

DYDD MAWRTH, 10 MAWRTH 2020

AT: HOLL AELODAU'R BWRDD GWEITHREDOL

YR WYF DRWY HYN YN EICH GALW I FYNYCHU CYFARFOD O'R
BWRDD GWEITHREDOL A GYNHELIR YN **SIAMBR, NEUADD Y SIR**
AM **10.00 YB, DYDD LLUN, 16EG MAWRTH, 2020** ER MWYN
CYFLAWNI'R MATERION A AMLINELLIR AR YR AGENDA SYDD
YNGHLWM

Wendy Walters

PRIF WEITHREDWR



AILGYLCHWCH OS GWELWCH YN DDA

Swyddog Democrataidd:	Kevin Thomas
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Wendy Walters Prif Weithredwr, *Chief Executive*,
Neuadd y Sir, Caerfyrddin. SA31 1JP
County Hall, Carmarthen. SA31 1JP

Y BWRDD GWEITHREDOL AELODAETH - 10 AELOD

Cynghorydd	Portffolio
Cynghorydd Emlyn Dole	Arweinydd Arweinyddiaeth a Strategaeth Gorfforaethol; Cadeirydd y Bwrdd Gweithredol; Cynrychioli'r Cyngor ar CLILC; Datblygu Economaidd; Yn cynrychioli'r Cyngor ar Ranbarth Dinas Bae Abertawe; Cydweithio; Marchnata a'r Cyfryngau; Penodi Aelodau o'r Bwrdd Gweithredol; Penderfynu ar bortffolios ABG; Cyswllt â'r Prif Weithredwr; Bwrdd Gwasanaethau Cyhoeddus
Cynghorydd Mair Stephens	Dirprwy Arweinydd Rheolwr Busnes y Cyngor; Adnoddau Dynol; Rheoli Perfformiad; Archwilio Cymru; Hyfforddiant; T.G.Ch; T.I.C. Cynllunio strategol
Cynghorydd Glynog Davies	Addysg a Phlant Ysgolion; Gwasanaethau Plant; Anghenion Addysgol Arbennig; Diogelu; Cartrefi Seibiant; Gwasanaeth Gwella Ysgolion Integredig Rhanbarthol; Dysgu Oedolion yn y Gymuned; Gwasanaethau Ieuenctid; Gwasanaethau Arlwyo Ysgolion, Aelod Arweiniol dros Blant a Phobl Ifanc; Llysgennad Ieuenctid
Cynghorydd Cefin Campbell	Cymunedau a Materion Gwledig Materion Gwledig ac Ymgysylltu â'r Gymuned; Diogelwch Cymunedol; Yr Heddlu; Deddf Gwrthderfysgaeth a Diogelwch 2015; Trechu Tlodi; Llesiant Cenedlaethau'r Dyfodol; Cyswllt y Trydydd Sector; Cydraddoldeb, Strategaeth Newid yn yr Hinsawdd.
Cynghorydd Hazel Evans	Amgylchedd Sbwriel; Clanhau Strydoedd; Gwasanaethau Priffyrdd aThrafnidiaeth; Cynnal a Chadw Tiroedd; Gwasanaethau Adeiladu; Gofalu; Clanhau Adeiladu; Cynlluniau Argyfwng; Llifogydd
Cynghorydd Linda Evans	Tai Tai - Cyhoeddus; Tai - Preifat; Heneiddio'n dda
Cynghorydd Peter Hughes Griffiths	Diwylliant, Chwaraeon a Thwristiaeth Llysgennad Cynghorau Tref a Chymuned; Datblygu'r Iaith Gymraeg; Theatrau; Chwaraeon; Canolfannau Hamdden; Amgueddfeydd; Llyfrgelloedd; Parciau Gwledig; Twristiaeth, Hawliau Tramwy Cyhoeddus.
Cynghorydd Philip Hughes	Diogelu'r Cyhoedd Safonau Masnach; Iechyd yr Amgylchedd. Gorfodaeth Amgylcheddol; Gorfodaeth Cynllunio; Gwastraff Didrwydded; Gwasanaethau Parcio; Bio amrywiaeth
Cynghorydd David Jenkins	Adnoddau Cyllid a'r Gyllideb; Effeithlonrwydd Corfforaethol; Rheoli Eiddo / Asedau; Caffael; Budd-daliadau Tai; Refeniw; Gwasanaethau Statudol (Crwneriaid, Cofrestryddion, Etholiadol, Arglwydd Rhaglaw); Hyrwyddwr y Lluoedd Arfog; Canolfannau Cyswllt a Chanolfannau Gwasanaethau Cwsmeriaid
Cynghorydd Jane Tremlett	Gofal Cymdeithasol ac Iechyd Gwasanaethau Cymdeithasol i Oedolion; Gofal Preswyl; Gofal Cartref; Anableddau Dysgu; Iechyd Meddwl; Cyswllt / Cydweithio / Integreiddio â'r GIG; Gwasanaethau Arlwyo Cartefi Gofal, Pencampwr Gofalwyr; Llysgennad Anabledd; Pencampwr Gofal Dementia

AGENDA

1. YMDDIHEURIADAU AM ABSENOLDEB.
2. DATGAN BUDDIANNAU PERSONOL.
3. LLOFNODI FEL COFNOD CYWIR COFNODION CYFARFOD Y BWRDD GWEITHREDOL A GYNHALWYD AR Y 24AIN CHWEFROR, 2019 5 - 14
4. CWESTIYNAU Â RHYBUDD GAN YR AELODAU
5. CWESTIYNAU A RHYBYDD GAN Y CYHOEDD
6. ADRODDIAD MONITRO CYLLIDEB REFENIW Y CYNGOR 15 - 42
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Mae'r dudalen hon yn wag yn fwriadol

BWRDD GWEITHREDOL

Dydd Llun, 24 Chwefror 2020

YN BRESENNOL: Y Cynghorydd E. Dole (Cadeirydd)

Y Cynghorwyr:

G. Davies, H.A.L. Evans, L.D. Evans, P.M. Hughes, P. Hughes-Griffiths, D.M. Jenkins and L.M. Stephens

Hefyd yn bresennol:

Y Cynghorwyr: D.M. Cundy, R. James, K. Lloyd and K. Madge

Yr oedd y swyddogion canlynol yn gwasanaethu yn y cyfarfod:

W. Walters, Prif Weithredwr

J. Morgan, Cyfarwyddwr y Gwasanaethau Cymunedau

C. Moore, Cyfarwyddwr Gwasanaethau Corfforaethol

Mrs R. Mullen, Cyfarwyddwr yr Amgylchedd

L.R. Jones, Pennaeth Gweinyddiaeth a'r Gyfraith

P.R. Thomas, Prif Weithredwr Cynorthwyol (Rheoli Pobl a Pherfformiad)

J. Morgan, Pennaeth Cartrefi a Chymunedau Mwy Diogel

A. Bowen, Arweinydd Buddsodi yn ein Tai

S. Davies, Pennaeth Mynediad i Addysg

D. Hockenfull, Rheolwr y y Cyfryngau a Marchnata

L Morris, Uwch Swyddog Y Wasg

L. Jenkins, Swyddog Gwasanaethau Democrataidd

E. Bryer, Swyddog Gwasanaethau Democrataidd

Siambr, Neuadd Y Sir - Neuadd y Sir, Caerfyrddin. SA31 1JP. - 10.00 - 11.15 yb

Cyn dechrau'r cyfarfod, estynnodd y Bwrdd Gweithredol ei gydymdeimlad i bawb oedd wedi cael eu heffeithio gan y stormydd diweddar.

1. YMDDIHEURIADAU AM ABSENOLDEB.

Derbyniwyd ymddiheuriadau am absenoldeb gan y Cynghorwyr C.A.Campbell a J. Tremlett.

2. DATGAN BUDDIANNAU PERSONOL.

Y Cynghorydd / Swyddog	Rhif y Cofnod	Y Math o Fuddiant
Y Cynghorydd Emlyn Dole	12 – Polisi Cyflogau Athrawon Enghreifftiol 2019-20	Merch-yng-nghyfraith yn athrawes
Y Cynghorydd L. Evans	12 – Polisi Cyflogau Athrawon Enghreifftiol 2019-20	Ei merch yn athrawes
Y Cynghorydd Peter Hughes Griffiths	12 – Polisi Cyflogau Athrawon Enghreifftiol 2019-20	Ei ferch yn athrawes

W. Walters (Prif Weithredwr)	12 – Polisi Cyflogau Athrawon Enghreifftiol 2019-20	Brawd yn athro cyflenwi
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3. LLOFNODI FEL COFNOD CYWIR COFNODION CYFARFOD Y BWRDD GWEITHREDOL A GYNHALWYD AR Y 3YDD CHWEFROR 2020

PENDERFYNWYD YN UNFRYDOL lofnodi bod cofnodion cyfarfod y Bwrdd Gweithredol a gynhaliwyd ar 3 Chwefror 2020 yn gofnod cywir.

4. CWESTIYNAU Â RHYBUDD GAN YR AELODAU

Dywedodd y Cadeirydd nad oedd dim cwestiynau â rhybudd wedi cael eu cyflwyno gan yr Aelodau.

5. CWESTIYNAU A RHYBYDD GAN Y CYHOEDD

Dywedodd y Cadeirydd nad oedd dim cwestiynau wedi dod i law gan y cyhoedd.

6. STRATEGAETH Y GYLLIDEB REFENIW 2020/21 I 2022/23

Bu'r Bwrdd Gweithredol yn ystyried adroddiad a oedd yn dwyn ynghyd y cynigion diweddaraf ynghylch Cyllideb Refeniw 2019/2020 ac yn darparu'r ffigurau mynegiannol ar gyfer blynyddoedd ariannol 2021/2022 a 2022/2023. Hefyd roedd yr adroddiad yn crynhoi'r sefyllfa ddiweddaraf o ran y gyllideb gan roi diweddiariad ynghylch dilysu'r gyllideb, y gwasgfydd o ran gwariant, setliad terfynol Llywodraeth Cymru, a'r ymatebion i'r ymgynghoriad ynghylch y gyllideb.

Amlinellwyd i'r Bwrdd gan yr Aelod o'r Bwrdd Gweithredol dros Adnoddau nifer o ffactorau sy'n dylanwadu ar y gyllideb, gan gynnwys y ffaith na fyddai'r setliad terfynol gan Lywodraeth Cymru yn dod i law tan 25 Chwefror 2020. Roedd y wybodaeth ddiweddaraf am grantiau a thybjaethau wedi darparu arian ychwanegol o gymharu â'r gyllideb dros dro y cytunwyd arni ar 6 Ionawr 2020.

Dywedodd yr Aelod o'r Bwrdd Gweithredol dros Adnoddau fod manylion llawn y setliad dros dro yn yr adroddiad; roedd y cyllid ar gyfer Llywodraeth Leol ar sail Cymru gyfan wedi cynyddu 4.3%, gyda Sir Gaerfyrddin yn derbyn 4.4%. Roedd hyn yn adlewyrchu'r gydnabyddiaeth o'r lefel ddigynsail o bwysau ariannol sy'n wynebu Awdurdodau Lleol. Er gwaethaf y cynnydd mewn cyllid, roedd angen gwneud arbedion o hyd.

Wrth ystyried y byddai setliad terfynol Llywodraeth Cymru yn dod i law ar 25 Chwefror 2020, gofynnwyd yn yr adroddiad i roi awdurdod i Gyfarwyddwr y Gwasanaethau Corfforaethol ar y cyd â'r Arweinydd, y Prif Weithredwr a'r Aelod o'r Bwrdd Gweithredol dros Adnoddau i wneud unrhyw addasiadau angenrheidiol i Strategaeth y Gyllideb cyn cyfarfod y Cyngor Sir ar 3 Mawrth 2020.

Dywedwyd wrth y Bwrdd Gweithredol bod yr adroddiad wedi cael ei addasu'n briodol wrth i'r wybodaeth ddod i law. Ac eithrio costau pensiynau athrawon, roedd cyfanswm y dilysiad yn ychwanegu tua £11.8m at y gyllideb. Roedd yr adroddiad yn tynnu sylw at y lefel uchel o ansicrwydd ynghylch cyflogau, ond roedd y gyllideb wedi caniatáu ar gyfer cynnydd o 2.75% bob blwyddyn. Fodd bynnag, nodwyd nad oedd y cynnig cyflog yn berthnasol i athrawon, a oedd yn destun trefniant cyflog

cededlaethol ar wahân. Pennwyd dyfarniad mis Medi 2019 ar 2.75% a thybiwyd y lefel hon ar gyfer y blynyddoedd sydd i ddod, ond cydnabuwyd bod hyn yn risg allweddol o ran y gyllideb.

Dywedodd yr Aelod o'r Bwrdd Gweithredol dros Adnoddau wrth y Bwrdd Gweithredol fod £311k wedi'i ychwanegu at y gyllideb ysgolion, gan arwain at gynnydd cyffredinol yng nghyllidebau dirprwyedig ysgolion o £10.1m, roedd hyn yn dangos cefnogaeth sylweddol i ysgolion ac yn darparu'r un lefel o ran gwariant â'r flwyddyn bresennol.

Cyfeiriwyd at amserlen fer y gyllideb, er gwaethaf hyn, roedd y broses ymgynghori wedi bod yn llwyddiannus, gyda dros 2,000 o ymatebion wedi dod i law. Roedd yr ymgynghoriad wedi caniatáu cyfnod ar gyfer dadlau ar y gyllideb a chafwyd adborth sylweddol. Gan ystyried canlyniad yr ymgynghoriad a'r addasiad i'r gyllideb, cafodd y cynigion canlynol eu tynnu yn ôl:

- Cau Canolfan Ailgylchu Gwastraff y Cartref Hendy-gwyn ar Daf.
- Cau toiledau cyhoeddus.
- Gostyngiad yng nghyllideb y Gwasanaethau Cymorth Ieuenctid.
- Cynyddu taliadau mynwentydd.

Yn ogystal, byddai'r costau cynyddol arfaethedig mewn perthynas â gwasanaethau hamdden bellach yn cael eu bodloni drwy gynnydd yn y defnydd, ac ni fyddai angen cynyddu prisiau.

Dywedodd yr Aelod o'r Bwrdd Gweithredol dros Adnoddau y dylid gohirio'r arbedion effeithlonrwydd arfaethedig ar y gyllideb ADY i flwyddyn 3 ynghyd â'r ffi weinyddol arfaethedig ar gyfer lleoliadau preswyl sydd wedi'u hariannu eu hunain. Cynigiodd hefyd, oherwydd pwysau ar y gwasanaeth, y dylid sicrhau'r canlynol:

- £128k - Grant Gweithlu Gofal Cymdeithasol - dylid darparu hwn i Wasanaethau Cymdeithasol
- £140k tuag at gyllidebau priffyrdd i wella ffyrdd a chapasiti.
- £140k yn cael ei ddirprwyo i'r Gyfarwyddwr Addysg i flaenoriaethu yn unol â'r gofynion adrannol.

Cynigiwyd i'r Bwrdd Gweithredol y dylid gweithredu cynnydd o 4.89% yn y Dreth Gyngor er mwyn gallu cyflawni'r Strategaeth.

PENDERFYNWYD YN UNFRYDOL ARGYMELL I'R CYNGOR:-

- 6.1 bod Strategaeth y Gyllideb 2020/21 yn cael ei chymeradwyo.**
- 6.2 bod y Dreth Gyngor Band D am 2019/20 i'w gosod ar £1,255.17 (cynnydd o 4.89% ar gyfer 2019-2020).**
- 6.3 bod y dyraniad o £560k o gyllid cylchol a oedd ar gael yn cael ei ddyrannu, fel y manylir uchod.**
- 6.4 bod y Cynllun Ariannol Tymor Canolig amodol yn cael ei gymeradwyo yn sylfaen i gynllunio ar gyfer y blynyddoedd sydd i ddod.**
- 6.5 bod awdurdod yn cael ei ddirprwyo i Gyfarwyddwr y Gwasanaethau Corfforaethol, mewn ymgynghoriad â'r Prif**

Weithredwr, yr Arweinydd a'r Aelod o'r Bwrdd Gweithredol dros Adnoddau, i wneud unrhyw newidiadau angenrheidiol o ganlyniad i setliad terfynol Llywodraeth Cymru sydd fod dod i law ar 25 Chwefror 2020.

7. RHAGLEN GYFALAF PUM MLYNEDD 2020/21 I 2024/25

Bu'r Bwrdd Gweithredol yn ystyried adroddiad a oedd yn dwyn ynghyd y cynigion diweddaraf am Raglen Gyfalaf Bum Mlynedd (Cronfa'r Cyngor) 2020/2021 hyd at 2024/2025. Roedd yr adroddiad yn cymryd i ystyriaeth yr ymgynghoriad a gynhaliwyd a'r goblygiadau refeniw oedd yn deillio o'r rhaglen gyfalaf.

Nododd y Bwrdd mai £106.393m oedd gwariant gros arfaethedig y rhaglen gyfalaf am 2020/21. Y bwriad oedd i'r Cyngor Sir gyllido £57.563m o'r rhaglen drwy ddefnyddio benthyciadau, derbyniadau cyfalaf, arian wrth gefn a'r grant cyfalaf cyffredinol a bod y £48.830m oedd yn weddill yn dod o ffynonellau allanol.

Dywedwyd wrth y Bwrdd y rhagwelid y byddai'r rhaglen gyfalaf yn cael ei chyllido'n llawn dros y cyfnod o bum mlynedd o 2020/21 hyd at 2024/2025.

Nododd y Bwrdd Gweithredol fod y rhaglen yn cynnwys gwariant arfaethedig ar brosiectau Bargaen Ddinesig Dinas-ranbarth Abertawe y byddai'r awdurdod yn benthycia yn eu herbyn, gyda'r cyllid yn cael ei ddychwelyd o Lywodraeth Cymru a Llywodraeth y DU dros gyfnod o 15 mlynedd (o 2018/19).

Dywedodd yr Aelod o'r Bwrdd Gweithredol dros Adnoddau wrth y Bwrdd fod y rhaglen gyfalaf arfaethedig yn rhagweld gwariant o bron i £255m dros y pum mlynedd a bod y rhaglen yn gwneud y gorau posibl o'r cyfleoedd ariannu ac yn gwneud y mwyaf o'r cyllid sydd ar gael o ffynonellau allanol.

Dywedwyd wrth y Bwrdd Gweithredol nad oedd Llywodraeth Cymru wedi darparu unrhyw ragamcanion mewn perthynas â'r cyllid cyfalaf cyffredinol y tu hwnt i 2020/21 a bod y rhaglen, o ganlyniad i hyn, yn seiliedig ar y ffaith y byddai benthyciadau â chymorth a grantiau cyffredinol yn parhau ar yr un lefel â 2020/21.

Cadarnhaodd yr Aelod o'r Bwrdd Gweithredol dros Adnoddau fod buddsoddiad wedi'i wneud yn Rhaglen Ysgolion yr 21^{ain} Ganrif, Priffyrdd, Adfywio a Thai. Yn y Gwasanaethau Cymunedol, roedd y rhaglen gyfalaf yn buddsoddi mewn gwasanaethau hamdden a diwylliannol gan gynnwys £1.9m i Oriel Myrddin, £650k i Ganolfan Hamdden Caerfyrddin a'r cymorth parhaus ar gyfer tai yn y sector preifat yn 2024/25 ar gyfer Grantiau Cyfleusterau i Bobl Anabl.

Dywedwyd wrth y Bwrdd Gweithredol y byddai cymorth yn parhau ar gyfer gwella priffyrdd, cynnal a chadw pontydd, a chynlluniau diogelwch ffyrdd yn 2024/25. Byddai cyllid ar gyfer cynnal a chadw priffyrdd yn cael ei gryfhau yn 2020/21 drwy'r Grant Adnewyddu Ffyrdd a ddarperir gan Lywodraeth Cymru.

Dywedodd yr Aelod o'r Bwrdd Gweithredol dros Adnoddau y bu'n bosibl gwneud ymrwymadau ychwanegol ar draws ystadau'r Cyngor gyda darpariaeth o £2.5m ar gyfer gwaith hanfodol i Neuadd y Sir, £500k ar gyfer gwaith yn Nhŷ Elwyn a £3.9 m tuag at gynnal a chadw parhaus ar draws yr ystâd yn 2020/24. Byddai arian newydd yn cael ei ddarparu ar gyfer mentrau Carbon Sero-net ar draws yr ystâd.

Yn ogystal, byddai £2.7m o arian ychwanegol gan Lywodraeth Cymru yn cael ei ddefnyddio i gynnal a chadw adeiladau ysgolion. Roedd £4m wedi gynnwys ar gyfer ailddatblygu Neuadd y Farchnad, Llandeilo a £850k ar gyfer y buddsoddiad parhaus yn Ystâd Ddiwydiannol Glanamau. Roedd £500k wedi'i ddyrannu hefyd tuag at y camau gweithredu gofynnol yn dilyn yr Argyfwng Hinsawdd a gafodd ei ddatgan yn 2019/20.

Gofynnodd yr Aelod o'r Bwrdd Gweithredol dros Adnoddau i'r Bwrdd Gweithredol nodi'r manylion cynhwysfawr a nodwyd yn Atodiad B yr adroddiad, ynghyd â'r rhestr o flaenoriaethau wrth gefn.

PENDERFYNWYD YN UNFRYDOL ARGYMELL I'R CYNGOR

- 7.1 bod y cyllid a'r Rhaglen Gyfalaf Bum Mlynedd, fel y'u nodwyd yn Atodiad B yr adroddiad, gyda 2021/22 yn gyllideb bendant a chyllidebau 2021/22 i 2024/25 yn gyllidebau amhendiant/dangosol yn cael eu cymeradwyo**
- 7.2 bod y rhaglen yn cael ei hadolygu oni lwyddir i gael y cyllid disgwylidig gan gyrrff allanol neu'r Cyngor Sir**
- 7.3 bod y Strategaeth Gyfalaf, fel y manylir arni yn Atodiad C, yn cael ei chymeradwyo**
- 7.4 bod awdurdod yn cael ei ddirprwyo i Gyfarwyddwr y Gwasanaethau Corfforaethol, mewn ymgynghoriad â'r Prif Weithredwr, yr Arweinydd a'r Aelod o'r Bwrdd Gweithredol dros Adnoddau, wneud unrhyw newidiadau angenrheidiol o ganlyniad i setliad terfynol Llywodraeth Cymru ar 25 Chwefror 2020.**

8. CYFRIF CYLLIDEB REFENIW TAI 2020/21 - 2022/23 A LEFELAU RHENTI TAI 2020/21

Bu'r Bwrdd Gweithredol yn ystyried adroddiad a baratowyd gan Gyfarwyddwr y Gwasanaethau Corfforaethol, ar y cyd â swyddogion o'r Adran Cymunedau a oedd yn dod ynghyd â'r cynigion diweddaraf ar gyfer Cyllidebau Refeniw a Chyfalaf y Cyfrif Refeniw Tai am 2020/21 i 2022/23. Nodwyd bod yr adroddiad wedi cael ei ystyried a'i gymeradwyo gan y Pwyllgor Craffu – Cymunedau yn ei gyfarfod ar 5 Chwefror 2020, fel rhan o'r broses ymgynghori ynghylch y gyllideb.

Roedd yr adroddiad wedi cael ei baratoi gan adlewyrchu'r cynigion diweddaraf a oedd yn rhan o Gynllun Busnes y Cyfrif Refeniw Tai, sef y prif gyfrwng cynllunio ariannol ar gyfer darparu Safon Tai Sir Gaerfyrddin a Mwy (STSG+) ar gyfer y dyfodol. Nodwyd bod y buddsoddiad arfaethedig yn y cynllun busnes presennol wedi cyflawni Safon Tai Sir Gaerfyrddin erbyn 2015 (i'r cartrefi hynny lle'r oedd tenantiaid wedi cytuno i gael y gwaith wedi'i wneud), wedi darparu'r buddsoddiad i gynnal Safon Tai Sir Gaerfyrddin a Mwy, ac wedi parhau i fuddsoddi yn Ymrwymiad i Dai Fforddiadwy'r Cyngor.

Dywedodd yr Aelod o'r Bwrdd Gweithredol dros Adnoddau fod buddsoddiad cyfalaf o oddeutu £230m wedi darparu Safon Tai Sir Gaerfyrddin ar gyfer tenantiaid a gwariwyd £49m arall ar gynnal Safon Tai Sir Gaerfyrddin a Mwy ar gyfer eiddo a thenantiaid. Dros y 3 mlynedd nesaf rhagwelwyd y byddai tua £49m yn cael ei wario ar gynnal a gwella ein stoc tai.

Atgoffwyd y Bwrdd Gweithredol ei fod yn ofynnol ers 2015 i'r Awdurdod fabwysiadu Polisi Cysoni Rhent Tai Cymdeithasol Llywodraeth Cymru, sef bod y cynnydd arfaethedig mewn rhent yn cael ei ragnodi gan ganllawiau Lywodraeth Cymru, a thrwy hynny, ddarparu dosbarthiad mwy teg o ran rhenti ar gyfer tenantiaid y sector cymdeithasol. Daeth y polisi hwn i ben yn 2018/19 a chyflwynwyd polisi interim am flwyddyn ar gyfer 2019/20, gan Lywodraeth Cymru, ac erbyn hyn mae'r Llywodraeth wedi cyflwyno polisi newydd i'w weithredu yn 2020/21. Roedd y polisi interim hwnnw'n caniatáu i Awdurdodau Lleol o fewn eu band rhent targed gynyddu rhent yn ôl CPI +1% yn unig. Roedd hefyd yn caniatáu i lefel y rhent i denantiaid unigol gynyddu hyd at £2 yn ychwanegol ar ben y CPI + 1% ar gyfer cysoni rhenti, ar yr amod na fyddai cyfanswm yr incwm rhent a fyddai'n cael ei gasglu gan y landlord cymdeithasol yn fwy na CPI + 1%.

Byddai'r polisi newydd yn gymwys am 5 mlynedd o 2020/21 ac roedd yn cynnwys meini prawf ychwanegol ynghylch bodlonrwydd tenantiaid, safonau o ran gofod, lleihau achosion o droi allan ac effeithlonrwydd ynni. Roedd hefyd yn nodi'r angen i ddatgarboneiddio'r stoc tai cymdeithasol, a fyddai'n fuddsoddiad sylweddol i awdurdodau.

PENDERFYNWYD YN UNFRYDOL ARGYMELL I'R CYNGOR:-

- 8.1 **bod y rhent tai cyfartalog yn cael ei gynyddu yn unol â Pholisi Rhenti Tai Cymdeithasol Llywodraeth Cymru h.y. :-**
 - a) **bod cynnydd o 2.53% yn cael ei wneud i renti eiddo sydd ar y targed**
 - b) **bod cynnydd o 2.53% yn cael ei wneud i'r rhenti hynny sydd yn is na'r rhent targed a'u bod yn cael eu cynyddu £1 yr wythnos ar y mwyaf**
 - c) **bydd y rhenti hynny sy'n uwch na'r targed yn cael eu rhewi hyd nes eu bod yn unol â'r targed**
 - d) **gan gynhyrchu cynnydd yn y rhenti tai cyngor o 2.7% neu £2.36 ar gyfartaledd**
- 8.2 **gweithredu'r cynnydd mwyaf posibl o £1.00 ar gyfer rhenti sy'n is na'r rhenti targed, hyd nes y cyrhaeddir y rhenti targed.**
- 8.3 **cadw rhent garejis yn £9.00 yr wythnos a sylfeini garejis yn £2.25 yr wythnos.**
- 8.4 **rhoi'r polisi ynghylch taliadau am wasanaethau ar waith er mwyn sicrhau bod y tenantiaid a oedd yn cael gwasanaethau penodol yn talu am y gwasanaethau hynny.**
- 8.5 **cynyddu'r taliadau am ddefnyddio gwaith trin carthffosiaeth y Cyngor, yn unol â'r cynnydd mewn rhenti.**
- 8.6 **cymeradwyo Cyllideb y Cyfrif Refeniw Tai ar gyfer 2020/21 (cyllidebau amhendant yw rhai 2022/22 a 22/23D), fel y nodwyd yn Atodiad B.**
- 8.7 **bod y Rhaglen Gyfalaf arfaethedig a'r cyllido perthnasol ar gyfer 2020/21, a'r gwariant mynegiannol a bennwyd ar gyfer y blynyddoedd 2021/22 i 2022/2023, fel y'u nodwyd yn Atodiad A, yn cael eu cymeradwyo.**

9. SAFON TAI SIR GAERFYRDDIN A MWY (STSG+) CYNLLUN BUSNES 2020-23

Bu'r Bwrdd Gweithredol yn ystyried Cynllun Busnes Safon Tai Sir Gaerfyrddin a Mwy 2020-2023, a phrif bwrpas y cynllun oedd:

- Egluro'r weledigaeth a'r manylion ynglŷn â chynnal a gwella Safon Tai Sir Gaerfyrddin a Mwy dros y tair blynedd nesaf, a beth y mae hyn yn ei olygu i'r tenantiaid
- Nodi ein bwriad i ddatblygu safon newydd ar gyfer Sir Gaerfyrddin drwy barhau i symud tuag at dai carbon niwtral, rhai presennol a rhai newydd, gan sicrhau bod cadwyn gyflenwi, swyddi a chyfleoedd hyfforddi newydd yn cael eu darparu
- Cadarnhau'r proffil ariannol, yn seiliedig ar y rhagdybiaethau presennol, ar gyfer cyflawni Safon Tai Sir Gaerfyrddin a Mwy dros y tair blynedd ariannol nesaf
- Llundio cynllun busnes ar gyfer y cais blynyddol i Lywodraeth Cymru am Lwfans Atgyweiriadau Mawr (MRA) ar gyfer 2020/21, sy'n cyfateb i £6.1m.

Roedd yr Aelod o'r Bwrdd Gweithredol dros Dai wedi tynnu sylw at y ffaith bod yr adroddiad yn manylu ar y bwriad i weithio gyda phartneriaid i ddatblygu safon newydd yn Sir Gaerfyrddin drwy barhau i symud tuag at gartrefi carbon niwtral, rhai presennol a rhai newydd. Gyda chymorth Prifysgol Caerdydd, roedd yr Awdurdod wedi bod yn gweithio ar ôl-osod amrywiaeth o dechnolegau carbon isel gan gynnwys cyflenwadau ynni adnewyddadwy, storio ynni a thechnolegau lleihau'r galw am ynni. Roedd offer monitro wedi'i osod a byddai'r canlyniadau'n cael eu dadansoddi o ran cost, manteision i denantiaid a pha mor hawdd yw defnyddio'r offer.

Dywedwyd wrth y Bwrdd Gweithredol bod bron i £49m wedi'i neilltuo i gynnal Safon Tai Sir Gaerfyrddin a Mwy ar gyfer tenantiaid presennol dros y 3 blynedd nesaf er mwyn galluogi tenantiaid i elwa ar gartrefi sy'n garbon isel ac sy'n rhatach i'w rhedeg.

Cadarnhaodd yr Aelod o'r Bwrdd Gweithredol dros Dai fod yr Awdurdod ar fin cyflawni ei addewid i ddarparu 1,000 o dai fforddiadwy ychwanegol erbyn 2021. Cyflawnwyd hyn drwy brynu tai ar y farchnad agored, aildddefnyddio eiddo gwag unwaith eto ac adeiladu cartrefi newydd. Mae dros 60 o aelwydydd wedi cael eu tai drwy'r Gofrestr Tai Hygyrch gan sicrhau bod y tai'n diwallu eu hanghenion tai penodol.

Dywedodd yr Aelod o'r Bwrdd Gweithredol dros Dai, er bod llawer wedi'i gyflawni, roedd yn cydnabod bod mwy i'w wneud o hyd ond roedd yr Awdurdod yn barod i wynebu'r heriau. Yn y cynllun a gafodd ei gyhoeddi nodwyd bwriad yr Awdurdod i ddatblygu rhaglen adeiladu newydd ar gyfer Cartrefi Croeso er mwyn sicrhau cynifer â phosibl o dai, yn enwedig mewn ardaloedd gwledig. Roedd y gwaith i adeiladu cartrefi Cyngor newydd yn Dylan eisoes wedi dechrau gyda bron i £52m ar gael i'w wario dros y tair blynedd nesaf ar adeiladu mwy o dai Cyngor a byddai hyn yn cyd-fynd â'r rhaglen fuddsoddi tai ehangach. Byddai hyn yn galluogi'r Awdurdod i ganolbwyntio ar y datblygiad arfaethedig yn ward Tŷ-isa, y Pentref Llesiant, Canol Trefi a threfi gwledig.

Dywedwyd wrth y Bwrdd Gweithredol bod yr Awdurdod yn ymwybodol bod cyflwyno Credyd Cynhwysol wedi golygu her i denantiaid o ran rheoli eu cyllidebau misol, ond roedd y cynllun gweithredu a roddwyd ar waith gan yr Awdurdod wedi lleihau'r effaith gymaint â phosibl ar eu cyfer.

Dywedodd yr Aelod o'r Bwrdd Gweithredol dros Dai fod hyn yn gyfnod cyffrous a hefyd yn gyfnod o ansicrwydd i denantiaid, ond roedd yr Awdurdod wedi gallu cadw'r cynnydd mewn rhent ar gyfer 2020/21 ar gyfartaledd o 2.7% ac ni ddylid dibrisio'r cyflawniad hwn. Yn ystod y flwyddyn nesaf, byddai angen i'r Awdurdod sicrhau eglurder gan Lywodraeth Cymru ynghylch blaenoriaethau ariannol y dyfodol o ran cynnal y safonau presennol, cyflwyno safonau newydd i gefnogi'r agenda datgarboneiddio ac adeiladu tai fforddiadwy i'r rhai mewn angen.

PENDERFYNWYD YN UNFRYDOL ARGYMELL I'R CYNGOR:-

- 9.1 bod gweledigaeth uchelgeisiol Safon Tai Sir Gaerfyrddin a Mwy, ynghyd â'r rhaglen gyflawni ac ariannol dros y tair blynedd nesaf, yn cael eu cadarnhau.**
- 9.2 cadarnhau bod Cynllun Busnes 2020/23 yn cael ei gyflwyno i Lywodraeth Cymru.**
- 9.3 nodi'r bwriad i ddatblygu safon newydd ar gyfer Sir Gaerfyrddin drwy barhau i symud tuag at dai carbon niwtral, rhai presennol a rhai newydd, gan sicrhau bod cadwyn gyflenwi, swyddi a chyfleoedd hyfforddi newydd yn cael eu darparu.**

10. POLISI RHEOLI'R TRYSORLYS A STRATEGAETH 2020-21

Atgoffwyd y Bwrdd Gweithredol fod y Cyngor, yn unol â gofynion Côd Ymarfer diwygiedig CIPFA ynghylch Rheoli'r Trysorlys, wedi cytuno i gynnal Polisi Rheoli'r Trysorlys a oedd yn manylu ar bolisiau ac amcanion gweithgareddau'r Awdurdod o ran Rheoli'r Trysorlys, a hefyd i gymeradwyo Strategaeth Rheoli'r Trysorlys yn flynyddol cyn dechrau'r flwyddyn ariannol yr oedd yn ymwneud â hi. Yn ogystal, dan ddarpariaethau Deddf Llywodraeth Leol 2003, roedd yn ofynnol i'r Cyngor gymeradwyo Dangosyddion Rheoli'r Trysorlys ar gyfer y flwyddyn i ddod.

