



**Dinas a Sir Abertawe**

**Hysbysiad o Gyfarfod**

Fe'ch gwahoddir i gyfarfod

## **Panel Perfformiad Craffu - Gwella Gwasanaethau, Adfywio a Chyllid**

**Lleoliad:** Cyfarfod Aml-Leoliad - Ystafell Gloucester, Neuadd y Ddinas / MS Teams

**Dyddiad:** Dydd Mawrth, 12 Rhagfyr 2023

**Amser:** 10.00 am

**Cynullydd:** Y Cynghorydd Chris Holley OBE

### **Aelodaeth:**

Cynghorwyr: P M Black, C M J Evans, E W Fitzgerald, T J Hennegan, P R Hood-Williams, L James, D H Jenkins, M H Jones, M Jones, S M Jones, J W Jones, M W Locke, B J Rowlands, W G Thomas, M S Tribe a/ac T M White

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### **Agenda**

**Rhif y Dudalen.**

- 1 Ymddiheuriadau am absenoldeb**
- 2 Datgeliadau o fuddiannau personol a rhagfarnol**  
[www.abertawe.gov.uk/DatgeliadauBuddiannau](http://www.abertawe.gov.uk/DatgeliadauBuddiannau)
- 3 Gwahardd Pleidleisiau Chwip a Datgan Chwipiau'r Pleidiau**
- 4 Cofnodion** **1 - 3**  
Derbyn nodiadau'r cyfarfod(ydd) blaenorol a chytuno eu bod yn gofnod cywir.
- 5 Cwestiynau gan y Cyhoedd**  
Gellir cyflwyno cwestiynau'n ysgrifenedig i'r adran graffu [craffu@abertawe.gov.uk](mailto:craffu@abertawe.gov.uk) tan ganol dydd ar y diwrnod gwaith cyn y cyfarfod. Cwestiynau ysgrifenedig sy'n cael blaenoriaeth. Gall y cyhoedd ddod i'r cyfarfod a gofyn cwestiynau'n bersonol os oes digon o amser. Mae'n rhaid bod cwestiynau'n berthnasol i eitemau ar ran agored yr agenda a byddwn yn ymdrin â hwy o fewn cyfnod o 10 munud.
- 6 Adolygu'r refeniw wrth gefn** **4 - 32**  
Y Cynghorydd Rob Stewart - Aelod y Cabinet dros yr Economi, Cyllid a Strategaeth  
Ben Smith – Cyfarwyddwr Cyllid / Swyddog A151

- 7 Datganiad Cyllideb Canol Blwyddyn 2023/24 (Llafar)**  
Y Cynghorydd Rob Stewart - Aelod y Cabinet dros yr Economi, Cyllid a Strategaeth  
Ben Smith – Cyfarwyddwr Cyllid / Swyddog A151
- 8 Ailgylchu a Thirlenwi - Adroddiad Monitro Perfformiad Blynyddol** **33 - 39**  
Y Cynghorydd Cyril Anderson - Aelod y Cabinet dros Gymunedau Gwasanaethau  
Chris Howell - Pennaeth Rheoli Gwastraff a Pharciau  
Matthew Perkins - Arweinydd Grŵp, Gwastraff
- 9 Adroddiad Archwilio Cymru - Adolygiad o'r Strategaeth Digidol** **40 - 65**  
Y Cynghorydd Andrea Lewis - Drawsnewid Gwasanaethau  
Sarah Lackenby – Pennaeth Gwasanaethau Cwsmeriaid a Digidol
- 10 Cynllun Gwaith** **66 - 68**
- 11 Llythyrau** **69 - 73**

**Cyfarfod nesaf:** Dydd Mawrth, 16 Ionawr 2024 am 10.00 am

*Huw Evans*

**Huw Evans**  
**Pennaeth y Gwasanaethau Democrataidd**  
**Dydd Mawrth, 5 Rhagfyr 2023**  

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**Cyswllt: Swyddog Craffu - 01792 636292**

# Agenda Item 4



City and County of Swansea

## Minutes of the **Scrutiny Performance Panel - Service Improvement, Regeneration and Finance**

**Multi-Location Meeting - Gloucester Room, Guildhall / MS**

**Teams**

**Tuesday, 14 November 2023 at 10.00 am**

**Present:** Councillor C A Holley (Chair) Presided

**Councillor(s)**

P M Black  
D H Jenkins  
S M Jones  
M S Tribe

**Councillor(s)**

C M J Evans  
M H Jones  
J W Jones  
T M White

**Councillor(s)**

E W Fitzgerald  
M Jones  
W G Thomas

**Other Attendees**

Cllr Rob Stewart Cabinet Member for Economy Finance and Strategy  
Cllr Robert Francis-Davies Cabinet Member for Investment, Regeneration, Events and Tourism

**Officer(s)**

Ben Smith Director of Finance / Section 151 Officer  
Debbie Smith Deputy Legal Officer  
Phil Holmes Head of Planning & City Regeneration  
Lee Richards City Centre Team Leader  
Rachel Percival Scrutiny Officer

**Apologies for Absence**

Councillor(s): P R Hood-Williams, M W Locke and B J Rowlands

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**28 Disclosure of Personal and Prejudicial Interests**

There were no disclosures of Personal and Prejudicial Interests.

**29 Prohibition of Whipped Votes and Declaration of Party Whips**

None.

**30 Minutes**

Minutes of the previous meeting were agreed.

**31 Q1 Revenue and Capital Budget Monitoring Report - 2023/24**

Cllr Rob Stewart Cabinet Member for Economy, Finance and Strategy and Ben Smith the Director of Finance and Section 151 Officer attended to give an overview which prompted discussion and questions on the following.

- On 19 October Cabinet approved the recommendation to reinforce the need for all service directors to contain their spending this year.
- Q1 shows an overspend with further actions to be confirmed in subsequent quarters.
- There has been widescale reporting of financial pressures in other Councils. Risks are growing for the whole of local government.
- The Contingency Fund budgeted contribution was set at £6m for 2023/24 as set out in the budget report approved by Council in March 2023. Contingency is anticipated to be fully allocated this year.
- The 2023/24 budget includes a provision of £20m, mainly for inflation. This was increased specifically because of the levels of general inflation forecast for 2023/24 and the unprecedented energy price rises.
- The savings tracker has been re instigated with a forecast currently at 70% to be achieved by the end of the year. There is expectation this will improve.
- The residual shortfall will be met from a further draw from earmarked reserves of around £20m.
- Housing Revenue Account is under greater pressure than in recent years which has led to the need to increase revenue budgets.

## **32 Public Questions**

Several public questions were received relating to Skyline. The Leader addressed the questions however on 13 November a planning application for Skyline was submitted and due to the formalities of the planning process this restricted the ability to comment.

## **33 Regeneration Project Update - Skyline**

Cllr Robert Francis-Davies, Phil Holmes, Head of Planning and City Regeneration and Lee Richards, City Centre Team Leader attended to give an update on the Skyline development. Discussion centred around the following points.

- Skyline has a UK based company, Skyline (Swansea) Limited, but its larger parent company, Skyline Enterprises Limited, will act as guarantor under the proposed lease.
- There are no planned access restrictions to Kilvey Hill.
- Later this month as part of its duties a public open space notice consultation period will commence which will be advertised in due course.
- Skyline will now progress its planning application and develop the next phase of the scheme with work aiming to commence on site next year.
- Skyline has advised the cost of the project has increased from £35m to £40m mainly due to inflation.

## **34 Work Plan**

The work plan was noted.

**35 Letters**

**36 Exclusion of the Public**

The public were excluded from the meeting on the grounds that it involves the likely disclosure of exempt information as set out in Paragraph 14 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.

**37 Regeneration Project Update - Skyline**

**38 Copr Bay Development Update (Verbal)**

The meeting ended at 11.35 am

**Chair**

# Agenda Item 6



## Report of the Section 151 Officer

Council – 7 December 2023

### Review of Revenue Reserves

<b>Purpose:</b>	To undertake a mid-year review of the Revenue Reserves position and to agree any suggested reclassification of reserves based on current requirements.
<b>Policy framework:</b>	Medium Term Financial Plan and Budget Strategy
<b>Consultation:</b>	Cabinet Members, Corporate Management Team, Legal and Access to Services.
<b>Recommendations:</b>	It is recommended that:-  1) Council approves the recommendations made in this report at Sections 3.10 and 3.11.
<b>Report Author:</b>	Ben Smith
<b>Finance Officer:</b>	Ben Smith
<b>Legal Officer:</b>	Debbie Smith
<b>Access to Services Officer:</b>	Rhian Millar

#### 1. Introduction and Context

- 1.1. Local Authorities have a corporate responsibility to operate within available resources and to remain financially sound over the short, medium and longer term.
- 1.2. One of the key tools available to Authorities in managing its affairs is the creation and use of both General and Earmarked reserves to assist in delivering services over a period longer than one financial year.

- 1.3. In terms of guidance on the review and management of reserves, the Chartered Institute of Public Finance and Accountancy (CIPFA), via the Local Authority Accounting Panel, issued a bulletin in July 2014 (LAAP 99) intended to give guidance to Local Authorities on the management and review of reserves. This bulletin was replaced in March 2023 by CIPFA Bulletin 13 – Local Authority Reserves and Balances (Updated). A copy of this new bulletin is at Appendix B to this report.
- 1.4. CIPFA Bulletin 13 provides updated and strengthened advice as well as introducing two new unusable reserves.
- 1.5. The Bulletin states that “Within the existing statutory and regulatory framework, it is the responsibility of Chief Financial Officers to advise Local Authorities about the level of reserves that should be held and to ensure there are clear protocols for their establishment and use. Reserves should not be held without a clear purpose.” However, it also points out that the CIPFA Financial Management Code sets out that it is for the leadership team of the authority to ensure that governance arrangements and financial management promote financial sustainability.
- 1.6. It is the duty of the Chief Financial Officer to specifically report on the robustness of estimates and reserves when the Council considers its budget requirement, and as such the Revenue Budget approved by Council in March 2023 made specific references to the adequacy of reserves at that time.
- 1.7. Notwithstanding that specific statutory requirement, it is the duty of the Chief Finance Officer to regularly review the position regarding available reserves of the Authority having specific regard to:
  - The original and current need for each reserve held
  - An assessment of current and future risks (both operationally and financially) facing the Council
  - The impact of known and predicted funding levels likely to impact on the Council going forward.
- 1.8. Swansea Council’s Chief Finance Officer is the Director of Finance and Section 151 Officer.
- 1.9. This report considers the position regarding both General and Earmarked reserves as at 31<sup>st</sup> March 2023 and makes specific recommendations in respect of reclassification of elements of those specific reserves.

## **2. Position as at 31<sup>st</sup> March 2023**

- 2.1. The draft Statement of Accounts 2022/23 will include the following entries in respect of reserves as at 31<sup>st</sup> March 2023, which are still subject to audit:

<b>Cash-Backed Usable Reserves</b>	<b>£'000</b>	<b>Purpose</b>
1. General Fund Revenue Reserves		
a) General Fund Balance	10,000	Used as an overall contingency to cushion the impact of unexpected events or emergencies and as a means of smoothing out annual budgets where there is significant change
b) Earmarked Revenue Reserves	151,317	Consisting of sums set aside for specific purposes to support Corporate and Service needs
2. General Fund Capital Reserves		(only usable for capital purposes)
a) Capital Receipts Reserve	8,720	Capital monies received by the Council set aside for funding ongoing Capital schemes per the Capital Programme. These sums are committed to current schemes and <b>cannot be used to support Revenue expenditure</b>
b) Capital Grants Unapplied Account	22,187	Relates to committed funding on Capital schemes and <b>cannot be used to support Revenue expenditure</b>
c) Earmarked Capital Reserves	18,004	Consisting of sums set aside for specific capital purposes
3. Housing Revenue Account (HRA) Reserves		(only usable for HRA purposes)
a) Housing Revenue Account	10,408	Exists to support expenditure for Housing Revenue Account purposes only and <b>cannot be used to support General Fund Council Revenue or Capital expenditure</b>
<b>Total Usable Cash Backed Reserves</b>	<b>220,636</b>	

- 2.2. Usable reserves are cash-backed and can be used to support expenditure – albeit occasionally with some specific rules around the type of expenditure that they can be used for. For example, the Housing Revenue Account Reserve has been created from rents received, it is a cash reserve, however it is ring-fenced for use within the Housing Revenue Account only; it can only be spent on items relating to Council Housing.
- 2.3. In addition, the Council holds unusable reserves arising purely from accounting technicalities (this includes capital financing and pensions liabilities). These reserves are not cash-backed and therefore cannot be spent. They tend to arise from entries that must be made for accounting purposes, but which are not permitted to affect the taxpayer. A net £543.540m was held as at 31<sup>st</sup> March 2023, as was flagged by the external



auditor last year the authority has carried out considerable work to restate the split (net nil effect overall) between two of these technical non-useable reserves.

