



Report of the Leader and Cabinet Member for Economy, Finance and Strategy

Scrutiny Programme Committee – 16 January 2024

Key Portfolio Headlines: Economy, Finance and Strategy

Purpose: This report seeks to outline notable activities and achievements in terms of ensuring the delivery of key priorities within the Economy, Finance and Strategy portfolio. This report focuses on three key areas of significance, being:

1. Financial Strategy
2. Recovery & Transformation
3. Progress on major projects

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For Information

1. Introduction

- 1.1 This report highlights notable activities and achievements in terms of ensuring the delivery of key priorities within the Economy, Finance and Strategy portfolio.

1.2 As Leader of Swansea Council and Cabinet Member for Economy, Finance and Strategy, key responsibilities covered within this portfolio include the following:

- Capital Programme
- City Centre Strategic Redevelopment
- City Deal
- Communications
- Community Leadership
- Constitutional Changes
- Corporate Joint Committee (CJC) – Chair
- Finance Strategy, Budget & Saving Delivery
- Financial Services
- Legal Services
- Local And Regional Investment Strategy
- Major Projects
- Planning Policy (Regional)
- Poverty Reduction Corporate Lead
- Public Services Board (PSB)
- Recovery Plan
- Regional Working Lead (All Bodies)
- Risk & Resilience Management
- Strategic Partnerships
- Swansea Bay City Region Joint Committee – Chair
- Welsh Local Government Association (WLGA) – Deputy Leader
- WLGA Lead on Economy & Inward Investment, Europe & Energy
- WLGA Representative To LGA

1.3 Owing to the breadth and scope of the Economy, Finance and Strategy portfolio, it is not the intention of this report to provide an update on all of the responsibilities within the portfolio, but rather to highlight key areas of significance. Progress on each of the constituent elements of the Leader's portfolio are scheduled and reported through existing scrutiny arrangements throughout the municipal year.

2. FINANCIAL STRATEGY

2.1 The Corporate Management Team has re-enforced the current arrangements for budget monitoring, in particular:

- 2.1.1** Focus on a range of corrective actions.
- 2.1.2** Targeted immediate spend minimisation and deferral action.
- 2.1.3** Strict spending control on all vacancies and contracts.
- 2.1.4** A continued reminder that no Responsible Officer is authorised to overspend their budget in line with Financial Procedure Rules.
- 2.1.5** Consequently, that Directors must work closely with Cabinet Members and the Corporate Management Team to contain,

reduce, defer, and delay spending as far as possible, having due regard, to existing agreed budget and political priorities to nonetheless seek to limit service spending.

- 2.1.6** To agree credible recovery plans where there is current overspending and for these to be shared and agreed with the Chief Executive and S.151 Officer for assurance purposes.
 - 2.1.7** Whilst recognising that the overall spend pressures are near wholly post-Covid, inflation or pay award and now pay risk related and that reserves were bolstered to temporarily assist with some such pressures.
- 2.2** Offsetting opportunities do exist to temporarily ameliorate the currently identified service demand and price pressures. £20.330m was set aside mostly one-off to meet any significant inflationary increases arising in year, specifically for the increased energy costs. Given the overall financial projection at this stage, it is proposed by the S.151 Officer that any residual sum be earmarked as a compensating funding mechanism for part of the new equal pay provision.
- 2.3** The current indication is that, for 2023/24, there needs to be continued targeted mitigating action and delivery of savings proposals to help reduce the overall overspend. It looks inevitable as this early stage that some draws from contingency and earmarked reserves will be needed to achieve a fully balanced budget for the year, but this was somewhat anticipated and led to the material bolstering of earmarked reserves at outturn and the enhanced one-off central inflation provision. Any inroads to net spending will reduce the necessary draw from reserves and increase the amount of reserves available to carry into 2024/25.
- 2.4** The action being taken includes working through existing plans on an accelerated delivery basis:
 - 2.4.1** Management and Business Support Review: ongoing review of the management structure across the Council and future requirements given the Council's priorities, future challenges and the changing nature of the role of managers.
 - 2.4.2** Managing the Pay Bill: review of options to contain or reduce employee costs across the Council as part of our overall future workforce strategy (subject to trade union consultation at the appropriate time).
 - 2.4.3** Commercialism through third party Procurement Savings and Income Generation: review of further options to increase income from fees and charges, trading etc, in addition to the targets already set.
 - 2.4.4** Progressing implementation of residual phases Commissioning Reviews and Cross Cutting Themes.
 - 2.4.5** Further implementation of the Social Services Saving Plan through which we have identified mechanisms for bringing down overall costs.

