

Cyngor

Rydych dan wŷs trwy hyn i ddod i gyfarfod **Cyngor Dinas a Sir** i'w gynnal yn O bell drwy Microsoft Teams ar Dydd Iau, 4 Mawrth 2021 am 5.00 pm.

Gwyllo ar-lein: <http://bit.ly/3apD5cX>

Cynigir trafod y materion canlynol:

- 1. Ymddiheuriadau am absenoldeb.**
- 2. Datgeliadau o fuddiannau personol a rhagfarnol.**
www.abertawe.gov.uk/DatgeluCysylltiadau
- 3. Cofnodion.** **1 - 10**
Cymeradwyo a llofnodi cofnodion y cyfarfod(ydd) blaenorol fel cofnod cywir
- 4. Ymatebion ysgrifenedig i gwestiynau a ofynnwyd yng Nghyfarfod Cyffredinol Diwethaf y Cyngor.** **11 - 14**
- 5. Cyhoeddiadau'r Aelod Llywyddol.**
- 6. Cyhoeddiadau Arweinydd y Cyngor.**
- 7. Cwestiynau gan y Cyhoedd.**
Rhaid cyflwyno cwestiynau'n ysgrifenedig, cyn hanner dydd ar y diwrnod gwaith cyn y cyfarfod fan bellaf. Rhaid i gwestiynau ymwneud ag eitemau ar yr agenda. Ymdrinnir â chwestiynau o fewn cyfnod 10 munud.
- 8. Cynllunio Ariannol Tymor Canolig 2022/23 - 2025/26** **15 - 42**
- 9. Cyllideb Refeniw 2021/2022** **43 - 101**
- 10. Cyllideb a Rhaglen Gyfalaf 2020/21- 2026/27** **102 - 121**
- 11. Cyfrif Refeniw Tai (CRT) - Cyllideb Refeniw 2021/22.** **122 - 131**
- 12. Cyfrif Refeniw Tai - cyllideb a rhaglen gyfalaf 2020/21 - 2024/2025** **132 - 155**
- 13. Penderfyniad statudol - dylid gwneud penderfyniadau yn unol â'r rheoliadau wrth bennu Treth y Cyngor ar gyfer 2021/22.** **156 - 160**
- 14. Strategaeth Gyfalaf 2020/21- 2026/27.** **161 - 176**

15. **Datganiad Strategaeth Rheoli'r Trysorlys, Dangosyddion Darbodus/Y Trysorlys, Strategaeth Buddsoddi a Datganiad Polisi Darpariaeth Isafswm Refeniw 2021/22.** 177 - 229
16. **Cwestiynau gan y Cynghorwyr.** 230 - 255

Gweddarlledu: Gellir ffilmio'r cyfarfod hwn i'w ddarlledu'n fyw neu'n ddiweddarach drwy wefan y cyngor. Drwy gymryd rhan, 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.



Huw Evans
Pennaeth Gwasanaethau Democrataidd
Neuadd y Ddinas,
Abertawe.

Dydd Mawrth, 23 Chwefror 2021

I: Bob Aelod o'r Cyngor

Agenda Item 3.



City and County of Swansea

Minutes of the Council

Remotely via Microsoft Teams

Thursday, 28 January 2021 at 5.00 pm

Present: Councillor D W W Thomas (Chair) Presided

Councillor(s)

C Anderson
P M Black
J E Burtonshaw
M C Child
N J Davies
A M Day
P Downing
C R Doyle
M Durke
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
J A Hale
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
Y V Jardine
J W Jones
L R Jones
M H Jones
P K Jones
S M Jones
E J King
M A Langstone
A S Lewis
M B Lewis
W G Lewis
C E Lloyd
P Lloyd
I E Mann
P M Matthews
P N May
H M Morris
D Phillips
C L Philpott

Councillor(s)

S Pritchard
A Pugh
J A Raynor
C Richards
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
G J Tanner
M Thomas
L G Thomas
W G Thomas
L J Tyler-Lloyd
G D Walker
L V Walton
T M White

Officer(s)

Huw Evans	Head of Democratic Services
Adam Hill	Deputy Chief Executive / Director of Resources
David Howes	Director of Social Services
Tracey Meredith	Chief Legal Officer / Monitoring Officer
Phil Roberts	Chief Executive
Ben Smith	Chief Finance Officer / Section 151 Officer
Gareth Borsden	Democratic Services Officer
Amy Hawkins	Interim Head of Adult Services
Julie Davies	Head of Child & Family Services
Helen St John	Interim Head of Integrated Services

Apologies for Absence

Councillor(s): J P Curtice, E T Kirchner and R D Lewis

42. Election of Chair Pro Tem

The Head of Democratic Services stated that the Presiding Member was having a technical difficulty with his speakers and would be a few minutes late joining the Meeting.

Resolved that Councillor M C Child (Lord Mayor) be elected Chair Pro Tem.

Councillor M C Child (Lord Mayor) Presiding

43. 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 M Durke, C A Holley and A Pugh declared a Personal Interest in Minute 50 "Annual Report 2019-2020 - Director of Social Services".
- 2) Councillor H M Morris declared a Personal & Prejudicial Interest in Minute 51 "Adoption of the Council Tax Reduction Scheme" and withdrew from the meeting prior to its discussion.
- 3) Councillors M C Child, R Francis-Davies & R V Smith declared a Personal Interest in Minute 55 "Councillors' Questions - Question 9".

44. Minutes.

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

- 1) Ordinary Meeting of Council held on 3 December 2020.

45. 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.

Councillor D W W Thomas (Presiding Member) Presiding

46. Announcements of the Presiding Member.

1) Condolences

a) Honorary Alderman & Former Councillor W John F Davies

The Presiding Member referred with sadness to the recent death of Honorary Alderman & Former Councillor W John F Davies. John represented the Morriston Ward for almost 30 years serving:

- Swansea City Council - 1983 to 31 March 1996.
- City & County of Swansea - 4 May 1995 to 3 May 2012.

John was Lord Mayor 1999 to 2000. He was also a former Chair of the Housing Committee and Cabinet Member for Social Services.

Each of the Political Group Leaders or their Nominated Representative, paid tribute to Honorary Alderman and Former Councillor W John F Davies.

b) Tony Mann, Husband of Councillor Irene Mann.

The Presiding Member referred with sadness to the recent death of Tony Mann. Tony was the husband of Councillor Irene Mann.

c) Former Councillor Dai Howells

The Presiding Member referred with sadness to the recent death of Former Councillor Dai Howells. Dai represented the Pontarddulais Ward for 4 years serving:

- City & County of Swansea - 1 May 2008 to 3 May 2012.

All present sat silently as a mark as sympathy and respect.

2) New Year's Honours

The Presiding Member referred to the Citizens of Swansea who received awards in the New Year Honours.

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

- i) Professor Farah Bhatti. Consultant cardiothoracic surgeon Morriston Hospital. Services to diversity in NHS Wales.

b) Member of the Order of the British Empire (MBE)

- i) Alan Curtis. Services to Welsh football.
- ii) Carol Cecilia Doggett. Senior matron intensive care Morriston Hospital. Services to leadership and nursing care for intensive care patients and staff.

- iii) Catherine Julie Palmer. Head of change governance DVLA. Services to motorists.

b) British Empire Medal (BEM)

- i) Reverend William Glynne George James. Principal Police Chaplain South Wales Police. Services to Police chaplaincy and the community in Gorseinon.
- ii) Karen Jane Kembery. Clinical Nurse Specialist NPT Hospital. Services to nursing in West Glamorgan.

3) Corrections / Amendments to the Council Summons

The Presiding Member referred to the correction / amendments required to the Council Summons.

- i) **Item 9 “Annual Report 2019-2020 - Director of Social Services**
Amended Recommendation “The Annual Report of the Director of Social Services 2019-2020 be approved for publication.”
- ii) **Item 14 “Notice of Motion - Fireworks”**
This item has been withdrawn.

47. Announcements of the Leader of the Council.

1) Covid-19 Vaccination

The Leader of the Council provided the latest statistics relating to the roll out of the vaccinations locally. He paid tribute to the efforts being made by all.

2) Welsh Government Award of Funding – To Tackle Homelessness in City

The Leader of the Council referred to an award of funding grant from the Welsh Government. The grant of £4.4 Million would assist the Authority in its effort to tackle homelessness in the City.

3) Arena & Copr Bay Development

The Leader of the Council provided an update on the Arena and Copr Bay Development. The first panels of the skin had been delivered and the bridge was scheduled to be lifted into place in March 2021. The Arena is due to be completed in Autumn 2021.

4) Outline Budget

The Leader of the Council referred to the outline budget, stating that Scrutiny had commenced work on it.

48. Public Questions.

Two Public Questions were received.

The first was from Andrew Rowley in relation to Minute 55 "Councillors' Questions - Question 3 (Mayals Road, Clyne and Sketty Park Active Travel Links).

The second question was from Hannah Lawson in relation to Minute 55 "Councillors' Questions - Question 9 (Site 9, Swansea Marina).

The questions were responded to by the relevant Cabinet Members.

49. Standards Committee Annual Report 2019-2020.

The Chair of the Standards Committee (Jill Burgess) submitted an information report which set out the work of the Standards Committee 2019-2020.

50. Annual Report 2019/20 - Director of Social Services.

The Director of Social Services submitted a report which set out his account of the Council's improvement journey to 2019-2020, and how well the Council is meeting statutory requirements under the Social Services and Wellbeing (Wales) Act 2014. The report looks back at last year's areas for improvement, the challenges faced and sets new priorities for 2020-2021. It tells the story of changes that have taken place within social services to achieve progress towards national well-being outcomes.

The Head of Adult Services, Head of Child & Family and Head of Integrated Services also provided an update on their work during the period.

Resolved that the Annual Report of the Director of Social Services 2019-2020 be approved for publication.

51. 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 readopt the existing scheme by 31 January 2021. The report recommended that the current scheme be re-adopted as set out in Section 3 of the report from 2021-2022.

Resolved that:

- 1) The Council Tax Reduction Schemes and Prescribed Requirements (Wales) Regulations 2013 ("the Prescribed Requirements Regulations") by the National Assembly for Wales (Now the Senedd Cymru) 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 2021, considered and approved by the Senedd Cymru on 12 January 2021 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 (2020-2021) in relation to the discretionary areas (as set out in section 3) remain unchanged from 2021-2022.
- 5) The Council adopts the scheme as set out in section 3 of this report and that any amendments to the regulations made by the Senedd Cymru are reflected in the scheme.

52. Treasury Management – Interim Year Review Report 2020/21.

The Section 151 Officer submitted an information report outlined the Treasury Management Interim Year Review Report 2020-2021.

Note: Councillor P M Black asked "Why is there a £40m difference between the authorised limit for external debt and the operational boundary for external debt?"

The Section 151 Officer stated that a written response would be provided.

53. Membership of Committees.

The Delivery & Operations Cabinet Member submitted a report which sought Council approval to the nominations / amendments to the membership of Council Bodies.

He stated that the Leader had made the following amendment to Outside Bodies:

Mid & West Wales Fire & Rescue Authority

Remove Councillor M B Lewis.

Add Councillor P Downing.

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

- 1) **Appointments Committee - To take effect from 2 February 2021.**
Remove Councillor R Francis-Davies.
Add Councillor D H Hopkins.
- 2) **Planning Committee**
Remove Councillor C Richards.
Add Councillor J E Burtonshaw.

54. Council Procedure Rule 4 "Smoking / Refreshments / Mobile Phones / Comfort Break"

In accordance with Council Procedure Rule 4 the Presiding Member adjourned the meeting in order to facilitate a 10-minute comfort break.

55. Councillors' Questions.

1) Part A 'Supplementary Questions'

Fifteen (15) 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 3

Councillor C L Philpott asked a question:

"An Ecologist Report on the Olchfa link was commissioned by Swansea Council in December 2020 and carried out in January 2021. Why was this carried out so late in the process and what actions will be taken in respect of the report?"

Councillor E W Fitzgerald asked a question:

"A cycle route is planned for Gorseinon Road in my Ward. It appears that I'm the only person that has been consulted. The Community Council and local residents have not been consulted. This is contrary to the Active Travel guidance set out by Welsh Government. Can you explain?"

The Cabinet Member for Environment Enhancement & Infrastructure Management stated that written responses would be provided.

Question 6

Councillor C A Holley asked a question:

"I understand that there is a live legal process underway in relation to the former Oceana building. However, could the Leader of the Council provide an outline of timescale?"

The Leader of the Council stated that a written response would be provided.

2) Part B 'Questions not requiring Supplementary Questions'

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

56. Notice of Motion - Fireworks.

This item was withdrawn.

The meeting ended at 8.09 pm

Chair



City and County of Swansea

Minutes of the Council

Remotely via Microsoft Teams

Monday, 1 February 2021 at 5.00 pm

Present: Councillor D W W Thomas (Chair) Presided

Councillor(s)

C Anderson
P M Black
J E Burtonshaw
M C Child
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
P R Hood-Williams
B Hopkins

Councillor(s)

D H Hopkins
L James
O G James
Y V Jardine
J W Jones
L R Jones
M H Jones
E J King
M A Langstone
A S Lewis
M B Lewis
W G Lewis
C E Lloyd
P Lloyd
I E Mann
P M Matthews
P N May
H M Morris
C L Philpott

Councillor(s)

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

Officer(s)

Huw Evans
Adam Hill
Tracey Meredith
Phil Roberts
Ben Smith
Allison Lowe
Helen Morgan-Rees

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

Apologies for Absence

Councillor(s): J P Curtice, N J Davies, C A Holley, P K Jones, E T Kirchner, R D Lewis and K M Roberts

57. 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 no interests were declared.

58. Exclusion of the Public.

Council were requested to exclude the public from the meeting during consideration of the item(s) of business identified in the recommendations to the report(s) on the grounds that it / they involve the likely disclosure of exempt information as set out in the exclusion paragraph of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007 relevant to the items of business set out in the report(s).

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

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

(Closed Session)

59. Appointment of Director of Education.

The Presiding Member stated that only one candidate had been recommended to Council by the Appointments Committee for the post of Director of Education. He proposed that Council Procedure Rule 44 "Suspension of Procedure Rules" be enacted so as to dispense with the requirement:

- i) For the Candidate to give a presentation and be interviewed by Council.
- ii) To hold a written ballot

The Chief Executive, Phil Roberts provide feedback from the Appointments Process relating to the appointment of a Director of Education.

Resolved that:

- 1) Council Procedure Rule 44 "Suspension of Procedure Rules" be enacted so as to dispense with the requirement:

Minutes of the Council (01.02.2021)
Cont'd

- i) For the Candidate to give a presentation and be interviewed by Council.
 - ii) To hold a written ballot.
- 2) The verbal update on the assessment process be noted.
- 3) Helen Morgan-Rees be appointed to the post of Director of Education.

The meeting ended at 5.12 pm

Chair

Agenda Item 4.



Report of the Chief Legal Officer

Council – 4 March 2021

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 Meeting of Council held on 28 January 2021.

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
28 January 2021**

<p>1</p>	<p>Councillor P M Black</p> <p>In relation to Minute 52 - Treasury Management – Interim Year Review Report 2020/21.</p> <p>Why is there a £40m difference between the authorised limit for external debt and the operational boundary for external debt.</p> <p>Response of the Section 151 Officer</p> <p>Authorised Limit</p> <p>The authorised limit must be set to establish the outer boundary of the local authority's borrowing based on a realistic assessment of risks. The authorised limit is not a limit that a Council 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 requirements.</p> <p>Covid has in my view resulted in increased risk of unexpected requirements and short term cash flow and hence the two measures are widened rather than kept the same for forthcoming year.</p> <p>Operational Boundary</p> <p>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.</p> <p>The operational boundary/ authorised limit is the same in the 19/20 because that is the outturn position i.e the actual debt outstanding at 554.023m – you can see in the table it is the total of fixed term debt £456.023m plus 'variable' rate debt of £98.000m. As reported this was below the operational boundary and authorised limit approved in 19/20.</p> <p>For 20/21 we are just restating the operational boundaries and authorised limits approved back in Mar 2020</p>
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<p>2</p>	<p>Councillor C L Philpott</p> <p>In relation to Minute 55 - Councillors Questions - Question 3</p> <p>An Ecologist Report on the Olchfa link was commissioned by Swansea Council in December 2020 and carried out in January 2021. Why was this carried out so late in the process and what actions will be taken in respect of the report.</p> <p>Response of the Cabinet Member for Environment Enhancement & Infrastructure Management</p> <p>An Ecologist has been appointed to provide a watching brief during the construction phase of the project. This is standard practice for such works. The report referenced above was undertaken to define the ecological parameters for consideration prior to the commencement of works. This is typically undertaken at the outset of the scheme to ensure that there is a current record of condition. We have confirmed that a formal Environmental Impact Assessment is not required for the scheme, but through due diligence and good practice, we will be working alongside a specialist to ensure that the works do not compromise the surrounding environment. This is standard practice for all such works.</p>
<p>3</p>	<p>Councillor E W Fitzgerald</p> <p>In relation to Minute 55 - Councillors Questions - Question 3</p> <p>A cycle route is planned for Gorseinon Road in my Ward. It appears that I'm the only person that has been consulted. The Community Council and local residents have not been consulted. This is contrary to the Active Travel guidance set out by Welsh Government. Can you explain.</p> <p>Response of the Cabinet Member for Environment Enhancement & Infrastructure Management</p> <p>The initial feasibility design for the scheme has been undertaken as part of a large portfolio of projects originally identified within the approved Integrated Network Map. Initial consultation was undertaken with yourself and Councillor Roberts towards the end of last year (Cllrs Curtice and Stevens were unavailable) to illustrate progress and reference the future development programme for the scheme. This highlighted that we would seek to expand consultation in early 2021 once the main Active Travel projects for delivery were up and running and there was resource availability within the team. We are still on track to expand consultation in the coming months to ensure that the community have opportunity to comment on our proposals.</p>
<p>4</p>	<p>Councillor C A Holley</p> <p>In relation to Minute 55 - Councillors Questions - Question 6</p> <p>I understand that there is a live legal process underway in relation to the former Oceana building. However, could the Leader of the Council provide an outline of timescale.</p>

	<p>Response of the Leader</p> <p>Our Legal Team continue to deal with this matter and are still in correspondence with Santia's solicitors. In terms of timescales, if an amicable resolution cannot be secured by the end of March 2021, specialist Counsel will be instructed to provide an advice on the merits of commencing litigation and the prospects of success.</p>
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Agenda Item 8.



Report of the Section 151 Officer

Council - 4 March 2021

Medium Term Financial Planning 2022/23 to 2025/26

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:	Medium Term Financial Plan and Budget Strategy
Consultation:	Legal , Access to Services, Cabinet Members and Corporate Management Team
Recommendations:	It is recommended that:- 1) The Medium term Financial Plan 2022/23 to 2025/26 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. This year in particular there is the added pressure and uncertainty of the COVID-19 pandemic. This has affected short-term planning and is expected to continue to impact the budget in the medium term.
- 1.2. The Medium Term Financial Plan (MTFP) is an overarching strategy that:
 - Covers four future years.
 - Forecasts future known additional spending requirements, likely resources and potential funding shortfalls.

- Links to the Council's adopted strategy '**Swansea – Achieving Better Together**' 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 2022/23 to 2025/26 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 four 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 is 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 2021/22, further reports to Cabinet regarding the MTFP will be made as necessary. In particular, the Mid Term Budget Statement in the autumn of 2021 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 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 annually.
- 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 2022/23 – 2025/26 |
| Section 3 | Detailed spending and resources forecast 2022/23 – 2025/26 |
| Section 4 | Strategy to address future savings requirements |
| Section 5 | A summary of the Medium Term Financial Plan and Swansea – Achieving Better Together 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 2022/23 to 2025/26

- 2.1. The Medium Term Financial Plan (MTFP) report considered by Council on 5th March 2020 included a service and financial overview. This was updated in the budget reports given to Cabinet in January 2021 and February 2021.

Economic Outlook and Prospects for Public Finances

- 2.2. The announcement of the provisional Revenue and Capital Settlement for 2021/22 has resulted in an overall cash increase of £13.261m in 2021/22 compared to 2020/21. There has been one transfer into the settlement in respect of Teachers Pay (£0.297m). There is an increase of just under £13m in block grant after allowing for this change. 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 £30m for 2021/22 alone. The final settlement had not been announced at the time of writing this report, the report assumes there will be no change to the settlement.
- 2.3. The current economic climate continues to be uncertain, even more so at the moment, and the Welsh Government acknowledged in their letter to all Local Authorities that local government is facing significant pressures. There is and will continue to be uncertainty over the UK's relationship with Europe and the impact on Wales post Brexit as well as the on-going impact of the COVID-19 pandemic. It is still the case that the Section 151 Officer assumes the Welsh Government budget will be expected to reduce in real terms over the latter period to 2025/26 notwithstanding the short term boosts for the current and next year budget.
- 2.4. Of course, the level of Welsh Government devolved Block Grant is not the only determinant of Welsh Government support for Local Authorities. It is likely that further delegation and transfer of powers and rights from

Westminster to Cardiff, including full devolution of matters relating to business rates, together with further tax changing/raising powers, may impose greater or lesser financial risks to Welsh Government than is currently the case. There is also the fact that Welsh Government has to decide on its own cross-sectoral allocation of devolved funding to public services in Wales.

- 2.5. Whilst it is a very positive provisional settlement for 2021/22, 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 is of the changes to the National Living Wage, which will add around £1.3m 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 regarding cost movement.
- 2.7. In terms of core revenue funding, the provisional Revenue settlement issued by the Welsh Government in December 2020 gave a settlement level for 2021/22 only. There has been no indication beyond 2021/22. 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 a reduction of -3%, cash flat (0%), an increase of 1% and an increase of 3%. Although settlements have been positive in recent years future year reductions are now a possibility. These are scenarios to demonstrate the range of possibilities and are entirely contingent upon UK and Welsh Government future budget decisions.

Year	AEF Reduction @ -3% £'000	AEF Standstill @ 0% £'000	AEF Increase @ 1% £'000	AEF Increase @ 3% £'000	AEF Increase @ 5% £'000
2022/23	-10,600	0	3,400	10,600	17,600
2023/24	-10,300	0	3,600	10,900	18,500
2024/25	-10,000	0	3,600	11,200	19,400
2025/26	-9,700	0	3,600	11,600	20,400
Cumulative	-40,600	0	14,200	44,300	75,900

Note that the above scenarios are based on the provisional AEF for 2021/22 of £352.642m as announced in December 2020.

The above represents a spread in terms of potential overall increases over the life of the MTFP, which 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 1% 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 made. These include:
- Any voluntary or joint arrangements, including regionalisation, in lieu of compulsory Local Government reorganisation in Wales;
 - Wider events that could impact on the Global economic position;
 - The impact of the final exit package agreed by the UK Government in respect of Brexit.
 - The on-going impact of the COVID-19 pandemic

Support for Capital Programmes

The provisional settlement indicated support for future General Fund Capital programme at a level of £12.762m for 2021/22, a disappointing decrease of £0.222m compared to 2020/21. Part of this is as a result of the removal of the last share of the tapered £100m allocated across 3 years from 2018/19. This support is through a mix of General Capital Grant and support for borrowing. Wider capital support elsewhere is however very significant and must be equally recognised.

Planning assumptions over the life of the MTFP 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 2020/21- 2026/27 Report, there is an ambitious capital investment

programme. This includes the largest component of the capital programme, the £201.12m 21st Century Schools Programme (the original Band A £51.62m and the current Band B £149.5m) and major capital schemes flowing from the Swansea Bay City Deal including the Digital Village (£30m subject to final confirmation), 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 expected to be finally received in this financial year. The capital programme 2020/21 – 2026/27 will also require significant unsupported borrowing to be undertaken to enable completion.

During 2020/21 the capital programme was revised substantially because of the COVID-19 pandemic. At the outset of the pandemic, this included designing and building the Swansea Bay Field Hospital within 3 months, the cost of which was fully recovered from the Welsh Government. The Field Hospital has subsequently been modified to support the delivery of the Welsh COVID-19 Vaccination programme.

Also included in the proposed programme is a significant capital allocation to help the City recover from the economic impact of the COVID-19 pandemic.

- 2.11. The total estimated cost of the Band B schools programme envelope is £149.5m (if the potential aided sector scheme is excluded this amounts to £141.3m). 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 £35.848m. 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. The borrowing requirement identified to support the capital programme is significant and shall require substantial revenue support to service. The revenue implications 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', which has served this Authority well. Sustained internalisation of borrowing requirement and the significant funding required for the capital programme 2021/22 onwards and the planned medium term depletion of earmarked Reserves and Provisions means that externalisation of this funding 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. Thus, following the removal of the HM Treasury imposed 1% premium on borrowing in November 2020, this strategy of averaging in external debt will continue to be undertaken in 2021/22 and beyond as opportunities arise.

- 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 material 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 £10.6m 2019/20) 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 revised 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 always, 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.

3. Detailed Spending and Resources Forecast 2022/23 to 2025/26

- 3.1. The Capital Budget report forecasts capital spending and resources in the period covered by the MTFP. The MTFP has been lengthened by one year to include the peak of the financing costs of the capital programme.
- 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:**

3.4. **Projected Spending Pressures/Funding Deficiency 2022/23 – 2025/26**

	Note	2022/23	2023/24	2024/25	2025/26
		£'000	£'000	£'000	£'000
Future cost of pay awards	1				
- Non Teachers		1,900	3,800	5,800	7,800
- Teachers (Local top up required)		1,400	2,900	4,300	5,800
National Living Wage – pay bill	2	400	800	1,200	1,600
National Living Wage – contracts		700	2,000	3,500	5,700
Increase in Pension Costs	3	0	2,100	4,200	6,300
Cumulative contract inflation	4	1,000	2,500	4,000	5,500
Capital charges - new scheme aspirations	5	1,250	2,500	3,750	5,000
Capital charges – savings as a result of increased grants and thus reduced borrowing – general capital and Band B schools	5	-200	-200	-200	-200
MRP review linked to capital programme	6	350	687	1,011	1,321
Use of reserves to smooth capital charges impact	7	3,000	2,000	3,000	1,000
Contingency	8	253	304	292	518
COVID-19 recovery stretching the capital programme by further £20m	9	500	900	1,200	1,300
Remove one off funding for COVID-19	10	-4,000	-7,000	-7,000	-7,000
Reinstate temporary use of Insurance Reserve	11	0	700	700	700
Demographic and Service pressures	12	3,000	6,000	9,000	12,000
Mid and West Wales Fire authority Levy (independently decided by the Fire Authority)	13	400	800	1,300	1,800
Council Tax Support Scheme	14	1,200	2,400	3,900	5,400
Agreed Service Pressures	15	2,250	3,815	3,980	4,198
Total known pressures / investment into services		13,403	27,006	43,933	58,737
Total Savings Requirement		4,362	8,483	15,633	20,833
Net Funding Requirement		9,041	18,523	28,300	37,904
All in addition to the net £22m set out in the separate budget report for 2021-22					
Aggregate External Finance Increase @1%	16	3,439	7,039	-10,639	-14,239

Council Tax Assumption at 5% (see Section 4)	17	5,602	11,484	-17,661	-23,665
Total Resource Investment		9,041	18,523	28,300	37,904

Alternative scenarios at differing levels of Welsh Government Support – if AEF turns out to be higher or lower than the planning assumption of 1%

Additional Money Available for Investment if 3% AEF		2,799	5,978	6,428	9,228
OR					
Total Savings Requirement needed if 0% AEF		7,801	15,522	26,272	35,072

Note:

1. *The pay award figures represent an average forecast increase of 1% for the period of the MTFP for non-teachers and teachers, following the Chancellor's UK Spending Review and broad pay freeze.*
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 indicated a 0% increase per annum. This has been updated to an expected 1.5% increase from 2023/24 when the next revaluation takes effect.*
4. *Reflects the assumed minimum cumulative effect of contract inflation.*
5. *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.*
6. *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).*
7. *Cabinet have prudently built up earmarked reserves to reduce the impact of increased capital charges in respect of new schemes, and targeted use of these reserves is now being built into the MTFP.*
8. *A small sum to be added to the contingency to allow for changes to (for example) the estimates on levies.*
9. *An additional £20m can be spent on the capital programme as a response to the COVID-19 pandemic, as an aid to recovery. This shows the future revenue costs of that additional borrowing.*
10. *The phased removal of temporary additional local resources invested to deal with the impact of COVID-19.*
11. *The 2017/18 budget report agreed an annual take from the insurance reserve on a temporary basis, after which the use of the reserve will need to be re-instated. This is now extended until 2022/23, which the Section 151 Officer considers reasonably prudent having due regard to the latest insurance valuation advice.*

12. *Assumed Demographic and Service pressures mainly around Schools and Adult and Children's Services. Increased as a direct result of the COVID-19 Pandemic and the need to buy extra Personal Protection Equipment (PPE).*
13. *Estimated Fire Authority Levy increase.*
14. *Reflects the assumed cost of Council Tax Support Scheme costs based on Council Tax increases as a planning assumption only at this stage.*
15. *The future year impact of service specific savings agreed as part of the 2021/22 budget report.*
16. *Reflects the middle ground assumption that the local government finance settlement for future years will stabilise in cash at an increase of 1.0% pa.*
17. *Reflects the Council Tax assumption of 5% as detailed in Section 4.*

3.5. 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 landfill tax costs.
- Corporate costs in excess of budget provision in respect of issues relating to higher than assumed employee costs (higher than 1% 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, including the creation of a Corporate Joint Committee. Whilst likely, no legislation yet exists and no indication of future funding has been determined as the proposed CJs are yet to exist to set their own budget.
- 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.

3.6. The Welsh Government has proposed legislative changes around Local Government and Elections (Local Government and Elections (Wales) Act 2021). 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 and Swansea – Achieving Better Together**

- 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 focused 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 was set out in *Sustainable Swansea – fit for the future*, our long-term plan for change, underpinned by our Innovation Programme.