- 2.4. **These cannot be used to support revenue or capital expenditure of the Council in any form and as such are not part of this review.**
- 2.5. The HRA reserve and the Capital reserves detailed above are ring-fenced and are regularly reviewed as part of business planning. As such they are provided for general information only, no further review is proposed currently.
- 2.6. The General Fund Balance of the Council as detailed above takes account of decisions made by Cabinet based on the 2022/23 Revenue Outturn position considered on 20<sup>th</sup> July 2023.
- 2.7. Comparisons with other Welsh Councils show that, as a percentage of Gross Revenue Expenditure, the level of the General Fund reserve is below the All Wales average (as at 31<sup>st</sup> March 2022) and as such no planned use of the balance is recommended, given it is still deemed to be low both in absolute and proportionate terms both historically and compared to all other Councils in Wales. For Members to achieve the aim of increasing general reserves, whilst trying to maintain services in the face of significant budgetary constraint, especially due to the current economic climate, is accepted by the Section 151 to be exceptionally difficult to consider.
- 2.8. The draft Statement of Accounts due to be presented to our external Auditors (Wales Audit Office) will include an analysis of earmarked reserves with the proviso that each reserve will be subject to strategic review by the Section 151 Officer based on an analysis of current need and changing Council risks.
- 2.9. This report is the result of that strategic review.

### **3. Outcomes and Recommendations**

- 3.1. The Medium-Term Financial Plan approved by Council on 2<sup>nd</sup> March 2023 forecast a cumulative deficit on General Fund Revenue Expenditure of some £62m by 2026/27, based on a 3% increase in Government funding for year 1 down to 2% by year 3, with an immediate savings requirement of £20.3m for 2024/25. This is in addition to the current year savings requirement of £24.8m. More recent forecasts indicate an even larger savings requirement will be likely, predominantly as a result of ongoing demographic pressures, issues arising from the COVID-19 pandemic and most notably the current levels of inflation including pay awards.
- 3.2. Equally, it is likely that all Directorates will find it increasingly hard to live within budgets primarily due to the impact of cumulative pay awards not being fully agreed yet for either Council staff or teachers, uncertainty over funding, or lack of, for such awards, and general inflation remaining persistently and stubbornly higher than Bank of England targets and long run public sector financing and planning assumptions.

- 3.3. To put it into context, if all planned savings for 2023/24 are achieved it still leaves a minimum gap of £20.3m to be addressed for 2024/25, as per the previous medium term financial plan assumptions. The current levels of inflation are likely to significantly affect this, and whilst still under review and waiting for (for example) pay awards to be agreed, it is more likely that this figure will be nearer £25m.
- 3.4. The Council's strategy for dealing with ongoing budget reductions and Service reforms – through the Transformation Plan – is ongoing and it is clear that there is likely to be considerable cost in relation to change, together with potential significant investment in digital technology solutions.
- 3.5. Dealing with the cost of future structural change is a significant financial risk given the scale and pace of budget pressures to be addressed by the Council.
- 3.6. In assessing both the level and use of Earmarked and General reserves, the CIPFA bulletin sets out some of the factors that should be considered, including:-
- The treatment of inflation and interest rates
  - The treatment of demand led pressures
  - The treatment of planned efficiency savings/productivity gains
  - The level, timing and availability of capital receipts, reserves and other funding streams
  - The financial risks inherent in any significant new funding partnerships or changes in service delivery
  - The general financial climate to which the Authority is subject.
- 3.7. Having considered the above, and in the context of a medium-term financial plan that shows ongoing and sustained budget reductions, it is the opinion of the Section 151 Officer that the Council needs to continue to prepare for significant change in service delivery that will inevitably impact on direct employment levels going forward.
- 3.8. Changes on such a scale will inevitably come with substantial up-front costs and it is important at this time that the Council plans operationally and financially to meet these changes.
- 3.9. With this in mind, Cabinet agreed, on 20<sup>th</sup> April 2023, to use the Restructure Reserve to fund the Workforce and OD Transformation Programme and the Digital Strategy 2023 – 2028 and Transformation Programme. Therefore, it is proposed that the Restructure Reserve be re-classified as a Transformation and Efficiency Reserve.
- 3.10. As recommended previously a capital equalisation reserve was created from the underspending on debt charges and the fundamental review by council of the Minimum Revenue Provision calculation. The recommendation continues to be that this reserve is topped up wherever possible, by capital financing underspending in year, to help with any timing issues around the need to fund any City Deal projects in advance of receipt of funding from other bodies.

- 3.11. To this extent, and following a review of current earmarked reserves, the re-classification of earmarked reserves as detailed below is recommended at this juncture:-

Category of Earmarked Revenue Reserve	Current Balance 31/03/23 £'000	Proposed Change £'000	Recommended Position £'000
Technical/third party	2,815	0	2,815
Insurance	20,427	0	20,427
Transformation and efficiency	15	2,800	2,815
Schools delegated reserves	20,155	0	20,155
Equalisation reserves	23,386	0	23,386
Commuted sums	8,025	0	8,025
Repair and renewal funds	2,311	0	2,311
Profit share on joint ventures	1,694	0	1,694
Service earmarked reserves	36,431	0	36,431
Restructuring costs reserve	2,800	-2,800	0
Contingency	0	0	0
IT Development Fund	2,250	0	2,250
Recovery Fund	31,008	0	31,008
<b>Total Earmarked Reserves</b>	<b>151,317</b>	<b>0</b>	<b>151,317</b>

#### 4. Evaluation of Reserve Requirements

- 4.1. A number of the reserves highlighted above have been set aside for specific purposes; these include the insurance reserve set aside to meet the potential cost of excess payments should a claim on external insurers materialise or should the Council have to meet claims from its own resources. Repair and renewal funds set aside to meet future major repair and renewal costs on strategic assets (for example Crematorium, Quadrant Bus Station), and reserves set aside for profit share on disposals of assets where reclamation has been funded by the WDA/Welsh Government.
- 4.2. Following the extremely favourable 2020/21 outturn result, a new reserve was created called the Recovery Fund, and £20m was set aside to aid the recovery from COVID-19. The fund operated successfully during 2021/22 and the 2021/22 outturn report to Cabinet on 21<sup>st</sup> July recommended a further £24.705m to be added to the fund. The 2023/24 Revenue Budget assumes use of £9.1m from the reserve to fund energy inflation on a one-off basis and there was a report to Cabinet on 18<sup>th</sup> May which effectively committed the residual balance to specific schemes. The Recovery Fund is unlikely to receive top ups in the future.
- 4.3. It should be noted that there are no changes identified for the Capital Equalisation Reserve as it is effectively fully committed over the next few years. There may be further top ups if debt charges continue to be underspent in the short term.

- 4.4. Compared to 2021/22 the overall level of reserves has reduced slightly – it should be noted that both Schools Reserves and Service Reserves had a net usage in 2022/23. A substantial use of reserves is forecast for 2023/24.
- 4.5. To that extent formal assurance will be sought on the adequacy of these reserve levels as part of the annual budget setting process. It should be noted that the Section 151 Officer accepts the levels to be adequate only because of the high level of earmarked reserves and should these fall significantly then the General Reserve will need to be increased.
- 4.6. As part of the budget setting process for 2024/25 a review will be carried out again of all service earmarked reserves as it is essential to test their continued relevance and value.

## **5. Legal Implications**

- 5.1. There are no direct legal implications arising from this report. However, Section 151 of the Local Government Act 1972 requires each Local Authority to make arrangements for the proper administration of its financial affairs and that the Chief Finance Officer (in our case the Section 151 Officer and Chief Finance Officer) has responsibility for those affairs.
- 5.2. Under guidance detailed at Appendix A to this report the Chief Finance Officer is required at all times to monitor the purpose and use of reserves.

## **6. Integrated Assessment Implications**

- 6.1. 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 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.
  - 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.
- 6.2. 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'.

- 6.3. 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.
- 6.4. As this report is a technical review and reclassification of reserves held by this authority there is no impact on anyone with a protected characteristic. The review is the duty of the Section 151 Officer only, there is no wider involvement. Any consideration of the Well-being of Future Generations Act would take place as part of any proposal to use the reserves, and risks and impacts would be assessed as part of any proposal. An IIA screening form has been attached as Appendix C

**Background Papers:** None

**Appendices:**

Appendix A – Glossary of Terms

Appendix B – CIPFA Bulletin 13 – Local Authority Reserves and Balances (Updated)

Appendix C – IIA Screening Form

## Appendix A

<b>Glossary of Terms</b>	
Reserves	A sum or sums of money held by the Council for future use or application
General Reserves	A sum of money set aside by the Council for general use in an emergency. Should not be considered for everyday use.
Earmarked Reserves	Sums of money set aside by the Council for use in specific instances. Some of these may be legally enforceable (such as commuted sums), others are just an indication of what the Council wishes to set monies aside for.
Commutated Sums	Monies given to the Council to carry out specific works as per Section 106 agreements - as an example a developer may wish to give the Council a sum of money to maintain open spaces on new housing estates. These monies must be used for the purpose for which they were given, or returned under the terms of the agreement.
Chief Finance Officer	The Officer of the Council with ultimate responsibility for all things financial. Also referred to as 'The Section 151 Officer' as this is the legislation awarding the powers.
Usable/Unusable Reserves	Reserves can be usable or unusable - to be usable they must be cash backed ie there must be cash available to support the reserve. Unusable reserves are those created through technical accounting entries and will have no cash to support the reserve.
Gross Revenue Expenditure	A particular calculation of a Council's gross spend, this can be used to compare across Councils
Medium Term Financial Plan	The Council's three year forecast of budget pressures and savings
Minimum Revenue Provision	The minimum amount of money the Council needs to set aside each year to repay debt.



## CIPFA Bulletin 13– Local Authority Reserves and Balances (Updated)

March 2023

CIPFA issues bulletins to assist practitioners with the application of the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom (the Code), the Service Reporting Code of Practice (SeRCOP) and the Prudential Code, and to provide advice on emerging or urgent accounting issues. Bulletins provide influential guidance that is intended to be best practice, but they are not prescriptive and do not have the formal status of the Code, SeRCOP or the Prudential Code.

Please address any queries to the CIPFA Technical Enquiry Service for CIPFA members and students:

[technical.enquiry@cipfa.org](mailto:technical.enquiry@cipfa.org)

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## Introduction and background

1. LAAP Bulletin 55 (Guidance note on local authority reserves and balances) was issued in February 2003. This was followed by its replacement in 2008 by LAAP Bulletin 77. LAAP Bulletin 77 included a number of events and changes that occurred including the publication of the Prudential Code and the beginnings of the financial downturn. The IFRS-based Code<sup>1</sup> was published following the issue of LAAP Bulletin 77, and the bulletin was updated to reflect the new requirements of that Code. In addition, during a period of financial austerity for the public sector, the then Local Authority Accounting Panel considered that it was necessary to update the guidance on local authority reserves and balances. LAAP Bulletin 99 was issued in July 2014.
2. CIPFA Bulletin 13 has been updated by the CIPFA Accounting and Financial Reporting Forum to include:
  - a new unusable reserve established to hold the fair value movements on pooled investment funds
  - the Dedicated Schools Grant Adjustment Account unusable reserve
  - changes to the Code for the Telling the Story review introduced in the 2016/17 year
  - a number of other more minor augmentations.
3. The “New Reporting Framework” described in LAAP Bulletin 55 has now largely been overtaken by statutory requirements but is included in Appendix A for information.
4. Relevant extracts from the IFRS–based Code are provided at Appendix B.
5. LASAAC has issued mandatory guidance [The Statutory Basis for Accounting for and Disclosing Reserves in Scottish Local Government Bodies](#) (Revised 2021) where there are particular differences including on the reporting of the earmarked portion of reserves and deferred capital receipts. Scottish local authorities should ensure that they follow this guidance and refer to it directly.

## Purpose

6. This bulletin provides guidance to local authority chief finance officers in England, Northern Ireland, Scotland and Wales on the establishment and maintenance of local authority reserves and balances.

## Application

7. In England, Scotland and Wales the guidance is applicable to local authorities, joint committees and joint boards of principal authorities, though local authorities in Scotland must ensure that they follow the LASAAC mandatory guidance referred to in paragraph 5 above.
8. In England and Wales, the guidance is applicable to Police and Crime Commissioners, Chief Constables and fire and rescue authorities.
9. In Northern Ireland the guidance applies to all district councils.
10. The general principles set out in this guidance apply to an authority’s General Fund, Council Fund, Police Fund and, where appropriate, to the Housing Revenue Account (HRA).

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<sup>1</sup>Code of Practice on Local Authority Accounting in the United Kingdom – updated annually.

11. The advice in this bulletin relates to reserves, not provisions. The Code definitions of provisions and reserves are included in Appendix B to this bulletin for information.
12. This bulletin replaces LAAP Bulletin 99.