Yn unol â'r gofynion uchod, rhoddodd y Bwrdd Gweithredol ystyriaeth i Bolisi a Strategaeth y Cyngor ynghylch Rheoli'r Trysorlys ar gyfer blwyddyn ariannol 2020/21 cyn eu rhoi gerbron y Cyngor yn ffurfiol ar gyfer eu mabwysiadu.

PENDERFYNWYD YN UNFRYDOL ARGYMELL I'R CYNGOR:-

- 10.1 bod Polisi a Strategaeth Rheoli'r Trysorlys ar gyfer 2020-21 a'r argymhellion a nodwyd ynddynt yn cael eu cymeradwyo.**
- 10.2 bod Dangosyddion Rheoli'r Trysorlys, y Dangosyddion Darbodaeth, y Datganiad ynghylch y Ddarpariaeth Isafswm Refeniw a'r argymhellion yn cael eu cymeradwyo.**

11. CYFRADDAU BUSNES - CYNLLUN RHYDDHAD ARDRETHI'R STRYD FAWR 2020/21

Bu'r Bwrdd Gweithredol yn ystyried Ardrethi Busnes - Cynllun Rhyddhad Ardrethi'r Stryd Fawr a Manwerthu 2020/21, gyda'r bwriad o ystyried mabwysiadu cynllun rhyddhad ardrethi sy'n cael ei ddarparu i awdurdodau bilio gan Lywodraeth Cymru ar gyfer 2020/21.

Roedd yr Aelod o'r Bwrdd Gweithredol dros Adnoddau wedi atgoffa'r Bwrdd Gweithredol bod yr ailbrisiad ardrethi annomestig cenedlaethol wedi dod i rym ar 1 Ebrill 2017, gan arwain at rai ardaloedd yn elwa ar ostyngiadau mewn gwerthoedd

ardrethol, megis canol tref Llanelli a threthdalwyr eraill yn gweld cynnydd sylweddol. Cyhoeddwyd Cynllun Rhyddhad Trosiannol gan Lywodraeth Cymru i liniaru effaith a chyfyngu ar unrhyw gynnydd ar gyfer trethdalwyr mewn safleoedd bach drwy gyflwyno'r cynnydd fesul cam dros 3 blynedd ariannol. Daeth y Cynllun Rhyddhad Trosiannol i ben eleni.

Dywedodd yr Aelod o'r Bwrdd Gweithredol dros Adnoddau fod Llywodraeth Cymru, yn 2017, wedi cyflwyno cynllun rhyddhad ardrethi pellach gyda'r nod o helpu'r sector manwerthu a lletygarwch. Roedd Cyngor Sir Caerfyrddin wedi mabwysiadu'r cynllun hwn ar gyfer 2017/18, 2018/19 a 2019/20. Nid oedd y cynllun hwn wedi'i gyfyngu i ganol trefi er bod eiddo mewn parciau manwerthu ac ystadau diwydiannol y tu allan i drefi wedi'u heithrio yn ogystal â busnesau yn y sector gwasanaethau. Roedd y cynllun hwn wedi'i anelu'n benodol at fusnesau a manwerthwyr ar y stryd fawr megis siopau, tafarndai, bwytai a chaffis.

Roedd Llywodraeth Cymru wedi penderfynu ymestyn y cynllun i 2020-21, gyda'r nod o ddarparu cymorth ar gyfer busnesau adwerthu cymwys drwy gynnig disgownt o hyd at £2,500 ar y bil ardrethi annomestig fesul eiddo, a hynny i adwerthwyr mewn safleoedd sydd â gwerth ardrethol rhwng £6,001 a £50,000 yn ystod blwyddyn ariannol 2020-21.

PENDERFYNWYD YN UNFRYDOL fabwysiadu Cynllun Rhyddhad Ardrethi y Stryd Fawr a Manwerthu 2020/21.

12. MODEL POLISI CYFLOGAU ATHRAWON 2019/20

[Noder: Roedd y Cyngorwyr E. Dole, L.D Evans a P. Hughes-Griffiths a W. Walters (Prif Weithredwr) wedi datgan buddiant yn yr eitem hon yn gynharach].

Bu'r Bwrdd Gweithredol yn ystyried y Polisi Tâl Athrawon Enghreifftiol diwygiedig hwn sydd wedi cael ei ddiweddarau i gynnwys tâl mis Medi 2019 fel y nodir yn y Ddogfen Cyflog ac Amodau Athrawon Ysgol (Cymru) 2019. Ymgynghorwyd yn llawn â chymdeithasau athrawon, yn rhanbarthol ac yn lleol, ynghylch y Polisi.

Dywedodd y Dirprwy Arweinydd wrth y Bwrdd Gweithredol fod yn rhaid i bob ysgol bennu polisi cyflog sydd hefyd yn nodi'r gweithdrefnau achwyniadau ynghylch cyflog. Roedd y datganiad wedi'i ddiwygio gan grŵp Adnoddau Dynol consortiwm ERW ac roedd yn adlewyrchu dyfarniad cyflog 2019.

Roedd y Dirprwy Arweinydd wedi annog bob corff llywodraethu i ymgyswrtu â chynnwys y polisi ac y byddai'r adran Adnoddau Dynol yn darparu cyngor ac arweiniad ar fabwysiadu'r polisi hwn pe byddai angen.

Dywedodd yr Aelod o'r Bwrdd Gweithredol dros Addysg a Phlant y byddai'n gofyn i bennaeth yr Adran Addysg anfon llythyr at bob corff llywodraethu yn tynnu sylw at eu cyfrifoldebau ynglŷn â'r polisi hwn.

PENDERFYNWYD YN UNFRYDOL gymeradwyo'r Polisi Cyflogau Athrawon Enghreifftiol 2019/20 a'i gyflwyno i'r ysgolion er mwyn i'w Cyrff Llywodraethu ei fabwysiadu'n ffurfiol.

13. MODEL POLISI CYFLOGAU ATHRAWON DIGYSWLLT 2019/20

Bu'r Bwrdd Gweithredol yn ystyried Polisi Cyflogau Athrawon Digyswllt Enghreifftiol, a oedd wedi cael ei ddiweddarau i adleisio dyfarniad cyflog Medi 2019 fel y nodir yn y Ddogfen Cyflog ac Amodau Athrawon (Cymru) 2019.

PENDERFYNWYD YN UNFRYDOL gymeradwyo'r Polisi Cyflogau Athrawon Digyswllt Enghreifftiol 2019/20 a'i gyflwyno i'r ysgolion er mwyn i'w Cyrff Llywodraethu ei fabwysiadu'n ffurfiol.

**14. UNRHYW FATER ARALL Y GALL Y CADEIRYDD OHERWYDD
AMGYLCHIADAU ARBENNIG BENDERFYNU EI YSTYRIED YN FATER BRYS
YN UNOL AG ADRAN 100B(4)(B) O DDEDDF LLYWODRAETH LEOL, 1972.**

Dywedodd y Cadeirydd nad oedd unrhyw eitemau eraill o fater brys.

CADEIRYDD

DYDDIAD

Bwrdd Gweithredol
16eg Mawrth 2020

ADRODDIAD MONITRO CYLLIDEB REFENIW Y CYNGOR

Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

Sicrhau bod y bwrdd yn derbyn yr adroddiad Monitro Cyllideb ac yn ystyried y sefyllfa cyllidebol.

Mae gorwariant sylweddol posibl o hyd ar lefel adrannol. Dylai'r Prif Swyddogion a'r Penaethiaid barhau i adolygu eu sefyllfaoedd cyllidebol yn feirniadol a pharhau i roi ar waith bob gweithrediad priodol angenrheidiol, er mwyn cadw o fewn yr adnoddau a ddosbarthwyd, fel mater o frys, gan gydnabod, oni chânt sylw, y bydd y rhain yn parhau i effeithio ar gyllidebau blynyddoedd i ddod.

Y Rhesymau:

I ddarparu'r newyddion i'r Bwrdd Gweithredol ynglyn a sefyllfa diweddaraf cyllideb 2019/20, ar 31ain Rhagfyr 2019.

Ymgynghorwyd â'r pwyllgor craffu perthnasol: AMHERTHNASOL

Angen i'r Bwrdd Gweithredol wneud penderfyniad OES

Angen i'r Cyngor wneud penderfyniad NAC OES

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:-
Cyng. David Jenkins

Y Gyfarwyddiaeth:
Gwasanaethau Corfforaethol

Enw Cyfarwyddwr y
Gwasanaeth:
Chris Moore

Awdur yr Adroddiad:
Randal Hemingway

Swyddi:

Cyfarwyddwr y Gwasanaethau
Corfforaethol

Pennaeth y Gwasanaethau
Ariannol

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EXECUTIVE SUMMARY

Executive Board

16th March 2020

The revenue budget monitoring reports for the period to 31st December 2019 are attached and indicate that:

COUNCIL FUND REVENUE ACCOUNT (Appendix A)

Overall, the monitoring report forecasts an end of year overspend of £2,750k on the Authority's net revenue budget with an overspend at departmental level of £4,055k.

The most significant pressure points are within Education and Children's Services and the department needs to critically examine the current forecasted position.

Chief Executive's Department

The Chief Executive Department is anticipating an underspend of £298k for the year. This is made up of a £339k overspend relating to non-delivery of Corporate Savings and a £637k net underspend on operational budgets.

Corporate Savings: £290k Non-delivery of the efficiency proposal in relation to Health & Safety and a £49k shortfall in Standby efficiency delivery.

Operational budgets (£637k underspend):

The Chief Executive's section is anticipating an underspend of £3k due to a small saving on supplies and services.

There is an anticipated £100k underspend in the People Management section. £46k of this relates to posts that have been temporarily vacant during the year along with savings on supplies and services costs of £50k. There is also an underspend on DBS checks of £23k as less checks have needed to be processed during the year. This is offset by a £16k overspend on assessment centre credits which have to be bought in advance.

The ICT & Corporate Policy section are anticipating a £165k underspend largely due to part year vacant posts within the division.

Admin and Law are anticipating an underspend of £79k. This includes a £22k overspend on Land Charges due to a decline in demand for searches, and a £24k overspend in Legal services, as a result of an additional responsibility allowance and a regrading not being budgeted for. There were also small overspends on Democratic Services Support and Civic Ceremonial. This is offset by a £124k underspend in Democratic services on printing, Members allowances and an increase in Members time charged to the HRA.

The Marketing and Media section are anticipating a £25k net underspend. This is largely due to an overspend of £108k within Marketing and Media on salary costs pending a staffing review within the whole division, and also a loss of income streams from external partners (e.g. £80k from ERW). Potential alternative income streams are currently being sought. There is also a £23k overspend anticipated on events. This is offset by an underspend on staffing costs in the Customer Services centres of £92k, £28k underspend within the Translation unit, and £15k within Marketing Tourism Development all due to vacant posts. These will all form part of the divisional staffing review due to be completed in the near future.

The Electoral Services section is anticipating a £105k underspend for this financial year. This is due to £11k of additional income within Registrars following a statutory increase in fees, a £37k underspend in Electoral Services due to vacant posts and a £28k underspend on Coroners fees which fluctuates according to demand for the service. There is also an anticipated £29k underspend on Registration of Electors following receipt of a contribution from the Cabinet Office towards the costs of Individual electoral registration.

The Regeneration division is anticipating a £159k underspend for the year. This is made up of an overspend of £23k due to costs associated with meeting the Authority's objective to reduce carbon emissions in the forthcoming years; a net £9k overspend on admin buildings mainly due to a proposed rental income efficiency for Ty'r Nant no longer being achievable as the building is in the process of being sold; a £149k overspend at Nantyci Livestock market due to an anticipated shortfall in rental income and a £62k overspend on Provision Markets due to a reduction in lettings income as a result of market forces dictating that lettings rates are unable to keep up with budgeted income targets. This is offset by additional income of £104k in commercial properties and £135k in Industrial Premises due to high occupancy levels. County Farms is also expected to underspend by £62k due to high occupancy and very little need for Repair & Maintenance during the year. There is also an anticipated £35k underspend on Regeneration Management due to staff time being charged to the City Deal project and a vacant post in Property resulting in a £69k underspend.

Department for Communities

The Department for Communities is projecting an £679k overspend for the year

Performance data shows increased demographic pressure on demand in line with national information that shows a year on year increase in Older People of 3.4%. Cost of agency staff at residential homes is expected to be £73k overspent. This is a reduction from previous reported figures of £228k due to the application of recent Winter Pressures Funding. There has been a significant increase in demand for domiciliary care that has only been partly offset by a fall in residential care placements, £143k overspend. Integrated Care Fund initiatives such as Releasing Time to Care resulting in lower demand e.g. for double handed care packages are being applied to try to reduce these costs. Private sector homes are also feeling the impact of greater demand predicting £207k overspend.

Physical Disabilities services hold several vacancies (mainly occupational therapists) resulting in £77k savings. Performance data shows pressure on demand for Direct Payments with this client group which will result in an overspend of £152k.

In Learning Disability services there is an overspend in Employment & Training re slower than anticipated delivery of savings of £73k; staff vacancies across the Division of -£86k, and pressures on packages of care of £57k resulting in the LD net overspend of £44k.

Professional fees relating to increased number of Deprivation of Liberty Standards (DoLS) referrals will result in an overspend of £9k.

Leisure Services are predicting a nil variance.

Housing & Public Protection Services are predicting a £29k underspend mainly through slippage arising from appointing to vacant posts.

Corporate Services

The Corporate Services Department is projecting a £633k underspend for the year.

This is due to £412k of vacant posts, a £199k underspend in pre LGR pension costs and a £17k underspend on grant audit fees. There is also £26k of net additional income from a new S151 support arrangement with M&WWFA. This is offset by a £21k overspend for forensic analysis software which will be used to save money across the authority as a whole.

Department for Education and Children

The Department for Education and Children is forecasting a net overspend of £737k at year end.

The main adverse budget variations relate to: increased demand for Special Educational Needs provision £437k; school based EVR and redundancy costs £112k; Education Other Than At School £168k; School Modernisation property decommissioning costs £115k; One off net balances of closed schools transferring back to the department £53k; Music Service running costs (mainly staff) exceeding the SLA income from schools by £214k; Part cancellation of outstanding invoices from previous years following dispute with LHB regarding the partnership arrangement for Garreglwyd Residential Unit £94k, together with cost of increased support needed for young people with complex needs within the unit £42k; increased Out of County Placement costs £30k; increased costs associated with running Children's / Family Centre's £53k

This is partially offset by staff vacancies and the utilisation of additional grants and external income to support core spend -£590k.

Schools Delegated Budgets

Schools working budgets are predicting a net overspend in year of approximately £3.2m. This is based on current forecasts and evidence from individual schools budgets submitted, so remains subject to change between now and the end of the financial year as plans develop. The year-end position 2018/19 resulted in a net deficit on school reserves of £373k which is a significant change from the historical situation of holding healthy school reserves within the balance sheet. The position is being considered in detail by the Directors in liaison with Portfolio Members, with many meetings between council departments and schools having taken place. It is recognised that in many cases, it will take time to effect the changes necessary to balance individual school budgets, and therefore deficit recovery plans will be agreed on a school by school basis.

Environment

The department is anticipating an overspend of £369k for the financial year, largely due to pressures within Planning and School Transport. This shows a reduction of £306k from the October report which is as a result of management controls having been introduced to reduce overspends within the department.

The Waste and Environmental Services division is projecting a £19k overspend. There is a £56k anticipated overspend on green waste collection as it is not yet self-financing, and a third

vehicle has now been introduced to cater for potential additional customers. The cleansing service is overspent by £56k. Service reviews have commenced to look at ways to reduce costs within this service. The Sustainable Drainage Approval Body Unit is likely to overspend by £88k for the year due to anticipated income not materialising based on current income trends. Landfill sites are also predicted to overspend by £20k due to Pencoed Landfill feasibility study and design costs. This is offset by an anticipated underspend of £117k in Waste Services as a direct result of policies adopted at the kerbside and at the recycling centres, to divert waste from black bags to recycling and food waste streams. There is also an anticipated £71k underspend on public conveniences as a result of the capital repayment element being deducted from the Danfo final quarter cost, due to the end of the contract term.

Highways and Transportation are anticipating a £80k overspend for the year. This is down to a projected £279k overspend on school transport due to increases in the number of pupils with additional learning needs, a number of successful appeals along with increased contractor costs, and an increased minimum wage. There is also a £100k anticipated overspend in car parks due to the temporary loss of spaces in St Peters car park, and also a general reduction in the volume of car parking fees. There has also been vacant Civil Enforcement Officers posts during the year leading to a reduction in penalty charge notices income. This is offset by a £156k underspend on Traffic Management due to an increase in income from Traffic regulation orders, and salary savings on 2 vacant posts during the year. Street Works and Highways adoption are also anticipating a £76k underspend due to additional income from highway adoption agreements. There are also savings on Bridge Maintenance and Road safety of £71k as a result of vacant posts during the year.

Planning Division is anticipating a £324k overspend for the year. There is a projected £438k shortfall in development management income, but this overspend is partially offset by a £40k saving as a result of in-year vacant posts, a £25k underspend in Minerals section as a result of an increase in planning applications, a £28k saving in Conservation due to an Ecologist post being recharged, along with additional income generated from running training courses at the Tywi centre of £14k.

The Property Division is anticipating an £18k underspend largely due to increased income generation within Property Design.

The Business Support Division is expecting to be £37k underspent, largely due to a few short-term vacant posts during the year.

HOUSING REVENUE ACCOUNT (Appendix B)

The HRA is predicting to be underspent by £480k for 2019/20. Repairs and Maintenance is likely to be overspent by £39k mainly due to additional servicing/breakdown costs; Supervision & Management is projecting an underspend of £260k mainly due to staff related costs and supplies. Capital financing charges will be £306k less than budgeted due to a slight reduction in interest rates and an underspend on the capital programme.

Income (inclusive of rents) will be decreased by approximately £47k.

Rental income (£162k)/other income (mainly commission £160k) is forecast to be £322k. Rental income underachievement is due to void loss currently forecast as 3.24% compared to a budget of 2.1%. The increased void loss is the result of a greater number of voids than predicted and increased time to turnaround revenue voids. This is offset by additional forecast income in service charges/grant and insurance settlements £276k

Lists of the main variances are attached to this report.

DETAILED REPORT ATTACHED?	YES
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IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report : Signed: Chris Moore Director of Corporate Services						
Policy, Crime & Disorder and Equalities NONE	Legal NONE	Finance YES	ICT NONE	Risk Management Issues NONE	Staffing Implications NONE	Physical Assets NONE
1. Finance Council Fund Overall, the Authority is forecasting an overspend of £2,750k. HRA The HRA is predicting to be underspent by £480k for 2019/20.						

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below Signed: Chris Moore Director of Corporate Services		
1. Scrutiny Committee – Not applicable 2. Local Member(s) – Not applicable 3. Community / Town Council – Not applicable 4. Relevant Partners – Not applicable 5. Staff Side Representatives and other Organisations – Not applicable		
Section 100D Local Government Act, 1972 – Access to Information List of Background Papers used in the preparation of this report: THESE ARE DETAILED BELOW		
Title of Document	File Ref No.	Locations that the papers are available for public inspection
2019/20 Budget		Corporate Services Department, County Hall, Carmarthen

Mae'r dudalen hon yn wag yn fwriadol

REPORT OF THE DIRECTOR OF CORPORATE SERVICES

EXECUTIVE BOARD 16th MARCH 2020

COUNCIL'S BUDGET MONITORING REPORT 2019/20

Director and Designation	Author & Designation	Telephone No	Directorate
C Moore, Director of Corporate Services	R Hemingway, Head of Financial Services	01267 224886	Corporate Services

Table 1

Forecasted for year to 31st March 2020

Department	Working Budget				Forecasted				Dec 19 Forecasted Variance for Year £'000	Oct 19 Forecasted Variance for Year £'000
	Controllable Expenditure	Controllable Income	Net Non Controllable	Total Net	Controllable Expenditure	Controllable Income	Net Non Controllable	Total Net		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Chief Executive	30,974	-13,396	-2,097	15,480	30,632	-13,352	-2,097	15,183	-298	-18
Communities	148,302	-61,284	10,718	97,736	149,257	-61,560	10,718	98,415	679	982
Corporate Services	78,254	-51,142	-1,216	25,896	80,951	-54,472	-1,216	25,263	-633	-686
Education & Children (incl. Schools)	171,168	-30,414	26,106	166,860	177,557	-32,866	26,106	170,797	3,937	4,082
Environment	115,826	-71,938	11,972	55,861	123,460	-79,203	11,972	56,230	369	675
Departmental Expenditure	544,524	-228,173	45,483	361,834	561,857	-241,452	45,483	365,889	4,055	5,035
Capital Charges/Interest/Corporate				-20,497				-21,897	-1,400	-1,200
Levies and Contributions:										
Brecon Beacons National Park				138				138	0	0
Mid & West Wales Fire & Rescue Authority				9,838				9,838	0	0
Net Expenditure				351,313				353,968	2,655	3,835
Transfers to/from Departmental Reserves										
- Chief Executive				0				149	149	9
- Corporate Services				0				316	316	343
- Environment				0				-369	-369	-675
Net Budget				351,313				354,063	2,750	3,512

Chief Executive Department
Budget Monitoring - as at 31st December 2019

EXECUTIVE BOARD 16th MARCH 2020

Division	Working Budget				Forecasted				Dec 19 Forecasted Variance for Year £'000	Oct 19 Forecasted Variance for Year £'000
	Expenditure £'000	Income £'000	Net non- controllable £'000	Net £'000	Expenditure £'000	Income £'000	Net non- controllable £'000	Net £'000		
Chief Executive	495	0	-739	-244	832	-1	-739	92	336	334
People Management	4,337	-1,419	-2,457	461	5,137	-2,319	-2,457	361	-100	-20
ICT & Corporate Policy	5,620	-941	-4,709	-30	5,416	-901	-4,709	-194	-165	-125
Admin and Law	4,170	-804	735	4,101	4,062	-775	735	4,022	-79	-37
Marketing & Media	2,853	-863	-1,498	493	2,466	-501	-1,498	467	-25	21
Statutory Services	1,269	-295	341	1,315	1,387	-518	341	1,210	-105	-123
Regeneration	12,229	-9,074	6,230	9,384	11,332	-8,336	6,230	9,225	-159	-68
GRAND TOTAL	30,974	-13,396	-2,097	15,480	30,632	-13,352	-2,097	15,183	-298	-18

Chief Executive Department - Budget Monitoring - as at 31st December 2019

Main Variances

EXECUTIVE BOARD 16th MARCH 2020

Division	Working Budget		Forecasted		Dec 19 Forecasted Variance for Year £'000	Notes	Oct 19 Forecasted Variance for Year £'000
	Expenditure £'000	Income £'000	Expenditure £'000	Income £'000			
Chief Executive							
Corporate Savings Target	-339	0	0	0	339	£290k Corporate Health & Safety efficiency proposal not yet implemented; £49k standby efficiency less than originally proposed.	339
People Management							
Business & Projects Support	268	0	258	0	-10	Savings on supplies & Services	-16
Payroll	665	-342	618	-334	-40	Savings on supplies & Services	-2
People Services – HR	1,036	-236	1,019	-240	-21	Part year vacant post. Estimated to be filled in February 2020	-9
Employee Well-being	699	-290	681	-297	-25	Part year vacant post. Estimated to be filled in February 2020	-2
DBS Checks	122	0	101	-3	-23	Less DBS checks undertaken than budgeted for	-0
Assessment Centre Training	0	0	16	0	16	Unused assessment credits	6
ICT & Corporate Policy							
Information Technology	4,581	-864	4,506	-816	-27	A few posts temporarily vacant during year	-28
Welsh Language	180	-10	115	-9	-64	Vacant Post pending section review	-40
Chief Executive-Policy	829	-67	726	-31	-68	Part year vacant posts pending section review	-49
Admin and Law							
Democratic Services	1,836	-256	1,744	-289	-124	Members time recharged to HRA greater than budgeted (£33k), savings on members allowances (£46k), savings on supplies & services inc printing and telephones (£45k)	-104
Land Charges	151	-294	114	-234	22	Reduction in income due to housing market fluctuations	18
Legal Services	1,637	-254	1,635	-228	24	Additional responsibility allowance and re-grading not budgeted for	36
Marketing & Media							
Marketing and Media	594	-368	371	-37	108	Overspend on salaries pending divisional realignment. Loss of income streams from external partners (eg. ERW £80k). Looking at alternative potential partnership arrangements.	120
Translation	522	-35	491	-32	-28	Part year vacant posts pending divisional realignment	-35
Customer Services Centres	1,104	-336	1,012	-336	-92	Part year vacant posts pending divisional realignment	-42
Marketing Tourism Development	343	-1	329	-2	-15	Part year vacant posts pending divisional realignment	-25
Events	49	-28	76	-31	23	Overspend on activities managed against underspends elsewhere within the division.	-0
Tr Hwb - Llanelli a Rhydaman	162	-90	114	-58	-16	Savings generated due to unpaid leave being taken	2

Chief Executive Department - Budget Monitoring - as at 31st December 2019

Main Variances

EXECUTIVE BOARD 16th MARCH 2020

Division	Working Budget		Forecasted		Dec 19	Notes	Oct 19
	Expenditure	Income	Expenditure	Income	Forecasted Variance for Year		Forecasted Variance for Year
	£'000	£'000	£'000	£'000	£'000		£'000
Statutory Services							
Registration Of Electors	163	-2	163	-31	-29	In year contribution from the Cabinet Office towards individual electoral registration costs (£31k)	-20
Registrars	418	-293	517	-403	-11	Increase in statutory fees in February 2019 has resulted in increased income, some of the additional income to be utilised to complete certain digitisation projects in the current financial year.	-40
Coroners	401	0	373	0	-28	Lower demand on service in year	-25
Electoral Services - Staff	279	0	242	0	-37	A few posts temporarily vacant during year. Not yet filled	-37
Regeneration & Property							
Regeneration Management	319	0	283	0	-35	Staff time rechargeable to City Deal project	-27
Property and Major Projects	1,176	-42	1,114	-48	-69	Post vacant during year. Post to be filled in next financial year.	-47
Commercial Properties	31	-521	86	-680	-104	High Occupancy Levels resulting in additional income	-147
Provision Markets	566	-638	566	-576	62	Reduction in Lettings income due to market forces impacting rates achievable.	61
Net Zero Carbon Local Authority	0	0	23	0	23	Costs associated with the authority's commitment to reduce carbon in the forthcoming years	27
Industrial Premises	529	-1,567	441	-1,614	-135	High Occupancy Levels resulting in additional income	-110
County Farms	73	-329	12	-329	-62	All properties let during year so no holding costs incurred. Very little R&M required during year	-0
Livestock Markets	58	-205	19	-16	149	Anticipated shortfall in income collected at Nant Y Ci Mart	149
Other					0		29
Grand Total					-298		-18

Department for Communities
Budget Monitoring - as at 31st December 2019

EXECUTIVE BOARD 16th MARCH 2020

Division	Working Budget				Forecasted				Dec 19 Forecasted Variance for Year £'000	Oct 19 Forecasted Variance for Year £'000
	Expenditure £'000	Income £'000	Net non- controllable £'000	Net £'000	Expenditure £'000	Income £'000	Net non- controllable £'000	Net £'000		
Adult Services										
Older People	57,700	-24,149	2,658	36,209	58,998	-24,933	2,658	36,724	514	784
Physical Disabilities	7,881	-1,751	204	6,334	7,998	-1,752	204	6,451	116	120
Learning Disabilities	38,793	-9,537	1,294	30,549	38,464	-9,164	1,294	30,594	44	25
Mental Health	9,524	-3,793	237	5,968	9,617	-3,870	237	5,985	17	32
Support	6,871	-4,865	1,009	3,015	6,787	-4,765	1,009	3,031	16	26
Homes & Safer Communities										
Public Protection	3,170	-974	588	2,784	2,987	-774	588	2,801	17	-7
Council Fund Housing	9,098	-7,964	243	1,377	9,474	-8,386	243	1,331	-46	4
Leisure & Recreation										
Leisure & Recreation	15,265	-8,251	4,485	11,500	14,931	-7,916	4,485	11,500	0	-0
GRAND TOTAL	148,302	-61,284	10,718	97,736	149,257	-61,560	10,718	98,415	679	982

Department for Communities - Budget Monitoring - as at 31st December 2019

Main Variances

EXECUTIVE BOARD 16th MARCH 2020

Division	Working Budget		Forecasted		Dec 19	Notes	Oct 19
	Expenditure	Income	Expenditure	Income	Forecasted Variance for Year		Forecasted Variance for Year
	£'000	£'000	£'000	£'000	£'000		£'000
Adult Services							
Older People							
Older People - LA Homes	7,620	-4,767	7,958	-5,033	73	Additional cost due to higher dependency levels/increased occupancy rates/use of agency staff to meet statutory duty. Review currently being undertaken in relation to Residential Care future staffing levels. Grant funding for Winter Pressures mitigates this in this financial year	228
Older People - Private/ Vol Homes	22,699	-13,064	23,429	-13,588	207	Performance data shows increased demographic pressure on demand in line with national information that shows a year on year increase in Older People of 3.4%pa. Preventative work continues to be reviewed to mitigate the effects of this.	213
Older People - Extra Care	759	0	825	0	65	Cwm Aur contract - savings proposals in previous years only partially delivered	65
Older People - Private Home Care	8,338	-2,473	8,598	-2,617	117	There has been a significant increase in demand for domiciliary care that has only been partly offset by a fall in residential care placements. There is significant departmental work to monitor and manage demand by audit assessment practice and by continuing to promote independent living through Integrated Care Fund initiatives such as Releasing Time to Care resulting in lower demand eg for double handed care packages. We are currently reviewing whether this initiative requires additional resources to yield the necessary financial savings	142
Physical Disabilities							
Phys Dis - Commissioning & OT Services	613	-108	537	-109	-77	Vacancies within the Occupational Therapy Team: 2FTE Senior Practitioner; 1.5FTE Occupational Therapy Assistant; 1FTE Occupational Therapist offset by payments for Rotational Occupation Therapy from Hywel Dda	-68
Phys Dis - Direct Payments	2,485	-566	2,637	-566	152	Increase in take up of DP related to right of service user to request as alternative to regulated provision	150
Learning Disabilities							
Learn Dis - Employment & Training	1,299	-194	1,307	-128	73	Overspend on staffing in Coleshill Day Centre £30k due to complexity of clients. Proposal 'Collaboration with social enterprise for craft / Re provision of a day centre / transport' is likely to be deliver full year savings in 2020-2021	72
Learn Dis - Transition Service	589	0	523	0	-66	Staff underspend re maternity leave, postholder working reduced hours in a full time post, recruitment underway for Community Connector posts	-41
Other Variances - Adult Services					164		224

Department for Communities - Budget Monitoring - as at 31st December 2019

Main Variances

EXECUTIVE BOARD 16th MARCH 2020

Division	Working Budget		Forecasted		Dec 19 Forecasted Variance for Year £'000	Notes	Oct 19 Forecasted Variance for Year £'000
	Expenditure £'000	Income £'000	Expenditure £'000	Income £'000			
Homes & Safer Communities							
Public Protection							
PP Management support	101	-8	87	-8	-13	Underspend on office admin, postages and photocopying	-6
PP Business Support unit	149	0	124	0	-25	Vacant post and unutilised Training budget	-22
Noise Control	209	0	193	0	-16	Vacant post and unutilised IT Maint	1
Air Pollution	124	-35	93	-18	-14	Vacant post	-13
Animal Welfare	80	-82	60	-49	12	Underachievement of Licence fees	14
Dog Wardens	96	-28	107	-20	18	Long term Vehicle hire overspend and underachievement of income	36
Food Safety & Communicable Diseases	481	-38	399	7	-37	Underspend due to two vacant post - part year	-38
Trading Standards Services Management	117	-38	127	-37	11	Underachievement of Licence fees	0
Fair Trading	143	-64	138	-3	56	Underachievement of fees income	55
Financial Investigator	30	-165	28	-125	39	Underachievement of fees income due to the profile of timing of receipts being difficult to predict due to the nature of the cases.	-0
Other Variances - Public Protection					-13		-36
Council Fund Housing							
Independent Living and Affordable Homes	104	-45	63	-45	-41	Underspends on supplies and services	-24
Home Improvement (Non HRA)	691	-297	628	-271	-37	Two vacant posts	9
Landlord Incentive	13	-10	40	-11	27	Overspend on Premises maintenance	-0
Homelessness	156	-66	189	-60	38	Overspend relates to provision of bond/prevention payments in private sector	-0
Temporary Accommodation	492	-106	819	-469	-36	Improved income due to being more proactive recovering debt	-0
Other Variances - Council Fund Housing					3		20
Leisure & Recreation							
Millenium Coastal Park	221	-105	223	-134	-27	One off Compensation income from Welsh Water	-27
Pendine Outdoor Education Centre	500	-333	419	-287	-35	Forecast reduction in Instructor hours to budget based on confirmed bookings	-43
Bembrey Ski Slope	344	-350	350	-324	33	Forecasting lower sales volumes in income to budget	9
Parmarthen Leisure Centre	1,604	-1,606	1,538	-1,474	66	Forecasting lower sales volumes in income to budget	57
St Clears Leisure Centre	141	-41	151	-40	10	Design fee costs to support Capital funding bid not budgeted	12
Amman Valley Leisure Centre	882	-707	842	-726	-59	Forecasting higher sales volumes in income to budget	-52

Department for Communities - Budget Monitoring - as at 31st December 2019

Main Variances

EXECUTIVE BOARD 16th MARCH 2020

Division	Working Budget		Forecasted		Dec 19	Notes	Oct 19
	Expenditure	Income	Expenditure	Income	Forecasted Variance for Year		Forecasted Variance for Year
	£'000	£'000	£'000	£'000	£'000		£'000
Outdoor Recreation - Staffing costs	255	0	297	-2	40	Operational staffing and Agency costs linked to long term sickness and implementation of restructure. This variance is likely to reduce once fully implemented	45
Museums General	182	0	200	0	19	Unable to achieve vacancy factor	18
Arts General	39	0	5	0	-35	Vacant post being held pending Service review	-34
St Clears Craft Centre	151	-88	150	-60	28	Forecast shortfall in income to budget in respect of the in-house catering facility	24
Laugharne Boathouse	147	-109	183	-123	22	Forecast overspend in casual Customer Service Assistant posts	15
Oriel Myrddin CCC	108	0	118	0	10	Backdated NNDR costs £6k and Internal Design fees £4k supporting ACW grant bid	10
Motor Sports Centre - Pembrey	0	-82	0	-99	-17	Backdated income from renegotiated lease not budgeted	0
Leisure Management	379	0	337	0	-42	Vacant posts being held pending Service review	-40
Other Variance - Leisure & Recreation					-13		5
Grand Total					679		982

