

Councillor Chris Holley
Convener
Service Improvement & Finance Scrutiny
Performance Panel

Please ask for: Councillor Rob Stewart
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Our Ref: RS/CM
Your Ref:
Date: 21st March 2019

BY EMAIL

Dear Councillor Holley

Thank you for your letter dated 12th February 2019 and I would respond as follows.

DEVELOPMENT AND REGENERATION

There is a risk in relation to the Business Case still not having been signed off. Until this has been done, no money can flow to Swansea Council – again this means that the money which has already been spent is at risk. This would be a significant problem. There is no indication of timescales of when the business case will be signed off, or if this will impact project timescales. Can you advise?

Successful regeneration is a complex process that relies on a great deal of vision, planning, commitment and investment. Risks of funding shortfalls, programme delays and cost increases are all inherent in the process of regeneration. It is our job to manage these risks to ensure that we deliver the regeneration that is so badly needed to revitalise our city and to stimulate further investment by the private sector. The City Deal Governance Review is an independent process that is currently underway, and whilst I would not wish to pre-judge the outcome of this review, I am confident that this will not unduly delay, nor increase the cost of delivering Swansea Central Phase 1. I can confirm that following the conclusion of the independent review our business case is recommended for immediate sign off by Government.

There needs to be enough business support to deliver regeneration projects – clarification on how ‘top slicing’ works (taking a percentage from externally funded projects to fund business support roles) would be helpful.

The 5 case business model is a very detailed and multifaceted assessment of the merits of the City Deal projects. Whilst at this stage we have not had final sign-off of our business case, we have mitigated the risk by responding to all queries with fully developed answers, addressing all points with empirical evidence and justifications based on the thorough research and market analysis that underpins the design of our project and business case. I am confident that we will shortly receive sign off of our business case, removing the risk you have correctly identified.

The top slicing of grants is a process that our Economic Development & External Funding Team has maximised in recent times to deliver and administer grant funded projects. The team are currently delivering and administering circa £54m worth of grant funded projects for Swansea and the region. The majority of these projects involve top slicing of grant to provide the human capital needed for delivery and to ensure full compliance with grant conditions and outcomes. This process involves strict agreement with the funding body and is based on a percentage of the total grant available, which varies from funder to funder. The ability to top slice grant is therefore specific to the funders' requirements and grant conditions. We will continue to explore all opportunities to attract new funding to Swansea and the region, and wherever possible and eligible, maximise the top slicing potential to minimise any costs to the Council's revenue budget.

ADULT SERVICES

With us overspending by £1 million this year due to 'resistance from the LHB to discuss equitable and appropriate contributions towards identified packages of care' there was concern in the panel that this will be an ongoing issue in the next financial year. The panel felt that this needs to be resolved as soon as possible if we are to keep to budget for 2019-20.

This remains a risk but late in this financial year, we have made some progress with negotiations with the health board particularly in relation to funding of care packages for individuals with a learning disability. We will be recommending that a strategic objective for the region should be the establishment of pooled funding arrangements for this particular cohort of the population.

It is not fully clear when savings kick in from each of the service commissioning reviews or which savings relate to which review. This process appears to be fairly opaque as far as the panel is concerned and we would welcome a more detailed breakdown.

This is a reasonable challenge which mirrors that of the Cabinet Member to officers. A more transparent timetable for different aspects of the review has now been developed and will be shared with scrutiny.

SERVICE IMPROVEMENT AND FINANCE

We are concerned about the potential £8m overspend projected for 2018/2019 and would like to know how this will be addressed. What is the contingency plan for not meeting targets?

The over spend remains an estimate and action has been agreed by Cabinet and the Corporate Management Team to reduce the overspending. I accept it as not likely that service spending will be contained. The S151 officer has already set out clearly what action is intended to be taken re the use of earmarked reserves and unallocated contingency and inflation sums to ensure 18-19 is technically balanced. The budget has now been set for 19-20 and work is in hand via our agreed Zero Based budgeting strategy to develop the next wave of savings options over the medium term.

161 job posts being deleted is a concern. This links in with the issue around increased sickness. Job losses and sickness go hand in hand and the pressure on remaining staff in this difficult time leads to further sickness compounding the issue. What is the contingency plan for not meeting sickness targets?

The total is a planning assumption based on the maximum number of roles identified at risk by the budget proposals including the removal of existing vacant posts. The intention remains to minimise the risk of compulsory redundancies but that cannot be ruled out as a result of the continued austerity at national level which very much continues to affect all Councils. Sickness levels remain a concern and senior officers continue to work with staff and the Trade Unions to ensure sickness policies are followed but I agree that continued austerity places an enormous burden on our workforce which continues to deliver quality services to residents despite that imposed austerity.

There should be a new profile of the Capital Borrowing envelope to reflect the £20m received from Welsh Government, making the sum £180m.

I agree with this statement and indeed the budget report to Cabinet and Council already fully and clearly set out that as a result of the extra funds provided by Welsh Government the “affordable” capital envelope and the associated capital financing costs in the medium term financial plan have been reduced to £180m

Yours sincerely

A handwritten signature in black ink, appearing to be 'Rob Stewart', with a stylized, flowing script.

**COUNCILLOR ROB STEWART
LEADER & CABINET MEMBER FOR ECONOMY & STRATEGY**