## Legislative/regulatory framework

13. The requirement for financial reserves is acknowledged in statute. Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. Section 93 of the 1992 Act requires Scottish authorities, in calculating council tax, to take into account “any means by which those expenses may otherwise be met or provided for”. This includes reserves.
14. In Scotland there are explicit statutory powers under schedule 3 of the Local Government (Scotland) Act 1975 permitting certain local authorities to establish a renewal and repair fund, an insurance fund and a capital fund alongside a requirement, as in England and Wales, to maintain a General Fund (Section 93 of Part VII of the Local Government (Scotland) Act 1973). LASAAC has published guidance on reserves which is available from the LASAAC website. In Northern Ireland, Section 9 of the Local Government Finance Act (Northern Ireland) 2011 enables councils to maintain other funds in addition to the General Fund. Local authorities may however ‘ earmark’ specific parts of the General Fund reserve. This earmarking of a proportion of the General Fund is referred to in this Bulletin as Earmarked Reserves.
15. There are also a range of safeguards in place that help to prevent local authorities over-committing themselves financially. These include:
  - the balanced budget (or in England calculation of council tax) requirement:
    - England, Sections 31A, 42A of the Local Government Finance Act 1992, as amended
    - Wales, Sections 32 and 43 of the 1992 Act
    - Scotland, Section 93 of the Local Government Finance Act 1992
    - Section 85 of the Greater London Authority Act 1999
  - chief finance officers’ duty to report on robustness of estimates and adequacy of reserves (under Section 25 of the Local Government Act 2003) when the authority is considering its budget requirement (England and Wales); Section 28 of the Act also requires budget monitoring ‘from time to time’ and take action to deal with any deterioration
  - chief finance officers’ duty to report on the robustness of estimates and the adequacy of reserves (under Sections 4 and 6 of the Local Government and Finance Act (Northern Ireland) 2011)
  - the legislative requirement for each local authority to make arrangements for the proper administration of their financial affairs and that the chief finance officer/proper officer has responsibility for the administration of those affairs, Section 151 of the Local Government Act 1972, Section 95 of the Local Government (Scotland) Act 1973 and Section 1 of the Local Government and Finance Act (Northern Ireland) 2011
  - the requirements of the Prudential Code.
16. These requirements are reinforced by Section 114 of the Local Government Finance Act 1988 which requires the chief finance officer in England and Wales to report to all the authority’s councillors if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the authority will not have the resources to meet its expenditure in a particular financial year. The issue of a Section 114 notice

cannot be taken lightly and has serious operational implications. Indeed, the authority's full council must meet within 21 days to consider the s114 notice and during that period the authority is prohibited from entering into new agreements involving the incurring of expenditure.

17. While it is primarily the responsibility of the local authority and its chief finance officer to maintain a sound financial position, external auditors will confirm that there are no material uncertainties about going concern (though see the Code's commentary at paragraph 3.8.2.14 on going concern basis of reporting). It is not an auditor's responsibility to prescribe the optimum or minimum level of reserves for individual authorities or authorities in general.
18. CIPFA's Prudential Code requires chief finance officers in local authorities to have full regard to affordability when making recommendations about the local authority's future capital programme. Such consideration includes the level of long-term revenue commitments. Indeed, in considering the affordability of its capital plans, the authority is required to consider all the resources available to it estimated for the future, together with the totality of its capital plans and revenue forecasts for the forthcoming year and the following two years.
19. The CIPFA Financial Management Code (a professional Code for CIPFA members) Financial Management Standard K also specifies that:

*The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.*

## Role of the chief finance officer (proper officer in Scotland)

20. Within the existing statutory and regulatory framework, it is the responsibility of chief finance officers (proper officer in Scotland) to advise local authorities about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use. Reserves should not be raised without a clear purpose.
21. CIPFA considers that local authorities should establish reserves and determine the level of those reserves based on the advice of their chief finance officers. Authorities should make their own judgements on such matters taking into account all the relevant local circumstances. Such circumstances vary. A well-managed authority, for example, with a prudent approach to budgeting should be able to operate with a level of general reserves appropriate for the risks (both internal and external) to which it is exposed. In assessing the appropriate level of reserves, a well-managed authority will ensure that the reserves are not only adequate but are also necessary. There is a broad range within which authorities might reasonably operate depending on their circumstances.
22. Section 26 of the Local Government Act 2003 gives Ministers in England and Wales a general power to set a minimum level of reserves for local authorities. However, the government has undertaken to apply this only to individual authorities in the circumstances where an authority does not act prudently, disregards the advice of its chief finance officer and is heading for serious financial difficulty. This accords with CIPFA's view that a generally applicable minimum level is inappropriate, as a minimum level of reserve will only be imposed where an authority is not following best financial practice (including the guidance in this bulletin).

## Types of reserve

23. For statutory purposes, there is a single revenue reserve, the General Fund Balance. When reviewing their medium-term financial plans and preparing their annual budgets local authorities should consider the establishment of sub reserves (known as earmarked reserves) within the General Fund Balance and maintenance of general reserves. These can be held for three main purposes:

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves
- a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves
- a means of building up funds, often referred to as earmarked reserves (or earmarked portion of the General Fund in Scotland – see also LASAAC Guidance on Reserves referred to in paragraph 5), to meet known or predicted requirements. Earmarked reserves may be reported separately but remain legally part of the General Fund. Separate reporting of earmarked reserves has no financial reporting or legislative necessity though they are used extensively by local authorities and as such the Code requires separate disclosure of material earmarked reserves. As the statutory reserve is the General Fund Balance, it is possible within this balance for earmarked reserves to have debit balances. For example, where a reserve held for a specific service activity may have overspent and an authority requires that this balance is made good from next year's budget with such balances offsetting against general reserves in the calculation of the overall General Fund Balance.

## Principles to assess the adequacy of reserves

24. In order to assess the adequacy of unallocated general reserves when setting the budget, chief finance officers should take account of the strategic, operational and financial risks facing the authority.
25. This Bulletin of necessity prioritises the statutory duties of the chief finance officers in assessing adequacy of reserves and other statutory roles in budget setting. However, the CIPFA Financial Management Code also highlights the role of the leadership of the authority. It sets out that it is for the leadership team to ensure that the authority's governance arrangements and style of financial management promote financial sustainability.
26. Where authorities are being reorganised, this assessment should be conducted on the basis that the services will continue to be provided, and adequate reserves will therefore be required by successor authorities. The assessment of risks should include external risks, such as flooding, as well as internal risks, for example, the ability to deliver planned efficiency savings. Statutory provisions require authorities to review at least once in a year the effectiveness of their system of internal control, which will include risk management. The CIPFA/SOLACE framework Delivering Good Governance in Local Government details an approach to giving assurance that risk, control and governance matters are being addressed in accordance with best practice.
27. The Codes of Audit Practice in England, Wales, Scotland and Northern Ireland make it clear that it is the responsibility of the audited body to identify and address its operational and financial risks, and to develop and implement proper arrangements to manage them, including adequate and effective systems of internal control. The financial risks should be assessed in the context of the authority's overall approach to risk management.

### Table 1: Budget assumptions and management assessment of impact on financial position

<b>Budget assumptions</b>	<b>Financial position and management assessment of impact</b>
The treatment of inflation and interest rates	The overall financial position of the authority (level of borrowing, debt outstanding, council tax collection rates etc). Rises in the prices of some commodities, eg fuel and energy, highlight the relevance of using a number of inflation rates in the budget and financial strategy, and considering whether general reserves are adequate to deal with unexpected increases. Volatility in the financial markets also points to the need to consider investment and borrowing risks and their impact on income.
Estimates of the level and timing of capital receipts	The authority's track record in budget and financial management including the robustness of the medium-term plans. Authorities will also need to take into account changes in the property market, and adjust estimates and assumptions for reserves accordingly.
The treatment of demand led pressures	The authority's capacity to manage in-year budget pressures, and its strategy for managing both demand and service delivery in the longer term.
The treatment of planned efficiency savings/productivity gains	The strength of the financial information and reporting arrangements. The authority should also be able to activate contingency plans should the reporting arrangements identify that planned savings or gains will either not be achieved or be delayed.
The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments	The authority's virement and end of year procedures in relation to budget under/overspends at authority and department/directorate level. Risk management measures in relation to partnerships, including consideration of risk allocation. Contract provisions designed to safeguard the authority's position in the event of problems arising from outsourcing arrangements. Reserves may also need to be established to manage commercial risks where authorities have invested in commercial properties.

<b>Budget assumptions</b>	<b>Financial position and management assessment of impact</b>
The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions	The adequacy of the authority's insurance arrangements to cover major unforeseen risks. When considering insurance cover, the structure of the cover as well as the overall level of risk should be taken into account. Risk assessments should be used when balancing the levels of insurance premiums and reserves.
The general financial climate to which the authority is subject	External factors, such as future funding levels expected to be included in Spending Reviews and expected referenda principles and limits, will influence an authority's ability to replenish reserves once they have been used. Any plans for using reserves will need to consider the need and ability of the authority to replenish the reserves, and the risks to which the authority will be exposed whilst replenishing the reserves.

28. While many of these factors relate to setting the annual budget, the level of risk and uncertainty associated with these factors will be relevant in determining an appropriate level of reserves.
29. Authorities have been faced by increasing financial pressures and a period of severely constrained resources since 2008. Demands on local government services continue to increase. Local authorities now face significant resource pressures because of increased and increasing inflation and the cost-of-living challenges. In addition to, these challenges other pressures include:
- councils striving to constrain council tax increases
  - reductions of income
  - new service demands and responsibilities such as:
    - demographic changes such as the rise in the elderly population
    - accommodating refugees
    - the localisation of non-domestic rates retention, council tax freezes and council tax benefits/support
  - severe weather, floods and other consequences of climate change.
30. Furthermore, events in global financial markets, the memory of issues such as the losses in Icelandic banks and the recent COVID-19 pandemic are likely to mean that councils will focus on cautious investment strategies. Council budgets and reserves have remained under pressure and are likely to continue to do so for some time.
31. The many factors involved when considering appropriate levels of reserves can only be assessed properly at a local level. A considerable degree of professional judgement is required. The chief finance officer may choose to express advice on the level of balances in cash and/or as a percentage of budget (to aid understanding) so long as that advice is tailored to the



circumstances of the authority. The NAO in its report noted that local authority reserves represent the most fundamental buffer when uncertainty rises so it is not surprising that local authority reserves increase when uncertainty increases though the report also acknowledges that adding to reserves competes with service needs (*The local government finance system in England: overview and challenges*, NAO, November 2021). Similarly, the Chair of the Accounts Commission in his opening remarks to the report *Local Government in Scotland Financial Overview 2020/21* said “*That all councils have increased their reserves, boosted by late funding from the Scottish Government to help mitigate the impacts of COVID --19, distracts from the underlying pressures and continued uncertainty on council finances.*” The report also commented that managing reserves and medium and longer-term financial planning will continue to be key to maintaining financial sustainability (Accounts Commission, March 2022). The principles and financial reporting established in this CIPFA Bulletin and the previous LAAP bulletins on reserves will provide for the information requirements and an appropriate framework for this.

32. The advice should be set in the context of the authority’s risk register and medium-term plans and should not focus exclusively on short-term considerations. Balancing the annual budget by drawing on general reserves may be viewed as a legitimate short-term option. However, it is not normally prudent for reserves to be deployed to finance recurrent expenditure. CIPFA has commented that councils should be particularly wary about using reserves to deal with shortfalls in current funding. Where such action is to be taken, this should be made explicit, and an explanation given as to how such expenditure will be funded in the medium to long term. Advice should be given on the adequacy of reserves over the lifetime of the medium-term financial plan and should also take account of the expected need for reserves in the longer term.
33. Events such as the floods and severe weather episodes, the COVID-19 pandemic and the current cost of living crisis have emphasised the need for authorities to be prepared for major unforeseen events. Adequate insurance cover combined with appropriate levels of reserves will enable authorities to manage the demands placed on them in such circumstances. However, these arrangements need to take account of all possible scenarios.
34. Part of the risk management process involves taking appropriate action to mitigate or remove risks, where this is possible. This in turn may lead to a lower level of reserves being required, and it would be appropriate to consider reducing the level of balances held where appropriate action to mitigate or remove risks has been successfully undertaken. A balance will need to be found between maintaining adequate levels of reserves and investing in risk reduction measures. This balance should form part of the risk management process and be considered as part of the annual budget process.
35. Emergency financial assistance from central government may be available to assist authorities in dealing with the immediate consequences of major unforeseen events, normally under the Emergency Financial Assistance to Local Authorities scheme (commonly known as the ‘Bellwin’ scheme). However, there is no automatic entitlement to financial assistance, and where financial assistance is given, it will not cover all the costs even in exceptional circumstances. Further details of the scheme are available on the relevant government websites. Authorities should plan to have access to sufficient resources (through reserves, insurance, or a combination of both) to cover the costs of recovering from events that are likely to be unavoidable.
36. When considering the level of reserves, it would be appropriate for authorities to take into account the likely level of government support that would be available, and to consider how the balance would be funded in the event of an unforeseen event occurring.
37. Flooding, the effects of severe weather, the impact of the problems experienced in the global financial markets, the possibility of future pandemics and the cost-of-living crisis are examples of external risks which local authorities may need to take into account in setting levels of reserves and wider financial planning. An assessment of external risks should not be limited to those

issues, but should range more widely, to take account of all significant external risks identified through the authority's risk management processes.

## Types of earmarked reserve

38. When considering the level of reserves, it is appropriate to consider the different types of earmarked reserves held by the authority. Table 2 below presents typical reserves held by local authorities and the rationale for holding them though this listing is not intended to be an exhaustive list. Local authorities will need to ensure that there are processes which keep the rationale for holding the reserves and the amount of the reserves held under review, remain consistent with their purposes and their approach to risk management.

Table 2: Typical reserves held by local authorities and the rationale for holding them

Type of earmarked reserve	Rationale
Sums set aside for major schemes, such as capital developments or asset purchases, or to fund major reorganisations	Where expenditure is planned in future accounting periods, it is prudent to set aside resources in advance.
Insurance reserves (note that the Insurance Fund is a statutory fund in Scotland)	Self-insurance is a mechanism used by a number of local authorities. In the absence of any statutory basis (other than in Scotland) sums held to meet potential and contingent liabilities are reported as earmarked reserves where these liabilities do not meet the definition of a provision under the requirements of the Code's adoption of IAS 37 <i>Provisions, Contingent Assets and Liabilities</i> ).
Reserves of trading and business units	Surpluses arising from in-house trading may be retained to cover potential losses in future years, or to finance capital expenditure.
Reserves retained for service departmental use	Authorities may have internal protocols that permit year-end under-spending at departmental level to be carried forward. Although not recommended any deficits on such reserves would normally be offset against the General Fund Balance and made good against the following year's service budget.
Reserves established to manage corporate priorities	It may be necessary to set up earmarked reserves to manage specific cross departmental priorities including transformation, responses to cross departmental policy issues, authority infrastructure etc.



