommendations on the proposed decision at the Cabinet meeting on 9 January, which included:

- Cabinet should ensure that Council / community ownership of each site is maintained for future generations, not sold off to private developers but leased, making full use of planning provisions and developer contributions in the provision of public facilities
- Cabinet should ensure that no development results in a reduction in current facilities / services such as new public toilet facilities being equal or greater than current provision at each site. The Committee added any development should add to and enhance public facilities and should not compromise the achievement of Blue Flag status.

Scrutiny meetings are open to the public and letters sent to Cabinet with recommendations from scrutiny councillors are published on the Council website.

Keeping a close eye on Education Services in Swansea

The Education Scrutiny Performance Panel provides an important role in reviewing the Authority's assessments of all school's performance to ensure that: pupils in Swansea are receiving high quality education; and the Authority is meeting its objectives in relation to improving school standards and pupil attainment.

(Lead: Councillor Lyndon Jones)

The Panel met in December to discuss progress made with Additional Educational Needs (ALN) Reform. Councillors considered a report outlining the ALN Strategy, progress over the last academic year, the projected pressures and the revised plan to mitigate these.

The local authority is facing unprecedented change in the area of ALN following the introduction of the Additional Learning Needs and Education Tribunal (Wales) Act 2018 (ALNET Act 2018).

The Panel believe that there are two things that will be central to making successful progress: firstly appropriate funding; and, secondly good partnership / integrated working. Councillors on this panel expressed concern that the Welsh Government had expectations that the implementation of the Act will be cost neutral.

The Education Scrutiny Panel will continue to follow progress closely and will ask for regular updates, as the planning and implementation of this Act progresses.

Continuing to monitor and improve the Authority's Child & Family Services

Councillors on the Child & Family Services Scrutiny Performance Panel meet regularly to provide ongoing challenge to child and family social services performance, to ensure that good performance is maintained, and monitor service change and improvement across all areas of the service.

(Lead: Councillor Paxton Hood-Williams)

The Panel met in December 2019 to receive updates on the Western Bay Regional Adoption Service and the Corporate Parenting Board, and to discuss the latest Child and Family Services Performance Monitoring Report.

Cllr Paxton Hood-Williams has written to the Cabinet Members for Children Services to relay the views of the Panel, which included:

- The Panel being pleased to hear there have been improvements in performance in many areas over the last year since the new adoption manger has been in post.
- No performance data was provided in the Corporate Parenting Board update report and that in the previous report the Panel had been concerned about educational attainment for Looked After Children. The Panel will therefore look forward to the Annual Report, including performance data, which is due to be presented in the next municipal year.
- The retention policy has been approved to enable progression of staff through to senior social workers. The Panel heard that there has been a big drive towards targeted early work and early help hubs are in place. The Head of Service agreed to bring caseload information to each Panel meeting in future to reassure the Panel of this.

All letters sent to Cabinet Members from this Panel are published on the Council website, here you can also find responses received from the Cabinet Members for Children Services.

Ensuring the Council's budget, corporate and service improvement arrangements are effective and efficient

(Lead: Councillor Chris Holley)

Councillors on the Service Improvement and Finance Scrutiny Panel met in December 2019 to discuss the Quarter 2 Budget Monitoring Report and the Mid-year Budget Statement.

The Panel's convenor, Councillor Chris Holley, has written to the Leader of the Council, Councillor Rob Stewart, to reflect on the Panel's meeting and to ask about:

- The detail on budget reductions relating to each Council Department and timescales for achieving them
- The confidence in Social Services and Education meeting their in year overspend, particularly in relation to care fees, by the end of the financial year.
- Clarification on the reasons for the increase in staff referrals to occupational health.

The Leader has since responded in a letter with details of the budget reductions as requested by the Panel and has stated feeling assured '*by the actions the Director of Social Services are taking that they will bar unforeseen circumstances manage to achieve a balanced service budget by year end*'. He added '*...with only one quarter to go I think the balance is in favour of social services living within budget for the year. A remarkable feat given the pressures all council social services departments are under across Wales.*'

The full response from Cllr Rob Stewart has been published and is available to read on the Council's website including the full letter sent to the Cabinet Member and all reports relating to each agenda item discussed at this meeting.