Corporate Services Department
Budget Monitoring - as at 31st December 2019

EXECUTIVE BOARD 16th MARCH 2020

Division	Working Budget				Forecasted				Dec 19 Forecasted Variance for Year £'000	Oct 19 Forecasted Variance for Year £'000
	Expenditure £'000	Income £'000	Net non- controllable £'000	Net £'000	Expenditure £'000	Income £'000	Net non- controllable £'000	Net £'000		
Financial Services	4,555	-2,134	-2,360	61	4,302	-2,069	-2,360	-127	-188	-261
Revenues & Financial Compliance	4,842	-1,711	-2,129	1,002	4,526	-1,607	-2,129	791	-211	-216
Other Services	68,857	-47,297	3,272	24,833	72,123	-50,796	3,272	24,600	-233	-209
GRAND TOTAL	78,254	-51,142	-1,216	25,896	80,951	-54,472	-1,216	25,263	-633	-686

Corporate Services Department - Budget Monitoring - as at 31st December 2019
Main Variances

EXECUTIVE BOARD 16th MARCH 2020

Division	Working Budget		Forecasted		Dec 19	Notes	Oct 19
	Expenditure	Income	Expenditure	Income	Forecasted Variance for Year		Forecasted for Year
	£'000	£'000	£'000	£'000	£'000		£'000
Financial Services							
Chief Officer	348	-61	323	-61	-26	Additional £35k income from arrangement to act as S151 officer for Mid and West Wales Fire	-48
Accountancy	1,721	-430	1,554	-423	-160	Number of vacant posts currently in the section	-168
Treasury and Pension Investment Section	251	-178	217	-178	-34	Vacant post for 6 months and 3 staff members currently at lower points of the salary scale.	-27
Payments	519	-74	537	-71	21	Additional Forensic analysis software (£36k)	-22
Revenues & Financial Compliance							
Procurement	533	-33	485	-33	-47	Vacant Procurement manager post	-71
Audit	592	-19	573	-19	-19	A few posts temporarily vacant during year	-15
Local Taxation	927	-735	887	-738	-43	A few posts temporarily vacant during year	-31
Housing Benefits Admin	1,637	-751	1,478	-701	-109	Number of vacant posts during the year. Majority of officers also currently on the lower points of their grade.	-113
Other Services							
Audit Fees	310	-90	291	-88	-17	A proportion of audit fees chargeable directly to grants	-17
Miscellaneous Services	5,481	-117	5,973	-807	-199	Reduction in pre LGR pension costs	-190
Other Variances					0		16
Grand Total					-633		-686

Department for Education & Children
Budget Monitoring - as at 31st December 2019

EXECUTIVE BOARD 16th MARCH 2020

Division	Working Budget				Forecasted				Dec 19 Forecasted Variance for Year £'000	Oct 19 Forecasted Variance for Year £'000
	Expenditure £'000	Income £'000	Net non- controllable £'000	Net £'000	Expenditure £'000	Income £'000	Net non- controllable £'000	Net £'000		
Schools Delegated Budgets	119,441	-10,730	0	108,711	122,641	-10,730	0	111,911	3,200	3,000
Director & Strategic Management	1,499	0	-94	1,405	1,466	0	-94	1,372	-33	-28
Education Services Division	7,974	-2,025	20,364	26,313	8,630	-1,949	20,364	27,045	732	967
Access to Education	8,822	-5,948	2,167	5,041	8,815	-5,856	2,167	5,126	85	153
School Improvement	3,466	-1,460	463	2,469	3,646	-1,657	463	2,452	-17	-11
Curriculum & Wellbeing	6,334	-4,609	585	2,310	7,035	-5,165	585	2,455	145	122
Children's Services	23,631	-5,642	2,621	20,610	25,324	-7,510	2,621	20,435	-175	-120
TOTAL excluding schools	51,726	-19,684	26,106	58,149	54,915	-22,136	26,106	58,886	737	1,082
GRAND TOTAL	171,168	-30,414	26,106	166,860	177,557	-32,866	26,106	170,797	3,937	4,082

Department for Education & Children - Budget Monitoring - as at 31st December 2019

Main Variances

EXECUTIVE BOARD 16th MARCH 2020

Division	Working Budget		Forecasted		Dec 19	Notes	Oct 19
	Expenditure	Income	Expenditure	Income	Forecasted Variance for Year		Forecasted Variance for Year
	£'000	£'000	£'000	£'000	£'000		£'000
Schools Delegated Budgets							
Primary Schools	63,639	-7,387	65,039	-7,387	1,400	Based on schools' working budgets received for 2019/20. Deficit budget submissions are included subject to approval of recovery plans by LA	1,200
Secondary Schools	51,893	-3,297	53,193	-3,297	1,300		1,400
Special Schools	3,910	-46	4,410	-46	500		400
Director & Strategic Management							
Business Support	387	0	357	0	-30	Part year vacant posts £22k - assumed 1 remaining vacant post will be filled from February onwards. Supplies & services savings £8k	-28
Education Services Division							
School Expenditure not currently delegated	101	0	125	28	53	Closing balances from 2 primary schools closed April 2019	53
School Redundancy & EVR	2,013	0	2,095	30	112	Forecast based on business cases approved to date. Schools are supported and challenged on staffing structure proposals	86
Early Years Non-Maintained Provision	424	-64	352	-23	-31	Underspend due to fewer children taking places in non-maintained settings, as well as changes due to WG childcare offer.	-10
Special Educational Needs	3,059	-1,679	3,386	-1,569	437	Forecast based on existing known commitments. Demand for Teaching Assistant support has increased. A reduction in the number of pupils from other counties has resulted in a reduction in the level of income.	676
Education Other Than At School (EOTAS)	2,001	-283	2,297	-410	168	Increasing demand from schools for alternative provision £96k and an increase in home tuition £72k	166
Access to Education							
School Admissions	253	0	223	0	-30	Part year staff vacancies following re-structure of the section	-29
School Modernisation	108	-1	242	-19	115	School transport recharges from school reorganisations £22k; Premises costs relating to closed schools £93k	105
School Improvement							
School Effectiveness Support Services	252	-42	265	-40	17	Overspend forecast in relation to Neuadd y Gwendraeth costs, which are more accurately reflected in December return	-12
National Model for School Improvement	1,186	-59	1,257	-173	-43	Underspend due to late commencement of staff into vacant posts and maximisation of Education Improvement Grant (EIG)	-9

Department for Education & Children - Budget Monitoring - as at 31st December 2019

Main Variances

EXECUTIVE BOARD 16th MARCH 2020

Division	Working Budget		Forecasted		Dec 19 Forecasted Variance for Year £'000	Notes	Oct 19 Forecasted Variance for Year £'000
	Expenditure £'000	Income £'000	Expenditure £'000	Income £'000			
Curriculum and Wellbeing							
Music Services for Schools	871	-770	1,232	-917	214	Slow progress with staff restructuring, which has been affected by a delay in the ongoing redundancy process and therefore an increased staffing forecast from the previous report to year end. Also, full cost of projects & activities now being committed more accurately in December return.	166
Youth Offending & Prevention Service	1,972	-1,112	2,021	-1,207	-46	Maximisation of grants to release core budget	-34
School Information Systems	229	-28	210	-29	-20	Part year vacant post that is currently being recruited to.	-12
Children's Services							
Commissioning and Social Work	6,852	-79	6,725	-147	-195	Underspend in relation to part year vacant posts and maximisation of grant income. The level of both vacancies and grant income has increased. In addition, legal costs were over-estimated in October report and are now more accurately forecast.	58
Fostering Services & Support	3,858	0	3,989	-188	-57	Part year vacant posts and maximisation of grants to release core budget £40k, Also, more cost effective recruitment of Foster Carers and tight controls in place on additional miscellaneous payments made to Foster Carers £17k	-93
Adoption Services	773	-260	957	-467	-23	Maximisation of external income to release core budget	-8
Out of County Placements (CS)	657	0	694	-7	30	Additional £30k commitment included in December return in relation to potential costs to be incurred by end of the financial year	-3
Garreglwyd Residential Unit	586	-166	616	-61	136	Following dispute with Hywel Dda Health Board over payment of historic invoices, part payment resulting in possible under recovery of £84k is being reflected. Remainder of overspend due mainly to increased support needed for young people with complex needs £52k. Ongoing discussions with Health Board could secure additional contribution towards these current year costs.	78
Childcare	484	-187	456	-187	-28	Additional in year grants awarded from Welsh Government supporting priorities the service had already identified and have staff working on.	-26
Children's/Family Centres and Playgroups	316	-61	768	-461	53	Overspends forecast on Children Centres, which are heavily reliant on grant funding. There could be further grant money available to cover these overspends, but not confirmed at this stage and therefore not committed	10
Families First Grant	1,260	-1,056	1,232	-1,074	-46	Additional in year grants awarded from Welsh Government supporting priorities the service had already identified and have staff working on.	-15
Family Aide Services	168	0	282	-188	-74	Part year vacant posts following restructure and setting up of new Step Up Step Down Family Intervention Team.	-76

Department for Education & Children - Budget Monitoring - as at 31st December 2019

Main Variances

EXECUTIVE BOARD 16th MARCH 2020

Division	Working Budget		Forecasted		Dec 19	Notes	Oct 19
	Expenditure	Income	Expenditure	Income	Forecasted Variance for Year		Forecasted Variance for Year
	£'000	£'000	£'000	£'000	£'000		£'000
School Safeguarding & Attendance	221	0	387	-190	-24	Part year vacant posts following service restructure	-21
Other Variances					48		61
Grand Total					3,937		4,082

Environment Department
Budget Monitoring - as at 31st December 2019

EXECUTIVE BOARD 16th MARCH 2020

Division	Working Budget				Forecasted				Dec 19 Forecasted Variance for Year £'000	Oct 19 Forecasted Variance for Year £'000
	Expenditure £'000	Income £'000	Net non- controllable £'000	Net £'000	Expenditure £'000	Income £'000	Net non- controllable £'000	Net £'000		
Buisness Support & Performance	15	-96	146	65	-39	-79	146	28	-37	-31
Waste & Environmental Services	24,262	-4,502	1,264	21,025	23,948	-4,168	1,264	21,044	19	115
Highways & Transportation	51,225	-30,881	9,672	30,015	51,259	-30,835	9,672	30,096	80	158
Property	36,160	-34,105	606	2,662	43,880	-41,842	606	2,644	-18	25
Planning	4,165	-2,354	284	2,094	4,413	-2,278	284	2,418	324	407
GRAND TOTAL	115,826	-71,938	11,972	55,861	123,460	-79,203	11,972	56,230	369	675

Environment Department - Budget Monitoring - as at 31st December 2019

Main Variances

EXECUTIVE BOARD 16th MARCH 2020

Division	Working Budget		Forecasted		Dec 19	Notes	Oct 19
	Expenditure	Income	Expenditure	Income	Forecasted Variance for Year		Forecasted for Year
	£'000	£'000	£'000	£'000	£'000		£'000
Business Support & Performance							
Business Support	-159	-36	-215	-35	-55	Posts budgeted at top of scale but majority are not at the top of scale yet; a few temporary vacant posts estimated during the year.	-48
Departmental - Core	58	0	73	0	15	Health and wellbeing co-ordinators	15
Waste & Environmental Services							
SAB - Sustainable Drainage approval Body Unit	114	-110	113	-20	88	Anticipated income not expected to materialise based on current income trends - Dependent on number of submissions and market buoyancy of development projects	70
Public Conveniences	571	-12	497	-9	-71	Capital repayment element deducted from Danfo final quarter cost due to end of contract term. New contract will be cleansing & management only.	-83
Cleansing Service	2,397	-115	2,450	-111	56	The service cost comprises plant and resource and tipping charges for disposal of waste we collect. The current overspend reflects the current resource levels and increased cost of disposal of collected waste. In order to address the budget position it will mean reviewing the service. This work is underway but will not be complete before the end of the financial year.	63
Waste Services	15,408	-1,293	15,310	-1,312	-117	The projected underspend reflects the net effect of the policies adopted at the household waste recycling centres and at the kerbside in the diversion of some waste from the black bags stream to the recycling and food waste streams.	0
Green Waste Collection	496	-336	427	-210	56	The green waste collection service is not yet self-financing. We did not anticipate to break even this financial year, as per the original business plan, but we are on track with growing the service as anticipated, with a view to being break even in future years. A third vehicle has now been introduced to cater for potential additional customers.	56
Landfill sites	0	0	20	0	20	Penycoed landfill feasibility and design costs	8

Environment Department - Budget Monitoring - as at 31st December 2019

Main Variances

EXECUTIVE BOARD 16th MARCH 2020

Division	Working Budget		Forecasted		Dec 19 Forecasted Variance for Year £'000	Notes	Oct 19 Forecasted Variance for Year £'000
	Expenditure £'000	Income £'000	Expenditure £'000	Income £'000			
Highways & Transportation							
Transport Strategic Planning	351	0	286	0	-65	Staff time reclaimed from grants plus staff cost saving	-18
School Transport	10,984	-1,102	11,426	-1,264	279	The overspend is mainly due to an increase in the number of Additional Learning Needs pupils transported to Special schools. In addition a number of recent appeals have been successful as well as increased contractor costs, diminishing market supply and increased minimum wage.	297
Traffic Management	529	-40	560	-226	-156	Net increased income of £110k from Traffic Regulation Orders; savings of £46k from two vacant posts	-130
Car Parks	2,187	-3,228	1,717	-2,658	100	Reduction in income due to temporary loss of spaces at St Peter's Car Park and a general reduction in Parking Fees income. Reduction in Penalty Charge Notices income due to vacant Civil Enforcement Officers posts which are currently being recruited.	92
Nant y Ci Park & Ride	79	-32	103	-38	19	Increased maintenance costs	20
Tour of Britain - Environment	0	0	28	0	28	Cost of Women's Tour of Britain in June 2019	25
Road Safety	178	0	153	-1	-26	Vacant post - Road Safety Manager which is currently being recruited and also a recent temporary vacancy has arisen within the Road Safety Unit. A proportion of staff time is recharged to the Road Safety Revenue Grant.	-26
School Crossing Patrols	116	0	135	0	19	The school crossing patrols section has reviewed all patrols to identify where there is no requirement to provide them according to the National Safety criteria. Vacancies that arise in the sites that do not require school crossing patrols will not be filled as and when they become vacant.	18
Bridge Maintenance	781	0	741	-5	-45	vacant posts - Principle Engineer on hold until April 2020 and Structures Engineer post vacant for part year hoping to fill by February 2020	-41
Street Works and Highway Adoptions	416	-357	412	-430	-76	Additional income from highway adoption agreements	-82
Property							
Property Design - Business Unit	2,693	-2,986	3,029	-3,350	-28	Additional income generated as a result of an increased workload.	-0

Environment Department - Budget Monitoring - as at 31st December 2019

Main Variances

EXECUTIVE BOARD 16th MARCH 2020

Division	Working Budget		Forecasted		Dec 19	Notes	Oct 19
	Expenditure	Income	Expenditure	Income	Forecasted Variance for Year		Forecasted for Year
	£'000	£'000	£'000	£'000	£'000		£'000
Planning							
Planning Admin Account	333	-14	786	-495	-29	A vacant post within the section will not be filled until the new financial year and a general reduction in supplies & services.	-4
Building Control - Other	181	-5	165	0	-11	Vacant posts not expected to be filled until April 2020 at the earliest	-12
Minerals	353	-225	306	-203	-25	More planning applications than predicted/envisaged	-4
Development Management	1,536	-1,274	1,475	-775	438	WG set planning fees, but across Wales there is recognition that full cost recovery of planning services will not be achieved from planning fees alone. Most LPAs only cover on average 60% of their costs of delivering the development management service through fees, and the last increase in fees was in 2015. WG expect that at least part of the Development Management function should be met by Local Authorities themselves – to encourage development to come forward. Currently Carmarthenshire's Development Management section is budgeted to fund 78% of its costs through fees generated, this is currently being reviewed. WG have committed to review fees, but there is no known timetable for this workstream.	446
Tywi Centre	34	-34	82	-96	-14	Projected surplus being generated from running training courses at the Tywi Centre	-21
Conservation	405	-22	398	-44	-28	Recharge income for Ecologist post not previously committed	-4
Other Variances					-4		40
Grand Total					369		675

Housing Revenue Account - Budget Monitoring as at 31st December 2019

	Working Budget	Forecasted	Dec 19	Notes	Oct 19
	£'000	£'000	Variance for Year £'000		Forecasted Variance for Year £'000
Expenditure					
Repairs & Maintenance					
Responsive	1,802	1,841	39		-81
Minor Works	3,022	3,022	0		0
Voids	3,375	3,375	0		45
Servicing	1,687	1,687	0	Anticipated expenditure based on profiled spend to date. Includes breakdown costs within servicing	128
Drains & Sewers	139	139	0		-9
Grounds	749	749	0		0
Unadopted Roads	105	105	0		0
Supervision & Management					
Employee	4,614	4,488	-127	Staff Vacancies and underspend on Out of Hours staff costs	0
Premises	1,433	1,417	-16		-0
Transport	64	62	-2		-9
Supplies	819	710	-109	Underspent on legal fees and compensation payments due to a reduction in cases	-0
Recharges	2,253	2,246	-7		-1
Provision for Bad Debt	504	504	0		-14
Capital Financing Cost	14,542	14,236	-306	Forecast reduction in interest rate applicable	-333
Central Support Charges	1,652	1,652	0		0
Total Expenditure	36,761	36,234	-527		-273

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Housing Revenue Account - Budget Monitoring as at 31st December 2019

	Working Budget £'000	Forecasted £'000	Dec 19 Variance for Year £'000	Notes	Oct 19 Forecasted Variance for Year £'000
Income					
Rents	-41,199	-41,037	162	Underachievement of rental income due to higher void loss than budgeted	108
Service Charges	-706	-782	-76	Based on Financial statements, week 31 data. Overachievement of service charges Income	-48
Supporting People	-79	-135	-56	greater than expected level of grant due	0
Interest on Cash Balances	-102	-104	-2		0
Grants	-245	-245	0		0
Insurance	0	-142	-142	Settlement of R&M insurance claims	-171
Other Income	-531	-371	160	Underachievement of income from Commission on Sales relating to the collection of water rates and Fees recoverable	51
Total Income	-42,862	-42,815	46		-60
Net Expenditure	-6,101	-6,581	-480		-333

HRA Reserve	£'000
Balance b/f 1/4/19	14,314
Budgeted movement in year	6,101
Variance for the year	480
Balance c/f 31/3/20	20,895

Y BWRDD GWEITHREDOL 16EG MAWRTH 2020

DIWEDDARU RHAGLEN GYFALAF 2019-20

Y Pwrpas: I adrodd y amrywiant cyllidebol yn y rhaglen gyfalaf.

YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:

I dderbyn yr adroddiad diweddaraf ar y rhaglen gyfalaf.

Y RHESYMAU:

I ddarparu'r newyddion i'r Bwrdd Gweithredol ynglyn a sefyllfa gyllideb ddiweddaraf y rhaglen gyfalaf 2019/20, ar 31ain Rhagfyr 2019.

Ymgynghorwyd â'r pwyllgor craffu perthnasol - Amherthnasol

Angen i'r Bwrdd Gweithredol wneud penderfyniad OES

Angen i'r Cyngor wneud penderfyniad NAC OES

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:- Cyng. David Jenkins

Y Gyfarwyddiaeth:

Gwasanaethau Corfforaethol
Enw Cyfarwyddwr y
Gwasanaethau Corfforaethol:
Chris Moore
Awdur yr Adroddiad:
Chris Moore

Swydd:
Cyfarwyddwr Gwasanaethau
Corfforaethol

Rhif ffôn: 01267 224120
Cyfeiriad E-bost:
CMoore@sirgar.gov.uk

EXECUTIVE SUMMARY

Executive Board

16th March 2020

This report provides members with an update on the Capital programme spend against budget for 2019/20 as at the 31st December 2019.

Appendix A which is shown departmentally, shows a forecasted net spend of £58,900k compared with a working net budget of £60,454k giving a **-£1,554k** variance.

The net budget has been re-profiled by £2.020m from 2019/20 to future years to take account of updated spend profile information and the budget slippage from 2018/19 is also included within the attached figures.

There is also an Education and CS budget re-profiling exercise currently being undertaken to reflect the progress of schemes within the 5 year capital programme on the MEP programme.

Appendix B details the main variances within each department.

DETAILED REPORT ATTACHED ?	YES
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IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: **C.Moore** Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	YES	NONE	NONE	NONE	YES

Finance

The capital programme shows an in year variance of **-£1,554m** against the 2019/20 approved budget.

Physical Assets

The capital programme will have an impact on the physical assets of the Authority.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: C. Moore

Director of Corporate Services

1. Scrutiny Committee

Relevant Scrutiny Committees will be consulted.

2. Local Member(s) N/A

3. Community / Town Council N/A

4. Relevant Partners N/A

5. Staff Side Representatives and other Organisations N/A

Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection
2019-20 Capital Programme		Corporate Services Dept, County Hall, Carmarthen

Capital Programme 2019/20

Capital Budget Monitoring - Report for December 2019

DEPARTMENT	Working Budget			Forecasted			Variance for Year £'000
	Expenditure £'000	Income £'000	Net £'000	Expenditure £'000	Income £'000	Net £'000	
COMMUNITIES							
- Public Housing	32,165	-6,258	25,907	29,974	-6,482	23,492	-2,415
- Private Housing	2,400	-446	1,954	2,411	-446	1,965	11
- Social Care	586	-211	375	377	-33	344	-31
- Leisure	4,516	-129	4,387	4,492	-129	4,363	-24
ENVIRONMENT	17,325	-8,948	8,377	17,902	-9,187	8,715	338
EDUCATION & CHILDREN	14,859	-7,612	7,247	12,348	-4,549	7,799	552
CHIEF EXECUTIVE	1,654	-41	1,613	1,919	-291	1,628	15
REGENERATION	14,119	-3,525	10,594	13,485	-2,891	10,594	0
TOTAL	87,624	-27,170	60,454	82,908	-24,008	58,900	-1,554

Mae'r dudalen hon yn wag yn fwriadol

Capital Programme 2019/20

Capital Budget Monitoring - Report for December 2019 - Main Variances

	Working Budget			Forecasted			Variance for Year £'000	Comment
	Expenditure £'000	Income £'000	Net £'000	Expenditure £'000	Income £'000	Net £'000		
DEPARTMENT/SCHEMES								
COMMUNITIES								
- Public Housing	32,165	-6,258	25,907	29,974	-6,482	23,492	-2,415	
Sewerage Treatment Works Upgrading	184	0	184	50		50	-134	The treatment works refurbishment schemes are with Highways and Transport Engineers to develop detailed programme and estimated costs. Design fees only in 2019/20, with works to start in 2020/21.
Sheltered Housing Investment	1,999	0	1,999	1,393	0	1,393	-606	The works at one complex is not commencing until January 2020, with the majority of expenditure falling in 2020-21.
Voids To Achieve The CHS	4,014	0	4,014	3,414	0	3,414	-600	Significant increase in number of major work homes being brought back into use but completing the backlog will run into 2020/21 financial year as contractor framework gets up to full capacity.
Internal Refurbishment (PKB)	1,178	0	1,178	850	0	850	-328	Less demand than initial projections in replacing components such as kitchen/bathrooms as we replace on a need, not time basis.
Rendering and External Works	1,970	0	1,970	1,773		1,773	-197	Rendering and wall tie renewal at one site not commencing until the fire safety works are completed.
Re-Roofing - Council Dwellings	1,292	0	1,292	1,054	0	1,054	-238	Innovative pilot Caemawr retrofit scheme slipped to 2020/2021.
Stock Condition Survey 2019/20 - County Wide	150	0	150	3	0	3	-147	Survey to be undertaken in-house and will commence in 2020/21.
Station Road / Tyisha Masterplan	1,000	0	1,000	891	0	891	-109	Significant preparation work being undertaken in terms of the major regeneration works planned. Fully costed plans to be developed with strategic partner(s) in early part of 2020 that will confirm detailed financial profile for overall development.
Other Projects with Minor Variances	20,378	-6,258	14,120	20,546	-6,482	14,064	-56	
- Private Housing	2,400	-446	1,954	2,411	-446	1,965	11	No Major Variances.
- Social Care	586	-211	375	377	-33	344	-31	No Major Variances.
- Leisure	4,516	-129	4,387	4,492	-129	4,363	-24	No Major Variances.
ENVIRONMENT	17,325	-8,948	8,377	17,902	-9,187	8,715	338	
Ammanford Highway Infrastructure	112	0	112	526		526	414	Unexpected additional costs on Wind Street/Tirydail Lane Junction, exploring various options for funding by means of external income.
Other Projects with Minor Variances	17,213	-8,948	8,265	17,376	-9,187	8,189	-76	
EDUCATION & CHILDREN	14,859	-7,612	7,247	12,348	-4,549	7,799	552	
Dinefwr Project - Dyffryn Aman	20	0	20	70	0	70	50	Additional internal works and groundworks on site.
Rhys Prichard	1,611	0	1,611	1,800	0	1,800	189	Progress ahead of schedule. Overall project budget on target.
Llandybie CP	0	0	0	75	0	75	75	Project design currently in progress. Re-profile of MEP programme required.
Bryngwyn School Refurbishment	0	0	0	75	0	75	75	Project design currently in progress. Re-profile of MEP programme required.
Other Projects with Minor Variances	13,228	-7,612	5,616	10,328	-4,549	5,779	163	

Capital Programme 2019/20						
Capital Budget Monitoring - Report for December 2019 - Main Variances						
Tudalen 50	Working Budget			Forecasted		
	Expenditure £'000	Income £'000	Net £'000	Expenditure £'000	Income £'000	Net £'000
DEPARTMENT/SCHEMES						
CHIEF EXECUTIVE	1,654	-41	1,613	1,919	-291	1,628
REGENERATION	14,119	-3,525	10,594	13,485	-2,891	10,594
TOTAL	87,624	-27,170	60,454	82,908	-24,008	58,900

Variance for Year £'000
15
0
-1,554

Comment
No Major Variances.
No Major Variances.

Y Bwrdd Gweithredol 16eg Mawrth, 2020

Y PWNC- ERW i'r dyfodol

Y Pwrpas: I ystyried barn ac ymateb Sir Gaerfyrddin i'r arfarniad opsiynau ar gyfer trefniadau ERW i'r dyfodol.

Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

1. Gofynnir i'r Bwrdd Gweithredol gytuno ar ôl-troed Bargen Dinas Bae Abertawe, yn amodol ar ddarpariaethau'r Cytundeb Cyfreithiol.
2. Gofynnir i'r Bwrdd Gweithredol gytuno bod Cyngor Sir Caerfyrddin yn cyhoeddi hysbysiad i dynnu allan o ERW, os na chytunir yn unfrydol gan y partneriaid, yn amodol ar ddarpariaethau'r Cytundeb Cyfreithiol.
3. Gofynnir i'r Bwrdd Gweithredol i gytuno ar gyfnod trosiannol priodol yn amodol ar ddarpariaethau'r Cytundeb Cyfreithiol. Mae blwyddyn (2020/21) yn cael ei argymhell.
4. Y Bwrdd Gweithredol i awdurdodi'r Cyfarwyddwr Addysg a Gwasanaethau Plant a'r aelod o'r Bwrdd Gweithredol dros Addysg a Gwasanaethau Plant mewn cyswllt gyda'r Arweinydd a'r Prif Weithredwr i ddatblygu'r model a ffeirir a chanfod effaith unrhyw newidiadau (gan gynnwys elfennau cyfreithiol, adnoddau dynol ac ariannol), yn amodol ar ddarpariaethau'r Cytundeb Cyfreithiol.

Y Rhesymau:

Ar gais Cydbwyllgor ERW ar y 9fed o Ragfyr, 2019 rhoddwyd y dasg i Gyfarwyddwyr i gyflwyno olion troed ac arfarniad o'r opsiynau ar gyfer unrhyw drefniadau ERW tebygol i'r dyfodol. Gofynnir i'r Bwrdd Gweithredol ystyried sefyllfa ac ymateb Sir Gaerfyrddin.

Ymgynghorwyd â'r pwyllgor craffu perthnasol NADDO/

Angen i'r Bwrdd Gweithredol wneud penderfyniad OES

Angen i'r Cyngor wneud penderfyniad NAC OES

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:-

Cyng. Glynog Davies

Y Gyfarwyddiaeth: Addysg a Gwasanaethau Plant

Enw Pennaeth y Gwasanaeth:

Gareth Morgans

Awdur yr Adroddiad: Gareth Morgans

(Ar y cyd a Chyfarwyddwyr/Prif Swyddogion o bob Awdurdod Lleol a Rheolwr Gyfarwyddwr dros dro ERW)

Swyddi:

Cyfarwyddwr Addysg a Gwasanaethau Plant

Rhif Ffôn

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E: bost

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Executive Board Meeting

March 16th, 2020

SUBJECT- ERW for the future

The ERW Regional Education Service

On the 9th of December 2019, ERW's Joint Committee tasked officers with setting out a roadmap/options appraisal for any likely future ERW arrangements. The ERW Consortium is currently a Joint Education Service for six local authorities:

Carmarthenshire	Pembrokeshire
Ceredigion	Powys
Neath Port Talbot	Swansea

The Consortium acts on behalf of the six local authorities to deliver a service that supports schools to raise standards. There is much speculation at present regarding the future configuration and purpose of ERW. This is a matter of serious concern to our schools and education services.

Challenges

Since its inception ERW has struggled, due to numerous reasons, to function as an effective consortium. It has experienced a number of challenges-

- There have been several changes of political and managerial leadership and it has struggled to maintain a consistent strategic grip.
- The sheer size and diversity of the geographical area of the ERW footprint has presented operational and organisational difficulties
- School improvement has in many ways become compartmentalised and divorced from the broader learning, ALN and skills agenda. It has focussed on specific performance measures based almost exclusively on the traditional lines of attainment and attendance within schools and divorced from economic ambition.
- Different Local Authorities have different challenges and priorities and ERW has failed to address all of these successfully.
- There is sometimes conflict between accountability and provision of services.
- Some partners do not identify the added value that ERW provides and are not committed to making it work.

It is timely to review the footprint and consider the best outcome for Carmarthenshire's learners and schools.

DETAILED REPORT ATTACHED ?

YES

IMPLICATIONS

Policy, Crime & Disorder and Equalities NONE	Legal YES	Finance YES	Risk Management Issues YES	Staffing Implications YES
<p>Legal- If the current ERW footprint is changed there will be a requirement to amend the current six-authority Legal Agreement to take into account the withdrawal of the relevant Authorities. Changes to the Legal Agreement will require consultation with all Authorities. This will need to be agreed by respective partners and progressed through each partner's respective democratic processes.</p>				
<p>Finance- The core staffing structure agreed by the ERW Joint Committee for 2020/21 is currently not fully funded and relies on increased contributions from each partner. Should partners withdraw from the consortium/not increase their contributions it will be difficult to deliver the agreed structure and ERW's Business Plan. Grant funding currently is delivered to partner LAs and schools via the consortium and should the footprint change we will need to work with Welsh Government on alternative arrangements. To sustain the current model would require an additional £34,185 core funding from Carmarthenshire.</p>				
<p>Risk Management- The Department and ERW's Risk registers reflect Carmarthenshire's current identified risks in relation to School Improvement and associated remedial actions to reduce the risks.</p>				
<p>Staffing Implications- There are key posts within the agreed ERW structure which are vacant or removed due to Directors being charged with reducing core costs of the model. Removing staff to reduce has to be done in line with the employer's HR policies. Changes to the current structure could lead to significant redundancy costs.</p>				

CONSULTATIONS

If there are any changes to the current ERW staffing structure/footprint we will need to consult and engage with ERW's core team in line with HR advice and guidance.

Section 100D Local Government Act, 1972 – Access to Information List of Background Papers used in the preparation of this report:

Title of Document	File Ref No.	Locations that the papers are available for public inspection
The National Model for Regional Working		https://gov.wales/national-model-regional-working
ERW Joint Agreement		In each LA

Mae'r dudalen hon yn wag yn fwriadol

The ERW Regional Education Service

Local Authorities in Wales operate within a statutory framework that places upon them, amongst others, the following general powers:

- Local authorities must contribute towards the spiritual, moral, mental and physical development of the community by securing that efficient primary and secondary education is available to meet the needs of the people in its area
- Local authorities must secure that their education and training functions are exercised with a view to promoting high standards and promoting the fulfilment of learning potential.
- Local authorities must also secure that sufficient schools for providing primary and secondary education are available for its area.
- Local authorities play a key role in the financing of schools.
- Local authorities have statutory duties to identify, assess and make provision for children's special educational needs.

Any collaboration or cooperation must respect these statutory responsibilities and where collaboration is enacted, it must be subject to local accountability and scrutiny, and assessed to add value.

Education in Wales is in the throes of unprecedented reform; stakes are high in terms of realising the intended outcomes and securing the delivery of the reform agenda. Running parallel to this, are the immediate budget pressures faced by local government and challenges to sustain services.

These options for future delivery of school improvement in its widest terms, developed by Directors of Education/Chief Education Officers, must be considered within this context. Also, the options should be assessed for their effectiveness in delivering a self-improving system where peer review and strategic partnerships drive improvement.

Background

In February 2011, as Education Minister, Leighton Andrews introduced a series of reforms in schools, in higher education, and student finance. He set out his schools' agenda in a speech, *'Teaching makes a difference'*. His 20-point plan became the focus of education reforms after the May 2011 Assembly elections. Andrews introduced banding of schools (since modified into a categorisation of schools), reforms of school governance, the Literacy and Numeracy Framework accompanied by reading tests for years 2-9, and the review of Qualifications.

One of the priorities the Minister identified was about the structural management and leadership of education in Wales. He included the following direction to local authorities:

"We will expect local authorities to participate in consortia arrangements, including shared consortium services, or suffer financial penalties, including the withdrawal of Better Schools Funding. The consortia will identify system leaders, who will support and challenge the professional learning communities, which will have a focus on literacy and numeracy."

As a consequence, local authorities had to formalise their various informal arrangements for working together into the four regional consortia that exist now. For South West and Mid Wales, the previous model, originally designed to address the arrangements for teachers' workload, was the identified footprint for collaboration between the councils.

The current ERW Consortium is a Joint Education Service for six local authorities:

- Carmarthenshire
- Ceredigion
- Neath Port Talbot
- Pembrokeshire
- Powys
- Swansea

The Consortium acts on behalf of the six local authorities to deliver a service that supports schools to raise standards. There is much speculation at present regarding the future configuration and purpose of ERW. This is a matter of serious concern to our education service in Carmarthenshire. It is difficult to find any logical or evidence-based argument set out at that time for this collaboration footprint to be the right footprint for the consortium-based approach going forward.