- 2.4.6** On the basis that these are existing agreed actions fully set out in the agreed budget set by Council in March.
 - 2.4.7** Continuing the extant spending restrictions which have been agreed as necessary by Corporate Management Team.
 - 2.4.8** The Director of Corporate Services leading the Recovery Plan implementation as agreed by Cabinet to agree alternative mitigating actions and future steps, taking into account post Covid 19 and Brexit.
- 2.5** We now have the provisional settlement for 2024-25 and work is underway to finalise the budget for 2024-25 in March 2024. Clearly, the increase in funding (settlement down from assumed 3.8% to 3.6% cash versus 3.1% average for Wales) will provide some flexibility to our budget options for 2024-25. The settlement for 2025-26 is likely to be lower and the longer-term outlook remains challenging. In all years, including 2024-25, the settlement in cash terms whilst welcome remains undoubtedly below recent increases in pay and price inflation and demand growth, so still amounts to ongoing real terms cuts to spending power even as inflation starts to dip.
- 2.6** The Revenues and Benefits Service is a part of the Finance Directorate and is responsible for various and diverse functions for the authority with approximately £370m worth of transactions passing through the service in any normal year. The functions relate to both collection of income due to the authority and payments to vulnerable citizens.
- 2.7** Over the last few years (during and post pandemic) the Service took on additional work on behalf of UK and Welsh Government to help deal with the crises. Although this additional work appears now to be at and end, at least for the moment, and the service can start to once again concentrate on its core functions, over the past year there were some remaining grants to administer with very substantial amounts paid out to large numbers of vulnerable Swansea citizens to help with the cost of living:
 - 2.7.1** Welsh Government Fuel Support Payment – 28,914 Swansea citizens were awarded a £200 payment. In total £5,782,800 was paid out
 - 2.7.2** The Energy Bills Support Schemes Alternative Funding – 260 Swansea citizens were awarded a £200 payment. In total £52,000 was paid out
 - 2.7.3** Alternative Fuel Payments Alternative Fund - 400 Swansea citizens were awarded a £400 payment. In total £160,000 was paid out
 - 2.7.4** At the moment the service has a number of key improvement projects underway which are pulling in significant resource, but which will support continued service improvement for our customers towards pre-pandemic performance levels:

- 2.7.5 Migration of the back-office software used by the Council Tax / Business Rates / Benefits Sections to the cloud. This system handles annual transactions of around £300m a year.
- 2.7.6 Migration of the Document Image Processing System to the cloud – this is used by all elements of the service to manage their documentation and processes.
- 2.7.7 Continued roll-out of the care provider portal which enables care providers to provide details of care provided to our service users and to claim their remuneration for that provision.
- 2.7.8 Implementation of a Housing Benefit landlord portal to enable private sector landlords in the city to easily obtain details of the benefit payments to be made to them.
- 2.7.9 Implementation of ‘Citizens Access Revenues’ which will enable Council Taxpayers to register so they can log in and obtain details of the up to date position of their account and carry out various related tasks using a suite of online forms that are integrated with back-office systems.
- 2.7.10 Demand for the Discretionary Housing Payments also administered by the service remains high in the current financial climate. The DWP provide £395k to this hardship fund in 2023/24 and additional funding of approximately £400k has been provided by the Housing Department to top this up to from the Homelessness Prevention Fund.

3. RECOVERY & TRANSFORMATION

- 3.1 On 15th October 2020, Cabinet approved the new ‘From Recovery to Transformation’ report detailing the 3 Phases from recovery through to the ‘Swansea – Achieving Better Together, Transformation Strategy & Programme Framework 2022 – 2026’.
- 3.2 In the current form, there are 12 *Transformation Programmes* underway, which are overseen by the Transformation Delivery Board; meeting quarterly to receive individual programme updates. The 12 programmes are framed as follows:
 - Future Community Hub Model
 - More Homes Programme
 - Net Zero 2030
 - Regeneration Programme
 - Future Waste Strategy
 - Right schools, right places
 - Transforming Additional Learning Needs & Supporting Sufficient Specialist Places
 - Transforming Adult Services
 - Child and Family Services Transformation
 - Enabling Communities

- Workforce and OD Transformation
- Digital Transformation

3.3 The diagram below shows the programmes contained in the Corporate Transformation Plan and how they align with the council's corporate plan priorities:



3.4 In October 2023, Audit Wales provided feedback, in the form of a letter, to Swansea Council about the audit work having been undertaken in relation to the council's Transformation Programme. The focus of this work was to understand if the council is effectively planning and monitoring its approach to its organisational transformation programme and the delivery of associated savings.