Chair's Round up

This is my second roundup of the work of scrutiny for 2019/20, as Chair of the Scrutiny Programme Committee.

Progressing our priorities for 2019/20

We have made good progress over the year so far. The work programme is dominated by our Performance Panels, which meet on an ongoing and regular basis. This means monitoring corporate performance and finances, and challenging key services including education and social services, development & regeneration, and the natural environment. This work ensures there is an ongoing conversation between scrutiny and the executive on performance.

We have made a start with the planned in-depth inquiry into Procurement, with a clear idea about the focus of this work. We want to see what the Council is doing to ensure it procures locally, ethically, and greenly while being cost effective and transparent in its practices. However evidence gathering is currently on hold pending recruitment of Scrutiny Officer, following the departure of one of the Team members in October.

The Team have shuffled responsibilities and are working hard to ensure continuity to ongoing scrutiny activities in the meantime. Whilst we were able to deliver the one-off Working Group focussing on the Council's Brexit preparedness, the remaining topics in the work programme (Staff Health & Well-being, Road Safety, and Digital Inclusion) will be looked at when the Team are back up to full capacity. We will revisit Brexit in due course now that things are clearer about likely impacts.

Responding to Equalities scrutiny recommendations

Since the last edition, Cabinet has formally responded to the Equalities Scrutiny Inquiry recommendations. I am pleased that all 18 recommendations made by the Scrutiny Panel, led by Cllr. Louise Gibbard, were accepted and recognised as important to improving the way the Council meets and embeds requirements under the law. Leading by example, the Panel made sure that its final report was available in a number of different formats. Also, I am delighted that, as a first for scrutiny, a short video was produced, featuring both Cllr Gibbard, and Cllr Clive Lloyd as responding Cabinet Member, highlighting this work. This is available on the Council website. It is a step forward in our continued efforts to promote and raise public awareness of scrutiny. The Panel will reconvene later in the year to check on implementation of recommendations and impact of this work.

Following up on scrutiny of Regional Working

Because of good progress, councillors were able to conclude monitoring of the inquiry into Regional Working. A meeting in October with the Leader of the Council and Chief Executive, resulted in the Panel being pleased that the inquiry had helped to raise the profile of regional working and has informed and began to provide clarity on the Council's approach to regional collaboration. Since the inquiry concluded in 2018, there has been some movement in relation to regional working in Wales. This includes clearer details from Welsh Government on proposals for improved collaboration and the operation of Corporate Joint Committees.

Questioning Cabinet Members

The Committee continues to focus on holding cabinet members to account, through monthly Q & A sessions to discuss their work. Acting as a 'critical friend', we question and challenge them on their priorities, actions, achievements and impact. As I write we are due to meet with the Cabinet Member for Investment, Regeneration & Tourism in March. We invite the public and all scrutiny councillors to contribute ideas to ensure the Committee asks the right questions. We publish a summary of each session and views of the Committee in a letter to relevant Cabinet Members. We have recently put questions to the Cabinet Members for Care, Health & Ageing Well, Environment & Infrastructure Management, and Economy & Strategy (Leader). Looking ahead, our Q & A session in April will focus on the Better Communities cabinet portfolio.

Influencing decision-making on the Housing Commissioning Review

The Scrutiny Programme Committee held a special meeting in November 2019 to discuss the Housing Commissioning Review Findings, prior to Cabinet decision. This included proposed changes to the future model of the District Housing Office service. The Committee welcomed the direction of travel proposed for the Housing Service, but raised a number of points which should be taken into account by Cabinet, around the visibility of an implementation plan to take forward proposals, the introduction of new technology, and connection between service user feedback and improvements proposed.

Making the work of scrutiny transparent and accessible

Scrutiny agenda packs are available on the Council's 'agenda and minutes' webpage. There you can also find scrutiny letters sent to cabinet members following meetings and responses. Our meetings are open to the public and anyone living or working in Swansea can suggest a topic for scrutiny. There are also opportunities for anyone to suggest questions, and submit views. To keep an eye on what is going see the links below, subscribe to our newsletter, or even follow us on Twitter.