Challenges

Since its inception ERW has struggled, due to numerous reasons, to function as an effective consortium. It has experienced a number of challenges-

- There have been several changes of political and managerial leadership and it has struggled to maintain a consistent strategic grip.
- The sheer size and diversity of the geographical area of the ERW footprint has presented operational and organisational difficulties
- School improvement has in many ways become compartmentalised and divorced from the broader learning, ALN and skills agenda. It has focussed on specific performance measures based almost exclusively on the traditional lines of attainment and attendance within schools and divorced from economic ambition.
- Different Local Authorities have different challenges and priorities and ERW has failed to address all of these successfully.
- There is sometimes conflict between accountability and provision of services.
- Some partners do not identify the added value that ERW provides and are not committed to making it work.
- To date three of the partner Local Authorities have been inspected by ESTYN and the outcomes are as follows-

Neath Port Talbot (Pilot Inspection)	<i>December 2017</i>	GOOD x 3
Powys	<i>July 2019</i>	Causing significant concern and require follow-up activity.
Pembrokeshire	<i>December 2019</i>	Causing significant concern and require follow-up activity.

DRIVERS FOR CHANGE

Following the previous Managing Director's secondment to Welsh Government, an Interim Managing Director was brought in to lead a review of ERW and develop a revised structure.

Since the inception of ERW the service structure has evolved on a basis of need. During that time the changing operational environment, strategic priorities and operational needs have changed considerably. These changes which include Leadership Programmes and Curriculum Development have placed an increasing strain on the structure to the point where it was not fit for purpose.

In September 2018, a widespread engagement exercise was undertaken with the 6 Local Authorities' education department leads and subsequently with the wider headteacher community across the region. Due to the feedback received from the engagement exercise it became evident that an evaluation of the organisational structure needed to take place. The evaluation has shown that the introduction of a clearly defined central staffing structure was required to enable ERW to work in partnership with the 6 Local Authorities and provide an effective and efficient model to provide leadership and co-ordination of a self-improving system.

The case for change

- Notice of withdrawal from ERW issued by Neath Port Talbot (27-03-19)
- Internal Audit reports
- Internal Evaluation and intelligence
- Welsh Government expectations
- Future regional responsibilities
- Grant conditions
- Estyn reports
- Schools below regression line.
- Views expressed by Headteachers/Governors
- Value for Money
- Duplication
- Inter LA and School variation
- Accountability
- Feedback from teachers
- Quality of support to schools
- Pace of progress only adequate
- Self-evaluation

The Interim Managing Director worked with Directors on this review and a revised 'Mission Statement' and business priorities were developed-

AIM- ERW is a regional partnership designed to promote excellence in all schools through a self-improving system. This will be achieved through collaborative planning for the new curriculum and the provision of professional learning and leadership opportunities that can develop all as individuals, learners, citizens and contributors.

Priorities-

- **Developing and delivering a transformational curriculum**
- **To develop a high-quality education profession**
- **To develop inspirational leaders and to facilitate them working collaboratively to raise standards.**

- **To develop strong and inclusive schools that are committed to excellence and wellbeing.**
- **To develop robust assessment, evaluation and accountability processes that support a self-improving system**

The new priorities are absolutely crucial to the improvement journey that we are embarking upon. In addition, a revised staffing structure was presented to and ratified by the Joint Committee. Staff were permanently appointed to the majority of the agreed posts and secondments were offered to suitably experienced practitioners to posts which did not attract suitably experienced applicants. Since September 2019 the new revised model has been operational.

The staffing structure was designed to offer an effective and efficient school improvement service. Most of the positions are employed on a permanent basis via Pembrokeshire County Council on either Soulbury or Teachers' Terms and Conditions. New job descriptions were developed and evaluated according to Pembrokeshire's evaluation process. Remuneration for each position was evaluated by Finance Department to ensure cost effectiveness and affordability.

The structure would enable ERW to create a centrally employed permanent Regional Strategic Team under the leadership of a Managing Director.

The Regional Strategic Team consist of 7 individuals:

- Managing Director (*Currently a Secondment*)
- Assistant Managing Director (*Fixed-term contract*)
- *Head of Primary Sector (Currently Vacant at 01-01-20)*
- Head of Secondary Sector (*Currently a Secondment- 0.5*)
- Head of Special Schools and Education in Alternative Setting (*Permanent- 0.6*)
- *Head of Professional Learning and Leadership (Currently Vacant at 01-01-20)*
- Head of Curriculum Reform and Innovation (*Currently a Secondment 0.8*)

The following positions provide support to the Regional Strategic Team:

- Secondary Support Lead (*0.6 until March 2020*)
- Lead for Leadership (*Full time*)
- Lead for Research and HEI Partnerships (*Full time*)
- Lead for Secondary Curriculum and Examinations (*Full time*)
- Lead for Welsh in Education (*Full time*)
- Lead for Digital & Systems (*Full time*)
- Lead for Health and Wellbeing (*Full time*)

In addition, the following positions enables ERW to provide Welsh Government's Curriculum Reform and Professional Learning requirements:

- **Secondary Subject Specialists** to support middle leadership and provide support through curriculum and examination reform (11 posts in total working under the Lead for Secondary Curriculum and Examinations).

- | | |
|-----------|---------------|
| • English | • Mathematics |
| • Welsh | • Science |

- Humanities
- Technology
- Modern Foreign Languages and
- Expressive Arts

b. Pedagogy and AOLE specialists to provide leadership across the region for the development of pedagogical approaches and appropriate integration across the 6 AOLEs, with a focus on primary education and transition (12 posts in total).

Carmarthenshire’s officers believe that this new structure ensures greater clarity in regard to respective roles and that the new model is starting to embed and deliver on our agreed actions. The central staff are well respected and are adding value and the communication between the Consortia and Local Authority has improved.

Funding

The majority of ERW’s funding is secured through Welsh Government grants. Prior to working as a Consortia, the partner Local Authorities were the recipients of these school improvement grants. The quantum however has increased substantially with the introduction of e.g. the Pupil Development Grant and specific elements of the grant for Curriculum reform and professional development.

In addition to the grant funding there is core funding provided by each partner local authority based on a total contribution of £250,000 split according to PLASC Pupil numbers.

<i>Local Authority</i>	<i>Current contribution</i>
Carmarthenshire	53,167
Ceredigion	18,691
Neath Port Talbot	40,713
Pembrokeshire	33,895
Powys	33,535
Swansea	69,998
TOTAL	250,000

As part of the review there was a requirement, as from the start of the 2020/21 financial year, to increase contributions from partner authorities to fund the new structure agreed at the Joint Committee.

For 2020/21 an additional £322,140 is required. It was proposed to transfer grant funding to the value of £161,400 to local authorities, to be passported back to ERW, leaving a deficit of £160,740 to be met by additional contributions from each local authority. Directors were tasked with reviewing the core staffing model and develop proposals to reduce spend to reduce the quantum of the additional contributions required.

Carmarthenshire’s additional contribution will amount to **£34,185** which will have to be secured from Council resources.

Reasons why an alternative Consortia footprint is being considered

1. Carmarthenshire agreed with the new structure and funding requirements however officers would be monitoring progress and seeking assurances that our needs were being met and there would be equitable allocation of resources.

2. Although the new structure was agreed by all partners, Neath Port Talbot stated that they were not willing to increase their financial contributions to ERW.
3. Neath Port Talbot have indicated in meetings that they will implement their withdrawal from ERW.
4. Swansea are advocating a 'commissioning model' i.e. only buying the services they require.
5. The City Deal footprint was proposed as a new Consortia footprint as it aligned the education and skills agendas and was in line with current legislative proposals considered by Welsh Government.
6. Led by Ceredigion, an alternative footprint, Dyfed-Powys was tabled.
7. It has become clear that there is no appetite from partners to the status quo.

In light of the above Directors were tasked to develop evaluated proposals for a new Consortia configuration. Workshops have been held to examine each option and to articulate the positives and negatives of each proposal. Carmarthenshire now needs to decide on the model which will deliver the best service for Carmarthenshire's schools.

Possible Options

1. The status quo
2. Transfer to a model based on the City Deal and Growing Mid Wales Partnerships
3. Dyfed Powys (Ceredigion Proposal) and West Glamorgan footprints
4. To operate school improvement as individual councils (those councils who wish to continue collaboration continue to do so)

Details in regard to evaluating each model are included in Appendix 1.

Proposal

Having considered all the possible options, it is our view that Option 2 is Carmarthenshire's preferred footprint. It would be advantageous of all Local Authorities agree with this option to avoid partner Local Authorities having to issue 'Withdrawal Letters'.

Therefore, it is suggested-

1. The Executive Board is requested to agree the Swansea Bay City Deal footprint, subject to the provisions of the Legal Agreement.
2. The Executive Board agrees that Carmarthenshire County Council issues notice to withdraw from ERW, should unanimous withdrawal not be agreed, subject to the provisions of the Legal Agreement.
3. The Executive Board to agree an appropriate transition period subject to the provisions of the Legal Agreement. A year (2020/21) is recommended.
4. The Executive Board to authorise the Director of Education and Children's Services and the Executive Board Member for Education and Children's Services in liaison with the Leader and Chief Executive Officer to develop the preferred model and ascertain impact of any changes (including legal, HR and financial), subject to the provisions of the Legal Agreement.

Appendix 1- Evaluation of each model

Appendix 2- ERW- KEY PRINCIPLES

Appendix 3- ERW- KEY DELIVERABLES

Appendix 4- ERW- CORE VALUES

Appendix 5- ERW- What do we do?

Appendix 6- ERW Business Plan

Appendix 1- Evaluation of each model

1. Status Quo	
A continuation of the current footprint of 6 LAs and the revised structure.	
+	-
<ul style="list-style-type: none"> • ERW provides a critical mass and economies of scale • The revised structure already in place that includes high-quality and respected individuals in key posts. • There is now a better understanding of ERW's responsibilities and structure. • There is better face-to-face communication between ERW and school leaders • There is the ability to build on elements of current practice e.g. Middle Leaders programme, school to school work • There is some effective support for secondary schools following inspections • There is evidence of effective support for schools causing concern • Our Challenge Advisers know each other well and work across region • Lack of capacity in some authorities to continue to meet responsibilities and therefore dependent on ERW 	<ul style="list-style-type: none"> • Still a lack of trust in the organisation being able to deliver • Still a lack visibility • Less connection to local issues • Lack of link to key officers in the local authority e.g. Education Welfare Service (EWS) • Too far removed from schools/LAs (geographically) • Risk to capacity as people do not want to work for ERW • Could be seen as a regional bureaucratic industry when school budgets so stretched • Support for secondary schools has been variable due to capacity • Model not agile enough to meet needs/not responsive enough • Perception that ERW that does not provide value for money/impact of ERW • LA contributions do not meet the core costs. • Lack of flexibility for using grant funding terms and conditions. • Large land mass and geography of region poses significant logistical challenges • Diverse nature of the region, the socio-economic profiles of LAs and linguistic makeup make it difficult to provide a service that meets the needs of all school communities. • A lack of clarity on exact nature of ERW's role and relationship with LAs.

2. Model based on the City Deal and Growing Mid Wales Partnerships	
This would be a partnership of 4 (Carmarthen, Neath Port Talbot, Pembrokeshire and Swansea) and 2 (Ceredigion and Powys)	
+	-
<ul style="list-style-type: none"> • The geography is more manageable • Geographical advantages and in line with emerging footprints • There is already a degree of political support for this pattern of working • It will enable us to better link the education agenda with skills, apprenticeships and employment pathways in the key sectors we want to support. • It allows us to disband current structures and re-create new ones and therefore address the brand, governance and structure issues 	<ul style="list-style-type: none"> • Current structure not suitable/sustainable leading to redundancies etc. • Continue to be unsure of accountabilities • Consistency in CAs performance • Could still be faceless to schools • Still could be issues of perceived quality • Could be very challenging for 2 relatively small LAs to deliver a comprehensive school improvement

<ul style="list-style-type: none"> • Smaller scale could ensure improved consistency • Ability to build on current strengths • School leaders value local response from Challenge Advisors • Could realise clearer communication • Could realise clearer division of functions • Improved tackling of under-performance • Better perception of model with local face • Easier to build positive relations with schools and build reputation • More agile to deliver local/national priorities • Greater control of apportioning of resource • Small enough to function in a timely way to support schools • Not seen to be fattening a middle tier • Greater autonomy for schools on funding 	<p>service (19 secondary schools across the 2 LAs)</p> <ul style="list-style-type: none"> • Differences in socio-economic footprint within the different partnerships • Issues in delivering Welsh language support as there are different priorities and expectations in each LA. • Need to revisit commitment to collaboration- fresh start needed
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3. Dyfed Powys / West Glamorgan footprints	
This would be a partnership of 4 (Carmarthen, Ceredigion Pembrokeshire and Powys) and 2 (Neath Port Talbot and Swansea).	
+	-
<ul style="list-style-type: none"> • The geography is more manageable • It allows us to disband current structures and re-create new ones and therefore address the brand, governance and structure issues • Improved consistency • Building on current strengths • Heads appreciate local response from Challenge Advisors (CAs) • Clearer internal communication • Clearer division of functions • Tackling under-performance • Better perception of model with local face • Easier to build positive relations with schools and reputation • Geographical advantages • More agile to deliver local/national priorities • Greater control apportioning of resource • Return to pre-LGR footprint of West Glamorgan and Dyfed Powys • Small enough to function in a timely way to support schools • Greater autonomy for schools on funding 	<ul style="list-style-type: none"> • Current structure not suitable/sustainable leading to redundancies etc. • Could continue to be unsure of accountabilities • Consistency in CAs performance • Tension between region and local authority • Could still be faceless to schools • Still could be issues of perceived quality • Losing advantage of working with diverse authorities. • Not aligned to the Swansea City Deal thus losing education and skills opportunities • Risk if CCC does not sign up to the DP and impact on the 3 partners- viability? • Redundancy issues

4. Operate school improvement as individual councils

Each local authority to operate separate improvement and support services with commitment to collaborate. (ERW could cease to exist or LAs could agree to commission a central team to provide specific support to deliver key aspects of the national reform agenda, e.g. curriculum development)

+	-
<ul style="list-style-type: none"> • The geography is more manageable • School leaders appreciate local response from Challenge Advisors (CAs) • Clearer internal communication • Clear division of functions • Clarity of role and responsibility • Current governance and scrutiny arrangements are in place and robust • School improvement service sits with the body which has the statutory responsibility. • Ability to commission from a wider range of providers and in line with LA priorities. • LAs can collaborate according to strategic priorities. • Each LA can commission what it needs and therefore more funding could reach front line services. • Services provided more bespoke to individual LA's needs • ERW could provide critical mass, economies of scale and broker support required. • The revised structure is already in place and high-quality and respected individuals in key posts. • There would be a better understanding of ERW's responsibilities and structure. • There is the ability to build on current effective practice e.g. Middle Leaders programme, school to school work • Lack of capacity in some authorities to continue to meet responsibilities and therefore dependent on ERW • Market forces would drive ERW to improve its performance and quality of support offer. 	<ul style="list-style-type: none"> • Current structure not suitable/sustainable leading to redundancies etc. • Consistency in CAs performance • Does not meet Welsh Government expectations • Does not align with the Wellbeing of Future Generation Act. • Danger of isolation for LAs/ schools/ leaders • Possible capacity issues from providers • Lack of capacity in some authorities to continue to meet core statutory responsibilities to intervene in school/deliver school reorganisation • HR challenges- redundancy/challenges • Not a consortium- need to start again • Challenges in some LAs in regard to senior leadership experience and capacity. • ERW unable to sustain a core structure without core funding • Current structure not suitable/sustainable leading to redundancies etc. • Risk to capacity as people do not want to work for ERW • Success to date has been variable • Model not agile enough to meet needs/not responsive enough • LAs could commission from outside ERW. •

Appendix 2- ERW- KEY PRINCIPLES

- Regional working will be underpinned by the principles of transparency, shared leadership, clear communication, robust quality assurance, accountability and integrity.
- The regional support service will be resourced and staffed in accordance with its remit and status. It will have a Head of Service and a dedicated team of experts who will add value to the regional approach to the national reform agenda.
- The regional school support service will commit to providing all aspects of support bilingually in line with expectations of the Welsh Standards.
- Current regional governance structures will continue.
- Regional working will be underpinned by the principle of working towards developing a self-improving system where peer review and strategic partnerships drive improvement.
- Regional working should strengthen the role of School Clusters (depending on theme/focus).
- Regional working will be guided by the aim of ensuring that all schools are at least good and that all pupils benefit from a high-quality education.
- Regional working will commit to support local authority capacity and ability to provide education services of the highest standard across all areas of its responsibility.
- That we strengthen relationships between the local authorities, the consortium and Welsh Government.

REGIONAL

The agreed regional support service priorities are-

- Developing and delivering a curriculum for Wales
 - Developing a high quality education profession that has a positive impact on learners' progress and standards
 - Ensure Inspirational leadership has a positive impact on provision and standards
 - Develop strong and inclusive schools committed to excellence, equity and well-being
 - Develop robust assessment, evaluation and accountability arrangements supporting a self-improving system
- The regional school support service will lead on pedagogy, leadership development and moderation and standardisation.
 - The regional support service will engage on behalf of LAs with ITT institutions to ensure that local needs are shared.
 - Regional governance systems will relate to the performance and management of the regional support service.
 - The regional improvement service will contribute to governor training when appropriate and within remit.
 - The Business Plan will be informed by local priorities and steered through the Strategy Groups.
 - The regional improvement service will provide a directory of specialisms.
 - We will have an agreed model of resource deployment to secure improvement and to avoid duplication.
 - We commit to re-launching and re-invigorating our regional commitment to a self-improving system.

LOCAL AUTHORITY

- Accountability and statutory responsibility lies with local authorities (LA) therefore school improvement resource and workforce will remain in each LA to be determined by local priorities and be subject to local scrutiny.
- Challenge Advisers will be responsible for support visits, annual reports on performance and progress and brokerage of support for schools.
- The LA CAs and school improvement resource will be available to work across the region in accordance with current legal agreement.
- Local scrutiny arrangements will apply to the performance of schools and the standards attained by pupils.
- ALN is a local authority responsibility.
- LAs will be accountable for schools causing concern by their individual systems however all local authorities will commit to providing support and challenge to each other in addressing issues of underperformance.
- The delegation of the Welsh element of the Regional School Consortium Improvement Grant (RCSIG) to each LA needs to be considered in order to support individual LA Welsh in Education Plans (WESP). Opportunities to secure economies of scale will be actively pursued.

Self-Improving School System

- School leaders and teachers have the skills, capacity and commitment to continually learn and improve their practice by collaborating.
- Schools are aware of their own strengths and areas for improvement, and with this knowledge seek support for their own improvement and offer support for others to improve.
- Schools become participants so that strengths are spread across the system and areas for improvement are tackled through peer engagement and support.
- Schools will thrive in a supportive and collaborative environment to raise standards and ensure that every young person can access excellent education.
- Schools have a strong vision for why, how and what children and young people learn.

Appendix 3- ERW- KEY DELIVERABLES

Performing

- Improved pupil and school performance.
- Effective use of data and deployment of high-quality resources to ensure effective interventions and support to deliver improved pupil outcomes
- Improved school categorisation and more positive Estyn school inspection reports in all partner Local Authorities

Accountable

- Establishment of a coherent regional school Improvement structure which promotes high performance.
- Clear accountabilities, streamlined and integrated services delivering monitoring, support and challenge to achieve a positive impact and provide genuine value for money.

Self-Improving

- Development of a culture of self-improvement which is reflective, collaborative and based on positive professional relationships.
- Issues and challenges addressed honestly and transparently in an environment which encourages innovation, demonstrating high trust and effective communication.
- An agile, responsive workforce with the skills to respond as required.

Strategic

- Effective management and use of data and other intelligence to provide improved knowledge of all schools, enabling the strategic deployment of high-quality resources to meet current and emerging needs of schools, local authorities and the region.

Talented

- Effective structures and arrangements to recruit, retain and develop high quality staff.
- A positive employment culture which builds capacity and expertise, motivating and valuing individuals to excel within systems which are clear, consistent and supported by effective performance management.

Influential

- Establishing an influential and respected consortium which is authoritative and influential in shaping Welsh Government policies.
- Effective in representing the views of Local Authority partners to secure arrangements which deliver National priorities in a way which reflects the unique nature of the region whilst offering consistent support to Welsh language and cultural heritage.

Appendix 4- ERW- CORE VALUES

Effectiveness

- We lead by example and inspire confidence in others
- We promote and drive continuous improvement by asking how we could do this better
- We focus on longer-term outcomes rather than short-term goals.
- Barriers and challenges are resolved promptly and success is celebrated.

Commitment

- We take pride in the job that we do and we are ambitious for all of our schools and their pupils
- We are passionate about learning and ensuring that pupils reach their potential
- We make a difference for thousands of pupils every year

Integrity

- We are trustworthy and reliable
- We are able to adapt to changing priorities and seek to create a positive and healthy working environment.
- We stand by difficult decisions and openly acknowledge errors
- We challenge and confront poor performance

Innovation

- We inspire others and continuously seek innovative solutions.
- We effectively plan and anticipate change.
- We act on opportunities.
- We recognise problems and implement solutions.

Collaboration

- We engage and support each other by working together and developing a shared focus.
- We build effective relationships with all stakeholders and partners.
- We recognise people's contributions and achievements
- We talk about 'we' and not 'I'.

Appendix 5- ERW- What do we do?

What do we do for schools and their pupils?

- Develop capacity of all schools to become self-improving, resilient organisations who continually improve outcomes and wellbeing for pupils
- Provide high quality differentiated support to schools in line with the national categorisation system
- Enable useful opportunities for school to school working to develop the self-improving system

What do we do for teachers?

- Provide high quality curriculum support to support the development of high-quality pedagogy
- Provide useful resources to reduce teacher workload, improve wellbeing and support the developments of high impact strategies to improve pupil outcomes
- Provide high quality bespoke support to develop the high quality of teaching and learning in all schools
- To provide useful opportunities for professional networks to encourage the sharing of good practice and to develop the self-improving school system.

What do we do for school leaders?

- Support education professionals to fulfil current and future roles in a wide range of educational settings.
- Provide, broker and quality assure a range of approved programmes for our education system. For example, middle leaders, aspiring heads, NPQH and support for newly appointed headteachers.
- We will develop current and future leadership talent for the ERW region

What do we do for our employees?

- We lead with clarity and focus
- We provide professional learning opportunities that build confidence and competence
- We provide a good balance between autonomy and clarity
- We provide opportunities for our team to develop professionally and reinvest in a self-improving system

Appendix 6- ERW's Business Plan and Provision

ERW has five improvement priorities that match the enabling objectives of The National Mission:

- **Developing and delivering a transformational curriculum**
- **To develop a high-quality education profession**
- **To develop inspirational leaders and to facilitate them working collaboratively to raise standards.**
- **To develop strong and inclusive schools that are committed to excellence and wellbeing.**
- **To develop robust assessment, evaluation and accountability processes that support a self-improving system**

Business Plan Priorities

1. Developing and delivering a curriculum for Wales

The region will work with the education system to support the development of the new curriculum and associated assessment arrangements that will help raise standards for all pupils in the region. The region will ensure that high quality professional learning will enable schools to plan for the new curriculum and all associated assessment arrangements.

2. Developing a high-quality education profession that has a positive impact on learners' progress and standards

The region will support our teachers to be lifelong professional learners that reflect on and enhance their own practice to motivate and inspire the children and young people in their care. The region will support schools to develop pedagogy and practice in order to effectively prepare for 'A curriculum for Wales, a curriculum for life.' The region will support, challenge & intervene in schools by implementing a rigorous and consistent approach to ensure that all schools have a clear understanding of what constitutes consistently high-quality teaching and learning for all learners. The region will ensure that assessment information is used diagnostically to influence teaching, learning and learner progress and secure robust reliability procedures for end of key stage assessment

3. Ensure Inspirational leadership has a positive impact on provision and standards

The region will prioritise developing system leadership as a prime driver of education development across our schools. Promoting and supporting effective, collaborative leadership will therefore be central to our delivery. The region will develop effective school leadership and increase capacity across the region by developing universal and targeted support, challenge and intervention for current and aspiring school leaders at all levels. The region will develop and implement a comprehensive programme of professional learning in order to promote high expectations and develop knowledge, skills, personal qualities, values and professional characteristics that will enable leaders to offer consistently high-quality education in all schools

4. Develop strong and inclusive schools committed to excellence, equity and well-being

All learners must be supported to be emotionally and physically ready to learn in a safe and supportive environment. Each learner must be respected and challenged to achieve the best that they are capable of, including our most able learners, while being supported to overcome barriers that inhibit their learning. The region is committed to delivering a fair and fully inclusive education system ensuring where schools across the region are equipped to support all learners in a manner which minimises obstacles and maximises the opportunities for reaching their full potential. The region will continue to develop the workforce so that schools can receive the necessary levels of support and challenge around inclusive practice.

5. Develop robust assessment, evaluation and accountability arrangements supporting a self-improving system

Through the use of evidence-based approaches and co-construction, we will deliver a coherent assessment and evaluation framework that will ensure effective accountabilities so that schools, LAs and the region play a full part in delivering the best for our learners and their teachers. We will encourage and acknowledge schools that are collaborative and supportive of each other and will ensure that smaller and rural schools are better supported to play their full part in a collaborative self-improving school system.

Mae'r dudalen hon yn wag yn fwriadol

Y Bwrdd Gweithredol Dyddiad 16.03.20

Y Pwnc: Cartrefi yn Orsafoedd Pŵer

Y Pwrpas: Ceisio cymeradwyaeth yr Aelodau ar gyfer achos busnes rhanbarthol 'Cartrefi yn Orsafoedd Pŵer' Bargen Ddinesig Bae Abertawe sy'n cael ei arwain gan Gyngor Castell-nedd Port Talbot (a amgaeir yn Atodiad 1 yr adroddiad hwn), ac awdurdodi ei gyflwyno'n ffurfiol i'r Swyddfa Rheoli Portffolio yn unol â Chynllun Gweithredu'r Fargen Ddinesig er mwyn cymeradwyo cyllid y Fargen Ddinesig.

Yr argymhellion / penderfyniadau allweddol sydd eu hangen:

1. Bod yr Aelodau yn cymeradwyo achos busnes 'Cartrefi yn Orsafoedd Pŵer' yn Atodiad 1 ac yn awdurdodi ei gyflwyno'n ffurfiol i'r Swyddfa Rheoli Portffolio yn unol â Chynllun Gweithredu'r Fargen Ddinesig er mwyn cymeradwyo cyllid y Fargen Ddinesig.
2. Rhoi awdurdod dirprwyedig i'r Pennaeth Adfywio, mewn ymgynghoriad â'r Arweinydd ac Aelodau perthnasol o'r Bwrdd Gweithredol, gymeradwyo unrhyw newidiadau i'r achos busnes yn dilyn cymeradwyaeth yng ngoleuni unrhyw newidiadau y gofynnir amdanynt o bosib gan Gyd-bwyllgor Bargen Ddinesig Bae Abertawe.
3. Awdurdodi'r Pennaeth Adfywio, mewn ymgynghoriad â Chyfarwyddwr y Gwasanaethau Corfforaethol, yr Arweinydd ac Aelodau perthnasol o'r Bwrdd Gweithredol, i ffurfio unrhyw gytundebau grant neu ddogfennau cysylltiedig a allai fod yn angenrheidiol i dynnu arian i lawr oddi wrth Lywodraeth y DU/Llywodraeth Cymru neu Gorff Atebol Bargen Ddinesig Bae Abertawe.

Y Rhesymau:

Galluogi Cyngor Castell-nedd Port Talbot i gyflwyno achos busnes Cartrefi yn Orsafoedd Pŵer yn ffurfiol i'r Swyddfa Rheoli Portffolio yn unol â phroses cymeradwyo prosiectau y Fargen Ddinesig.

Angen ymgynghori â'r Pwyllgor Craffu perthnasol NAC OES

Angen i'r Bwrdd Gweithredol wneud penderfyniad OES

Angen i'r Cyngor wneud penderfyniad OES

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:- Y
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EXECUTIVE SUMMARY

16.03.20

SUBJECT: Homes as Power Stations

1. BRIEF SUMMARY OF PURPOSE OF REPORT.

The Homes as Power Stations (HAPS) programme is a pioneering programme to facilitate the adoption of energy efficiency in new build and retrofit homes across the region i.e. the HAPS approach.

The aim of the programme is to demonstrate the viability and benefits of energy efficient homes, scaling up from the pilot development at Hafod, Neath to mainstream the concept in the public and private sectors.

The overarching aim of the programme and business plan is to 'prove' the HAPS concept within public sector led developments in terms of both new-build and retrofitting existing properties. This experience and knowledge will be used to inform future public sector developments across the South West Wales region, and indeed across Wales, and, having 'proved the concept' to target its use in private sector developments.

The City Deal funding will fund a programme team that will help to develop the regional supply chain, administer a regional financial incentives fund, and facilitate a comprehensive monitoring and evaluation programme. It will also undertake marketing / dissemination of the HAPS approach.

Background

The Swansea Bay City Deal is a £1.3bn investment in eleven major projects across the Swansea Bay City Region which is made up of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea.

The City Deal is being funded, subject to the approval of project business cases, by the UK Government, the Welsh Government, the public sector and the private sector.

City Deal projects are based on key themes including economic acceleration, life science and well-being, and energy. Each project will be supported by world class digital infrastructure and a skills and talent initiative that will give local people a pathway to access the jobs that will be created

Homes as Power Stations is one of the projects included in the City Deal Heads of Terms document. It is a regional project, led by Neath Port Talbot and will deliver across all four City Deal local authority areas.

Project description

The Homes as Power Stations (HAPS) programme is a pioneering programme to facilitate the adoption of energy efficiency in new build and retrofit homes across the region i.e. the HAPS approach. The aim of the programme is to demonstrate the viability and benefits of energy efficient homes, scaling up from the pilot development at Hafod, Neath to mainstream the concept in the public and private sectors.

The Business Plan

A business plan for the HAPS programme has been prepared and is enclosed at Appendix 1 for Members' consideration.

Investment objectives

The investment objectives of the HAPS programme include:

- Future proofing over 10,000 properties in the region to increase affordable warmth and reduce fuel poverty;
- Improving health and wellbeing
- Develop standards and specifications which can be replicated
- Develop a skilled regional supply chain
- Coordinate energy efficiency in housing funding sources

Outputs

It is envisaged in the business plan that the following outputs will be obtained

- Jobs created – 19 construction jobs per £1m invested
- Skills / training opportunities created
- Carbon reduction targets
- Regional supply chain in the renewables sector

Strategic alignment

The Homes as Power Stations programme is aligned to key Welsh and UK Government strategies and policy direction including: Economic Action Plan; A Low Carbon Wales; Well-being of Future Generations Act; National Development Framework; and Industrial Strategy.

The Homes as Power Stations programme is also aligned to a number of other City Deal projects including the Skills and Talent initiative, the Digital Infrastructure Project and the Supporting Innovation & Low Carbon Growth programme of projects, along with the Active Building Centre at Swansea University which is the UK centre of excellence for transforming construction.

Key milestones

The following key milestones are set out in the Business Plan

- Year 1

- To establish a programme team
- Procure an independent organisation to monitor and evaluate the programme
- Integrate existing and related project activity
- Agree targets for new build and retrofit developments

- Years 2 to 3

- Continue facilitating the adoption of the HAPS approach for new build and retrofits
- Proving the HAPS concept by introducing a range of technologies in to new-build and existing residential properties, and monitoring and evaluating their impact on carbon reduction
- Developing private sector engagement by proving the HAPS concept in public sector led residential schemes to minimise risk.

- Years 4 to 5

- Continue facilitating the adoption of the HAPS approach for new build and retrofits
- Proving the HAPS concept by introducing a range of technologies in to new-build and existing residential properties, and monitoring and evaluating their impact on carbon reduction
- Developing private sector engagement by proving the Haps concept in public sector led residential schemes to minimise risk.
- Developing specifications and standards based on lessons learned through monitoring and evaluation to disseminate

Current and proposed regional activity

There are a number of 'HAPS' approach developments in progress and in the pipeline, including:

- Carmarthenshire

A new build 32 unit development in Burry Port using the Pentre Solar energy efficient model of construction. Maximising solar gain with a SAP level of 104 and an air tightness of 0.9m³/hr Passive house levels thermal insulation. The integrated PV panels will generate at least 7,000KwH of energy per year. Battery storage will store up to 150KwH of unused electricity per day. 80% of the space heating requirements of the homes will be supplied from solar energy.

- Neath

The HAPS pathfinder project at Hafod, Neath is complete and tenants are due to move in. The technologies will now be evaluated by monitoring their use throughout the year by a

range of different occupiers. This process will help to deliver cost effective energy efficient residential schemes

- Pembrokeshire

A number of planned council owned new build developments with designs to go beyond Part L of Building Regulations, in terms of energy efficiency with a requirement to achieve an EPC rating of A, including PV solar, over insulation, and battery storage.

- Swansea

Six council – owned bungalows in Craigeffnparc, Swansea have been retrofitted with innovative energy saving equipment to help power the homes and keep them warm.

DETAILED REPORT ATTACHED?	YES
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IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: Jason Jones, Head of Regeneration

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
YES	YES	YES	NONE	NONE	NONE	YES

Policy, Crime & Disorder and Equalities

A first stage impact assessment has been undertaken to assist Neath Port Talbot Council in discharging its legislative duties (under the Equality Act 2010, the Welsh Language Standards (No.1) Regulations 2015, the Well-being of Future Generations (Wales) Act 2015 and the Environment (Wales) Act 2016. The first stage assessment has indicated that a more in-depth assessment is not required at this stage.

Legal

The Joint Working Agreement between the participants of the Swansea Bay City Deal requires (at clause 12.3) all councils in whose area the project shall take place to approve the submission of the business case to the Joint Committee before it can ultimately be forwarded on to the UK and Welsh Government. Each participant council will be taking a report of this kind to their respective

Finance

The financial profile is detailed below. It should be noted that the costs are evidence-based projections and will be refined during programme delivery. The City Deal 'ask' is £15 million to fund:

- Programme Team
- Regional financial incentives fund
- Regional supply chain development fund
- Marketing / dissemination
- Monitoring and evaluation

A breakdown of payments is set out below:

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Total
City Deal	£2,000,000	£4,000,000	£5,000,000	£3,750,000	£250,000	£15,000,000
Private	£23,075,000	£47,675,000	£73,050,000	£102,600,000	£129,500,000	£375,900,000
Other programmes	£6,425,000	£14,075,000	£22,200,000	£31,400,000	£40,500,000	£114,600,000
Total	£31,500,000	£65,750,000	£100,250,000	£137,750,000	£170,250,000	£505,500,000

Risk Management Issues

There are no risk management issues associated with this report. The Homes as Power Stations business case includes a 'Main Programme Risks' section in Part 3.3 of the Strategic Case.

