



City and County of Swansea

Notice of Meeting

You are invited to attend a Meeting of the

Scrutiny Performance Panel – Service Improvement & Finance

At: Remotely via Teams

On: Monday, 10 May 2021

Time: 10.00 am

Convenor: Councillor Chris Holley OBE

Membership:

Councillors: P M Black, P Downing, P R Hood-Williams, L James, M H Jones, P K Jones, J W Jones, A S Lewis, I E Mann, B J Rowlands and D W W Thomas

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Next Meeting: Wednesday, 23 June 2021 at 10.00 am

Huw Evans

Huw Evans
Head of Democratic Services
Tuesday, 4 May 2021

Contact: Scrutiny Officer - 01792 636292

Agenda Item 4



City and County of Swansea

Minutes of the **Scrutiny Performance Panel – Service Improvement & Finance**

Remotely via Teams

Monday, 12 April 2021 at 10.00 am

Present: Councillor C A Holley (Chair) Presided

Councillor(s)

P M Black
L James
J W Jones
D W W Thomas

Councillor(s)

P Downing
M H Jones
I E Mann

Councillor(s)

P R Hood-Williams
P K Jones
B J Rowlands

Officer(s)

Emily-Jayne Davies
Sarah Lackenby

Scrutiny Officer
Chief Digital & Transformation Officer

Apologies for Absence

Councillor Andrew Stevens

1 Disclosure of Personal and Prejudicial Interests.

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

2 Prohibition of Whipped Votes and Declaration of Party Whips

In accordance with the Local Government (Wales) Measure 2011, no declarations of Whipped Votes or Party Whips were declared.

3 Minutes of Previous Meeting(s)

The minutes of the Service Improvement and Finance Scrutiny Performance Panel meeting, held on 8th March 2021, were agreed as an accurate record.

4 Public Questions

There were no public questions

5 Corporate Complaints Annual Report

Sarah Lackenby, Chief Transformation Officer, attended the meeting to present the Corporate Complaints Annual Report and answer questions.

The Panel held a brief discussion about the circumstances surrounding the availability of the report, and the data therein, as impacted upon by the pandemic. The Panel's attention was drawn to the fact that this report was late coming to Scrutiny due to these unavoidable repercussions, both on workforce and resources. The Panel understood that this data was, therefore, somewhat out of date and look forward to a full discussion on this topic when the next report becomes available.

Discussions included:

- Effects of the pandemic on reporting relevant data – such as reduced operation of The Public Services Ombudsman and lack of complaints submitted during lockdown.
- Freedom of Information Act (FOI) Requests – Panel had previously asked for information regarding the cost of officers processing FOI requests. The Panel heard that this varies and that keeping timesheets has been difficult, especially during lockdown. The Council is continuing to look into ways of measuring this going forward.
- Officers wanted to make the Panel aware of the following points, which will be addressed in the next report:
 - Complaints team have had Ombudsman training this year (2020/21)
 - New IT system being implemented, promoting better monitoring of performance and will help officers in logging and monitoring cases.
 - Council has reviewed the complaints policies and procedures in line with the new Public Service Ombudsman Wales Act 2019.
 - The Local Government and Elections (Wales) Act 2021 has new reporting requirements around complaints. The Council is working with the Monitoring Officer on this, update to follow in next report.
- This report shows no major trends of concern - Stage 1 and Stage 2 complaints reduced compared to 2018/19.
- Regarding complaints within the context of Social Services (Adults and Children) there is a different process for handling these cases and the Council can engage an independent investigator.
- Adults; 19% of complaints justified, down on previous year.
- Children; 25% of complaints justified, slightly down on previous year.
- £10 fee for Subject Access Requests (SARs) removed so Council expected to see an increase in requests, however saw less. Officers believe this will increase in future and requests are becoming more complicated, touching on more service areas.
- Refresher training has taken place with FOI officers and around FOI reviews.

AGREED that Members request further information about The Ombudsman criteria around *justified* and *not justified* cases. Officers agreed that further detail would be sent to the Panel about these classifications. Members also requested further information regarding the (4 out of 93) cases that went to early resolution.

The Panel took the opportunity to acknowledge the efforts of staff, particularly during the last year of lockdown. The Panel considered the information provided, asked

questions, and gave views on the available data. The Chair thanked all for their input.

6 Work Plan 2020-21

The meeting ended at 10.31 am

Agenda Item 6



Report of the Cabinet Member for Homes, Energy and Service Transformation

To the Service Improvement and Finance Scrutiny Performance Panel –
10th May 2021

Progress towards Meeting the Welsh Housing Quality Standard

Purpose:	To brief the Service Improvement and Finance Scrutiny Performance Panel on 10 th May 2021
Content:	An update on progress towards meeting the Welsh Housing Quality Standard
Councillors are being asked to:	Consider the information provided and to forward views to the Cabinet Member via a letter from the Panel Convener
Lead Councillor:	Councillor Andrea Lewis, Cabinet Member for Homes, Energy and Service Transformation
Lead Officer & Report Author:	Mark Wade and David Meyrick Tel: 01792 635215 E-mail: dave.meyrick@swansea.gov.uk
Finance Officer:	Jeff Dong
Legal Officer:	Debbie Smith
Access to Services Officer:	Rhian Millar

1. Background

- 1.1 In 2019 the Cabinet Member for Homes, Energy and Service Transformation reported to Scrutiny the findings from the Welsh Audit Office's 2018 review of Council's arrangements for reaching the Welsh Housing Quality Standard (WHQS) as well as setting out the Council's approach to measuring and monitoring WHQS compliance.
- 1.2 The Welsh Housing Quality Standard is a statutory requirement for all social landlords in Wales and for Swansea forms a part of the council's Local Housing Strategy as well as the Public Accountability Measures. The Council has in place a

WHQS Compliance Policy and prepares an annual financial business plan to ensure sufficient investment is available to deliver a detailed programme of repairs and improvements. The Council periodically engages a third party specialist to measure the condition of the housing stock; this provides an independent assessment on WHQS compliance and identifies future repair and investment needs required to meet the WHQS. The last stock condition survey was completed in 2018.

- 1.3 Under normal circumstance the Council reports WHQS compliance on an annual basis to the Welsh Government as well as quarterly monitoring on repairs and improvements, designed to bring homes up to the standard. Due to Covid 19 Welsh Government suspended all of its WHQS monitoring activities in 2020 and has only reintroduced these in March 2021. The Housing Service has provided an interim update on WHQS compliance to full Council on the 5th March 2021 as part of the four year HRA capital investment report.
- 1.4 Tenants continue to be updated about WHQS programmes and achievement via the tenant magazine Open House, the Council's website, tenant groups and individually when major repairs are planned for their home.

2 WHQS Deadline

- 2.1 Welsh Government had originally set the deadline for social rented homes to reach WHQS compliance by 31st December 2020 after which, landlords would be required to maintain their properties to the standard.
- 2.2 The Council had developed a final programme of improvements for 2020 which was agreed at full Council on 5th March 2020, however, delivery on the ground was severely impacted due to Covid 19 related restrictions.
- 2.3 On the 21st September 2020, the Minister for Housing and Local Government wrote to Swansea Council confirming that due to the impact of the Covid 19 pandemic, Swansea Council would be allowed an extension of time to complete its WHQS programme. The new deadline is 31st December 2021.