Councillor Mary Jones

Connect with Scrutiny:

Web: www.swansea.gov.uk/scrutiny

Twitter: @swanseascrutiny

Email: scrutiny@swansea.gov.uk

Blog: www.swanseascrutiny.co.uk

Agenda Item 18.



Council – 5 March 2020

Councillors' Questions

Part A – Supplementaries

1	<p>Councillors Myles Langstone & Will Thomas</p> <p>The proposed development of what is currently a number of tennis courts and toilet block at Langland has the POTENTIAL to improve the bay for both tourists and locals. However a large development with no facilities would be detrimental to one of the areas greatest assets. That is why it is a great shame that no facilities have been requested by the council to potential developers with only toilets being added to the list of requested facilities. Changing rooms, warm private showers, social areas, board hire, chair hire and sports facilities such as basketball and padel tennis would benefit locals and add to the areas tourism appeal.</p> <p>Could the Cabinet Member or Leader give assurances that improved facilities (such as the ones above) other than toilets is also a target with this development and this site is not just a cash cow.</p> <p>Response of the Cabinet Member for Investment, Regeneration & Tourism</p> <p>The site will be marketed on the basis that the Council would like to see a mix of commercial and leisure facilities included. Weight will be given to proposals that include accessible leisure facilities when selecting an applicant. However, offers on any basis are welcome for consideration as the development needs to be financially sustainable without public subsidy and so we want to give developers the freedom to create what they believe can be maintained in the long term. This could of course include the elements referred to in the question.</p>
2	<p>Councillors Myles Langstone & Will Thomas</p> <p>Could the Cabinet Member please inform us of any covenant(s) that exist on any of the land to be advertised at Langland Bay.</p> <p>Response of the Cabinet Member for Investment, Regeneration & Tourism</p> <p>Please contact Lewis Hinds (lewis.hinds@swansea.gov.uk) who can provide you with the title information that is available.</p>
3	<p>Councillors Chris Holley, Jeff Jones & Susan Jones</p> <p>Will the Cabinet Member confirm what reduction there has been in available spaces at the day centres run by Social Services, given that the eligibility criteria has changed over the last 4 years.</p>

	<p>Response of the Cabinet Member for Care Health & Ageing Well</p> <p>Over the past 4 years, day services for older people have been remodelled in line with the Council's optimum model for adult services.</p> <p>The services are now better placed to deliver support for individuals with complex needs, provide respite and take a more enabling approach.</p> <p>As part of this remodelling the number of available spaces has reduced from a maximum daily average of 143 to a maximum daily average of 94.</p> <p>Whilst the average percentage usage rates have increased to 66%, there remains sufficient capacity to meet current levels of demand.</p> <p>All those who had been using the day services were supported to find better alternatives.</p> <p>Now those more able individuals who are looking for greater activity in their community and whose carers would benefit from a period of respite are directed or enabled to attend any one of a multitude of activities in the community, be they clubs, social gatherings, 3rd sector events or just informal meetings with friends.</p>
4	<p>Councillors Irene Mann & Peter May</p> <p>A Section 7 notice has been long awaited by residents of Uplands Ward. This would legally enforce a prescriptive size and location of TO LET signs. This would as a consequence improve the aesthetic profile of the area. Would the Cabinet Member responsible comment as to when this initiative maybe sought.</p> <p>Response of the Cabinet Member for Delivery & Performance</p> <p>Regulation 7 of The Town and Country Planning (Control of Advertisements) Regulations 1992 makes provision for a Local Planning Authority to submit a proposal to the Welsh Ministers for a Direction that the display of certain advertisements within a particular area should not be undertaken without the express consent of the Local Planning Authority.</p> <p>Technical Advice Note (TAN) 7 – Outdoor Advertisement Control – November 1996, provides guidance on how applications for advertisements consent are to be assessed and details how requests for special powers are to be made:</p> <p>Para 22. Before a direction is made, the local planning authority will have to show that it would improve visual amenity and that there is no other effective way of controlling the display of that particular Class of advertisement. As part of this process, local planning authorities will be asked to submit a fully reasoned statement showing that the particular deemed consent provisions are environmentally unsatisfactory in the area or place for which the direction is proposed: dealing with the adverse effects on visual amenity; describing the remedial steps already taken to minimise these effects; giving details of prosecutions for any illegal displays; and assessing the likely consequences of making the direction. The comments of organisations and individuals, whose interests would be affected by the making of a direction, should be sought as part of the process of deciding whether a direction is appropriate.</p>