- 4.2. The Sustainable Swansea Strategy was agreed by Cabinet and reported to Council in October 2013. The Delivery Programme was approved by Cabinet on 29 July 2014 and was subject to further review and refresh at Cabinet on 16th July 2015.
- 4.3. A major refresh undertaken in 2020 recognised that it has successfully delivered the bulk of £70m worth of savings asks, and enabled the Council to maintain services, performance levels and protect jobs during a period of austerity. However, there are now new challenges and opportunities arising from the new Local Government and Elections (Wales) Act as well as a changing national political landscape and economic uncertainty including COVID-19 and post-Brexit risks.
- 4.4. Thus, in October 2020 Cabinet approved the new Swansea - Achieving Better Together Transformation Strategy and Programme Framework to strengthen the changes needed due to current circumstances. The new programme builds on and strengthens the Sustainable Swansea approach, and the strategic aims of Swansea – Achieving Better Together will now focus on:
- The core purpose of the Council
 - Transforming services to be effective and efficient
 - Greater collaboration with other Councils, organisations, community groups and residents, with a focus on regionalisation
 - Balancing the budget for current and future years
 - Greater and more meaningful engagements with our residents and community
 - To meet aspirations and targets within the Medium Term Financial Plan

Our Service Priorities for 2021/22 and the MTFP Period

- 4.5. Although the Council is currently focused on a plan to save an additional £55m over the period of the MTFP (since revised as per the January 2021 Budget Proposals report to Cabinet), it is vital to continue to retain Member and management focus on the significant proportion of our budget that

remains. Our gross budget is just over £750m (excluding Housing Services (HRA)) and we spend just under £1.8m 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 to help deliver the well-being of future generations
 - The strategic aims of Swansea – Achieving Better Together – which embrace all we do
 - The application of the budget principles – which guides decision making
 - The ongoing and sustained real terms reduction in external funding and the need to meet known budget pressures.
 - All set within the context of the current COVID-19 pandemic.
- 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 budget 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 Place Services, the budgets for this area would have to be almost cut in its 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:** Services where the Council will increase levels of investment
 - **Maintain:** 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 2022/23 to 2025/26

- 4.10. The Revenue Budget report detailed elsewhere on this agenda identifies possible savings for the 2021/22 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:

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Future Year Impact of current (2021/22) proposals:				
Resources	368	368	368	368
Education	370	686	686	686
Social Services	0	0	0	0
Place	191	223	223	223
	929	1,277	1,277	1,277
Future Proposals to be Considered:				
Resources	1,118	1,929	2,058	2,131
Education	230	630	951	1,241
Social Services	810	1,210	3,518	5,478
Place	1,275	3,437	4,009	4,566
	3,433	7,206	10,536	13,416
Sub-total of Service Specific Savings (as per Appendix B)	4,362	8,483	11,813	14,693
Schools*	0	0	3,820	6,140
Total Savings	4,362	8,483	15,633	20,833

*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 and transition into the Recovery Plan. These will be built into the budget process at the appropriate stage of the reviews.

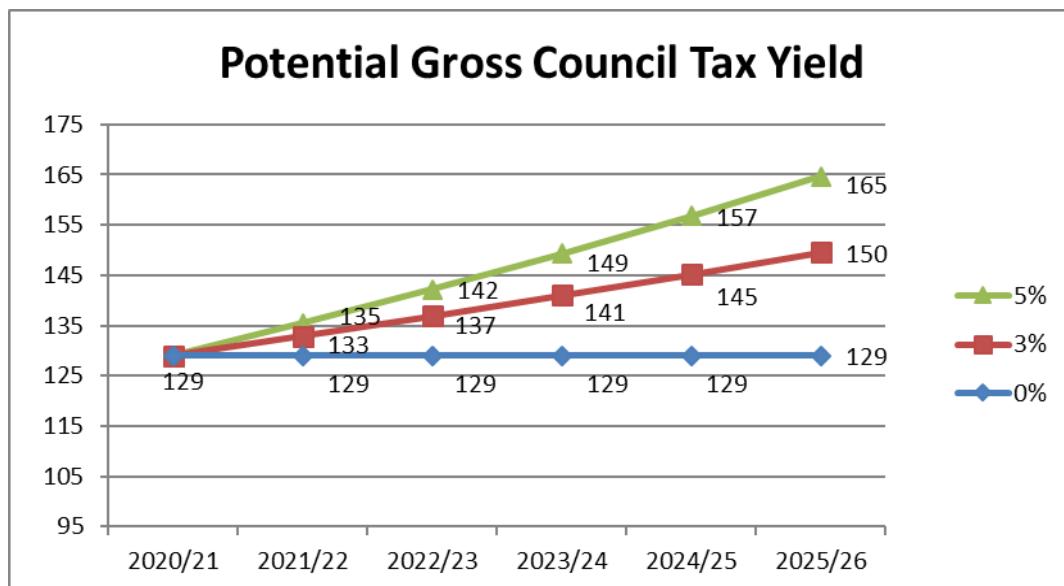
4.14. In addition to savings proposals, Council Tax levels must be considered as part of the MTFP. Budgeted gross council tax yield for Swansea for 2020/21 is £129,274,000, which we have rounded to £129 million. This remains the gross yield on Council Tax and it must be borne in mind that any Council 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 it has been clear that there is no cap and the Welsh Government have not taken any action against Councils that have set increases higher than this. In its 2021/22 Standard Spending Assessment calculation, the Welsh Government have assumed a Council Tax rise of 5.1%. As such, this in effect places no upper limit for planning assumptions, however it is unrealistic to assume increases in excess of 5% and so 5% is used as the maximum increase this Council could reasonably be expected to consider.
- 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% is also modelled.
- The 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 Swansea – Achieving Better Together 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>2022/23</u> <u>£'000</u>	<u>2022/23</u> <u>£'000</u>	<u>2023/24</u> <u>£'000</u>	<u>2024/25</u> <u>£'000</u>
<i>Cumulative Savings Requirement</i>	4,362	8,483	15,633	20,833

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.

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.

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 2021/22 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 4.15

5.4. Bringing these items together, and assuming a balanced position for 2021/22, the following indicative position is envisaged:

	<u>2022/23</u> <u>£'000</u>	<u>2023/24</u> <u>£'000</u>	<u>2024/25</u> <u>£'000</u>	<u>2025/26</u> <u>£'000</u>
<i>Cumulative savings requirement</i>	4,362	8,483	15,633	20,833
<i>Future year impact of current service savings proposals</i>	-929	-1,277	-1,277	-1,277
<i>Future year proposals to be considered</i>	-3,433	-7,206	-10,536	-13,416
<i>Schools savings</i>	0	0	-3,820	-6,140
<i>Remaining Gap at 1% AEF</i>	0	0	0	0

<i>Surplus at 3% AEF – which would be available to re-invest, reduce savings and/or lower council tax assumptions</i>	2,799	5,978	6,428	9,228
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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 and potentially higher or lower than 5% increases to Council Tax. 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 use the overarching Swansea – Achieving Better Together Strategy when considering all options.

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 2021/22 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 a contribution from Schools built into the budget forecast, however to some extent although this is a planning necessary intention of the Council if settlements prove low, whether this will happen in practice will be entirely reliant on future settlements from the Welsh Government and are likely to be reduced or removed if settlements prove higher than the central planning assumption of just 1% increases in AEF .
- 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.
 - The ongoing (and unknown) impact of the COVID-19 pandemic.
- 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 2021/22 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 2020/21 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 2021/22 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 2020 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 2020/21 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 2021/22 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 the budget strategy:

<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.

Budget proposals offer significant additional funding to schools. This is more than sufficient to meet anticipated pay inflation and other cost pressures (such as Service Level Agreements and Free School Meal increases), wider pressures relating to mainstream Additional Learning Needs, and additional costs in respect of some specific SLAs as a result of external factors. The proposals also target additional funding through the funding formula to support wider reviews.

Whilst recognising the relative priority given to Education (and Social Services), further significant savings cannot be made in future years without reductions in real terms in the Schools Delegated Budget.

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.

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

Whilst no significant policy changes are proposed in Child and Family Services, clearly COVID-19 has had a major impact on the delivery of children services.

We will maintain the current Safe LAC Reduction Strategy and our investment in preventative services to reduce the number of looked after children and achieve the planned savings and service improvements, taking into account changes necessary to mitigate the impact that COVID-19 has had on the well-being of vulnerable children, families and our staff.

Social Services – Adult Social Care

COVID-19 has had an even more significant impact on our population of adults requiring care and support and their families and carers.

The previously agreed optimum model for Adult Services remains fundamentally sound.

- Better prevention
- Better early help

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

However the focus for the coming year will be on prioritising improvements to services that best support individuals, families and carers in recovering from the huge impact that COVID-19 has had on all their lives including that care and support has been so significantly disrupted this year.

Social Services – Poverty & Prevention

COVID-19 has highlighted to an even greater extent the crucial role our tackling poverty services play in supporting the most vulnerable members of our community to manage the most difficult of circumstances. Out of necessity the service has become even more focussed on ensuring a joined up, strengths and assets based approach to working with and in communities with targeted support for the most vulnerable.

Our priority will be to embed these approaches as business as usual and promote further integration with both wider social services and other support available from across the Council.

6. STATEMENT OF BUDGET PRIORITIES: PLACE SERVICES

The Place-based services have faced significant challenges over recent years to meet its continued reduction in budgets and has been successful in maintaining the high level of delivery against the agreed corporate and service objectives. Unfortunately, 20/21 has been a challenging year for many reasons and COVID-19 has impacted significantly on a range of income streams which will continue through into 21/22. However, the proposed settlement should assist in underwriting the income loss allowing continued 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.
- Completion and opening of the new Digital arena, commencement of the digital district and facilitation of the Phase 2 city centre development
- Deliver on a range of actions arising out of the Council’s recovery plan with particular focus on the economic recovery, inward investment and tourism
- Maximise commercial opportunities and income generation for services and assets to offset income losses
- 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 increase the speed of delivery of the more council homes and the attainment of the Welsh Housing Quality Standard for our council tenants by the end of 2021.
- Maximise the opportunities brought by modernising terms and conditions across the council
- Adequately resource the significant council wide capital programme including highways, infrastructure and new schools delivery
- 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 through the circular economy principles 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	Savings Proposals	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Future Impact of 2021/22 Savings Proposals						
Education	Non-Delegated	Further reductions in regional improvement service, consistent with funding settlements	10	26	26	26
Education	Non-Delegated	ALN Transport - review of spread and nature of STF provision / review of assessment / processes to better promote independent travel and integrate provision with Social Services(unless savings are taken corporately and base budget reduced)	100	200	200	200
Education	Non-Delegated	School Meal prices: further increases to reflect increased costs (previously agreed and to be reviewed each year)	40	40	40	40
Education	Non-Delegated	Home to School Transport - savings identified as part of wider focused scrutiny of nature and spread of educational provision (unless savings are taken corporately and base budget reduced)	100	200	200	200
Education	Non-Delegated	Catering and Cleaning services - Continuing work towards full cost recovery through SLAs where schools are receiving additional funding to reflect such cost pressures	100	200	200	200
Education	Non-Delegated	Review of demand and service pressures with mitigation actions to replace the savings targets within the existing MTFP which are undeliverable to the timescale required	20	20	20	20
Place	Housing & Public Protection	Introduce paid for advice and approval service for businesses across Food Safety and Trading Standards functions	15	37	37	37
Place	Housing & Public Protection	Proceeds of Crime (POCA) income to be reinvested in core Trading Standards Service	10	10	10	10
Place	Housing & Public Protection	Above inflation (5%) 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.	156	156	156	156

Place	Waste Management & Parks	Increase graffiti charges over 4 years to ensure full cost recovery	10	20	20	20
Resources	Finance	CTRS - Carefully managed use of CTRS budget	400	400	400	400
Resources	Legal Services	Legal - Saving from freezing vacant posts (Temporary saving 2021/22)	-32	-32	-32	-32
Total of Future Impact of 20/21 Savings Proposals			929	1,277	1,277	1,277
<u>New Proposals from 2022/23</u>						
Education	Non-Delegated	Construction of new Available Walking Routes to Schools - Education Budget. Improvements to routes allows withdrawal of school bus services for children who live within the statutory distance of their catchment school, but are unable to walk or cycle because of an 'unavailable walking route'.	0	140	140	140
Education	Non-Delegated	School Meal prices: further increases (10p / £2.60: Sept 22; 10p / £2.70: Sept 23; 10p / £2.80: Sept 24 and 10p / £2.90: Sept25)	80	200	320	440
Education	Non-Delegated	ALN - more costly out of County provision mitigated by further enhanced in County provision (so impact dependent on resourcing to deliver enhanced provision)	150	290	491	661
Place	Corporate Property Services	Additional income generated from the relating of released space in the Civic as a result of the agile programme	50	50	50	50
Place	Corporate Property Services	Additional income via existing investment properties and new property acquisitions	50	50	50	50
Place	Cultural Services	Reduce Library Service 'footprint' through providing accommodation and shared services via SitC	0	400	400	400
Place	Highways and Transportation	Partial removal of school crossing patrols where suitable safe measures exist. (Also need to implement previous proposal)	25	25	25	25
Place	Director	Regionalisation savings (assuming future regional model for mandated services)	100	100	100	100
Place	Various	"Income earning" services to self-fund pay increase costs from increased fee charges on full cost recovery. Assuming all charge increases passed on	1,250	2,000	2,000	2,000
Place	Various	Additional savings to be identified including Terms and conditions	0	762	762	762

Place	Waste Management & Parks	Develop the most cost effective way of collection and disposal of plastics	150	150	150	150
Place	Corporate Property Services	Additional Income from further commercial lettings (offset against St Davids)	150	150	150	150
Place	Director	additional savings proposals drawn from future proposals and "extremis list"	0	0	572	1,129
Place	Highways and Transportation	Increase in car park income resulting from tariff increases linked to city centre regeneration	500	750	750	750
Place		Savings temporarily funded by one-off COVID-19 money	-1,000	-1,000	-1,000	-1,000
Resources	Director	Management review	294	294	294	294
Resources	Digital Services	Savings from implementing WCCIS	330	330	330	330
Resources	Finance	Service Centre staff reductions	28	28	28	28
Resources	Finance	AI and automation/ robots across council e.g. revs and bens	0	210	210	210
Resources	Director	As yet unspecified savings as linked to reshaping of services and future demand based on the changes to other services/Directorates	459	1,050	1,050	1,050
Resources	Resources	Future savings plans to be developed	3	13	142	215
Resources	Director	Staff reward scheme (salary sacrifice)	4	4	4	4
Social Services	Adult Services	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)	50	100	150	200
Social Services	Child & Family Services	By working through integrated arrangements with C&F and P&P to create one single approach it is estimated that a 10% reduction in IFA placements in 20/21(from 110 to 100) and then a further 10% in 21/22 (100 to 90) is achievable.	100	150	200	250
Social Services	Child & Family Services	By working through integrated arrangements with C&F and P&P to create one single approach it is estimated a reduction in residential placements by a further 2 in 20/21 (from 26 to 24) and then a further 4 in 21/22 (from 24 to 20) is achievable	300	350	400	450

Social Services	Poverty & Prevention Services	Partnership & Commissioning - Remove 3rd sector Change Fund	0	250	250	250
Social Services	Poverty & Prevention Services	Partnership & Commissioning - Reduce core contribution to VAWDASV Agenda and look for economies of scale across the region, aligning with WG funding and Home Office Transformation Funding	30	30	30	30
Social Services	Adult Services	As yet unspecified prevention activities to deliver additional medium term savings linked to future reduced demand for care and support (may require drawdown of centrally held inflation contingency funds)	0	0	1,521	3,061
Social Services	Child & Family Services	Means testing of Short Breaks and Direct Payment Contribution (10%) - Pending changes in legislation	80	80	80	80
Social Services	Child & Family Services	Means testing for voluntary accommodated costs for children accommodated under section 76 - Pending changes in legislation	250	250	250	250
Social Services	Child & Family Services	As yet unspecified prevention activities to deliver additional medium term savings linked to future reduced demand for care and support (may require drawdown of centrally held inflation contingency funds)	0	0	549	819
Social Services	Poverty & Prevention Services	As yet unspecified prevention activities to deliver additional medium term savings linked to future reduced demand for care and support (may require drawdown of centrally held inflation contingency funds)	0	0	88	88
Total of New Proposals from 2022/23			3,433	7,206	10,536	13,416
Total of ALL service specific savings proposals			4,362	8,483	11,813	14,693

Agenda Item 9.



Report of the Section 151 Officer

Council – 4 March 2021

Revenue Budget 2021/2022

Purpose:	This report proposes a Revenue Budget and Council Tax Levy for 2021/22.
Policy Framework:	Medium Term Financial Plan and Budget Strategy
Consultation:	Cabinet Members, Legal, Access to Services & Corporate Management Team
Recommendations:	It is recommended that: 1) Council approves a Revenue Budget for 2021/22 as detailed in Appendix A. 2) Council approves a Budget Requirement and Council Tax Levy for 2021/22 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 2020/21
- The Local Government Finance Settlement 2021/22
- Budget Forecast 2021/22
- Specific Savings Proposals
- Outcome of Budget Consultation
- Staffing Implications
- Reserves and Contingency Fund requirements
- The Budget Requirement and Council Tax 2021/22
- Summary of funding proposals
- Risks and uncertainties

- 1.2. The financial assessment in relation to 2022/23 – 2025/26 is contained in the **Medium Term Financial Plan 2022/23 – 2025/26** 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’**.
 - The report to Cabinet on 29th July 2014 – **‘Sustainable Swansea: Fit for the Future: Delivery Programme’**.
 - The update report on **Sustainable Swansea – Fit for the Future** as approved by Cabinet on 16th July 2015.
 - The report to Cabinet on 15th October 2020 – **‘From Recovery to Transformation’** detailing the “Swansea – Achieving Better Together, Transformation Strategy & Programme Framework 2022 – 2026”
 - The report to Cabinet on 21st January 2021 – **Budget Proposals 2021/22 – 2025/26** setting out the Council’s proposals for consultation.
- 1.4. The report sets out the latest budget estimates. Cabinet has considered any comments and feedback received as a result of the budget consultation. The report also includes an Equality Impact Assessment statement so that Council can be aware of the key issues before finalising budget proposals, and, for the first time, a Sustainable Development Impact Assessment.
- 1.5. **Similarly, 2021/22 marks the first full year of required full compliance with the CIPFA Financial Management Code.** The new code is the first from the Institute in 15 years, and brings together many areas of local government good financial management into one place. It is based on a set of standards and principles, including organisational leadership, transparency, assurance and sustainability. Its aim is to place financial management at the heart of policy and decision making in local government. The Section 151 Officer is intending to comply personally with the Code, as professionally obligated to do so, and raise awareness with the wider political and managerial leadership of the Council of its significance and the obligations on all to ensure sound financial management.
- 1.6. **Whilst emphasising what is proposed being removed, at approximately £8 million, it must equally be borne in mind that £30m is being added. Net service budgets are increasing substantially, and the overall revenue budget by a net £22 million.**

2. Financial Monitoring 2020/21

- 2.1. Cabinet considered a report on the estimated Revenue Outturn for 2020/21 at its meeting of 18th February 2021. It was projected that the Council will outturn at an underlying directorate overspend position of £17.1m, which is an improved position compared to the forecast overspend at quarter 2.
- 2.2. The overspend is primarily in respect of the impact of COVID-19, aside from this the service position is an underspend of £4.6m, improved from the second quarter position. Much of the COVID-19 related overspend is expected to be

funded through grants from the Welsh Government, however there will be an element that isn't covered as it will be deemed a local decision.

- 2.3. The contingency fund will be used to fund a list of approved items, leaving a balance of £5.932m to offset service overspending on COVID-19 items.
- 2.4. In addition to service pressures, there are likely to be shortfalls on both Council Tax collection and NNDR receipts. Negotiations with Welsh Government continue over reimbursement of these losses and whilst some significant recompense is hoped to be achieved, none is assured at this stage. However there will be underspends on capital charges, which can be used to partially offset the element of these shortfalls not covered by additional grant from the Welsh Government.
- 2.5. Cabinet previously approved up to £10m to be drawn from the Capital Equalisation Reserve for use against COVID-19 overspends, should it be necessary. It is now much less likely that this draw will need to occur.

3. The Local Government Finance Settlement 2021/22

- 3.1. The Minister for Housing and Local Government announced the provisional Revenue and Capital Settlement for 2021/22 on 22nd December 2020 and the final settlement will be announced on 2nd March 2021.
- 3.2. At the time of writing this report the Welsh Government had not announced the final settlement, however the Minister for Housing and Local Government stated in the provisional settlement that there was no intention to make significant changes to either the methodology or the data underpinning the settlement. **As such any changes should only be minor and capable of being smoothed out by adjustments to the Contingency Fund.** Any other changes such as any new responsibilities transferred into the Revenue Support Grant will simply be passported to Services as usual. **If any more material announcements are made over elements regarding taxation policy (business rates, council tax, VAT, employers taxes etc.) or expectations for, or funding for helping with council tax levels, or indeed overall funding support to councils, this may need to be revisited at Council, which will be operationally and procedurally difficult given likely March timings of both Welsh Government and UK Government final budgets.**
- 3.3. For the purposes of this report there is assumed to be no change to the provisional settlement figure.
- 3.4. In respect of Schools and Social Services, although the provisional settlement does make it clear that the cost pressures in schools are definitively recognised by the Welsh Government, there is no formal protection or funding guarantee within the settlement so any decision over funding is a local one to be made by Cabinet and ultimately by Council, having any due regard to any budget consultation responses received.

- 3.5. In revising the Medium Term Financial Plan and setting the Budget for 2021/22, it is essential that the Council moves from the objectives in *Sustainable Swansea – fit for the future*, to practically implementing the objectives in *Swansea – Achieving Better Together, Transformation Strategy & Programme Framework 2022 – 2026*. 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 and this needs to be reinforced, and strengthened, under the new Transformation and Programme Framework.
- 3.6. **The longer term 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 Aggregate External Finance for next year should be seen as an opportunity to maintain investment in the Council’s priorities and preventative action in particular, and embracing wider scale transformational change, as part of the recovery plan, not to slow down the pace of change or the level of required savings.**

4. Budget Forecast 2021/22

Overview

- 4.1. The budget proposals for 2021/22 as submitted for consultation on 21st January 2021 highlighted pressures of £30.290m, resulting in a savings requirement of £8.321m once the provisional increase on Welsh Government Aggregate External Finance (AEF) of £13.261m was taken into account, together with estimated Council Tax rises of £8.708m.
- 4.2. The announcement of the final settlement will mean that the overall funding deficit forecast for 2021/22 will inevitably, but hopefully marginally, change.
- 4.3. In addition, the opportunity has arisen to review all aspects of the budget pressures and risks so far identified with a view to updating the forecast using the latest up to date assumptions.
- 4.4. The options for funding the deficit that is identified remain as:
- Savings on current service net expenditure (through a combination of expenditure reduction and additional income generation)
 - Increases in Council Tax levels
 - Use of Reserves and Balances (not advised).

Forecast Funding Shortfall 2021/22

- 4.5. The revised funding requirement 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 2021. These are discussed later in the report, but have resulted in a reduction to the Net Funding Requirement of £0.443m.

Table 1(a) – Projected Pressures 2021/22

	2021/22 £'000
Future cost of pay awards - Non Teachers - 1% - Teachers – 1%	1,673 2,300
<i>Costs imposed without funding by UK Government:</i> - National Living Wage – own pay bill - National Living Wage – contracts	0 1,300
Increase in Pension Costs	0
Cumulative contract inflation	1,400
Capital charges – existing	0
Capital charges – new scheme aspirations	1,100
Capital charges – expected savings as a result of increased grants and thus reduced borrowing – general capital and Band B schools	-300
MRP review linked to capital programme (policy change approved by Council in December 2018)	366
Use of reserves to smooth capital charges impact	-3,000
Use of General Reserves	0
Contingency	0
COVID-19 Impact – Increase Discretionary Rate Relief	18
One-off funding for COVID-19	7,000
Rebase part of Resources (e.g. agile and remote working)	2,000
Reinstate temporary use of Insurance Reserve	0
Demographic and Service pressures	3,000
Mid and West Wales Fire Authority (independently decided by the Fire Authority) and other Levies	380
Council Tax Support Scheme	2,500
Service pressures previously accepted	2,115
New Service pressures accepted	7,439
Passported through AEF to Services – Teachers pay	297
Total Funding Requirement	29,588
Savings Requirement	-8,062
Net Funding Requirement	21,526
Aggregate External Finance increase CASH	12,964
Aggregate External Finance increase – passport to Services	297
Council Tax increase (including premia and tax base increases)	8,265
Total Resource Investment	21,526

Inflation

- 4.7. The 2020/21 Revenue Budget provided a corporate provision of £2.85m for general inflation (£1.85m) and the cost of the Apprenticeship Levy (£1m). It is

expected that the full £1m will be required for the Apprenticeship Levy, the remainder of the provision will be used to reduce the service overspend.

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 2021/22. Mainly to cover the increase of costs associated with contracts, a further £1.4m 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	1,400
Increased contract costs due to rise in National Minimum Wage levels (already in services)	1,300

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. The rise anticipated for 21/22 will not affect direct employee costs, however there will be costs associated with this in future years. 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.

In his Spending Review presented to Parliament in November 2020, the Chancellor of the Exchequer announced a freeze on public sector pay, the exceptions being for the NHS and the lowest paid. Whilst the Chancellor doesn't control local government pay, this announcement will constrain pay rises to some extent. Since the proposals report in January work undertaken has refined the estimate included above, although it is still based on 1%.

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 £4.25m, although £1m of this is already fully committed for that levy. The provision has been increased this year because of the current economic uncertainty surrounding inflationary levels.

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. Budget movements can be viewed in two ways:
- Cash increases or reductions in levels of funding provided to Schools
 - Real terms changes in Schools funding, taking into account known spending needs.
- 4.10. For 2021/20 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 by the Welsh Government and were a material factor in the overall settlement. 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 £6.852m (4.3%) for 2021/22, (including anticipated Pupil Development Grant and Post 16 funding changes which come separately from Welsh Government), which is more favourable than the 3.9% increase in this Council's funding from Welsh Government.

This year the headline figures across Wales in respect of both Pupil Development Grant and the Regional Consortia School Improvement Grant have remained the same compared to 2020/21. If allocated across authorities on the same basis then this should mean a minimal effect on Swansea Schools. The Post 15 funding allocation is still to be confirmed.

- 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

Cash position	£'000
Gross core delegated base budget 2020/21	160,452
Increase for Pay Award - all staff (1%)	2,300
Increased Pension costs re non-teaching staff	0
Increased demographics pressures	600
Transfer of Teachers Pay Grant 2020/21	297
Changes to Schools SLAs (with Schools agreement)*	660
Grant budget realignment – technical restatement to reflect underlying actual grant levels	1,597
Other cost pressures and enhancement of mainstream capacity within schools (e.g. free school meals, ALN and Service Level Agreements)	1,398
Core delegated base budget 2021/22	167,304
	+4.3%

* The change to the Schools SLA is funded partly by a transfer from the Education budget (£255k) and partly by additional funding (£405k).

The above cash increase more than fully covers known pressures for Schools and further supports the enhancement of mainstream provision within schools as part of the existing education budget strategy.

There are no further delegated funding changes expected for 2021/22 and so the total school cost centre budgets set out in Appendix H have increased by more than £6.852m for 2021/22 or 4.3% in respect of schools core funding.

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 Settlement for 2021/22 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% or £4m.

Capital Financing Charges

- 4.13. There is a base line increase of £1.166m compared to the 2020/21 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 2021/22, as has happened in 2020/21, 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. It should be noted that the 1% premium imposed on PWLB borrowing was removed in November 2020 with stringent guidance outlining what PWLB can and cannot be used for. The most economically / operationally advantageous form of borrowing shall be determined by the Section 151 Officer, and could include the following:

- Local authorities
- Financial institutions
- Municipal Bonds Agency

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 initial 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 (by 2025/26, of which around half has been already built into base budgets to date). This is materially lower than the equivalent figure initially reported as a result of substantial increases in current and medium term capital grant funding from the Welsh Government and as a direct result of the change to MRP policy which was approved by Council in December 2018.

Fire Authority Levy and Port Health Authority Levy

- 4.14. Since the 21st January 2021 Cabinet report we have been notified of the final increase in the Fire Authority Levy. The final figure reflects an overall average 2.43% increase in the levy and some redistribution of shares of the levy between contributing authorities (£0.379m). This is £0.029m higher than the estimated increase included in the budget proposals report to Cabinet. The levy for 2021/22 will be £14.120m.
- 4.15. There has been a minor increase in the Swansea Bay Port Health Authority Levy, the levy for 2021/22 has been set at £88,281 for Swansea.
- 4.16. In future years there is the potential for a Corporate Joint Committee levy, subject to legislation. No budgetary provision has been made for 2021/22 on the basis the legislation and guidance is not finalised, and the body does not yet exist in order to sit and make a budget and issue a levy. Any costs subsequently incurred in 2021/22 will need to be funded by a draw from contingency, if any such set up and initial costs are not instead met by Welsh Government, given these costs will not be finalised until after Council has set its budget.

Council Tax Reduction Scheme

- 4.17. 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 4.6 of this report. This has been set at

£2.5m for 2021/22 a larger than usual increase because of the estimated impact of the COVID-19 pandemic. Latest estimates have reduced this from the Budget Proposals report in January 2021.

Discretionary Rate Relief

- 4.18. The Authority is responsible for funding an element of any discretionary rate relief awarded to local businesses. Due to the COVID-19 pandemic the Authority anticipates an increase in requests and so latest estimates have built in a modest increase to this budget.

Service Pressures and Additional Investment

- 4.19. 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.

5. Specific Savings Proposals: Update

- 5.1. As a strategy for determining its budget proposals, the Authority has, for the past seven years, used the principles embedded within '*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.

On 15th October 2020 Cabinet approved the new "From Recovery to Transformation" report detailing the "Swansea – Achieving Better Together, Transformation Strategy & Programme Framework 2022 – 2026". This will now inform and shape the budget process, ensuring the budget assists the strategic aims and outcomes of the framework. It is essential that the recovery programme and its associated delivery and governance is now delivered rapidly to ensure savings plan in train and expected to be needed in the future are more fully assured.

- 5.2. The strategy as adopted underpinned the decision taken at the Council's Cabinet on 21st January 2021 to recommend specific savings proposals totalling £8.062m in 2021/22 for consultation. Cabinet on 18th February considered the most up to date consultation results available and the latest forecasts and decided not to make any changes to the recommended budget. budget at that stage, noting consultation ongoing and final settlement not announced.

- 5.3. Since the January report the overall savings requirement has reduced, as detailed in Table 1 (a) above and paragraphs 4.7 to 4.18 above, now totalling some £8.062m. Consequently some changes to the service specific savings have been made, as summarised below. These are detailed in Appendix D (Part 1).

Table 2 – Summary of Savings Proposals

Savings	2021/22 £'000
Service specific savings as at 21 st January 2021	8,321
Removal of three service specific savings	-259
Sub-total (as detailed in Appendix D)	8,062
Schools*	0
Total	8,062

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

- 5.4. Details around the currently assumed proposals for Council Tax levels are shown in Section 9 of this report.
- 5.5. 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 22nd January 2021 to 21st February 2021. A final summary of the consultation results is attached at Appendix E.
- 6.2. The EIA process has been running continually through the budget process. The EIA report is attached as Appendix F. Cabinet will be kept updated on any potential issues that may arise as part of the budget implementation process.
- 6.3. Cabinet and Council will need to consider the response to consultation and the EIA report and demonstrate how we are taking account of the feedback.
- 6.4. 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

Changes Proposed to the Budget in this Report

- 6.5. As a result of the latest updates to forecasts, Cabinet decided not to make any changes to the recommended budget at that stage. Following the final consultation results and the final settlement issued by the Welsh Government, Council will now need to consider whether it is minded to make any further changes to the final proposals for the 2021/22 budget.