3 WHQS Measurement

- 3.1 The WHQS sets out its requirements across six main themes including good state of repair; safe and secure; adequately heated, fuel efficient and well insulated; up to date kitchens and bathrooms; located in safe and attractive environments and suit the specific requirements of the household. Compliance is reached when all elements within these themes are considered to be in reasonable condition and performing as intended or they are classed as an 'acceptable fail'. The level of compliance is recorded via house condition surveys and updated once major repairs and improvements are completed.
- 3.2 Within the WHQS guidance document is the facility to record elements as 'acceptable fail'. The document recognises that it may not be possible to bring all the elements up to the standard and social landlords are permitted to report these as one of the following acceptable fail categories: cost of remedy; timing of remedy; residents'

choice; and physical constraint. Elements which cannot be brought up to the WHQS, continue to be repaired and maintained to ensure homes remain safe.

4 WHQS Compliance

4.1 The Council previously reported compliance levels to Welsh Government as of the 31st March 2019. Due to the pandemic and the temporary halt to reporting WHQS compliance, there has been a 21 month interval between those previously reported and current compliance levels. The following figures show the change in WHQS compliance levels over this period as well as current compliance across individual WHQS elements. All figures are as of the 31st December 2020.

4.2 Over the 21 month period full WHQS compliance has increased by 2,338 to 7,753 properties. Properties which contain an acceptable fail has decreased in this period and is currently at 5,795 properties, of which 3,165 are due to resident choice and the remaining 2,630 are due to timing.

4.3 Compliance across individual elements are set out in the table below and show high levels of compliance with only small number of properties which have an acceptable fail.

WHQS Element	Properties Fully Compliant	Properties with an Acceptable Fail
Roofing	13,201	347
Windows	13,545	3
Doors	13,535	13
Kitchens	11,604	1,944
Bathrooms	10,907	2,641
Heating Systems	13,468	80
Energy Rating	11,847	1,701
Electrical Systems	13,417	131
Smoke Alarms	13,540	8
Gardens	9,154	4,394

4.4 Three key areas have seen significant increases in the last 21 months which has contributed to the overall all increase in full WHQS compliance:

- a. Kitchen and Bathrooms - prior to Covid19, the kitchen and bathroom programme had achieved significant momentum with 4 external contractors and the Council's Building Services delivering improvements to over 2,000 homes per year. It is expected that in 2021, despite reduce momentum because of Covid 19, all properties in the programme will have had an opportunity to receive a new kitchen and bathroom. It is also anticipated that compliance levels in 12 months' time will contain properties which are classed as acceptable fail either due to timing where properties will be subject to a longer term regeneration programme or tenant choice where tenants have opted not to participate.
- b. SAP Energy Ratings. An ongoing exercise to overhaul the energy efficiency data to ensure it accurately captures the insulation and efficiency measures

from earlier programme investment has resulted in increases in the number of compliant properties.

c. External Facilities. A significant number of garden improvement projects commenced which has contributed to further overall compliance

4.5 In the remaining part of 2021, programmes will continue to deliver improvements to Council homes and efforts will be made to encourage tenants to participate in these schemes and for the Council to increase levels of full WHQS compliance.

5 National Picture

5.1 Across Wales some social landlords have already announced they have reached WHQS compliance and are now in the maintenance phase. The following is intended to highlight Swansea Council's WHQS position against a national picture particularly focusing on other stock owning local authorities.

5.2 There are 11 stock owning local authorities in Wales of which seven have already announced they have achieved WHQS compliance. The four remaining local authorities including Swansea have received an extension in time to comply with the standard.

5.3 All seven local authorities which have reached WHQS compliance have a proportion of homes which contain acceptable fails. The table below sets out the seven authorities, the year they announced reaching WHQS compliance and their last reported levels of compliance which was at the 31st March 2019. The stock and compliance levels are taken from Stats Wales.

WHQS Compliance @ 31st March 2019	Stock	Percentage of Fully Compliant Stock	Percentage of Acceptable Fails	Year WHQS Compliance Achieved
Cardiff	13,431	76%	24%	2012
Carmarthenshire	9,160	90%	10%	2015
Denbighshire	3,376	55%	45%	2014
Isle of Anglesey	3,818	74%	26%	2012
Pembrokeshire	5,648	90%	10%	2012
Powys	5,352	47%	53%	2018
Vale of Glamorgan	3,858	82%	18%	2018

6 Conclusion

6.1 The impact of Covid 19 on delivering the WHQS programme has been recognised by Welsh Government and a 12 month extension to the deadline agreed.

6.2 WHQS reporting to Welsh Government had been suspended in 2020 due to Covid but has now resumed with the latest figures showing compliance as of 31st December 2020.

- 6.3 There are now 7,753 fully compliant homes and there are 5,795 homes containing at least one acceptable fail in Swansea. This represents 57.2% fully compliant and 42.8% with acceptable fails. Fully compliant levels will rise and acceptable fails will reduce as the remaining improvement programmes continue to be rolled out in 2021. Tenants will continue to be encouraged to participate in order to maximise full WHQS compliance.
- 6.4 The national picture shows there are varying levels of compliance and acceptable fails across local authority housing portfolios.

7 Integrated Assessment 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.
 - Deliver better outcomes for those people who experience socio-economic disadvantage

The Well-being of Future Generations (Wales) Act 2005 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving 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'.

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

- 7.2 An IIA screening has been undertaken (appendix A) and a full IIA is not required. The refurbishment programmes for council housing in Swansea to meet the WHQS will have an overall positive impact because homes will be of an improved quality, good state of repair, warmer and more efficient, safer and will have considered individual needs of those people who live there.

Consultation undertaken to understand and meet individual needs forms a key strand in the development and delivery of WHQS refurbishment programmes. Consultation with all householders affected by repair and improvement programmes ensures there is ongoing engagement. Statutory Consultation via the Planning Process is carried out where planning consent is required. Communication to all tenants via the Council Open House ensure that key information about this programme is available.

Improvements to council homes to reach WHQS compliance results in securing long term viability of council homes. These homes become more efficient, healthier places to live in safer and more attractive environments. The investment contributes towards the local economy and more widely in Wales through investing in the Council's direct labour organisation, utilising Sell to Wales when engaging external

contractors and employing social contracts to generate training and work place opportunities and breaking down barriers to gaining employment.

- 7.3 Overall risk to the project is low. Programme development, engagement and delivery processes are already well established. Progress to achieving the WHQS is monitored via the Council's risk register and further governance arrangements within the Housing and Public Health service monitor planning and delivery activities with a clear reporting structure. Progress monitoring is reported to the Welsh Government annually and there are periodic monitoring meetings with Welsh Government officials. Financially, the WHQS programme is monitored monthly and a business plan is prepared and submitted to Welsh Government annually.

8 Legal implications

- 8.1 WG can exercise powers under the Housing (Wales) Act 2014 if there is a failure to meet the statutory obligation referred to above.

9 Financial Implications

- 9.1 There are no financial implications associated with this report

Glossary of terms:

WHQS Welsh Housing Quality Standard

Background papers: None

Appendix A: Integrated Impact Assessment screening

Integrated Impact Assessment Screening Form

Please ensure that you refer to the Screening Form Guidance while completing this form.

Which service area and directorate are you from?

Service Area: Housing and Public Health

Directorate: Place

Q1 (a) What are you screening for relevance?