	<p>Two surveys, one in 2018 and one in 2019, have been undertaken to establish the extent of 'To-Let' signs displayed in areas of Uplands and Castle wards where the issue is perceived to be greatest. I have asked relevant officers to review the existing evidence, consider any additional evidence required and resource requirements for an application to be submitted to Welsh Ministers for such a direction.</p>
5	<p>Councillors Lesley Walton, Mike White, Gloria Tanner, Paul Lloyd, Robert Smith & Mo Sykes</p> <p>Swansea Council has prioritised support and funding for the education of our children and young people. Congratulations are due for the excellent categorisation results. The vast majority of Swansea schools achieved the Green category. Does the Cabinet Member agree this puts the PISA figures into context and whilst not being complacent we should acknowledge the hard work put in by all Swansea schools, the staff and pupils, governors and families to achieve this result.</p> <p>Response of the Cabinet Member for Education Improvement, Learning & Skills</p> <p>You are correct that we continue to prioritise support and funding for education. PISA results are just one measure of an education system and you are right to comment on the excellent categorisation results of all Swansea schools. Members might also want to note that in Estyn inspections published since September 2017, all Swansea schools have had either good or excellent for standards (32 school inspections).</p>
6	<p>Councillors Mike Day, Cheryl Philpott & Jeff Jones</p> <p>Can the relevant Cabinet Member tell Council where the current depot and staff at Home Farm will be moved to.</p> <p>Response of the Cabinet Member for Environment & Infrastructure Management</p> <p>Potential alternative uses of the Home Farm Operational Depot is currently being considered by a cross party working group, so no decision has been made to move staff. Sites on Ferryboat Close could be an option should the decision be made to relocate operations out of the Home Farm Depot.</p>
7	<p>Councillors Myles Langstone & Will Thomas</p> <p>The council is set to advertise what is currently the toilet block and 3 tennis courts at Langland Bay. Yet the Lawn Tennis Association advised that a minimum of four tennis courts was needed to meet local demand. Would the Cabinet Member therefore remove the single tennis court from any proposal. This could still be used as a storage site during construction but remain a tennis court or multi use games area in the longer term. Please remove this area (single court) from the development as it is excessive.</p> <p>Response of the Cabinet Member for Investment, Regeneration & Tourism</p> <p>As I have said before, the 4th "single" court will be included during advertising to allow the development / improvement of public service opportunities at the site</p>

	<p>to be thoroughly explored. However, it may become available to the Community Council to form part of their refurbishment project if it is not considered essential for any proposed development project.</p>
8	<p>Councillors Wendy Fitzgerald ,Chris Holley & Mary Jones</p> <p>Could the Cabinet Member inform Council of the total number of net new jobs gained in Swansea since 2012.</p> <p>Response of the Leader</p> <p>The Business Register and Employment Survey (BRES) data shows that total employment rose from 102,600 in 2012 to 112,100 in 2019 – an increase of 9,500 (9.3%).</p>
9	<p>Councillors Peter Black, Graham Thomas & Chris Holley</p> <p>Can the Cabinet Member explain why a request for debit or credit card details is made when registering for a residents parking permit.</p> <p>Response of the Cabinet Member for Environment & Infrastructure Management</p> <p>There is no need to provide credit/debit cards for the residents parking permit.</p> <p>Once all the details have been inputted and the account created and all the required evidence has been provided, as there is no payment, when the submit button has been clicked the application is submitted.</p> <p>As the system is the same as the pay to park app, MiPermit, then a card needs to be registered to use it for that purpose.</p>
10	<p>Councillors Wendy Fitzgerald, Susan Jones & Mary Jones</p> <p>Could the Cabinet Member update Councillors on what improvements have been made to the automatic phone system so that it can recognise Welsh Christian names in particular.</p> <p>Response of the Leader</p> <p>The automatic telephone system's performance is reviewed weekly, and reported failures and difficulties are resolved on an individual basis by amending the relevant phonetics. This creates the best possible match to the correct pronunciation. No disproportionate levels of problems have been identified with Welsh names specifically. The Council's diverse workforce means that the directory includes names from a wide variety of dialects and cultures and we are confident the system has the ability to accommodate this.</p>
11	<p>Councillors Cheryl Philpott, Mary Jones & Lynda James</p> <p>It is noted, with concern, that there appears to be an increase in dog fouling on public footpaths. Does the Council still employ an enforcement officer with the specific remit of investigating and subsequently fining the culprits who allow their animals to foul.</p>