3.5 Audit Wales noted that it was appropriate for the council to reassess its Transformation Programme in November 2022, and establish a refreshed approach through its current 'Successful and Sustainable Swansea Transformation Programme 2022 and beyond'.

3.6 A copy of the letter from Audit Wales is contained in **Appendix A** (*Update on the progress the Council is making around its Transformation Programme*).

3.7 The *Report of the Director of Corporate Services to the Governance and Audit Committee*, regarding Swansea Council's response to the points raised in the Audit Wales letter, is outlined in **Appendix B**.

4. PROGRESS ON MAJOR PROJECTS

Copr Bay

- 4.1** Swansea Arena, the new bridge over Oystermouth Road, the car park underneath the arena and the coastal park have now been open since March 2022.
- 4.2** The 33-apartment block being run by Pobl Group on the City Centre side of Oystermouth Road is also now complete and occupied.
- 4.3** Over 241,000 people enjoyed ticketed events, conferences, exhibitions, banquets, graduations and creative learning events at the arena up to March 2023.
- 4.4** Acts to have taken to the stage at the arena so far include, amongst others, John Bishop, Michael McIntyre, Sarah Millican, the Jersey Boys, the Hollywood Vampires, Katherine Jenkins, Royal Blood, Max Boyce, the Kaiser Chiefs and Six the Musical.
- 4.5** Between March 2022 and March 2023, over 183,000 tickets were sold for ticketed events there. Figures also show a 78.9% occupancy on ticketed shows for the 2022/2023 financial year, which exceeded a projection of 65% for the arena's first year of operation.
- 4.6** The Copr Bay bridge has won an award for the standard of its design. At the Structural Steel Design Awards 2023, judges praised the bridge for providing a dramatic new gateway to Swansea. They also commented on its striking form and colour, which helps acknowledge the bay's history as a centre of coal and copper production.
- 4.7** In September 2023, the council appointed Willmott Dixon as the new contractor for Copr Bay following the original contractor for the scheme – Buckingham Group Ltd – going into administration.
- 4.8** All unfinished work is being completed as soon as possible, including snagging work on site and the car park on the south side of Oystermouth Road. The St David's multi-storey car park will remain open until the new car park is operational.
- 4.9** Talks to build a new hotel next to the arena are also ongoing.

71/72 Kingsway & Biophilic Building

- 4.10** Our contractors for the 71/72 Kingsway development – Bouygues UK – are making considerable progress on the construction of a major new office scheme at the former Oceana nightclub site.

- 4.11** A topping-out ceremony was held in the autumn and internal fitout of the building is now ongoing, with construction earmarked for completion in the coming months.
- 4.12** Part-funded by the Swansea Bay City Deal, the development, once operational, will provide space for 600 jobs in the tech, digital and creative industry sectors. It will be worth £32.6m a year to Swansea's economy.
- 4.13** The 104,000 square foot scheme includes public spaces with specific areas of the building being offered to the open market to let. These are made up of Grade A office space, as well as retail, food and beverage spaces, an event hall, and flexible and serviced workspaces. The scheme will include solar panels on top of the building, as well as heat recovery systems to minimise energy use.
- 4.14** It will also include 69 bike spaces and electric bike charging, as well as extensive shower and changing facilities and a new link between The Kingsway and Oxford Street. Extensive marketing of spaces at the building is ongoing.
- 4.15** The development has also helped attract major private sector investment into the area. This includes the innovative living building development led by Hacer Developments at Picton Yard that's also due for completion this year. Made up of the former Woolworths unit and a new adjoining 13-storey structure, the scheme will include green walls and green roofs, an educational facility, retail, offices, a landscaped courtyard, rooftop solar panels, battery storage and gardens. Pobl Group will manage 50 affordable apartments forming part of the scheme.

Swansea Central North and the Civic Centre site

- 4.16** Our long-term regeneration partners, Urban Splash, are continuing to work with partners on preparatory designs for both the Swansea Central North and Civic Centre development sites.
- 4.17** Mixed-use schemes are being proposed for both sites. The demolition of the Civic Centre is not being envisaged. It's anticipated the site will include retail, residential and leisure uses.