- New and revised policies, practices or procedures
- Service review, re-organisation or service changes/reductions, which affect the wider community, service users and/or staff
- Efficiency or saving proposals
- Setting budget allocations for new financial year and strategic financial planning
- New project proposals affecting staff, communities or accessibility to the built environment, e.g., new construction work or adaptations to existing buildings, moving to on-line services, changing location
- Large Scale Public Events
- Local implementation of National Strategy/Plans/Legislation
- Strategic directive and intent, including those developed at Regional Partnership Boards and Public Services Board, which impact on a public bodies functions
- Medium to long term plans (for example, corporate plans, development plans, service delivery and improvement plans)
- Setting objectives (for example, well-being objectives, equality objectives, Welsh language strategy)
- Major procurement and commissioning decisions
- Decisions that affect the ability (including external partners) to offer Welsh language opportunities and services

(b) Please name and fully describe initiative here:

The council as landlord is required to bring its homes up to the Welsh Government's Welsh Housing Quality Standard (WHQS) as per the Housing (Wales) Act 2014. The WQS contains six main themes including good state of repair; safe and secure; adequately heated, fuel efficient and well insulated, up to date kitchens and bathrooms; located in safe and attractive environments and suit the specific requirements of the household. The WHQS was introduced in 2002, became a legal requirement in 2014 and has a deadline by the end of December 2021.

Service Improvement and Finance Scrutiny Performance Panel have requested an update on progress towards reaching the WHQS and this form relates to the report being prepared for Scrutiny on the 10th May 2021.

Q2 What is the potential impact on the following: the impacts below could be positive (+) or negative (-)

	High Impact		Medium Impact		Low Impact		Needs further investigation
	+	-	+	-	+	-	
Children/young people (0-18)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Older people (50+)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Any other age group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Future Generations (yet to be born)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Race (including refugees)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Asylum seekers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gypsies & travellers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Religion or (non-)belief	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sex	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sexual Orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Welsh Language	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Poverty/social exclusion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carers (inc. young carers)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Community cohesion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marriage & civil partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q3 What involvement has taken place/will you undertake e.g. engagement/consultation/co-productive approaches? Please provide details below – either of your activities or your reasons for not undertaking involvement

The Council has and will continue to roll out repairs and improvements to individual council properties to meet and maintain the WHQS. The delivery programme includes consultation with all householders affected by the programme via the Council’s Major Works Agreement and individual needs are identified and accounted for as part of the programme preparation and delivery processes. Statutory Consultation via the Planning Process is carried out for any schemes requiring planning consent. Progress towards the standard is communicated to tenants via the Council’s Open House magazine and the Council’s website.

Q4 Have you considered the Well-being of Future Generations Act (Wales) 2015 in the development of this initiative:

- a) Overall does the initiative support our Corporate Plan’s Well-being Objectives when considered together?
Yes No
- b) Does the initiative consider maximising contribution to each of the seven national well-being goals?
Yes No
- c) Does the initiative apply each of the five ways of working?
Yes No
- d) Does the initiative meet the needs of the present without compromising the ability of future generations to meet their own needs?
Yes No

Q5 What is the potential risk of the initiative? (*Consider the following impacts – equality, socio-economic, environmental, cultural, legal, financial, political, media, public perception etc...*)

High risk

Medium risk

Low risk

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

Yes

No

If yes, please provide details below

Building Services, Procurement, Legal, Finance, Highways, Corporate Property and Planning will all be involved in the WHQS programme.

Q7 What is the cumulative impact of this proposal on people and/or communities when considering all the impacts identified within the screening and any other key decisions affecting similar groups/ service users made by the organisation?

(You may need to discuss this with your Service Head or Cabinet Member to consider more widely if this proposal will affect certain groups/ communities more adversely because of other decisions the organisation is making. For example, financial impact/poverty, withdrawal of multiple services and whether this is disadvantaging the same groups, e.g., disabled people, older people, single parents (who are mainly women), etc.)

The focus of the WHQS is to improve the quality of social rented properties across Wales. Swansea Council's programmes of improvements has improved the condition and quality of housing and the local environments they are located in as well as identifying and meeting individual needs. The programme has also contributed towards the local economy and through the Council's Beyond Bricks and Mortar programme, refurbishment contracts have created training and job opportunities for local people, frequently targeting those who have faced barriers to entering the jobs market in the past.

The report to Scrutiny Panel is intended to set out the Council's progress towards meeting the WHQS in Swansea.

Outcome of Screening

Q8 Please describe the outcome of your screening below:

- Summary of impacts identified and mitigation needed (Q2)
- Summary of involvement (Q3)
- WFG considerations (Q4)
- Any risks identified (Q5)
- Cumulative impact (Q7)

The refurbishment programmes for council housing in Swansea to meet the WHQS will have an overall positive impact because homes will be of an improved quality, good state of repair, warmer and more efficient, safer and will have considered individual needs of those people who live there.

Consultation undertaken to understand and meet individual needs forms a key strand in the development and delivery of WHQS refurbishment programmes. Consultation with all householders affected by repair and improvement programme ensures there is ongoing engagement. Statutory Consultation via the Planning Process is carried out where planning consent is required. Communication to all tenants via the Council Open House ensure that key information about this programme is available.

Improvements to council homes to reach WHQS compliance results in securing long term viability of council homes. These homes become more efficient, healthier places to live in safer and more attractive environments. The investment contributes towards the local economy and more widely in Wales through investing in the Council's direct labour organisation, utilising Sell to Wales when engaging external contractors and employing social contracts to generate training and work place opportunities and breaking down barriers to gaining employment.

Overall risk the project is low. Programme development, engagement and delivery processes are already well established. Progress to achieving the WHQS are monitored via the Council's risk register and further governance arrangements within the Housing and Public Health service monitor planning and delivery activities with a clear reporting structure. Progress monitoring is reported to the Welsh Government annually and there are periodic monitoring meetings with Welsh Government officials. Financially, the WHQS programme is monitored monthly and a business plan is prepared and submitted to Welsh Government annually.

The report to Scrutiny Panel will set out achievement levels and progress towards the 30th December 2021 deadline and is considered a further tier of scrutiny of progress and the arrangements in place.

(NB: This summary paragraph should be used in the relevant section of corporate report)

Full IIA to be completed

Do not complete IIA – please ensure you have provided the relevant information above to support this outcome

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.

Screening completed by:
Name: Dave Bratley
Job title: Housing Asset Manager
Date: 27th April 2021
Approval by Head of Service:
Name: Mark Wade
Position: Head of Service
Date: 27th April 2021

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

Agenda Item 7



Report of the Convener

Service Improvement and Finance Scrutiny Performance Panel

Annual Review of Work 2020-21

Purpose:	As the municipal year ends, it is good practice to reflect on the Panel's work, experience, and effectiveness.
Content:	A summary of the year's activities and achievements is provided.
Councillors are being asked to:	<ul style="list-style-type: none">• Reflect on the year's work; and• Share ideas to improve the effectiveness of Service Improvement and Finance scrutiny
Lead Councillor:	Councillor Chris Holley Chair / Convener of the Service Improvement and Finance Performance Panel.
Lead Officer & Report Author:	Emily-Jayne Davies, Scrutiny Officer E-mail: Emily-jayne.davies@swansea.gov.uk

1. Background

- 1.1 As this is the final meeting of this municipal year, the Panel is invited to reflect on the year's scrutiny work, experience and effectiveness. Any ideas that will improve the effectiveness of the scrutiny of Service Improvement and Finance are welcome.
- 1.2 To aid panel members, a summary of the year's work is attached.
- 1.3 Some of the questions the Panel may want to consider:
 - What went well?
 - What did not go so well?
 - Has the Panel's work focused on the right things?
 - What have we learnt that will help us with future SIF scrutiny?