Response of the Cabinet Member for Environment & Infrastructure Management

Contrary to the stated perception of an increase in dog fouling on public footpaths, the reports of dog fouling are reasonably constant. The remit of all of the Council's Environmental Enforcement Officers includes investigating and issuing of fixed penalty notices for dog fouling. If we were to focus an Officer only on dog fouling, then those resources would have to be withdrawn from other areas such as waste issues or fly tipping. The Council has also recently trained 30 frontline staff from Parks and Cleansing to issue Fixed Penalty Notices environmental offences including dog fouling. Going forward dog owners will be made aware that any trained member of staff within Parks and Cleansing department can issue FPNs during the course of their daily duties.

12

Councillors Wendy Fitzgerald, Gareth Sullivan & Kevin Griffiths

Could the Leader confirm that the Council will be requesting information on radiation exclusion zones from the operators in regard to masts sited on Council land or buildings before the network is upgraded to carry 5G signals.

Response of the Leader

From a planning perspective, Swansea Council cannot request this information to be submitted with an application, or rather it is not a validation requirement and the applicant does not have to provide them. What the Council can request is dictated by legislation. In terms of a planning application, Article 9 requires the applicant to submit an ICNIRP certificate and this also has to be submitted for a prior notification application as well. This is specified in legislation and the practice manual (excerpts below).

In terms of policy, Paragraph 5.2.15 of Planning Policy Wales states that "Provided that the development meets the International Commission on Non-Ionising Radiation Protection (ICNIRP) guidelines, planning authorities should not consider the health aspects of mobile telecommunication equipment. All new base stations are expected to meet the ICNIRP guidelines." Paragraph 5.2.16 goes on to state that "Planning authorities should not implement their own precautionary policies, such as imposing a ban or moratorium on new telecommunications development or insisting on minimum distances between new telecommunications development and existing development."

The Council may ask the applicant to map the exclusion zone but they are under no obligation to do so from a planning perspective.

The current health advice from Public Health Wales states:

- 5G Technology is at an early stage and current technical standards utilise ICNIRP (International Commission on Non-Ionizing Radiation Protection) guidelines in application to products. UK network operators are already committed to complying with ICNIRP principles
- Frequencies being discussed for future use by 5G are around ten times higher than those currently in use, up to a few tens of GHz (Giga Hertz). ICNIRP guidelines apply up to 300GHz
- Recent research has focused on exposure to existing frequencies in use with fewer studies being carried out at the higher frequencies; the biophysical mechanisms that govern the interaction between radio waves