7. Staffing Implications

Background

- 7.1. The Cabinet Report of 18th February 2021 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 2021/22, these have been updated in **Table 3** (shown as Full Time Equivalent (FTEs))

Table 3 – Potential Impact of Savings Proposals on FTEs 2021/22

Potential Headcount Reduction (likely vacant posts or volunteers for ER/VR)	Headcount Number
Resources	7
Place	3
Education (excluding schools)	0
Social Services	0
Total	10

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. Since the Cabinet Meeting of 21st January, Trade Unions have been consulted and they had raised no concerns at the time of writing this report. Individual consultations will take place as and when required.
- 7.4. Subject to confirmation of proposals regarding changes to employee numbers, there is no intention, at this stage, to issue a S188 Letter based on the levels of staff affected. Consultation with Trade Unions on individual proposals will continue throughout the process.

- 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 2021/22 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 Resources and Place, and those in management/ supervisory posts and employed in business support functions.

Issues

- 7.9. Consultation will take place with the Trade Unions as required and any issues raised will be considered.

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. In the event of organisational change that impacts on employees, the formal 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. Furthermore as the revenue budget continues to grow, the relative value and thus acceptability to the Section 151 Officer of the already low absolute level of General Reserves diminishes further, albeit mitigated to some extent by the growth in temporary earmarked reserves. Any consideration on use of

reserves to fund the 2021/22 Revenue Budget is dependent on the level of confidence in predicting 2020/21 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 and indeed an expectation of the Section 151 Officer that longer term, General Reserves will need to be bolstered to maintain their relative value when compared to the overall growth in budgets and risks and uncertainties faced.

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

- 8.3. In considering reserve levels Members should have specific regard to:-
- The report of the Section 151 Officer to Council on 1st October 2020 '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 2020.
- 8.5. The Revenue Budget for 2020/21 approved by Council on 5th March 2020 assumed no transfer from General Reserves and there is no movement in the General Reserve currently expected during 2020/21, although any final determination on the use of reserves will depend on the outturn position for 2020/21.
- 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 2021/22 budget.

Therefore the level of General Fund balances estimated at 31st March 2022 would be £9.352m.

Longer term the Section 151 Officer expects there to be a need to increase General Reserves to maintain their relative and proportionate value as revenue budgets and risks and uncertainties grow significantly.

Contingency Fund

- 8.7. The 3rd quarter financial monitoring report details several forecast uses of the Contingency Fund in 2020/21. At this time, it is anticipated that the original £3.621m 2020/21 budgeted contribution, plus the additional £6.306m carried forward from 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 2020/21 considered elsewhere on this agenda, the forecast Fund balance as at 31st March 2021 is nil.

- 8.8. In assessing the value of the Contingency Fund requirement in 2021/22, 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 21st 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 2021/22 base budget, and the reduced risk of repeating overspending from 2020/21, it is recommended that the contribution to the base budget Contingency Fund in respect of 2021/22 remains the same at £3.621m depending upon any further budget decisions Cabinet is also minded to recommend. Again this is considered the absolute minimum range necessary to be maintained in light of the likely risks and issues facing this Council.

Earmarked Reserves

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

On 1st October 2020 Council received and approved a report detailing a formal review and re-allocation of Earmarked Revenue Reserves.

- 8.11. From the usual list of specific grants announced by the Welsh Government for 2021/22 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.

It should however be noted that the grants awarded during 2020/21 in respect of COVID-19 have either not been announced yet or have been reduced dramatically from the 2020/21 value. Should the effects of the pandemic continue into 2021/22 this will be a huge risk. The scale is such that of those grants confirmed there is a drop from nearly £600m available in 2020/21 to just £13m in 2021/22 at an all Wales level for local government. The budget advice of the Section 151 Officer is given with the explicit statement of that fundamental uncertainty risk.

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 will fall firstly to the Service department to manage or if significant will have to be considered for funding from the Contingency Fund.

Review of Insurance Fund

- 8.12. A 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.

Adequacy of Reserves

- 8.14. Whilst the proposed use of Earmarked Reserves in 2021/22 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 2021/22 and future years, I am just satisfied that the proposed management of reserves in 2021/22 will result in a forecast level of General Reserves, Earmarked Reserves and Provisions which may be considered 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.
- 8.15. Given the considerable risks and uncertainties facing the Council in 2021/22 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
 - Some short term draws from the earmarked reserves set up to manage budgets through to 2025/26, but with an explicitly acceptance and understanding that these are one off mitigations only to enable longer

term adjustment to the highly likely tighter public sector funding environment

9. Budget Requirement and Council Tax 2021/22

- 9.1. The Council's recommended requirement is set out in Appendix A. The City and County of Swansea Requirement of £490.181m will be financed partly by Revenue Support Grant of £269.725m and National Non-Domestic Rates of £82.917m.

Based on the report to Cabinet on 21st January 2021, and in line with assumptions contained in the Welsh Government's spending assessment for Swansea, a Council Tax rise of 4.32% would have generated an additional sum of £8.708m including assumptions on council tax premiums.

However, following early consultation indications and other refinements, Cabinet considered a slightly lower Council Tax rise of 3.99%, which would generate a sum of £8.265m, a band 'D' charge of £1,462.39

Taking consequential lower Council Tax Reduction Scheme support costs into consideration there is a net reduction in proposed income of £0.443m. This has been funded by a reduction to pressures as detailed in Table 1(a).

This remains provisional pending the final local government finance settlement which is due on 2nd March and it is envisaged that as long as there are no material changes at final settlement that this can be contained within the margins of error in the assumptions and estimates already used in this report and accommodated by adjusting contingency. Council will be advised of the final settlement figure before making a final determination on budget and Council Tax and any implications it may have to take into account.

- 9.2. Including Community Councils, the total requirement, after taking account of proposals in respect of reserve transfers and currently assumed savings, is £491.763m.
- 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 2021/22

- 10.1. The implications of Sections 4, 5, 6, 7 and 8 above, together with the assumed 3.99% rise in Council Tax identified in Section 9 above, results in a forecast additional funding of £29.588m in 2021/22 as detailed in Table 4:

Table 4 – Budget Proposals 2021/22

	£'000
Savings identified per Section 5.3 above	8,062
Net effect of Council tax base increase and proposed charges	8,265
Aggregate External Finance increase	13,261
<hr/> Overall resourcing	<hr/> 29,588

10.2. I am satisfied that the budget proposals detailed in this report represent a realistic and achievable financial plan for 2021/22 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 :-

(a) Implications of Specific 2020/21 Overspends

The 3rd quarter financial monitoring report, discussed elsewhere on this agenda, highlights a number of service overspends, albeit predominantly driven by the COVID-19 response. 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 2021/22. 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 2021/22 that further savings proposals are continuously developed as part of the transition from the *Sustainable Swansea* to the *Achieving Better Together* programme and **implemented over and above those proposed within this budget to provide some future headroom**. This will be a continuation of plans already underway and specifically include existing and the next waves of reviews which **must be rapidly turning recovery plans and assumptions into delivered reality, otherwise service savings will fail to be delivered**

and net spending pressure return to service budgets for which immediate corrective action will be required.

The 2021/22 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 2021/22, 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, Recovery Board and Cabinet.

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

(d) Inflation

Where there have been specific announcements around minimum wage increases an estimate has been included around the potential additional costs that may fall to the Council from external contractors. In addition £1.4m 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 2021 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 2021/22 is less than that for 2020/21, 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 has now dropped 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) COVID-19 and COVID-19 Grants

There is a real risk that the impact of the COVID-19 pandemic will continue into 2021/22 and beyond, at a level higher than that anticipated. There is also a risk that the ongoing effects of the pandemic could continue to affect national and indeed global finances.

The Welsh Government has reduced dramatically the grant funding available for the impact of COVID-19 in 2021/22 compared to that available in 2020/21. This is a significant financial risk as things are unlikely to return to normality that rapidly in practice.

(k) 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 2020/21 – 2026/27 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 2021/22 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. Although the PWLB have removed the 1% penalty premium on new local authority borrowing (subject to certain criteria), 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 2021/22 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) 2022/23 – 2025/26

- 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 2021/22

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' Sustainable Development Impact Assessment

Appendix 'I' Directorate Budgets

	APPENDIX A	
REVENUE BUDGET SUMMARY 2021/22		
<i>DIRECTORATE</i>	REBASED	ORIGINAL
	BUDGET	BUDGET
	2020/21	2021/22
	£'000	£'000
RESOURCES	27,275	29,378
RESOURCES - COUNCIL TAX REDUCTION SCHEME	22,567	25,067
POVERTY AND PREVENTION	4,540	4,460
SOCIAL SERVICES	120,194	124,234
EDUCATION	21,381	21,127
EDUCATION - DELEGATED TO SCHOOLS	160,452	167,304
PLACE	58,306	64,469
CROSS CUTTING SAVINGS	-194	0
<i>NET DIRECTORATE EXPENDITURE</i>	414,521	436,039
SPECIFIC PROVISION FOR INFLATION / APPRENTICESHIP LEVY	2,850	4,250
<i>OTHER ITEMS</i>		
LEVIES		
SWANSEA BAY PORT HEALTH AUTHORITY	87	88
CONTRIBUTIONS		
MID & WEST WALES COMBINED FIRE AUTHORITY	13,741	14,120
<i>CAPITAL FINANCING CHARGES</i>		
PRINCIPAL REPAYMENTS	16,368	17,534
NET INTEREST CHARGES	20,010	20,010
<i>NET REVENUE EXPENDITURE</i>	467,577	492,041
<i>MOVEMENT IN RESERVES</i>		
GENERAL RESERVES	0	0
EARMARKED RESERVES	678	-2,278
<i>TOTAL BUDGET REQUIREMENT</i>	468,255	489,763
DISCRETIONARY RATE RELIEF	400	418
<i>TOTAL CITY AND COUNTY OF SWANSEA REQUIREMENT</i>	468,655	490,181
COMMUNITY COUNCIL PRECEPTS	1,582	1,641
<i>TOTAL REQUIREMENT</i>	470,237	491,822
<i>FINANCING OF TOTAL REQUIREMENT</i>		
REVENUE SUPPORT GRANT	253,660	269,725
NATIONAL NON-DOMESTIC RATES	85,721	82,917
COUNCIL TAX - CITY AND COUNTY OF SWANSEA	129,274	137,539
COUNCIL TAX - COMMUNITY COUNCILS	1,582	1,641
<i>TOTAL FINANCING</i>	470,237	491,822
<i>COUNCIL TAX BASE for the City and County of Swansea</i>	91,923	94,051
<i>COUNCIL TAX AT BAND 'D' (£) for the City and County of Swansea</i>	1,406.33	1,462.39
<i>GENERAL RESERVES</i>		
AT 1 APRIL	9,352	9,352
AT 31 MARCH	9,352	9,352

REVENUE BUDGET 2021/22									
NET DIRECTORATE BUDGET PROPOSALS									
	Resources	Resources - Council Tax Reduction Scheme	Poverty and Prevention	Social Services	Education	Education - Delegated to Schools	Place	To be allocated	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Original estimate 2020/21	49,842	0	4,368	120,366	21,381	160,452	58,306	-194	414,521
Directorate Transfers	-22,567	22,567	172	-172	0	0	0	0	0
Original estimates following transfers	27,275	22,567	4,540	120,194	21,381	160,452	58,306	-194	414,521
Transfer to (+) / from (-) reserves 2020/21	-1,828	0	0	-200	35	0	-250	0	-2,243
Original estimate 2020/21 excluding reserves	25,447	22,567	4,540	119,994	21,416	160,452	58,056	-194	412,278
Transfers for specific items 2020/21	0	0	0	0	0	0	0	0	0
Baseline adjustments 2020/21	135	0	-106	-18	42	0	-53	0	0
Adjusted service budgets 2020/21	25,582	22,567	4,434	119,976	21,458	160,452	58,003	-194	412,278
Baseline adjustments 2021/22	0	0	-34	34	-1,810	2,149	0	194	533
Spending Needs	2,585	2,500	175	8,055	2,400	2,403	6,000	0	24,118
Pay inflation provision	53	0	110	550	200	2,300	760	0	3,973
Savings:									
Specific consultation proposals	-626	0	-225	-4,581	-1,086	0	-544	0	-7,062
Original estimate 2021/22 excluding reserves	27,594	25,067	4,460	124,034	21,162	167,304	64,219	0	433,840
Transfer to (-) / from (+) reserves 2021/22	1,784	0	0	200	-35	0	250	0	2,199
Net Directorate budgets 2021/22	29,378	25,067	4,460	124,234	21,127	167,304	64,469	0	436,039

APPENDIX B

REVENUE BUDGET 2021/22

EARMARKED RESERVES

	Balance 31/03/20 £000	2020/21 £000	Balance 31/03/21 £000	2021/22 £000	Balance 31/03/22 £000
DIRECTORATE RESERVES					
Equalisation reserves	-21,678	4,000	-17,678	5,874	-11,804
Commuted sums	-6,991	97	-6,894	60	-6,834
Repair & renewal funds	-1,945	-212	-2,157	-210	-2,367
Profit share	-1,488	-66	-1,554	-66	-1,620
Service reserves	-9,857	-43	-9,900	-478	-10,378
TOTAL DIRECTORATE RESERVES	-41,959	3,776	-38,183	5,180	-33,003
CORPORATE RESERVES					
Contingency Fund	-6,306	6,306	0	-3,621	-3,621
Insurance	-16,332	2,200	-14,132	700	-13,432
Job Evaluation earmarked	0	0	0	0	0
Transformation/Efficiency	-3,047	-8,495	-11,542	0	-11,542
TOTAL CORPORATE RESERVES	-25,685	11	-25,674	-2,921	-28,595
UNUSABLE/TECHNICAL RESERVES	-1,695	51	-1,644	19	-1,625
SCHOOLS DELEGATED RESERVES*	-7,729	0	-7,729	0	-7,729
TOTAL RESERVES	-77,068	3,838	-73,230	2,278	-70,952

* There is no updated information available for schools for 2020/21 or 2021/22.

APPENDIX D

Part 1 – Savings Proposals

Director	Head of Service Budget	Savings Proposal	Savings 2021/22 £'000
Education	Non-Delegated	Further reductions in regional improvement service, consistent with funding settlements	16
Education	Non-Delegated	ALN Transport - review of spread and nature of STF provision / review of assessment / processes to better promote independent travel and integrate provision with Social Services(unless savings are taken corporately and base budget reduced)	50
Education	Non-Delegated	School Meal prices: further increases to reflect increased costs (previously agreed and to be reviewed each year)	80
Education	Non-Delegated	Home to School Transport - savings identified as part of wider focused scrutiny of nature and spread of educational provision (unless savings are taken corporately and base budget reduced)	100
Education	Non-Delegated	Catering and Cleaning services - Continuing work towards full cost recovery through SLAs where schools are receiving additional funding to reflect such cost pressures	100
Education	Non-Delegated	Reducing pupil mobility - bringing forward future managed savings through new EOTAS model	150
Education	Non-Delegated	Review of Out of County placements / delivery model - dependent on additional special school places	250
Education	Non-Delegated	Review of demand and service pressures with need for still tighter mitigation actions to replace the savings targets within the existing MTFP which are undeliverable to the timescale required	340
		Education	1,086
Place	Corporate Property Services	Reduce maintenance on a number of building assets assuming a number will have transferred (or would need to be closed)	50
Place	Highways and Transportation	CTU service become commercial operation within 2 year or externalise service	250
Place	Housing & Public Protection	Introduce paid for advice and approval service for businesses across Food Safety and Trading Standards functions	10
Place	Housing & Public Protection	Proceeds of Crime (POCA) income to be reinvested in core Trading Standards Service	10
Place	Housing & Public Protection	Stop Renewal Area programme in Swansea when Sandfields Renewal Area status expires in 2019 and reduce private sector renewal activity. This will mean no further private sector house condition survey/renewal assessments are done and no further Council led area based private home improvement schemes can be implemented	14
Place	Housing & Public Protection	Registrars - Set a fee to 'save the date' for future weddings. Proposal to charge £25 per booking. Average of 1000 marriages a year.	25

Director	Head of Service Budget	Savings Proposal	Savings 2021/22 £'000
Place	Housing & Public Protection	Above inflation (5%) 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. Main risk in Burials and Registrations is terms of remaining competitive with direct LA neighbours	150
Place	Planning & City Regeneration	Reduce net cost of Natural Environment services by generating additional income and maximise use of grants	25
Place	Waste Management & Parks	Increase graffiti charges by 200% over 4 years to ensure full cost recovery	10
Place		Savings Temporarily funded by one-off COVID money	1,000
		Place	1,544
Resources	Communication & Marketing	Reduction in operating budget	20
Resources	Communication & Marketing	Freezing Vacant Post	30
Resources	Communication & Marketing	DesignPrint - To reduce the amount of printed material across the council through centralising budgets	50
Resources	Communication & Marketing	Building costs savings due to relocation to the Civic Centre.	70
Resources	Customer Services & Complaints	Reshaping of how we deliver customer services and complaints	69
Resources	Digital Services	Savings from across budget	28
Resources	Finance	CTRS - Carefully managed use of CTRS budget	0
Resources	Finance	Brings forward modest planned staffing reductions through vacant post and ER/VR management in Service Centre linked to Oracle modernisation	0
Resources	Finance	NDR & Business Grant Administration - One off extra income from processing likely extra covid related grants in 21-22	0
Resources	HR&OD	Reshaping the delivery of the service and wider functions and freezing vacant posts	199
Resources	Legal Services	Increase in income	3
Resources	Legal Services	Reduction to Supplies & Services	52
Resources	Legal Services	Legal - Saving from freezing vacant posts	105
		Resources	626
Social Services	Adult Services	Efficiencies linked to the spending control and processes in relation to the share of costs of packages of care for individuals with complex health and care needs through bi/tri partite agreements with the Health board and other statutory partners	100
Social Services	Adult Services	Increase regional investment in Hospital to Home Recovery Service to bear down on unnecessary recourse to care)	146

Director	Head of Service Budget	Savings Proposal	Savings 2021/22 £'000
Social Services	Adult Services	Efficiency savings in Printing, Car Allowance, Staff Expenses and Stationary Budgets across the service due to changes in working practices	200
Social Services	Adult Services	Transformational co-produced future model for Day Services, based on lessons learned through Covid	200
Social Services	Adult Services	Increase efficiencies (transactional savings) in costs of direct payments	200
Social Services	Adult Services	1% reduction on staffing budget through vacancy management processes and maximising use of available grant funding.	350
Social Services	Adult Services	Realise savings in efficiencies through the Supported Living retender	400
Social Services	Adult Services	Work though Complex Needs high cost placements and establish a collaborative approach with Health and other statutory partners for funding these packages of care	400
Social Services	Adult Services	Continue with the Right Sizing Packages of Domiciliary Care work to reduce expenditure and under delivery	450
Social Services	Adult Services	Increase funded contributions to costs of packages of care	500
Social Services	Child & Family Services	Integrate Family Support Services across Council into a single family support function focussed on better prevention	50
Social Services	Child & Family Services	Reduce the number of independent foster placements	50
Social Services	Child & Family Services	Efficiency savings in Printing, Car Allowance, Staff Expenses and Stationary Budgets across the service due to changes in working practices	100
Social Services	Child & Family Services	Reduce expenditure on external providers through recommissioning contracts achieving best value	180
Social Services	Child & Family Services	Efficiency savings within supported accommodation for 16 - 17 year olds through recommissioning of fixed accommodation for YP.	250
Social Services	Child & Family Services	Work though Complex Needs high cost placements and establish a criteria and equitable formula for funding these placements with Health and other statutory partners	500
Social Services	Child & Family Services	2.5% reduction on staffing budget through vacancy management processes and maximising use of available grant funding	505
Social Services	Poverty & Prevention Services	Efficiency savings in Printing, Car Allowance, Staff Expenses and Stationary Budgets across the service due to changes in working practices	20
Social Services	Poverty & Prevention Services	1% reduction on staffing budget through vacancy management processes and maximising use of available grant funding.	20

Director	Head of Service Budget	Savings Proposal	Savings 2021/22 £'000
Social Services	Poverty & Prevention Services	20% reduction of core funding for Childcare and Play Grants and replace with available grant funding	35
Social Services	Poverty & Prevention Services	Restructure life stages team within wider staffing structure realising staffing efficiencies	50
Social Services	Poverty & Prevention Services	Diversify Adult Community Learning delivery offer post Covid to address need and maximise use of available Grant	100
		Social Services	4,806
		Grand Total	8,062

Part 2 – Service Pressures and Investment

Director	Head of Service Budget	Description	2021/22 £'000
Cross Cutting	All	Reinstate budget for cross cutting items	194
Education	Non-Delegated	Investment needed to correct Arfryn/PRU budgets	42
Education	Delegated	Additional money for schools	1,803
Resources	Resources	To reinstate previous savings to acknowledge need for investment in services	230
Resources	Commercial Services	Investment in Commercial Services post	40
Social Services	Adult Services	Various Adult Services pressures including loss of income (grants), staff costs, inflationary contract costs and ongoing additional COVID-19 costs	2,445
Social Services	Adult Services	Investment in Adult Services, acknowledging likely ongoing increased costs relating to COVID-19	2,400
Social Services	Child & Family Services	Various Child and Family Services pressures including loss of income (grants), staff costs, inflationary contract costs and ongoing additional COVID-19 costs	110
Social Services	Poverty & Prevention Services	Various Poverty and Prevention Services pressures including loss of income (grants), staff costs, inflationary contract costs and ongoing additional COVID-19 costs	175
		Grand Total	7,439

Changes to the budget proposal report are shown in ***Bold Italic***

Budget Consultation Results 2021

1. Budget Consultation

Consultation on the specific budget proposals ran from 22nd January 2020 to 21st February 2020. A survey was produced detailing the council's budget proposals, giving people the opportunity to provide their feedback. In total 218 people took part in the general budget consultation survey.

The consultation was available online at www.swansea.gov.uk/budgetsurvey

885 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:

- 4 press releases resulting in four media mentions, including a double-page spread and two page leads in EP and two articles on Walesonline
- 9 social media posts with a total reach of 21.2k

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
- Budget Report

Future funding of services

47% Would you be prepared to pay more for some services rather than lose them?

69% Would you prefer for the Council to deliver services in a different way rather than lose them?

Proposed Spend

81% 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:

49% Street/Road Repairs

47% Care for Older People and Disabled Adults

44% Parks & Green Spaces

41% Tackling Poverty

39% Keeping Children Safe

Budget Report

Due to the nature of this year's budget there were no specific budget proposals which required public consultation at this time. Comments on the overall budget report were sort, to date 57 comments have been received.

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

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 ...

120 (55.0%)	A member of the public	5 (2.3%)	A third sector organisation/partner organisation (please specify)
93 (42.7%)	A council employee	0 (0.0%)	A private sector organisation/partner organisation (please specify)
0 (0.0%)	An elected member		
5 (100.0%)			

Future funding of services

Due to the size of the budget challenge facing the Council in the coming years, 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?

95 (46.6%) Yes
109 (53.4%) No

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

81 (100.0%)

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

140 (69.3%) Yes
62 (30.7%) No

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

95 (100.0%)

Proposed Spend 2021/22:

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

71 (34.5%) Strongly Agree
95 (46.1%) Tend to Agree
26 (12.6%) Tend to Disagree
14 (6.8%) Strongly Disagree

If you disagree, please tell us why?

46 (100.0%)

Future Spend:

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

98 (47.1%)	Care for Older People and Disabled Adults	43 (20.7%)	Council Housing
16 (7.7%)	Keeping people informed about the Council	18 (8.7%)	Improvements to Council buildings
38 (18.3%)	Engaging and consulting people on things the council does	77 (37.0%)	Housing & Homelessness
38 (18.3%)	Promoting and supporting Equality and Diversity	85 (40.9%)	Tackling Poverty
13 (6.3%)	Improving the Council's website	56 (26.9%)	Libraries
15 (7.2%)	Promoting and supporting Welsh Language	45 (21.6%)	Community Centres
37 (17.8%)	Making the Council more commercial	63 (30.3%)	Children's Play / Youth Services
82 (39.4%)	Keeping Children Safe	33 (15.9%)	Developing Swansea City Centre
69 (33.2%)	School improvements	35 (16.8%)	Refuse Collection
48 (23.1%)	Additional Learning needs	52 (25.0%)	Recycling services
60 (28.8%)	Education services	68 (32.7%)	Street cleaning
50 (24.0%)	Adult learning	91 (43.8%)	Parks & Green Spaces
101 (48.6%)	Street/Road Repairs	64 (30.8%)	Sports, Leisure & Cultural Facilities
30 (14.4%)	Traffic Management	36 (17.3%)	Transport services/ Bus station
25 (12.0%)	Car Parking	21 (10.1%)	Other (write in)
36 (100.0%)			

Budget

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

58 (100.0%)

Welsh Language Impact:

Do you have any concerns or evidence to suggest that the Council is treating/using the Welsh language less favourably than English in relation to its proposed budget for 2021/22?

129 (100.0%)

If yes, please give details and state how the budget suggested will affect opportunities to use the Welsh language in your view?

19 (100.0%)

What changes could be made in order to have a more positive effect on the Welsh language?

61 (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...?

105 (51.5%) Male
99 (48.5%) Female

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

191 (99.5%) Yes
1 (0.5%) No

How old are you ...

0 (0.0%)	Under 16	40 (19.3%)	56 - 65
7 (3.4%)	16 - 25	19 (9.2%)	66 - 75
30 (14.5%)	26 - 35	8 (3.9%)	76 - 85
46 (22.2%)	36 - 45	1 (0.5%)	Over 85
50 (24.2%)	46 - 55	6 (2.9%)	Prefer not to say

Would you describe yourself as...

Please mark all that apply

121 (59.0%)	British	3 (1.5%)	Other British (please write in at end)
107 (52.2%)	Welsh	1 (0.5%)	Non British (please write in at end)
8 (3.9%)	English	0 (0.0%)	Gypsy/traveller
2 (1.0%)	Irish	0 (0.0%)	Refugee/Asylum Seeker (please write in current/last nationality at end)
1 (0.5%)	Scottish		

Write in here

11 (100.0%)

To what 'ethnic' group do you consider

180 (93.8%)	White - British	0 (0.0%)	Asian or Asian British - Bangladeshi
8 (4.2%)	Any other White background (please write in at end)	0 (0.0%)	Any other Asian background (please write in at end)
0 (0.0%)	Mixed - White & Black Caribbean	0 (0.0%)	Black or Black British - Caribbean
1 (0.5%)	Mixed - White & Black African	0 (0.0%)	Black or Black British - African
1 (0.5%)	Mixed - White & Asian	0 (0.0%)	Any other Black background (please write in at end)
1 (0.5%)	Any other Mixed background (please write in at end)	0 (0.0%)	Chinese

0 (0.0%) **Asian or Asian British - Indian**

0 (0.0%) Other ethnic group (please write in at end)

1 (0.5%) **Asian or Asian British - Pakistani**

Write in here

8 (100.0%)

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

Please mark one box or write in

89 (46.6%) No religion 1 (0.5%) Jewish

97 (50.8%) Christian (including Church of England, Catholic, Protestant, and all other Christian denominations) 1 (0.5%) Muslim

1 (0.5%) Buddhist 0 (0.0%) Sikh

0 (0.0%) Hindu 2 (1.0%) Other

Any other religion or philosophical belief (please write in)

3 (100.0%)

Do you consider that you are actively practising your religion?

42 (25.8%) Yes

121 (74.2%) No

What is your sexual orientation

4 (2.1%) Bisexual 33 (17.1%) Prefer not to say

6 (3.1%) Gay/ Lesbian 2 (1.0%) Other

148 (76.7%) Heterosexual

Please write in

5 (100.0%)

Can you understand, speak, read or write Welsh?

Please mark all that apply

27 (13.8%) Understand spoken Welsh 10 (5.1%) Write Welsh

11 (5.6%) Speak Welsh 41 (21.0%) Learning Welsh

17 (8.7%) Read Welsh 124 (63.6%) None of these

Which languages do you use from day to day?

Please mark all that apply

199 (99.5%) English

13 (6.5%) Welsh

2 (1.0%) Other (write in)

Please write in

7 (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."

32 (16.2%) Yes

166 (83.8%) No

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

27 (15.3%) Yes

149 (84.7%) No

Thank you for your participation

Equality Impact Assessment (EIA) Statement for Swansea Council's Budget 2021/22

1. Introduction

This statement provides an overall view of the budget EIA process for the Council, along with any specific relevant details for 2021.

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 £8.3 million next year and roughly £30 million in savings over the next five 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.

During 2020, the authority updated and replaced the 'Sustainable Swansea - Fit for the Future' strategy with the new 'Swansea – Achieving Better Together' transformation strategy and programme framework 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

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 ‘Swansea – Achieving Better Together’ 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

The Council delivers services to all the citizens of the City & County of Swansea. The overall population profile from the latest population estimates (2019) and 2011 Census is as follows:

- Within an overall population of **247,000**, the gender split of the **City & County of Swansea** is **50.1% Female** (123,800 people) and **49.9% Male** (123,200 people).
- Children and young people **aged 0-25 years** represent **32.3%** of the population, or **79,800** people.
- **Over 50s** represent **38.1%** of the population (94,200 people), of which around **48,700** are over 65 (19.7% of the total population).
- In 2011, **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.
- There were **26,332** Welsh speakers in Swansea in 2011, 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 2021 referred to 16 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 'Swansea – Achieving Better Together'.

Response of the Schools Budget Forum



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12th February 2021

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

Dear Councillor Stewart,

School Budget Forum Response to Budget Consultation

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

This year we have faced hitherto unprecedented challenges as a result of the global health crisis and although the potential of mass vaccinations offers hope of a future return to normalcy, we are still presented with much uncertainty, a pandemic that is very much still with us, new and different cost pressures that result and a very much yet to be determined medium and longterm impact on our finances.

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

We would suggest that the Council should take a very positive view of the efforts undertaken by schools, central education services and wider local authority services in our collective response to the pandemic. The Forum believes the collective efforts of

the Swansea local authority illustrate to all, our ability to work together successfully in the face of enormous challenge.

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

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

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

The Forum recognises the positive work undertaken by the primary, secondary and joint finance groups and the School Funding and Information Team in preparing to revise the school funding formulae for special educational needs. The Forum welcomes the phased introduction of any planned changes and hopes that a careful balance is maintained in weighing equity and any potential negative impacts for individual schools. The Forum also recognises the work of the Regional Partnership board in determining what our future regional working arrangements will be, following the fast approaching formal end of the current ERW consortium. Whatever the future partnership arrangements prove to be, the Forum insists that it is vital that Swansea is not disadvantaged financially by the revised regional model.