2. Overview

- 2.1 The Service Improvement and Finance Performance Panel monitors the Council's budget and performance measures. It also completes pre-scrutiny on a number of Commissioning Reviews where required.

2.2 The Panel has a core membership of 11 councillors.

3. Remit of the Panel

3.1 To ensure that the Council's budget, corporate and service improvement arrangements are effective and efficient.

3.2 In practical terms this means:

- Consider quarterly and annual corporate finance reports
- Consider proposals for the Council's annual revenue and capital budgets including savings proposals
- Look at medium and long term planning arrangements
- Look at whether financial and policy objectives are aligned
- Consider quarterly and annual performance reports and whether any issues need to be looked at further
- Consider the Council's overall improvement processes
- Look at the fitness of the Council to discharge the general duty to improve
- Look at the processes that the Council has gone through in the selection of its improvement objectives, including engagement with stakeholders
- Look at how the delivery of improvement objectives are monitored
- Provide challenge and new ideas

4. Supporting Data

- Number of Panel meetings = 8
- Number of Conveners letters = 7

5. Future Work Programme

5.1 Next year's plan will include most of the same performance and finance items it has received in the previous year and include a number of annual reports. It will also include a report to the Panel regarding the Council's post-pandemic Recovery Plan.

Appended:

A. Completed Work Plan 2020-2021

B. Panel Update for Scrutiny Programme Committee February 2021

Service Improvement and Finance – Scrutiny Performance
Panel Work Plan 2020/21

<p>Meeting 1 9 Nov 2020</p>	<ol style="list-style-type: none"> 1. Work Planning for 2020/21 2. Q1 Budget Monitoring 2020/21 3. Review of Revenue Reserves 4. Mid Term Budget Statement Ben Smith – Section 151 Officer & Chief Finance Officer 5. Recycling and Landfill - Annual Performance Monitoring 2020/21 Chris Howell – Head of Waste Management and Parks Cllr Mark Thomas – Cabinet Member for Environment Enhancement & Infrastructure Management
<p>Meeting 2 14 Dec 2020</p>	<ol style="list-style-type: none"> 1. Equality Plan Review Joanne Portwood – Policy & Strategy Officer Cllr Louise Gibbard – Cabinet Member for Supporting Communities
<p>Meeting 3 20th January 2021</p>	<ol style="list-style-type: none"> 1. Draft Budget Proposals 2. Q2 Budget Monitoring 2020/21 Ben Smith – Section 151 Officer & Chief Finance Officer Rob Stewart – Cabinet Member for Economy, Finance & Strategy 3. Q1 Performance Monitoring Report 2020/21 Richard Rowlands – Corporate Performance Manager Cllr Andrew Stevens - Cabinet Member for Business Improvement & Performance
<p>Meeting 4 17th February 2021</p>	<ol style="list-style-type: none"> 1. Budget Proposals 2021/22 – 2023/24 – <i>pre-decision scrutiny</i> Ben Smith – Section 151 Officer & Chief Finance Officer Cllr Rob Stewart – Cabinet Member for Economy, Finance & Strategy
<p>Meeting 5 8th March 2021</p>	<ol style="list-style-type: none"> 1. Mid-Year Budget Statement 2020/21 2. Q3 Budget Monitoring 2020/21 3. Treasury Management Strategy Ben Smith – Section 151 Officer & Chief Finance Officer Cllr Rob Stewart – Cabinet Member for Economy Finance and Strategy (Leader)
<p>Meeting 6 12th April 2021</p>	<ol style="list-style-type: none"> 1. Corporate Complaints Annual Report Cllr Andrew Stevens– Cabinet Member for Business Improvement and Performance Sarah Lackenby – Chief Digital and Transformation Officer
<p>Meeting 7 10th May 2021</p>	<ol style="list-style-type: none"> 1. Welsh Housing Quality Standards Annual Update Cllr Andrea Lewis – Cabinet Member for Homes, Energy and Service Transformation Mark Wade - Head of Housing and Public Health 2. Annual Review of Work Plan 2020/21 3. Draft Work Plan – Discussions regarding topics for 2021/22

Service Improvement & Finance Scrutiny Performance Panel Update

1. Remit of the Panel

The overarching purpose of the Panel is to ensure that the Council's budget, corporate and service improvement arrangements are effective and efficient.

2. Key Activities

During 2020 there was disruption to the Panel's work programme due to the Covid-19 pandemic. Since September 2020 the Panel has reconvened on a remote basis, recording meetings for publication online. These meetings have included a range of issues such as budget monitoring, annual performance reports and the Equality Plan Review. This has resulted in six convener's letters to Cabinet Members. The issues covered were as follows:

September 2020	<ul style="list-style-type: none"> • Corporate Performance and Financial Monitoring - Discussion on COVID-19 Impacts/Issues.
November 2020	<ul style="list-style-type: none"> • Q1 Budget Monitoring Report 2020/21 • Review of Revenue Reserves • Mid Term Budget Statement (Verbal) • Recycling and Landfill - Annual Performance Monitoring Report 2019/20
December 2020	<ul style="list-style-type: none"> • Equality Plan Review 2019/2020
January 2021	<ul style="list-style-type: none"> • Budget Proposals • Q2 Budget Monitoring 2020/21 • Q1 Performance Monitoring Report 2020/21

3. Achievements / Impact

Performance and Financial Monitoring - Discussion on COVID-19 Impacts/Issues.

It was reported to the Panel that it has been difficult to achieve certainty over financial forecasts, given the uncertain and unprecedented challenges of Covid-19, and officers awaited clarity over funding announcements from Welsh Government. Since 23rd March 2020, there have been numerous amendments to funding from Welsh and UK Governments with many new and continuously changing announcements throughout the Pandemic. The national funding streams have ebbed and flowed continuously throughout the pandemic and has therefore added uncertainty to the forecast.

The Panel heard that it is expected all services to be over spent this year given the current circumstances; however, the Council is recouping some spending and will continue to apply for funding to recover spending as and when this becomes available.

Capital and Revenue Budget Monitoring

The Capital and Revenue budget has continued to be closely monitored; it continues to be a very challenging financial year for Councils. The monitoring of budget performance has remained a large part of the Panel's work.

In November, the Chief Finance Officer and Director of Resources attended the Panel meeting where it was noted that Revenue and Capital Budget Monitoring Report Q1 2020/21 tries to bridge the normal budget reporting style for Q1 and the wider challenges of Covid-19.

The Panel heard that council tax arrears at the end of 2019-20 was £4.7m and the cumulative total is nearer £10m. Expectations are for a £2.5m shortfall in council tax this financial year, however, the Chief Finance Officer confirmed he is confident we will nevertheless be in a position to balance the overall budget. We have since heard that the Council have commenced proceedings for the recovery of such arrears, in line with the legal obligation to do so, whilst being mindful of current pressures on households.

The Panel understand that difficult decisions need to be made in respect to the budget again this year but the Panel will be looking intently at the changes and impact of these decisions including the formal budget meetings in February.