Type of earmarked reserve	Rationale
Reserves for <b>unspent revenue grants</b>	Where revenue grants have no conditions or where the conditions are met, and expenditure has yet to take place. The Code Guidance Notes recommend that these sums are held in earmarked reserves (see paragraph 44 below).
<b>Schools' balances</b>	These are unspent balances of budgets delegated to individual schools (but please see separate section on <b>Dedicated Schools Grant adjustment account</b> ).
<b>General contingencies to manage risk</b>	Although various reserves are established to manage individual risks – CFOs may want to establish contingencies to manage corporate risks including areas of high demand or need, the treatment of inflation and interest rates, property management, the treatment of planned efficiency savings/productivity gains, likelihood of incidents such as flooding etc.

## Financial reporting for reserves

39. The IFRS-based Code of Practice on Local Authority Accounting in the United Kingdom (the Code) introduced the Movement in Reserves Statement to local authority financial statements in the 2010/11 financial year. This Statement presents the movement in the year of the reserves of the authority analysed into usable reserves, (eg General Fund, HRA Balances) and unusable reserves (see paragraph 40 for more detail).
40. Unusable reserves arise out of the interaction of legislation and proper accounting practice either to store revaluation gains or as adjustment accounts to reconcile accounting requirements driven by reporting standards to statutory requirements. These reserves<sup>2</sup>, which are not resource-backed and cannot be used for any other purpose, are described below:

### **Revaluation reserves**

- The **revaluation reserve** – this is a reserve that records unrealised gains in the value of property, plant and equipment. The reserve increases when assets are revalued upwards and decreases as assets are depreciated or when assets are revalued downwards or disposed of. Local authorities might benefit from these gains in the future from the continued use of the assets or from their sale. The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance

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<sup>2</sup> In addition to the reserves included in this list authorities may hold the deferred capital receipts reserve and the accumulated absences account. Further details on these reserves are included in the *Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for Practitioners* for the relevant year accounts.

on the capital adjustment account.

- The **financial instruments revaluation reserve** – this reserve will be used in limited circumstances (for example, where an authority might decide to designate an equity instrument to fair value through other comprehensive income).

### **Adjustment accounts**

- The **pensions reserve** – this is a specific accounting mechanism used to reconcile the payments made for the year to various statutory pension schemes in accordance with those schemes' requirements and the net change in the authority's recognised liability under the Code's adoption of IAS 19 *Employee Benefits*, for the same period. A transfer is made to or from the pensions reserve to ensure that the charge to the General Fund reflects the amount required to be raised in taxation. For example, the debit balance on the reserve shows that an authority has made commitments to fund pensions that the government has permitted it to fund from contributions to be made in future years.
- The **capital adjustment account** – this is a specific accounting mechanism used to reconcile the different rates at which assets are depreciated under proper accounting practice and are financed through the capital controls system. Statute requires that the charge to the General Fund is determined by the capital controls system. For example, the credit balance on the account shows that an authority has generally financed capital investment in advance of receiving the benefits of that investment. The account also contains revaluation gains<sup>3</sup> accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains.
- The **financial instruments adjustment account** – this is a specific accounting mechanism used to reconcile the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under proper accounting practice and are required by statute to be met from the General Fund. For example, the debit balance on the account shows that an authority has incurred expenses on borrowings that the government has permitted it to spread over future years.
- The **unequal pay back pay account** – this is a specific accounting mechanism used to reconcile the different rates at which payments in relation to compensation for previous unequal pay are recognised under proper accounting practice and are required by statute to be met from the General Fund.
- The **collection fund adjustment account** – this is a specific accounting mechanism used to reconcile the differences arising from the recognition of council tax and non-domestic rates income (England) in the Comprehensive Income and Expenditure Statement to those amounts required to be charged by statute to the General Fund. For example, the credit balance on the account shows that more tax has been collected on behalf of the authority and the precepting bodies (and central government in England for non-domestic rates income) than an authority is permitted to transfer out of the Collection Fund by 31 March. This account is not applicable to Scotland.
- The **pooled investment funds adjustment account (England and Wales)** – this reserve is a mechanism which is required by the capital finance and accounting regulations in England and Wales to hold the fair value movements in those pooled investment funds specified by the regulations. The difference between the amount charged or credited in the year to surplus or deficit on the provision of services in accordance with the Code and the amount charged or credited to the General Fund in

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<sup>3</sup> Paragraph 4.1.2.48 of the Code allows Scottish authorities to transfer the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's historical cost directly to the General Fund. So, for Scottish authorities only the remaining historical cost element of depreciation in the General Fund that is subject to transfer to the capital adjustment account.

accordance with regulations should be debited or credited to the General Fund balance with the double entry going to the pooled investment funds adjustment account such that the General Fund is charged or credited with the amount that accords with the applicable regulations.

- The **Dedicated Schools Grant adjustment account** – the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020 established that where a local authority has a deficit on its schools budget, the authority must not charge any such deficit to its revenue account (including cumulative deficits incurred before the regulations were established). Instead, the regulations provide that a local authority must charge any such deficit to a separate account, established and usable solely for that purpose. Note that even though an account has been set up to hold these deficits the financial impact of these deficits should be clearly reported in the financial statements and proper account taken of the impact of these deficits in any budgetary statements or reports on the adequacy of reserves.

41. Other such reserves may be created in future where developments in local authority accounting result in timing differences between the recognition of income and expenditure under proper accounting practice and under statute or regulation. Note also these reserves may be removed where the regulations that have required them to be established end or they may be time limited.
42. In addition, authorities will hold the following three usable reserves:
- a **Major Repairs Reserve (England and Wales)**, where relevant – in England this reserve records the unspent amount of HRA balances for capital financing purposes in accordance with statutory requirements for the reserve. In Wales this represents the amounts unspent from the Major Repairs Allowance capital grant.
  - a **capital receipts reserve (Capital Fund in Scotland<sup>4</sup>)** – this reserve holds the proceeds from the sale of assets and can only be used for those purposes specified in the capital finance and accounting regulations<sup>5</sup> in England, Northern Ireland and Wales and for capital purposes in Scotland.
  - a **capital grants unapplied account<sup>6</sup>** – (note though this is described as an account paragraph 3.4.2.58 lists this as a reserve) this reserve will hold capital resources (from capital grants) that have been recognised as income and not yet applied to capital expenditure.
43. When establishing reserves, local authorities need to ensure that they are complying with the Code and in particular the need to distinguish between reserves and provisions. Definitions of reserves and provisions are included in Appendix B of this Bulletin.
44. The introduction of the IFRS-based Code on 1 April 2010 has meant that grant income should be recognised in the Comprehensive Income and Expenditure Statement (and therefore against the General (Council) Fund or HRA Balances for revenue grants) where grant payment is

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<sup>4</sup> The Statutory Basis for Accounting and Disclosing Reserves in Local Authorities in Scotland [LASAAC, Revised 2021] states “Paragraph 22(1a) of Schedule 3 of the Local Government (Scotland) Act 1975 (1975 Act) empowers (but does not require) a local authority to establish a Capital Fund.” The LASAAC Guidance indicates that proceeds from the disposal of an asset (ie capital receipts) are a permitted credit to that fund (unless set aside to fund equal pay, transformation projects or premiums arising from the refinancing of debt).

<sup>5</sup> The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended, The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003, as amended and the Local Government (Capital Finance and Accounting) Regulations (Northern Ireland) 2011.

<sup>6</sup> Capital grant and receipts unapplied account in Scotland.

unconditional or grant conditions have been satisfied<sup>7</sup>. The Code Guidance Notes recommend<sup>8</sup> that where these grants have been received prior to the expenditure having taken place authorities should consider establishing earmarked reserves. This will ensure that amounts are set aside from the General (or Council) Fund and HRA balances in earmarked reserves to provide financing to meet the requirements of the grant. The amounts set aside will be posted back from earmarked reserves to meet General Fund and HRA expenditure in future years. It is likely therefore that since the introduction of the IFRS-based Code there is an increased tendency to hold earmarked reserves.

45. The statutory reporting regime described earlier, and effective financial management underpin the need for clear, transparent reporting arrangements for reserves and therefore in addition to the financial reporting requirements above, the Accounting and Financial Reporting Forum recommends that for each earmarked reserve (earmarked portion of the General Fund in Scotland) held by a local authority there should be a clear protocol setting out:

- the reason for/purpose of the reserve
- how and when the reserve can be used
- procedures for the reserve's management and control, and
- a process and timescale for review of the reserve to ensure continuing relevance and adequacy.

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<sup>7</sup> See Code of Practice on Local Authority Accounting in the United Kingdom, Section 2.3.

<sup>8</sup> See Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for Practitioners 2022/23 Accounts, paragraphs C38 to C40.

## Extract from LAAP Bulletin 55

- 7 A New Reporting Framework
- 7.1 The finance director [chief finance officer] has a fiduciary duty to local taxpayers and must be satisfied that the decisions taken on balances and reserves represent proper stewardship of public funds.
- 7.2 The level and utilisation of reserves will be determined formally by the council, informed by the advice and judgement of the finance director<sup>9</sup>. To enable the council to reach its decision, the finance director should report the factors that influenced his or her judgement and ensure that the advice given is recorded formally. Where the finance director's advice is not accepted this should be recorded formally in the minutes of the council meeting.
- 7.3 It is recommended that:
- the budget report to the council should include a statement showing the estimated opening general reserve fund balance for the year ahead, the addition to/withdrawal from balances, and the estimated end of year balance. Reference should be made as to the extent to which such reserves are to be used to finance recurrent expenditure
  - this should be accompanied by a statement from the finance director on the adequacy of the general reserves and provisions in respect of the forthcoming financial year and the authority's medium term financial strategy
  - a statement reporting on the annual review of earmarked reserves (including schools' reserves) should also be made at the same time to the council. The review itself should be undertaken as part of the budget preparation process. The statement should list the various earmarked reserves, the purposes for which they are held and provide advice on the appropriate levels. It should also show the estimated opening balances for the year, planned additions/withdrawals and the estimated closing balances.

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<sup>9</sup> CIPFA Bulletin 13 Updated normally refers to chief finance officers consistent with the legislative duties on reserves – previous editions of this Bulletin referred to finance directors.

## Appendix B

### Definitions of reserves and provisions extracted from the 2022/23 Code of Practice on Local Authority Accounting in the United Kingdom

#### Definition of reserves

**2.1.2.36 Reserves**<sup>10</sup> represent the residual interest in the assets of the authority after deducting all its liabilities. The Movement in Reserves Statement shows the true economic cost of providing the authority's services. Some income and expenditure is required to be recognised on a different basis or in a different accounting period (ie in accordance with legislation) in the General Fund and Housing Revenue Account. These differences are shown in the line 'Adjustments between accounting basis and funding basis under regulations'. The Movement in Reserves Statement shows total comprehensive income and expenditure and the Comprehensive Income and Expenditure Statement shows the breakdown between the surplus or deficit on the provision of services and other comprehensive income and expenditure.

#### Classification of reserves in the Movement in Reserves Statement

**3.4.2.58** The classification of reserves presented in the Movement in Reserves Statement shall include the following items; authorities may choose to present additional items on the face of the statement:

- a) General Fund balance
- b) Housing Revenue Account balance
- c) major repairs reserve (England and Wales)
- d) revenue statutory funds (Scotland)
- e) capital receipts reserve (England and Wales); capital statutory funds (Scotland)
- f) capital grants unapplied account (or capital grants and receipts unapplied account in Scotland)
- g) total usable reserves
- h) unusable reserves
- i) total reserves of the authority
- j) authority's share of the reserves of subsidiaries, associates and joint ventures (group accounts only)
- k) total reserves (group accounts only).

#### Definition of a provision

**8.2.2.9** A provision is a liability of uncertain timing or amount.

#### Provisions – recognition and measurement

**8.2.2.12** A provision shall be recognised when:

- an authority has a present obligation (legal or constructive) as a result of a past event
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation.

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<sup>10</sup> The term 'reserves' is used in the Code and replaces many references to 'equity' residual interest in IFRS and other IASB pronouncements. This reflects the fact that most accounts prepared under the Code will not be for investor-owned companies. Some references to 'equity' are retained where appropriate.

8.2.2.13 If the above conditions are not met, no provision shall be recognised.

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

**Which service area and directorate are you from?**

Service Area: Accountancy

Directorate: Finance

**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
- Other

**(b) Please name and fully describe initiative here:**

**Annual mid-year review of revenue reserves to suggest and agree any reclassifications of those reserves.**

**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	No Impact
	+	-	+	-	+	-		
Children/young people (0-18)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Older people (50+)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Any other age group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Future Generations (yet to be born)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Race (including refugees)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Asylum seekers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Gypsies & travellers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Religion or (non-)belief	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sex	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sexual Orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Gender reassignment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Welsh Language	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Poverty/social exclusion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Carers (inc. young carers)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Community cohesion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Marriage & civil partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pregnancy and maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Human Rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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**

There is no consultation undertaken on the review of reserves – this is a task for the Section 151 officer only, as it is just a technical reclassification of the reserves. Use of the reserves is decided as part of the budget process, which follows all requirements for consultation.