The Forum welcomes the Council's continuing medium term education budget strategy to:

- prioritise the delegation of as much funding as possible to schools directly;
- prioritise pupil specific areas of statutory provision within the non-delegated budget;
- maintain only a core minimum level for statutory and regulatory duties, achieving full cost recovery for any additional services provided;
- provide investment of up to £7m for schools IT infrastructure and devices - without cost to schools;
- continue to deliver investment of almost £150m through the schools Band B capital programme; and
- continue to deliver capital maintenance investment of £3m for FY 2021-2022

The Delegated Schools Budget

The Forum views positively the Council's continuing relative prioritisation of the delegated schools budget and of joining up thinking in terms of the integration of services in order to improve chances in communities and the families within them and to lessen the impact of poverty and additional learning need upon achievement. It is entirely right that priority is given to early intervention and prevention strategies so that

services, including the education service, struggle less with the repercussions of non-intervention later on.

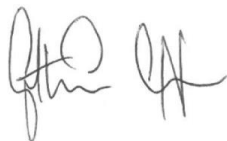
The Forum also welcomes the clear priority given to improving educational outcomes for children and young people and the recognition of the key role that education plays in supporting many other wider Council priorities.

The Forum is encouraged that the council has committed to providing a cash increase £5.3m or 3.5% in the gross delegated schools budget for the financial year 2021-2022. The Forum also notes the potential for reduced pay pressures due to the U.K. Government pay freeze that could result in that cash increase further exceeding the anticipated scale of specific cost pressures, allowing the targeting of additional funding to support wider reviews, particularly across ALN. However, the Forum suggests the exercise of caution as said pay awards are a devolved Welsh Government responsibility and as yet not determined. Furthermore pay awards in Wales did not replicate UK awards in the last round.

The Forum shares the council's belief, that irrespective of the unique challenges presented by the pandemic, we must together keep up the pressure on both governments and continue to press for fairer funding for education. This needs to be in two parts; firstly, the UK government needs to ensure Welsh Government is fairly funded as part of the next comprehensive spending review; secondly, Welsh Government needs to address the inequity of funding for local government and secure a fairer funding model for education. In addition both governments need to ensure that the cost implications of all decisions they make are fully and explicitly funded within funding settlements.

We share the council's commitment to fight for a better deal for education and welcome the assurance to continue to prioritise education within the council's budget and pass on all new monies made available for schools or education by either government.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Gethin Sutton', written in a cursive style.

Gethin Sutton
Chair of Swansea Budget Forum

Sustainable Development Impact Assessment

The Well-being of Future Generations Act (Wales) 2015 places a well-being duty on Swansea Council to carry out sustainable development. This is in line with the Council's Sustainable Development Policy and Well-being Objectives.

This means we must work in a way that improves the economic, social, environmental and cultural well-being of Wales, by taking action, in accordance with the sustainable development principle, aimed at achieving the well-being goals.

The sustainable development principle means **we must act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.** We do this by applying the five ways of working.

Answering the following questions will help the Council apply and demonstrate this thinking from the earliest stage of development, this will improve decision making resulting in better outcomes.

1. The Sustainable Development Principle's Ways of Working

The Five Ways of Working	Examples or summary of how applied
Long term - The importance of balancing short-term needs while safeguarding the ability to also meet long-term needs	<i>The Council's budget is, by legislation, an annual process, so for 1 year only. However there is also a requirement for the Council to set a Medium Term Financial Plan for a minimum of a further three years. We have extended this to five years. This ensures medium term trends and demands are taken into consideration. Even longer term (up to 50 years hence) is considered for lengthy capital programmes and their associated financing and is embedded in the Sustainable Swansea and Recovery Plan principles, where the strategic aim is to balance the budget for current and future years.</i>
Prevention - Acting to prevent problems occurring or getting worse	<i>As part of the budget cycle, pressures are also considered. These could be because of demand growth, or legislative changes or as an invest to save proposal. The invest to save proposals include options to put prevention measures in place to reduce the demand on the service in future years. The Recovery Plan has the strategic aim of transforming to become even more efficient and effective.</i>
Integration -Considering impacts upon each of the well-being goals, well-being objectives, local well-being objectives, or on the objectives of other public bodies	<i>The budget as a whole provides resources for all services to carry out their functions, which should be carried out against a backdrop of all wider plans, strategies and policies. These should include the Local Well-being Plan as well as legislative requirements. All activity resourced by the budget contributes to the Council's six well-being objectives. Many services are carried out by, or with, private and third sector partners, increasing opportunities for aligning approaches. The Recovery Plan has the strategic aim of greater collaboration, which helps drive better integration.</i>
Collaboration - Acting together with other services or external organisation towards our	<i>Producing the budget is a cross Council piece of work – all Directors and Cabinet Members are involved and must work together to produce a balanced budget for recommendation to full Council. As part of the process all Members are involved, in</i>

well-being objectives	<p><i>Scrutiny Committees and when the whole Council approves the final budget. We are working together to ensure a whole Council approach by exploring the impacts of decisions made in one area on other aspects of the Council. There are many examples across the Council of collaboration with external parties, such as care home providers, foodbank operators and Freedom Leisure where the traditional boundaries of costs and benefits are clearly being broken down and the community added value as a whole taken into consideration when making and taking decisions. The budget decision making process takes into account intelligence, context and joint working needs gained through collaborative relationships with partners and funders.</i></p>
<p>Involvement - Involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area served</p>	<p><i>Again, the budget is Council wide and many services exist or continue to exist or improve based on individual services interaction with users, other parts of the council and third party stakeholders. The budget itself goes out to consultation with the wider community, the results of which influence the final decisions made by Council.</i></p> <p><i>The budget framework has the strategic aim of greater and more meaningful engagement with our residents and community. In previous years consultation and engagement with staff, trade unions, residents, partners and other interested parties has been extensive. The pandemic is impacting the range of engagement tools which can be safely used this year although as wide a variety of mechanisms possible are being deployed to engage meaningfully with a diversity of our population. In particular there has been a public survey, which has been promoted to staff, there is consultation with the trade unions and head teachers have been consulted on proposals that affect schools.</i></p>

2. Contribution to Swansea Council's Well-being Objectives

2a.

Our Corporate Plan's Well-being objectives	Are directly supported by this initiative	Are not directly impacted by this initiative	Are in conflict or adversely impacted by this initiative
Safeguarding People from harm	Yes	<input type="checkbox"/>	<input type="checkbox"/>
Improving Education and Skills	Yes	<input type="checkbox"/>	<input type="checkbox"/>
Tackling Poverty	Yes	<input type="checkbox"/>	<input type="checkbox"/>
Transforming our economy and infrastructure	Yes	<input type="checkbox"/>	<input type="checkbox"/>
Maintaining and enhancing Swansea's natural resources and biodiversity	Yes	<input type="checkbox"/>	<input type="checkbox"/>
Transformation and Future Council development	Yes	<input type="checkbox"/>	<input type="checkbox"/>

2b Does the proposal support Swansea Council's well-being objectives taken together as a whole?

The Council's budget is one of the major decisions and resource levers at its disposal that means the Council can work towards achieving its well-being objectives. In times of constrained resources and increased demand it is more important than ever to ensure the resources are correctly directed to activities/services that contribute directly to the well-being objectives and priorities of the Council. The process undertaken each year goes some way to ensuring this happens as both officers and members are involved in the process and are influenced by the consultation results. In times of plenty it is important to ensure that resources are prioritised for spending in the Council's objectives and priorities.

3. Contribution to the National Well-being Goals

How is contribution to the **National Well-being Goals maximised**? Where can you add value? Consider the full goal description not just the title. Consider relevant Journey Checkers.

Well-being Goal (click to view definition)	Primary Goals - tick if key	Any significant positive and/or negative impacts/contributions considered/mitigated
<p><u>A Prosperous Wales</u> An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.</p>	<p>YES</p>	<p>Positive impacts include investment in schools and the procurement team. Where some of the savings to be made may reduce core Education Services mitigation takes the form of putting systems in place to reduce demand. Examples of services and practices that meet this goal of a low carbon society include the procurement team, the use of electric vehicles, education services developing skills, apprenticeships and the capital programme sustainably regenerating the city centre to provide employment and low carbon living opportunities. Some of these areas are getting additional support this year, including an increase to fund additional capital spend and continued support for decarbonisation and renewable energy opportunities.</p>
<p><u>A Resilient Wales</u> A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that</p>	<p>YES</p>	<p>The Council has an enviable portfolio of Parks and open spaces and going forward is ensuring that capital schemes, both Council and private, have a</p>

<p>support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).</p>		<p>green infrastructure and climate adaptation measures. Where resources are limited or reduced the impact on this goal is mitigated by continuing to prioritise green infrastructure. There is a nature conservation team whose role includes increasing awareness and access to biodiverse and natural environments, and the pollution control section maintains protection of water and air quality in the County. While savings are being made to reduce the net cost of Natural Environment services, this will be offset by generating additional income and maximising use of grants.</p>
<p><u>A Healthier Wales</u> A society in which people's physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.</p>	<p>YES</p>	<p>The budget supports teams responsible for physical health (Leisure Centres and Sports Development) and mental health (Social Services). Active travel and sustainable transport schemes are supported, public protection, pollution control and many more activities the Council carries out contribute to this goal. Choices are made to benefit future generations for example to operate Leisure Centres through a third party meant the continuation and improvement of the service, rather than decline and possible closure, which would have impacted the health of communities in the future. During the COVID-19 pandemic, additional budget is being provided to support some of these services.</p>
<p><u>A More Equal Wales</u> A society that enables people to fulfil their potential no matter what their background or circumstances.</p>	<p>YES</p>	<p>Funding is provided for many services that contribute towards a more equal Wales. There are many Poverty & Prevention teams that work to ensure everyone gets access to services, to financial help and to enable people to compete equally in the employability market. Where savings need to be made such as restructuring the Life Stages Team this is mitigated by integrating the team</p>

		<p>more effectively into the wider structure, generating efficiencies. The budget aims to ensure the Swansea community continues to have equal access to outdoor space, leisure facilities and education. The impact of financial decisions on socio-economic and other disadvantaged or underrepresented groups is fully explored in our EIA.</p>
<p><u>A Wales of Cohesive Communities</u> Attractive, viable, safe and well-connected communities.</p>	YES	<p>The budget supports many services that contribute to making strong communities. There is a Parks service, with a strong 'friends of the botanical gardens' group. There is support for locally managed community centres and community safety initiatives. Community asset transfer offers alternative means of generating funds and protecting community spaces from budget cuts that would not be possible if within Council control.</p>
<p><u>A Wales of Vibrant Culture & Thriving Welsh Language</u> A society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, sports and recreation.</p>	YES	<p>The Council has a Cultural Services department, which supports and promotes art galleries, museums and theatre, as well as encouraging participation in the arts, sports and recreation. Staff are encouraged to learn Welsh when they are not already Welsh speakers, and all services use the translation team to translate into Welsh publications in line with the Welsh language standards. The COVID-19 pandemic has closed many venues this year, however the budget has remained in place (and been temporarily increased) to ensure these venues can reopen when safe to do so.</p>
<p><u>A Globally Responsible Wales</u> A nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing</p>	YES	<p>The budget supports the Council in working promoting Swansea as a sustainable tourism destination and the budget supports the Council in working to play its part in meeting global challenges.</p>

such a thing may make a positive contribution to global well-being.		Cabinet recently resolved to develop the longer term Climate Change Strategy. The budget's focus on improving efficiency and better use of resources reduces negative impacts on the planet.
Contribution to the seven well-being goals taken together collectively as a set.		<p>The budget is allocated across all services of the Council and as such contributes to all well-being goals. These goals are at the heart of everything the Council does. The budget indirectly addresses the need to ensure we continue to contribute each of the goals in the same way that it ensures each of the Council's well-being objectives are delivered by protecting frontline services as far as possible. The approach taken ensures savings do not decimate a single area but are shared across directorates.</p> <p>This is illustrated sharply by the "gearing" effect of savings on services. In other words, if our current savings requirement of £55m over three years were applied, for example, just to Place Services, the budget for this area would have to be almost cut in its entirety. Consequently, other areas such as Education and Social Care also need to face some relative real terms level of reduction over the next three years, given the relative size of their budgets. Equally, however, if the level of funding for 2021-22 were to be sustained in every future year then these planning assumptions could be very fundamentally reshaped and savings asks reduced or possibly even eliminated.</p>

4. Sustainability

Please identify any key risks and how they may be managed/mitigated taking into account the five ways of working

The key risks associated with the Budget are listed in full in the main body of the report, however they can be summarised as changes to levels of assumed funding, assumed costs or changes to legislative requirements. These are mitigated by the provision of a contingency budget and, as a last resort only, the provision of a general reserve. Both of which are provided for the sole use of providing for unforeseen circumstances, with the contingency aimed at day to day variances and the general reserve for major, catastrophic emergencies.

Currently the COVID-19 pandemic is a huge risk, much of the costs and loss of income are covered by grants from the Welsh Government, but the future impact on local government finances is largely unknown. Evaluating future trends and forecasting a variety of future scenarios has improved our resilience and ability to respond to a volatile environment. The prevention principle is helping us to manage demand where possible in remodelling and investing in services. The integration principle helps us ensure that a broad range of services that help contribute to each of our well-being objectives and goals are protected.

How will the project be governed, monitored and sustain itself?

The budget process follows a well-established process of monitoring and reporting. Forecasts are discussed at monthly performance and financial monitoring meetings, and reported to Cabinet on a quarterly basis. In addition, progress on achieving any savings is monitored each month by the Corporate Management Team and the Reshaping and Budget Strategy Board

The Future Generations Commissioners Frameworks will help you complete or expand on this assessment. These tools can be found alongside more information regarding the Well-being of Future Generations Act (Wales) 2015 at <https://www.swansea.gov.uk/wellbeingfuturegenerations>

Revenue Budget 2021/2022

Resources

	ORIGINAL BUDGET 2020/2021 £	ORIGINAL BUDGET 2021/2022 £
Resources Directorate		
Deputy Chief Executive	194,600	194,800
	194,600	194,800
Chief Finance Officer		
Audit	595,800	596,100
Benefits	3,046,800	3,063,100
Finance DMT	230,700	933,500
Financial Services	1,323,000	1,323,800
Pensions	9,600	12,500
Revenues	515,500	751,000
Service Centre	1,971,100	2,136,300
Treasury and Technical	612,700	613,200
	8,305,200	9,429,500
Chief Legal Officer		
Coroners	742,000	731,600
Democratic Services	2,725,100	2,923,100
Information Governance Unit	167,500	173,700
Legal Services	2,323,900	2,296,400
Overview and Scrutiny Unit	210,600	211,500
	6,169,100	6,336,300
Chief Transformation Officer		
Commercial Team & Procurement	408,300	547,600
Corporate Customer Services & Complaints	891,700	939,500
Digital & Transformation Services	7,732,200	8,142,300
Human Resources & Organisational Development	656,700	591,700
Welsh Translation Unit	149,300	312,100
	9,838,200	10,533,200

Revenue Budget 2021/2022

Resources

	ORIGINAL BUDGET 2020/2021 £	ORIGINAL BUDGET 2021/2022 £
Head of Communications & Marketing		
Access to Services	140,600	112,600
Communications	357,700	477,300
Community Integration Team	104,300	104,300
Corporate Marketing	439,700	281,000
Corporate Mgt Team Support	340,700	350,900
Design and Print	124,300	4,500
Health and Safety	811,300	1,048,900
Human Rights	0	50,000
Strategic Delivery Unit	449,300	454,700
	2,767,900	2,884,200
Council Tax Reduction Scheme		
Benefits	22,567,000	25,067,000
	22,567,000	25,067,000
Total Resources	49,842,000	54,445,000

Revenue Budget 2021/2022

Social Services

	ORIGINAL BUDGET 2020/2021 £	ORIGINAL BUDGET 2021/2022 £
Head of Adult Services		
Directorate Services	5,199,750	5,483,950
Disability Residential & Day Care	6,160,400	5,703,300
Integrated Services - Domiciliary Care & Hubs	23,189,350	21,788,350
Integrated Services - External Residential	16,148,850	16,780,850
Integrated Services - Other	3,078,400	2,968,950
Learning Disabilities & Mental Health Support	19,120,800	19,924,850
Older Persons Residential and Day Care	5,407,400	6,150,400
Safeguarding/Wellbeing	1,815,100	2,662,350
West Glamorgan	200,000	202,700
Business Support Review	-181,000	0
Staffing Savings	-189,800	0
	79,949,250	81,665,700
Head of Child & Family Services		
Accommodation Services	19,653,800	21,429,750
Aftercare	1,346,000	2,128,900
Assessment and Care Management	12,902,400	12,852,950
Family Support Services	3,343,800	2,997,300
Regional Services	2,296,150	2,456,650
Residential Care-Internal Provision	702,150	702,650
	40,244,300	42,568,200
Poverty & Prevention		
Commissioned Services	1,085,500	1,519,000
Domestic Abuse Services	586,500	552,500
Early Help and Family Support	383,400	380,000
Early Years and Play	588,100	499,800
Tackling Poverty Service	911,550	714,200
Young Peoples Services	985,400	794,600
	4,540,450	4,460,100
Total Social Services	124,734,000	128,694,000

Revenue Budget 2021/2022

Education

	ORIGINAL BUDGET 2020/2021 £	ORIGINAL BUDGET 2021/2022 £
Delegated Schools		
School Cost Centres	160,452,000	167,304,000
	160,452,000	167,304,000
Director of Education		
Mgt & Admin Effectiveness	144,000	145,400
Schools At Risk	109,100	109,100
	253,100	254,500
Head of Achievement & Partnership Service		
Education Improvement Service	1,170,600	1,043,700
Management Systems Unit	218,500	310,500
Welsh Service	0	0
	1,389,100	1,354,200
Head of Vulnerable Learner Service		
Behaviour, Learning Support & EOTAS	6,344,300	6,236,300
Cleaning Services	101,800	135,800
Ethnic Minority Achievement Unit	0	0
Miscellaneous Grants	103,800	103,800
Psychology Service	664,400	664,400
Recoupment/Out of County	885,000	885,000
School And Governor Unit	351,700	342,700
School Meals	708,400	968,400
SEN Statementing & Support	4,954,900	5,312,100
STF Additional Hours	1,039,400	1,041,900
Swansea Music Service	13,000	0
Transport	8,085,200	8,370,200
Welfare Service	518,300	518,200
	23,770,200	24,578,800

Revenue Budget 2021/2022

Education

	ORIGINAL BUDGET 2020/2021 £	ORIGINAL BUDGET 2021/2022 £
Head of Education Planning & Resources		
Additional School Support	36,200	78,200
Broadband & Cloud Technology	284,900	284,900
Capital Planning & Delivery Unit	344,800	344,800
Continuing Education & Pensions	402,300	402,300
Education Improvement Grant for Schools	714,000	714,000
Empty Properties	14,500	16,000
Funding & Information Unit	49,600	99,600
Health & Safety	84,500	84,500
Learning Portal Team	38,500	38,500
Management & Admin-Planning & Resources	105,000	105,000
Non Delegated - Pensions, Insurance & Public Duties	5,913,375	6,387,775
Post 16 Funding	-5,132,945	-5,279,500
Pupil Deprivation Grant	-7,011,930	-8,462,375
Stakeholder Engagement Unit	125,800	125,800
	-4,031,400	-5,060,500
Total Education	181,833,000	188,431,000

Revenue Budget 2021/2022

Place

	ORIGINAL BUDGET 2020/2021 £	ORIGINAL BUDGET 2021/2022 £
Head of Corporate Building		
Property Preventative Maintenance	2,951,200	2,901,200
Building Services Trading	1,102,500	1,174,700
	4,053,700	4,075,900
Head of Corporate Property		
Facilities Management	1,938,801	1,944,101
Strategic Estates Properties	426,100	391,000
	2,364,901	2,335,101
Head of Highways & Transportation		
Car Parking and Enforcement	-3,197,200	-3,186,800
Transportation	5,108,700	5,106,400
Traffic Management	1,203,000	1,206,800
Central Transport	-730,000	-849,200
Engineering	706,900	650,900
Highways	7,355,900	7,460,800
Swansea Marina	-70,200	-195,860
Directorate and Other Costs	-121,000	-120,500
	10,256,100	10,072,540
Head of Waste Cleansing & Parks		
Household Waste Recycling Centres	1,430,500	1,511,134
Parks	5,335,196	5,350,696
Recycling and Residual Waste Collection	7,565,200	6,689,811
Residual Disposal/Tir John	3,574,900	3,864,240
Trade Refuse	-546,000	-469,855
Neighbourhood Working	5,300,004	5,298,404
Directorate and Other Costs	137,800	687,270
	22,797,600	22,931,700
Place Directorate		
Place Directorate	1,012,300	1,099,800
Arena	0	200,000
Temporary COVID Impacts	0	6,000,000
Workstreams	-728,200	-828,200
	284,100	6,471,600

Revenue Budget 2021/2022

Place

	ORIGINAL BUDGET 2020/2021 £	ORIGINAL BUDGET 2021/2022 £
Head of Cultural Services		
Archives	222,700	223,350
Arts	2,191,099	2,177,999
Community Buildings	216,200	282,200
Development and Outreach	257,100	259,400
Libraries	3,045,100	3,059,400
Sport and Recreation	2,688,600	2,831,760
Tourism, Marketing & Events	1,608,100	1,609,900
Directorate and Other Costs	628,200	568,400
	10,857,099	11,012,409
Head of Planning & City Regeneration		
Business Support	353,619	353,619
Property Development	1,279,198	1,279,598
City Centre Management & Indoor Market	-383,500	-375,500
European & External Funding Team	0	0
Major Projects, Design and Conservation	120,700	120,700
Planning Control	459,500	463,000
Planning Policy and Environment	940,500	997,600
Directorate and Other Costs	391,483	393,383
	3,161,500	3,232,400
Head of Housing & Public Health		
Building Regulations	140,400	131,150
Burials and Cremations	-1,011,100	-1,110,400
Food Safety	667,600	662,700
Licensing	-35,500	-41,500
Pollution	653,800	630,000
Public Health	746,700	757,600
Registrars	-33,500	-79,400
Trading Standards	608,600	593,600
Housing Grants to the Independent Sector	40,500	40,500
Housing Renewals and Adaptations	59,800	46,500
Housing Strategy, Advice and Support	1,892,100	1,892,500
Other Housing Services	509,000	511,000
Directorate and Other Costs	292,600	303,100
	4,531,000	4,337,350
Total Place	58,306,000	64,469,000

Agenda Item 10.



Report of the Section 151 Officer

Council - 4 March 2021

Capital Budget & Programme 2020/21- 2026/27

Purpose:	This report proposes a revised capital budget for 2020/21 and a capital budget for 2021/22 - 2026/27
Policy Framework:	Sustainable Swansea – Fit for the Future
Consultation:	Cabinet Members, Corporate Management Team (CMT), Legal, Finance and Access to Services
Recommendation(s):	It is recommended that: 1) The revised capital budget for 2020/21 and a capital budget for 2021/22 – 2026/27 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 2020/21
- Capital expenditure and financing proposals for 2021/22 – 2026/27

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 2020/21 - 2026/27

Appendix B Total General Fund Financing 2020/21 - 2026/27

Appendix C General Fund Capital Budget Expenditure (excluding C21st School programme and Swansea Central City Deal Schemes) 2020/21 - 2026/27

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

Appendix E C21st Schools Programme Band B Capital Expenditure and Budget 2017/18 – 2026/27

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

Appendix G Material changes to the original 2020/21 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 through the Band B phase of the 21st Century Schools Programme, with a number of builds commenced during 2020-21
- Swansea Bay City Deal schemes, the construction phase for Phase 1 the Arena and design / approved planning / procurement for Phase 2 Digital Village
- A significant programme of capital expenditure to assist the City's economic recovery from the Covid 19 pandemic

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 medium/long term envelope of affordability.

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.

This has been an unprecedented year for the Council, maintaining business as usual alongside delivering an already ambitious capital programme whilst managing the impacts of the Covid 19 pandemic. It soon became clear that the Council had a leading role to play in facing the challenges posed by the pandemic in delivering emergency Covid grant payments to local businesses

and carers, whilst leading the procurement and sourcing of vital scarce PPE for the region in the early days of the pandemic.

As part of the Region's response to address projected increased demand on hospital services as a result of the Covid 19 pandemic, Swansea Council was asked by Swansea Bay University Health Board (SBUHB)/ Welsh Government (WG) to deliver a 1,000 bed Surge Hospital on the site of the old Bay Studios in SA1.

The scheme was completed in an exceptionally short timeframe. It was conceived, designed, delivered and operational within 3 months (April – June 2020) by Corporate Building Services in partnership with SBUHB / WG and our partner sub-contractors, Kier and TRJ.

- 1.7 Band A and Band B of the Welsh Government's 21st Century Schools and Colleges programme represent the largest single component of capital investment incorporated within the proposed capital programme. The numerous schemes comprise new school builds and significant asset improvements for both English and Welsh medium Schools throughout Swansea.
- 1.8 The Swansea City & Waterfront Digital District project is one of nine 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 capacity 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. After an FPR7 report to cabinet the Digital Square construction has been on site for 12 months and has a further 9 months to go subject to the impact of covid-19. The Arena operator is contracted under an agreement for lease. With regard to Digital Village, a planning consent has been granted and contractor procurement has commenced, a cabinet FPR7 report seeking funding to build the scheme is planned for March 2021 with a potential start on site in May 2021.

The Council is seeking a long term partner for the next phases of regeneration for Swansea through the Shaping Swansea procurement process, a competitive dialogue process has commenced with a partner to be selected in September 2021. The partner and the council will then progress the 7 sites as set out in the procurement process.

2. Capital Budget 2020/21-2026/27

- 2.1 Total General Fund Expenditure in the current year is forecast to be £204.457m (see Appendix A) an increase of £89.201m (see Appendix G) compared with the original estimate of £115.256m 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 2020, together with increases in the cost of schemes following detailed design and planning.

- Reprofiled forecast Cashflow of Swansea Central City Deal Arena scheme
- The net balance of schemes reprofiled from 2019/20 into 2020/21 and schemes reprofiled from 2020/21 into 2021/22.

2.2

The proposed capital programme 2020/21 – 2026/27 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 2020/21 -2026/27

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 20th February 2020 outlined an unsupported borrowing requirement in the five year forward programme of £178.699m

2.3.3 The updated total Capital programme which includes C21st Schools and Swansea Central City Deal Phase1 Arena highlights a 6 year forward expenditure programme plus 2020-21 of £499.049m (Appendix A) identifying an unsupported borrowing requirement of £180.724m (Appendix B). 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 within the General Fund Capital Programme which are partially or fully 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 £8.3m (borrowing will be financed by future rental income)
- Swansea Vale new car park facility £3.1m (borrowing will be financed by future rental income)
- Capital contingency of £20m to assist the City's economic recovery from the Covid 19 pandemic

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 2020/21 -2026/27

- 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 on the 1 April 2019 .
- 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 completed with the handover of Gorseinon Primary School in August 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 £35.848m from unsupported 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 have made good progress despite the challenges posed by the pandemic. Particular issues include matters such as the capacity of contractors to maintain progress of schemes to timescales with the impact on the availability of staff, the impact on the procurement and supply chains involved for materials, and the limitations of meetings on site.
- 2.4.9 The first project, a new build for Education Other Than At School (EOTAS) at Cockett; is currently on site and construction is due for completion in early 2021.
- 2.4.10 The extension, remodelling and refurbishment of Bishopston Comprehensive School started on site in June 2020 and is due to be completed in autumn 2022. The first phase of that project was the construction of a new modular block that was handed over in December 2020.

The new builds for YGG Tan y lan and YGG Tirdeunaw also started on site in 2020 and both are due to be completed at the end of 2021, ready for occupation by the schools early in 2022. The extension and remodelling project at YG Gwyr also started on site in the summer of 2020 and is on track for completion in December 2021.

Pre-construction phase scoping and feasibility is now in progress for the projects for YGG Bryntawe to provide additional capacity and address condition and suitability issues at Gowerton secondary school.

The planning for the next phase of the programme will now commence so that the final phases of Band B can be brought forward.

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.

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 at a cost of £134.837m (Appendix F). The detailed outstanding financing for this scheme is shown in Appendix B and spend will be funded from a combination of City Deal grant, WG grants, capital receipts and predominantly unsupported borrowing.
- 2.5.2 The Swansea Central City Deal Phase 2 Digital Village scheme is at contractor procurement stage and as noted in paragraph 1.8, a cabinet FPR7 report seeking funding to build the scheme is planned for March 2021 with a potential start on site in May 2021. The current approved 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 £180.724m towards forecast expenditure of £499.049m (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 £180.724m 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. It was recognised there would be short term 'savings' which would reverse in later years, therefore the establishments of the capital equalization reserve was approved by Council to mitigate and forward plan for the same. Having taken advantage of the low interest rate and volatility in the market to externalise some of its borrowing requirement in 2018/19, by borrowing £90m, although 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 remaining external borrowing shall be averaged in the short/medium term, as the capital programme develops with the associated increase in interest payments. It should be noted that the 1% premium imposed on PWLB borrowing was removed in Nov 2020 with stringent guidance outlining what PWLB borrowing can and cannot be used for. The most economically / operationally advantageous form of borrowing shall be determined by the S151 Officer.

2.6.5 Noting the programmed profile of grant payments in respect of The Swansea Bay City Deal Financing, it has been determined prudent to utilise the already established 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.