Physical Assets

The HAPS programme team will assess the region's housing stock in order to determine energy efficient technologies.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Jason Jones, Head of Regeneration

1. Scrutiny Committee

n/a

2. Local Member(s)

n/a

3. Community / Town Council

n/a

4. Relevant Partners

Consultations have taken place with the following Local Authorities:

- Neath Port Talbot
- Swansea
- Pembrokeshire

The Homes as Power Stations Full Business Case is currently going through the political process of each of these local authorities

The Executive Board member has been consulted.

5. Staff Side Representatives and other Organisations

n/a

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection
N/A		

Mae'r dudalen hon yn wag yn fwriadol

FULL BUSINESS CASE

Swansea Bay City Deal:

The Internet Coast

Homes as Power Stations Programme



Version 3.0
March 2020



Confidentiality Statement

Information in this document must be kept confidential and in accordance with the rules of disclosure.

This document is uncontrolled if printed.

DRAFT

Distribution List

Organisation	Position	Name
Value People	Director	Stefan Sanchez
Homes as Power Stations	SRO	Gareth Nutt Nicola Pearce
City & County Swansea		Martin Nicholls
Carmarthenshire County Council		Wendy Walters
Pembrokeshire County Council		Steven Jones
Cardiff University, WSA		Phil Jones

Revision History

Date	Version	Modified by	Changes Made, review history
29.06.2018	0.1	Bill Harkins - Value People	First draft
13.07.2018	1.0	Lisa Willis – NPTCBC Stefan Sanchez & Bill Harkins - Value People	Updates to CC and FC after review
07.08.2018	1.0	Lisa Willis	Regional input
Feb 2019	FBC 1.0	Lisa Willis	OBC to FBC
Nov 2019	FBC 2.0	Lisa Willis	Additional information required by policy workshop
March 2020	FBC 3.0	Lisa Willis	ESB comments

Document Sign Off

Date	Version	Signed off by	Comments
07.08.2018	1.0	Gareth Nutt	Incorporated regional partner comments
Feb 2019	FBC 1.0	Gareth Nutt	OBC to FBC

Nov 2019	FBC 2.0	Gareth Nutt	Additional information required by policy workshop
March 2020	FBC 3.0		ESB workshop comments - comments

DRAFT

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Acronyms	Description
HAPS	Homes as Power Stations
SBCR	Swansea Bay City Region
SBCD	Swansea Bay City Deal
‘the partners’	The local authority partners comprising the Swansea Bay City Region: Neath Port Talbot CBC, City and County of Swansea, Carmarthenshire County Council and Pembrokeshire County Council

Introduction

The Swansea Bay City Region 'Internet Coast' deal will establish the Homes as Power Stations (HAPS) programme, led by Neath Port Talbot County Borough Council, on behalf of the four local authority partners in the Swansea Bay City Region programme area: Neath Port Talbot County Borough Council, City and County of Swansea, Carmarthenshire County Council and Pembrokeshire County Council. Swansea University is a strategic partner through the Active Building Centre¹ and SPECIFIC.²

The Homes as Power Stations programme has been developed in response to a number of drivers:

- UK and Welsh Government policy to tackle climate change and meeting carbon emission reduction targets;
- The need to deliver low carbon, energy efficient homes to reduce fuel poverty and its impact on health and wellbeing;
- Energy efficiency and demand side management is needed to reduce energy costs and provide affordable warmth for housing.

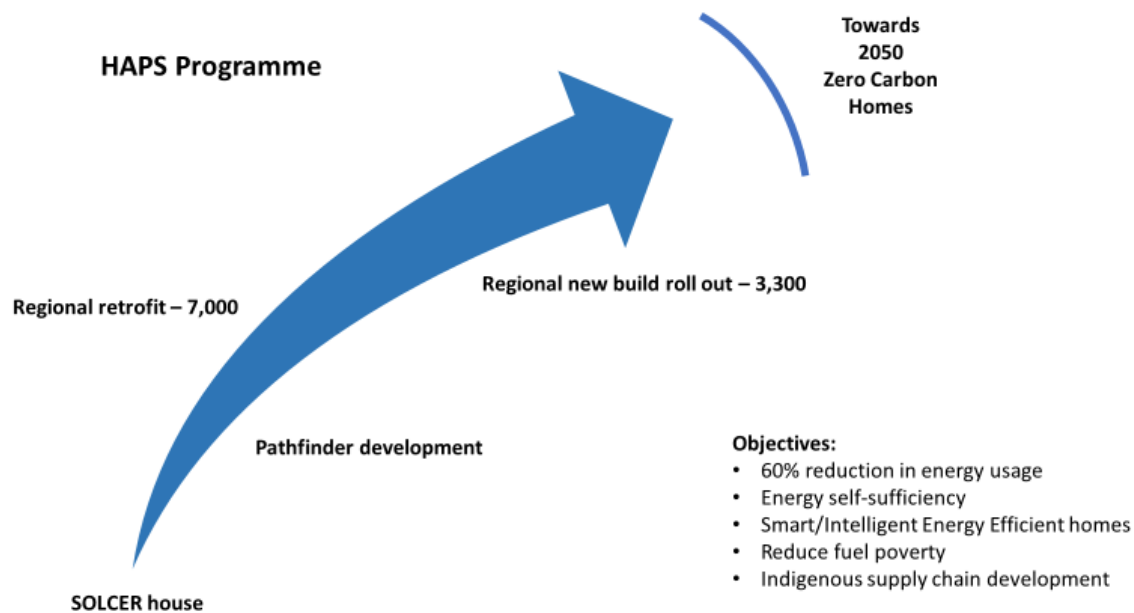
The HAPS programme is a pioneering programme to facilitate the adoption of the HAPS approach to integrate energy efficient design and renewable technologies into the design of new build homes and retrofit programmes carried out by the public, private and third sectors. The programme aims to encourage the HAPS approach to become mainstream in new build design and retrofit programmes.

The programme will target both new build developments and the retrofit of existing buildings. The programme aims to promote the benefits of energy positive homes, initially through the public-sector housing stock and after proving the process and financial measures, target rollout to private sector landlords and owner-occupiers. Energy retrofits will be linked to other housing improvement programmes to optimise efficiency of delivery. There will also be a focus on supply chain development, skills development, an education / dissemination programme and a financial incentive scheme.

The Homes as Power Stations programme is a regional activity and aims to 'prove' the HAPS concept in the public sector at relatively small scale with the intention of scaling up activity across the region and sectors as shown in the following Figure:

¹ <https://www.activebuildingcentre.com/>

² <http://www.specific.eu.com/about>



This Full Business Case (FBC) is structured in accordance with HM Treasury’s revised Green Book³ and the Better Business Cases guidance, organised around five cases designed to systematically demonstrate the investment proposal:

- Is supported by a compelling case for change – the **Strategic Case**
- Optimises value for money – the **Economic Case**
- Is commercially viable – the **Commercial Case**
- Is financially affordable – the **Financial Case**
- Is achievable – the **Management Case**

This FBC confirms the indicative funding envelope of £15 million of Swansea Bay City Deal investment to deliver the programme.

Formal approval of this FBC will enable programme definition to commence to prepare for the Homes as Power Stations programme and the FBC describes the outline programme management arrangements.

³ The Green Book: Central Government Guidance on Appraisal and Evaluation:
<https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

Executive summary

Strategic Case

The primary and overarching strategic driver for the HAPS programme is the Swansea Bay city Deal 'Internet Coast' investment programme which was signed in March 2017 by the UK Government, Welsh Government, and the four local authorities of the Swansea Bay City Region. The 'Internet of Energy' is a key theme within the Swansea Bay City Deal Internet Coast Investment Programme. This commitment is underpinned by the availability of funding and a range of national, regional and local strategies which confirm the strength of strategic drive for action in this area, in particular:

- The need to meet the UK's clean energy challenges with a focus on the need to address climate change and carbon emissions linked to housing to deliver the decarbonisation agenda
- The need for clean, affordable and secure energy
- Addressing climate change through delivering carbon neutral alternatives, in line with the decarbonisation agenda
- Improving health and well-being
- Tackling fuel poverty
- Ensuring people have the necessary skills which reflect the broad nature of the renewables sector

In response to above drivers, it is proposed that the HAPS programme will:

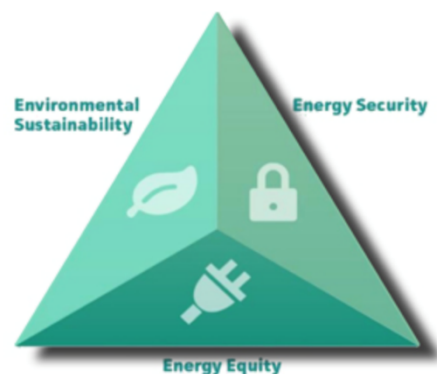
- Facilitate the adoption of the HAPS approach in new house build developments and housing retrofit programmes which integrates new technologies and design features to allow buildings to generate, store and release energy;
- Develop and seek to attract new sector supply chains incorporating leading research and high value manufacturing and construction operations;
- Help to generate sustainable and affordable homes and address fuel poverty and improve health and wellbeing;
- Focus on smart technologies in relation to energy demand management.

The Investment Objectives for the programme are to:

1. Future proof at least 10,300 properties (7,000 retrofit, 3,300 new build) within five years to increase 'affordable warmth' and reduce fuel poverty
2. Improve health and wellbeing and reduce the burden on health and social services
3. Deliver a sustainable (commercially viable), cost effective and holistic housing programme by:
 - a. Taking a 'whole house' approach and developing proven, flexible designs
 - b. Demonstrating the viability of the HAPS concept to the rest of Wales/UK
 - c. Creating skilled jobs, a legacy and mainstreaming the HAPS concept
 - d. Creating a sustainable regional supply chain that retains the creation of design, construction and maintenance jobs
4. Invest in the professional evaluation of the quality and experience of solutions and understanding of the application of new technologies
5. Promote awareness of how key stakeholders (particularly energy users) optimise their interface with the technology
6. Support measures to mitigate climate change by reducing CO₂ emissions and energy demand
7. Create an energy system that is compatible with future smart developments, maximising benefits to the occupant/owner and reducing pressure on the grid by providing local energy generation and security

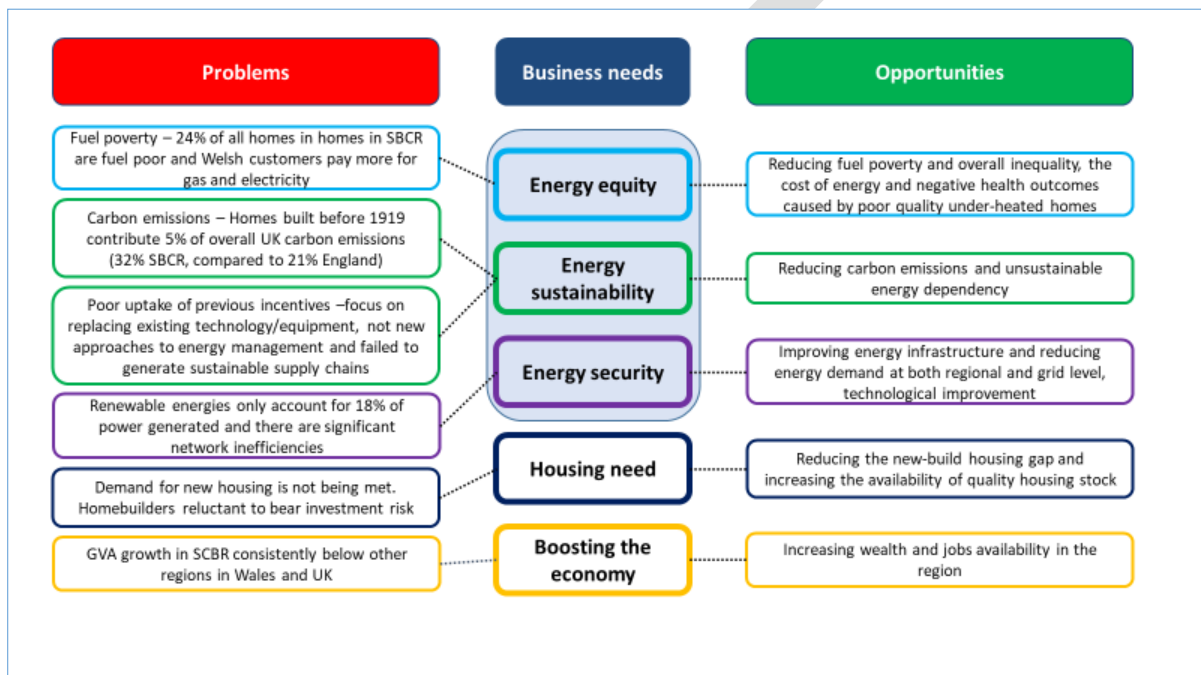
The 'Energy Trilemma', entails complex interwoven links between public and private sectors, governments and regulators, economic and social factors, national resources, environmental concerns and individual behaviours.

Delivering policies which simultaneously address energy security, universal access to affordable energy services and environmentally sensitive production and use of energy is a formidable challenge facing government and industry. The 'Energy Trilemma' provides a clear



framework within which to deliver energy transformation and make sustainable energy systems a reality.⁴

There is a need to provide safe, efficient and affordable homes and address the energy trilemma which is one of the most pressing universal themes and global challenges of our time and addressing these issues is a key business need and presents the most compelling reason for investment. The following Figure summarises the problems and opportunities:



The key service requirements are for a Homes as Power Stations programme to:

- To facilitate the adoption of the ‘homes as power stations’ concept i.e. energy positive homes through an innovative combination of design and flexible technology solutions to allow buildings to generate, store and release energy
- Develop an indigenous sustainable supply chain incorporating leading research and high value manufacturing and construction operations
- Develop a skilled workforce in renewable technologies
- Develop an affordable flexible design approach

⁴ <https://www.worldenergy.org/work-programme/strategic-insight/assessment-of-energy-climate-change-policy/>

- Help to provide clean, affordable and secure energy to tackle fuel poverty and address health and wellbeing issues associated fuel poverty

The scope of this work is defined by the Swansea Bay City Deal and the geographic area of the four local authorities that have signed the joint agreement. The potential scope of activity is to facilitate the adoption of the HAPS approach in new build homes and retrofit programmes, while developing an indigenous sustainable supply chain across the stock of Local Authority/RSL properties, which can be scaled up to include private sector properties.

Economic Case

Through extensive stakeholder engagement, a wide range of programme options were considered, and a short-list of options agreed. Following evaluation of the short-listed options, a cost benefit analysis demonstrates that action to improve energy efficiency in homes represents excellent value for money, particularly through:

- A substantial return on investment from GVA added (jobs in this sector are particularly valuable and deliver a much higher GVA than an 'average' job); and
- The value of energy savings has substantial potential for cost and efficiency savings

The preferred option for the HAPS programme would deliver a mean NPV return over the 15 years of the City Deal of £106 million.

Commercial Case

The preferred way forward described in the Economic Case proposes a programme of activity across the Swansea Bay City Region focused on the following elements:

- Facilitating the uptake of the HAPS approach in new build developments and retrofit programmes
- Supply chain development fund
- Monitoring and evaluation

Facilitating the uptake of the HAPS approach in new build and retrofit developments

Under the direction of a Programme Manager (to be appointed by the Lead Local Authority); two project managers will be appointed to the

HAPS programme, one to facilitate the new build developments and the other for retrofit programmes. They will ensure the adoption of the HAPS concept in the public and private housing sectors.

Supply chain development fund

Funding will be identified within the HAPS programme to create a sustainable and skilled regional supply chain to deliver the HAPS concept during the life of the programme and beyond. The HAPS programme will continue to liaise with the City Deal Skills and Talent programme in addition to FE, HE and the Renewable Energy Skills Forum (Wales) to ensure that there is a sufficient pool of skilled workers to develop, install and maintain the next generation of energy efficient technologies.

To assist suppliers to grow, develop and diversify into renewable technologies, the HAPS programme will establish a HAPS Supply Chain Investment Fund which will be managed by the programme team, overseen by the SRO.

Monitoring and evaluation

The HAPS programme will procure the services of an organisation to monitor and evaluate its activities. The programme manager will scope the tender specification based on the HAPS Investment Objectives including material use, whole life assessment, and monitoring and evaluating the quality of build / retrofit to avoid a legacy of problems due to poor workmanship, design etc. This will be developed into a good practice model. It is envisaged that monitoring and evaluation will be in three phases across the five years of the programme, including the social aspect and health and wellbeing benefits of HAPS:

Phase 1 – at the beginning of the programme baseline data will be collated

Phase 2 – at the end of tranche 1, an interim evaluation will be carried out. By this time, it is expected that the first 200 new build and 250 retrofit homes incorporating the HAPS approach will have been completed.

Phase 3 – toward the end of the programme, a full and final evaluation will be undertaken to inform decisions about future rollout of HAPS technologies.

Financial Case

The Swansea Bay City Deal has determined sufficient funds are affordable for the programme and £15 million is available subject to the submission and approval of the Full Business Case.

The main activities will be to establish a programme team which will manage the new build and retrofit programmes (including financial incentives), manage the supply chain development fund (including a business grant process), marketing and procure an organisation to undertake monitoring and evaluation at key stages of the programme.

The inflation adjusted capital requirement for this programme will be funded through the City Deal as follows (note – only five years’ appraisals are shown, consistent with the proposed programme duration):

Yr.	Programme team	Financial incentives	Supply chain development	Marketing	Monitoring & evaluation	Total	Inflation Factor	Total
0	£200,000	£1,450,000	£250,000	£50,000	£50,000	£2,000,000	1	£2,000,000
1	£200,000	£2,950,000	£750,000	£50,000	£50,000	£4,000,000	1.028	£4,112,000
2	£200,000	£3,700,000	£1,000,000	£50,000	£50,000	£5,000,000	1.0609	£5,304,500
3	£200,000	£2,450,000	£1,000,000	£50,000	£50,000	£3,750,000	1.1087	£4,157,625
4	£200,000	-	-	£50,000	£50,000	£250,000	1.1475	£286,875
	£1,000,000	£10,500,000	£3,000,000	£250,000	£250,000	£15,000,000		£15,861,000

Management Case

A phased introduction of the programme is envisaged over the first year and the programme team will need to be in place following approval.

Over the course of the programme, the strategic intention is to scale up, from proof of concept in the public sector to a targeted roll out of the HAPS concept to the private sector. Through this scaling up of activity it is anticipated that the costs associated with HAPS innovation will move to a more affordable cost envelope and the concept will be de-risked. Therefore, the HAPS programme is an evolving ‘live’ activity and the programme plan will be updated on a regular basis, with individual projects moving from proof of concept, to design, to funding secured.

At this stage it is envisaged that there will be three tranches within the five year programme:

Tranche 1 – establish the programme infrastructure, procure the independent organisation that will undertake the monitoring and evaluation, baseline the programme, integrate existing/related project activity, ensure the uptake of the HAPS approach for 200 new builds and 250 retrofits in line with the HAPS flexible design approach and flexible technology solutions.

It is important to note that the allocation of public housing in line with ‘nomination rights’ is the responsibility of the Local Authorities and

Housing Associations and these organisations will be consulted by the Project Managers.

Tranche 2 – undertake an interim evaluation and ensure that any recommendations are integrated into the programme, continue with new builds and retrofits (supported by financial incentives), initiate the supply chain development fund (including the business grant scheme) supported by business teams from the participating Local Authorities.

Tranche 3 – continue with new builds and retrofits through to the end of the programme, ensure that the supply chain is robust and sustainable for the future, showcase the programme to Welsh and UK interests, commence the final monitoring and evaluation and implement the exit strategy.

DRAFT

Strategic Case

Introduction

The purpose of the Strategic Case is to make the case for change and to demonstrate how the proposed Homes as Power Stations (HAPS) programme aligns with the overall direction of national, regional and local strategies and policies, as well as other ongoing initiatives, projects and programmes. The Strategic Case comprises three parts as follows:

Part 1 – Strategic context

This section provides an overview of the sponsoring organisation as well as a review of relevant strategies, policies and other ongoing initiatives, projects and programmes to demonstrate strategic fit.

Part 2 – The case for change

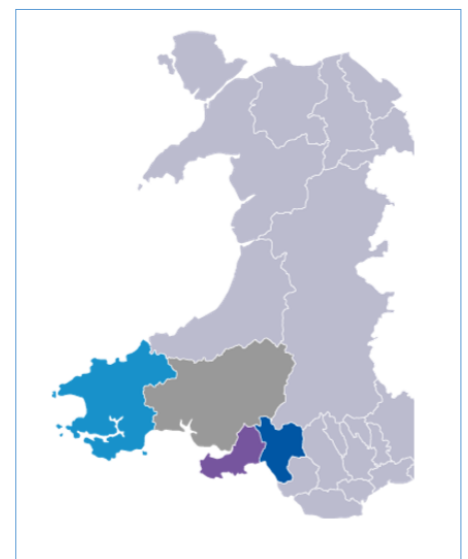
This section sets out the rationale for the project. This rationale is based on desired project outcomes, existing arrangements and an analysis of what needs to change to bridge this gap.

Part 3 – Potential project scope

This section starts the process of considering how best to address these needs, including potential project scope and service requirements, the potential benefits and risks that might arise, as well as any constraints and dependencies that will need to be considered in establishing the preferred way forward.

Part 1: Strategic context

The first part of the Strategic Case outlines the **strategic context** for this programme, which is provided through an overview of the sponsoring organisation, Neath Port Talbot County Borough Council (NPTCBC), and a review of relevant national, regional and local strategies and policies, including ongoing initiatives, projects and programmes to show how the proposed project supports the achievement of approved policy goals and fits within the organisation's overall business strategy.



Part 1.1: Organisational overview

The Swansea Bay City Region consists of four local authority partners: Neath Port Talbot County Borough Council, City and County of Swansea, Carmarthenshire County Council and Pembrokeshire County Council. The HAPS programme is a regional programme with Neath Port Talbot CBC as lead local authority, therefore this section provides an overview of the lead local authority and each of the partner local authorities.

Neath Port Talbot County Borough Council (NPTCBC)

Neath Port Talbot CBC is the lead local authority for the HAPS programme.

Neath Port Talbot CBC has a proven track record of managing and delivering large capital projects and programmes, including European structural fund projects, Welsh Government funded projects and other externally funded projects, for example:⁵

- PDR Harbour Way – £111m
- 21st Century Schools Programme - £122m
- Neath Port Talbot Physical Regeneration – £15m
- Vibrant & Viable Places – £35m

NPTCBC has extensive experience of lead body status for several collaborative projects including:

- South West Workways – £23m
- Workways+ - £7.5m
- Engage – £21m

NPTCBC key facts:

- formed in April 1996 after local government reorganisation
- it is an amalgamation of the former Neath and Port Talbot Borough Councils with parts of Lliw Valley Borough Council and West Glamorgan County Council
- the 8th most populous local authority areas in Wales – 140k population (2011 census)
- 17 areas are within the top 10% most deprived in Wales

⁵ All sums are approximate total project costs

City and County of Swansea (CCS)

Swansea Council has a track record in delivering large scale regeneration programmes and projects, having been involved in the management and delivery of such programmes since its formation in 1996.

Programmes funded and delivered by the Council have included:

- Construction of the Liberty Stadium for Swansea City Football Club & Ospreys Rugby Club
- A £32m Leisure Centre in the city centre
- Joint ventures progressed with Welsh Government (and formerly WDA) to deliver:
 - Swansea Vale Mixed Use Development
 - Felindre Strategic Business Park

Over £120 million of programmes were facilitated during the EU Objective 1 2000-2006 programme including landmark schemes such as the National Waterfront Museum (£28m total cost).

During the Convergence 2007-2013 programme period, a series of large scale initiatives were delivered including:

- Quadrant Bus Station – £10m
- Waterfront City, which invested £30m in a range of improvements to the fabric of the city centre including major public realm and property façade alterations

Carmarthenshire County Council (CCC)

Carmarthenshire County Council has a track record of delivering large scale regeneration projects and programmes, for example:

- South West Wales Property Development Fund – £25m
- South West Wales Local Investment Fund – £20m
- Cross Hands East development – £13m
- Carmarthenshire Physical Regeneration programme – £11m
- 21st Century Schools Programme

Swansea Council key facts:

- formed in 1996 after local government reorganisation
- it is the second largest Local Authority in Wales (with a population of 244,513 in 2016)
- it has some of the most deprived areas in Wales, with 12.2% of Lower Super Output Areas (18 of 148) in the top 10% most deprived in Wales

Carmarthenshire County Council key facts:

- formed in 1996 after local government reorganisation
- it is the third largest county in Wales covering some 2,365km² with a population of 184,681

- Vibrant & Viable Places (Welsh Government regeneration programme)

Pembrokeshire County Council (PCC)

Pembrokeshire County Council has a track record in delivering large scale regeneration projects and programmes including:

- Withybush Strategic Development Site (business Infrastructure and access roads)
- Advance build Factory Programme
- Pembrokeshire Technium Development
- Several European Social Fund regional collaborative projects
- 21st Century Schools programme
- Haverfordwest Leisure Centre
- Bulford Road
- Pembroke and Pembroke Dock Physical Regeneration project
- Coastal Tourism Centre of Excellence
- One Historic Garden
- Haverfordwest Townscape Heritage Initiative

Pembrokeshire County Council key facts:

- formed in 1996 after local government reorganisation
- population of over 123,000

Part 1.2: Strategic fit – review of relevant strategies and policies (and ongoing relevant initiatives, projects and programmes)

The second section of this strategic context part of the Strategic Case presents a review of all relevant UK, national (Wales), regional and local strategies, policies and initiatives, so as to demonstrate the strategic drivers underpinning the proposed HAPS programme and the extent to which this programme is strategically aligned with overall policy direction.

1.2.1 Swansea Bay City Deal

The primary and overarching strategic driver for the HAPS programme is the £1.3 billion Swansea Bay City Deal ‘Internet Coast’ investment programme which was signed in March 2017 by the UK Prime Minister, the First Minister of Wales, the Secretary of State for Wales, the Welsh Government Cabinet Secretary for Finance and Local Government and the leaders of Swansea, Neath Port Talbot, Carmarthenshire and Pembrokeshire Councils.

Over a 15-year investment period, it is anticipated that the SBCD will:⁶

- Secure nearly £1.3 billion in funding for interventions to support economic growth within the SBCR, including over £600 million of direct private sector investment
- Contribute to increasing regional GVA by £1.8 billion and adding over 9,000 gross direct jobs
- Enable the SBCR to develop higher value sectors and employment opportunities to match; increase the number of businesses within these sectors to widen the region's economic base and improve the region's GVA, benchmarked against the UK average.

Interventions within the City Deal programme focus on four themes:⁷

- **The Internet of Economic Acceleration** – identifying the demand for, and potential delivery of, next generation digital infrastructure.
- **The Internet of Energy** – energy innovation and sustainable housing – placing the region at the forefront of energy innovation by creating a smart and efficient “Future Energy System” that will integrate the region's multi-billion asset base in renewable and conventional energy production and the testing and commercialising of integrated Future Energy Systems
- **The Internet of Life Science and Wellbeing** – expanding research and innovation infrastructure and piloting a digitally integrated healthcare environment
- **Smart Manufacturing** – supporting the critically important regional manufacturing economy through the embedding of Industry 4.0 principles and developing leading edge research capability.

The HAPS intervention is identified in the Heads of Terms document as one of the prioritised projects in the City Deal Heads of Terms document under the Internet of Energy theme - see extract below:

The Internet of Energy. *To place the region at the forefront of energy innovation in the areas of sustainable house building to address fuel poverty and in the creation of a centre of excellence to develop and exploit aspects of marine and other energy.*

⁶ Swansea Bay City Region City Deal Heads of Terms

⁷ Ibid, Swansea Bay City Region: A City Deal 2016-2035, The Internet Coast

The Internet of Energy

The Internet of Energy theme seeks to build on the significant and diverse energy asset base within the region. It will align conventional and renewable energy production and storage capabilities, world leading research in areas such as tidal, materials and energy systems with the strategic energy hub at Milford Haven and transformative initiatives such as SPECIFIC.

This alignment will provide significant economic benefits positioning the region as a centre for energy related innovation as well as responding to critical regional issues such as the shortage of affordable homes and fuel poverty.

Identified interventions will complement any existing provision in the region and will be subject to the submission of detailed business cases and implementation plans for approval by Welsh and UK Governments. Under this theme, interventions include:

Homes as Power Stations. *Building on the capabilities of existing organisations and research facilities within the region that are developing new technologies to allow buildings to generate, store and release energy, this initiative seeks to undertake an extensive new house build and retrofit programme which integrates such technologies. Whilst this programme will help to generate sustainable and affordable homes and address fuel poverty, it will also develop and seek to attract new sector supply chains incorporating leading research and high value manufacturing and construction operations. The UK and Welsh Governments expect the Swansea Bay region's proposals to be ambitious and also additional to the existing innovation landscape.*

The City Deal specifically provides that:

'Building on the capabilities of existing organisations and research facilities within the region that are developing new technologies to allow buildings to generate, store and release energy, this initiative seeks to undertake an extensive new house build and retrofit programme which integrates such technologies. Whilst this programme will help to generate sustainable and affordable homes and address fuel poverty, it will also develop and seek to attract new sector supply chains incorporating leading research and high value manufacturing and construction operations. The UK and Welsh Governments expect the Swansea Bay City Region's proposals to be ambitious and additional to the existing innovation landscape.'

Intended outcomes of the City Deal that are of direct relevance to the HAPS programme include:

- Establish Swansea and its hinterland as a ‘City of innovation’
- Establish Swansea Bay as a low carbon economy and international centre for renewable energy production and conservation⁸

1.2.2 UK Government strategies and policy drivers

A range of relevant UK-wide strategies and policies to this project include:

UK level policy drivers	Relevance to this investment
<p>Industrial Strategy: Building a Britain Fit for the Future⁹</p>	<p>The UK Government’s overall vision for the economy, as set out in its 2017 national Industrial Strategy, is to ‘create an economy that boosts productivity and earning power throughout the UK.’</p> <p>To deliver this vision the strategy sets out a range of policies across five ‘foundations’ (ideas, people, infrastructure, business environment and places) and four ‘grand challenges’ (AI & data, clean growth, future mobility and ageing society).</p> <p>The HAPS programme aligns well with each of these foundations, particularly ‘ideas’ – where the goal is to create ‘the world’s most innovative economy’.</p> <p>The HAPS programme has greatest strategic fit with the ‘clean growth’ grand challenge, where the strategy states:</p> <ul style="list-style-type: none"> ▪ ‘[The UK Government’s] long-term goals are to make clean technologies cost less than high carbon alternatives, and for UK businesses to take the lead in supplying them to global markets. ▪ ‘[The UK Government] will increase [its] support for innovation so that the costs of clean technologies, systems and services are reduced across all sectors.’ ▪ ‘The move to cleaner economic growth – through low carbon technologies and the efficient use of resources – is one of the greatest industrial opportunities of our time.’ ▪ ‘We will transform construction techniques to dramatically improve efficiency’ ▪ ‘For the majority of [the UK’s] energy to be clean and affordable, we need much more intelligent systems. Smart

⁸ Swansea Bay City Region: A City Deal 2016-2035, The Internet Coast

⁹ www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future

	<p>systems can link energy supply, storage and use, and join up power, heating and transport to increase efficiency dramatically. By developing these world-leading systems in the UK, we can cut bills while creating high-value jobs for the future.'</p> <p>The Industrial Strategy has committed £170 million for innovation to transform productivity in the construction sector.</p>
<p>Climate Change Act¹⁰</p>	<p>The Climate Change Act established a target for the UK to reduce its emissions by a minimum of 80% from 1990 levels by 2050 with five-yearly interim targets. The first four carbon budgets up to 2027 have been set in law. The current (second) carbon budget period (2013-2017) requires a reduction of 29% over 1990 baseline levels. Meeting the third (2018-2022) and fourth carbon budgets (2023 and 2027) requires emissions to reduce to 35% and 50% respectively.</p> <p>To note, the Welsh Government has set a more ambitious target of reducing emissions in Wales by at least 40% by 2020 from 1990 levels with a target to reduce emissions by 3% per annum, measured against a baseline of average emissions between 2006 and 2010. This includes all 'direct' greenhouse gas emissions in Wales except those from heavy industry and power generation that are covered by the EU Emissions Trading Scheme.¹¹</p>
<p>Industrial Strategy: Grand Challenges - Clean Growth¹²</p>	<p>The Clean Growth Strategy – leading the way to a low carbon future, (October 2017) aims to make the transition to a global low-carbon economy and has two clear areas of alignment - <i>'Improving our homes'</i> and <i>'Delivering Clean Smart, Flexible Power'</i>.</p> <p>The strategy aims to reduce emissions from homes to around 58 million tonnes of CO₂ by 2032, and towards a target of only 6 million tonnes by 2050. The strategy also highlights the need for grid level storage to curb peak demand and the need to improve demand side responsiveness.¹³</p>
<p>Industrial Strategy: Grand Challenges -</p>	<p>This challenge aims to transform the construction sector – enabling it to produce safe, healthy, efficient buildings using the latest digital manufacturing techniques.</p>

¹⁰ <http://www.legislation.gov.uk/ukpga/2008/27/contents>

¹¹ www.legislation.gov.uk/ukpga/2008/27/pdfs/ukpga_20080027_en.pdf

¹² www.gov.uk/government/publications/industrial-strategy-the-grand-challenges/industrial-strategy-the-grand-challenges

¹³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/651916/BEIS_The_Clean_Growth_online_12.10.17.pdf

<p>Transforming construction¹⁴</p>	<p>The challenge will support industry in adopting technologies and help buildings to be constructed 50% faster, 33% cheaper and with half the lifetime carbon emissions.</p> <p>Government is looking to industry and researchers to innovate in construction, increase productivity across the UK and open up significant global markets for efficient buildings.</p> <p>The HAPS programme will provide the evidence base for transforming the construction sector in this case the housing sector by facilitating the take up and monitoring / evaluating of energy positive homes.</p>
<p>Industrial Strategy: Grand Challenges – Energy revolution challenge¹⁵</p>	<p>Smart energy systems can intelligently link energy supply, storage and use, and power heating and transport in ways that dramatically improve efficiency.</p> <p>The government is enabling the UK to take advantage of this by funding industry and researchers to create new systems. They will provide cleaner, cheaper energy, while creating high value jobs for the UK.</p> <p>The HAPS programme will provide the evidence base for this challenge area by facilitating the take up and monitoring / evaluating of energy positive homes.</p>
<p>Construction Sector Deal¹⁶</p>	<p>The Construction Sector Deal sets out an ambitious partnership between the industry and the government that aims to transform the sector’s productivity through innovative technologies and a more highly skilled workforce.</p> <p>One of the benefits outlined in the Construction Sector Deal states ‘better homes that are cheaper to run’ – the HAPS programme is directly aligned to support this.</p>
<p>Transforming Infrastructure Performance (TIP) Plan¹⁷</p>	<p>The HAPs programme is a demonstration programme and aligns with the Transforming Infrastructure Performance (TIP) plan, which is the UK Government’s plan to increase the effectiveness of investment in infrastructure – both economic infrastructure such as transport and energy networks, by improving productivity in the way we design, build and operate assets.</p>

¹⁴ <https://www.ukri.org/innovation/industrial-strategy-challenge-fund/transforming-construction/>

¹⁵ <https://www.ukri.org/innovation/industrial-strategy-challenge-fund/prospering-from-the-energy-revolution/>

¹⁶ www.gov.uk/government/publications/construction-sector-deal

¹⁷ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664920/transforming_infrastructure_performance_web.pdf

**Consultation -
The Future
Homes
Standard:
changes to
Part L and
Part F of the
Building
Regulations
for new
dwellings** ¹⁸

This consultation sets out government plans for the Future Homes Standard, including proposed options to increase the energy efficiency requirements for new homes in 2020. The Future Homes Standard will require new build homes to be future-proofed with low carbon heating and world-leading levels of energy efficiency; it will be introduced by 2025.