**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

**Q7 Will this initiative result in any changes needed to the external or internal website?**

- Yes       No      If yes, please provide details below

**Q8 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.)*

There is no cumulative impact on people and/or communities. This is a technical review and reclassification of reserves. Any use of reserves to fund initiatives would be subject to assessment as part of that proposal.

### Outcome of Screening

**Q9 Please describe the outcome of your screening using the headings below:**

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

**As this report is a technical review and reclassification of reserves held by this authority there is no impact on anyone with a protected characteristic. The review is the duty of the Section 151 Officer only, there is no wider involvement.**

**Any consideration of the Well-being of Future Generations Act would take place as part of any proposal to use the reserves, and risks and impacts would be assessed as part of any proposal.**

**As this is a technical report then no full IIA needs to be completed.**

(NB: This summary paragraph should be used in the **‘Integrated Assessment Implications’** 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.

<b>Screening completed by:</b>
<b>Name: Sarah Willis</b>
<b>Job title: Principal Finance Partner</b>
<b>Date: 13/10/23</b>
<b>Approval by Head of Service:</b>
<b>Name: Ben Smith</b>
<b>Position: Director of Finance and Section 151 Officer</b>
<b>Date: 13/10/23</b>

Please return the completed form to [accesstoservices@swansea.gov.uk](mailto:accesstoservices@swansea.gov.uk)

# Agenda Item 8



**Report of the Cabinet Member for Community Services**  
**Service Improvement, Regeneration and Finance Scrutiny**  
**Panel**  
**12<sup>th</sup> December 2023**

**Recycling and Landfill Annual Performance**  
**Monitoring Report 2022/23**

<b>Purpose</b>	To monitor and challenge performance and action plan for meeting statutory targets.
<b>Content</b>	This report explains the statutory recycling target, performance to date and actions to meet statutory target.
<b>Councillors are being asked to</b>	Consider the report
<b>Lead Councillor(s)</b>	Councillor Cyril Anderson, Cabinet Member for Community Services
<b>Lead Officer(s)</b>	Chris Howell
<b>Report Author</b>	Matthew Perkins Tel: 07825 186552 E-mail: matthew.perkins@swansea.gov.uk

## 1. Background

- 1.1 The Waste (Wales) Measure 2010 and the Welsh Governments National Strategy 'Towards Zero Waste' sets out a 70% recycling and composting target for 2025. It also sets out targets to reduce the amount of biodegradable waste sent to landfill.
- 1.2 Council adopted a new Waste Strategy in 2022 which sets out a range of principles and actions to achieve the statutory recycling targets set out in Welsh Governments plans by 2024/25. In addition, the Waste Strategy outlined upcoming issues and potential future options which may need to be considered.
- 1.3 In 2022/23 the Council exceeded the current statutory recycling target of 64% by achieving 71.8%, this was an increase of 6.7% on the previous year. This increase was principally due to switching black bag

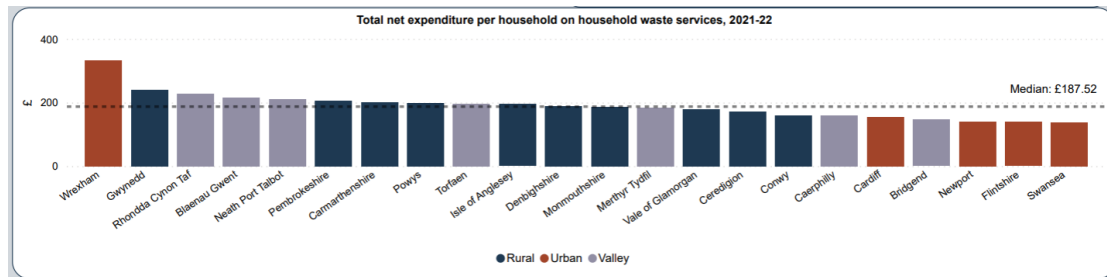
disposal from landfill to Energy from Waste (EfW), with the ash from the EfW process being recycled.

1.4 This performance meant that the Council sats 1<sup>st</sup> in a league table of performance for the whole of Wales. This is admirable performance as there are a number of factors which adversely affect our recycling rate, these include:

- A large commercial sector being a city authority
- A large student population
- A large number of flats and other high density housing with less room to recycle.

1.5 It is worth noting that should the Council miss the Welsh Government Statutory Recycling Target the Council could face fines of £200 for every tonne that the target is missed, which represents £250k for every 1% short of the target.

1.6 In the most recent set of WLGA financial benchmarking from 2021-22, the Council was shown to have the lowest net expenditure per household on household waste services of the 22 local authorities in Wales. See figure below.



## 2 Progress on the Waste Strategy 2022-25

2.1 The significant actions from the Service Improvement Action plan have been successfully implemented, which have led to the increased recycling performance indicated above.

2.2 We can always improve, and potential areas to enable the Council to increase its recycling and reuse will include:

- Reviewing our commercial waste operations in line with any new legislative requirements.
- Increasing reuse of products.
- Continuing to promote recycling through the Keep Recyclables Out campaign.
- Waste minimisation
- Exploring options for the collection and/or receipt of new waste streams for recycling
- Ongoing review of material sorting rejects

- 2.3 The Service will continue to monitor recycling performance and levels of residual waste and is reviewing our Waste Strategy, including new recycling technologies and markets to ensure it maximises recycling performance within available budgets.

### **3 Welsh Government Policy Future Direction**

- 3.1 Following the publication of Welsh Government's Towards Zero Waste in 2019, and Beyond Recycling in 2021, WG has clear aspirations for increased recycling and a move towards a circular economy.
- 3.2 WG state "*To maintain our trajectory towards zero waste by 2050, we will commit to setting out interim targets on a trajectory towards zero waste.*" WG are highly likely to set increased recycling targets post 2025.
- 3.3 WG are also considering the introduction of a Deposit Return Scheme (**DRS**) in October 2025, where purchasers of products included in the scheme, such as beverage cans or bottles, will have to pay a deposit up front and then claim it back when they return the empty container. This could have a negative impact on Council's recycling rates and incomes from recyclable materials depending upon which products are included and how the scheme is administered.
- 3.4 Extended Producer Responsibility (**EPR**) is another scheme WG are intending to implement in 2025. This operates under the principle of the producer of packaging which eventually becomes waste, pays for the cost of dealing with that waste.
- 3.5 WG are introducing Workplace Recycling legislation from April 2024, which will impact all businesses and non-domestic premises in Wales. Preparing for this new legislation has delayed the start of the service undertaking a trade waste review, which is one of the remaining activities in the Service Improvement Action Plan.

### **4.0 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.
- 4.2 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’.
- 4.3. 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. An IIA Screening Form has been completed with the agreed outcome that a full IIA report was not required. This report relates only to the process of preparing the three strategies. The IIA screening form is attached as **Appendix A**.
- 4.4 This report provides an update only, and there are no significant risks associated with this project, the project has been scored as ‘low risk’ and the outcomes are all deemed positive, therefore a full IIA is not deemed necessary

## **5 Legal Implications**

- 5.1 There are no additional legal implications to those already set out in the report.

## **6 Financial Implications**

- 6.1 The service has a circa £14.6M annual budget comprising of £22.8M costs and £8.1M income generated primarily through commercial contracts or the sale of certain recyclables. £1.1M of the income currently comes via grants from Welsh Government. The £22.8M costs principally comprise of staff, vehicles, purchase of recycling containers and waste/recyclable treatment/disposal costs.

**Background papers:** None

**Appendices:** IIA Screening 22-23 Recycling Scrutiny

# 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: Waste Management

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:

Recycling and Landfill Annual Performance Report 2022-23

An annual report is submitted to scrutiny which considers the Waste service area's performance and effectiveness. This report does not propose new initiatives, but reviews the service area's performance against existing strategy.

### 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"/>

# Integrated Impact Assessment Screening Form

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**

N/A this report will not impact staff/public and will be submitted to the panel which reviews it.

**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...)**

<b>High risk</b> <input type="checkbox"/>	<b>Medium risk</b> <input type="checkbox"/>	<b>Low risk</b> <input checked="" type="checkbox"/>
--	--	--

Note: Waste is a potentially emotive subject. Based on the experience of other Councils, there may be some criticism of Swansea regardless of how waste is handled. However, this report merely compares performance versus strategy.

**Q6 Will this initiative have an impact (however minor) on any other Council service?**  
 Yes                       No                      **If yes, please provide details below**

**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.)*



# Integrated Impact Assessment Screening Form

This strategy will have little impact on the people of Swansea. It will ensure Swansea's waste continues to be treated in line with WG's current strategy.

## 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)**

This report provides an update only, and there are no significant risks associated with this project, the project has been scored as 'low risk' and the outcomes are all deemed positive, therefore a full IIA is not deemed necessary

(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.

<b>Screening completed by:</b>
<b>Name:</b> M Perkins
<b>Job title:</b> Group Leader Waste Management
<b>Date:</b> 20/11/2023
<b>Approval by Head of Service:</b>
<b>Name:</b>
<b>Position:</b>
<b>Date:</b>

Please return the completed form to [accesstoservices@swansea.gov.uk](mailto:accesstoservices@swansea.gov.uk)

# Agenda Item 9



**Report of the Deputy Leader / Cabinet Member for Service Transformation**  
**Service Improvement, Regeneration and Finance Scrutiny Performance**  
**Panel – 12<sup>th</sup> December 2023**

## **Audit Wales Digital Strategy Review**

<b>Purpose:</b>	To present the Audit Wales review of the Digital Strategy 2023-28.
<b>Policy Framework:</b>	Performance Management Framework Transformation & Financial Resilience well-being goal within the Corporate Plan Successful and Sustainable Swansea
<b>Consultation:</b>	Finance and Legal.
<b>Report Authors:</b>	Sarah Lackenby
<b>Finance Officer:</b>	Ben Smith
<b>Legal Officer:</b>	Debbie Smith
<b>FOR INFORMATION</b>	

### **1. Background and Context**

- 1.1 Audit Wales have undertaken a review of the digital strategies of the 22 principal Councils in Wales.
- 1.2 The review sought to provide assurance that Councils' digital strategies will help to deliver well-being objectives, are in accordance with the sustainable development principle, are meeting people's needs, and delivering better outcomes. This work also builds on the 'springing forward' review undertaken during 2021-22.

### **2. Findings**

- 2.1 The Audit Wales review (Appendix A) concluded that the Council:

- Has a clear vision for its approach to digital and is developing comprehensive arrangements to support the delivery and monitoring of its digital strategy.
- Used a wide range of different sources to inform its digital strategy
- Has a clear digital vision and is planning to deliver its vision over an appropriate timescale.
- Understands the wider impact of digital and works collaboratively to help deliver its digital aspirations.
- Has allocated resources to deliver its digital strategy and has arrangements to assess the costs, benefits and risks.
- Has comprehensive arrangements to assess and monitor the impact of the Council's digital approach and the value for money.

2.2 Audit Wales also made one recommendation (Appendix B). The previous strategy ran from 2015 to 2020 and began at the point the Council was exiting the external Capgemini contract. Although the Council reviewed its previous digital strategy, this was not a formal review and Members did not receive its outcome. This was due to the timing of the pandemic. At the end of March 2020, the Council went into business continuity mode because of the COVID19 pandemic.

2.3 In the report, Audit Wales acknowledges the lack of a formal review has not prevented the Council from improving its arrangements to monitor and assess the current strategy, particularly arrangements to assess the costs and benefits of financially supporting the implementation of digital projects.

2.4 The Council responded to the Audit Wales recommendation with a set of actions that will help the review of the current digital strategy in 2027, capturing any and all learning as part of developing and agreeing the new strategy from 2028 onwards.

### **3. Integrated Assessment Implications**

3.1 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.

3.1.1 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'.

3.1.2 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.

- This report is for information only. Any activities following this report will be subject to the IIA process as required.

#### **4. Financial Implications**

4.1 There are no direct financial implications arising from this report.

#### **5. Legal Implications**

5.1 There are no direct legal implications arising from this report.

**Background Papers:** None

#### **Appendices:**

Appendix A	Audit Wales Digital Strategy Review Report
Appendix B	Recommendation and Response

## Digital Strategy Review – City and County of Swansea

Audit year: 2022-23

Date issued: October 2023

Document reference: 3823A2023

This document has been prepared as part of work performed in accordance with statutory functions.

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.

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# Report summary

## Report summary

### Exhibit 1: report summary

The exhibit below summarises the reason we undertook this audit, our key findings and recommendations for the Council.

#### Why a strategic approach to digital is important

- 1 Digital technology is key to delivering a wide range of council services in a more economic, efficient and effective way, is also an important means of councils delivering their wellbeing objectives and carrying out sustainable development.
- 2 Having a clearly articulated strategic approach to digital can bring several benefits such as:
  - establishing a common vision for use of digital and the intended outcomes for local communities linked to the council's strategic objectives;
  - helping to ensure that councils' use of digital technology is aligned with their key strategic objectives and other plans and strategies and is informed by a good understanding of current and future trends;
  - reducing the risk of duplication both within councils and with partners;
  - consideration of resourcing digital over the short, medium and longer term together; and
  - providing a framework against which to monitoring progress over the short, long and medium term.

#### The focus of our audit

- 3 We looked at the extent to which the Council's strategic approach to digital has been developed in accordance with the sustainable development principle and that it will help to secure value for money in the use of the Council's resources.