7.2 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 2020/21 - 2026/27
- Appendix B Total General Fund Financing 2020/21 - 2026/27
- Appendix C General Fund Capital Budget Expenditure (excluding C21st School programme and Swansea Central City Deal Schemes) 2020/21 - 2026/27
- Appendix D C21st Schools Programme Band A Capital Expenditure and Budget 2012/13 – 2021/22
- Appendix E C21st Schools Programme Band B Capital Expenditure and Budget 2017/18 – 2026/27
- Appendix F Swansea Central City Deal Capital Expenditure and Budget 2019/20 – 2021/22
- Appendix G Material changes to the original 2020/21 budget

Total General Fund Capital Budget Expenditure 2020/21 - 2026/27

Appendix A

		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total General Fund (Excluding C21st School and Swansea Central City Deal schemes)	App C	101,686	55,595	26,264	18,123	17,139	12,762	12,762	244,331
C21st Schools Band A	App D	2,907	88						2,995
C21st Schools Band B	App E	24,387	18,963	11,533	31,217	33,240	18,908	7,678	145,926
City Deal Swansea Central Phase 1 Arena	App F	74,591	30,044						104,635
City Deal Swansea Central Phase 2 Digital Village	App F	1,162	0						1,162
Total General Fund (including Schools and City Deal schemes)		204,733	104,690	37,797	49,340	50,379	31,670	20,440	499,049
Less waste provision		-276							
Total General Fund (including Schools and City Deal schemes)		204,457	104,690	37,797	49,340	50,379	31,670	20,440	499,049

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
GF Financing (Excluding C21st Schools and Swansea Central City Deal)								
Supported Borrowing								
Welsh Government Supported Borrowing	6,483	6,372	6,372	6,372	6,372	6,372	6,372	44,715
Grants and Contributions								
Welsh Government General Capital Grant	6,501	6,390	6,390	6,390	6,390	6,390	6,390	44,841
Welsh Government specific grants	20,500	5,463	176					26,139
European grants	2,217	450	450					3,117
Other Grants	3,601	2,346		38				5,985
Contributions	21,920	16		37				21,973
Capital Receipts								0
Earmarked Capital receipts	2,846	1,313	1,730					5,889
General Capital receipts	484	6,825	7,113	1,500	1,490			17,412
Revenue and Reserve Contributions (including provision for waste schemes)								
	5,759	1,261	260	1,036	2,377			10,693
Financing excluding unsupported borrowing	70,311	30,436	22,491	15,373	16,629	12,762	12,762	180,764
Unsupported borrowing requirement	31,375	25,159	3,773	2,750	510	0	0	63,567
GF Financing (Excluding C21st Schools and City Deal)	101,686	55,595	26,264	18,123	17,139	12,762	12,762	244,331
C21st School Band A Financing								
21st Century Programme Schemes - grant								0
Unsupported borrowing requirement	2,907	88						2,995
C21st School Band A Financing	2,907	88	0	0	0	0	0	2,995
C21st School Band B Financing								
WG Traditional capital grant funding	18,037	8,617	5,801	14,922	15,320	13,103	6,234	82,034
WG Welsh Medium grant	1,558	717	14					2,289
WG Mutual Investment Model financing (including VA school)			1,181	6,989	10,046	943		19,159
CCS Mutual Investment Model financing		250	489	954	2,176	219		4,088
S106 Contributions		159	409	1,007	2,262	293		4,130
Unsupported borrowing requirement	4,792	9,220	3,639	7,345	3,436	4,350	1,444	34,226
C21st School Band B Financing	24,387	18,963	11,533	31,217	33,240	18,908	7,678	145,926
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)	11,035	11,814						22,849
Grants (ATF + ERDF)	2,200							2,200
Unsupported borrowing requirement	61,356	13,330						74,686
Swansea Central Phase 1 Arena Financing	74,591	30,044	0	0	0	0	0	104,635
Swansea Central Phase 2 Digital Village								
Unsupported borrowing requirement	1,162							1,162
Swansea Central City Deal Schemes Financing	75,753	30,044	0	0	0	0	0	105,797
Total General Fund Financing	204,733	104,690	37,797	49,340	50,379	31,670	20,440	499,049
Total General Fund Unsupported Borrowing Requirement								
General Fund Unsupported borrowing requirement	31,375	25,159	3,773	2,750	510	0	0	63,567
C21st School unsupported borrowing requirement Band A	2,907	88	0					2,995
C21st School unsupported borrowing requirement Band B	4,792	9,470	4,128	8,299	5,612	4,569	1,444	38,314
Swansea Central City Deal schemes unsupported borrowing requirement	62,518	13,330	0					75,848
Total GF unsupported borrowing requirement including C21st Schools and Swansea Central City Deal schemes	101,592	48,047	7,901	11,049	6,122	4,569	1,444	180,724

General Fund Capital Budget Expenditure (excluding C21st School programme and Swansea Central City Deal Schemes) 2020/21 - 2026/27

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Directorate								
Resources (see schemes below)	2,656	13,056	6,000	4,000	2,000			27,712
People (see schemes below)	4,653	405						5,058
Place (see schemes below)	94,377	42,134	20,264	14,123	15,139	12,762	12,762	211,561
Total Expenditure	101,686	55,595	26,264	18,123	17,139	12,762	12,762	244,331
Director of Resources								
Digital & Transformation								
Hwb in schools Infrastructure	546							546
Digital Business Strategy	137	113						250
Agile IT - mobile phones		721						721
Agile IT - accessories	18	267						285
Mobile IT - laptops	615	2,618						3,233
ERP System Upgrade	597	114						711
ICT equipment staff reimbursement scheme	400							400
Wifi infrastructure in commercial centres	150							150
Other IT schemes	65	54						119
Capital creditors for 2019-20 paid in 2020-21	128							128
Financial Services								
Corporate Contingency		9,169	6,000	4,000	2,000			21,169
Total for Director of Resources	2,656	13,056	6,000	4,000	2,000			27,712
Director of People								
Education (excluding 21st Century schools programme)								
Primary and secondary school schemes (not within C21st), including flying start schemes	336							336
Flying Start schemes	78							78
VA Schools repair works	229							229
Reducing Infant Class sizes	769	359						1,128
Welsh Medium grant schemes	16	46						62

General Fund Capital Budget Expenditure (excluding C21st School programme and Swansea Central City Deal Schemes) 2020/21 - 2026/27

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Poverty & Prevention								
Borfa Activity Centre	137							137
Other schemes	83							83
Social Services								
Residential home for young people	143							143
Enable scheme (support for independent living)	304							304
Nant-y-felin conversion	107							107
Intermediate Care Fund schemes	2,209							2,209
Social services schemes - response to COVID	158							158
Capital creditors for 2019-20 paid in 2020-21	84							84
Total for Director of People	4,653	405						5,058
Director of Place								
Highways & Transportation								
Active Travel schemes (excluding City Bridge funding)	4,427							4,427
SRIC - Clydach and Gower	900							900
Road Safety/Traffic grant Schemes	879							879
Local Transport Fund schemes	2,730							2,730
LTNF Strategic bus corridor improvements	409							409
Traffic network schemes	108							108
Structural maintenance roads, including carriageway resurfacing, footways and lighting	7,131							7,131
Highways annual allocation		3,468	3,468	3,468	3,468	3,468	3,468	20,808
Highways Infrastructure additional Capital Maintenance (funded by reserves)								
Additional WG grant funding for carriageway resurfacing, footways and safety barriers	1,190							1,190

General Fund Capital Budget Expenditure (excluding C21st School programme and Swansea Central City Deal Schemes) 2020/21 - 2026/27

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Highways/Infrastructure additional Capital for carriageways, traffic network and drainage schemes (within commissioning review)		1,400						1,400
Seawall repairs Mumbles programme	427	1,482						1,909
Integrated Transport Unit	1,406	811						2,217
Slip Bridge Refurbishment	313	738						1,051
Pont-y-Lon Bridge		50	139					139
Bascule Bridge			656					706
Other Bridges & retaining Walls	117							117
Drainage and flood alleviation grant schemes	718							718
Marina barrage schemes	702							702
Bailing plant and recycling centre roads	122							122
Park & Ride extension and salt storage								
Oxford Street trip upgrade	500							500
St Helen's Road upgrade		300						300
Local Sustainable Transport COVID Response	600							600
Graig road emergency repairs	550							550
Other highways schemes	733							733
Waste Management								
Tir John works	276	174	260	1,036	2,377			4,123
Absorbent waste schemes	932							932
Facility to collect and recycle electrical waste	184							184
Wood Re-use & Recycling Centre	99							99
Other waste schemes	101							101
Culture,Sport,Leisure & Tourism								
Leisure Centre improvements (Freedom Leisure schemes)	453	589						1,042
Heol Las Park play area and cricket club changing area								
3G Pitch Cefn Hengoed Comprehensive School		392	100					492
3G Pitch expansion (match funding for 2 x 3G pitches)			250	250				500

General Fund Capital Budget Expenditure (excluding C21st School programme and Swansea Central City Deal Schemes) 2020/21 - 2026/27

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Library Service	45							45
Glynn Vivian Art Gallery				75				75
Other Culture, Sport, Leisure & Tourism schemes	158	93						251
Economic Regeneration & Planning (Excluding Swansea Central City Deal schemes)								
Kingsway Urban Parkway	3,439							3,439
Civic Centre Relocation								
Wind Street improvements	500	2,380						2,880
Skyline	87							87
Hafod/Morfa Copper Powerhouse	2,283	2,932						5,215
City Centre acquisition and development	1,867	2,359	2,360					6,586
Swansea Vale infrastructure/studies	206	563	1,591					2,360
Palace Theatre Redevelopment	698	5,518	206					6,422
TRI programme - Property Enhancement Development Grant	519							519
TRI programme - Sustainable Living Grant	421							421
TRI programme - Strategic	200							200
Green Infrastructure	785							785
Green Infrastructure & Nature Recovery	171							171
Economic Stimulus	2,400							2,400
Swansea Market Improvements	439							439
Other regeneration schemes	174							174
Housing GF								
DFG's -1996 Act	2,500	1,870						4,370
Housing GF annual allocation		5,200	5,200	5,200	5,200	5,200	5,200	31,200
Sandfields Renewal Area	35	336						371
Property Appreciation Loans (CCS funded)	180	416						596
Grant For Nominations	14	47						61
Comfort Safety & Security Grants (CSS)	38							38
Mini Adaptation Grants (MAG)	370							370
Ty Tom Jones scheme for Homeless people	73							73

General Fund Capital Budget Expenditure (excluding C21st School programme and Swansea Central City Deal Schemes) 2020/21 - 2026/27

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Valleys Task Force Empty Properties Scheme	400							400
Western Valleys Empty Properties Scheme		520						520
Warm Homes Fund	188	282						470
FLARE IT system replacement	120							120
Corporate Building								
Bay Studios hospital	20,904							20,904
Capital Maintenance allocated including Schools additional capital maintenance	9,274							9,274
Social Services premises backlog maintenance		1,309						1,309
Capital Maintenance unallocated		4,094	4,094	4,094	4,094	4,094	4,094	24,564
Additional Schools Capital Maintenance								
Corporate Property								
Accommodation Strategy (agile working)	300	1,061						1,361
Guildhall Roofing works	101							101
Relocate Gorseinon DHO	108							108
Depot Review - Pipehouse Wharf Replacement	1,668							1,668
Property Investment Portfolio (the funding for this will be repaid by future rental income)	8,301							8,301
Energy Efficiency schemes funded by WG Salix loan	1,340							1,340
Public Sector Hub planning and design	1,485							1,485
Swansea Vale new car park facility	500	2,600						3,100
Tir John Solar Panel Farm	20	400	1,940					2,360
Capital Community Schemes for Play	250	750						1,000
Capital Community Schemes for Highways	1,000							1,000
Capital creditors for 2019-20 paid in 2020-21	4,809							4,809
Total for Director of Place	94,377	42,134	20,264	14,123	15,139	12,762	12,762	211,561

C21st Schools Programme Capital Expenditure and Budget 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	Actual spend	Forecast spend	Forecast spend	
Expenditure	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
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	277	32		9,844
Glyncollen and Newton Primary improvements		393	1,007								1,400
Phase 2											0
Pentrehafod remodelling				52	3,704	6,951	3,418	539	405		15,069
Gorseinon Primary new school build			51	332	11	30	6	3,887	2,459	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	4,703	2,907	88	73,547

C21st Schools Programme Capital Expenditure and Budget 2017/18 - 2026/27

Appendix E

			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Band B	Progress		Actual spend £'000	Actual spend £'000	Actual spend £'000	Forecast 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 - completion due early 21	155	607	3,777	4,552	551						9,642
YGG Tan-y-Lan	Capital	On site	2	177	219	4,141	5,113	249					9,901
YG Gwyr	Capital	On site		112	187	3,407	2,826	186					6,718
YG Bryntawe	Capital	Concept design stage			14	150	304	2,557	5,115	252			8,392
YGG Tirdeunaw	Capital	On site		165	141	6,855	4,207	183					11,551
Bishopston Comprehensive School	Capital	On site	35	100	448	5,232	5,423	2,506	64				13,808
Gowerton Comprehensive School	Capital	Concept design stage			15	50	239	2,807	5,352	262			8,725
English Medium Secondary School	Capital	Pending					50	225	7,520	120			7,915
English Medium Primary Scheme 2	Capital	Pending						150	435	3,271	495	0	4,351
Lougher / Kingsbridge new build welsh primary	Capital	Pending						275	3,690	5,761	400		10,126
Lougher / Kingsbridge remodelled English primary	Capital	Pending						150	598	1,533	18		2,299
Special Schools	Capital	Pending						575	500	9,819	16,833	7,678	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	4,801	24,387	18,963	11,533	31,217	33,240	18,908	7,678	152,080

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

Appendix F

	spend to 2018/19	2019/20	2020/21	2021/22	Total
	Actual spend £'000	Actual spend £'000	Forecast spend £'000	Forecast spend £'000	£'000
Swansea Central Phase 1 Arena Expenditure					
RIBA stage 4, enabling works and fees	9,413	9,499			18,912
Construction including main contract and internal staff		11,290	74,591	30,044	115,925
Total Expenditure	9,413	20,789	74,591	30,044	134,837
Swansea Central Phase 2 Digital Village Expenditure	£'000	£'000	£'000	£'000	£'000
Design & Planning	343	903	1,162		2,408
					0
Total Expenditure	343	903	1,162	0	2,408

Scheme	Source of Funding	2020/21 Change £'000
Director of Resources		
Digital & Transformation		
HWB in Schools Infrastructure	Grant	561
Director of People		
Education Planning & Resources		
Flying Start Capital Grant 20/21	Grant	78
Reducing Infant Class Sizes - Hendrefoilan Primary	Grant	519
Reducing Infant Class Sizes - YGG Bryniago	Grant	219
YGG Pontybrennin - Bringing 2 classrooms back into use	Contribution S106	74
Social Services		
ENABLE Independent Living Grant	Grant	304
Refurbishment Work 70-72 Alexandra Road, Gorseinon (COVID)	Grant/Revenue	80
Purchase of additional vehicles to support the Community Equipment Store	Grant/Revenue	245
Early Help Family Support Locality Hubs	Grant	585
Director of Place		
Highways & Transportation		
WG Highways Refurbishment Grant 20/21	Grant	1,190
Local Transport Fund 20/21	Grant	482
Local Transport Network Fund 20/21	Grant	400
Road Safety 20/21	Grant	879
Safer Routes In Communities 20/21	Grant	508
Active Travel Fund 20/21	Grant	5,117
Local Sustainable Transport Covid Response 20/21	Grant	600
Purchase of new equipment for the new CTU site	Revenue	313
Graig Road Emergency Repair Work	Borrowing	550
MOVA Upgrade Fabian Way/Langdon Road	Contribution S106	34
Local Transport Fund Baldwins Bridge Interchange	Grant	1,610
Additional Carriageway Resurfacing	Reserves	2,000
Waste Management		
WG Absorbent Hygiene Products Waste Programme	Grant	603
Facility to Collect and Recycle Electrical Waste Items	Contribution/Revenue	154
Purchase of Graffiti Van and Pressure Washers	Revenue	75
Wood Re-use & Re-cycling Centre	Grant	99
Economic Regeneration & Planning		
Swansea Market Improvements	Grant	184
WG TRI Prog Strategic Project	Grant	200
WG TRI Prog - Strategic Project Wind Street Re-imagined	Grant	428
WG Transforming Towns Green Infrastructure Project	Grant	785
Green Infrastructure and Nature Recovery	Grant	171
City Centre acquisition	Borrowing	1,867
Housing & Public Protection		
Re-commissioning of Ty Tom Jones (Foyer) to support homeless vulnerable people during the COVID 19 Crisis	Grant	73
Warm Homes - first time central heating in private sector homes	Grant	188
Valleys Task Force Empty Property Grant Scheme	Grant	260
Corporate Building		
Additional Capital Maintenance - For Schools	Grant/Borrowing	3,125
Bay Studios Nightingale Hospital (COVID 19)	Contribution SBUHB	20,904
Corporate Property		
Refurb of Gorseinon Library to accommodate Gorseinon DHO	Revenue	109
Public Sector Hub Stage 1	Revenue	485
Capital Community Play Schemes	Borrowing	250
Tir John Solar Power Farm	Borrowing	20
Property Investment Portfolio Acquisitions	Borrowing	4,937
Reprofiled Spending into 2020-21 - All Services (mainly for Swansea Central Phase 1 Arena)	Various	37,936
TOTAL MATERIAL CHANGES		89,201

Agenda Item 11.



Report of the Section 151 Officer

Council – 4 March 2021

Housing Revenue Account (HRA) - Revenue Budget 2021/22

Purpose:	This report proposes a Revenue Budget for 21/22 and a rent increase for properties within the HRA
Policy Framework:	None.
Consultation:	Cabinet Members, Finance, & Legal
Recommendation(s):	It is recommended that the following budget proposals be approved: 1) Rents to be increased in line with the new Welsh Government policy as detailed in section 3; 2) Fees, charges and allowances are approved as outlined in section 4; 3) The revenue budget proposals as detailed in section 4.
Report Authors:	Mark Wade / Ben Smith
Finance Officer:	Aimee Dyer
Legal Officer:	Debbie Smith
Access to Services Officer:	Catherine Window

1. Introduction

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

- the requirement to achieve and maintain the Welsh Housing Quality Standard (WHQS);
- the funding requirements of the More Homes Programme;
- future income and expenditure trends;
- changes to the Welsh Governments rents policy;
- the affordability of rent increases;
- cost efficiencies and value for money

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

2. Projected Revenue Outturn 2020/21

- 2.1 The Covid situation has had a considerable impact on the HRA revenue budget in 2020/21. The revenue repairs budget is forecast to be significantly underspent by £1m due to Covid restrictions on entering properties. The crisis has also impacted the delivery of the HRA Capital Programme with commensurate reduction in spend and revenue financing costs. It is forecast that financing costs could be reduced by around £0.55m. There are also underspends on transport and employees of £0.17m.
- 2.2 Whilst income collection rates have not been significantly affected, the economic impact of the crisis continues and rent income is being closely monitored.

3. Rent Income

- 3.1 The Welsh Government have made 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;
- Based on the most up to date information available, the current average weekly rent compares favourably with other Welsh social landlords ranking 26th highest out of 49.
 - The current average rent is significantly lower than the average private sector. The latest available figure for 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.
 - The latest 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 2021/22 would be 1.5%. This would equate to an average increase of £1.47 per week and an average weekly rent of £99.64 (based on 50 weeks).

4. Revenue Budget Proposals 2021/22

4.1 Overview

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

4.1.2 A detailed analysis of office running costs budgets has been undertaken linked to the outcome of the Housing Commissioning Review and budget efficiency savings of £26k have been identified.

4.1.3 The main budget increases from 2020/21 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 Insurance costs of £82k largely as a result of an increase in the budget for disrepair claims and an increase in the costs of insuring High Rise blocks. In addition, an inflationary increase in revenue repairs of £70k, an increase in the provision for bad debt of £29k due to the impact of Universal Credit and an increase in IT licence fee costs of £26k to fund the Housing Digital Portal.

4.1.4 The main changes to funding/income are an increase in rent and other income of £1.12m arising from the proposed rent increases and £0.02m from increases in other charges including charges for furnished tenancies and some sheltered service charges.

4.1.5 The main changes from the 2020/21 budget are shown in the following table:-

Item	£000
Increase in Revenue Contribution to Capital	1,000
Increase in insurance costs	82
Increase in Revenue Repairs Budget	70
Increase in the use of reserves	48
Increase in the provision for bad debts	30
Increase in IT costs	27
Reduction in Finance Charges	-109
Reduction in office running costs	-26
Additional income including 1.5% rent increase and increases in other charges	-1,123

4.1.6 There is a projected surplus on the HRA next year of £27.5m. This surplus will contribute towards the capital programme of £59.08m in 2021/22. This investment is needed to complete work to meet the WHQS and for the More Homes Programme.

4.2 Inflation

No provision has been included in the budget for an average annual pay increase other than an increase of £250 for staff on spinal point 15 and below. 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 2021/22 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 1.5% or with CPI.

4.5 *Contributions to the Capital Programme*

The additional income enables a contribution of £27.5m to the capital programme.

5. Risks and Uncertainties

- 5.1 The main risk and uncertainty for next year is the ongoing impact of the Covid pandemic with a potential increase in the number of tenants moving onto benefits such as of universal credit which could have an impact on levels of income collection. 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 £5.53m. 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 2021/22. 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.

- 7.3 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 1 - Table A: Summarised HRA 2020/21 to 2021/22

- Table B: Movement in Balances 2020 to 2021/22

Appendix 2 – Equality Impact Assessment Screening Form

Table A: Summarised HRA 2020/21 to 2021/22

Classification	Budget 2020/21	Budget 2021/22
	£'000	£'000
<u>Expenditure</u>		
Management and Maintenance	31,871	32,059
Capital Charges	10,508	10,399
Revenue Funding for capital schemes	26,457	27,457
Increase in Balances		48
Total Expenditure	68,836	69,963
<u>Income</u>		
Rents and other income	68,494	69,617
Affordable Housing Grant	346	346
Total Income	68,836	69,963

Table B: Movement in Balances 2020/21 to 2021/22

Description	£000's
Actual balance at 1 st April 2020	-5,341
Budgeted use 20/21	0
Budgeted balance 31st March 2021	-5,341
Forecast change 2020/21	-191
Forecast balance 31st March 2021	-5,532
Budgeted change 2021/22	-48
Forecast balance 31st March 2022	-5,580

Equality Impact Assessment Screening Form – Appendix 2

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 2021/22 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 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

(H)

Indirect front line
service delivery

(M)

Indirect back room
service delivery

(L)

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

Because they
need to

(H)

Because they
want to

(M)

Because it is
automatically provided to
everyone in Swansea

(M)

On an internal
basis
i.e. Staff

(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 and IT Coordinator
Date:	22/01/2021
Approval by Head of Service:	
Name:	Mark Wade
Position:	Head of Housing and Public Health
Date:	26/01/2021

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

Agenda Item 12.



Report of the Section 151 Officer & the Director of Place

Council – 4 March 2021

Housing Revenue Account – Capital Budget & Programme 2020/21 – 2024/25

Purpose:	This report proposes a revised capital budget for 2020/21 and a capital budget for 2021/22 – 2024/25
Policy Framework:	None
Consultation:	Cabinet Members, Legal, Finance & Access to Services
Recommendation(s):	It is recommended that: <ol style="list-style-type: none">1) The transfers between schemes and the revised budgets for schemes in 2020/21 be approved.2) The budget proposals for 2021/22 – 2024/25 be approved.3) 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 4 years be approved.4) WHQS compliance levels and deadline extension be noted.
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 2020/21
- HRA Capital expenditure and financing proposals in 2021/22 – 2024/25

- 1.2 The budget proposals are further detailed in the appendices to this report as follows:
- Appendix A: Summary of the revised budget for 2020/21 and a budget for 2021/22 – 2024/25
 - Appendix B: Detailed breakdown of the revised budget for 2020/21 and a budget for 2021/22 – 2024/25
 - Appendix C: Welsh Housing Quality Standard (WHQS) and More Homes scheme descriptions

2.0 Capital Budget

- 2.1 The revised programme for the current year is £44.04m i.e. an original budget of £52.6m plus carry-forward from 2019/20 of £1.55m, additional More Homes Schemes of £4.06m less slippage into 2021/22 of £14.13m and other budget adjustments of £0.04m.
- 2.2 Slippage from 2020/21 into 2021/22 has occurred due to the impact of Covid 19 and the resulting lock down which halted many work streams in the early part of the financial year. Once restrictions were eased, improvement schemes resumed, though in a limited capacity and are yet to fully return to pre-Covid 19 levels of output. Programmes improving the interior of homes such as electrical rewiring and kitchen and bathrooms have been particularly affected because safe methods of working has impacted productivity.
- 2.3 The revised programme for 2020/21 includes additional More Homes Schemes and some More Homes schemes which have been brought forward from future years. The impact of the pandemic on the homeless meant that in June 2020 the Welsh Government (WG) issued new guidance to local authorities setting out a requirement to produce “Phase 2 Transition Plans”. The fundamental aim of the Transition Plans was to ensure homeless households were brought into emergency temporary accommodation during the pandemic and were supported into long-term self-contained accommodation. In October 2020, Cabinet approved a report which outlined the successful bid for Phase 2 funding. In addition, the Council has been awarded Intermediate Care Fund (ICF) grant funding to acquire additional units of accommodation. Provision has also been made in the More Homes budget to allow for acquisition of sites from the Council’s General Fund to the Housing Revenue Account to be developed directly or as part of a joint venture or partnership arrangement.
- 2.4 Projects unable to fully complete in 2020/21 will be completed within the 2021/22 financial year. The programme for 2021/22 has been developed to ensure existing 2020/21 commitments are met and new 2021/22 work-streams are delivered. Transfers and changes to the 2020/21 budget are reflected and detailed in appendix B.
- 2.5 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 aims of meeting and maintaining the Welsh Housing Quality Standard and increasing the supply of council housing.

3.0 Welsh Housing Quality Standard (WHQS)

- 3.1 The 4 year capital investment programme will ensure the Council reaches WHQS Compliance during 2021 and enters its Maintenance Phase after 2022, in accordance with Welsh Government's guidelines. The delivery of WHQS Compliance programme in 2020 has been affected by the Covid 19 pandemic and the revised programme set out in this report has been developed to accommodate new safe ways of working when delivering improvements to Council homes.
- 3.2 The deadline for meeting the Welsh Housing Quality Standard had originally been set as 31st December 2020. The Council and Welsh Government have worked closely to understand how the delivery of WHQS programmes have been impacted by Covid 19 in 2020/21. Following a written request by the Council, the Welsh Government's minister for Housing and Local Government confirmed Swansea will receive an extension in time of 12 months and the new deadline set to reach the standard as 31st of December 2021. Therefore, the budget for 2021/22 will be the final stage in a 16-year investment programme that will ensure the achievement of the Compliance element of WHQS.
- 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.

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 and 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 needs of their occupants ensuring necessary facilities such as kitchens and bathrooms are sufficient and where required, adaptations are undertaken for persons with disabilities.

4. WHQS Compliance

- 4.1 Each year the Council submits WHQS compliance figures to the Welsh Government. This requirement was suspended due to Covid 19 and the last publicly available figures were reported to full Council in September 2019. To ensure data on WHQS compliance remains publicly available and to highlight the improvements resulting from the investment into council homes, the following figures provide a record of achievement as of the 31st March 2020.
- 4.2 The number of fully compliant homes reached 7,587 which is an increase of 2,172 from the previous year's total of 5,415 properties.
- 4.3 Compliance for the majority of WHQS components is very high, underlining the investment and improvements made to many council homes. The table below sets out the number of compliant properties across ten major areas of the WHQS. Components such as kitchens, bathrooms and gardens which have slightly lower number of compliant properties reflect those work streams which started later in the programme but which are scheduled to complete by the deadline:

WHQS Element	Properties Fully Compliant	% of Fully Compliant Properties
Roofing	13,246	98%
Windows	13,523	100%
Doors	13,524	100%
Kitchens	11,521	85%
Bathrooms	10,375	77%
Heating Systems	11,325	84%
Energy Rating	13,468	99%
Electrical Systems	13,439	99%
Smoke Alarms	13,511	100%
Gardens	8,820	65%

- 4.4 Based on current compliance levels and work programmes in place, it is expected WHQS compliance in line with Welsh Government guidance will be met by the revised deadline.

5. Decarbonisation and Energy Efficiency

- 5.1 The Welsh Government aims to revise the WHQS once the December 2021 compliance deadline has elapsed. As part of the revised WHQS maintenance phase, it is expected energy efficiency requirements will be increased to bring these into line with the Welsh Government's Decarbonisation agenda for social housing. 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 and to assist this process a small number of planned refurbishment schemes will introduce renewable technologies into the specification; the aim being that homes will be cheaper to run for tenants and generate less carbon dioxide.

6.0 More Homes

6.1 The More Homes Strategy for providing new Council housing has been endorsed by Council. Indicative expenditure of £56.2m over 4 years up to 2024/25 for taking forward the strategy has been included in the programme. Cabinet has approved a target of 1,000 new council homes from 2021-2031, and this 4 year programme will enable the construction of around 460 new council homes. This will also include the acquisition of properties and land to develop for council and affordable housing.

7.0 Financing of HRA Capital Budget 2020/21-2024/25

7.1 The attached capital budget proposals will be funded through a combination of Welsh Government (WG) contribution via its Major Repair Allowance (MRA) grant, revenue contributions from the HRA, grants to support new build and borrowing. Details are set out in Appendix A.

7.2 The funding of the attached capital budget proposals requires additional borrowing of £94.8m for the period between 2021/22 and 2024/25. Total forecast of outstanding HRA borrowing at 31 March 2025 is £242.2m.

8.0 Risks

8.1 The risks to the 4 year programme are similar to those set out in the HRA Revenue report. In particular, the level of Major Repair Allowance grant, future rent increases (which are determined by WG) and the effect of Welfare Reform on levels of income which support capital funding.

9.0 Equality and Engagement Implications

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

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 have paid due regard to the above.

9.3 An Equality Impact Assessment (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.

- 9.3 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.

10.0 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.

11.0 Financial Implications

- 11.1 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.
- 11.2 Additional borrowing of £94.8m million will be required to fund the WHQS and new build programmes from 2021/22 to and including 2024/25.

Background Papers:

None.

Appendices

Appendix A: Summary of the revised budget for 2020/21 and a budget for 2021/22 – 2024/25.

Appendix B: A detailed breakdown of the revised budget for 2020/21 and a budget for 2021/22 – 2024/25.

Appendix C: Scheme descriptions.