This document is the first stage of a two-part consultation about proposed changes to the Building Regulations. It also covers the wider impacts of Part L for new homes, including changes to Part F (ventilation), its associated Approved Document guidance, airtightness and improving as-built performance of the constructed home.

The HAPS programme is aligned to these proposed energy efficiency requirements.

¹⁸ <https://www.gov.uk/government/consultations/the-future-homes-standard-changes-to-part-l-and-part-f-of-the-building-regulations-for-new-dwellings>

1.2.3 National (Welsh Government) strategies and policy drivers

At the national (Wales) level there are a number of strategies and policy drivers of direct relevance to this project, including:

National (Wales) policy drivers	Relevance to this investment
<p>Prosperity for All: The national strategy (Taking Wales Forward)</p>	<p>HAPS will contribute to the following priority areas of this strategy:</p> <p>Housing – the HAPS programme will contribute to meeting new-build targets in Wales. There is a current shortage of energy efficient new housing in the region. HAPS will facilitate the adoption of a programme of new-build energy efficient housing, with integrated renewable energy, combined with an energy efficiency retrofit of existing stock to improve their energy efficiency will support meeting this target.</p> <p>Skills and employability – through links with the Skills and Talent programme, the HAPS programme will ensure that people have appropriate skills to take advantage of available employment opportunities linked to renewable technologies in housing. The programme will work with employment initiatives to ensure unemployed (long and short-term) and economically inactive individuals can access appropriate skills training to increase their employment chances.¹⁹</p>
<p>Prosperity for All: A Low Carbon Wales 20</p>	<p>This Plan sets the foundations for Wales to transition to a low carbon nation. Cutting emissions and the moving towards a low carbon economy bring opportunities around clean growth for business, as well as wider benefits for people and our environment. The HAPs programme links directly into the following policy areas of the plan:</p> <p>Policy 32 – Developing Routes to Market for Renewable Technologies - The UK also needs newer and emerging technologies to continue to be developed, to provide a diverse mix of generation, which can also provide economic opportunities in exporting technology and expertise.</p> <p>Policy 33 – Increasing local ownership of energy generation. In 2018 Welsh Government held a call for evidence on the benefits of, and challenges in, increasing locally-owned generation⁴⁸. This demonstrated that increasing ownership of energy generation within Wales is likely to increase prosperity and we are now taking forward the actions indicated by the evidence.</p>

¹⁹ <http://gov.wales/docs/strategies/160920-taking-wales-forward-en.pdf>

²⁰ https://gov.wales/sites/default/files/publications/2019-06/low-carbon-delivery-plan_1.pdf

	<p>This includes developing a policy position on ownership of energy generation.</p> <p>Policy 36 - Market Regulation and Investment. In 2017 UK Government published the ‘Upgrading our Energy System: Smart Systems and Flexibility’ plan. This set out actions government, Ofgem and industry will take to:</p> <ul style="list-style-type: none"> ▪ remove barriers to smart technologies (such as storage and demand-side response); ▪ enable smart homes and businesses; and improve access to energy markets for new technologies and business models.
<p>Wellbeing of Future Generations (Wales) Act 2015</p>	<p>The Well-being of Future Generations Act aims to improve the social, economic, environmental and cultural well-being of Wales through seven well-being goals:</p> <ul style="list-style-type: none"> ▪ Prosperous Wales – HAPS will directly tackle fuel poverty and play a key role in driving economic growth, supporting the growth of green jobs and skills throughout Wales and increasing the competitiveness of businesses ▪ Resilient Wales – HAPS will tackle poverty and the global threat of climate change by addressing the energy trilemma of affordability, sustainability and security of the energy supply and the need for decarbonisation and contributing to meeting the demand for new houses ▪ Healthier Wales – provision of low carbon, energy efficient homes will have a positive effect on health and well-being and address the health inequalities caused by poor energy efficiency ▪ More Equal Wales – HAPS will work with partners and networks to ensure that the opportunities created by the programme will be available and accessible to all; help reduce inequalities within society and address health inequalities caused by poor energy efficiency ▪ Cohesive Community – the programme will contribute to meeting societal needs for efficient and healthy housing with lower energy costs ▪ Vibrant Culture and thriving Welsh Language – Opportunities will be taken to promote the Welsh language in the delivery of the programme ▪ Globally Responsible Wales – the programme will be developed and delivered in line with the sustainable development principles highlighted by the Act. The programme will also contribute to the efficient use of resources through new build and retrofit activities²¹

²¹ <http://gov.wales/topics/people-and-communities/people/future-generations-act/?lang=en>

<p>Innovation Strategy for Wales</p>	<p>HAPS will deliver against the five key themes:</p> <ul style="list-style-type: none"> ▪ improving collaboration ▪ promoting a culture of innovation ▪ providing flexible support and finance for innovation (in partnership with Welsh Government) ▪ innovation in Government ▪ prioritising and creating critical mass²²
<p>The Environment (Wales) Act</p>	<p>The Environment (Wales) Act puts in place legislation needed to plan and manage Wales' natural resources in a more proactive, sustainable and joined-up way. It seeks to position Wales as a low carbon, green economy, ready to adapt to the impact of climate change.</p> <p>Relevant sections of the Act are:</p> <ul style="list-style-type: none"> ▪ Part 1: Sustainable management of natural resources in a more proactive, sustainable and joined-up way ▪ Part 2: Climate change – provides Welsh Ministers with powers to put in place statutory emission reduction targets, including at least an 80% reduction in emissions by 2050 and carbon budgeting to support their delivery. This is vital within the context of existing UK and EU obligations, sets a clear pathway for decarbonisation and provides certainty and clarity for business and investment²³
<p>Energy Wales: A Low Carbon Transition</p>	<p>The Welsh Government set out its proposals for transitioning to a sustainable, low carbon economy in Energy Wales: A Low Carbon Transition, in 2012. This aims to maximise the long-term economic benefits of the transition, ensuring communities benefit from energy infrastructure developments and careful planning and management of the relationship between energy development and the natural environment.</p> <p>The Welsh Government committed to prioritise efforts on:</p> <ul style="list-style-type: none"> ▪ Leadership providing a clear, consistent framework for investors, regulators and decision-makers and infrastructure, coordination and stability to make Wales a great place to do business ▪ Maximising jobs and wider economic benefits ensuring communities derive long-term benefits ▪ Acting now for Wales' long-term energy future supporting innovation, research, development and commercialisation in the areas that offer the greatest potential for long-term benefit <p>Delivery proposals include: priorities for action, high level milestones and a summary of deliverables for low carbon energy, energy efficiency, energy intensive industries, marine energy,</p>

²² <http://gov.wales/docs/det/publications/140313innovationstrategyen.pdf>

²³ www.legislation.gov.uk/anaw/2016/3/pdfs/anaw_20160003_en.pdf

	<p>regulatory regimes, infrastructure and other areas. As of April 2017, public services in Wales should use 100% renewable electricity, 50% of which will be generated in Wales.</p> <p>The <i>Programme for Government, Taking Wales Forward 2016-2021</i>, reconfirms the commitment to emissions reductions and support for renewable energy.</p> <p>In a statement in December 2016, the Cabinet Secretary for Climate Change, Environment and Rural Affairs, Lesley Griffiths, outlined energy priorities for the Fifth Assembly, including:</p> <ul style="list-style-type: none"> ▪ Reducing energy consumption ▪ Reduced reliance on energy generated from fossil fuels ▪ An actively managed transition to a low-carbon economy²⁴
<p>Green Growth Wales: Local Energy</p>	<p>Sets out the approach to local energy in support of the strategic energy policy. The energy system is in a period of transition – an opportunity for Wales to take control of its own energy needs. The vision is for communities and businesses to use locally generated electricity and heat, from a range of renewable installations, to supply local demand and minimise dependence on central generation:</p> <ul style="list-style-type: none"> ▪ Creating local energy systems ▪ Tackling poverty for the long term ▪ Positioning Wales at the forefront of carbon reduction²⁵
<p>Smart Living Wales</p>	<p>A range of emerging drivers in Wales and the UK have increased interest in how to intelligently balance, interconnect and integrate smarter solutions to assist the balancing of the energy trilemma - security, affordability and low carbon developments. The vision adopted in the Smart Living Demonstrator Framework is:</p> <p><i>“Wales has the opportunity to influence how we live with energy and resources in the future through demonstrators that will innovatively transform homes, businesses and communities providing multiple benefits for all.”</i></p> <p>‘Smart Living’ is a concept covering a range of policy and practical interventions that drive low carbon solutions that can deliver a range of societal benefits. It is within this context that the HAPS programme will be developed and delivered.²⁶</p>
<p>Independent Review of Affordable Housing Supply</p>	<p>The Independent Review Panel were established in May 2018 by the then Minister for Housing and Regeneration, in relation to the HAPs programme relevance links to the following recommendations of the review:</p> <ol style="list-style-type: none"> 1. Introduction of a requirement for all new affordable homes to be near zero carbon / EPC ‘A’ using a fabric first approach

²⁴ <http://gov.wales/topics/environmentcountryside/energy/energywales/?lang=en>

²⁵ <http://gov.wales/topics/businessandconomy/creating-a-sustainable-economy/green-growth-wales/?lang=en>

²⁶ <http://gov.wales/topics/businessandconomy/creating-a-sustainable-economy/smart-living/?lang=en>

<p>(Wales), Final Report, April 2019²⁷</p>	<p>from 2021, supplemented by technology (renewables) if required</p> <p>2. Continue to support the trialling of Modern Methods of Construction (MMC) to help establish which methods can contribute to the objective of increasing the scale and pace of affordable housing provision with the existing resources available.</p> <p>Develop a strategy to map out how Wales could further use off-site manufacturing (OSM) and MMC to deliver near zero carbon homes along with an appropriate timetable for achieving this.</p>
<p>Smarter Energy Future for Wales (National Assembly for Wales Environment and Sustainability Committee)</p>	<p>The National Assembly for Wales Environment and Sustainability Committee recommends moving to 'near-zero' carbon emissions as the new Welsh Housing Quality standard. It also strongly advocates for local energy systems, with grid level local prioritisation for Welsh customers, based on net positive buildings and homes.</p> <p>The report emphasises the importance of local, sustainable, supply chains for technology development, supply and fitting, increasing Welsh resilience and delivering carbon cuts through the framework laid out in the Wellbeing of Future Generations Act. Finally, the report recommends setting up a not-for-profit, publicly owned energy company, a suggestion that has been endorsed by Ofgem.²⁸</p>

Welsh Government emerging retrofit policy

Welsh Government are currently working on a retrofit policy in Wales to decarbonise existing homes as outlined in 'Prosperity for All: A Low Carbon Wales'²⁹. HAPS has the potential to deliver a number of the recommendations in the report³⁰ for example:

- *Urgently undertake a series of coordinated actions that will create an environment in Wales where decarbonising homes becomes the norm;*
- *Collect data and knowledge about the condition and performance of the housing stock to inform future decisions and check the progress and outcomes of the programme;*

²⁷ https://gov.wales/sites/default/files/publications/2019-04/independent-review-of-affordable-housing-supply-report_0.pdf

²⁸ www.assembly.wales/laid%20documents/cr-ld10610/cr-ld10610-e.pdf

²⁹ https://gov.wales/sites/default/files/publications/2019-06/low-carbon-delivery-plan_1.pdf

³⁰ <http://files.site-fusion.co.uk/6b/76/6b7656b3-8004-428e-a641-5746675404f5.pdf>

- *Pilot and trial new solutions to decarbonise Welsh homes.*

1.2.4 Regional and local strategies and policy drivers

At the regional and local level, there are a number of strategies and policies of direct relevance to this project, including:

Regional and local policy drivers	Relevance to this investment
<p>Swansea Bay City Region Economic Regeneration Strategy³¹</p>	<p>HAPS is one of eleven programmes prioritised to deliver the Swansea Bay City Deal ‘Internet Coast’ strategy, based on the Swansea Bay City Region Economic Regeneration Strategy 2013 – 2030.</p> <p>The Swansea Bay City Deal is supported by the evidence-based Swansea Bay City Region Economic Regeneration Strategy 2013 – 2030. This strategy comprises five strategic aims to deliver the ambitious vision: <i>‘By 2030, South West Wales will be a confident, ambitious and connected City Region, recognised internationally for its emerging knowledge and innovation economy’.</i></p> <p>HAPS is aligned to each of the five strategic aims of this strategy:</p> <ul style="list-style-type: none"> ▪ Business growth, retention and specialisation – supporting the creation of new industry in the region, supporting locally-based business growth and creating a sustainable supply chain ▪ Skilled and ambitious for long-term success – working closely with the Skills and Talent City Deal programme to ensure the region’s workforce has the appropriate skills to maximise the opportunity of HAPS ▪ Maximising job creation for all – supporting diversification of the economy, through the creation of employment opportunities linked to the green growth economy and a sustainable indigenous supply chain ▪ Knowledge economy and innovation – establishing the Swansea Bay City Region as a test bed for smart, low carbon, energy efficient homes and associated product development and commercialisation of innovation ▪ Distinctive places and competitive infrastructure – providing an attractive infrastructure asset for the region³²

1.2.5 Links with other relevant initiatives, projects and programmes

³¹ Swansea Bay City Region Economic Regeneration Strategy, 2013-2030

³² www.swansea.gov.uk/swanseabaycityregioneconomicregenerationstrategy

At the national, regional and local level, there are a number of other relevant initiatives, projects and programmes to which the HAPS programme is aligned and will complement.

Once the HAPS programme is approved, the programme team can formally work with the interventions listed below, limited activity has already taken place to establish links and alignment with the following interventions, however expectations need to be managed in terms of HAPS delivery prior to approval.

There is the potential for the HAPS project to be a regional demonstrator project – this will be developed further post approval and with support from the technical advisory group.

This engagement work is outlined in the Management Case of this business case.

Links with other activity	Relevance to this investment
<p>Active Building Centre³³</p>	<p>Neath Port Talbot CBC works closely with the Active Building Centre and is continuing to explore areas of collaboration, which will be fully realised once a HAPS programme team is established.</p> <p>The Homes as Power Stations regional programme and the Active Building Centre are aligned in a number of ways and will continue to work together to accelerate market adoption of energy positive and net zero homes to provide cleaner, cheaper and more resilient energy.</p> <p>The Active Building Centre strategic objectives are aligned to the HAPS investment objectives, with particular reference to the following ABC strategic objectives: ‘create a critical mass of buildings’ (residential in the case of HAPS), ‘Active Buildings as ‘Energy Positive Agent’ reducing grid impact (the HAPS definition is energy positive over a 12 month period), and ‘Adapt the Active Building Technology portfolio to tackle existing stock’ (the HAPS proposes to facilitate the adoption of energy positive</p>

³³ <https://www.activebuildingcentre.com/>

homes for new build and existing stock through a retrofit programme).

Neath Port Talbot CBC, as lead local authority for the HAPS programme, provided a letter of support to Swansea University for its submission to the Industrial Strategy Challenge Fund to establish an Active Building Centre, and it is proposed that the two programmes will establish a Memorandum of Understanding to facilitate the collaboration. The partners are committed to delivery of Active Buildings at a scale to make the region a UK leader.

There are a number of areas where the two programmes will collaborate, including:

Demonstrators

The Homes as Power Stations programme will provide real life examples of energy positive homes, both new build and retrofit, including at scale developments across the Swansea Bay City Region to demonstrate the benefits, including commercial viability of homes as power stations / active homes at scale by breaking down commercial barriers.

The HAPS developments will provide real life data at a local and regional level to feed in to the Active Building Centre national (UK wide) programme and will go some way to supporting the output of 17 demonstrator projects.

Neath Port Talbot CBC is a partner in the HAPS pathfinder project in Neath, a collaborative project between Neath Port Talbot CBC, Pobl and Swansea University's SPECIFIC project to showcase renewable technologies across a mixed tenure of 16 dwellings (flats and houses).

The aim of the HAPS programme and the Active Building Centre is to progress the rollout and increased scale of these technologies across a number of building typologies and the two programmes will work together to facilitate this. The HAPS programme will promote a flexible design approach and will continually monitor the performance of the technologies adopted.

Neath Port Talbot CBC has already identified up to 5 development schemes within the HAPS programme, totalling up to 150 units across the Swansea Bay City Region, which have the potential to be aligned to the Active Building Centre Active Homes programme.

The HAPS programme has already been identified in the Active Building Centre collaboration activity programme, in particular

	<p>work packages 2,4,6,7,8,9,11 and 12 and the HAPS programme team will work with the ABC programme team to develop a programme of delivery to realise this activity.</p> <p><u>Monitoring and evaluation</u> There is a commonality in the monitoring and evaluation of the HAPS and Active Building Centre programmes, and the programme teams will ensure consistency of approach and baseline data.</p> <p>The HAPS programme proposes a continuous monitoring and evaluation of technologies/ performance management to ensure continuous improvement to feed in to design development and will act as a living test bed (design feedback), this complements the work packages of the Active Building Centre.</p> <p>The HAPS proposes a marketing / education programme to disseminate the findings of the HAPS programme including energy performance, health benefits and social benefits including 'liveability / human interface with the technology which is aligned to the Active Building Centre programme elements on Health and Wellbeing, 'Active on the Inside' and Human interface design which are part of the Swansea University research element of the Active Building Centre.</p> <p>See Annex C for letter of support from the Active Building Centre</p>
<p>Welsh Government Warm Homes Programme³⁴</p> <p>ARBED³⁵</p> <p>NEST³⁶</p>	<p>Welsh Government Warm Homes, which includes the Arbed and Nest schemes, provides funding for energy efficiency improvements (retrofit) to low income households. The programme aims to:</p> <ul style="list-style-type: none"> • help eradicate fuel poverty, • reduce harmful emissions into the environment, • boost economic development and regeneration in Wales by using the skills of local companies installing energy efficiency measures at domestic properties. <p><u>Arbed</u> - has two delivery approaches. One is the EU funded element of the scheme which has been delivered for Welsh Government by procured scheme managers. The other is through the provision of grant funding to local authorities to enable them to manage energy efficiency schemes in their areas. Retro-fitting measures and technologies eligible under Arbed include:</p>

³⁴ <https://gweddill.gov.wales/topics/environmentcountryside/energy/efficiency/warm-homes/?lang=en>

³⁵ <http://arbedambyth.wales/>

³⁶ <https://nest.gov.wales/en/>

- Solid wall insulation
- Loft insulation and draught proofing
- Boiler and heating system upgrades (controls)
- Heat pumps
- The provision of energy saving advice

Nest - provides householders with access to free advice and support to help them reduce their energy bills. Those meeting Nest's eligibility criteria can access a free package of energy efficiency measures. Nest measures are designed for individual properties so there is no standard package. Measures can include:

- New gas boiler
- Central heating system
- Insulation
- Newer technologies such as air source heat pumps

British Gas is the scheme manager for Nest. The Energy Saving Trust is a sub-contractor to British Gas and provides the front-end service. Small and medium sized enterprises across Wales are sub-contracted by Nest to install agreed energy efficiency measures at domestic properties. The Nest scheme does not cold call households and all marketing materials carry the 'Nest' and Welsh Government logos.

Synergy and added value of the HAPS programme

The HAPS programme has synergies to the Warm Homes programme, as Arbed will provide some public sector funding to the HAPS programme and Nest will form part of the HAPS marketing and communications strategy to encourage awareness and the take up of energy efficient measures.

The HAPS team has met with the Arbed team within WG several times to ascertain how HAPS and Arbed can align and add value. Discussions are on-going, and once HAPS is approved an action plan can be developed to deliver synergies.

Innovative Housing Programme (IHP) (Welsh Government)³⁷

The Innovative Housing Programme (IHP) is an annual capital funding programme with the aim of creating quality places to live. The programme will help inform the Welsh Government about the type of homes it should financially support in the future. The IHP is open to local housing authorities including local authority owned companies, registered social landlords, private sector bodies and social landlords. The programme is competitive and seeks to encourage innovation.

The Programme, which is funded by £90 million over three years, seeks to stimulate the design and delivery of new quality, affordable homes to:

³⁷ <https://gov.wales/innovative-housing-programme>

	<ul style="list-style-type: none"> • Increase supply as part of the 20,000 new homes target; • Speed up delivery of homes to the market; • Trial new housing models and methods of delivery that address issues such as pressing housing need; fuel poverty; demographic change; help carbon reduction targets; • Prove the replicability of innovative housing models. • <p><u>Synergy and added value of the HAPS programme</u> The HAPS programme is aligned to the IHP as the IHP goes some way to delivering the aims and objectives of HAPS. The HAPS lead local authority (Neath Port Talbot CBC), as instructed by the City Deal Joint Committee has provided a regional letter of support for those projects submitted under the annual call for innovative projects.</p>
<p>Cardiff University Demonstrators project (ERDF)</p>	<p>Cardiff University secured ERDF to develop 10 demonstrators – both new build and retrofit.</p> <p>The lessons learned from these demonstrators have been fed in to the HAPS programme and the HAPS programme will move away from one off demonstrators to at scale developments.</p>
<p>Local Authority renewal areas 38</p>	<p>Area based renewal schemes enabled local authorities to focus activity and investment on areas that combine a need for assistance with the potential for regeneration. Investment in area based renewal schemes should not only secure improvements to houses themselves but also to environmental, social and economic conditions, leading to a restoration of confidence in the area.</p> <p>These wide ranging benefits of area renewal are also important in tackling the problems many local communities face in terms of social exclusion and sustainability. The Welsh Government provided local authorities with grants for housing renewal areas and Neath Port Talbot CBC implemented this initiative, with the other local authority partners in the region carrying out similar activity. Neath Port Talbot CBC declared a total of three Renewal Areas over a period of thirteen years:</p> <ul style="list-style-type: none"> • Sandfields East and Aberavon Renewal Area 2004 – 2017 • Upper Amman Valley Renewal Area 2007 – 2012 • Neath East Renewal Area 2009 – 2017 <p>Renewal Areas were established to effect the comprehensive revitalisation of an area, bringing about improvements to homes, shops, other commercial premises, the local environment and the infrastructure by working in partnership with the private sector, other public bodies and most importantly, the local community to develop co-ordinated strategies to tackle the</p>

³⁸ <https://www.npt.gov.uk/1203>

	<p>problems identified by the people who live and work in these areas, Renewal Areas ended in March 2017.</p> <p><u>Synergy and added value of the HAPS programme</u> The HAPS programme will review evaluations of the Renewal Areas programme and identify good practice to inform the HAPS programme.</p>
<p>Warm Wales Limited³⁹</p>	<p>Warm Wales Cymru Gynnes deliver a wide range of partnership-based regeneration and sustainable energy measures in the fight against fuel poverty. Established in 2004 by the National Grid, Warm Wales was the first Community Interest Company in Wales. It was set up to meet the National Grid's specific aim to meet its corporate responsibility to Government and deliver benefits to 1 million fuel poor homes. It chose to do this under the banner of the 'Affordable Warmth' Programme. Warm Wales-Cymru Gynnes contributed to towards achieving this target.</p> <p><u>Synergy and added value of the HAPS programme</u> HAPS will engage with the Warm Wales programme and ascertain the role Warm Wales can play in the HAPS awareness raising and educational aspect.</p>
<p>ERDF funded Low Carbon Research Institute (LCRI) Retrofit programme⁴⁰</p>	<p>The LCRI Energy programme was launched in September 2009 and secured more than £15 million of ERDF funding which was matched with £19 million from Welsh universities and industry. The LCRI programme is a research development and innovation programme aiming for long-term economic growth and the creation of employment opportunities for Wales. The programme works with enterprises, including the SME sector in particular, to deliver industry-relevant new knowledge and technologies that will provide both business opportunities and help Wales deliver on its low carbon agenda.</p> <p><u>Synergy and added value of the HAPS programme</u> The HAPS programme has been informed by the research carried out by the LCRI programme and will continue to engage with it.</p>
<p>Energy Company Obligation (ECO)⁴¹</p>	<p>The Energy Company Obligation (ECO) is a government energy efficiency scheme applicable to the whole of the Great Britain to help reduce carbon emissions and tackle fuel poverty. It was first introduced in 2013 and places legal obligations on larger energy suppliers to deliver energy efficiency measures to domestic premises. It focuses on insulation and heating measures and</p>

³⁹ <http://www.warmwales.org.uk/>

⁴⁰ <http://www.lcri.org.uk/>

⁴¹ <https://www.ofgem.gov.uk/environmental-programmes/eco>

	<p>supports vulnerable consumer groups. ECO is intended to assist in reducing carbon emissions, maintaining security of energy supply and reducing fuel poverty</p> <p>The largest tranche of ECO runs until Sept 2018, with another tranche due to run from 2018 to 2022.</p> <p><u>Synergy and added value of the HAPS programme</u> The HAPS programme will engage with ECO to support the aims of the HAPS programme.</p>
<p>WG Regeneration Funding - Vibrant and Viable Places⁴²</p>	<p>The Welsh Government adopted a new approach to delivering regeneration projects within a Regeneration Framework in 2013, which targeted future Welsh Government funding. The targeted funding prioritised town centres serving 21st Century towns, coastal communities and Communities First clusters. A number of regeneration schemes supported included housing to improve the economy of the area.</p> <p>The VVP programme has ended, however the projects are still in delivery phase.</p> <p><u>Synergy and added value of the HAPS programme</u> The HAPS programme will identify areas of good practice from the VVP programme.</p>
<p>WG Targeted Regeneration Investment (TRI) programme⁴³</p>	<p>TRI is the successor to VVP and is a regeneration investment programme over 3 years which commenced in April 2018. It aims to invest WG regeneration funding in a targeted and focused way. The TRI programme is looking to support projects that promote economic regeneration – creating jobs, enhancing skills and employability and creating the right environment for businesses to grow and thrive – with a focus on individuals and areas most in need to ensure prosperity is spread to all parts of Wales.</p> <p><u>Synergy and added value of the HAPS programme</u> The TRI will inform the delivery of the HAPS programme and a number of HAPS schemes have been identified in the TRI programme of activity.</p>

Part 1.3 Strategic context summary

The above review of key strategies and policy documents of relevance to the HAPS programme demonstrates consistent policy support for this intervention.

⁴² <https://gov.wales/vibrant-and-viable-places-framework>

⁴³ <https://gov.wales/regeneration>

The principal strategic driver of investment in the Homes as Power Stations programme is a joint commitment from the UK Government, Welsh Government and four local authorities of the Swansea Bay City Region.

The 'Internet of Energy' is a key theme within the Swansea Bay City Deal Internet Coast Investment Programme. This commitment is underpinned by the availability of funding and a range of national, regional and local strategies which confirm the strength of strategic drive for action in this area, with a focus on the following areas:

- The need to meet the UK's clean energy challenges, while also ensuring that new technologies are sufficiently developed and evaluated to make them not only more efficient than current approaches but cheaper as well
- The importance of developing new construction techniques and techniques to improve the energy efficiency of housing
- The need for clean, affordable and secure energy
- Addressing climate change through delivering carbon neutral alternatives, in line with the decarbonisation agenda
- Improving health and well-being
- Tackling fuel poverty
- Ensuring people have the necessary skills which reflect the broad nature of the renewables sector

Part 2: The case for change

As set out in the HM Treasury and Welsh Government's Better Business Case (BBC) guidance, establishing a robust case for change requires a clear understanding of:

- What the delivery organisation is seeking to achieve (the **investment objectives**)
- What is currently happening (the **existing arrangements**)
- What is required to close the gap between what is happening now (the existing arrangements) and what the delivery organisation is seeking to achieve in the future (the **business needs**)

In this way, the case for change is established on the basis of 'need', rather than simply on the contention that a project is a 'good thing to do'.

These three components of the case for change – the investment objectives, the existing arrangements and the business needs – are examined respectively below in Parts 2.1, 2.2 and 2.3 of this Strategic Case.

Importantly, key stakeholders were engaged and involved throughout this process of shaping the investment objectives, establishing the baseline existing arrangements and identifying future business needs. Details of the workshops held are provided below as part of the discussion on investment objectives.

Part 2.1 Investment Objectives

Investment Objectives form the key starting block of the ‘case for change’ within the Strategic Case. These objectives describe what the delivery organisation, NPTCBC and its partners, are seeking to achieve with this programme in terms of targeted outcomes. They refer to the identifiable and measurable economic, social and environmental outcomes that NPTCBC and its partners wish to realise.

In accordance with best practice, these objectives are:

- Outcome-focused: i.e. focused on what needs to be achieved rather than the potential solution or means of provision
- As ‘SMART’ as possible (i.e. they should be Specific, Measurable, Achievable, Relevant and Time-bound)
- Neither too narrowly defined so as to preclude important options, nor too broadly defined as to cause unrealistic options to be considered at the options appraisal stage
- Limited in number (ideally to no more than five or six)

Investment objectives for a project typically address one or more of the following five generic drivers for intervention and spend:

1. **Effectiveness** – i.e. improving the quality of services in terms of the delivery of agreed outcomes. For example, by meeting new policy changes or operational targets
2. **Efficiency** – i.e. improving the delivery of public services in terms of outputs. For example, by improving the throughput of services whilst reducing unit costs
3. **Economy** – i.e. reducing the cost of public services in terms of the required inputs. For example, through ‘invest to save’ schemes or spend on innovative technologies

4. Compliance – i.e. to meet statutory, regulatory or organisational requirements and accepted best practice. For example, new health and safety legislation or building standards

5. Replacement – i.e. re-procuring services in order to avert service failure. For example, at the end of a service contract or when an enabling asset is no longer fit for purpose

Stakeholder engagement has been undertaken through workshops to develop the Investment Objectives and the long-list to short-list options using the Options Framework (documented in part 1 of the Economic Case).

A stakeholder workshop was held on 17th January 2018 to discuss and agree the Investment Objectives and long-list to short-list options for the investment. The workshop attendees were:

- Gareth Nutt, Director Environment, Neath Port Talbot County Borough Council
- Simon Brennan, Head of Property & Regeneration, Neath Port Talbot County Borough Council
- Lisa Willis, European & Strategic Funding Manager, Neath Port Talbot County Borough Council
- Christopher Jones, Energy Manager, Neath Port Talbot County Borough Council
- David Bratley, City & County of Swansea
- Darrel Barnes, City & County of Swansea
- Rachel Davies, Carmarthenshire County Council
- Steve Keating, Energy Manager, Pembrokeshire County Council
- Kerry MacDermot, Pembrokeshire County Council
- Jan Bell, SPECIFIC
- Keith Palmer, SPECIFIC
- Phil Jones, Cardiff University (Welsh School of Architecture)
- Jane Forshaw, Local Partnerships

The following Investment Objectives were agreed with corresponding baseline suggested measures:

No.	Investment objective	Measures
1	To future proof at least 10,300 properties (7,000 retrofit, 3,300 new build) within five years to increase 'affordable warmth' and reduce fuel poverty	<ul style="list-style-type: none"> a) Assessments of cumulative energy consumption or SAP/EPC ratings b) Customer surveys c) Reductions in fuel poverty

2	To improve health and wellbeing and reduce the burden on health and social services	<ul style="list-style-type: none"> a) Reduced GP / hospital visits for asthma/respiratory conditions b) Improvement of health and wellbeing of household occupants
3	<p>To deliver a sustainable (commercially viable), cost effective and holistic housing programme by:</p> <ul style="list-style-type: none"> I. Taking a 'whole house' approach and developing proven, flexible designs II. Demonstrating the viability of the HAPS concept to the rest of Wales/UK III. Creating skilled jobs, a legacy and mainstreaming the HAPS concept IV. Creating a sustainable regional supply chain that retains the creation of design, construction and maintenance jobs 	<ul style="list-style-type: none"> a) Ratio of jobs to capital investment b) Local GVA uplift from local supply chains c) Number of 'skilled' jobs d) Number of people employed and jobs protected e) Uptake of the HAPS concept outside of Swansea Bay City Region area
4.	To invest in the professional evaluation of the quality and experience of solutions and understanding of the application of new technologies	<ul style="list-style-type: none"> a) To be determined after engagement of evaluators
5.	To promote awareness of how key stakeholders (particularly energy users) optimise their interface with the technology	<ul style="list-style-type: none"> a) Predicted fuel bill reduction vs actual fuel bill b) Customer surveys
6.	<p>To support measures to mitigate climate change by reducing CO₂ emissions and energy demand. Predicted annual CO₂ reduction figures:</p> <ul style="list-style-type: none"> • Retrofit - 9,933 tonnes CO₂ annum • New build - 9,165 tonnes CO₂ annum <p>Figures assume 100% rollout.</p>	<ul style="list-style-type: none"> a) Including occupation, supply chain & construction (reduction of CO₂ emissions) b) Additional measures to be determined after engagement of evaluators
7.	To create an energy system that is compatible with future smart developments, maximising benefits to the occupant/owner and reducing pressure on the grid by providing local energy generation and security	<ul style="list-style-type: none"> a) Potential of integrating smart / intelligent platform for user interface and monitoring and evaluation b) Volume of storage utilised, timing of grid demand response

Part 2.2 Existing arrangements

The potential impact of the HAPS programme to address the strategic drivers and deliver the outcomes articulated by the Investment Objectives is wide ranging.

This section 'Existing arrangements' describe the current situation / 'status quo' in the Swansea Bay City Region (SBCR). Given the focus of the strategic drivers in Part 1.2 of this document and the investment objectives established in Part 2.1 this section describes the current situation in the SBCR in terms of:

1. The Swansea Bay City Region economy
2. Homes and housing
3. Fuel poverty in the region
4. Energy production and demand
5. Carbon emissions
6. Existing energy efficiency programmes
7. Supply chain and support networks

As required by the Better Business Case Guidance, this section provides information on current levels of service provision, asset availability, demand and utilisation where possible and appropriate. Please note that any critique of the current situation is reserved for the next section, 'Business Needs', as per guidance requirements.