Performance Monitoring

The Panel has received three performance monitoring reports so far. In September, we heard that, overall, the Corporate Performance indicators for 2019/20 show that 43 out of 78 (55%) Corporate Plan performance indicators (that had targets and where there was data) met their targets. 41 out of 66 (62%) comparable Corporate Plan performance indicators also showed improvement or stayed the same compared to 2018/19.

The Panel have also discussed the process of performance monitoring and how the councillors use and review that data; including what data is submitted to the Panel and collected, who the Panel speaks to either in writing or verbally, following up on areas of concern, the interface with other scrutiny Panels and how we avoid duplication of effort by officers and councillors.

It is now understood that there shall be no further performance monitoring reports presented to the Panel this year as no targets have been set for 2020/21 given the operational stresses of the Pandemic.

The Panel have requested further information on the performance monitoring of major planning applications (with an economic imperative) that are approved. Panel Members queried whether this was an appropriate way to measure such performance and intend to review this current reporting mechanism.

At the most recent meeting, the Panel noted the exceptional staff efforts, commenting that many schools remained open and the work done by all staff has been exceptional.

Recycling and Landfill - Annual Performance Monitoring

In November it was reported to the Panel that at the end of March 2020 the 64% recycling target was met; an increase of 2.1% from the previous year. 2000 tonnes of waste avoided landfill, likely due to the success of the Council's Keep It Out campaign. The Panel heard that Swansea mostly utilises landfill, whereas most other authorities send all their non-recyclable waste to incineration. It was understood that

the recycling target of 64% may not be met this year (2020/2021). This situation is affecting all councils in Wales and can be attributed to shortfalls due to the impact of Covid-19. The Council is not expecting any fines or penalties and understand that Welsh Government are sympathetic to this situation.

Equality Plan Review

This report was a cross-cutting whole-council review, highlighting the breadth and depth of work across the Council and with partner organisations, the aim being to make services as accessible and inclusive as possible. There was particular significance of the Review this year in light of the pandemic, which exposed many inequalities across the country.

The Panel felt that Community Cohesion should be a top priority and therefore the first item of future reporting. The Panel concluded that community leaders take responsibility for community cohesion and this principle should be used as a touchstone for equality. Members expressed Views about how the pandemic has highlighted a greater sense of community cohesion and we should build on that.

Budget Proposals

The Panel was interested to hear that, following the uplift in funding received from the Welsh Government (£13m), it is envisaged that all directorates will receive an overall increase in cash budgets for next year of at least 3%.

It is understood that planning assumptions have been made on Council Tax increases of up to 5%. Officers explained to the Panel that there is no comprehensive spending review from UK Government so it had been difficult to plan for the future. Officers and Members are keen for this to be refreshed by the Treasury so the Council can plan with confidence.

The Panel heard that sums received to date demonstrate success in recovery of costs, seeing recovery of at least 85% on items where we are competing against other Councils. The Panel raised concerns over any contingency plan if we do not recover such costs. It was explained that general and earmarked reserves could be called upon, but the Council would be very reluctant not to pursue the full support from Welsh Government in the first instance. The Panel was assured that the Council is confident of recouping costs and claims are currently rolling in over a three-month period.

4. Future Work Programme

The Panel also have some new items for monitoring in the remainder of this year, including but not limited to;

- Budget Proposals 2021/22 – 2023/24 – *pre-decision scrutiny*
- Mid-Year Budget Statement 2020/21
- Q3 Budget Monitoring 2020/21
- Review of Byelaws
- Corporate Complaints Annual Report 2020/21
- Planning Annual Performance Report 2020/2021
- Overview/Summary of Commissioning Review Outcomes
- Budget process
- Development of Council Management Structure

Agenda Item 8



To:
Councillor Rob Stewart
Cabinet Member for Economy
Finance and Strategy

Please ask for:
Gofynnwch am:

Overview & Scrutiny

Direct Line:
Llinell Uniongyrochol:

01792 636292

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scrutiny@swansea.gov.uk

BY EMAIL

Date
Dyddiad:

17th February 2021

Summary: This is a letter from the Service Improvement and Finance Performance Panel to the Cabinet Member for Economy Finance and Strategy. The Panel met on 17th February 2021. This letter relates to the Annual Budget proposals.

Dear Councillor Stewart,

On the 17th February, the Panel met to discuss the Annual Budget. The Panel are grateful to Cabinet Members and Officers who attended all the Panel meetings to provide information and answer questions.

Panel Members had the opportunity to scrutinise the Budget in relation to their performance Panels. Each Panel was then asked to produce the points they wish to raise.

Please find below the comments from each Performance Panel:

Joint Social Services

- The Panel feels it is vitally important we ensure there is sufficient money allocated in the budget to provide additional health and wellbeing support to staff following the pandemic. The Panel is keen to see a joint venture with the Health Board in terms of support for staff.
- Very pleased to see the budget situation for Social Services this year, with an increase in the overall budget and very little in terms of cuts. However, the Panel is aware that there is a great deal that needs to be achieved with this money.
- The Panel is concerned that it only sees the net budget. It would be useful to see details of the income streams as well as expenditure. Officers have agreed to work with Cabinet Members to provide this information.
- The Panel would like to support the budget process in any way it can and therefore intends to revisit the budget again later in the year to closely monitor progress.

OVERVIEW & SCRUTINY / TROSOLWG A CHRAFFU

SWANSEA COUNCIL / CYNGOR ABERTAWE

GUILDHALL, SWANSEA, SA1 4PE / NEUADD Y DDINAS, ABERTAWE, SA1 4PE

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I dderbyn yr wybodaeth hon mewn fformat arall neu yn Gymraeg, cysylltwch â'r person uchod
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Education

- We were satisfied overall with this year's budget as it relates to education matters.
- We welcome the capital spend and the 3.3% gross uplift in the delegated schools budget.
- We were pleased that Education continues to be one of the top priorities for Swansea Council.
- Is there provision in the budget to ensure the reimbursement of any expenses incurred by those schools that remained open throughout the Covid period?
- We asked what savings proposals there are in relation to School Transport. We were informed that the proposals that are for consultation will be put to Cabinet in March. Can they be circulated to the Education Scrutiny Panel, once they are available?
- Has the cost of the potential new footprint of ERW and the closing down of the existing ERW structure been factored into the budget moving forward?
- We would like to take this opportunity to thank Schools, Governors and the Education Department for their excellent work over the past year. Particularly how they have managed the challenges that this Covid period has brought.

Natural Environment

The recruitment into new posts, as an outcome of the Natural Environment Scrutiny Inquiry, should reflect the following recommendations:

- Planning Ecologist to be a full time role (rather than part-time as currently advertised)
- Biodiversity Officer to be a full time role (rather than part-time as currently advertised)
- Climate Action Officer should be 0.5 (rather than 0.2)

Development and Regeneration

- In terms of the risk associated with the City Deal, the Panel would like clarification on the level of borrowing and how this will affect revenue streams in the future.
- The Panel seek clarity over how many jobs will be created to reflect the amount of investment in the City Deal projects.
- The Panel would benefit from a more detailed breakdown on what money has been spent in relation to the City Deal and on what is planned currently.
- The Panel would like a clear understanding of risks around ongoing capital costs and the income from the new developments.

Service Improvement and Finance

- The Panel noted the Budget this year is unique and unprecedented. That it is very much a live document and it is the first time that a substantial part of the

budget is based on what might happen. We thank officers and staff for their hard work and acknowledged the quick turnaround of funding distribution.