#### Our key findings

- 4 We found that the Council has a clearly articulated strategic approach to digital that is informed by a good understanding of current and future trends and is understood by key elected members and officers. It also has comprehensive arrangements to assess and monitor the impact of its digital approach and the value for money. The Council also understands the wider impact of digital and works collaboratively to help deliver its digital aspirations. The Council reviewed its previous digital strategy, but this was not a formal review and members did not receive its outcome.



## Our recommendation for the Council

---

### Strategy review benefits

- R1 When the Council conducts future reviews of its digital strategy, to help ensure it learns from the reviews and shares this learning widely the Council should:
- determine if it had sufficient and appropriate information at the outset to determine the value and benefits of delivering the strategy overall and individual digital projects;
  - assess whether digital projects were delivered on time, to cost with perceived benefits being realised and identify any barriers preventing successful delivery of projects;
  - review the timeliness of its monitoring and reporting of progress to assess if emerging risks and issues were highlighted earlier enough for officers to deliver mitigating actions; and
  - review the effectiveness of the governance arrangements for its digital strategy to ensure they effectively support its delivery.

# Detailed report

## What we looked at and why – the scope of this audit

- 1 We reviewed the Council's strategic approach to digital, and specifically the extent to which this has been developed in accordance with the sustainable development principle; and that it will help to secure value for money in the use of the Council's resources.
- 2 Our findings are based on document reviews and interviews with a sample of Cabinet Members and senior officers. The evidence we have used to inform our findings is limited to these sources. We undertook this review in June and July 2023.
- 3 We set out to answer the question '**In developing its digital strategy has the Council acted in accordance with the sustainable development principle and put in place proper arrangements to secure value for money in the use of its resources?**' We did this by exploring the following questions:
  - Is the Council's digital strategy informed by a good understanding of current and future trends?
  - Does the Council have a clear vision of what it wants to achieve through the use of digital technology?
  - Is the Council working effectively with the right people and partners to design and deliver its digital strategy?
  - Has the Council resourced delivery of its digital strategy so it can deliver long-term/preventative benefits?
  - Is the Council monitoring and reviewing progress?
  - Is the Council learning lessons from how it works?
- 4 **Appendix 1** sets out the detailed questions we set out to answer along with the audit criteria we used to arrive at our findings.

## Why we undertook this audit

- 5 This audit was undertaken to help fulfil the Auditor General's duties under section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act) and section 15 of the Well-being of Future Generations (Wales) Act 2015.
- 6 We sought to:
  - provide assurance that councils' digital strategies will help to deliver well-being objectives in a way that secures value for money in the use of resources;
  - provide assurance that councils are acting in accordance with the sustainable development principle in the design of their digital strategies;

- explain how councils are using/planning to use digital technology to meet people's needs and deliver better outcomes; and
- inspire and empower councils and other public sector bodies by identifying and sharing examples of notable practice/approaches where relevant.

## The Council's digital strategy

- 7 In April 2023, Cabinet approved the Council's current digital strategy 2023-28.
- 8 The Council's vision for digital as stated within the strategy is for the Council 'to use digital technology to improve people's lives, to enable digital access to services 24 hours a day, and to improve operational efficiency'.
- 9 This vision is supported by six digital strategic goals:
1. Excellent Customer Service aligned with our service standards
  2. People focused digital services
  3. Resilient digital infrastructure and systems
  4. Accessible data that supports communities and council performance
  5. Digitally skilled and confident workforce and communities
  6. A digitally connected city and county
- 10 The Council has allocated an initial £2 million to support delivery of its digital strategy.

## What we found: The Council has a clear vision for its approach to digital and is developing comprehensive arrangements to support the delivery and monitoring of its digital strategy

### The Council used a wide range of different sources to inform its digital strategy

- 11 The Council considered an extensive range of current data and likely future trends when developing its digital ambitions resulting in a good understanding of its current situation. The Council's strategic digital approach was informed by:
- the National Survey for Wales 2021-22 results;
  - the Office of National Statistics data on access to the internet, internet usage and technology devices;
  - the demographic profile of Swansea and how it might change in the long term and the potential impact on the Council's digital approach;
  - the Older People's Commissioner for Wales guidance issued in November 2021 on – 'Ensuring access to information and services in a digital age';

- risks and opportunities highlighted in the Council's Digital Service service plans; and
  - public consultation.
- 12 The Council is also agile in its thinking in how services may need to evolve in the longer-term. The Council's use of data and intelligence to identify future, potential long-term trends, strengthens the Council's ability to evolve its approach to meet future demands and opportunities.
- 13 The Council consulted the public to inform its digital strategy. This included diverse sectors of the population, for example, the over 50s forum, a Welsh Language forum, Poverty forum and Disability Liaison group. The Council analysed the data and consultation responses to inform its final digital strategy. Through its analysis, the Council identified the importance of retaining traditional means of communication, such as face-to-face and telephone options as it expands online services. The Council wants to ensure the methods of accessing and communicating with the Council are flexible, so residents are not limited to one route. By involving the diversity of its citizens in developing its strategic digital approach, helps the Council to have assurance it is designing an approach that meets citizens' needs and is more likely to secure value for money.

### **The Council has a clear digital vision and is planning to deliver its vision over an appropriate timescale**

- 14 The Council is several years into its digital transformation journey. The Council began its digital transformation in 2015. The priority at that time was ensuring the County had the right digital infrastructure for internet capacity and capability. The digital projects currently being scoped and delivered are a result of the improvements to the digital infrastructure.
- 15 The County has improved its digital infrastructure since 2015, and so its vision has also evolved to 'use digital technology to improve people's lives, to enable digital access to services 24 hours a day, and to improve operational efficiency'. This vision is set out in the Council's 2023-28 digital strategy. The Council has communicated this vision across the organisation and is understood across services and among key Elected Members. This means there is a wide and common understanding of what the Council is aiming to achieve.
- 16 The Council has considered what is an appropriate timescale for its digital strategy. The Council has adopted a five-year timeframe to reflect the change and pace of digital technology evolving. The timeframe for the current digital strategy aligns with corporate planning and the electoral cycle. However, the vision and digital strategic goals will be delivered over a longer-term as will the digital strategy's eight outcomes. The Council intend to review the strategy's progress in 2028 and use this learning to inform the next iteration of its strategic digital approach.

## **The Council understands the wider impact of digital and works collaboratively to help deliver its digital aspirations**

- 17 The Council is committed to aligning its digital approach with partners. A Digital Transformation Board oversees the digital strategy and this Board forms part of the Council's wider corporate transformation programme. The digital strategy clearly aligns with 'Delivering a Successful and Sustainable Swansea' (The Council's Corporate Strategy 2023-28), in particular with the Council's wellbeing objective of 'Transforming our Economy and Infrastructure'. Digital transformation is one of the priorities supporting the Council's delivery of this well-being objective. Including digital transformation within the Corporate Plan raises its profile and its importance for the Council in delivering its wider transformation programme that has the potential to improve service efficiency and effectiveness for its workforce and service-users.
- 18 There is clear alignment between the Council's Workforce Strategy and Plan 2022-27 and the Digital Strategy. The Workforce Strategy has a role to deliver improved digital skills and confidence and the Council's Asset Management Plan 2021-2025 refers to using digital technology to implement the Council's Agile Programme. The Council view digital as a key enabler in achieving other Council priorities.
- 19 Through analysing data and understanding current rates of digital exclusions, the Council is committed to reduce exclusion rates. This commitment aligns closely with the Public Services Board action to reduce digital exclusion. In addition, the digital strategy aligns with the City Deal digital programme business case and the Council considered the Welsh Government Digital Strategy for Wales in its consideration of its own digital ambitions and priorities. At the time of our fieldwork, while the Local Health Board had not yet finalised its digital strategy, the Council has representation on the relevant Health Board working group tasked with producing it. Consideration of other stakeholders' digital intentions and alignment of internal and external strategies can help the Council in sharing of resources, avoid duplication of efforts and help to identify opportunities to deliver multiple benefits.
- 20 The Council developed critical success factors based on the five ways of working of the sustainable development principle to help it assess whether the benefits and outcomes of its digital transformation programme will be realised. In addition, the Council has considered how the digital strategy can contribute to the national wellbeing goals. This strengthens the Council's ability to measure the impact of its strategic approach.
- 21 The Council values partnership working in delivering its digital strategic ambitions. The Council's annual review of performance 2021-22 details many different collaborative activities with other councils in the region, the private sector and the third sector to improve digital connectivity, digital infrastructure, digital inclusion, and digital skills. The digital strategy refers to partnership working for example through the City Deal and with education partners. The Council also has a constructive collaboration with a Business Improvement District. This partnership

recognises each organisation's skills and expertise, and is working together to develop a product that it hopes will jointly benefit both businesses and the public.

- 22 The Council is a key partner in the Swansea Bay City Deal's Digital Infrastructure Programme and the partnership works collaboratively to assist each other deliver its digital transformation strategy as well as supporting economic growth and improving social inclusion. Working in partnership can result in a sharing of knowledge, expertise and/or resources that can lead to better outcomes whilst also improving value for money.

### **The Council has allocated resources to deliver its digital strategy and has arrangements to assess the costs, benefits and risks**

- 23 The Council views digital as a key enabler of change for driving transformational improvement and has allocated £2 million to help fund delivery of its strategic digital approach. The Council allocated this amount based on the end of financial year balance from the Council's Restructuring Reserve. The Council has also used this reserve to fund other aspects of its wider transformational programme, so the rationale as to why the Council allocated this amount for digital is unclear. While allocating specific funding for digital transformation demonstrates the Council's commitment and recognition of its importance, the current source of funding from a reserve's balance may fluctuate over time. This could lead to services being unclear on the future availability of funding resulting in potential uncertainty from services to develop future digital projects, particularly for services unable to secure external sources of funding.
- 24 The Council has set up a structured approach to assess the costs, benefits and risks for each digital project requesting funding. Services that submit plans to the Digital Transformation Board must include estimated costs, any Medium-Term Financial Plan savings, expected benefits and project risks. To assess each digital project, the Council developed a robust scoring criteria to determine which digital projects to financially support within the overall funding available. In June 2023, the Digital Transformation Board considered the first tranche of projects. The Board considered 21 projects with 6 receiving financial support to deliver the digital projects over the medium-term. For those digital projects not approved for the £2m digital fund, there are other sources of funding, such as the Housing Revenue Account and Education Fund, therefore will still be delivered.

### **There are comprehensive arrangements to assess and monitor the impact of the Council's digital approach and the value for money**

- 25 The Council has established comprehensive arrangements that should provide a basis for it to effectively monitor individual digital projects and its digital strategy. However some of the arrangements are new, or under development so it is too early to assess their effectiveness.

- 26 The Council set up a Digital Transformation Board to oversee the digital strategy and individual digital projects. The Cabinet Member for Service Transformation chairs the Digital Transformation Board. Each directorate is represented on the Board as well as officers from corporate functions such as HR, finance, and the digital team. Representation across Council services can reduce the risk of duplication of efforts, it can identify opportunities for different services to collaborate to deliver multiple benefits and ensure a common understanding of the Council's digital priorities.
- 27 The Digital Transformation Board will monitor progress and risks for all digital projects regardless of funding source, therefore providing corporate oversight of all digital transformation projects. As the Council has allocated funding for its first tranche of digital projects, at the time of our fieldwork, the Council was developing a 'benefits' tracker which the Digital Transformation Board will be responsible for monitoring. This oversight has the potential to help the Council to have a comprehensive view of all its digital transformation projects, identify areas of success, and projects not delivering to time or delivering intended benefits.
- 28 The Council has identified performance measures to support its digital strategy but currently these measures are not supported with baseline data, targets or timescales. At the time of our fieldwork, the Council were compiling a Programme Plan which should include greater detail on how the Council plans to deliver the different aspects of the strategy and by when. Without this detail, it will be difficult for the Council to monitor progress, achievement of its desired outcomes and to determine if it is securing value for money.
- 29 The Council does have information at an individual digital project level to be able to determine progress and value for money in the future. Services that submit digital project ideas to the Digital Transformation Board need to demonstrate alignments with the sustainable development principle, Council's digital strategy as well as:
- MTFP saving (with amount and by when);
  - identifying other funding opportunities;
  - non cashable benefits; and
  - whether the project directly improves customer service.
- 30 The Council has developed a robust scoring criteria to assess the merits of the individual proposed digital projects based on the above detail provided by services. The scoring criteria is comprehensive and designed to include several key components to aid decision making and consider the future outcomes of each project.
- 31 By requesting that services stipulate the costs and benefits of individual projects when requesting financial support, the Council has the information at the outset to assess and monitor the costs and benefits when monitoring progress.

## **The Council reviewed its previous digital strategy, but this was not a formal review and members did not receive its outcome**

- 32 The Council reviewed the previous digital strategy to establish what it achieved compared to what the Council set out to achieve. This was not a formal review and Cabinet did not receive the outcome however, we recognise the previous strategy ended at the time when the Council's priority was responding to the pandemic. The review did not look at the wider arrangements in place at that time to oversee the monitoring and reporting of the previous strategy. However, the lack of a formal review has not prevented the Council from improving its arrangements to monitor and assess the current strategy, particularly arrangements to assess the costs and benefits of financially supporting the implementation of digital projects.
- 33 The Council is committed to learning lessons from delivering its current digital strategy. The Council intend to complete an audit of its Digital Strategy and Programme Plan in 2026 and review the strategy and produce an end of Programme closure report in 2028. Reviewing the effectiveness of its strategic approach, and learning and sharing lessons from this can help the Council to improve the effectiveness and value for money of its approach in future.