Summary of HRA Capital Budget and Programme 2020/21 to 2024/25							
	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25	Total
HRA Subsidy Reform	Original	Revised	Original	Original	Original	Original	
Scheme	£'000s	£'000s	£'000's	£'000's	£'000's	£'000's	£'000's
Good State of Repair							
Wind and Weatherproofing	6,930	6,694	16,918	19,753	20,565	20,944	84,875
System Built Houses and Highrise Blocks	3,409	2,550	2,560	8,600	8,450	6,500	28,660
Roofing	2,885	2,205	1,351	1,200	1,200	1,100	7,056
Windows, Doors and General Repairs	1,321	709	1,033	682	702	472	3,598
Safe and Secure							
Fire Safety	2,375	1,047	2,508	1,350	1,250	1,100	7,254
Electrical Improvements	2,124	1,187	2,050	1,380	1,930	2,270	8,817
Passenger Lifts	652	452	1,000	1,600	300	500	3,852
Adequately Heated, Fuel Efficient & Well Insulated							
Heating Systems	1,050	750	1,050	900	950	1,000	4,650
Energy Efficiency and Grant Support	371	41	380	320	420	650	1,811
Contain Up to Date Kitchens and Bathrooms							
Kitchens and Bathrooms	10,571	8,150	5,000	2,000	1,500	1,000	17,650
Located in Attractive and Safe Environments							
Environment - Within the Curtilage	9,906	6,141	11,130	1,330	1,230	1,000	20,831
Estate Based Environment	1,277	900	1,652	1,200	1,800	1,800	7,352
Meeting Requirements of the Household							
Adaptations	2,650	2,120	3,280	2,750	2,750	2,750	13,650
More Homes							
New Build and Acquisitions	8,645	11,100	9,168	15,900	16,950	14,150	67,268
Total	54,166	44,045	59,080	58,965	59,997	55,236	277,323

Financed By:	2020/21 Revised	2021/22 Original	2022/23 Original	2023/24 Original	2024/25 Original	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Major Repair Allowance (MRA)	9,220	9,220	9,220	9,220	9,220	46,100
RCCO	26,800	27,457	25,945	24,477	23,216	127,895
Borrowing	4,300	21,900	23,800	26,300	22,800	99,100
Innovative Housing Grant	1,525	503				2,028
Phase 2 Transitional Funding	1,716					1,716
Intermediate Care Fund (ICF) Grant	484					484
Total	44,045	59,080	58,965	59,997	55,236	277,323

HRA CAPITAL PROGRAMME	2020/21 to 2024/25						
	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	Original	Revised	Original	Original	Original	Original	Original
Scheme / Project	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Good State of Repair							
Wind & Weatherproofing, Blaenymaes	436	671					671
Wind & Weatherproofing, Fforesthall	1,031	1,231	1,300	2,035	1,544	1,686	7,796
Wind & Weatherproofing, Garden City				1,362	1,542		2,904
Wind & Weatherproofing, Talycoppa	989	789	200				989
Wind & Weatherproofing, Birchgrove Road					1,604	2,229	3,833
Wind & Weatherproofing, Pentrechwyth			1,468	1,370			2,838
Wind & Weatherproofing, Trallwn Road Area				1,100			1,100
Wind & Weatherproofing, Gorseinon					1,255	1,352	2,606
Wind & Weatherproofing, Loughor						1,521	1,521
Wind & Weatherproofing, Penyrheol			1,307	1,476	1,706	1,062	5,551
Wind & Weatherproofing, Pontardulais	50					1,425	1,425
Wind & Weatherproofing, Waunarlwydd				1,493	1,597	1,834	4,923
Wind & Weatherproofing, Clase			643	756			1,399
Wind & Weatherproofing, Tirdeaunaw Sheltered Complex		370					370
Wind & Weatherproofing, Clydach Tanycoed Area	1,209	628	2,100				2,728
Wind & Weatherproofing, Clydach Woodside Road Area				900	1,300		2,200
Wind & Weatherproofing, Gwernfadog & Llanllienwen Rd				1,101	1,170		2,271
Wind & Weatherproofing, Garnswllt			850				850
Wind & Weatherproofing, Morryston				1,824			1,824
Wind & Weatherproofing, Llwynceithin & Maes Glas Flats	864	864					864
Wind & Weatherproofing, Penlan & Gendros					1,518	1,787	3,305
Wind & Weatherproofing, Sketty			2,079	1,326	2,108	1,698	7,211
Wind & Weatherproofing, Three Crosses						1,300	1,300

HRA CAPITAL PROGRAMME	2020/21 to 2024/25						
	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	Original	Revised	Original	Original	Original	Original	Original
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Good State of Repair continued.							
Wind & Weatherproofing, Jones & Evans Terrace & Wilkes Row			1,461				1,461
Wind & Weatherproofing, Cwm Road						1,423	1,423
Wind & Weatherproofing, Brondeg					1,419		1,419
Wind & Weatherproofing, Landore			1,169	816			1,985
Wind & Weatherproofing, Tower Gardens	11	1					1
Wind & Weatherproofing, Mayhill & Townhill			2,116	2,198	1,804	2,082	8,200
Wind & Weatherproofing, West Cross	1,500	1,300	200				1,500
Wind & Weatherproofing, West Cross Warwick Place	140	140					140
Wind & Weatherproofing, West Cross – Boarspit			1,976	1,960	1,965	1,511	7,411
Wind & Weatherproofing, Various Locations			50	35	35	35	155
Wind & Weatherproofing, Gower	700	700					700
Airey & Traditional Built Properties, Felindre	479	29	950				979
Resiform & Traditional Built Properties, Craig Cefn Parc	175	25	150				175
British Iron & Steel Federation (BISFs) Houses West Cross	28	42					42
Wimpey No Fines (WNFs) Properties, Waunarlwydd	853	940	90				1,030
Wimpey No Fines (WNFs) Properties, Heol Emrys & Tudno Place	75	75	150	250	800	1,000	2,275
Easiform Properties, Winch Wen		332	18				350
Easiform & Traditional Properties, Sketty	63	40					40
Easiform & Wimpey No Fines Properties, Clase	200	106					106
Easiform Properties, Birchgrove		1					1
Highrise Flats, Croft Street, Dyfatty	962	600	1,162	8,250	6,750	500	17,262
Highrise Flats, Griffith John Street, Dyfatty	80	180	0	100	900	5,000	6,180
Highrise Flats, Clyne & Jeffreys Court	494	180	40				220
Chimney Repairs	996	446	1,100	1,000	1,000	1,000	4,546
Chimney Repairs Building Services		100					100

HRA CAPITAL PROGRAMME	2020/21 to 2024/25						
	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	Original	Revised	Original	Original	Original	Original	Original
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Good State of Repair continued.							
Pitched Roof Renewal, Gower	18	14					14
Pitched Roof Various	55	10	50	100	100		260
Pitched Roof Various, Port Tennant Road Flats	3	3					3
Pitched Roof Various, Maes Yr Efail	350	330	20				350
Pantgwyn, Sketty	8		8				8
Flat Roof Renewal, Sketty	148	1					1
Flat Roof Renewal, Various	57	274	150	100	100	100	724
Flat Roof & Window Renewal Rheidol Court	1,250	1,027	23				1,050
Balcony Repairs	102	81	100	100	100	100	481
Window & Door Renewal	50	50	75	150	150	150	575
Fire Door Improvement	434	134	450	150	150		884
Structural Repairs	434	284	250	200	200	200	1,134
Drainage Repairs & Improvements	50	60	35	30	50	20	195
Repairs to Offices & Operational Assets - Various	246	100	121	50	50		321
Design & Scheme Preparation	5		2	2	2	2	8
Safe and Secure							
Fire Safety General	440	90	500	250	250	100	1,190
Smoke & Carbon Monoxide Detectors	950	713	1,338	1,100	1,000	1,000	5,150
Smoke & Carbon Monoxide Detectors - Communal Areas	75						0
Fire Safety Sprinkler System, Highrise & Sheltered	300	200	100				300
Sprinkler System, Griffith John Street	600	30	570				600
Sprinkler System, Clyne Court	10	14					14
Electrical Rewiring	1,407	800	1,150	950	1,200	1,200	5,300
Electrical Rewiring - Contingency	20		20	20	20	20	80

HRA CAPITAL PROGRAMME	2020/21 to 2024/25						
	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	Original	Revised	Original	Original	Original	Original	Original
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Scheme / Project							
Safe and Secure continued.							
Electrical Rewiring - Communal Systems & Facilities	490	200	600	200	50	50	1,100
Electrical Rewiring - Sub Mains to Highrise Blocks	20		20		500	1,000	1,520
Warden Call System	100	100	160	160	160		580
Communal Aerials	87	87	100	50			237
Passenger Lift Renewal & Improvements, Various Locations	652	452	1,000	1,600	300	500	3,852
Energy Efficiency and Adequately Heated							
Boiler & Heating Replacement	900	700	900	850	900	950	4,300
Heating Distribution Systems, Various Locations	100		100				100
Heating Upgrades & Fuel Conversions	50	50	50	50	50	50	250
Loft Insulation	70	40	80	20	20	50	210
Energy Efficiency & Energy Grant Support	301	1	300	200	200	100	801
Energy Efficiency City Wide: Heating & Ventilation				100	200	500	800
Kitchens and Bathrooms							
Kitchen & Bathroom Renewal			2,500	2,000	1,500	1,000	7,000
Kitchen & Bathroom Renewal Asbestos	27	27					27
Kitchen & Bathroom Renewal 18/19 CBS		26					26
Kitchen & Bathroom Renewal 19/20 Contractor 1	550	629					629
Kitchen & Bathroom Renewal 19/20 Contractor 2	640	275					275
Kitchen & Bathroom Renewal 19/20 Contractor 3	550	550					550
Kitchen & Bathroom Renewal 19/20 Contractor 4		334					334
Kitchen & Bathroom Renewal 19/20 CBS		5					5
Kitchen & Bathroom Renewal 20/21 Contractor 1	2,800	2,000	800				2,800
Kitchen & Bathroom Renewal 20/21 Contractor 2	1,400	1,000	400				1,400

HRA CAPITAL PROGRAMME	2020/21 to 2024/25						
	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	Original	Revised	Original	Original	Original	Original	Original
Scheme / Project	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Kitchens and Bathrooms continued							
Kitchen & Bathroom Renewal 20/21 Contractor 3	1,400	1,000	400				1,400
Kitchen & Bathroom Renewal 20/21 Contractor 4	1,400	1,000	400				1,400
Kitchen & Bathroom Renewal 20/21 CBS	1,804	1,304	500				1,804
Located in Safe Attractive Environment							
Environment - Within the Curtilage							
External Facilities Scheme				1,000	1,000	800	2,800
External Facilities Scheme Gorseinon Contract 1	36	36					36
External Facilities Scheme Gorseinon Contract 2	19	19					19
External Facilities 18/19 – Penlan	58	0	54				54
External Facilities 19/20 – Arennig Road Area	38	0	38				38
External Facilities 19/20 – Penlan 3 EHG Area	15	15					15
External Facilities 20/21 – St Thomas	360	330	37				367
External Facilities 20/21 – Bonymaen	600	771	35				806
External Facilities 20/21 – Birchgrove	362	411	18				429
External Facilities 20/21 – Penlan 4	50	50					50
External Facilities 20/21 – Trallwn	674	819	25				844
External Facilities 20/21 – Winch Wen	1,496	500	996				1,496
External Facilities 20/21 – Llanllienwen	1,440	640	800				1,440
External Facilities 20/21 – Caemawr	628	500	128				628
External Facilities 20/21 – Clase	1,050	400	860				1,260
External Facilities 20/21 – Brondeg / City Centre	693	200	350				550
External Facilities 20/21 – Samuel Crescent Gendros	412	300	412				712
External Facilities 20/21 – Heather Crescent Sketty	259	259	140				399
External Facilities 20/21 – Oaktree Avenue Sketty	288	150	238				388

HRA CAPITAL PROGRAMME	2020/21 to 2024/25						
	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	Original	Revised	Original	Original	Original	Original	Original
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Located in Safe Attractive Environment continued							
External Facilities 20/21 – Landore and Trewyddfa	144	100	204				304
External Facilities 20/21 – Chestnut Avenue, West Cross	58	0	870				870
External Facilities 20/21 – Glenside Road, Portmead	58	116	900				1,016
External Facilities 20/21 – Sheltered Complexes	718	425					425
External Facilities 21/22 – Portmead Avenue			1,060				1,060
External Facilities 21/22 – Fforesthall			1,020				1,020
External Facilities 21/22 – Loughor			915				915
External Facilities 21/22 – Caergynydd Road			600				600
External Facilities 21/22 – Gower			900				900
Meter Boxes	50		30	30	30		90
Voice Entry Systems	400	100	500	300	200	200	1,300
Environment - Estate Based							
General Environmental Schemes	1,277	900	1,577	1,000	1,000	800	5,277
Environment – Estate Based			75	200	800	1,000	2,075
Meeting the Needs of the Household							
Adaptations Internal	2,000	1,600	2,400	2,000	2,000	2,000	10,000
Adaptations External	650	520	880	750	750	750	3,650
More Homes							
More Homes - Parc Y Helig	992	992					992
More Homes - Milford Way Pilot Scheme	3,150	3,150					3,150
More Homes - Creswell Road (Clase DHO)		55	1,000	1,000			2,055
More Homes - Other	150	150			1,150	1,150	2,450

HRA CAPITAL PROGRAMME	2020/21 to 2024/25						
	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	Original	Revised	Original	Original	Original	Original	Original
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
More Homes continued							
More Homes - Acquisitions	835	1,000	1,000	1,000	1,000	1,000	5,000
More Homes - Acquisitions Phase 2 Funding		2,000					2,000
More Homes - Acquisitions General Fund Land and Assets		500	700	2,000	1,500		4,700
More Homes - Acacia Refurbishment, West Cross	65	65					65
More Homes - Hillview/Beaconsview	2,585	2,000	2,785				4,785
More Homes - Purchase 70-72 Alexandra Road, Gorseinon	225		225				225
More Homes - The Circle, West Cross	493	100	993				1,093
More Homes - Conversion 70-72 Alexandra Road, Gorseinon	150		150				150
More Homes - Purchase and Conversion Bryn House		688	800				1,488
More Homes - Heol Dynys New Build			500	2,500			3,000
More Homes - Spark Centre			360				360
More Homes - Acquisition Ground Floor Flats/Bungalows (ICF)		400					400
More Homes - Scurlage				1,000	1,500	1,000	3,500
More Homes - Ty Draw				1,000	2,000	2,300	5,300
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 - Skomer and Westdale				1,000	2,000	2,000	5,000
More Homes - Garden Village					1,000	1,700	2,700
More Homes - Heol Emrys and Tudno Place New Build			400	2,300	4,000	5,000	11,700
More Homes - District Housing Office Conversion					300		300
More Homes - Ty Fforest, Blaenymaes			255				255
Total	54,166	44,045	59,080	58,965	59,997	55,236	277,323

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 and energy efficiency of individual homes. The purpose is to maintain structural integrity, improve weather protection and significantly increase the thermal and energy efficiency. The energy efficiency measures will be to reduce occupancy related carbon dioxide emissions and contribute towards the decarbonisation agenda.

The specification of work will improve thermal values the scope of work will include renewing roofs, weatherboards and rainwater goods, wall tie renewal, application of external wall insulation, window renewal, porches and canopies where necessary, new front and back doors where required, balcony railings, balcony 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 will include the application of renewable technologies and where the opportunity arises, 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 occupancy related carbon emissions. Work is set to include solar photovoltaic panels, battery storage systems and may also include where appropriate solar hot water panels, air source heat pumps, or ground source heat pumps, ventilation systems, mechanical heat recovery systems or any emerging technology or system that provides low or carbon neutral benefit to homes. Investment will also be used for major repair or renewal of existing systems and where necessary meet the costs of increasing the skills and knowledge to develop, design and deliver renewable energy systems.

To assist with delivery and monitoring performance of the energy efficiency measures, the Council may engage a partner such as an academic body. Partnership may include direct

contribution of some renewable equipment, post occupancy monitoring, as well as public acknowledgement of grant based contributions, promotion and academic reporting.

These contracts will operate over the period of this four year programme. Schemes may be packaged together to assist with delivery and may be subject to planning permission requirements; where this applies, officers will submit planning applications as necessary.

Airey and Traditional Constructed Properties, Felindre

Airey properties are of a concrete panel type construction and were built in the early 1950s. Externally, work will include providing new roof coverings and rainwater goods, repairs to the structure, wall finishes replaced with a new system or with traditional building materials depending on the most effective solution. 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 and energy efficiency of the dwellings.

Due to location, these properties are not connected to the mains gas grid and depending on costs, the scheme may subject innovative whole house system of refurbishment that draws together a number of different measures that results in very high efficiency and very low occupancy related carbon dioxide emissions. Investment may support energy grants where available as well as monitoring.

To assist with delivery and monitoring performance of the energy efficiency measures, the Council may engage a partner such as an academic body. Partnership may 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 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 and energy efficiency of the dwellings. Selected properties may include 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 may be supported by grant funding. To assist with delivery and monitoring performance of the energy efficiency measures, the Council may engage a partner such as an academic body. Partnership may 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 and energy 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 including firefighting lifts where appropriate, 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 highrise schemes will treat the immediate Housing owned areas in the surrounding areas with the aim to provide 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. This is also likely to require moving the Town Centre District Housing Office to a neighbouring location in order to create additional 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 Renewal

The scheme will include the renewal of the main and store roofs and will include improved insulation. Work will also include any minor repairs and upgrades to fire safety in these areas.

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 and enclosures, 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 and to storage or communal areas 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 new drainage is required, existing drainage is in disrepair or in need of upgrading, servicing 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, expansion of current systems or works to support or protect systems and arrangements. In scope will be formal storm and foul water drainage systems, swales, rain gardens, attenuation systems, gullies, watercourses, rivers, 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 HRA 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 repair and upgrade or the extension or creation of new assets to assist with the management and maintenance of the HRA housing stock. The work will include various items relating to the design, fees, 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.

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 and testing 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 works in connection with 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. Investment will be to all works in connection with delivering this work. 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. Investment will meet the cost of the installation and works in connection as well as disruptions costs. 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, Automatic Opening Vents (AOVs), 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. The scope of work will include new lift cars, work to electronics, lift shaft repairs and upgrade, provision of fire-fighting lift where appropriate and the creation of new lift 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 systems. 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, safe 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 or the installation of renewable heating system 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 and energy efficiency and/or Carbon Emissions 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.

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 will also seek options to procure a development partner or a range of partners to deliver 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

Council - 4 March 2021

Statutory Resolution – Resolutions to be Made in Accordance with the Regulations in the Setting of The Council Tax 2021/2022

- (1) **THAT** the Council notes and adopts the statutory resolutions set out below.
- (2) **THAT** it be noted that at its meeting on 5th December 2020 the Council calculated the following amounts for the year 2021/2022 in accordance with Regulations made under Section 33(5) of the Local Government Finance Act 1992 (as amended) -
- a) 94,051 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	2,064
Clydach	2,676
Gorseinon	3,319
Gowerton	1,992
Grovesend & Waungron	420
Ilston	364
Killay	2,151
Llangennith, Llanmadoc & Cheriton	536
Llangyfelach	971
Llanrhidian Higher	1,640
Llanrhidian Lower	338
Llwchwr	3,508
Mawr	768
Mumbles	10,349
Penllergaer	1,451
Pennard	1,518
Penrice	479
Pontarddulais	2,348
Pontlliw & Tircoed	1,039
Port Eynon	484
Reynoldston	335
Rhossili	208
Three Crosses	713
Upper Killay	583

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 2021/2022 in accordance with Section 32 to 36 of the Local Government Finance Act 1992 -
- (a) £784,047,290 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) £292,642,850 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) £491,404,440 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) £352,223,657 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) £1,479.84 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) £1,641,440 being the aggregate amount of all special items referred to in Section 34(1) of the Act.
 - (g) £1,462.39 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	1,491.46
Clydach	1,507.97
Gorseinon	1,501.39
Gowerton	1,479.39
Grovesend & Waungron	1,482.63
Ilston	1,477.39
Killay	1,472.15
Llangennith, Llanmadoc & Cheriton	1,477.13
Llangyfelach	1,487.11
Llanrhidian Higher	1,548.01
Llanrhidian Lower	1,471.27
Llwchwr	1,488.26
Mawr	1,548.33
Mumbles	1,520.38
Penllergaer	1,470.66
Pennard	1,514.30
Penrice	1,486.67
Pontarddulais	1,512.10
Pontlliw & Tircoed	1,499.13
Port Eynon	1,474.79
Reynoldston	1,499.70
Rhossili	1,481.62
Three Crosses	1,504.63
Upper Killay	1,494.98

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	994.31	1,160.02	1,325.74	1,491.46	1,822.90	2,154.33	2,485.77	2,982.92	3,480.07
Clydach	1,005.32	1,172.86	1,340.42	1,507.97	1,843.08	2,178.18	2,513.29	3,015.94	3,518.59
Gorseinon	1,000.93	1,167.74	1,334.57	1,501.39	1,835.04	2,168.67	2,502.32	3,002.78	3,503.24
Gowerton	986.26	1,150.63	1,315.01	1,479.39	1,808.15	2,136.90	2,465.65	2,958.78	3,451.91
Grovesend & Waungron	988.42	1,153.15	1,317.89	1,482.63	1,812.11	2,141.58	2,471.05	2,965.26	3,459.47
Ilston	984.93	1,149.08	1,313.23	1,477.39	1,805.70	2,134.01	2,462.32	2,954.78	3,447.24
Killay	981.44	1,145.00	1,308.58	1,472.15	1,799.30	2,126.44	2,453.59	2,944.30	3,435.01
Llangennith, Llanmadoc & Cheriton	984.76	1,148.87	1,313.00	1,477.13	1,805.39	2,133.63	2,461.89	2,954.26	3,446.63
Llangyfelach	991.41	1,156.64	1,321.87	1,487.11	1,817.58	2,148.05	2,478.52	2,974.22	3,469.92
Llanrhidian Higher	1,032.01	1,204.00	1,376.01	1,548.01	1,892.02	2,236.01	2,580.02	3,096.02	3,612.02
Llanrhidian Lower	980.85	1,144.32	1,307.79	1,471.27	1,798.22	2,125.17	2,452.12	2,942.54	3,432.96
Llwchwr	992.18	1,157.53	1,322.90	1,488.26	1,818.99	2,149.71	2,480.44	2,976.52	3,472.60
Mawr	1,032.22	1,204.25	1,376.29	1,548.33	1,892.41	2,236.48	2,580.55	3,096.66	3,612.77
Mumbles	1,013.59	1,182.51	1,351.45	1,520.38	1,858.25	2,196.10	2,533.97	3,040.76	3,547.55
Penllergaer	980.44	1,143.84	1,307.25	1,470.66	1,797.48	2,124.29	2,451.10	2,941.32	3,431.54
Pennard	1,009.54	1,177.78	1,346.04	1,514.30	1,850.82	2,187.32	2,523.84	3,028.60	3,533.36
Penrice	991.25	1,156.45	1,321.66	1,486.87	1,817.29	2,147.70	2,478.12	2,973.74	3,469.36
Pontarddulais	1,008.07	1,176.07	1,344.09	1,512.10	1,848.13	2,184.14	2,520.17	3,024.20	3,528.23
Pontlliw & Tircoed	999.42	1,165.99	1,332.56	1,499.13	1,832.27	2,165.41	2,498.55	2,998.26	3,497.97
Port Eynon	983.20	1,147.05	1,310.92	1,474.79	1,802.53	2,130.25	2,457.99	2,949.58	3,441.17
Reynoldston	999.80	1,166.43	1,333.06	1,499.70	1,832.97	2,166.23	2,499.50	2,999.40	3,499.30
Rhossili	987.75	1,152.37	1,316.99	1,481.62	1,810.87	2,140.12	2,469.37	2,963.24	3,457.11
Three Crosses	1,003.09	1,170.26	1,337.45	1,504.63	1,839.00	2,173.35	2,507.72	3,009.26	3,510.80
Upper Killay	996.66	1,162.76	1,328.87	1,494.98	1,827.20	2,159.41	2,491.64	2,989.96	3,488.28
All other parts of the Council area	974.93	1,137.41	1,299.90	1,462.39	1,787.37	2,112.34	2,437.32	2,924.78	3,412.24

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 2021/2022 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	191.81	223.78	255.75	287.72	351.66	415.60	479.53	575.44	671.35

- (5) **THAT** having calculated the aggregate in each case of the amounts at (3)(I) 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 2021/22 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>	1,186.12	1,383.80	1,581.49	1,779.18	2,174.56	2,569.93	2,965.30	3,558.36	4,151.42
<i>Clydach</i>	1,197.13	1,396.64	1,596.17	1,795.69	2,194.74	2,593.78	2,992.82	3,591.38	4,189.94
<i>Gorseion</i>	1,192.74	1,391.52	1,590.32	1,789.11	2,186.70	2,584.27	2,981.85	3,578.22	4,174.59
<i>Gowerton</i>	1,178.07	1,374.41	1,570.76	1,767.11	2,159.81	2,552.50	2,945.18	3,534.22	4,123.26
<i>Grovesend & Waungron</i>	1,180.23	1,376.93	1,573.64	1,770.35	2,163.77	2,557.18	2,950.58	3,540.70	4,130.82
<i>Ilston</i>	1,176.74	1,372.86	1,568.98	1,765.11	2,157.36	2,549.61	2,941.85	3,530.22	4,118.59
<i>Killay</i>	1,173.25	1,368.78	1,564.33	1,759.87	2,150.96	2,542.04	2,933.12	3,519.74	4,106.36
<i>Llangennith, Llanmadoc & Cheriton</i>	1,176.57	1,372.65	1,568.75	1,764.85	2,157.05	2,549.23	2,941.42	3,529.70	4,117.98
<i>Llangyfelach</i>	1,183.22	1,380.42	1,577.62	1,774.83	2,169.24	2,563.65	2,958.05	3,549.66	4,141.27
<i>Llanrhidian Higher</i>	1,223.82	1,427.78	1,631.76	1,835.73	2,243.68	2,651.61	3,059.55	3,671.46	4,283.37
<i>Llanrhidian Lower</i>	1,172.66	1,368.10	1,563.54	1,758.99	2,149.88	2,540.77	2,931.65	3,517.98	4,104.31
<i>Llwchwr</i>	1,183.99	1,381.31	1,578.65	1,775.98	2,170.65	2,565.31	2,959.97	3,551.96	4,143.95
<i>Mawr</i>	1,224.03	1,428.03	1,632.04	1,836.05	2,244.07	2,652.08	3,060.08	3,672.10	4,284.12
<i>Mumbles</i>	1,205.40	1,406.29	1,607.20	1,808.10	2,209.91	2,611.70	3,013.50	3,616.20	4,218.90
<i>Penllergaer</i>	1,172.25	1,367.62	1,563.00	1,758.38	2,149.14	2,539.89	2,930.63	3,516.76	4,102.89
<i>Pennard</i>	1,201.35	1,401.56	1,601.79	1,802.02	2,202.48	2,602.92	3,003.37	3,604.04	4,204.71
<i>Penrice</i>	1,183.06	1,380.23	1,577.41	1,774.59	2,168.95	2,563.30	2,957.65	3,549.18	4,140.71
<i>Pontarddulais</i>	1,199.88	1,399.85	1,599.84	1,799.82	2,199.79	2,599.74	2,999.70	3,599.64	4,199.58
<i>Pontlliw & Tircoed</i>	1,191.23	1,389.77	1,588.31	1,786.85	2,183.93	2,581.01	2,978.08	3,573.70	4,169.32
<i>Port Eynon</i>	1,175.01	1,370.83	1,566.67	1,762.51	2,154.19	2,545.85	2,937.52	3,525.02	4,112.52
<i>Reynoldston</i>	1,191.61	1,390.21	1,588.81	1,787.42	2,184.63	2,581.83	2,979.03	3,574.84	4,170.65
<i>Rhossili</i>	1,179.56	1,376.15	1,572.74	1,769.34	2,162.53	2,555.72	2,948.90	3,538.68	4,128.46
<i>Three Crosses</i>	1,194.90	1,394.04	1,593.20	1,792.35	2,190.66	2,588.95	2,987.25	3,584.70	4,182.15
<i>Upper Killay</i>	1,188.47	1,386.54	1,584.62	1,782.70	2,178.86	2,575.01	2,971.17	3,565.40	4,159.63
All other parts of the Council area	1,166.74	1,361.19	1,555.65	1,750.11	2,139.03	2,527.94	2,916.85	3,500.22	4,083.59

Background Papers: None

Appendices: None

Agenda Item 14.



Report of the Section 151 Officer

Council – 4 March 2021

The Capital Strategy 2020/21 – 2026/27

Purpose:	To approve the Capital Strategy which informs the seven year capital programme.
Consultation:	Legal, Finance and Access to Services.
Recommendation(s):	It is recommended that: 1) The Capital Strategy 2020/21- 2026/27 be approved.
Report Author:	Jeff Dong
Finance Officer:	Ben Smith
Legal Officer:	Debbie 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 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
 - Swansea: Achieving Better Together, Transformation Strategy and Programme Framework (Recovery Plan)
 - The Revenue Budget Report
 - The Capital Budget & Programme Report
 - The Medium Term Financial Plan
 - The Treasury Management, Investment Strategy and MRP Policy Statement Report
- and have due regard to :
- The Wellbeing of Future Generations Act 2015
- 1.4 The Council's Corporate plan has the following pre-existing 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.
- 1.5 The Council has subsequently adopted the Swansea: Achieving Better Together, Transformation Strategy and Programme Framework (Recovery Plan) with which it can plan and deliver services and objectives in the next 5 years. It is utilising this framework and its other planning tools that the Council plans to steer the City to recover from the aftermath of the effects of the Covid 19 global pandemic.
- 1.6 In formulating the detailed schemes within the programme of capital expenditure 2020/21- 2026/27 in the Capital Budget report , it can be demonstrated that all projects promote the objectives of at least one or more of the above corporate priorities in 1.4 and included in the capital programme

is significant additional capital expenditure to support the economic recovery of the City following the Covid 19 pandemic.

2. The Capital Programme 2020/21 – 2026/27

- 2.1 The Capital Budget and Programme 2020/21 – 2026/27 for the General Fund and HRA is reported in detail in The Capital Budget & 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 & Recovery – enabling strategic place shaping and economic growth / to support specific local community and regional projects/ investing in the City to aid recovery from the effects of the Covid 19 pandemic

- 3.2 Operational – Within the capital programme, is a comprehensive schedule of programmed routine repairs and maintenance both on the existing property and housing inventory and 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 providing strategic control of key sites within the City boundaries.

- 3.4 Historically the PWLB has been the most economically advantageous form of capital financing for the Council. Following the HM Treasury consultation on the PWLB borrowing process, strict guidance has been issued by HM Treasury which strictly prohibits the use of PWLB borrowing for investing in property/commercial assets 'purely for yield'. These changes clearly affect the viability of the Council buying investment assets. However alternative financing (grants, capital receipts and commercial financing) can still be used to fund these 'yielding investments' if the investment metrics still allow. It is envisaged that these restrictions in PWLB borrowing shall require robust business case appraisal and risk management to ensure any such investment is in the best interests of The Council.

3.5 Regeneration/Community

The significant 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 9 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.
- A significant programme of capital expenditure to assist the City's economic recovery from the Covid 19 pandemic

3.6 Covid 19 Pandemic Response

The robust asset management planning processes outlined above in 1.3, 1.4 and 3.1 could not have foreseen the speed and depth of impact of the global Covid 19 pandemic which took hold in March 2020. It is testament to the inherent robust, resilient professional, efficient asset management, corporate building services, legal support, procurement, finance and treasury management services operating within the Council which allowed it to design, allow planning consent , contract with partners, finance, insure and build and handover a 1,000 bed Covid 19 Field Hospital in 3 months, being fully operational in June 2020. The facility has subsequently been modified to support the national Covid 19 vaccination programme.

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, (although as identified in 3.4 above, this now precludes PWLB). 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. The business case process shall now need to be a more challenging/rigorous in light of the PWLB position in relation to investing purely for yield. Alternative sources of commercial funding usually carry a premium compared to usual prevailing PWLB interest rates, therefore this sets a higher bar for the commercial returns expected from investing into the asset and as such the business case and risk management process shall need to be robust before any such investment is made.

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

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

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 consider investments on a commercial basis and to take advantage of opportunities as they present themselves, supported by our robust governance process. However the source of finance needs to be robust and the interest rates available need to be viable and support each business case. In light of this, it is expected that commercial property investment activity shall be reduced.