- The Panel would like a greater understanding of the risk register with regards to ongoing revenue costs, with the uncertainties around pay back from Welsh Government
- The Panel note that the Budget is a live document subject to change, and as such it has been difficult to scrutinise to full effect this year.
- We raised concerns about the financial and performance impact on Council finances of the future multiple joint committees that will be levied against the budget, and the risks of such committees to the Council Budget.

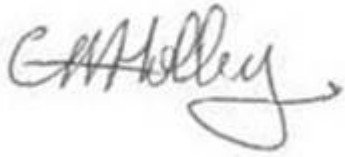
I will present these points to Cabinet at the meeting on 18th February 2021.

We welcome comments on any aspect of this letter but would like answers on the following points:

1. Could Cabinet provide their thoughts regarding a joint venture with the Health Board in terms of support for staff?
2. Is there provision in the budget to ensure the reimbursement of any expenses incurred by those schools that remained open throughout the Covid period?
3. Has the cost of the potential new footprint of ERW and the closing down of the existing ERW structure been factored into the budget moving forward?
4. Could the Natural Environment Panel recommendations, relating to the job vacancies, be implemented?
5. The Panel would like clarification on the level of borrowing, in relation to the City Deal, and how this will affect revenue streams in the future.
6. Can you clarify how many jobs will be created to reflect the amount of investment in the City Deal projects?
7. Can you provide a more detailed breakdown on what money has been spent in relation to the City Deal and on what is planned currently?
8. Can you provide further information about the financial impact on Council finances of the future multiple joint committees that may be introduced and be levied against the Council budget; inclusive of the risks of such committees to the Council budget?
9. Can you provide further information regarding the risks around ongoing capital costs and the income from the new developments?
10. Can you provide us with a risk register with regards to ongoing revenue costs, with the uncertainties around pay back from Welsh Government?

I will be presenting this information to you at Cabinet on 18th February 2021, however, I would be grateful if you could provide a written response to this letter by 11th March 2021.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'C. Holley', with a stylized flourish at the end.

Councillor Chris Holley
Convener, Service Improvement and Finance Scrutiny Performance Panel
✉ cllr.chris.holley@swansea.gov.uk



Councillor Chris Holley
Convener
Service Improvement & Finance
Scrutiny Performance Panel

Please ask for: Councillor Rob Stewart
Direct Line: 01792 63 6366
E-Mail: clr.rob.stewart@swansea.gov.uk
Our Ref: RS/CM
Your Ref:
Date: 20 April 2021

SENT BY EMAIL

Dear Councillor Holley

Thank you for your letter dated 17th February and summation of all the individual panels views.

Cabinet and Council took then fully into account when determining the final budget position. As was clear in the virtual Council chamber, much of the focus was on local choices reducing the burden of council tax below the 5% assumed by UK and Welsh governments, and despite our differences of opinion over the amount that was considered prudent and sustainable this inhibited consideration of additional spend in the budget on top of Cabinets recommendations. This debate was of course after Cabinet had already recommended a net increase in spending on services of £22m, which remained intact, bar some refinancing of the capital programme due to the late announcement in the national budget of accelerated city deal funding amongst other matters..

As I made clear in Council however I am extremely confident of a multi-million pound outturn underspend and have made arrangements for there to be a one off recovery fund to spend that one off money as part of our local contribution to recovering for Swansea. I very much expect this to be added to by in year funding from Welsh Government who will continue their financial support for ongoing covid spend.

- Could Cabinet provide their thoughts regarding a joint venture with the Health Board in terms of support for staff?

Cabinet is more than happy to continue working closely with the Health Board on all matters responding to covid including the joint health and wellbeing of our fantastic dedicated workforces. Whilst separate employers with separate duties, we have very much many common purposes and integrated service delivery in many aspects of our services. Cabinet will continue to receive officer advice and explore any scrutiny advice on the very best models of support to staff. Appropriate budget provision has been made for expanded and extended wellbeing support to our own staff as should be no less than expected from a

Page 2

committed, compassionate, caring employer which values staff health and wellbeing.

- Is there provision in the budget to ensure the reimbursement of any expenses incurred by those schools that remained open throughout the Covid period?

As was explained to the Panel the unavoidable additional net costs as a result of Covid have been claimed against the available WG hardship fund and is a separate matter to the base delegated schools budget determined by the Council for the coming year. Any costs that are not reimbursed by WG will fall to the school and as such a degree of caution is clearly required. The significant cash increase in the delegated schools budget next year does however provide considerably greater flexibility to schools in determining their local spending priorities as it is far higher than the anticipated cost and demand pressures they are likely to face.

- Has the cost of the potential new footprint of ERW and the closing down of the existing ERW structure been factored into the budget moving forward?

The intention is that the new footprint will cost no more than the current ERW structure and base budget provision and this is the assumption underpinning next years proposed budget contribution to regional working. The potential share of any liabilities in relation to staffing redundancy costs associated with the current ERW structure has been highlighted as a contingency liability but it is hoped that the use of TUPE and the fact that Pembrokeshire are part of the new footprint will significantly limit any such costs.

- Could the Natural Environment Panel recommendations, relating to the job vacancies, be implemented?

One off costs may be able to be met from the recovery fund in due course. As my earlier answer in this letter indicates the debate in Council was over tax reductions and no new additions to the budget were proposed, though I did announce the new one off fund to be provided from major expected outturn underspending in 2020-21.

- The Panel would like clarification on the level of borrowing, in relation to the City Deal, and how this will affect revenue streams in the future.

The planning assumptions as they stand are fully set out in the capital programme, the capital strategy and in the explicit assumptions the S151 officer has made in the MTFP reports Council had just last week. I would refer you back to that report and I summarise the officer advice below for brevity and to assist you.

As reported to Council in Capital Budget Reports in 2019/20, 2020/21, 2021/22, The current projected unsupported borrowing requirement for approved City Deal Schemes in the capital programme (currently Swansea Central phase 1 and initial stages of Swansea Central phase 2) is £98.64m.

The Council shall need to meet the revenue implications of that borrowing in the form of interest and capital repayments. Although the actual financing (PWL B borrowing in this case) is not hypothecated to individual schemes in the capital programme in this way, the most recent PWLB borrowing undertaken, as previously reported to Council was £90m undertaken in 2018/19, at an average interest rate of 2.35%. That is the marginal cost of the extra borrowing to date, the overall pool rate of course remains ever so slightly over 4%, as also reported. In accordance with the Council's adopted MRP policy, all unsupported borrowing shall be amortised in line with the useful life of the asset created.

As he has made repeatedly clear the position remains one that will evolve with all partners. Not all the borrowing has yet taken place, as we cannot borrow in advance of need. So we do not know the exact interest rates we will pay for certainty. Timing is an issue and as previously advised the peak costs were anticipated to be in 2025-26. With the announcement by HM treasury last Wednesday pm of an acceleration of the city deal funding from a 15 year programme to a 10 year programme the S151 officer rapidly estimated the peak costs will be deferred to 2028-29 and costs reduced for the intervening years. I am extremely grateful for his rapid work to calculate the effect of our Labour amendment to the budget reflecting the very latest information we had.