2.2.1 The Swansea Bay City Region economy

The Swansea Bay City Region has a population of 688,000 supporting 302,000 jobs and containing around 22,000 businesses. The region is a major driver of the Welsh economy and has a core of strong, home grown SMEs and globally important firms, including leading UK universities and major tourism assets.

However, economic inactivity remains high across the region with overall productivity (GVA) growth in the region consistently below that of other regions in the UK and Cardiff over the past two decades.⁴⁴ This is illustrated in Figure 1 below:

⁴⁴ <https://www.walesonline.co.uk/business/business-news/shocking-economic-figures-wales-regions-14260311>

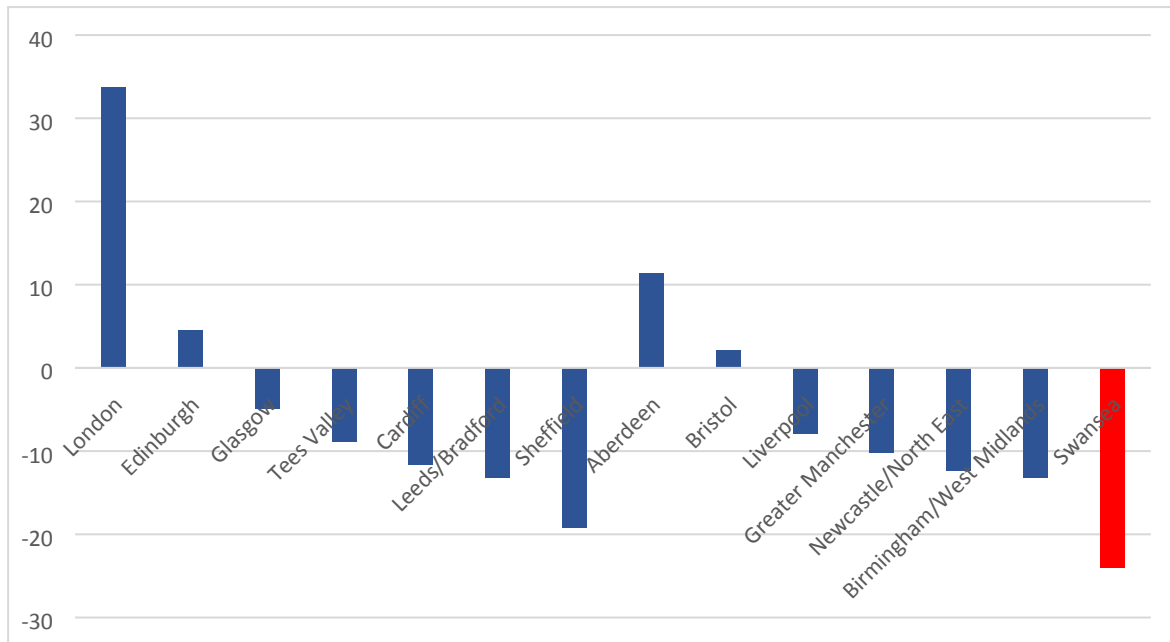


Figure 1 – City region productivity per hour relative to UK average (2016)

The economic landscape is characterised by:

- Gearing of the economy’s sectoral mix towards lower value sectors, compared to the UK, with jobs in these sectors generally lower in value than elsewhere
- Low quality regional commercial and retail property, attracting low rents⁴⁵ (see Figure 2 below)
- Poor broadband capacity and digital connectivity

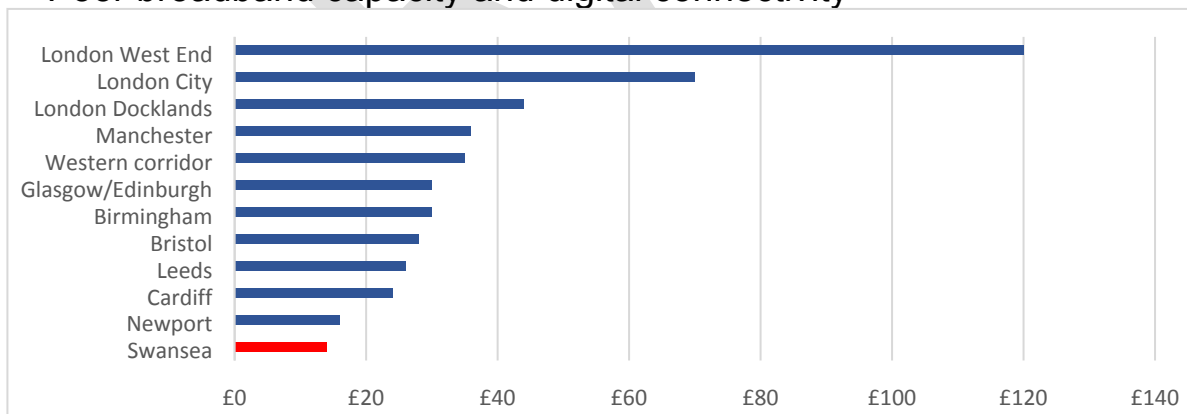


Figure 2 – UK Office rents - £ per square foot (2016)

Increasing productivity is seen as the key to raising economic growth and living standards in the long term. It is only by raising productivity that increases in real incomes can occur. If the aspiration is to improve the performance of the economy and make people better off, there needs to be an overall improvement in productivity.

⁴⁵ www.jll.co.uk/.../South%20Wales%20Report%202016%20web.pdf

2.2.2 Homes and housing

There are 324,835 housing units in the Swansea Bay City Region, of which 28,164 are managed by local authorities and 25,007 by a Registered Social Landlord.⁴⁶ These data show that across the four local authority areas, the percentage of social housing is 16%. These are properties that are under the direct control of local authorities or a Registered Social Landlord.

	Local Authority	Registered Social Landlord	Owner occupied	Privately rented	All tenures
Pembrokeshire	5,668	2,462	45,870	7,811	61,811
Carmarthenshire	9,003	3,099	63,405	11,360	86,867
Swansea	13,493	7,185	71,236	18,978	110,892
Neath Port Talbot	0	12,261	45,471	7,533	65,265
TOTAL	28,164	25,007	225,982	45,682	324,835

Social housing is required to meet the Welsh Housing Quality Standard by 2020. This includes achieving an energy efficiency standard of SAP (Standard Assessment Procedure) 65 or higher (equivalent to an Energy Performance Certificate D rating). In March 2017, 92% of social housing was compliant with the quality standard (or subject to an acceptable fail).⁴⁷ Welsh Government have indicated that they may seek a SAP target of between 80 and 89 to be reached by 2030 across all tenures throughout Wales.

	Stock	Fully compliant stock	Compliant stock subject to acceptable fails	Non-Compliant
Pembrokeshire	5,650	5,076	574	0
Carmarthenshire	9,035	8,053	982	0
Swansea	13,500	1,224	9,138	3,138
NPT Homes*	8,883	5,987	2,896	0
TOTAL	37,068	20,340	13590	3138

⁴⁶ <https://statswales.gov.wales/Catalogue/Housing/Dwelling-Stock-Estimates/dwellingstockestimates-by-localauthority-tenure>

⁴⁷ <http://gov.wales/statistics-and-research/welsh-housing-quality-standard/?lang=en>

*NPT homes is a Registered Social Landlord created by stock transfer from Neath Port Talbot Council in March 2011.

Around 15% of the total CO₂ emissions in Wales are generated from housing. Around 70% of homes that will exist in the 2050s will have been built before 2000 and Wales has some of the oldest and least thermally-efficient building stock in Europe.⁴⁸

New housing

The requirement for new homes varies year on year, as demographics, social dynamics and economic influences are constantly changing. In the Swansea Bay City Region, the requirement for new housing units is estimated at between 3,692 and 3,950 units per year.⁴⁹ The Welsh Government new build target is 20,000 affordable new homes by the end of this term of Government in 2021 - of which, 12,500 would be built by housing associations.⁵⁰ However, the current completion rate is 1,321⁵¹ dwellings per year, which is well short of the housing needs requirement.

2.2.3 Fuel poverty in the region

A household is deemed to be in fuel poverty if it needs to spend more than 10% of household income on fuel. In 2016 it was estimated that across the UK, approximately 291,000 households were living in fuel poverty. The Committee on Climate Change estimates that by 2020, UK consumers will be paying an average energy bill of £500, of which £105 will be supporting investment in low-carbon generation, including the market carbon price. Households in fuel poverty in the Swansea Bay City Region are as follows:⁵²

⁴⁸ <http://gov.wales/about/cabinet/cabinetstatements/2017/energyretrofits/?lang=en>

⁴⁹ See data at Annex B

⁵⁰ <https://www.insidehousing.co.uk/news/news/welsh-sector-pledges-to-double-housebuilding-53239>

⁵¹ <http://gov.wales/docs/statistics/2017/170614-new-house-building-2016-2017-revised-en.pdf>

⁵² <http://lle.gov.wales/map/fuelpoverty>

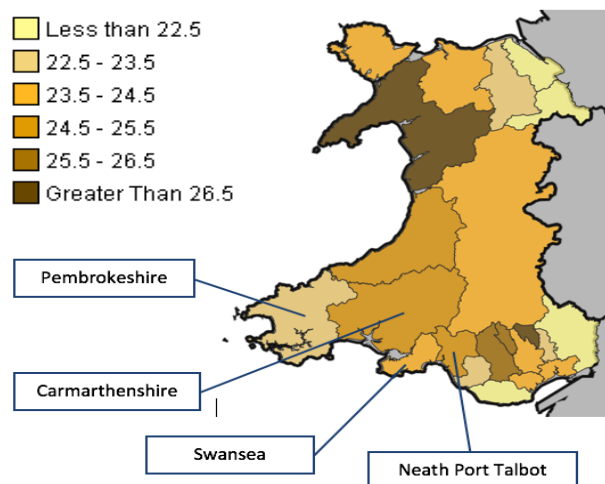


Figure 3 – Map of fuel poverty in Wales

Local authority area	Total households	Fuel poor households	Fuel poor %
Pembrokeshire	51,761	12,083	23%
Carmarthenshire	76,771	18,934	24%
Swansea	100,787	24,394	24%
Neath Port Talbot	58,780	14,450	24%
TOTAL	288,099	69,861	24%

Table 1 – Fuel poor households

By comparison fuel poverty in other areas of the UK is as follows:⁵³

- All Wales: 23%
- All England: 11%
- All Scotland: 35%
- All Northern Ireland: 42%

The Swansea Bay City Region therefore has a slightly higher percentage of fuel poor households than the Welsh average and more than double the English average. This is exacerbated by lower household incomes and higher energy prices in Wales. The existing approaches for addressing fuel poverty within the region are Welsh Government Warm Homes programme (Nest and Arbed), Local Authority Renewal Areas, Warm Wales, Innovative Housing Programme, Energy Company

⁵³ <http://www.nea.org.uk/the-challenge/fuel-poverty-statistics/>

Obligation, Vibrant and Viable Places (Welsh Government Regeneration Programme).⁵⁴

There are direct health impacts from cold housing and fuel poverty:⁵⁵

- Countries which have more energy efficient housing have lower Excess Winter Deaths (EWDs)
- There is a relationship between EWDs, low thermal efficiency of housing and low indoor temperature
- EWDs are almost three times higher in the coldest quarter of housing than in the warmest quarter (21.5% of all EWDs are attributable to the coldest quarter of housing, because of it being colder than other housing)
- Around 40% of EWDs are attributable to cardiovascular diseases and around 33% to respiratory diseases — There is a strong relationship between cold temperatures and cardio-vascular and respiratory diseases
- Children living in cold homes are more than twice as likely to suffer from a variety of respiratory problems than children living in warm homes
- Mental health is negatively affected by fuel poverty and cold housing for any age group — More than 1 in 4 adolescents living in cold housing are at risk of multiple mental health problems compared to 1 in 20 adolescents who have always lived in warm housing

2.2.4 Energy production and demand

Wales is part of an interconnected European electricity network, with flows into and out of the country. The country generated an estimated 38.8 TWh of electricity in 2016 and consumed approximately 16.1 TWh. Wales is, therefore, a net exporter of electricity.

Of the estimated 38.8 TWh of electricity that was generated in Wales in 2016, 6.9 TWh was from renewables. Electricity generation from renewables has increased rapidly in recent years, having doubled in the last five years.

In 2017, the Welsh Government announced a target of meeting 70% of electricity demand from Welsh renewable sources by 2030. Wales has made good progress towards meeting this target, with an estimated 43%

⁵⁴ See Annex C for descriptions of these programmes

⁵⁵ https://friendsoftheearth.uk/sites/default/files/downloads/cold_homes_health.pdf

of electricity consumption in Wales met by renewable generation in 2016. However, considerable network, market and policy challenges remain in closing the gap to the 70% target.⁵⁶

Total energy consumption has been falling since 2005. This downward trend may be due, in part, to the economic downturn. It is also possible that improved energy efficiency measures may have had some impact in more recent years, although it is not possible to separately identify the impact of these factors.⁵⁷

2.2.5 Carbon emissions

When local authority emissions are aggregated across the UK, estimated total CO₂ emissions decreased by around 27 percent since 2005 (the earliest year for which data are available at local authority level) – falling from 531 million tonnes to 387 million tonnes. While emissions have decreased over time there have been periods of fluctuation, with emissions increasing between 2009 and 2010 (largely due to exceptionally cold weather in 2010 and relatively low emissions in 2009 as a consequence of economic factors) and between 2011 and 2012 (largely due to variations in temperature).

Wales' CO₂ per capita emissions are higher compared to other regions due to large CO₂ per capita emissions from the industrial and commercial sector reflecting the high level of industrial emissions compared to the population.⁵⁸ Neath Port Talbot showed a 7% increase in emissions between 2005 and 2015 due to changing activity at large industrial installations.

Carbon emissions from residential properties account for 8% of all carbon emissions in Wales and there has been an overall reduction of 28% in these emissions since the base year (1990), partly due to a change in fuel mix from coal to natural gas and energy efficiency measures.⁵⁹

⁵⁶ <https://www.regensw.co.uk/energy-generation-in-wales>

⁵⁷ <http://gov.wales/docs/statistics/2015/150225-energy-generation-consumption-2013-en.pdf>

⁵⁸

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/623015/2005_to_2015_UK_local_and_regional_CO₂_emissions_statistical_release.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/623015/2005_to_2015_UK_local_and_regional_CO2_emissions_statistical_release.pdf)

⁵⁹ (based on 2014 data):

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/573221/Greenhouse_Gas_Inventory_for_England_Scotland_Wales_and_Northern_Ireland_1990_2014.pdf

2.2.6 Existing energy efficiency programmes

Large scale whole-house retrofit programmes can reduce energy needs and provide affordable warmth which contributes to healthy living and improved wellbeing. However, these must be carried out in a professional way to approved quality assurance standards.

There have been previous attempts to prove and implement homes as power stations and deliver at scale at a regional level which have had limited success due to uncoordinated and sporadic funding, the lack of a professional and coordinated approach and lack of skills development resulting in short-term programmes with potentially poor outcomes.

The following programmes operate in the region and aim to address fuel poverty:

- Welsh Government Warm Homes – Arbed and Nest
- Local authority renewal areas
- Warm Wales Limited
- ERDF funded Low Carbon Research Institute (LCRI) retrofit programme
- WG Innovative Housing Programme (IHP)
- ECO
- WG Vibrant and Viable Places
- WG Targeted Regeneration Investment programme (TRI)

The HAPS programme aims to ensure that all existing energy improvement programmes will be aligned and synchronised to the HAPS programme. This will add value to existing programmes and maximise funding and resources.

2.2.7 Supply chain and support networks

At present, there is no existing coordinated supply chain and skills specifically linked to energy efficient homes. The Department for Business Innovation and Skills published a study⁶⁰ which showed that construction supply chains are highly fragmented, and the level of fragmentation increases in supply chains that are directly involved in the

⁶⁰

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/252026/bis-13-1168-supply-chain-analysis-into-the-construction-industry-report-for-the-construction-industrial-strategy.pdf

delivery of construction work on site. The implications of a fragmented supply chain include relatively high transaction costs, increased requirements for management input and coordination of activities on site and fewer opportunities to drive out waste or reduce cost.

The study also found evidence that challenging trading conditions, very competitive bidding for work and use of tougher commercial terms (related to payment and risk transfer) is contributing to a reduction of levels of cohesion in the industry.

In relation to supply chains for the retrofit market, a recent report indicated that the current supply chain does not have the capacity to deliver domestic retrofit on the scale required to meet 2020 carbon emissions targets and even at current levels of activity there are supply chain constraints.⁶¹

Part 2.3 Business needs

The aim of this Business Needs section is to determine what needs to change in order for the SBCR to transition from where it is now (as set out in the 'Existing Arrangements') to the point where it is able to deliver upon the 'Investment Objectives' outlined in part 2.1.

The Business Needs represent the gap between the desired outcomes as articulated by the Investment Objectives, and the Existing Arrangements, expressed as problems with the *status quo* and opportunities for change, as detailed below.



⁶¹ www.regensw.co.uk/Handlers/Download.ashx?IDMF=d033f3ea-c1c8-442a-8a49-8aa75dd7595f

The ‘energy trilemma’ summarises the business needs and describes three core dimensions of energy sustainability – energy security, energy equity, and environmental sustainability.

These three goals constitute a ‘trilemma’, entailing complex interwoven links between public and private sectors, governments and regulators, economic and social factors, national resources, environmental concerns and individual behaviours.

Delivering policies which simultaneously address energy security, universal access to affordable energy services and environmentally sensitive production and use of energy is a formidable challenge facing government and industry. The ‘Energy Trilemma’ provides a clear framework within which to deliver energy transformation and make sustainable energy systems a reality.⁶²

There is a need to provide safe, efficient and affordable homes and address the energy trilemma which is one of the most pressing universal themes and global challenges of our time and addressing these issues is a key business need and presents the most compelling reason for investment via the following mechanisms:

Trilemma Element	Business need
Security	Self-sufficiency
Sustainability	Enhanced energy/carbon performance with reduced dependency on finite energy sources
Equity	Release of disposable income, alleviation of fuel poverty

The key problems with the *status quo* and opportunities of change relate to the energy trilemma; the unmet need for housing and boosting the regional economy. The business needs for each are shown in the Figure below and discussed further in the following section:

⁶² <https://www.worldenergy.org/work-programme/strategic-insight/assessment-of-energy-climate-change-policy/>

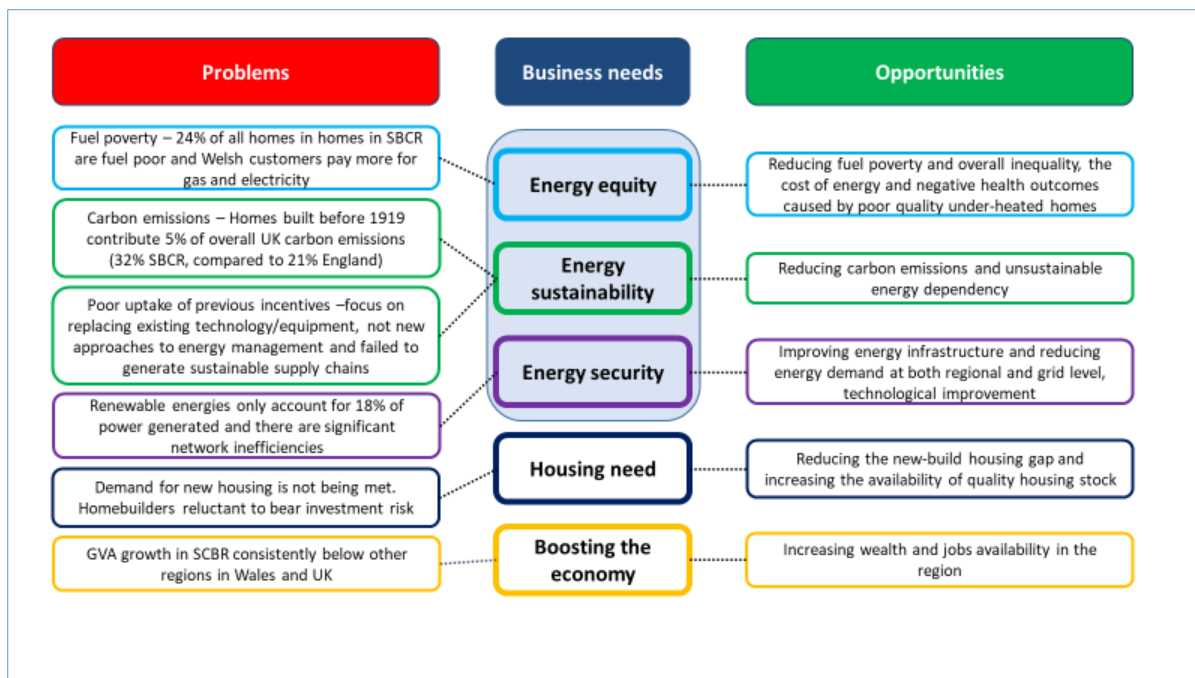


Figure 4 – Business needs

In addition to the energy trilemma, the follow subsections summarise the needs of the existing arrangements:

2.3.1 The Needs of the Swansea Bay City Region Economy

Potential impact of the Swansea Bay City Deal proposal

Swansea University prepared a Swansea Bay City Region ‘City Deal Proposal Impact Appraisal’⁶³ in February 2017, to appraise the potential impact of the ‘Internet Coast’ through the integrated portfolio of programme proposals. It examined the benefits and impacts in the following areas:

- Direct job creation and GVA uplift through development of targeted industries within the region for each project proposal, together with supply chain and wider economic benefits
- Thematic impacts from each ‘*Internet of...*’ theme, including strategic and social impacts
- Ongoing impact of the Internet Coast initiative

The report concluded:

⁶³ Swansea Bay City Region, Internet Coast: Phase 1, City Deal Proposal Impact Appraisal, February 2017

‘A programme investment of £1.3 billion over 15 years would increase regional GVA by £1.8 billion and add 9,000 jobs in the region’.

To avoid double counting of benefits and their impact, the appraisal focused on direct relevant sector employment growth, with further benefits such as skills improvements in the wider sector considered separately.

Sensitivity analysis for each individual project proposal considered:

- A baseline scenario with parameters for additionality and indirect effects suggested from baseline data and prior project experience
- Pessimistic and optimistic scenarios testing lower and higher levels of additionality, catering for uncertainty regarding levels of deadweight, substitution or displacement which may be involved
- Potential delay or advance in benefits delivery factored separately through further sensitivity analysis for theme/combined Internets at the project level

Energy and economy are inextricably linked, and policy-makers often refer to a future ‘low carbon economy’, which has the potential to be a vehicle for economic growth. In 2015, the low carbon and renewable energy sector in Wales provided 11,000 jobs, with an annual turnover of £1.78bn.

The ‘Internet of Energy’ theme positions the SBCR as a living ‘test bed’ of energy innovation and development to foster the growth of a local supply chain. This could create an estimated 4,500 jobs over a five-year period and provide an opportunity to test the innovative housing and energy solutions technology from the SPECIFIC research programme on a commercial scale. This could be achieved by:

- Incorporating health and digital and smart/intelligent applications where cost effective and affordable
- Addressing the problems the Warm Homes programme faced in terms of delivering whole-house approaches consistently across small variations and large numbers of properties.⁶⁴ Finding the most appropriate combination of retrofit products and solutions for the area, residents and buildings is key to reducing cost variability and overrun, consistent with TSB's Retrofit for the Future guide⁶⁵
- Reducing the average cost of a whole house retrofit from £25,000 (based on LCRI retrofit costs) to below £20,000 (through scaling) and

⁶⁴ Patterson, J.L., 2016, Evaluation of a Regional retrofit Programme to Upgrade Existing housing Stock to Reduce Carbon Emissions, Fuel Poverty and Support the Local Supply Chain, *Sustainability*, 2016 (8), 1261

⁶⁵ Technology Strategy Board, Retrofit for the Future – Reducing Energy Use in Existing Homes - A Guide to Making retrofit work, 2014

although costs for retrofitting properties are declining depending on who carries out the retrofit and how well the price is controlled, this is still a challenging measure⁶⁶

Cost profiling for both new build and retrofitting in Tranche 1 pathfinder developments (with the Pobl Hafod development which is already underway in Neath being the first testing platform) would provide proof of concept for these approaches at a regional level, before follow-on developments across the other three local authority areas.

2.3.2 The need for homes and housing

Increasing availability of quality housing stock

There is a shortage of new housing and the existing new build programme does not meet the new build housing needs and demand across the region. It is estimated that between 3,692 and 3,950 new houses a year are required in the Swansea Bay City region, but the current completion rate is only 1,321 per year.

House builders have been reluctant to integrate leading edge technology into housing developments on the grounds of costs and expected returns on investment and there is a low supply of new housing on the market with leading energy demand management features. Furthermore, there are also low levels of take up on retrofitting in the private sector as was seen with the 'Green Deal'.⁶⁷

There is interest in the development of energy positive houses, with the Chair of Ofgem visiting the SOLCER house in March 2018⁶⁸. The Minister of State for Energy and Clean Growth, Claire Perry and the Secretary of State for Wales, Alun Cairns visited in July 2018. The design is based around reducing energy demand, renewable supply and energy storage. This can be applied to groups of housing and eventually to other building types. This activity can contribute to affordable new build programmes, creating supply chain industries and construction related jobs.

⁶⁶ Jones, P., et al, Preparation for an energy positive community in the UK: modelling-led innovative housing Practice in Wales, Proceedings of the 36th International Conference on Passive and Low Energy Architecture – Cities, Buildings, People: Towards Regenerative4 Environments, Los Angeles, 11-13 July 2016

⁶⁷ <https://publications.parliament.uk/pa/cm201617/cmselect/cmpublic/125/125.pdf>

⁶⁸ <https://www.ofgem.gov.uk/system/files/docs/2018/03/dg14marchspeech-final.pdf>

2.3.3 The need to reduce fuel poverty in the region

At least 24% of all homes in the Swansea Bay City Region are considered to be fuel poor.⁶⁹ With fuel price rises in recent years, an energy efficiency score of at least 81 against the Standard Assessment Procedure (SAP) is necessary to proof homes against fuel poverty. Increasing the SAP score of the housing stock represents a big opportunity to reduce fuel poverty in the region.

Health opportunities

Research shows how home energy efficiency improvements may have a positive impact on health and lower health service use among people who had benefited from the Welsh Government Warm Homes Nest scheme.⁷⁰ The study used NHS data to compare health service use of people who had benefited from Nest home energy improvements and a control group who were eligible for improvements but were still waiting for these to be completed.

The research found GP events for respiratory illness fell by almost 4% for those who had benefitted from Nest improvements, while these rose by almost 10% in the control group over the same period.

A similar pattern was found in relation to asthma events, with a 6.5% decrease in the recipient group and a 12.5% increase in the control group for the same period.

Standard Assessment Procedure (SAP)

The SAP is a government backed measure of the energy performance for dwellings. It provides standardised metrics and adjustments for differing property constructions, materials and layouts, to allow disparate properties' energy consumption to be compared. It outputs an environmental impact factor between 1 and 100, with higher numbers indicating greater performance and energy efficiency.

A SAP65 score is the minimum standard to achieve the Welsh Housing Quality Standard and was originally viewed both in Wales (and nationally) as a route to proofing housing stock against fuel poverty. In March 2017, 92% of social housing was compliant with the quality standard (or subject to an acceptable fail).⁷¹ Welsh Government have indicated that they may

⁶⁹ <http://lle.gov.wales/map/fuelpoverty>

⁷⁰ <http://gov.wales/statistics-and-research/fuel-poverty-data-linking-project/?lang=en>

⁷¹ <http://gov.wales/statistics-and-research/welsh-housing-quality-standard/?lang=en>

seek a SAP target of between 80 and 89 to be reached by 2030 across all tenures throughout Wales to achieve the aims of the Decarbonisation programme. Any significant increase in the SAP score for existing properties is unlikely to be achieved through fabric only improvements, and each property would need a suite of renewable technologies such as the HAPS concept to achieve this target.

As of 1st April 2018 it was illegal for a private landlord to let a property with an energy performance certificate (EPC) rating lower than E to a new tenant and from 1st April 2020 this will apply to all existing tenancies.

SAP65 is an ambitious target (UK average rating was 56.7 in 2011).⁷² Fuel price rises since 2004 mean that a SAP81 rating is likely to be required to achieve the goal of proofing homes against fuel poverty.⁷³

2.3.4 The need to address energy production and demand

Reducing unsustainable energy dependency

The UK's energy system may still be dominated by fossil fuels, but it has never been less reliant on carbon intensive energy at any point in its modern history. In the third quarter of 2016, UK dependency on fossil fuels fell 2% year-on-year to 79%, down from almost 88% at the beginning of 2013.

It is a stark illustration of the radical change that has taken place in the country's energy system over the last few years, with low-carbon energy now making up a record 50% of the UK's electricity mix while the share of coal on the grid has fallen to just 4%.

The latest data suggest the UK government is on track to meet its 2025 target of phasing out unabated coal power from the grid.⁷⁴

The Welsh Government is establishing a regulatory framework for decarbonisation, including five-year carbon budgets and interim targets, in addition to the existing 2020 and 2050 targets. As a result, fossil fuel generation will need to be reduced. Coal generation is expected to further reduce and be phased out of the UK electricity system by 2025. The owners of Aberthaw B power station have switched a small portion of their

⁷²https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/345141/uk_housing_fact_file_2013.pdf

⁷³ HoC Environment Food and Rural Affairs Committee - HC (2007-08) 1099, Ev 19

⁷⁴ <https://www.businessgreen.com/bg/news/3003371/uk-dependency-on-fossil-fuels-hits-record-low>

feedstock to biomass and will only generate electricity when needed, such as in the winter months.⁷⁵

Improving grid Infrastructure

A large and continuing barrier to the expansion of renewable energy sources is the available capacity of grid or regional level storage. Research suggests that providing 2GW of storage in the UK by 2020 could create up to 10,000 jobs. The grid contains around 30GWh of storage, mainly pumped hydro storage (including 9GWh in Dinorwig in Snowdon), against a typical demand range of 40-45GW and peak demand of 60GW (UK wide).

Providing or increasing grid storage reduces the requirement for spinning reserve capacity (spare and unused capacity in existing power stations, held in reserve at power stations across the grid), increasing grid efficiency and resilience and enhancing the effectiveness of renewable sources, which Wales has in increasing capacities.

A HAPS concept property could store its own energy. For example, the SOLCER house has the potential to store up to 6.9Kwh of power.⁷⁶

More recent examples have electrical storage capacities of 14kWh, and larger batteries are being used in retrofits, including Tesla Wall.

Achieving the SBCR target of 3,300 new homes across 5 years would add 22.7Mwh of storage to the grid and would therefore make a marginal contribution to the UK's energy resilience however, importantly, it would demonstrate the concept for scalability.

Welsh Government Building Regulations Part L (Energy Efficiency)

It is likely that the 2019 issue of the Welsh regulations will see building fabric standards, thermal bridging and air permeability set at a level that is unlikely to change in any future revisions. The 2019 issue will likely take fabric standards and air permeability as low as is economically and technically feasible. Thus, once fabric, thermal bridging and air permeability is set at its maximum limits it is logical that the only way to lower CO₂ emissions beyond those levels will be the use of low and zero carbon technologies and renewable sources.

⁷⁵ <http://gov.wales/docs/desh/publications/171207-energy-generation-in-wales-en.pdf>

⁷⁶ <http://www.buildup.eu/en/practices/cases/solcer-house-wales-first-low-cost-positive-energy-house>

To a large extent, this is already the case under Part L 2013 where renewable energy systems are commonly specified to meet that standard (i.e. the Target Emissions Rate under Part L 2013 is difficult to achieve without renewable energy and/or low carbon systems). Therefore, in principle, starting to design and build homes towards the 'Homes as Power Stations' concept would mean that providers are 'ahead of the curve' in terms of the likely regulatory compliance required under the 2019 revision to Part L. As a regulatory minimum standard, the revised Part L is very unlikely to make the HAPS concept mandatory, but the standard will be a step further towards that goal.

The Welsh Government has pledged to implement a landmark EU policy that requires all new public buildings completed after 31 December 2018 to be nearly zero energy buildings (nZEBs), with all new buildings following by the end of 2020, while also setting nZEB targets for refurbishments. The Welsh Government has said that all requirements of Directive 2010/31/EU have been transposed to date and the intention is to continue to do so and a forthcoming review of energy standards is intended to deliver nearly zero energy requirements in line with the directive.⁷⁷

The HAPS concept closely aligns with the aspiration for nZEB's. However how to meet the nZEB standard is largely undefined. To be true zero carbon sites, CO₂ emissions from new buildings must be reduced by 100% (to include offsetting emissions using renewable energy generated in the home – net zero carbon). This may not be possible at all sites. If the Government pursues a nZEB standard, where a reduction of CO₂ from new buildings of 100% is not achievable, it is possible that a combination of efficient design, low carbon measures and other 'allowable solutions' may be an option. For example, a minimum of 70% may be achieved by site measures (energy efficient design and renewables) and up to 30% could be achieved by 'allowable solutions'. Allowable solutions will probably not be a cheap alternative, as they could involve funding zero carbon measures in the local community such as district heating schemes or funding a community energy fund.

It is not clear how accounting for carbon savings under allowable solutions would be achieved and it could be a resource/cost burden. This concept is therefore still subject to definition and refinement; however, the

⁷⁷ <https://passivehouseplus.ie/news/government/exclusive-uk-may-deliver-eu-sustainable-building-targets-in-spite-of-brex-it-while-scotland-wales-commit>

Government's position on nZEBs and the HAPS principle could closely align with future requirements.

2.3.5 To need to reduce carbon emissions

The UK is committed to achieving an 80% reduction in CO₂ emissions by 2050. Housing currently accounts for 29% of the UK's total energy consumption, so the built environment and housing will need to be a key focus to achieve these targets.

Carbon emissions from residential properties account for 8% of all carbon emissions in Wales and there has been an overall reduction of 28% in these emissions since the base year (1990), partly due to a change in fuel mix from coal to natural gas and energy efficiency measures.⁷⁸

The 'Smarter Energy Future for Wales' (March 2016) report recommends urgent revision of Building Regulations to ensure that all new houses are built to 'near zero' energy standards. Experience with the SOLCER house has shown that the key is environmental technologies being integrated into the fabric during construction. The cost is estimated to be £25,000 more expensive, at a total cost of £125,000. However, building at scale UK could bring that down to £100,000, a comparable price to other three-bed new-builds. Once built, there would be an estimated saving of £1,000 per year – for the first 10 to 15 years when the mechanical equipment would probably need to be replaced.⁷⁹

Retrofitting energy efficiency measures into existing housing stock also has a crucial part to play and Welsh Government schemes such as Warm Homes are key to improvements.

