



## Report of the Cabinet Member for Economy, Finance & Strategy

Cabinet - 21 July 2022

### Economic Recovery Fund (ERF) Performance Review 2021 - 22

<b>Purpose:</b>	To provide members with a summary of impact of Economic Recovery Fund (ERF) for the period of 2021-22. To share opportunities identified as part of continuous improvement. Cabinet to agree new priorities and ERF investments for 2022-23.
<b>Policy Framework:</b>	Council Constitution: Financial Procedure Rules, Swansea Bay City Region Economic Regeneration Strategy.
<b>Consultation:</b>	Access to Services, Finance, Legal.
<b>Recommendation(s):</b>	<p>It is recommended that Cabinet approve the following:</p> <ol style="list-style-type: none"><li>1) That the ERF will remain on hold until further notice and new applications will not be considered post 26th May 2022;</li><li>2) To agree delegation of ERF board decisions to the Cabinet Member for Economy, Finance &amp; Strategy, Chief Executive, Director of Finance/Section 151 Officer and Sponsoring Cabinet Member/s;</li><li>3) That all ERF applications received up to 26<sup>th</sup> May 2022 are processed;</li><li>4) To agree new priorities and ERF investments for 2022-23 with consideration to the Policy Commitments approved by Council 7<sup>th</sup> July 2022.</li></ol>
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## **1. Background**

- 1.1 In May 2021 Cabinet agreed that a sum of £20m be set aside to support the economic recovery for the financial years 21/22 and 22/23 with no long-term resource implications. This enabled the initial recovery plans to be fully funded and instigated with immediate effect.
- 1.2 To support the recovery of the local economy from the Covid-19 pandemic the Council in conjunction with Regeneration Swansea partnership developed an Economic Recovery Plan for Swansea.
- 1.3 The support aims to reach out to the Tourism, Leisure, Events and Hospitality - sectors that have been hit the hardest by the pandemic. Swansea Council wishes to support businesses, support individuals and improve resilience of the local economy in light of the pandemic with specific consideration to one or more of the following themes; Local Economy, Wellbeing, Community, People and Jobs.
- 1.4 This report outlines the progress on the £20m set aside for the purposes of the recovery for the financial year 21/22 and 22/23 with the intention of ensuring that there are no long-term resource implications.
- 1.5 The Reshaping Strategy & Budget Board together with the Directorate of Place is designated to facilitate the process on behalf of all Directorates.
- 1.6 The defined process has worked extremely well and has ensured consistent approach for the determination and monitoring of proposals requiring ERF support.

## **2. Budget Commitment 2021 – 2023**

### **2.1. Process**

- 2.1.1 Applications were encouraged to consider proposals that satisfy one or more of the four themes outlined below:
  - Local Economy
  - Wellbeing
  - Community
  - People and Jobs

Applications have been welcomed from Cabinet, Ward members and Officers. As part of the application process, the applicant is encouraged to discuss their proposal with the sponsoring Cabinet Member/s, Director/s and Head/s of Service to help inform the application.

- 2.1.2 Each application is considered on merit by the Reshaping Strategy & Budget Board.

## **2.2 Schemes – Mid-term Impacts (Appendix A)**

- 2.2.1 As of April 2022 eighty-four applications have been approved.
- 2.2.2 Within the approved schemes, two schemes are managed via the External Funding Team, offering business grants and re-greening opportunities across Swansea
- 2.2.3 The Economic Recovery Fund has already made a positive difference within the first year and the majority of approved schemes aim to benefit all Wards.
- 2.2.4 There are several successful schemes that aim to target a theme. Examples include the following;

- UPRN 001 Local Business Grants
- UPRN 005 Free Bus Travel - Summer Bus Discounts
- UPRN 014 Free Outdoor Public space for Hospitality
- UPRN 016 Sector Support for Tourism and Culture - Fee Waiver
- UPRN 048 Essential Playground Works
- UPRN 055 Pilot Pop Up Energy Advice Centre
- UPRN 0112 Changing Places

## **2.3. Budget Commitment (Appendix B)**

- 2.3.1 Approved budget for 2021 – 2023 was £20m
- 2.3.2 As of April 2022, Approved Funding for periods 2021 – 2023 totals £19,258,374 to date made up as follows.

- 2021/22** £7,249,227
- 2022/23** £12,009,147

## **2.3.3 Budget balance (Appendix C)**

**Balance carried forward**  
£510,958 (Inc approved budget increase to existing schemes)

Several applications have been received prior and post pre-election period. To note some of the schemes will require detailed cost plans to finalise their application, however, these are considered as New Applications.