As he has made repeatedly clear throughout the past several years timing matters on capital are a broadly zero sum game in the long run, but does provide some cash flow benefits in the medium term, and as major asset producing capital spend must be viewed in that long run context. Short run effects of savings on interest, capital spend, borrowing sums and MRP are rightly, and wholly in line with agreed Council policy acting on his officer advice, added to the Capital Equalisation Reserve to 'smooth the glide path' as the S151 Officer refers to it. That glide path may now be more elongated and gradual which is a real benefit. To not do so would result in deferred major step up in costs in future years which is not in line with our wellbeing of future generation act obligations...

As you will appreciate this is a rapidly developing position and the exact timing and quantum will need to be agreed by the programme office, the city deal joint committee and the S151 Officer for the city deal in conjunction with the 4 individuals S151 officers including our own. When it is clearer, an update can be provided, in the meantime the S151 officer used his best endeavours at rapid speed to reprofile the capital programme financing and defer the stepped increase in capital financing for 2021-22 in the base budget thus reducing costs to taxpayers over the life of the MTFP and for the next 7 years, making as he made clear in "chamber" the matter more sustainable than the opposition proposed one off additional cut to council tax funded from a spurious one off grab from the capital equalisation reserve, which would be guaranteed to bite us doubly hard the following year.

- Can you clarify how many jobs will be created to reflect the amount of investment in the City Deal projects?

The jobs created by the 71/72 Kingsway and Box village City Deal projects have been assessed by economic specialist Amion based on standard economic modelling. The Arena figures are prepared by Ambassador Theatre Group based on their business case and assessed by Amion.

The figures in the table below set out the job numbers for Swansea the Region and Wales for the construction phase and permanent jobs once the facilities reach maturity. These are based on the approved city deal business case which will continue to be monitored as part of the requirement to report on actual deliverables through the city deal process

Project	Construction Phase Jobs			Permanent Jobs		
	Swansea	Region	Wales	Swansea	Region	Wales
Arena	1262	1196	1051	593	507	387
71/72 Kingsway	253	309	287	359	450	373
Box Village Innovation precinct	161	196	182	329	413	343
Totals	1676	1701	1520	1281	1370	1103

- Can you provide a more detailed breakdown on what money has been spent in relation to the City Deal and on what is planned currently?

The capital report approved by Council set out spending to date. Further details are attached.

- Can you provide further information about the financial impact on Council finances of the future multiple joint committees that may be introduced and be levied against the Council budget; inclusive of the risks of such committees to the Council budget?

This question is asking for information on committees that don't even yet exist! As the revenue budget made quite clear there are risks and potential costs associated, but the figures are not known, and hence why none were specifically budgeted for, openly and transparently disclosed in the budget paper. If they were known they would have been included in the papers. I am sure once they are established and setting own budgets the full costs will be clear for this council. The WG has produced a raft of helpful documentation setting out the rationale and outline policy costs for all CJs. I refer you there for now to read in full detail to aid your understanding.

- Can you provide further information regarding the risks around ongoing capital costs and the income from the new developments?

The risks are fully set out, as currently understood, in the raft of papers that went to cabinet and council setting the budget, including the capital programmes for the General fund and HRA, the capital strategy and the treasury management reports and the associated medium term revenue financial planning assumptions. There is nothing further to add these being either now extant council policy or council approved planning assumptions., They will of course be reviewed continuously by officers and in the fullness of time and as always as part of the next budget cycle formally.

- Can you provide us with a risk register with regards to ongoing revenue costs, with the uncertainties around pay back from Welsh Government?

The Council has an existing risk register and covid risks are well documented. No specific additional risk register is considered necessary, nor practical given the uncertainty to timing of sums and announcements, many of which are undoubtedly still to come as the covid response and recovery “evolves”.

As all members have noted, the pace and scale of opportunities considered and delivered in a week of three budgets: UK, Welsh Government and local is unprecedented and the net outcome a truly positive one for services and recovery in Swansea.

I am also pleased that Cabinet and Council worked repeatedly to progressively bring down the increase in council tax from that national planning assumption of 5% below 4% to below 3%. I consider the right balance was struck between protecting services, investing in the recovery and discharging our duties for the wellbeing of future generations and not just simply passing the tax burden on to later years. The corollary is the expected underspend for 2020-21 will be made available as a major local recovery fund to provide an investment dividend for services and residents and help drive recovery in 2021-22.

Yours sincerely



Y Cyngorydd/ Councillor Rob Stewart
Arweinydd/ Leader

City Deal Projects

**Swansea
Central Phase**

1 Arena	Arena RIBA 5 (construction)	Code
	Arena	C05721
	MSCP (car park South)	C03671
	City Park	C07872
	Bridge	C09561
	MSCP (car park central)	C03670
	Retail	C09731
	Residential	C11100
	Public Realm (including demolition)	C06382
	Total	

**Swansea
Central Phase**

1 Arena	Arena RIBA 4 and PCSA (planning / design / fees)	
	PCSA / enabling / Rivington fees	C06368
	PCSA and enabling	C06368
	PCSA and enabling	C06376
	Contingency	C06368
	Contingency balance (CCTV scheme)	C06368
	Total	
	Plus opening WIP April 2019 (fees)	
	Total Arena	

**Swansea
Central Phase
2 Digital
Village**

	Kingsway Offices	C06369
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Grand Total City Deal Projected to March 2022

Total

47,213,208.93
14,544,880.75
2,725,802.31
3,291,236.87
11,449,257.59
2,087,042.93
5,052,022.22
13,031,583.65

99,395,035.25

8,855,362.02
6,732,112.00
29,287.30
10,592,012.00
603,982.00

26,812,755.32

8,629,204.00

134,836,994.57

2,408,093.52

137,245,088.09



To:
Cllr Rob Stewart
Cabinet Member for Economy,
Finance and Strategy

Please ask for:
Gofynnwch am:

Direct Line:
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Date
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Overview & Scrutiny

01792 636292

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23rd March 2021

BY EMAIL

Summary: This is a letter from the Service Improvement and Finance Scrutiny Performance Panel to the Cabinet Member for Economy, Finance and Strategy. The letter concerns the meeting held on 8th March 2021 and the Q3 Budget Monitoring report 2020-21, the Mid-Year Budget Statement 2020-21 and the Treasury Management Strategy Statement.

Dear Councillor Stewart,

On the 8th March, the Panel met to discuss the Q3 Budget Monitoring report 2020-21, the Mid-Year Budget Statement 2020-21 and the Treasury Management Strategy Statement. The Panel wish to thank Ben Smith, Section 151 Officer / Chief Finance Officer, for his attendance and contributions. We are writing to you to reflect on what we learnt from the discussion and to share the views of the Panel.

Q3 Budget Monitoring report 2020-21

We heard that in Q3 the Council submitted a loss of income claim to Welsh Government, the position regarding which has now been confirmed as £2.2M. We understand that officers have now submitted the Q4 loss of income claim, although the final awarded amount remains to be confirmed.

We heard that the Local Government and Housing Minister announced further sums totalling £50M allocated on a pro-rata fair share basis; officers anticipate Swansea Council's share will be in the region of £3.75M. Officers explained it had also been announced that a £42.5M extension to the hardship fund will be available, including free school meals until the Easter holidays; Swansea's share is likely to be approximately £3M.

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To receive this information in alternative format, or in Welsh please contact the above

We heard that there is likely to be a further tranche of business grant money, possibly up to £15M before year end, although this is subject to First Minister announcements around mid-March. Officers explained this money will come in to the Council and then straight out to businesses.