Y Storfa at 277-278 Oxford Street (Former BHS building)

- 4.18** This building is being transformed into a multi-purpose community hub and renamed as Y Storfa.
- 4.19** Our main contractor for the scheme – Kier Group Plc – is now continuing with the demolition phase of the development while designs for the interior layouts are at the final stage. New brand guidance has been developed for known and prospective tenants and a presentation

of this progress will feature on the hoarding surrounds in the coming weeks.

- 4.20** Once the project is complete, it will include the city centre's main library and archive service, alongside a dedicated children and young people's library space, a community creative hub and seminar space. Citizens Advice Bureau Swansea Neath Port Talbot and Careers Wales Swansea have also been announced as scheme tenants.

Palace Theatre

- 4.21** This historic flatiron building had fallen into disrepair before being acquired by Swansea Council. Tramshed Tech Ltd has signed a heads of terms agreement with the council for the development of the 133-year-old building.
- 4.22** Conservation and restoration work is continuing on site. Planned to open in 2025, modern workspace is being developed for young and growing businesses, especially those in the tech, digital and creative sectors.

Castle Square Gardens

- 4.23** Castle Square is to be revamped as part of a project that will include a substantial increase in greenery as well as the introduction of permanent food and drink units and a playful water feature. The square will be retained and improved as a focal point for public gatherings.
- 4.24** Some site investigation works have taken place, following the securing of planning consent. These will inform final designs before the main contractor for the scheme moves on site in the coming months.

Albert Hall

- 4.25** Led by the private sector, work to restore the 157-year-old Albert Hall façade to its original splendour, with repurposed spaces for flexible use inside, is now ongoing.
- 4.26** A mixed-use scheme with creative and commercial facilities is planned, with the developer due to announce more information in the coming weeks.

Hafod Morfa Copperworks & Levelling-Up

- 4.27** After an extensive conservation and restoration project, Penderyn Distillery have opened up an operational distillery and visitor centre on site.

4.28 The council has also successfully bid for £20m from the UK Government as part of its levelling-up programme for a Lower Swansea Valley project that will include:

4.28.1 The restoration of even more heritage features at the Hafod-Morfa Copperworks site, following-on from all the work that's been carried out there so far. Several listed buildings would be regenerated, releasing them for business use and new private sector investment. The site would also become better connected with local communities, to help tell the story of Swansea's rich industrial legacy to new generations.

4.28.2 Improving links between the River Tawe and the copperworks site, while also developing better links between the site and the city centre. Victorian era railway arches would be re-used to enable access to public transport by bus, rail and river

4.28.3 The upgrade and enhancement of Swansea Museum, improving access and the visitor experience with increased and new exhibition and learning spaces. The investment will protect the museum and enable important conservation works and storage for some elements of its collections, currently stored at the former rolling mill of the Copperworks, within this city centre heritage attraction – widely celebrated as the oldest museum in Wales. This will then release the rolling mill building at the copperworks for further mixed-use regeneration.

4.29 As part of the project, three new pontoons will be introduced along the River Tawe. The first has already been installed, and two more will follow to further open up the river for more use.

4.30 Detailed preparatory work on all other elements of the Lower Swansea Valley improvement project is ongoing.

Skyline

4.31 Skyline Enterprises have submitted a planning application for a major new leisure destination at Kilvey Hill, which is anticipated to be determined in the coming months.

4.32 Skyline's proposals include plans for a gondola (cable car) route, a gravity-fuelled luge ride, a zipline, a sky swing, new walking and mountain bike trails, and food and drink outlets.

4.33 The company says the scheme would create 100 permanent jobs in the first year of operation and bring an £84m boost to the local economy if given the go-ahead.

4.34 No council funding has been directly awarded to Skyline to date. While Cabinet has approved funding in principle, there is no binding

commitment as yet on the council's part and funding would need to meet certain conditions before any money is potentially paid out.

- 4.35** If it goes ahead, the proposed investment by the council would be repaid in full as part of an agreement with Skyline.

Shared Prosperity Fund

- 4.36** The Shared Prosperity Fund is one of the UK Government funds replacing European funds that are no longer available after Brexit.

- 4.37** As part of a £38.4m investment in Swansea, a number of anchor projects under the Shared Prosperity Fund are now in place. They include:

4.37.1 A package of schemes to support Swansea businesses including start-up grants, growth grants, carbon reduction grants, training for businesses to move towards net zero carbon, and a commercial property development fund.

4.37.2 A pathways to work employability project that will include support for economically inactive and long-term unemployed people aged 16 and over, paid work placements and a £2m grant for specialist employability support

4.37.3 Transforming places throughout the county, with projects earmarked to include grant funding for historic structures and conservation areas, improvements to villages and small town centres, and heritage-led regeneration activities and trails.