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
- Risk Register
 - Corporate framework for monitoring corporate risks (including major capital schemes)
- Grants & Capital Manual
 - Outlines the corporate capital & grant protocols, procedures and practices for compliance by practitioners within the organisation

6. Capital Financing Strategy

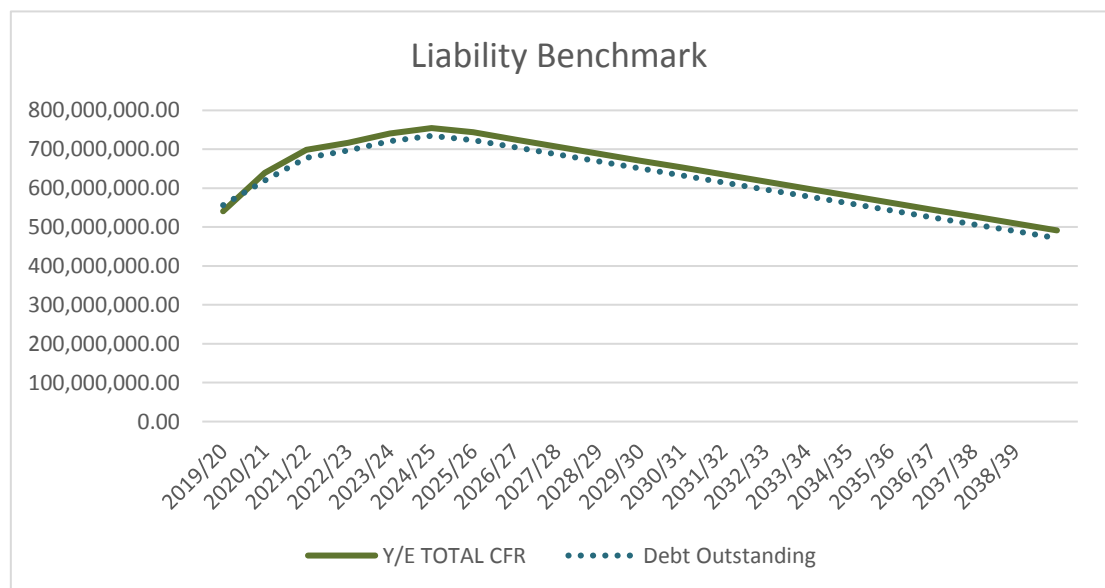
6.1 The Council's adopted capital financing strategy is to:

- 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 difficult 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 competitively low levels, following the removal in Nov 2020 of the PWLB 1% premium introduced in Oct 2019, however PWLB borrowing cannot now be used in 'purely for yield' property investments as outlined in 3.4 but may still be used for operational and regeneration capital schemes.

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 2025/26 as the current programme ends, but in reality the ongoing capital programme shall be refreshed on an annual basis with new commitments 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 impacts 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.

8.2 The S 151 officer has carefully considered the impact of the many variables and unknowns inherent in the funding of the presented capital programme (e.g. Brexit impact, volatility of markets, timing of City deal funding, variability of direct capital grant funding, impact of MRP review on equalising principal repayments in later years) and has sought to mitigate the impact of the funding of the capital programme on the revenue account with the establishment of the capital equalisation reserve. The utilisation of the reserve recognises the future obligations arising out of the committed capital programme whilst prudently mitigating that impact on the revenue account by adopting professional judgement in reserving appropriately at this time in the capital equalisation reserve.

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. managing 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. The benefits of this approach were apparent in the ability to fund the building of the 1,000 bed Covid 19 Field Hospital until such time, the Council could be reimbursed by WG.

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 continuity plans have also been established to mitigate external occurrences.</p> <p>No appetite for fraud, regulatory breaches and exceeding risk tolerances.</p>
Strategic	<p>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.</p>
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 business case appraisal and ongoing monitoring of 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.

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

Background Papers: None

Appendices:

Appendix 1 – Equality Impact Assessment

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

Section 1
What service area and directorate are you from?
Service Area: Financial Services & Service Centre
Directorate: Resources

Q1(a) WHAT ARE YOU SCREENING FOR RELEVANCE?

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

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

Q2(a) WHAT DOES Q1a RELATE TO?

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

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

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

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

		High Impact	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 checked="" 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

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: 29/1/21
Approval by Head of Service:	
Name: B Smith	
Position: Section 151 Officer	
	Date: 29/1/21

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

Agenda Item 15.



Report of the Section 151 Officer

Council – 4 March 2021

Treasury Management Strategy Statement, Prudential/Treasury Indicators, Investment Strategy and Minimum Revenue Provision Policy Statement 2021/22

Purpose:	To recommend the Treasury Management Strategy Statement, Prudential Indicators, Investment Strategy and Minimum Revenue Provision Policy Statement for 2021/22 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. Following the HM Treasury consultation and subsequently issued guidance, PWLB borrowing is now prohibited to fund investments ‘purely for yield’. The PWLB have circulated a set of criteria that needs to be satisfied to secure PWLB finance. This new guidance still allows PWLB borrowing to fund regeneration and operational schemes where they are clearly not undertaken for yield only.

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 2021/22 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 2020/21-2024/25
- 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 2020/21 to 2024/25

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						
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
	Actual	Probable	Estimate	Estimate	Estimate	Estimate
Capital Expenditure						
GF	74,720	204,733	104,690	37,797	49,340	50,379
HRA	51,839	44,045	59,080	58,965	59,997	55,236
TOTAL	126,559	248,778	163,770	96,762	109,337	105,615
Capital Financing Requirement 31st March						
GF	364,607	474,599	515,257	514,397	516,329	512,899
HRA	157,806	163,829	181,953	201,513	223,082	240,606
Magistrates' Court **	1,248	1,198	1,150	1,104	1,060	1,018
Credit Arrangements*	223	138	33	10	-	-
Total	523,884	639,764	698,393	717,024	740,471	754,523
Authorised limit for external debt	615,567	817,024	817,024	854,523	854,523	854,523
Operational boundary for external debt	555,567	757,024	757,024	794,523	794,523	794,523
Upper limit for fixed interest rate exposure	82.32%/ £456,023	100%/ £817,024	100%/ £817,024	100%/ £854,523	100%/ £854,523	100%/ £854,523
Upper limit for variable rate exposure	17.68%/ £98,000	40%/ £326,809	40%/ £326,809	40%/ £341,809	40%/ £341,809	40%/ £341,809
Upper limit for total principal sums invested for over 364 days	40,000	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 2021/22-2024/25		
	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 2019/20 %	Revised 2020/21 %	Estimate 2021/22 %	Estimate 2022/23 %	Estimate 2023/24 %	Estimate 2024/25 %
General Fund	5.61	5.79	6.76	6.96	6.85	6.70
HRA	12.79	15.55	16.42	17.88	19.45	20.56

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	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	actual	probable	estimate	estimate	estimate	estimate
	£'000	£'000	£'000	£'000	£'000	£'000
Average debt (gross)	555,567	552,931	668,396	704,396	728,396	737,597
Capital Financing Requirement at 31st March	523,884	639,764	698,393	717,024	740,471	754,523
Net Position	(31,683)	86,833	29,997	12,628	12,075	16,926

3 . The current portfolio position

3.1 The Council's projected debt portfolio position at 31/3/21 comprises:

	Principal outstanding 31 March 2021 £'000	Average rate of Interest %
Public Works Loan Board (fixed)	441,080	4.22
Money Market	98,000	4.10
Temporary	746	0.77
Welsh Govt.	13,105	-
Total	552,931	4.11

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

Managed Investments	Investments 31 March 2021	2020/21 Probable Investment Return	2021/22 Estimated Investment Return
	£'000	%	%
Internally Managed	73,350	0.26	0.1

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 2021, following the UK Government's agreement to the Brexit deal..

Link Group Interest Rate View 9.11.20													
These Link forecasts have been amended for the reduction in PWLB margins by 1.0% from 26.11.20													
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00
10 yr PWLB	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30
25 yr PWLB	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80
50 yr PWLB	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60

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 balance of risks to the UK**

- The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is still subject to some uncertainty due to the virus and the effect of any mutations, and how quick vaccines are in enabling a relaxation of restrictions.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

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

- **UK government** takes too much action too quickly to raise taxation or introduce austerity measures that depress demand and the pace of recovery of the economy.
- **UK - 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**. The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for “weaker” countries. In addition, the EU agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next two or three years. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.
- Weak capitalisation of some **European banks**, which could be undermined further depending on extent of credit losses resultant of the pandemic.
- **German minority government & general election in 2021**. 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. Angela Merkel has stepped down from being the CDU party leader but she will remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.
- **Other minority EU governments**. Italy, Spain, Austria, Sweden, Portugal, Netherlands, Ireland 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, and they had threatened to derail the 7 year EU budget until a compromise was thrashed out in late 2020. There has also been a rise in anti-immigration sentiment in Germany and France.
- **Geopolitical risks**, for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.

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

- **UK** - a significant rise in inflationary pressures e.g. caused by a stronger than currently expected recovery in the UK economy after effective vaccines are administered quickly to the UK population, leading to a rapid resumption of normal life and return to full economic activity across all sectors of the economy.

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 rapid series of increases in Bank Rate to stifle inflation. Bank Rate is unlikely to rise from 0.10% for a considerable period. It is very difficult to say when it may start rising so it may be best to assume that investment earnings from money market-related instruments will be sub 0.50% for the foreseeable future.

4.4 The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is subject to major uncertainty due to the virus and how quickly successful vaccines may become available and widely administered to the population. There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, or a return of investor confidence in equities, could impact gilt yields, (and so PWLB rates), in the UK.

5. The In Year Borrowing Requirement

5.1 The following outlines the Council's net capital borrowing / repayment requirements for 2020/21 to 2024/25: Actual borrowing shall not reflect the profile below. Timing of borrowing is informed by best Treasury management practice, prevailing interest rates and cashflow demands.

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Borrowing and repayment requirements	Actual	Probable	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000	£'000
To finance new capital expenditure by supported borrowing	6,429	6,483	6,430	6,430	6,430	6,430
To finance new capital expenditure by unsupported borrowing	42,885	107,361	69,957	31,701	37,349	28,922
To replace loans maturing/repaid prematurely/voluntary contributions	1	1	365	365	5,365	7,365
Less						
Repayments (MRP)	12,874	13,573	16,078	16,840	16,566	16,324
Set aside capital receipts						
NET IN YEAR BORROWING /(REPAYMENT) REQUIREMENT	36,441	100,272	60,674	21,656	32,578	26,393

5.2 The borrowing requirement above reflects known planned capital expenditure to date as outlined in the "*The Capital Budget and Programme 2020/21 – 2026/27*" and the "HRA Capital Programme 2020/21-2025/26" reports 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 2020/21 – 2026/27*", that the capital programme contains a comprehensive programme of major construction projects 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 9 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.
- Significant capital investment to help the City’s economic recovery from the Covid 19 pandemic

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. In practice, borrowing shall be optimised when interest rates offer long term value with operational financing being funded from internal cash balances as cashflow allows in accordance with our long term strategy.

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 this local authority well over the last few years. However, the Authority took advantage of the unprecedented historically low interest rates and undertook £90m of PWLB borrowing in 2018/19. This was extremely well timed ahead of the unexpected increase of 1% premium in PWLB rates in Nov 2019. Following HM Treasury consultation, the PWLB has removed the premium but has implemented strict criteria for PWLB borrowing and strictly prohibits investment purely for yield as identified in 1.4.. At time of writing, borrowing rates are higher than investment rates as has been the case since the onset of the global financial crisis. Considering this, it has been determined that, cashflow dictating, the main strategy for funding the borrowing requirement for the capital programme shall be met by internalising the borrowing. However due to the PWLB premium being implemented in Nov 2019, no long term external borrowing has been undertaken since 2018/19, therefore cashflow/funding requirements evolving in the short/medium term, it is envisaged that the funding requirement shall have to be actually financed via the most economically advantageous option (historically PWLB) in the short/medium term.
- 6.2 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.
- 6.3 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 operational financing with a view to averaging in the remainder of the borrowing requirement as cashflow and interest rates dictate in the short/medium term.

6.4 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 2020/21 or in the medium term 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. Any 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.
and only then
- (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 Finance & 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 2021

8.1.4 It is anticipated that the Council will continue to hold internally managed sums during 2021/22 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:

Following the UK and EU agreeing a Brexit deal including the terms of trade at the end of 2020, the Bank Rate is forecast to remain at 0.10% for the short/medium term. Bank Rate forecasts for financial year ends (March) are:

- Q1 2021 0.10%
- Q1 2022 0.10%
- Q1 2023 0.10%

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	0.10%
2020/21	0.10%
2021/22	0.10%
2022/23	0.10%
2023/24	0.10%
2024/25	0.25%
Later years	2.00%

While the Bank of England said in August / September 2020 that it is unlikely to introduce a negative Bank Rate, at least in the next 6 -12 months, and in November omitted any mention of negative rates in the minutes of the meeting of the Monetary Policy Committee, some deposit accounts are already offering negative rates for shorter periods. As part of the response to the pandemic and lockdown, the Bank and the Government have provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In

addition, the Government has provided large sums of grants to local authorities to help deal with the COVID crisis; this has caused some local authorities to have sudden large increases in cash balances searching for an investment home, some of which was only very short term until those sums were able to be passed on.

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 Interim Year 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 global 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.
- to ensure adequate Treasury Management training for elected members

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>

	market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
Yield Curve	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.

TREASURY ADVISORS' VIEW ON THE ECONOMIC BACKGROUND

- **UK.** The key quarterly meeting of the Bank of England Monetary Policy Committee kept **Bank Rate** unchanged on 5.11.20. However, it revised its economic forecasts to take account of a second national lockdown which is obviously going to put back economic recovery and do further damage to the economy. It therefore decided to do a further tranche of **quantitative easing (QE) of £150bn**, to start in January when the current programme of £300bn of QE, announced in March to June, runs out. It did this so that “announcing further asset purchases now should support the economy and help to ensure the unavoidable near-term slowdown in activity was not amplified by a tightening in monetary conditions that could slow the return of inflation to the target”.
- Its forecasts appeared, at that time, to be rather optimistic in terms of three areas:
 - The economy would recover to reach its pre-pandemic level in Q1 2022
 - The Bank also expected there to be excess demand in the economy by Q4 2022.
 - CPI inflation was therefore projected to be a bit above its 2% target by the start of 2023 and the “inflation risks were judged to be balanced”.
- Significantly, there was no mention of **negative interest rates** in the minutes or Monetary Policy Report, suggesting that the MPC remains some way from being persuaded of the case for such a policy, at least for the next 6 -12 months. However, rather than saying that it “stands ready to adjust monetary policy”, the MPC this time said that it will take “whatever additional action was necessary to achieve its remit”. The latter seems stronger and wider and may indicate the Bank’s willingness to embrace new tools.
- One key addition to **the Bank’s forward guidance in August** was a new phrase in the policy statement, namely that “it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably”. That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years’ time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate. Our Bank Rate forecast currently shows no increase, (or decrease), through to quarter 1 2024 but there could well be no increase during the next five years as it will take some years to eliminate spare capacity in the economy, and therefore for inflationary pressures to rise to cause the MPC concern. **Inflation** is expected to briefly peak at just over 2% towards the end of

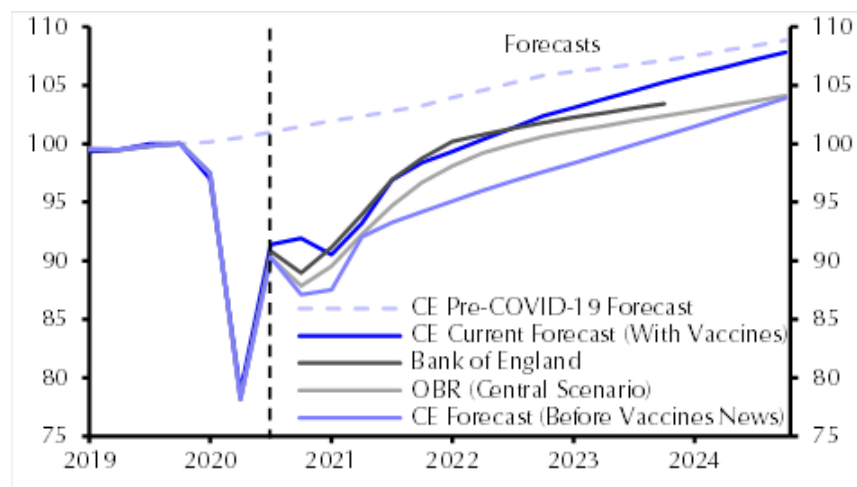
2021, but this is a temporary short lived factor due to base effects from twelve months ago falling out of the calculation, and so is not a concern. Looking further ahead, it is also unlikely to be a problem for some years as it will take a prolonged time for spare capacity in the economy, created by this downturn, to be used up.

- **Public borrowing** was forecast in November by the Office for Budget Responsibility (the OBR) to reach £394bn in the current financial year, the highest ever peace time deficit and equivalent to 19% of GDP. In normal times, such an increase in total gilt issuance would lead to a rise in gilt yields, and so PWLB rates. However, the QE done by the Bank of England has depressed gilt yields to historic low levels, (as has similarly occurred with QE and debt issued in the US, the EU and Japan). This means that new UK debt being issued, and this is being done across the whole yield curve in all maturities, is locking in those historic low levels through until maturity. In addition, the UK has one of the longest average maturities for its entire debt portfolio, of any country in the world. Overall, this means that the total interest bill paid by the Government is manageable despite the huge increase in the total amount of debt. The OBR was also forecasting that the government will still be running a budget deficit of £102bn (3.9% of GDP) by 2025/26. However, initial impressions are that they have taken a pessimistic view of the impact that vaccines could make in the speed of economic recovery.
- Overall, **the pace of recovery** was not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. The initial recovery was sharp after quarter 1 saw growth at -3.0% followed by -18.8% in quarter 2 and then an upswing of +16.0% in quarter 3; this still left the economy 8.6% smaller than in Q4 2019. While the one month second national lockdown that started on 5th November caused a further contraction of 5.7% m/m in November, this was much better than had been feared and showed that the economy is adapting to new ways of working. This left the economy 'only' 8.6% below the pre-crisis level.
- **Vaccines – the game changer.** The Pfizer announcement on 9th November of a successful vaccine has been followed by approval of the Oxford University/AstraZeneca and Moderna vaccines. The Government has a set a target to vaccinate 14 million people in the most at risk sectors of the population by 15th February; as of mid-January, it has made good, and accelerating progress in hitting that target. The aim is to vaccinate all adults by September. This means that the national lockdown starting in early January, could be replaced by regional tiers of lighter restrictions, beginning possibly in Q2. At that point, there would be less reason to fear that hospitals could become overwhelmed any more. Effective vaccines have radically improved the economic outlook so that it may now be possible for GDP to recover to its pre-virus level as early as Q1 2022. These vaccines have enormously boosted confidence that **life could largely return to normal during the**

second half of 2021. With the household saving rate having been exceptionally high since the first lockdown in March, there is plenty of pent-up demand and purchasing power stored up for when life returns to normal.

- Provided that both monetary and fiscal policy are kept loose for a few years yet, then it is still possible that in the second half of this decade, the economy may be no smaller than it would have been if COVID-19 never happened. The significant risk is if another mutation of COVID-19 appears that defeats the current batch of vaccines. However, now that science and technology have caught up with understanding this virus, new vaccines ought to be able to be developed more quickly to counter such a development, and vaccine production facilities are being ramped up around the world.

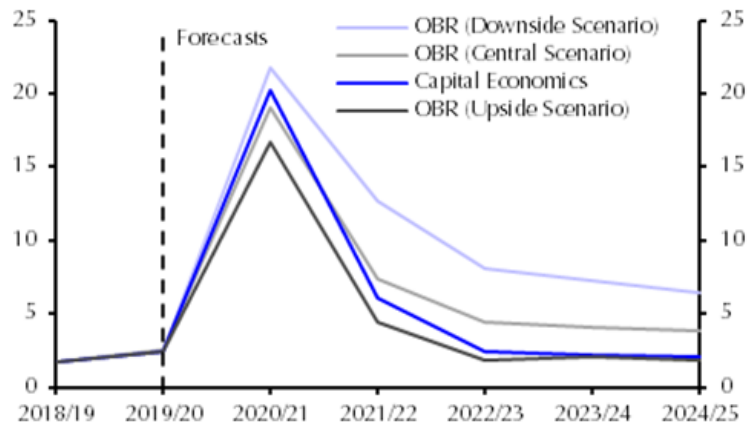
Chart: Level of real GDP (Q4 2019 = 100)



(the key describing each line in the above graph is in sequential order from top to bottom in parallel with the lines in the graph.)

This recovery of growth which eliminates the effects of the pandemic by about the middle of the decade, would have major repercussions for public finances as it would be consistent with the government deficit falling to around 2.5% of GDP without any tax increases. This would be in line with the OBR's most optimistic forecast in the graph below, rather than their current central scenario which predicts a 4% deficit due to assuming much slower growth. However, Capital Economics forecasts assumed that politicians do not raise taxes or embark on major austerity measures and so, (perverse!), depress economic growth and recovery.

Chart: Public Sector Net Borrowing (as a % of GDP)



(the key describing each line in the above graph is in sequential order from top to bottom in parallel with the lines in the graph.)

- There will still be some **painful longer term adjustments** as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever, even if vaccines are fully successful in overcoming the current virus. There is also likely to be a **reversal of globalisation** as this crisis has exposed how vulnerable long-distance supply chains are. On the other hand, **digital services** are one area that has already seen huge growth.
- **Brexit.** The final agreement of a trade deal on 24.12.20 has eliminated a significant downside risk for the UK economy. The initial agreement only covers trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis. As the forecasts in this report were based on an assumption of a Brexit agreement being reached, there is no need to amend these forecasts.
- **Monetary Policy Committee meeting of 17 December.** All nine Committee members voted to keep interest rates on hold at +0.10% and the Quantitative Easing (QE) target at £895bn. The MPC commented that the successful rollout of vaccines had reduced the downsides risks to the economy that it had highlighted in November. But this was caveated by it saying, “Although all members agreed that this would reduce downside risks, they placed different weights on the degree to which this was also expected to lead to stronger GDP growth in the central case.” So, while vaccines are a positive development, in the eyes of the MPC at least, the economy is far from out of the woods in the shorter term. The MPC, therefore, voted to extend the availability of the Term Funding Scheme, (cheap borrowing), with additional incentives for small and medium size enterprises for six months from 30.4.21 until 31.10.21. (The MPC had assumed that a Brexit deal would be agreed.)
- **Fiscal policy.** In the same week as the MPC meeting, the Chancellor made a series of announcements to provide further

support to the economy: -

- An extension of the COVID-19 loan schemes from the end of January 2021 to the end of March.
- The furlough scheme was lengthened from the end of March to the end of April.
- The Budget on 3.3.21 will lay out the “next phase of the plan to tackle the virus and protect jobs”. This does not sound like tax rises are imminent, (which could hold back the speed of economic recovery).
- The **Financial Policy Committee** (FPC) report on 6.8.20 revised down their expected credit losses for the banking sector to “somewhat less than £80bn”. It stated that in its assessment, “banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC’s central projection”. The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC’s projection, with unemployment rising to above 15%.
- **US.** The Democrats gained the presidency and a majority in the House of Representatives in the November elections: after winning two key Senate seats in Georgia in elections in early January, they now also have a very slim majority in the Senate due to the vice president’s casting vote. President Biden will consequently have a much easier path to implement his election manifesto. However, he will not have a completely free hand as more radical Democrat plans may not be supported by all Democrat senators. His initial radical plan for a fiscal stimulus of \$1.9trn, (9% of GDP), is therefore likely to be toned down in order to get through both houses.
- **The economy** had been recovering quite strongly from its contraction in 2020 of 10.2% due to the pandemic with GDP only 3.5% below its pre-pandemic level and the unemployment rate dropping below 7%. However, the rise in new cases during quarter 4, to the highest level since mid-August, suggests that the US could be in the early stages of a fourth wave. The latest upturn poses a threat that the recovery in the economy could stall. This is **the single biggest downside risk** to the shorter term outlook – a more widespread and severe wave of infections over the winter months, which is compounded by the impact of the regular flu season and, as a consequence, threatens to overwhelm health care facilities. Under those circumstances, individual states might feel it necessary to return to more draconian lockdowns.
- The restrictions imposed to control the spread of the virus are once again weighing on the economy with employment growth slowing sharply in November and declining in December, and retail sales dropping back. The economy is set for further weakness into the spring. **GDP growth** is expected to rebound markedly from the second quarter of 2021 onwards as vaccines are rolled out on a widespread basis and restrictions are loosened.

- After Chair Jerome Powell unveiled the **Fed's adoption of a flexible average inflation target** in his Jackson Hole speech in late August 2020, the mid-September meeting of the Fed agreed by a majority to a toned down version of the new inflation target in his speech - that *"it would likely be appropriate to maintain the current target range until labour market conditions were judged to be consistent with the Committee's assessments of maximum employment and inflation had risen to 2% and was on track to moderately exceed 2% for some time."* This change was aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade, (and this year), so financial markets took note that higher levels of inflation are likely to be in the pipeline; long-term bond yields duly rose after the meeting. The FOMC's updated economic and rate projections in mid-September showed that officials expect to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.
- The Fed's meeting on **5 November** was unremarkable - but at a politically sensitive time around the elections. At its **16 December** meeting the Fed tweaked the guidance for its monthly asset quantitative easing purchases with the new language implying those purchases could continue for longer than previously believed. Nevertheless, with officials still projecting that **inflation** will only get back to 2.0% in 2023, the vast majority expect the Fed funds rate to be still at near-zero until 2024 or later. Furthermore, officials think the balance of risks surrounding that median inflation forecast are firmly skewed to the downside. The key message is still that policy will remain unusually accommodative – with near-zero rates and asset purchases – continuing for several more years. This is likely to result in keeping Treasury yields low – which will also have an influence on gilt yields in this country.
- **EU.** In early December, the figures for Q3 GDP confirmed that the economy staged a rapid rebound from the first lockdowns. This provides grounds for optimism about growth prospects for next year. In Q2, GDP was 15% below its pre-pandemic level. But in Q3 the economy grew by 12.5% q/q leaving GDP down by "only" 4.4%. That was much better than had been expected earlier in the year. However, growth is likely to stagnate during Q4 and in Q1 of 2021, as a second wave of the virus has seriously affected many countries. The €750bn fiscal support package eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support, and quickly enough, to make an appreciable difference in the countries most

affected by the first wave.

- With **inflation** expected to be unlikely to get much above 1% over the next two years, **the ECB** has been struggling to get inflation up to its 2% target. It is currently unlikely that it will cut its central rate even further into negative territory from -0.5%, although the ECB has stated that it retains this as a possible tool to use. The ECB's December meeting added a further €500bn to the PEPP scheme, (purchase of government and other bonds), and extended the duration of the programme to March 2022 and re-investing maturities for an additional year until December 2023. Three additional tranches of TLTRO, (cheap loans to banks), were approved, indicating that support will last beyond the impact of the pandemic, implying indirect yield curve control for government bonds for some time ahead. The Bank's forecast for a return to pre-virus activity levels was pushed back to the end of 2021, but stronger growth is projected in 2022. The total PEPP scheme of €1,850bn of QE which started in March 2020 is providing protection to the sovereign bond yields of weaker countries like Italy. There is therefore unlikely to be a euro crisis while the ECB is able to maintain this level of support. However, as in the UK and the US, the advent of highly effective vaccines will be a game changer, although growth will struggle before later in quarter 2 of 2021.
- **China.** After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and then into Q3 and Q4; this has enabled China to recover all of the contraction in Q1. Policy makers have both quashed the virus and implemented a programme of monetary and fiscal support that has been particularly effective at stimulating short-term growth. At the same time, China's economy has benefited from the shift towards online spending by consumers in developed markets. These factors help to explain its comparative outperformance compared to western economies. However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns in the longer term. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.
- **Japan.** A third round of fiscal stimulus in early December took total fresh fiscal spending this year in response to the virus close to 12% of pre-virus GDP. That's huge by past standards, and one of the largest national fiscal responses. The budget deficit is now likely to reach 16% of GDP this year. Coupled with Japan's relative success in containing the virus without draconian measures so far, and the likelihood of effective vaccines being available in the coming months, the government's latest fiscal effort should help ensure a strong recovery and to get back to pre-virus levels by Q3 2021 – around the same time as the US and much sooner than the Eurozone.

- **World growth.** World growth will have been in recession in 2020 and this is likely to continue into the first half of 2021 before recovery in the second half. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.
- 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.

Summary

Central banks are, therefore, likely to support growth by maintaining loose monetary policy through keeping rates very low for longer. Governments could also help a quicker recovery by providing more fiscal support for their economies at a time when total debt is affordable due to the very low rates of interest. They will also need to avoid significant increases in taxation or austerity measures that depress demand and the pace of recovery in their economies.

If there is a huge surge in investor confidence as a result of successful vaccines which leads to a major switch out of government bonds into equities, which, in turn, causes government debt yields to rise, then there will be pressure on central banks to actively manage debt yields by further QE purchases of government debt; this would help to suppress the rise in debt yields and so keep the total interest bill on greatly

expanded government debt portfolios within manageable parameters. It is also the main alternative to a programme of austerity.

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	fund managers and In-house 12 months 12 months 6 months	£30M with each counterparty/ per agreement

	Green No Colour	100 days Not for use	
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 Managers	£25M with each counterparty per agreement
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 Managers/in house	See 2 and 3 below/5 years	per 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 Fund Managers	n/a n/a	£25M 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

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	Highly speculative. <ul style="list-style-type: none"> • For issuers and performing obligations, 'B' ratings indicate that significant credit risk is present, but a

	<p>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.</p> <ul style="list-style-type: none"> • 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 • 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.

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 2021 (NB subject to change and no overseas investments at this time)

AAA

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

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Hong Kong
- Qatar
- **U.K.**

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, with the MRP policy being formally revised in Dec 2018 to reflect a 2.5% annual charge going forwards from that date.

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 2021
subject to change)**

Institution	Country	Bank/BS	Fitch		
			Ratings		S Term
			L Term	Support	
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	F2
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
SMBC International PLC	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				

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 & 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 2021/22**

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: 31/1/21
Approval by Head of Service:	
Name: Ben Smith	
Position: S 151 Officer	
	Date: 31/1/21

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

Agenda Item 16.