# Appendix 1

## Audit questions and audit criteria

Below are the questions we sought to answer in carrying out this audit, along with the audit criteria we used to arrive at our findings.

Main audit question: **In developing its digital strategy has the Council acted in accordance with the sustainable development principle and put in place proper arrangements to secure value for money in the use of its resources?**

### Exhibit 2: audit questions and audit criteria

Level 2 questions	Level 3 questions	Criteria
1. Is the Council's digital strategy informed by a good understanding of current and future trends?	1.1 Is there is a thorough understanding of the 'as is' (ie current demand/issues to be addressed) and the reasons why/underlying causes?	<ul style="list-style-type: none"> <li>• The Council has drawn on a broad range of information from internal and external sources to develop a thorough understanding of the 'as is' and how it is likely to change. This includes information (including data) relating to:               <ul style="list-style-type: none"> <li>– service sustainability/resilience and resourcing challenges.</li> <li>– the needs of citizens and communities.</li> <li>– the underlying causes of current demand/issues to be addressed.</li> <li>– analysis of future trends and how they might impact, eg social, economic/political, environmental, cultural or technological. They might include known trends eg ageing population, depleting natural resources and particularly technological advances. They might also include those with a higher level of uncertainty eg jobs and skills needed in the future.</li> </ul> </li> <li>• The analysis of the 'as is' and how it is likely to change is well informed by involvement activity, as appropriate, that reflects recognised good practice (eg <a href="#">National Principles for Public Engagement in Wales</a>, Future Generations Commissioner for Wales advice and guidance).</li> <li>• The Council uses its evidence base effectively to:</li> </ul>
	1.2 Is there a thorough understanding of the long-term factors that will impact and the challenges and opportunities that may result (eg risks and opportunities)?	

Level 2 questions	Level 3 questions	Criteria
		<ul style="list-style-type: none"> <li>– identify actions in its strategic approach to digital that are likely to be most effective and why, including how they could address the root causes of problems;</li> <li>– inform decisions around its use of digital technology that seek to balance the need to meet short and longer-term objectives.</li> </ul>
<p>2. Does the Council have a clear vision of what it wants to achieve through the use of digital technology?</p>	<p>2.1 Is the Council planning over an appropriate timescale?</p>	<ul style="list-style-type: none"> <li>• The Council has considered what long term means in planning its approach to digital – ie how far ahead it can/should plan and why (at least ten years with consideration of longer-term trends as appropriate).</li> <li>• The Council has considered how actions can deliver the best impact over that timeframe in terms of outcomes and most effective use of resources. This could include consideration of appropriate intervention points linked to the Commissioner’s definition of prevention. (More details can be found in: <a href="#">Taking account of the Well-being of Future Generations Act in the budget process – The Future Generations Commissioner for Wales</a>).</li> <li>• The Council has set out measures for its digital strategy that reflect short and long-term impacts and value for money, with milestones that reflect progress as appropriate.</li> <li>• The Council has set out how its digital strategy will be resourced over the longer term as far as is practical (see also criteria relating to integration).</li> </ul>
	<p>2.2 Has the Council thought about the wider impacts its digital strategy could have, including:</p>	<ul style="list-style-type: none"> <li>• The Council has considered how its digital strategy can make a contribution across the well-being goals.</li> <li>• Staff developing the digital strategy understand what colleagues and partners do and how their work relates, and have sought to integrate their</li> </ul>

Level 2 questions	Level 3 questions	Criteria
	<ul style="list-style-type: none"> <li>• how it could contribute to each of the seven national well-being goals?</li> <li>• how delivery will impact on the other things it is trying to achieve (ie its well-being objectives and wider priorities)?</li> <li>• how delivery will impact on other what other public bodies are trying to achieve (ie their well-being objectives)?</li> </ul>	<p>work with that of their colleagues from across the Council and with partner organisations.</p> <ul style="list-style-type: none"> <li>• Integration is evident in the alignment of the digital strategy with other key corporate strategies and service plans. For example medium-term financial plan, workforce plan, asset management strategies, well-being statement and carbon reduction plans.</li> <li>• The digital strategy is aligned with other strategic intents such as: <ul style="list-style-type: none"> <li>– customer experience;</li> <li>– management of demand/reductions in demand failure and prevention; and</li> <li>– design and implementation of new service delivery models.</li> </ul> </li> <li>• The Council's digital strategy aligns with the plans/strategies of local and national partners including the Welsh Government's Digital Strategy for Wales Digital strategy and well-being plans.</li> </ul>
	2.3 Is there a wide and common understanding of what the Council is trying to achieve?	<ul style="list-style-type: none"> <li>• Councillors and senior officers responsible for implementing the digital strategy have a common and clear understanding of what the Council is trying to achieve and the intended impact on service delivery.</li> <li>• The Council's digital strategy is clearly communicated to staff and partners who may help deliver it.</li> </ul>

Level 2 questions	Level 3 questions	Criteria
<p>3. Is the Council working effectively with the right people and partners to design and deliver its digital strategy</p>	<p>3.1 Has the Council identified who it needs to involve?</p>	<ul style="list-style-type: none"> <li>• The Council has a good understanding of who will be directly and indirectly affected by its digital strategy and who it needs to involve.</li> <li>• The Council has effectively involved the full diversity of views in developing its digital strategy, including from non-traditional sources and from those it may have previously failed to reach.</li> </ul>
	<p>3.2 Is the Council effectively involving the full diversity of people affected by its digital strategy?</p>	<ul style="list-style-type: none"> <li>• The Council has provided genuine opportunities for people to influence the design and delivery of its digital strategy from an early stage, including representatives of groups who share protected characteristics.</li> <li>• The Council has used the results of involvement to shape the design and delivery of its digital strategy.</li> </ul>
	<p>3.3 Is the Council collaborating effectively with the right partners?</p>	<ul style="list-style-type: none"> <li>• The Council is collaborating to ensure it delivers better outcomes and value for money through its digital strategy and has put appropriate arrangements in place to support this, for example for: <ul style="list-style-type: none"> <li>– sharing or pooling expertise and resources;</li> <li>– sharing information;</li> <li>– ensuring effective monitoring, evaluation and accountability including consideration of value for money.</li> </ul> </li> </ul>

Level 2 questions	Level 3 questions	Criteria
4. Has the Council resourced delivery of its digital strategy so it can deliver long-term/preventative benefits?	4.1 Does the Council understand long-term resource implications?	<ul style="list-style-type: none"> <li>• The Council has assessed the costs and benefits of using digital technology to invest in long-term, preventative approaches and the cost (both financial and in terms of outcomes) of not doing so.</li> <li>• The Council has thought about the resources it will need to deliver its digital strategy over the medium and longer term (whole life costs) and how it could manage risks/meet those costs including, for example, planned 'invest to save' initiatives and managed reductions in technical debt.</li> <li>• The Council has calculated and set out any savings it intends to make through implementing its digital strategy.</li> </ul>
	4.2 Does the Council allocate resources to deliver better outcomes over the long-term?	<ul style="list-style-type: none"> <li>• Action (including preventative action) that is likely to contribute to better outcomes and/or use of resources over the longer term is promoted and supported, even: <ul style="list-style-type: none"> <li>– where this may limit the ability to meet some short-term needs;</li> <li>– where the benefits are likely to be accrued by or attributed to another organisation.</li> </ul> </li> </ul>

Level 2 questions	Level 3 questions	Criteria
5. Is the Council monitoring and reviewing progress?	5.1 Is the Council monitoring and reviewing progress towards, short, medium and longer-term objectives?	<ul style="list-style-type: none"> <li>• The Council monitors the costs and benefits of delivering its digital strategy from a value for money perspective.</li> <li>• The Council is measuring the wider contribution the digital strategy is making across its own/partnership objectives.</li> <li>• Progress is measured against short, medium and long-term objectives.</li> </ul>
6. Is the Council learning lessons from how it works?	6.1 Does the Council review the effectiveness of its digital strategy?	<ul style="list-style-type: none"> <li>• The Council regularly reviews the effectiveness of its digital strategy including:               <ul style="list-style-type: none"> <li>– effectiveness of its collaborative activity;</li> <li>– effectiveness of its involvement activity, including the impact of the strategy on service users including those who are digitally excluded;</li> <li>– the impact of the strategy on those who share protected characteristics;</li> <li>– the economy, efficiency and effectiveness of the digital strategy overall in helping the Council to achieve its strategic objectives.</li> </ul> </li> <li>• The Council has reviewed lessons learned from its response to the pandemic and is applying this learning to its digital strategy.</li> </ul>
	6.2 Does the Council share lessons learned from its approach to its digital strategy?	<ul style="list-style-type: none"> <li>• The Council shares and applies any lessons learned from the development and delivery of its digital strategy widely across the organisation, and with partners where relevant.</li> </ul>





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We welcome correspondence and telephone calls in Welsh and English.  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.



## Organisational response

**Report title:** Digital Strategy Review

**Completion date:** October 2023

**Document reference:** 3823A2023

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Ref	Recommendation	Organisational response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R1	<p>When the Council conducts future reviews of its digital strategy, to help ensure it learns from the reviews and shares this learning widely the Council should:</p> <ol style="list-style-type: none"> <li>a. determine if it had sufficient and appropriate information at the outset to determine the value and benefits of delivering the strategy overall and individual digital projects;</li> <li>b. assess whether digital projects were delivered on time, to cost with perceived benefits being realised and identify any barriers preventing successful delivery of projects;</li> <li>c. review the timeliness of its monitoring and reporting of progress to assess if emerging risks and issues were highlighted earlier enough for officers to deliver mitigating actions; and</li> </ol>	<p><b>The Council will undertake a review from 2027 onwards as a new revised Digital Strategy will be underway. This work will comprise:</b></p> <ul style="list-style-type: none"> <li>• <b>A review of whether the external environment analysis proved to be the anticipated trajectory and what that means for any new strategy. The review will also determine if the Council had sufficient and appropriate information at the outset to determine the value and benefits of delivering the strategy overall and individual digital projects</b></li> <li>• <b>Feedback from internal and external stakeholders on the 2023-28 strategy and its delivery</b></li> <li>• <b>Analysis from the 2023-28 end of programme review and report. This will document how the programme has performed with regard to cost, benefits, risks, resources, and any barriers preventing successful delivery</b></li> <li>• <b>Review of the effectiveness of the 2023-28 governance arrangements to ensure they effectively supported delivery, including the timeliness of monitoring and reporting of progress to assess if emerging risks and issues were highlighted earlier enough for officers to deliver mitigating actions.</b></li> </ul>	<p><b>The review will begin in 2027 and complete by 2028 in order to inform the new Digital Strategy from 2028 onwards. This timescale allows for the review and final approval of the new strategy through Cabinet.</b></p>	<p><b>Head of Digital &amp; Customer Services</b></p>

d. review the effectiveness of the governance arrangements for its digital strategy to ensure they effectively support its delivery.

# Agenda Item 10

## Service Improvement, Regeneration and Finance Work Plan 2023/24

<p><b>Meeting 1</b> Tuesday 10am 27 Jun 2023</p>	<p><b>Last meeting of Service Improvement and Finance</b></p> <ul style="list-style-type: none"> <li>• <b>Road Repairs</b> Cllr Andrew Stevens – Cabinet Member for Environment and Infrastructure Stuart Davies – Head of Highways and Transportation Bob Fenwick – Group Leader Highways Maintenance</li> </ul>
<p><b>Meeting 2</b> Tuesday 10am 11 July 2023</p>	<p><b>Last meeting of Development and Regeneration</b></p> <ul style="list-style-type: none"> <li>• <b>Focussed Topic: Project Review - Swansea Arena</b> Cllr Rob Stewart – Cabinet Member for Economy, Finance and Strategy Cllr Robert Francis-Davies - Cabinet Member for Investment, Regeneration &amp; Tourism Lee Richards – City Centre Team Leader /Lisa Mart – Venue Director</li> <li>• <b>Regeneration Programme / Project Monitoring Report</b> Cllr Robert Francis-Davies – Cabinet Member for Investment, Regeneration, Events &amp; Tourism Phil Holmes – Head of Planning and City Regeneration Huw Mowbray - Development and Physical Regeneration Strategic Manager</li> </ul>
<p><b>Meeting 3</b> Tuesday 10am 5 Sept 2023</p>	<ul style="list-style-type: none"> <li>• <b>Revenue Financial Outturn 22-23 and Revenue Outturn 22-23 (Housing Revenue Account)</b> Cllr Rob Stewart - Cabinet Member for Economy, Finance and Strategy Ben Smith – Director of Finance / S.151 Officer</li> <li>• <b>Annual Performance Monitoring Report 2022/2023</b> Cllr David Hopkins – Cabinet Member for Corporate Services &amp; Performance Richard Rowlands – Strategic Delivery &amp; Performance Manager</li> <li>• <b>Annual Review of Performance 2022/2023</b> Cllr David Hopkins – Cabinet Member for Corporate Services &amp; Performance Richard Rowlands – Strategic Delivery &amp; Performance Manager</li> </ul>
<p><b>Meeting 4</b> Tuesday 10am 26 Sept 2023</p>	<ul style="list-style-type: none"> <li>• <b>Capital Outturn and Financing 2022/23</b> Cllr Rob Stewart - Cabinet Member for Economy, Finance and Strategy Ben Smith – Director of Finance / S.151 Officer</li> <li>• <b>Quarter 1 2023/24 Performance Monitoring Report</b> Cllr David Hopkins – Cabinet Member for Corporate Services &amp; Performance Richard Rowlands – Strategic Delivery &amp; Performance Manager</li> </ul>
<p><b>Meeting 5</b> Tuesday 10am 17 Oct 2023</p>	<ul style="list-style-type: none"> <li>• <b>Audit Wales Report – Setting of Wellbeing Objectives</b> Cllr David Hopkins – Cabinet Member for Corporate Services &amp; Performance Richard Rowlands – Strategic Delivery &amp; Performance Manager</li> <li>• <b>Welsh Public Library Standards Annual Performance Report</b> Cllr Elliott King – Cabinet Member Culture, Human Rights and Equalities Karen Gibbins – Library Services Manager Bethan Lee – Principal Librarian</li> </ul>
<p><b>Meeting 6</b> Tuesday 10am 14 Nov 2023</p>	<ul style="list-style-type: none"> <li>• <b>Q1 Revenue and Capital Budget Monitoring Report – 2023/24</b> Cllr Rob Stewart - Cabinet Member for Economy, Finance and Strategy Ben Smith – Director of Finance / S.151 Officer</li> <li>• <b>Regeneration Project(s) Update – Skyline/Copr Bay</b> Cllr Robert Francis-Davies – Cabinet Member for Investment, Regeneration, Events &amp; Tourism Phil Holmes – Head of Planning and City Regeneration</li> </ul>
<p><b>Meeting 7</b> Tuesday 10am 12 Dec 2023</p>	<ul style="list-style-type: none"> <li>• <b>Mid Term Budget Statement 2023/24</b> Cllr Rob Stewart - Cabinet Member for Economy, Finance and Strategy Ben Smith – Director of Finance / S.151 Officer</li> <li>• <b>Review of Revenue Reserves</b> Cllr Rob Stewart - Cabinet Member for Economy, Finance and Strategy</li> </ul>