4.37.4 A culture and tourism anchor project that will include the development of a creative network, public arts, marketing campaigns, events, exhibitions and support for cultural and tourism businesses.

4.37.5 A supporting communities project that will provide grant funding for community and third sector projects.

4.37.6 Boosting rural areas with funding for rural community development, climate change themed activities and support for rural businesses.

- 4.38** Dozens of projects across the city have already been approved for Shared Prosperity Fund investment, and many more will follow.

Blue Eden

- 4.39** Land agreements are now in place between the council with DST Innovations and Batri Ltd.

- 4.40** Subject to planning approval, these agreements will lead to:

4.40.1 The expansion of the Fabian Way park and ride site to create a green energy transport hub to potentially include a hydrogen manufacturing station for hydrogen-powered transport, an

abundance of electric vehicle charging points, and restaurants and flexible working areas for visitors to enjoy.

4.40.2 A new manufacturing facility on the former Morrissey site in SA1 to make high-tech batteries that would store the renewable energy generated by the project and for worldwide distribution.

4.40.3 The expansion of approved solar farm plans at the former Tir John landfill site to create one of the UK's largest solar energy generating facilities.

4.41 DST Innovations is also continuing to make positive progress on all other elements of the overall project. These include a tidal lagoon, a battery farm to store the renewable energy generated on site, a floating solar panel facility, an oceanic and climate change research centre, eco-homes anchored in the water, and a hyper-scale data centre.

4.42 As well as Batri Ltd, DST's project partners also include engineering and construction firm HDR, and infrastructure specialists Enable.

4.43 The council has also applied to the UK Government for funding to further explore the potential for a low carbon district heating network. Using excess heat from the data centre, the heating network could heat dozens of major buildings in the SA1 and city centre areas of Swansea.

Swansea Bay City Deal

4.44 The Swansea Bay City Deal has achieved key milestones throughout 2023, with delivery accelerating across South West Wales through a portfolio of nine projects.

4.45 The portfolio has gained recognition through several prestigious industry accredited awards. For example, the Destination Renewables Pilot Project won the national 'Offshore Wind Energy Skills Award' in the Renewables UK Offshore Wind Awards 2022 and was also a finalist in the Wales STEM Awards 2022.

4.46 The Portfolio has seen significant progress¹ in the benefits being delivered, including:

4.46.1 £262m of total investment to date. 10% of total investment target has been secured from the Private Sector, £83m+ investment in 2022-23

4.46.2 9,200 training weeks provided across Portfolio construction activity to date with at least 1,200 weeks delivered in 2022-23

4.46.3 100 FTE apprenticeship opportunities created or continued as a result of construction activity

4.46.4 200 HAPS homes delivered in 2022-23 realising £42m of investment

¹ Swansea Bay City Deal Portfolio Annual Report 2022-23

4.46.5 17 of 35 projects in delivery which will deliver £415m total investment once completed

4.46.6 Construction contracts in the region of £50m to be awarded through 2023-2024

4.47 More initiatives are being built and delivered during 2024, such as the completion of 71/72 Kingsway. The Innovation Matrix, Pentre Awel phase 1 and the completion of the major renovation at Pembroke Port also continue at pace.

Swansea Bay & West Wales Metro

4.48 The Swansea Bay & West Wales Metro project aims to improve transport links between Swansea, Neath & Port Talbot, Carmarthenshire and Pembrokeshire. Progress is being made on the Improvements to public transport, more electric vehicle charging infrastructure and new cycling and walking routes are being planned in Swansea.

5. Integrated Assessment Implications

5.1 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.

5.2 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'.

5.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account 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.

- 5.4 The IIA process takes into account the United Nation Convention on the Rights of the Child (UNCRC), which the Council has embedded into the Authority's Policy Framework. If the UNCRC is relevant to the report, it should be referred to in this section.
- 5.5 This is a 'for information' report that provides an overview of progress meeting the responsibilities of the Economic, Finance & Strategy Cabinet portfolio, so there is no direct impact on people or communities.

6. **Legal Implications**

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

7. **Financial Implications**

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

8. **Background papers:** None

9. **Appendices:**

Appendix A – Audit Wales Letter: Update on the progress the Council is making around its Transformation Programme

Appendix B – Report of the Director of Corporate Services to the Governance and Audit Committee - Audit Wales update: Transformation Programme

Appendix C – IIA Screening Form