Council – 4 March 2021

Councillors' Questions

Part A – Supplementaries

1	<p>Councillors Linda Tyler-Lloyd & Will Thomas</p> <p>In relation to the Active Travel Scheme in Mayals Road, Derwen Fawr as you are aware there are concerns from many residents about the scheme one area of which is the safety of the scheme for all road users including pedestrians, cyclists and pedestrians. Could the Council provide the risk assessment for the scheme for its entire length as there is a variation in the widths of the road and our residents need to know the scheme is safe.</p> <p>Response of the Cabinet Member for Environment Enhancement & Infrastructure Management</p> <p>Please find attached at Appended A, a copy of the Road Safety Audit Report undertaken to review the design of the new cycle link. Each comment has been carefully considered by the design team in formulating the final scheme.</p> <p>Item 3.5 identifies an issue in relation to the road width by the retaining wall west of Clyne Chapel. The recommendations made in the report have been considered and included within the works to address this issue.</p>
2	<p>Councillors Mike Day, Jeff Jones, Cheryl Philpott & Mary Jones</p> <p>Can the Cabinet Member tell Council what advice they have received from Welsh Government over the need to inform and consult with local residents in connection with Active Travel Schemes.</p> <p>Response of the Cabinet Member for Environment Enhancement & Infrastructure Management</p> <p>Swansea Council Officers met with Welsh Government (WG) and Transport for Wales (TfW) on the 11th of January to discuss current Active Travel schemes. These meetings are scheduled throughout the year to assess progress on the programme as a whole and made no specific reference to the Consultation process. The existing programme has been funded on the basis of Swansea Council having completed the requirements of the Active Travel (Wales) Act 2013, which places a statutory responsibility on each local authority in Wales, to map, plan and make continuous improvements to its active travel (walking and cycling) networks. Swansea Council developed two maps in 2017, as required under the act, an Existing Route Map (ERM) and an Integrated Network Map (INM). The INM produced a comprehensive plan setting out the short, medium and long-term capital infrastructure walking and cycling routes that the local authority will seek to deliver, for the improvement of active travel across the City and County of Swansea.</p>

	<p>The draft INM was published for comment as part of a statutory twelve week public consultation period, as required by the Act. The Consultation ran from 12th June to 8th September 2017, and included online consultation, a series of workshops held at Civic Centre, Clydach and Gorseinon, alongside consultation with a number of schools and stakeholders.</p>
3	<p>Councillors Brigitte Rowlands & Myles Langstone</p> <p>Could the Cabinet Member please advise how many fly tipping prosecutions there have been during 2019/2020. Also, what is cost of dealing with fly tipping to Swansea Council for this time period.</p> <p>Response of the Cabinet Member for Environment Enhancement & Infrastructure Management</p> <p>I can confirm that there weren't any fly tipping prosecutions in 2019/20. The Council introduced an new option to issue fixed penalty notices (Fpn's) instead of going straight to prosecutions. 4 fpn's were issued for fly tipping.</p> <p>Dealing with fly tipping costs the Council approximately £150K per year, mainly made up of 2 dedicated fly tipping teams for a quick response.</p>
4	<p>Councillors Mike Day, Cheryl Philpott, Jeff Jones & Mary Jones</p> <p>Can the Cabinet Member inform Council what involvement the Council's Biodiversity Champion has had in the Active Travel schemes being implemented.</p> <p>Response of the Cabinet Member for Environment Enhancement & Infrastructure Management</p> <p>Whilst the Active Travel programme seeks to develop sustainable transport modes in and around the city, it seeks to do so in conjunction with Welsh Governments Well-Being of Future Generations Act, aimed at improving the social, economic, environmental and cultural well-being of the communities being served. Discussions have taken place with a number of internal stakeholders to try to introduce active travel routes that can also act as green infrastructure corridors, through the introduction of SUDs drainage and tree planting. These proposals have been developed with the support of the Green Infrastructure Team and a large number of new trees have been planted on the back of the programme. The team has consulted with all relevant internal departments to ensure that the project is compliant, including officers responsible for safeguarding Biodiversity.</p>
5	<p>Councillors Susan Jones, Jeff Jones & Peter Black</p> <p>Will the Cabinet Member clarify the position with regards to the repayment of the Disabled Facility Grant in respect of recipient dying within the 10 year repayment period.</p> <p>Response of the Cabinet Member for Homes, Energy & Service Transformation</p> <p>Repayment of Disabled Facilities Grants is set out in the Council's Private Sector Housing Renewal and Disabled Adaptations: Policy to Provide Assistance 2017-</p>

	<p>2022, approved by Council on the 22nd June 2017 in exercise of powers within the Housing Grants Construction and Regeneration Act 1996 : Disabled Facilities Grant (Conditions relating to approval or payment of Grant) General Consent 2008 Wales. Disabled Facilities Grants have repayment conditions if the grant exceeds £5,000 and the recipient disposes of the property (whether by sale, assignment e.g. will, transfer or otherwise) within 10 years of the certified completion date.</p> <p>Therefore if a sole owner-occupier dies within 10 years of receipt of grant, the Council will look to recover the grant at sale or transfer of the property. If a property is in joint ownership with a surviving partner after death of the grant recipient, with no sale or transfer of the property, there is no requirement to repay the Disabled Facilities Grant.</p> <p>Where the Disabled Facilities Grant is deemed to be repayable, the Council will require repayment of any part of the grant that exceeds £5,000.</p> <p>Under the conditions of the Disabled Facilities Grant, consideration to waiver repayment can be considered if the sale of the property has an impact under the following: Financial Hardship, Provision of care, Disposal to enable the recipient to change location for employment, Reasons connected with Physical and Mental Health.</p>
	<p>Part B – No Supplementaries</p>
<p>6</p>	<p>Councillors Jeff Jones, Kevin Griffiths & Lynda James</p> <p>On 19th March 2020 Cabinet approved a report which amended the Community Budget Scheme to enable Councillors to bid for an additional £30,000 match funding for agreed capital schemes within their wards. Will the Cabinet Member confirm that all of these schemes will be completed by early 2022 and will he give a list of the approved schemes and the wards where these schemes have already commenced or been completed.</p> <p>Response of the Cabinet Member for Business Improvement & Performance</p> <p>The March 2020 report confirmed that Ward Members should confirm the intended capital schemes no later than March 2021 to ensure there was 12 months available for delivery. A reminder with guidance will shortly be issued to all councillors to seek confirmation of schemes by this deadline. It is not possible to give guarantees given recent events and supply chain issues linked to Covid coupled with the need for some schemes to go through a statutory process such as where TROs apply but it is believed this 12 months period is sufficient to complete all schemes.</p> <p>Work has been completed on refurbishment on playground in Three Crosses, low lighting scheme in West Cross, launch ramp in Swansea Canal, resurfacing of playground in Danygraig school. Improvements at Parc Williams are ongoing.</p>

	<p>Highways work has commenced on schemes in the following wards – Cwmbwrla, Dunvant, Killay North, Kingsbridge, Lower Loughor, Penclawdd and Uplands. These schemes are at various stages leading towards completion.</p> <p>I would also confirm that sufficient resources have been made available to enable all schemes to be completed by early 2022.</p>
7	<p>Councillors Kevin Griffiths, Wendy Fitzgerald & Graham Thomas</p> <p>All Wards have been allocated £30k to improve play/leisure facilities in their wards. Will the Cabinet Member give a list of agreed schemes.</p> <p>Response of the Cabinet Member for Investment, Regeneration & Tourism</p> <p>As of 12th February 2021 Currently of 31 Play schemes</p> <ul style="list-style-type: none"> - Eleven are live on sell2wales (Bonymaen, Clydach, Cockett, Gowerton, Kingsbridge, Landore, Mynyddbach, Penclawdd, Penderry, Sketty and St Thomas) - Two at Contract Award (Dunvant, Lower Loughor) - Eighteen Sites require scheme development <p>All Wards will have gained an email from the appointed Project Manager on 10th February 2021, asking them to complete the Scheme Initiation Brief with the request to complete and return by 3rd March 2021 for appraisal by the delivery team. One submission is required per ward. Ward Members will be contacted and asked to authorise the proposal and budget before 31st March 2021 to be included within the Play Scheme 2021-22 investment programme.</p> <p>Wards will be updated as the project progresses.</p>
8	<p>Councillors Mike Day, Mary Jones & Gareth Sullivan</p> <p>Will the relevant Cabinet Member tell Council what discussions are taking place over the future location of the Dylan Thomas exhibition? What, if any, discussions are taking place over the future of the Dylan Thomas Centre.</p> <p>Response of the Cabinet Member for Investment, Regeneration & Tourism</p> <p>As part of the Commissioning Reviews during 2015 and 2016, alternative management and governance was explored for the Dylan Thomas Exhibition – Love the Words. Budget cuts around this time meant that the model for a stand-alone visitor offer was unsustainable, but we didn't achieve a viable alternative model. In the last year, mindful of the city regeneration, we commissioned a feasibility report into the options for the Exhibition, which concluded that moving it to Swansea Museum, and developing a comprehensive museum experience in that vicinity, was the best outcome long term. Consultation with stakeholders, via meetings with funders, focus groups and online surveys, has been underway for some time and continues, alongside some early specification outlines to understand costs involved in maintaining and improving the overall quality and accessibility.</p>

	<p>The move remains a proposal until all costs, implications and agreements are understood. The council's accommodation strategy will need to review and take into account the future use and purpose of the Dylan Thomas Centre should the proposal be implemented.</p>
9	<p>Councillors Chris Holley, Peter Black & Gordon Walker</p> <p>Councillors receive many complaints about fly tipping. Will the Cabinet Member tell Council how many people have been successfully prosecuted for this offence from 2017 to date.</p> <p>Response of the Cabinet Member for Environment Enhancement & Infrastructure Management</p> <p>I can confirm that there have been 8 prosecutions and 8 fixed penalty notices (Fpn's) for fly tipping since 2017. Enforcement was temporarily put on hold for most of 20/21 due to Covid.</p>
10	<p>Councillors Kevin Griffiths. Chris Holley & Mary Jones</p> <p>The closure of a major anchor tenant and other stores in our city centre is very worrying. Will the Leader/Cabinet Member tell Council what plans there are for</p> <p>(a) attracting new tenants to these stores and</p> <p>(b) what consideration will be given to any changes to our transport system eg car parking and bus transport in anticipation of any loss to the footfall.</p> <p>Response of the Leader</p> <p>(a) The Council is currently delivering its strategic city centre regeneration capital programme, including major investments at Copr Bay and Kingsway. These will have a significant impact on the city's recovery post Covid. In addition, the "Shaping Swansea" procurement exercise is on target to secure a major developer/investor partner to continue our regeneration investment and momentum.</p> <p>Throughout the Covid crisis we have delivered significant and ongoing financial support for businesses. A post-Covid economic recovery action plan has also been prepared with partners, and a new regional economic regeneration plan is being led by Swansea to guide future regional investment in the Swansea Bay City Region.</p> <p>The Council has also commenced a detailed feasibility study to explore options to revitalise the city centre, post Covid. This work includes a commercial/architectural review of the city centre to create a strategy for key interventions which will propose new and alternative uses for key buildings, suggest strategic acquisitions, identify meanwhile uses that can be put in place quickly, identify support packages for existing occupiers and encourage new start-ups with flexible terms. This will look at short, medium and long term interventions. Consultation is also taking place with existing and potential occupiers to establish their requirements going forward. Following production of this repurposing report, funding applications will be made for works and occupier support packages to support the city centre's recovery. The Council is also considering further measures to support recovery as part of the forthcoming budget.</p> <p>(b) The majority of bus services in Swansea are operated without Council funding and the level of services provided are decided by the bus operators on a</p>

commercial basis. During the Pandemic bus services have been considerably reduced and are currently operating at about 50%. This has been because of travel restrictions and social distancing requirements which have had a massive impact on the revenue taken through the farebox. The Welsh Government has supported the bus industry through the provision of Bus Emergency and Hardship funding to ensure that a basic network has continued for key workers, shopping, medical and educational purposes and so that when we come out of the pandemic there will still be public transport operators to provide the bus services we need. The Council has also continued to fund the operation of essential subsidised local bus services at a reduced frequency. The Welsh Government is currently working with Local Authorities, Transport for Wales and Bus Operators to agree arrangements for the Bus Emergency Scheme 2 which will be implemented from 1 April 2021. This will support the reintroduction of bus services to pre Covid levels and work towards the implementation of a supported bus network across Wales.

The council is currently considering options with regard to the provision of car parking and associated tariffs to understand how best to support local businesses through this most challenging time.

11 **Councillors Chris Holley, Lynda James & Kevin Griffiths**

Will the Leader please tell Council how many external consultants have been employed by this Authority from June 2012 to the end of December 2020 and what has been the cost.

Response of the Leader

Professional and external fees are an essential part of extending technical advice within the Place Directorate. Austerity has seen core in-house council services across the U.K. reduced significantly, much more in England than in Wales, but Wales is not immune.

The types of services procured externally include architectural design, engineering services, structural design, surveyors, quantity surveying, environmental expertise, project management and other specialist disciplines including property consultants and land agents.

Whilst the council employs resources in many of these areas, resources remain limited, and it has been a consistent policy for many years to maintain a “core in house” resource and employ additional capacity and “top up” where the need arises and meet fluctuations within the capital programme. Where we can use in house resources only we do.

It must be noted that we have the biggest capital programme the authority has ever undertaken with significant investment to significantly reduce the £300m of backlog repairs and maintenance left by the previous Lib Dem administration in 2012.

We are investing over £150m in creating new and better schools which is the biggest ever schools investment programme in Swansea.

We are investing over £400m in new and better homes and housing across Swansea, which the previous administration failed to do, instead leaving many millions sitting in the HRA bank account, rather than investing it for the benefits of our housing tenants.

We are also investing a substantial part of the £1.3bn City Deal to create jobs and opportunities and create a revitalised city centre which will help reverse damage done to the Kingsway, High Street and other areas of city centre due to neglect and terrible decisions made by the previous Liberal Democrat independent administration .

On top of this there has been ongoing significant investment in highways and community enhancement schemes including the largest ever investment of safe walking and cycling routes, and play equipment.

Therefore it is not a straightforward task to establish the figure for an eight year period covering such a varied range of projects and priorities. Furthermore many of the schemes are funded by complex arrangements including contributions by Welsh or Welsh and U.K. Government or other 3rd parties. Intervention rates differ significantly.

This complexity is further compounded by the fact that significant system changes have taken place over the last 8 years and a number of lead officers have departed and manual checks of project files have not been possible due to the inability of staff to interrogate historic documents during Covid.

However as a guide typically we would expect external special fees would be around 10% for projects and capital schemes. I would repeats that as a principle we only use external resources when we either don't have the skills in house or we have insufficient spare capacity in house.

**CITY AND COUNTY OF
SWANSEA**

DINAS A SIR ABERTAWE

**TRANSPORTATION
TRAFFIC SECTION**

**Mayals Road, Hybrid cycle route
Road Safety Audit Stage 2**

October 2020

Reference No; 000246

Issue document

REVISION RECORD Report Ref:					
Rev	Description	Date	Originator	Checked	Approved
-	Issue Stage 2	22/10/2020	LHJ	MST	SD

Prepared by :

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Submitted Drawing Register List

Documents

Departures

Problem Point Reference Plan

INTRODUCTION

This report describes a Stage 2 Road Safety Audit carried out for the proposed hybrid cycle route along Mayals Road, Mumbles which would link the proposed route to the existing foreshore cycle path to the south of Mayals Road and finish at the northern end toward the common. The hybrid route is a combination of shared and segregated cycle infrastructure.

Swansea Council has received funding from Welsh Government Active Travel Plan to draft a design for this stage of the Audit process.

The Road Safety Audit brief was provided by Mr. Neil Holland Senior Traffic Engineer, with the approval of Mr. Alan Ferris Traffic Team Leader, who also approved the Audit Team.

The Audit was carried out at the request of the Traffic Management Team, City & County of Swansea.

The Audit took place during a number of site visits on 5th of October 2020 between 10.00 am and 13.00 pm the weather was fine and the road surface dry during the site visits.

The attendees during the site visit were;

Mr Lyn Henry Jones, Audit Team Leader

Mr Paul Daniells, South Wales Police, Roads Policing Unit.

The Audit was undertaken and comprised an examination of the scheme as presented, and further information as listed in Appendix A of this report. No departures from standard have been indicated. Personal injury accident data has been sourced from the Traffic Management section.

The Audit was carried out in accordance with the Welsh Governments requirements for Road Safety Audits as set out in GG 119.

The Audit Team have not been made aware of a previous Stage 1 Road Safety Audit being carried out.

2. KEY PERSONNEL**2.1 Overseeing Organisation**

Project Director	Mark Thomas	City & County of Swansea
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Project Sponsor	Stuart Davies	City & County of Swansea
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2.2 The Audit was carried out by:**LH Jones MCIHT, MSoRSA, RSA Cert.Comp (Team Leader)**

Road Safety Engineer,
City & County of Swansea, Highways & Transportation

Paul Daniells (Team Member)

South Wales Police

Roads Policing Unit

2.3 Design Organisation

Design Team Leader	Alan Ferris	City & County of Swansea
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ISSUES RAISED IN THIS STAGE 2 ROAD SAFETY AUDIT

3.1 GENERAL

3.2 Problem 1

Location: Throughout the scheme.

Summary: Lack of directional markings along the route.

Considering the extent of the scheme in either direction the layout provided did not show a consideration for route symbols throughout the scheme to reinforce the type of route and intended direction of use.

The proposed scheme is being aimed at encouraging less experienced cyclists and as such an increase in directional and route layout information could assist in these users from making incorrect choices leading to conflict with other users.

Recommendation: It is recommended that additional positive markings and signing is provided.

3.3 Problem 2

Location: Bus shelters.

Summary: Bus shelters provided should not block visibility.

Along the route a number of bus shelters are shown to be relocated. The points of relocation should not block forward visibility to users of the hybrid routes to observe oncoming users, and also not to block forward visibility of drivers exiting driveways onto the highway which could lead to side impact collisions.

Recommendation: It is recommended that the Designer locate and orientate the shelters in a position that does not obscure or block visibility for all users.

Provide glass shelters if necessary.

3.4 THE ALIGNMENT

3.5 Problem 3

Location: Carriageway adjacent to retaining wall just north of Clyne Chapel.

Summary: Large vehicles observed crossing existing centre line.

Large delivery type vehicles were observed crossing the existing centre line of Mayals Road when heading in a northerly direction along Mayals Road. This appeared to be due to the overhanging trees located at the top of the exiting retaining wall.

High sided vehicles in particular appeared to deem the position of the trees sufficient to warrant moving across the centre line in order to avoid conflict with the near side of their vehicles which could lead to head on type collisions with vehicles heading south along Mayals Road.

Recommendation: It is recommended that the trees are cut back substantially or removed completely to allow for the existing north bound lane to be utilised correctly and remove the need to cross the centre line when heading North by large vehicles.

3.6 Problem 4

Location: Throughout the scheme.

Summary: Cycle track dropped kerbs at junctions.

When following the line of the nearside radius exiting the junctions it was observed that the radius exited directly onto the dropped section of kerb segregating the cycle route from the running carriageway. This could lead to exiting vehicles clipping the kerblines and leading to loss of control type incidents.

Recommendation: It is recommended that the segregating kerb line is relocated further back past the tangent point of the nearside exiting radius.

3.7 THE JUNCTIONS

3.8 Problem 5

Location: Throughout the Scheme.

Summary: Set back give way lines, visibility.

The existing junctions are shown to have their give way markings set back to accommodate the cycle route passing in front of them. Due to the relocation of markings does the proposed visibility splay for exiting vehicles comply with standards for the speed limit on Mayals Road.

There is concern that exiting vehicles could have their visibility envelope compromised when exiting which could lead to side impact type collisions.

Recommendation: It is recommended that visibility splays are provided to show that visibility for exiting vehicles front the junction are not compromised.

3.9 Problem 6

Location: Throughout the Scheme.

Summary: Set back give way lines, visibility.

The Audit Team are aware that numerous trees are being removed as part of the scheme but new trees will also be planted as part of the proposals.

The proposed trees should be set back from the visibility plays sufficiently as to not obstruct the visibility plays for exiting vehicles as this could lead to further issues when the trees become mature in obstructing visibility splays leading to collision when exiting junctions.

Recommendation: It is recommended that the proposed trees are located well outside other visibility splays.

3.10 NON MOTORISED USER PROVISION

3.11 Problem 7

Location: Throughout the site.

Summary: Control of direction of flow.

The direction of flow for both cyclists and pedestrians is being shown as moving with the standard direction of moving traffic on the carriageway.

On both sides of the proposed route this could be open to abuse which could lead to conflict with users and lead to collisions between pedestrians and cyclists.

Recommendation: It is recommended that additional directional arrows are placed on the route to encourage directional use and, if necessary, further measures are explored to enforce directional flow.

3.12 Problem 8

Location: Throughout the site.

Summary: Emerging vehicle conflict.

Throughout the site there are driveways that emerge onto the footway. Although this is an existing feature the proposed nature of this footway will widen in most part to accommodate a facility for cyclists to utilise the route alongside pedestrians.

Although motorists exiting driveways will need to utilise the same degree of caution as they did previously with regard to pedestrians, there is a concern with regard to potential conflict with cyclists, particularly if cyclists are doing so at speed and lead to collision.

Recommendation: It is recommended that slow markings be placed in advance of sections of housing and be supplemented with signage.

3.13 ROAD SIGNS, CARRIAGEWAY MARKINGS AND LIGHTING

3.14 Problem 9

Location: Throughout the scheme.

Summary: Directional information on cycle route.

The drawings provided show the hybrid nature of the scheme however it was observed when examining the drawings that there is a lack of directional signing where the route splits from shared to segregate and returns.

Inexperienced cyclists could inadvertently take the incorrect which could lead to confusion and potential conflict with other users if not directed properly along the route in either direction.

Recommendation: It is recommended that the Designer increase the number of directional signs and markings at the separation and joining points along the route to provide cyclists and pedestrians with more robust, positive directional information.

AUDIT TEAM STATEMENT

I certify that this audit has been carried out in accordance with GG 119

AUDIT TEAM LEADER

**LH Jones MCIHT MSoRSA
RSA Cert. Comp**

Principal Team Engineer
Traffic Section
Highways & Transportation
City & County of Swansea
Guildhall
Swansea
SA4 9GH

Signed:



Date: 15/10/20

AUDIT TEAM MEMBER

Signed:

P. Daniells

Roads Policing Unit
South Wales Police

Date:

APPENDIX A

List of Documents Reviewed

Drawings

<u>Drawing Number</u>	<u>Rev</u>	<u>Title</u>
T.19.ACT.03.08	A	General Arrangement
T.19.ACT.03.03	B	Phase 1 General Arrangement
T.19.ACT.03.04	A	Phase 2 General Arrangement
T.19.ACT.03.05	A	Phase 3A General Arrangement
T.19.ACT.03.06	A	Phase 3B General Arrangement
T.19.ACT.03.07	A	Phase 3C General Arrangement

Documents

None Provided

Departures

None Notified

Mayals Road, Hybrid cycle route
Road Safety Audit Stage 2

Issue document



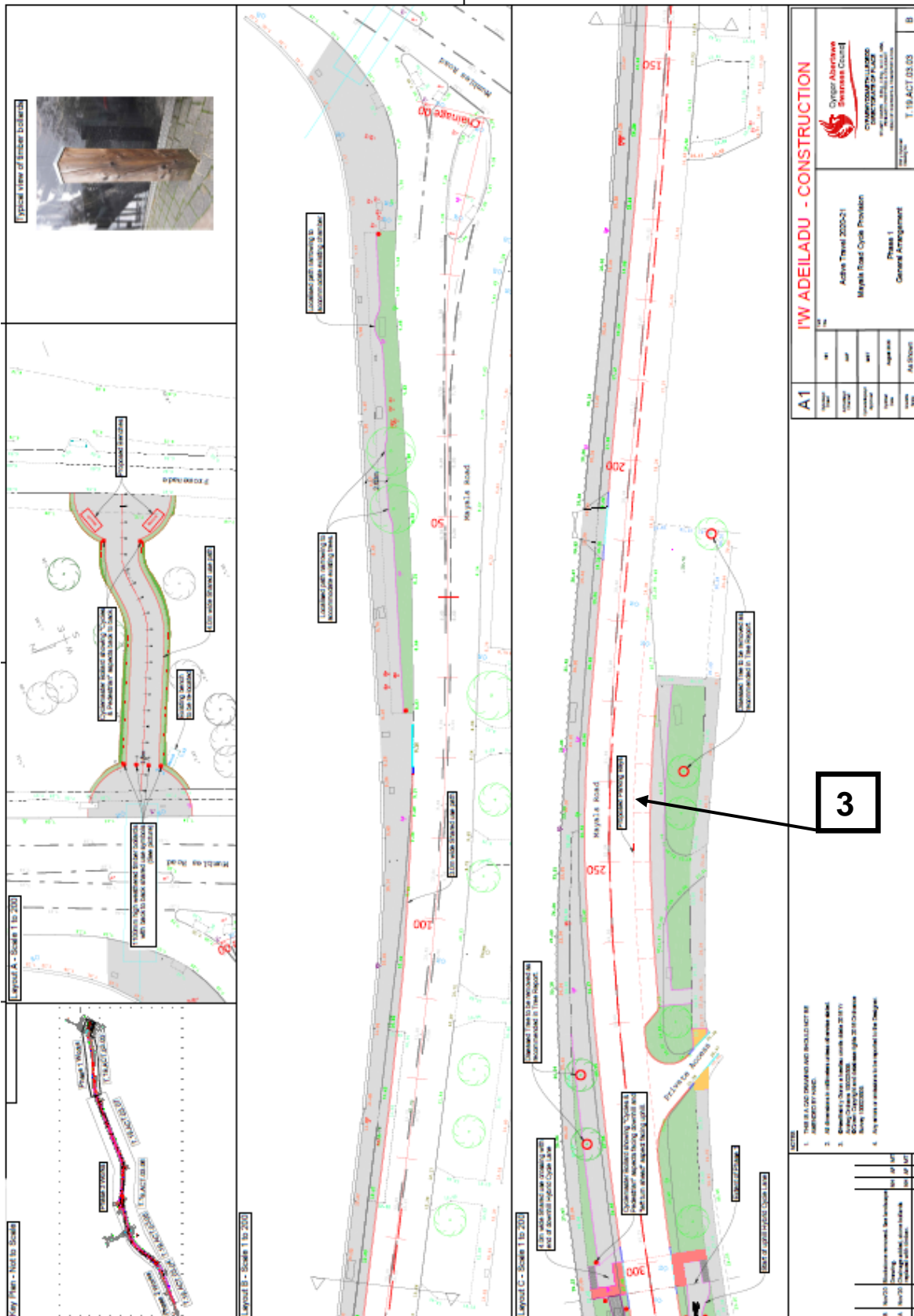
A1				IW/ADEILADU - CONSTRUCTION			
Item No	Item	Unit	Rate	Item No	Item	Unit	Rate
Active Travel 2020-21				Cymru Abertawe Swansea Council			
Mayals Road Cycle Provision				CYMRU/ABERTAW SWANSEA COUNCIL			
Phase 3B				CYMRU/ABERTAW SWANSEA COUNCIL			
Junction Re-alignment				CYMRU/ABERTAW SWANSEA COUNCIL			
General Arrangement				CYMRU/ABERTAW SWANSEA COUNCIL			
T.19-AC7.03.08				T.19-AC7.03.08			
A				A			

NOTES	
1.	THIS IS A LAYOUT AND SHOULD NOT BE AMENDED BY HAND.
2.	All dimensions in millimetres unless otherwise stated.
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4.	Any errors or omissions to be reported to the Designer.

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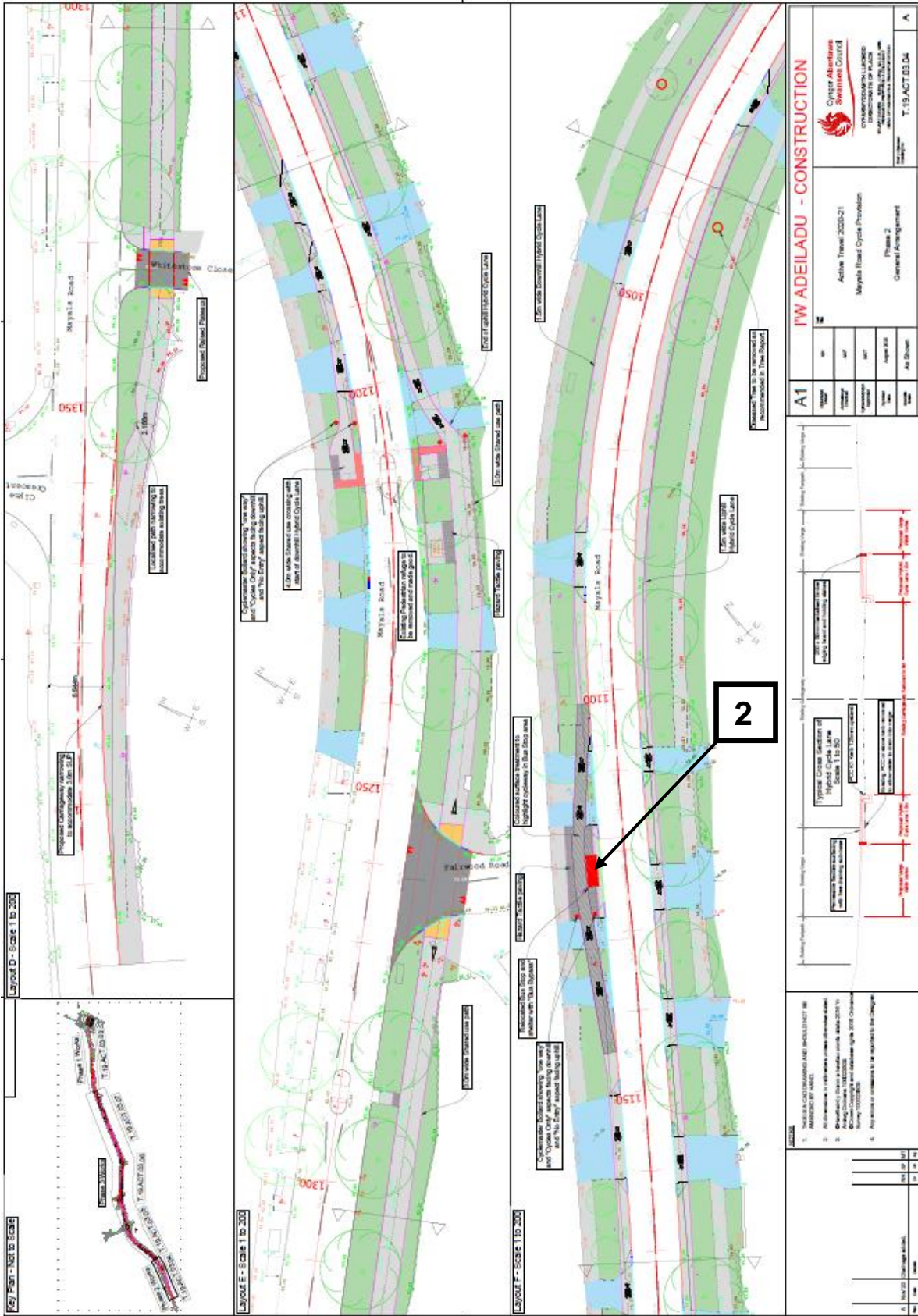
Mayals Road, Hybrid cycle route
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