	<p>Ben Smith – Director of Finance / S.151 Officer</p> <ul style="list-style-type: none"> <li>● <b>Recycling and Landfill - Annual Performance Monitoring Report</b> Cllr Cyril Anderson– Cabinet Member Community Services Chris Howell – Head of Waste Management and Parks Matthew Perkins – Group Leader, Waste</li> <li>● <b>Audit Wales Report – Digital Strategy Review</b> Andrea Lewis – Cabinet Member for Service Transformation Sarah Lackenby – Head of Digital and Customer Services</li> </ul>
<p><b>Meeting 8</b> Tuesday 10am 16 Jan 2024</p>	<ul style="list-style-type: none"> <li>● <b>Budget Proposals</b> Cllr Rob Stewart - Cabinet Member for Economy, Finance and Strategy Ben Smith – Director of Finance / S.151 Officer</li> <li>● <b>Q2 Revenue and Capital Budget Monitoring Report 2023/24</b> Cllr Rob Stewart - Cabinet Member for Economy, Finance and Strategy Ben Smith – Director of Finance / S.151 Officer</li> <li>● <b>Q2 Performance Monitoring Report 2023/24</b> Cllr David Hopkins – Cabinet Member for Corporate Services &amp; Performance Richard Rowlands – Strategic Delivery &amp; Performance Manager</li> <li>● <b>Tourism Destination Management Plan Update</b> Cllr Robert Francis-Davies – Cabinet Member for Investment, Regeneration, Events &amp; Tourism Steve Hopkins – Tourism and Marketing Manager</li> </ul>
<p><b>Meeting 9</b> February 2024 Date TBC</p>	<ul style="list-style-type: none"> <li>● <b>Pre-Decision Scrutiny of Cabinet Reports: Annual Budget / Medium Term Financial Plan</b> Cllr Rob Stewart - Cabinet Member for Economy, Finance and Strategy Ben Smith – Director of Finance / S.151 Officer</li> <li>● <b>Q3 Revenue and Capital Budget Monitoring Report 2023/24</b> Cllr Rob Stewart - Cabinet Member for Economy, Finance and Strategy Ben Smith – Director of Finance / S.151 Officer</li> </ul>
<p><b>Meeting 10</b> Tuesday 10am 12 Mar 2024</p>	<ul style="list-style-type: none"> <li>● <b>Building Control Wales Audit Report and Building Safety in Wales</b> Cllr David Hopkins- Cabinet Member for Corporate Services &amp; Performance Peter Richards - Building Control, Bereavement and Registration Services Manager</li> <li>● <b>Regeneration Project(s) Update (To be decided)</b> Cllr Robert Francis-Davies – Cabinet Member for Investment, Regeneration, Events &amp; Tourism Phil Holmes – Head of Planning and City Regeneration</li> <li>● <b>Achievement against Corporate Priorities / Objectives / Policy Commitments for Development and Regeneration</b> Cllr Robert Francis-Davies – Cabinet Member for Investment, Regeneration, Events &amp; Tourism Phil Holmes – Head of Planning and City Regeneration</li> </ul>
<p><b>Meeting 11</b> Tuesday 10am 9 Apr 2024</p>	<ul style="list-style-type: none"> <li>● <b>Annual Review of Wellbeing Objectives and Corporate Plan</b> Cllr Rob Stewart - Cabinet Member for Economy, Finance and Strategy Cllr Andrea Lewis – Cabinet Member for Service Transformation Richard Rowlands – Strategic Delivery &amp; Performance Manager</li> <li>● <b>Q3 Performance Monitoring Report 2023/24</b> Cllr David Hopkins - Cabinet Member for Corporate Services &amp; Performance Richard Rowlands – Strategic Delivery &amp; Performance Manager</li> <li>● <b>Audit Wales Report – Use of Performance Information</b> Cllr David Hopkins - Cabinet Member for Corporate Services &amp; Performance Richard Rowlands – Strategic Delivery &amp; Performance Manager</li> </ul>

<p><b>Meeting 12</b> Tuesday 10am 7 May 2024</p>	<ul style="list-style-type: none"> <li>• <b>Planning Annual Performance Report</b> Cllr David Hopkins – Cabinet Member for Cabinet Member for Corporate Services &amp; Performance Phil Holmes – Head of Planning and City Regeneration Ian Davies - Development Manager Tom Evans – Place making and Strategic Planning Manager</li> <li>• <b>City Centre Retail</b> Councillor Rob Stewart – Cabinet Member for Economy, Finance &amp; Strategy Cllr Robert Francis-Davies – Cabinet Member for Investment, Regeneration, Events &amp; Tourism Paul Relf – Economic Development and External Funding Manager</li> </ul>
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**Welsh Housing Quality Standards Annual Update** – WHQS has now been achieved therefore there is no update for 23/24 however new WHQS standards are due end of 2024 therefore update on new standards can be given in 24/25.

**Annual Complaints Report** – Moved to SPC

**Welsh Language Standards Annual Report** – Moved to SPC

# Agenda Item 11



**To:**  
**Cllr Robert Francis-Davies**  
**Cabinet Member for Investment,**  
**Regeneration, Events & Tourism**

*Please ask for:*  
*Gofynnwch am:*

Scrutiny

*Direct Line:*  
*Llinell Uniongyrochol:*

01792 636292

*e-Mail*  
*e-Bost:*

scrutiny@swansea.gov.uk

**BY EMAIL**

*Date*  
*Dyddiad:*

4 December 2023

**Summary:** This is a letter from the Service Improvement, Regeneration and Finance Scrutiny Performance Panel to the Cabinet Member for Investment, Regeneration, Events and Tourism, following the meeting of the Panel on 14 November 2023. It focusses on updates on Skyline and Copr Bay developments. This letter does not require a formal response.

Dear Cllr Francis-Davies,

On the 14 November, the Panel met to discuss the Skyline and Copr Bay developments. We are grateful to yourself, the Leader and officers for their attendance and contributions. We noted that on 13 November the planning application for Skyline went live. This therefore affected the available information and ability to answer the public questions that were brought to this meeting. You have agreed to send some of the public questions to Skyline for a response where appropriate. Copr Bay was dealt with entirely in closed session however we would appreciate in future the opportunity to discuss the non-confidential aspects of this site in open session due to public interest where possible.

Regarding Skyline you stressed the potential increase in tourism this development could bring, with over 5m visitors coming into Swansea and Skyline looking to add nearly 500,000 more. This would in turn encourage other companies to invest in Swansea and grow tourism in the area. We asked where the figure of the 500,000 had come from and heard that the figures come from Skyline but you emphasized that they carried out a number independent reports as part of their business plan. Both Skyline and Welsh Government have invested funds in this development based on these figures.

Officers stressed that Kilvey Hill will still have unhindered public access for walkers and cyclists. The gondola will provide additional access the top of the hill, but this will not pass over any residential or commercial buildings. Later this month a public open space notice consultation period will commence. Skyline will now progress its planning

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application and develop the next phase of the scheme with work aiming to commence on site next year.

You stated that council money going into this project is replicating the support given to other companies across Swansea by providing additional capital in which is fully repaid. Without this it could affect levelling up bids and other local developments like Penderyn.

We queried the increase in cost from £35m to £40m which was explained to us as inflation and the addition of a new linear park to the plans. We wondered if this would end up as the final figure and it was stressed that Skyline are responsible for the costs not the local authority.

We asked for an update on seeking possessory title for some of this land in the Land Registry and an update on any additional money from the Council or Welsh Government. These questions were dealt with in private session.

X

### **Your Response**

We await the response from Skyline regarding the public questions that have been forwarded and we are interested in any thoughts you may have on the contents of this letter but in this instance, we require no formal written response.

Yours sincerely,



### **Councillor Chris Holley**

Convener, Service Improvement, Regeneration and Finance Performance Panel

✉ [cllr.chris.holley@swansea.gov.uk](mailto:cllr.chris.holley@swansea.gov.uk)

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

*Please ask for:*  
*Gofynnwch*  
*am:*

Scrutiny

*Direct Line:*  
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BY EMAIL

*Date*  
*Dyddiad:*

4 December 2023

Summary: This is a letter from the Service Improvement, Regeneration and Finance Scrutiny Performance Panel to the Cabinet Member for Economy, Finance and Strategy concerning the meeting held on 14 November 2023 and the Q1 Revenue and Capital Budget Monitoring Report 2023/24. This letter does not require a response.

Dear Councillor Stewart,

On the 14 November, the Service Improvement, Regeneration and Finance Scrutiny Performance Panel met to discuss the Q1 Revenue and Capital Budget Monitoring Report 2023/24. The Panel are grateful to you and Ben Smith, Director of Finance and Section 151 Officer for attending to discuss and answer questions.

The officer noted his recommendations made and agreed by Cabinet on 19 October. He highlighted that there is an overspend in Q1 with Cabinet agreeing to reinforce the need for all service directors to contain their spending this year. He stressed that local government budgets are under enormous pressure from inflation with growing risks for all. He also confirmed the pay award has been set at £1925.

The officer explained that £20m has been set aside in central inflation pots. This was increased due to the levels of general inflation forecast for 2023/24 and the unprecedented energy price rises. Also, the Contingency Fund budgeted contribution was set at £6m for 2023/24 and is anticipated to be fully allocated this year.

We were pleased to see the reintroduction of a savings tracker which forecasts 70% to be achieved by the end of the year with expectation this will improve. We requested to see the wider savings tracker, confidentially if required. The officer has agreed to provide this.

Due to the capital financing strategy and borrowing strategy the officer anticipates at least a £5m under spend on capital financing. Also, the report highlights that the

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Housing Revenue Account has some inflationary pressures. In addition, residual shortfall will be met from a planned £20m draw from earmarked reserves.

You and the officer anticipated this quarters overspend, but with directors taking action, you expect this to be reduced by the second quarter. In addition, the Leader highlighted the ambitious capital programme with further announcements on capital closer to the budget.

We highlighted the reference in the report to an additional review on equal pay. We wondered that as a structure had been put in place to prevent further claims what else is outstanding. You stated that there is still potential for new risks to emerge, however the level of risk is not near the scale of some local authorities and legal advice is being sought. We requested a copy of this advice once received, however we understand this will only be what can be released within the confines of confidentiality.

We raised the issue of the Minimum Revenue Provision (MRP) and asked for clarity on whether this would turn negative in future years. The officer responded to say that in earlier years there was a gain on the MRP and there would be a tipping point when there would be costs to the Council. This is why under spends on capital financing have routinely been set aside into the capital equalisation reserve to help mitigate that effect. The Leader stated that due to successful borrowing you are in a position to repay all of the MRP and make money on top to invest and offset pressures.

We commented on the fact that there has been more of an issue on rent arrears rather than council tax arrears. The officer commented that there are some growing risks with housing under greater pressure than in recent years and confirmed that there was a surplus on Council tax arrears last year. We asked for clarity on what the Council tax collection surplus is based on as collection rates were changed. The officer confirmed that this year's Council tax budget was set on a lower assumed collection rate of 94.5% of the quantum following his advice to do so.

We raised concerns about the roll out of Universal Credit (UC) and whether this has affected the number of tenants paying their own council tax and increased the number of those in difficulty and if so, are we signposting them for extra help. You estimated that around a third of those on UC pay all or part of their rent with the remaining two thirds receiving 100% paid by UK government. The split of those receive this directly against those who have it paid directly to the Council on their behalf was not to hand however the housing team have been working on early intervention to avoid significant arrears. The officer added that the move to roll out of UC does complicate matters in terms of benefit arrangements and people's personal budgeting circumstances.

### **Your Response**

We are interested in any thoughts you may have on the contents of this letter but in this instance, we require no formal written response.

Yours sincerely,



**Councillor Chris Holley**

Convener, Service Improvement, Regeneration and Finance Scrutiny Performance Panel

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