**Balance carried forward subject to the approval pending applications with indicative costs (Appendix B) Pending Financial Commitment**

In addition, there is an expectation to extend support to include the following;

<b>Scheme</b>	<b>Approved ERF</b>	<b>Additional Support</b>	<b>Further Comment &amp; Residual Risk</b>
<b>ERF Pending</b> Applications pre 17 <sup>th</sup> March 2022 (21no)	TBC	£TBC	Expectation that will proceed, however costs, may increase due to cost plan review.
<b>ERF New</b> Applications post 17 <sup>th</sup> March 2022 (15no)	TBC	£TBC	Expectation that will proceed, however, costs may increase due to cost plan review.
<b>UPRN 001 Local Business Grants</b> <i>(approved within Swansea Economic Recovery Action Plan at Cabinet 20<sup>th</sup> May 2021)</i>	£3.3m	£TBC	Extension of existing scheme, reputational risk if not continued.
<b>UPRN 002 Re-greening</b> <i>(approved within Swansea Economic Recovery Action Plan at Cabinet 20<sup>th</sup> May 2021)</i>	£0.5m	£TBC	Approved by Cabinet, therefore reputational risk if does not proceed.
<b>UPRN 005 Free Summer Bus</b> <i>(approved within Swansea Economic Recovery Action Plan at Cabinet 20<sup>th</sup> May 2021)</i>	£0.695m	£0.2m	Approved by Cabinet, therefore reputational risk if does not proceed.
<b>UPRN 006 Wi-Fi</b> <i>(approved within Swansea Economic Recovery Action Plan at Cabinet 20<sup>th</sup> May 2021)</i>	£TBC	£TBC	Approved by Cabinet, therefore reputational risk. The proposal is reliant on ERF support, to supplement the scheme budget.
<b>UPRN 007 CCTV</b> <i>(approved within Swansea Economic Recovery Action Plan at Cabinet 20<sup>th</sup> May 2021)</i>	£TBC	£TBC	Approved by Cabinet, therefore reputational risk. The proposal is reliant on ERF support, to supplement the scheme budget.

Scheme	Approved ERF	Additional Support	Further Comment & Residual Risk
ERF Post	In Principle	£50,206	Subject to need. Pending Cabinet decision
Highways Maintenance	£0	£5m	Intended to boost the investment to £10m in total
Domiciliary Care Travel	£0	£2m	Directly linked to additional RSG, therefore, considerable risk if not directly allocated.
LED Lighting (Mumbles – Secrets)	£0	£TBC	Discussed at ERF Steering Group, however, no formal proposal
Electric Vehicle Charging Points	£0	£TBC	Referenced within Policy Commitment Document
Play Sufficiency	£0	£TBC	Referenced within Policy Commitment Document
Skate Facilities	£0.5m*	TBC	Referenced within Policy Commitment Document and previous Cabinet Reports

Furthermore, based on the previous report, there is also an expectation that the scheme will continue up until March 2023.

### Financial Commitment Summary

**Budget £25,210,958**

(proposed additional investment **£24.7m plus c/f £510,958**)

### Less

Pending Financial Commitments, subject to approval and detailed cost plans.

### **3. Proposal 2022-23**

- 3.1 To manage the existing and pending schemes, on a priority basis within the allocated budget. They will therefore need to be reviewed and costed to enable a decision to be made on the exact amount of remaining funds available for new bids.
- 3.2 The mid-term review has already identified the benefits of the ERF support during 2021/22. There is clear demand for ERF support, and a notable number of pending applications.
- 3.3 Following the initial successes, it is clear the programme would benefit from further financial support for 2022/23.
- 3.4 It has been advised that an additional budget of £24.7m is to be allocated for 2022/23 as part of the outturn report and decisions to be taken on this by Cabinet. However, the final total that can be made available, will be determined by review and prioritisation as outlined within item 2.3.3, that will include support towards the Domiciliary Care Travel Plan (£2m) and Highway Maintenance Improvements (£5m)

### **3.5 Opportunities**

To date the ERF has been highly successful, moving forward further opportunities could include:

- Supporting Wards that are yet to benefit from ERF
- Promoting under represented target themes (Local Economy, Wellbeing, Community, People and Jobs)
- Promoting interaction with the Corporate priorities
- Promoting the funding opportunity through workshops and support
- Considering a more structured approach to ensure delivery as approaching March 2023
- Ensuring applicants declare match funding as part of their application
- Ensuring applicants to demonstrate robust cost plan

### **3.6 Limitations**

#### **3.6.1 Budget**

Currently there is no deadline for fund closure; therefore, there is an expectation that the fund will be remain open until March 2023.