We also heard that there will be a £206M extension of the hardship fund for the first six months of next year. Officers do not know what Swansea Council's share will be yet, however based on the fair share calculations it could be another £15m or thereabouts.

We queried whether the Council is in a good position financially. Officers explained that during February we received three days of notifications, each of over £3M and the continued announcements on funding improves our position. Officers clarified that the Council also started with a significant underlying underspend position, excluding Covid-related impacts, at the beginning of the year.

We heard that the Council has continued to receive the majority of sums back from Welsh Government; officers explained that seeing the pace, scale and frequency of announcements has improved the financial position significantly. We queried whether to expect another underspend position by the end of this year. Officers responded that whilst not certain, it would be probable to end up with a material underspend position.

Officers clarified that, in regards to where monies should be allocated, the decision is for members – general reserves would need to go up slightly, and the majority of funds may go to earmarked reserves. The Chief Finance Officer will continue to give the advice that any decision taken must have due regard to previous decisions taken and the future longer term consequences.

We discussed Appendix A, P37, regarding taking £4M out of ear marked reserves and whether we anticipate that £4m is no longer required. Officers confirmed yes, that the position at Q3 required that draw, however were now certain this anticipated draw would not be needed. We heard that Welsh Government have distributed substantial sums to all twenty two authorities and, although officers would not speculate on an amount, Q4 will likely be a very material sum.

We discussed the Revenue Budget summary and the contingency fund of £5.9M, querying why the Council is not taking money out of this fund. Officers confirmed that this report was written in Q3 and this picture has now changed. Officers confirmed that this may indeed not all be needed as a result of the substantial amounts announced that are due.

We heard that assumptions have been made over what will benefit the Council over the next seven years regarding the City Deal funds. After Year 7, a further burden is added to capital financing. Officers commented that it is tempting for Council to draw from the capital equalisation reserve, however, the Well-being of Future Generations Act requires sufficient cover to fund over the life cycle of the project.

We queried the Capital Equalisation Reserve (CER), noting large sums going in, and questioned if this would continue. Officers explained that, if there is a temporal underspend on capital financing, it is advisable to add it into the CER.

Mid-Year Budget Statement 2020-21 and the Treasury Management Strategy Statement. We discussed these items concurrently.

We heard that Capital financial requirements will go up by hundreds of millions of pounds, measured as a percentage of the revenue budget. Officers explained that, in every scenario, they see budgets going up, although subject to complex interplays.

We heard that the Chief Finance Officer would have liked to have externalised borrowing already but, as restricted by law and the code of practice, cannot borrow in advance of need.

Officers explained that there are currently relatively low interest rates, which are favourable. We heard that there is a risk inflation will go up, and subsequently interest rates will also rise; officers explained that the Council would ideally externalise borrowing soon and to lock in at good rates.

We heard that, whilst these are dry technical documents, if these documents are incorrect the Council would rapidly run out of resource cover given long term funding commitments to capital.

We queried Appendix 4, Item 6, the general fund capital expenditure – there is now a £115M general requirement. We questioned why there is such a huge difference in original estimate / outturn. Officers explained that this is due to a direct consequence of building the Arena, fuelled by the field hospital expenditure. The Chief Finance Officer commented that this demonstrates the sheer amount of capital spend that is underway.

Your Response

We hope you find this letter useful and informative. We would welcome your comments on any of the issues raised but would ask for a response to the following by 14th April 2021:

- 1) Please provide more detailed information about the expected increase in repayments (relating to the general fund capital expenditure) due to the increase in the borrowing requirements.

Yours sincerely,

Councillor Chris Holley

Convener, Service Improvement and Finance Scrutiny Performance Panel

✉ cllr.chris.holley@swansea.gov.uk

Councillor Chris Holley
Convener, Service Improvement and
Finance Scrutiny Performance Panel

Please ask for: Councillor Rob Stewart
Direct Line: 01792 63 6366
E-Mail: clr.rob.stewart@swansea.gov.uk
Our Ref: RS/JW
Your Ref:
Date: 20 April 2021

VIA EMAIL

Dear Councillor Holley

Service Improvement and Finance Scrutiny Performance Panel

Thank you for your letter of 23 March setting out the panel's thoughts on our long term capital plans and borrowing strategy, plus the latest update on the in year revenue position for 2020-21.

I can see that the S151 Officer has answered many of your questions in great detail and accordingly you have only one specific follow up requiring a formal response. Before answering that question I would convey that the discussions I have had with the S151 Officer continue to affirm that the outturn position is likely to remain very good for this authority, once again hugely boosted by the borrowing strategy and resultant savings on capital financing costs, and provides the backbone of the £20m recovery fund I announced at March Council.

In terms of the specific question asked I would predominantly refer you to the medium term financial plan approved at Council in March. This sets out the clear medium term assumptions over increased future borrowing costs and, most crucially, how they are to be fully funded in the round. This explains that by 2025-26 revenue costs were expected to increase by £6.3m over the budgeted sums agreed for 2021-22, with a further £1.3m to be caused by the unwinding of the current very substantial annual savings from the MRP review which have been prudently set aside into the capital equalisation reserve for several years. The MTFP also makes clear that £9m of reserves in total will be used over the 4 years of the life of the mtfp to smooth the costs of those charge increases. This was the primary reason for the creation of the capital Equalisation Reserve, banking savings in the short term, and prudently setting aside to meet the known future costs. As the S151 Officer made clear at Council, the late announcements from the UK and Welsh Governments around various budget matters, but especially the City Deal accelerated funding meant that he thought it likely that peak borrowing would potentially shift from 2025-26 to 2028-29 because extra City Deal funding up front would reduce the pace and scale of external borrowing needed over the life of the mtfp.

As set out in the MTFP and capital and treasury management strategies there is a complex interplay between the overall capital programme, the approved borrowing envelope, the certainty of locking in at historically low interest rates, the requirement to not borrow ahead of need and to factor in all anticipated future cash and financing flows from grant, including that accelerated City Deal funding. Timing and affordability, as well as ensuring a gradual transition to the peak borrowing costs to avoid a future cliff edge rise in costs is also of paramount importance.

For several years now the revenue outturn position has been improved by a combination of getting the first £90m of approved borrowing away at low rates and ahead of the 1% PWLB penalty premium and deferring the anticipated other £90m until after the premia lapsed, which occurred in November 2020. The S151 Officer has repeatedly made clear he intended to exercise his delegated powers, within the parameters set out in the Treasury Management Strategy to externalise a further tranche of the borrowing and to again borrow long term to harness historically low rates and match future funding liabilities with the expected lifetime benefits of assets created with the funds borrowed, in line with Wellbeing of Future Generations Act principles. .

I have very recently been advised by the S151 Officer that early in 2021-22 he has exercised those powers and his officers have now externalised a further £45m for 49-50 years at rates below 2%, taking the average cost of borrowing down to 4% (Appendix 1). This means $\frac{3}{4}$ of the overall extra borrowing has now been externalised and rates locked in at again historically low levels for another near half a century proving great vfm and certainty for current and future generations of taxpayers. This will be more formally reported at the half year interim review of the Treasury Strategy to Council in October or November 2021 but I thought it appropriate to advise the panel of the significant further steps made by officers to securing certainty of future borrowing costs.

Yours sincerely



**Y CYNGHORYDD/COUNCILLOR ROB STEWART
ARWEINYDD/LEADER**

APPENDIX 1