	<p>and body tissue are well understood and the basis of the ICNIRP restrictions</p> <ul style="list-style-type: none"> • Higher frequencies (5G) would mean less penetration of radio waves and absorption in body tissues and any consequent body heating more confined to the body surface • It is possible that there may be a small increase in overall exposure to radio waves when 5G is added to an existing network or in a new area. However, the overall exposure is expected to remain low relative to guidelines and as such there should be no consequences for public health. • Will continue to monitor public health advice.
13	<p>Councillors Wendy Fitzgerald, Jeff Jones & Peter Black</p> <p>Will the Cabinet Member comment on the success or otherwise of the new 'card only' payment arrangements in car parks.</p> <p>Response of the Cabinet Member for Environment & Infrastructure Management</p> <p>There have been some significant technical issues affecting the majority of the Pay and Display machines in the car parks following a spate of thefts, attempted thefts and vandalism which damaged the hoppers and safes within the machines; therefore a large proportion of machines could not accept coins.</p> <p>It has never been our intention nor have we considered removing cash from any of the car parks; the loss of cash payments was due to the significant technical issues.</p> <p>We have introduced a new parking app, which has been very successful. However, we are aware that a large proportion of the local population do not have a mobile phone, let alone a smart phone, which is why we are retaining paying by coins within all car parks.</p> <p>The damage and thefts coincided with the machines coming to the end of their operational life therefore a decision was made to purchase new machinery. The tender for the new Pay and Display machines has now closed with the tender report submitted for approval. We are looking to award the contract to the winning bidder very soon with the install expected to start after that. These new machines will be coin, card and contactless and the MiPermit app will also be available.</p> <p>The new machinery in The Quadrant and High Street Multi Storeys and both Park & Rides, allows for cash, card and contactless.</p>
	<p>Part B – No Supplementaries</p>
14	<p>Councillors Peter May & Irene Mann</p> <p>It has been confirmed that the total cost for the new lighting outside The Guildhall was £69,000 was financed from the Building Capital Maintenance budget 19/20 on the 21st March 2019.</p> <p>a. Could a list of all Cabinet Members present be published please (this may well be on the internet somewhere but not all people can access it)</p>

In mid-December 2019 two lighting columns were chopped down in Oakwood Road, plunging the street into darkness. At the time of writing (9th February 2020), they have yet to be replaced and there was no budget to replace them. Throughout these couple of dark months, the main façade of The Guildhall, a public building where important budget decisions are made has been well lit.

b. In hindsight, does the Cabinet Member think that the £69,000 should have been prioritised to replace lamps that are chopped down in residential streets (particularly in December) rather than illuminating public buildings.

Response of the Cabinet Member for Environment & Infrastructure Management

The question asked by Cllr Peter May and Cllr Irene Mann is inaccurate and misleading. As an ex cabinet member of the Liberal Democrat Independent Plaid Cymru Conservative collation that ran Swansea from 2004-2012, he would have a better understanding of the budgets we hold and the processes for lighting removal and replacement

Incase Cllr May needs reminding, the administration he was a cabinet member in, removed thousands of lighting columns without a plan or a budget to replace them leaving many communities in darkness. In addition Cllr May voted to turn off many hundreds of perfectly good street lights across Swansea again plunging areas into darkness. The Labour opposition like many communities were so infuriated at this action that we moved an amendment at the budget council meeting to force the Lib Dem/ Independent cabinet to allocate significant funds to restore street lighting

In 2012 when Labour were elected as the administration for Swansea, we continued to invest heavily in upgrading street lighting to new energy efficient lighting and have replaced over 21,000 lighting columns and lamps across Swansea.

Around 3000 remain to be replaced and we have a capital fund and capital contingency fund both of which can be used for this purpose. In this years budget we are proposing to invest £8.4m to improve roads, pavements and lighting.

I can only deduce from your actions and the structure of your question that you are seeking to try and make political capital out of a temporary removal of unsafe lighting Columns. I do not think this is an appropriate way to resolve issues in your community.

In terms of the Guildhall lighting, this has been part of the capital programme for a number of years and forms part of the overall capital maintenance backlog your administration left behind. We have greatly reduced that maintenance backlog since 2012. This administration will continue to invest in our city and our communities.

15 Councillors Chris Holley, Mary Jones & Jeff Jones

The Council pays a subsidy to Freedom Leisure and there is also a loan on the money which we borrowed to update the Leisure Centre could the Cabinet Member tell us what the combination of these figures is.