There is clear indication from indicative budget requests from both pending and new proposals with cost plans, that an additional fund of @ £24.7m would be required. Please note there are some in the system without fully developed costing proposals.

### 3.6.2 Resource

The last twelve months has highlighted the impact of limited technical and specialist resource within both the public and private sectors.

This has presented a challenge to recruit In house expertise, together with the cost of resource and programming of works. This has impacted on service area capacity.

### 3.6.3 Inflationary pressures

During the last twelve months, the sector has been impacted with inflation due to material shortages, haulage and energy rises. This would clearly suggest that there needs to be contingency within the total budget allocation. The ERF itself should be predominantly about new investment and should not therefore cover other inflationary pressures in existing revenue and capital budgets. That does leave the Council exposed to wider inflationary risks as reserves can of course be spent only once. There is no further capital inflation cover, there is a modest amount of revenue one off cover in the inflation provision and contingency (around £6m) but these could be needed in full to meet only part for the yet to be settled national pay awards if they exceed the budgeted 3%.

### 3.6.4 Timelines

The approved schemes are to be committed and closed by March 2023.

To promote best value, it would be advantageous to extend the delivery dates to March 2024.

## 4. Integrated Assessment Implications

4.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, 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 Acts.
- 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
- Consider opportunities for people to use the Welsh language
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

4.1.1 The Well-being of Future Generations (Wales) Act 2015 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.

4.1.2 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also considers other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

4.2 An IIA Screening Form (Appendix D) has been completed with the agreed outcome that a full IIA report is not required due to the following: Positive impact for the communities of Swansea, aiming to support one or all of the following themes; Local Economy, Wellbeing, Community, People and Jobs. Impacts are positive and are of medium to high in nature.

- Summary of impacts identified and mitigation needed (Q2)

Impacts are positive and are of medium to high in nature.

- Summary of involvement (Q3)

Regeneration Swansea Partnership and various Council Services have been involved in the development of the plan.

- WFG considerations (Q4)

WFG considerations are considered as part of the overall plan but will also be considered on a project by project basis. Generally, this plan will be a positive for the economy of Swansea, in bringing more business, job creation and disposable income into the area resulting in an increasingly more positive impact on the future generations.

- Any risks identified (Q5)

The delivery of projects within this plan will mitigate some of the economic impacts following the Covid pandemic. Risks will be considered at a project level in the normal way.

- Cumulative impact (Q7)

Positive impact for the communities of Swansea, aiming to support one or all of the following themes; Local Economy, Wellbeing, Community, People and Jobs.



- Summary of impacts identified and mitigation needed (Q2)

Impacts are positive and are medium to high in nature.

- 4.3 Each application requires a project specific IIA screening form, which will form a part of the decision making process.

## **5. Financial Implications**

- 5.1 £20m committed at Cabinet 20<sup>th</sup> May 2021, will be utilised for schemes already approved, with remaining funds considered for pending applications.

- 5.2 An additional £24.7m will be added to the fund, with priorities given towards pre-committed schemes, to also include highway enhancements and domiciliary travel as outlined within items 2.3.3 and 3.4 of this report.

- 5.3 All expenditure that can be directly attributed to the acquisition of, creation of or subsequent expenditure on items of property, plant and equipment or the acquisition of rights over certain longer-term intangible benefits is capitalised as an asset (capital expenditure). These items will provide benefits to the authority for several years.

- 5.4 As highlighted in 3.6 the authority faces a number of substantial in year and future year base budget risks. Committing the one off cash sums in the ERF in advance of clarification of such risks represents a higher than normally acceptable risk and removes one of the obvious short term solutions to smoothing the inevitable pressures to come.

- 5.5 On the other hand, this reserve was created and subsequently endorsed by Council, when it reviewed the reserve strategy, on the express understanding that it was to be rapidly returned by way of investment. It is therefore entirely reasonable to continue with the spending strategy and apply the reserve and its expansion if Cabinet determines, for the express purposes for which it was originally created despite those increased risks for the future.

- 5.6 Cabinet must accept; however, that committing to spending the ERF now substantially increases the hard choices it and Council will face over balancing future budgets.

## **6. Legal Implications**

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

### **Background Papers:**

Minutes of the Cabinet Thursday 20<sup>th</sup> May 2021 at 10.00am

<https://democracy.swansea.gov.uk/documents/g9083/Printed%20minutes%20Thursday%2020-May-2021%2010.00%20Cabinet.pdf?T=1&LLL=0>

**Appendices:**

Appendix A	Progress (Mid-term Impact/s)
Appendix B	Budget Commitments Carry Forward
Appendix C	Pending Schemes
Appendix D	IIA Screening Form