	<p>Response of the Cabinet Member for Investment, Regeneration & Tourism</p> <p><u>Budgeted Management Fee to Freedom Leisure</u> 19/20 - £1,917,950 20/21 - £1,172,319</p> <p><u>Prudential Borrowing (annual figure)</u> Interest- £160,000 Capital Repayment- £260,000</p>
16	<p>Councillors Mike Day, Mary Jones & Susan Jones</p> <p>We have noticed recently that there has been an increase in the number of homes where parking spaces are being created in the front gardens of those properties. In order to allow access to this parking provision, vehicle cross overs are being installed which result in the reduction of on-street parking. Can the Cabinet Member tell Council</p> <p>a. how many applications for cross-overs/dropped kerbs have been approved in the last two years, and how many rejected</p> <p>b. how many on-street parking spaces have therefore been lost in the last two years (by ward)</p> <p>c. what criteria the council applies when considering such applications,</p> <p>d. whether there is a limit to the number of crossovers/dropped kerbs allowed in one particular street or area, and,</p> <p>e. what costs are involved, and who covers those costs.</p> <p>Response of the Cabinet Member for Environment & Infrastructure Management</p> <p>a. From 1st February 2018 to 10th February 2020, 353 Vehicle Crossing Applications were received. 7 were rejected for non-payment of the inspection fee, and 2 were rejected because they did not meet our minimum dimension requirements.</p> <p>One of the reasons for such a low number of rejected applications is that applicants often contact our offices to discuss their proposals prior to submitting their application.</p> <p>We try to look favourably on each application further to our commitment to remove as many vehicles from the highway as possible.</p> <p>b. We do not record this information. On street parking requirements differ from area to area. We do not keep a register of the size or width of the vehicle crossings provided – some applicants require a single vehicle access, whereas other applicants request a larger/wider access to accommodate 2 or more vehicles.</p> <p>c. Safety is of paramount importance when assessing the suitability of each proposed vehicle crossing. Each application is assessed on its own merits.</p> <p>Other matters considered, but not limited to, include the parking space within the curtilage of the property, classification of the road, provision of adequate drainage, levels, planning requirements, removal or repositioning of street lighting columns, street furniture, street name plates, utility or council control cabinets, traffic signs, utility inspection covers, proximity to schools, protected</p>

	<p>trees, conservation areas, amending traffic road orders, land ownership, and or any other mitigating factor for the precise location that the proposed access will be constructed.</p> <p>d. We do not have a limit for the installation or construction of vehicular crossings on any particular street or area within Swansea.</p> <p>e. For all private and internal applications, there is currently a £95.00 inspection fee. The construction fees vary, however, an average cost to the applicant to install a vehicular crossing would be approximately £1,200.</p>
17	<p>Councillors Chris Holley, Jeff Jones & Peter Black</p> <p>Will the Leader confirm the following</p> <ol style="list-style-type: none"> 1. the amount of cash we will receive for the arena per year from the City Deal for 15 years is £1.5 million, 2. the cost of the loan for Swansea Central is £5.0 million per year over and above our current requirements, 3. confirm that the lease we have with the arena operator will give the council a payment of under a six figure sum plus any profit that is made, 4. what is the cost of the project for the hub which we hope will have some national government departments and local government, 5. the building on the Kingsway which will host a number of high tech companies has a build cost of £30 million which will have some money from the City Deal can the Leader say how much it will be and how the rest is made up. <p>Response of the Leader</p> <ol style="list-style-type: none"> 1. The arena will receive £22.849m city deal funding. Carmarthenshire as City Deal administrators have already received £18m for year 1. The apportionment of payments to each authority is currently being agreed with City Deal colleagues. 2. Borrowing is not hypothecated in this way however based on the borrowing profile figures in the capital budget and most recently taken borrowing at marginal borrowing of 2.35% , when all borrowing has been drawn down as at 21/22, principal and interest shall be approximately £5m. A Capital Equalisation Reserve has been set up to fully cover costs of repayment over the next 6 years. 3. The council has a 30 year lease with Ambassador Theatre Group which is based on a mixture of base rent and a percentage of ticket sales. The final figure is dependent on ticket sales but is likely to be a six figure sum. 4. The cost is currently being worked up by the councils professional team and is subject to finalising the demand. 5. The cost of the building has not yet been finalised and is subject to securing planning and construction tendering. The City Deal will provide £13.71m and a cabinet report to consider funding options will be considered later this year.