Innovation opportunities

Innovation and smart management of domestic energy will be driven by:

- Improving connectivity infrastructure: Internal/external
- Smart metering, appliances, technology and home management systems (including monitoring capabilities)
- Battery storage

⁷⁸ (based on 2014 data):

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/573221/Greenhouse_Gas_Inventory_for_England__Scotland__Wales_and_Northern_Ireland_1990__2014.pdf

⁷⁹ <https://www.ribaj.com/products/solcer-budget-smart-house>

- Use of data from new housing to evaluate and prove HAPS concept – analytical platform

Lack of progress in developing these areas has created barriers to uptake of previous incentives to improve energy sustainability; however, innovative approaches to reduce carbon emissions and dependency on unsustainable energy sources are being developed. One example is the SPECIFIC programme:

SPECIFIC – established in 2011 – is a National Innovation Centre based in the Swansea Bay City Region, developing the concept of buildings as power stations and addressing the challenge of low carbon electricity and heat by enabling buildings to generate, store and release their own energy, in one system, using only the energy from the sun.

SPECIFIC is developing next generation solar technologies, improving performance and enabling manufacture at scale, building full-scale demonstrators using existing technologies to prove the concept works. It brings together industry and government to enable new technologies to progress to the market, acting as a catalyst for change in the construction sector.

SPECIFIC is led by Swansea University, with Strategic Partners Akzo Nobel, NSG Pilkington, Tata Steel and Cardiff University and a wide range of business and academic partners to engage with industry in the application of new technology, developing associated supply chains and homes as power stations demonstration projects.

Phase 2 of the programme began in April 2016 with £26m from the Engineering and Physical Sciences Research Council, Innovate UK and the European Regional Development Fund through the Welsh Government, plus investment from Swansea University, industrial partners and matched funding from Cardiff University.

The programme will create new opportunities for an emergent industry embracing a range of sectors. The programme is currently engaged with 50+ industry partners from small SMEs through to large corporate partners who share an interest in developing solutions in Wales for global export.

The SPECIFIC programme provides technologies to a concept named the Smart Operation for a Low Carbon Energy Region (SOLCER) house – the UK's first energy positive house, designed and constructed by Cardiff University, with a 1.75:1 grid export-to-input ratio, with a 6.9KWh Li-Ion battery; allowing energy storage and returns to the grid at times of higher demand. The design also incorporates lower levels of embodied CO₂ in its build, at 340kgCO₂/m² compared with a standard benchmark of 500kgCO₂/m². This is aligned with Passivhaus design adopted elsewhere in the region, which can reduce energy costs for space heating to around £25 per annum year, based on a SAP equivalence of 88.

2.3.6 The need to learn lessons from existing energy efficiency programmes

There have been previous attempts to prove and implement homes as power stations and deliver at scale at a regional level which have had limited success due to uncoordinated and sporadic funding, the lack of a professional and coordinated approach and lack of skills development resulting in short-term programmes with potentially poor outcomes.

There is a need for a coordinated programme of activity, at scale with associated skills, supply chain and monitoring and evaluation.

2.3.7 The need to create supply chain and support networks

Until now, the difficulties of applying consistent quality control across regional and national programmes has been a barrier to establishing robust supply chains and achieving consistent performance, which is why there is currently no coordinated supply chain and skills linked to energy efficient homes.

Summary of business needs

The table below summarises the gap between the existing arrangements and the Investment Objectives:

Existing arrangements (where we are now)	Investment Objectives (where we want to be)	Business needs (the 'gap')
<ul style="list-style-type: none"> ▪ Fragmented and variable quality retrofitting of existing properties ▪ Limited uptake of passive or energy positive homes in private sector ▪ Insufficient new properties being built 	<p>To future proof at least 10,300 properties (7,000 retrofit, 3,300 new build) within five years to increase 'affordable warmth' and reduce fuel poverty</p>	<ul style="list-style-type: none"> ▪ Extensively surveyed and quality-controlled retrofit programme that considers property and local variances. ▪ Proof of concept for new-build housing with cutting-edge energy reduction and storage principles
<ul style="list-style-type: none"> ▪ Relationship between early winter deaths and cold housing/fuel poverty ▪ Around 40% of early winter deaths are attributable to cardiovascular diseases and around 33% to respiratory diseases — There is a strong relationship between cold temperatures and cardiovascular and respiratory diseases 	<p>To improve health and wellbeing and reduce the burden on health and social services</p>	<ul style="list-style-type: none"> ▪ Combination of retrofit energy saving measures, fuel switching and new build housing to minimise fuel poverty, and warmer homes in winter
<ul style="list-style-type: none"> ▪ Variety of initiatives and projects which are inconsistent and with varying degrees of success 	<p>To deliver a sustainable (commercially viable), cost effective and holistic housing programme</p>	<ul style="list-style-type: none"> ▪ Increase certainty and reduce commercial risk for private sector new-builds by demonstrating technology at scale in the public and RSL sectors
<ul style="list-style-type: none"> ▪ Variety of initiatives and projects with inconsistent measures and evaluation of success criteria 	<p>To invest in the professional evaluation of the quality and experience of solutions and understanding of the application of new technologies</p>	<ul style="list-style-type: none"> ▪ Increase certainty and reduce commercial risk through proven programme management methodology accompanied by professional evaluation and review
<ul style="list-style-type: none"> ▪ Uptake poor of energy efficiency improvements and initiatives by homeowners in retrofit accommodation 	<p>To promote awareness of how key stakeholders (particularly energy users) optimise their</p>	<ul style="list-style-type: none"> ▪ Improve marketing and communication to promote the benefits of energy efficient housing and highlight benefits of

<ul style="list-style-type: none"> ▪ Benefits and savings not fully realised 	<p>interface with the technology</p>	<p>compliance with Government standards</p>
<ul style="list-style-type: none"> ▪ Housing and built environment accounts for 29% of UK emissions ▪ Housing accounts for 15% of emissions in Wales 	<p>To support measures to mitigate climate change by reducing CO₂ emissions and energy consumption</p> <p>Predicted annual CO₂ reduction figures:</p> <ul style="list-style-type: none"> • Retrofit - 9,933 tonnes CO₂ annum • New build - 9,165 tonnes CO₂ annum <p>Figures assume 100% rollout</p>	<ul style="list-style-type: none"> ▪ Substantially reduce energy demand through passive and energy-positive homes ▪ Make better use of Wales' considerable renewable resources through distributed grid level storage
<ul style="list-style-type: none"> ▪ Insufficient grid level storage to curb peak demand and demand side responsiveness 	<p>To create an energy system that is compatible with future smart developments, maximising benefits to the occupant/owner and reducing pressure on the grid by providing local energy generation and security</p>	<ul style="list-style-type: none"> ▪ The need for better storage to curb peak demand ▪ The need to improve demand side responsiveness

Part 3: Potential business scope and key service requirements

Part 3.1 Potential Scope

Part 3 of this Strategic Case starts the process of considering the potential scope of the HAPS programme based on the changes required to satisfy the identified business needs, in particular:

- The need to facilitate the take up of renewable technologies and associated design aspects in new housing developments and retrofit programmes carried out by the public, private and third sector
- The need to develop and seek to attract new sector supply chains incorporating leading research and high value manufacturing and construction operations
- The need to address fuel poverty

- The need to monitor and evaluate a coordinated programme of activity
- The need to ensure the region has an appropriately skilled workforce in renewable technologies

The scope of this work is defined by the Swansea Bay City Deal and the geographic area of the four local authorities that have signed the joint agreement.

HAPS overview

The HAPS programme is a pioneering programme of activity which aims to facilitate the adoption of energy positive, low carbon and renewable technologies in new build and retrofit developments.

The programme aims to demonstrate the benefits of adopting the ‘homes as power stations’ approach i.e. energy positive homes, through a combination of design approaches and flexible technology solutions.

The HAPS programme is an **approach** to energy positive homes not a specific technology. The technologies used in the design solutions are already known – the innovative aspect to this programme will be the coordinated approach to combining design and technologies at scale, with ongoing monitoring and evaluation to maximise the benefits of the approach.

The proposed scope of **activity** of the HAPS programme is as follows:

HAPS scope	Activity
<p>Facilitate the adoption of the HAPS approach in new build developments</p>	<p>Facilitate the adoption of energy positive, low carbon and renewable technologies and design in new build developments.</p> <p>To develop a cost effective, flexible design approach.</p> <p>The aim is to demonstrate the benefits in the public sector and Regional Social Landlord sector and then facilitate the adoption of the homes as power stations approach with private sector housebuilders.</p>
<p>Facilitate the adoption of the HAPS</p>	<p>Facilitate the adoption of energy positive, low carbon and renewable technologies and design in retrofit developments.</p>

<p>approach in retrofit developments</p>	<p>To develop a cost effective, flexible design approach.</p> <p>The aim is to demonstrate the benefits in the public sector and Regional Social Landlord sector and then facilitate the adoption of the homes as power stations approach with private sector housebuilders.</p>
<p>Develop an indigenous sustainable supply chain</p>	<p>The HAPS programme includes funding for developing a sustainable supply chain in line with State aid guidelines.</p> <p>The programme team will work with key partners, including Welsh Government, to develop a sustainable indigenous supply chain by identifying local companies with the capability to be developed to be part of a renewable supply chain and be best placed to deliver community benefits and economic outcomes.</p>
<p>Establish a regional targeted financial incentives fund</p>	<p>The targeted financial incentives fund will provide approximately £1k per property gap funding depending on the scheme – and will be determined to optimise investment. The financial incentives will not act as a subsidy for every development. It will be an incentive scheme at the start of the programme to incentivise the adoption of the HAPS approach (similar to IHP). The fund will be State aid compliant.</p>
<p>Development of a skilled workforce</p>	<p>The HAPS programme has already established links with FE and HE, together with the Skills and Talent City Deal project.</p> <p>The Renewable Energy Skills Forum (Wales) is currently mapping the skills and experience currently available in renewable technologies to develop a competency and skills matrix, for a qualification routeway in Wales. It is looking at existing work through SPECIFIC and RSLs, in particular, as well as taking account of UK and local companies, developing an expertise in renewables. This would allow the Skills Matrix, to reflect the broad nature of the renewables sector.</p>

<p>Programme monitoring and evaluation</p>	<p>The HAPS programme includes funding to properly monitor and evaluate the programme.</p> <p>Through its monitoring and evaluation, the HAPS programme will provide the evidence for using a variety of renewable technologies and to demonstrate the viability of adopting the homes as power stations approach at scale, moving away from one off demonstrators in both new build and retrofit programmes.</p> <p>The monitoring and evaluation will focus on three key areas:</p> <ul style="list-style-type: none"> ▪ Energy efficiency (to provide evidence of costs and benefits of a range of design solutions for a range of tenure and site location) ▪ Health and wellbeing (in partnership with Public Health Wales) ▪ Social science (in partnership with academia to consider how people interact with the technologies across a wide demographic)
<p>Develop a flexible design approach</p>	<p>The aim of the regional HAPS programme is to coordinate the approach to delivering smart, low carbon, energy efficient homes by encouraging the use of a range of renewable technologies incorporated with a design approach appropriate to local circumstances e.g. site location, tenure etc. It is not a 'one size fits all' technology solution, it is a flexible and adaptable design strategy offering a range of technology and design solutions based on a number of factors including site location and tenure.</p> <p>The design and technology solutions will be tested and refined during the 5 year programme, allowing the design solutions to adapt to technological advances. The flexible design strategy will be developed to allow the HAPS approach to be adapted to a variety of challenges and constraints associated with sites and tenure across the region.</p>

A few examples of this flexible, design approach are detailed below:

Hafod site, Neath – this is an example of solar alignment where the topography of the site has determined the use of technologies

Another example is of homes which have been installed with east and west facing photovoltaic panels (PVs) to capture the morning and evening sun

The HAPs regional programme shares the same ambition as the Active Building Centre focus i.e. to accelerate market adoption of energy positive homes to provide cleaner, cheaper and more resilient energy supply.

Design approach

The fundamental design principles underpinning the HAPS approach are:

- Whole house approach
- Fabric first approach
- Passive design where feasible
- Electrical and heat generation
- Storage (electrical and heat)
- Optimisation of energy performance

Overview of current technologies

The following technologies will be incorporated into the flexible design solutions:

- SIPs panels (Structural Insulated Panels)
- Solar PVs
- Transpired Solar Collector (TSC) cladding
- Integrated photovoltaic roof covering
- Air source heat pumps
- Ground water source heat pumps
- Mechanical Ventilation with Heat Recovery (MVHR)
- High levels of Insulation
- PV / Solar water heating
- Voltage optimisation

	<ul style="list-style-type: none"> • Battery storage (allowing the solar energy to be collected, stored and released to meet the energy demands of the dwellings and their occupants)
Adoption of renewable technologies at scale and affordable	<p>One of the aims of the HAPS programme is to reduce the cost of the technologies by delivering at scale and thus creating demand by incentivising others in the public and private sector to adopt the approach.</p> <p>One of the Investment Objectives is to <i>'deliver a sustainable (commercially viable), cost effective and holistic housing programme'</i></p>

Please refer to the Management Case for more details on how the programme will be implemented.

Part 3.2 Main Programme Benefits

There are 3 main areas which illustrate the benefit, and added value of the HAPS programme:

Energy

- Energy savings and decreasing energy demand
- Local security of energy supply
- Reduce stress on the national grid

Health and well-being

- Reduction in respiratory conditions (working with Public Health Wales to develop this further and monitor the benefits)
- Warmer homes
- Improved air quality in homes via combined heating and mechanical ventilation – ensuring good air quality all year round.
- Job creation (large scale adoption of energy positive new build and retrofit homes will create major job opportunities and supply chain activity, which will deliver socio-economic benefits to the region)

Social science

- Behaviour
- Mainstream energy positive homes

Possible benefits that could arise from the successful delivery of this programme were identified in stakeholder workshops to develop this business case, and include:

Benefit no.	Benefit description	Benefit type ⁸⁰
1	Reduced energy spend through reducing energy consumption for residents	NCRB
2	Reduced CO ₂ emissions through reduced energy consumption and improved renewables mix	NCRB
3	Uplift in property value from retrofit	NCRB
4	Reduction in fuel poverty	NCRB
5	Improve health and wellbeing through a reduction in respiratory and cardiovascular disease	NCRB
6	Additional gross jobs created	NCRB
7	Businesses created through development of an integrated and sustainable local supply chain	NCRB
8	Overall improvement in domestic SAP/EPC ratings	Qual
9	Increased security of supply through demand side response management	Qual
10	Increase in energy contribution to national grid ⁸¹	NCRB
11	Increase in skills due to requirement for staff and training scheme	Qual

Table 5 - main benefits criteria and type

Part 3.3 Main Programme Risks

A number of business and service delivery risks were discussed during the workshop. For each risk we have included a mitigation action together with how this risk presents a potential opportunity. The risk register will be revised during programme delivery.

The main business and service risks associated with the potential scope for this programme are shown below:

⁸⁰ The benefits were assessed against the following criteria: CRB – Cash releasing benefit, NCRB – Non cash releasing benefit, Qual - Qualitative

⁸¹ Discussions with the National Grid are ongoing

Risk area	Mitigation	Opportunity
Development risks		
Resource and capacity of the programme team especially during the definition stage	Establish an experienced programme team to work with the region.	Job creation / safeguarding.
Implementation risks		
Being unable to develop a sustainable, indigenous supply chain	Work with key partners including Welsh Government	Local companies have the opportunity to develop and diversify
Programme slippage including delays in procurement	Robust programme management system in place. Regular review of Risk Register	
Sufficient volume and scale of products and services are unavailable	Programme Team to maintain regular communication with renewables supply chain	
Design risks		
Failure of technology	National grid as back up	An opportunity to learn lessons and adapt future technologies Continuous improvement – design feedback
Technological advancements	Steering Group and key partners to discuss	

	technological advancements	
Change management/programme management risks		
Failure to achieve agreed outputs/results	Robust programme management system in place. Regular review of Risk Register	
Complex nature of retrofit leads to failure to achieve programme outcomes	Robust programme management system in place. Regular review of Risk Register	
Lack of interest from the Private Sector	Dissemination programme to demonstrate benefits of homes as power stations	Create demand / reduce cost of renewables Growing supply chain with associated skills Opportunity to break down commercial barriers to building energy positive homes Opportunity to embed design and manufacture in close proximity to the Active Building Centre. (Jon Wood to facilitate conversation with Sam Stacey)

Operational risks		
Land costs and availability	Local Authorities to facilitate where applicable LDPs provide reference points.	
Financial risks		
Capital costs affect scheme viability	Robust programme management system in place. Regular review of Risk Register	
Any large changes in the funding package, including public and private match funding/leverage	Robust programme management system in place. On-going engagement with match funding partners.	HAPS is aligned to government policy, and will add value to funding sources.
Short term WG funding sources e.g. Affordable Homes Guarantees Programme (AHG), Innovative Housing Programme (IHP)	Robust programme management system in place. On-going engagement with match funding partners.	HAPS is aligned to government policy, and will add value to funding sources.
Complexity of solutions exaggerates cost	To develop a cost effective, flexible design approach.	To develop innovative solutions within specified cost envelopes
Homeowners unable to borrow	Regional lenders to develop a lending model To consider long term costs and extra	Education programme targeted at regional lenders

	disposable income due to less energy bills RSL model to be provided as an example of borrowing	Promote energy positive home as an 'energy asset to live in' / static energy store
Non – financial risks		
Lack of understanding of the technology	Education programme Ensure end user has an induction and understands the technology to 'demystify the technology'	Creates a culture change and more people will want to incorporate homes as power stations approach through retrofit or new build
	The technologies used in the HAPS approach are not new and are therefore tried and tested. The industry is aware of maintenance requirements etc. Therefore there is no issue with the certainty of the long term supply of technologies and maintenance.	
Designs do not comply with approved standards, or planning and building control	Programme team to work with key partners to ensure a compliant design approach	Opportunity to develop industry standards for renewable technologies flexible design approach
Homeowners lack skills and knowledge to maximise benefits from designs	Education programme	Change in attitude to renewable technologies in the home

Skills to generate a viable supply chain are not available	Work with key partners in FE and HE to develop a sustainable skilled workforce	Diversification of the economy Job creation / safeguarding
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Part 3.4 Possible Programme Constraints

The programme could be subject to the following possible constraints/limitations:

Constraints
Availability of development sites
Large scale/national house builders
Capacity of installers/suppliers
Physical constraints – site topography
Industry standards
Mortgage limitations
Planning/building control
Public engagement with energy efficiency schemes
Private sector engagement
RSL engagement
Complex nature of retrofit projects
Electrical grid connections
Funding – Social Housing Grant (SHG) restrictions, Acceptable Cost Guidance, short term funding sources

Part 3.5 Possible Programme Dependencies

Possible dependencies, upon which the ultimate success of this programme may be dependent, might include:

- The timely provision of CapEx funding from the Swansea Bay City Deal
- The successful deployment of new and existing techniques, designs and materials that would allow the programme to meet its energy positive objectives

Risks, constraints and dependencies will be managed through comprehensive programme governance arrangements.

There is a synergy between the HAPS programme and the other City Deal projects within the Swansea Bay City Deal programme. The HAPS

programme will also carefully monitor the following projects throughout the lifespan of the scheme from design to delivery to ensure synergies are established:

- Skills and Talent – it will work with the Skills and Talent programme to develop a skills base and associated training within the region which can be replicated across the rest of Wales and the UK. These skills would ensure a stable and sustainable supply chain with the necessary skills to support the sector
- Pembroke Marine – Energy Cluster will regenerate an area of Pembroke Dock to create a dedicated site which will be used as a base by marine energy developers to progress their devices from an idea to a commercial product. The site will allow developers to test, manufacture and maintain offshore renewable energy devices and will be supported by the development of a Marine Energy Test Area – a series of areas along the waterway where developers can test devices at an early stage of development
- The Pembrokeshire Wave Energy Demonstration Zone – a large offshore wave energy site which can be used by developers to test more developed devices in open sea conditions
- The Marine Energy Engineering Centre of Excellence – to coordinate and share knowledge, resource, experience and capacity between existing and future developers
- Digital Infrastructure and Test Beds – Homes as Power Stations would benefit from an innovative digital infrastructure. Investment Objective 7 relates to the development of a smart, intelligent metering and data collection aspect. The effective use of smart metering is integral to the programme as it will allow users to manage their own energy consumption and assist in the measurement of outcomes from this programme
- National Steel Innovation Centre - the use of steel coatings in the construction process. The Steel Science project, together with project SPECIFIC are integral to the development of these materials in terms of efficiency, commercialisation and scalability

Economic case

Introduction

The purpose of the Economic Case is to identify and appraise a range of possible options for the delivery of the project and to recommend a 'preferred option' that is most likely to offer best Value for Money (VfM). This process comprises two parts:

Part 1 – developing a long-list and winnowing this to a short-list using the 'options framework' which examines a range of less ambitious through to more ambitious options (one of which should be the 'counterfactual' / 'status quo' as the benchmark for value for money). This section is structured to provide a detailed description of how the agreed short-list has been developed, which concludes with a summary of the remaining potential options in each category of choice and the subsequent short-list proposed to be taken forward for detailed cost benefit analysis in part 2

Part 2 – undertaking a cost benefit analysis (CBA) on the short-listed options to determine the preferred option.

This is illustrated in the Figure below:

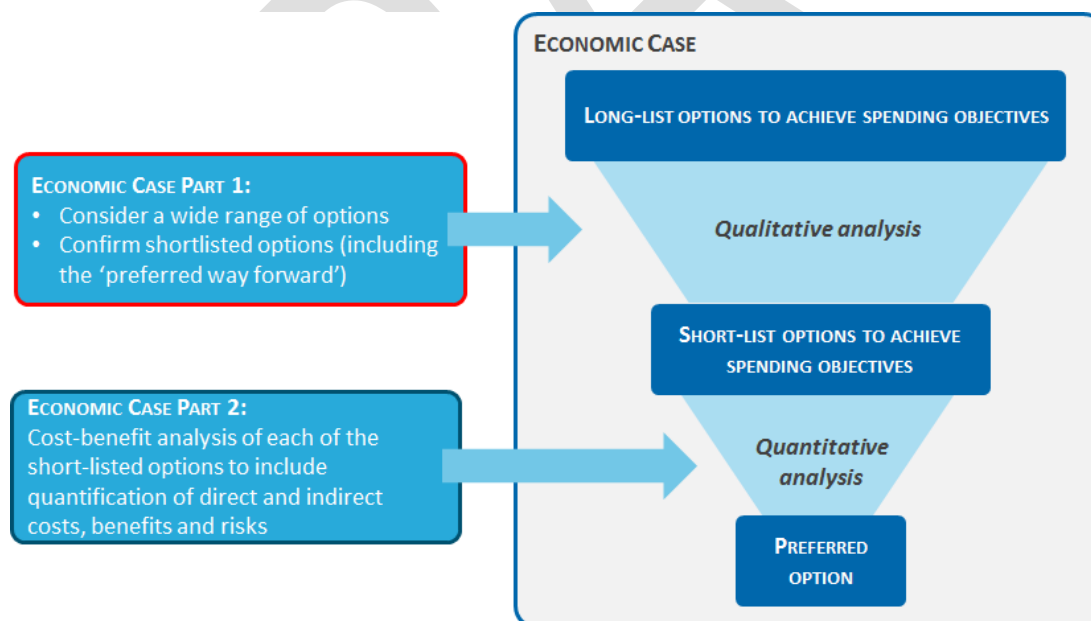


Figure 5 - overview of the Economic Case

Economic Case Part 1: The Options Framework

Introduction to the Options Framework

The 'options framework' demonstrates consideration of a wide range of options (the 'long-list') that could potentially deliver the agreed Investment Objectives over five categories of choice:

- service scope (the 'what' in terms of services and coverage)
- service solution (the practical approach to 'how' services will be delivered)
- service delivery ('who' will deliver the preferred scope and required services)
- service implementation (the 'when' in terms of timing and phasing of delivery)
- funding of the investment (sources of funding)

Options should be considered in this order, because the options arising from consideration of each category of choice inform the categories of choice that follow. At each stage, options should be specified in the context of choices already made.

For example, service delivery options (who delivers services) will depend on the service solutions considered in the previous step. Further, at each stage, the framework outlined is used to encourage development of a wide range of options. These typically cover a range from less to more ambitious, within each category; however, sometimes options within each category are simply discrete and cannot easily be described as 'less' or 'more' ambitious. It is also often appropriate to split the categories of choice into sub-categories, for example, where there are multiple service streams and/or providers.

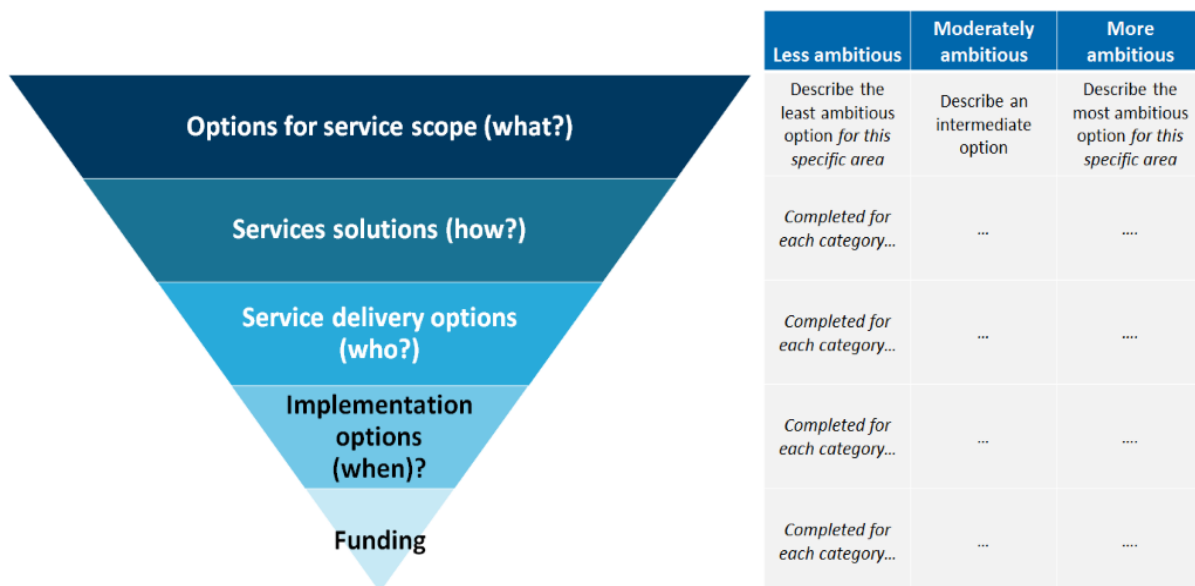


Figure 6 - the options framework categories of choice

The options framework generates a structured list of potential options over a range of dimensions (the 'long-list'), which can then be qualitatively assessed in the first part of the Economic Case against the agreed Investment Objectives and Critical Success Factors. HM Treasury's best practice guidance suggests using the following list of standard Critical Success Factors:

Part 1.1 Critical Success Factors

No.	Critical Success Factor	Questions – How well does the option..?/Is the option...?
1	Strategic fit	satisfy the Investment Objectives and business needs? optimise the identified benefits? align with and support the national, regional and local strategies?
2	Value for money	optimise available resources and provide value for money?
3	Potential achievability	acceptable to key stakeholders? politically acceptable? operationally and physically achievable?
4	Supply side capacity and capability	attractive to potential suppliers to deliver the requirements?
5	Potential affordability	affordable within the forecasted capital and revenue of the organisation?

Table 6 – Critical Success Factors (CSFs)

This process results in an assessment of each option in terms of how well it could deliver each Investment Objective and the CSFs and is assessed as either:

DISCOUNT Does not meet the Investment Objectives and CSFs	CARRY FORWARD Weakly meets the Investment Objectives and CSFs	CARRY FORWARD Broadly meets the Investment Objectives and CSFs	PREFERRED Strongly meets the Investment Objectives and CSFs
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This enables some options to be ‘discounted’ (not taken forward for further consideration); ‘carried forward’ or ‘preferred’ and a short-list of viable options to be constructed. The short-list always includes the ‘*status quo*’ as the benchmark for value for money against which all proactive options should be measured in part 2 of the Economic Case (cost benefit analysis and impact assessment).

Long-list options were generated using the options framework and reduced to a short-list through a workshop (held 19/01/2018) involving the following key stakeholders:

- Gareth Nutt, Director Environment, Neath Port Talbot County Borough Council
- Simon Brennan, Head of Property & Regeneration, Neath Port Talbot County Borough Council
- Lisa Willis, European & Strategic Funding Manager, Neath Port Talbot County Borough Council
- Christopher Jones, Energy Manager, Neath Port Talbot County Borough Council
- David Bratley, City & County of Swansea
- Darrel Barnes, City & County of Swansea
- Jonathan Morgan, Carmarthenshire County Council
- Steve Keating, Energy Manager, Pembrokeshire County Council
- Kerry MacDermot, Pembrokeshire County Council
- Keith Palmer, SPECIFIC

Part 1.2 Scope options

Stakeholders agreed to consider the following two elements of scope separately:

- **Service scope** – the coverage of the proposed service(s)
- **Target housing scope** – the categories of housing that can be targeted through HAPS

Service scope

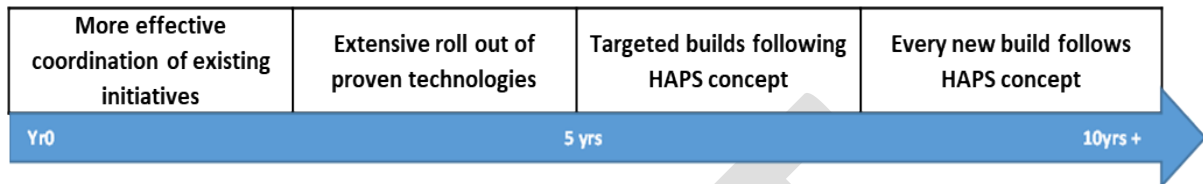
The following service scope (coverage) options were identified from least to most ambitious:

- **The *status quo*** – continuing to deliver existing government and local initiatives
- **Less ambitious:** more effective coordination of existing initiatives – in addition to the *status quo*:
 - providing more education to promote smart meters and the use of smart appliances
 - influencing Local Authorities to consider energy efficient building
 - demonstrating proof of concept through pilot schemes and *ad-hoc* programmes, including partial refits and small-scale demonstrators
- **Intermediate 1:** extensive roll out of proven technologies – in addition to previous options, including a programme of new build and taking opportunities to retrofit with existing programmes
- **Intermediate 2:** targeted builds following HAPS concept – in addition to previous options:
 - implement a definitive coordinated retrofit and new build programme across the region
 - produce supplementary planning guidance to encourage new builds to be carbon positive
- **More ambitious:** ensuring every new build follows HAPS concept – in addition to previous options: prohibiting development of buildings which are not carbon positive by modifying planning regulations

These options were considered by stakeholders and assessed as follows:

Service scope		Options			
Status quo		Less ambitious	Intermediate	More ambitious	
Continue to deliver existing initiatives		More effective coordination of existing initiatives	Extensive roll out of proven technologies	Targeted builds following HAPS concept	Every new build follows HAPS concept
Investment Objectives					
1	To future proof at least 10,300 properties (7,000 retrofit, 3,300 new build) within five years to increase 'affordable warmth' and reduce fuel poverty	Weakly meets	Broadly meets	Broadly meets	Strongly meets
2	To improve health and wellbeing and reduce the burden on health and social services	Weakly meets	Broadly meets	Broadly meets	Strongly meets
3	To deliver a sustainable (commercially viable), cost effective and holistic housing programme	Does not meet	Weakly meets	Broadly meets	Strongly meets
4	To invest in the professional evaluation of the quality and experience of solutions and understanding of the application of new technologies	Weakly meets	Broadly meets	Broadly meets	Strongly meets
5	To promote awareness of how key stakeholders (particularly energy users) optimise their interface with the technology	Strongly meets	Strongly meets	Strongly meets	Strongly meets
6	To support measures to mitigate climate change by reducing CO ₂ emissions and energy consumption Predicted annual CO ₂ reduction figures: • Retrofit - 9,933 tonnes CO ₂ annum • New build - 9,165 tonnes CO ₂ annum Figures assume 100% rollout	Weakly meets	Broadly meets	Broadly meets	Strongly meets
7	To create an energy system that is compatible with future smart developments, maximising benefits to the occupant/owner and reducing pressure on the grid by providing local energy generation and security	Does not meet	Weakly meets	Broadly meets	Strongly meets
Critical Success Factors					
1	Strategic fit	Weakly meets	Broadly meets	Broadly meets	Strongly meets
2	Value for money	Weakly meets	Weakly meets	Strongly meets	Broadly meets
3	Potential achievability	Strongly meets	Broadly meets	Broadly meets	Does not meet
4	Supply side capacity and capability	Strongly meets	Strongly meets	Broadly meets	Does not meet
5	Potential affordability	Strongly meets	Strongly meets	Broadly meets	Does not meet
Conclusion >>		DISCOUNT	CARRY FORWARD	PREFERRED	DISCOUNT

Stakeholders agreed that although the options at the extremes (least and most ambitious), did not sufficiently fulfil the Investment Objectives and/or the Critical Success Factors, they represented the realistic, expected progression of activity after the programme over a period of time, as follows:



In the short-term (years 0-2), the least ambitious option should be achievable and with sufficient time (10 years+) the delivery of the most ambitious option, requiring all new build properties to follow HAPS principles, should be achievable. From this perspective, stakeholders felt it was important to keep these options on the table as time related milestones; however, from the narrower perspective of the HAPS programme (to be delivered over five years), intermediate option 2 provided the best balance of strategic fit, value for money, achievability and affordability.

Intermediate option 1 was also considered to provide many benefits, with the advantage of being more achievable and was therefore carried forward.

Target housing scope

The following target housing scope/coverage options were identified and considered from least to most ambitious:

- **Less ambitious:** directly controlled properties only:
 - Only those properties under LA control (*circa* 28k)
 - Delivering 1,000 new build HAPS properties
 - Retrofitting 1,200 properties to improve energy efficiency through a range of interventions (depending on site specific factors)
- **Intermediate:** targeted market penetration – in addition to the *status quo*:
 - Covering LA and RSL properties (*circa* 53k)
 - Social and more extensive coverage of private sector housing based on targeted priorities
 - Delivering 3300 new build HAPS properties
 - Retrofitting 7000 (out of the c13k properties that were non-compliant or ‘acceptable failures’) properties to improve energy

efficiency through a range of interventions, subject to site specific factors

- Stimulating the market for energy efficient housing

■ **More ambitious:** all housing developments in the Swansea Bay City Region – in addition to the previous option:

- Covering all housing developments in the region (both public and private)
- Creating a market for energy efficient housing across the region

These options were considered by stakeholders and assessed as follows:

Target housing scope		Options		
		Less ambitious	Intermediate	More ambitious
<i>Status quo</i>				
n/a		Covers directly controlled properties only	Covers targeted penetration of the market	Covers all housing developments in the Swansea Bay City Region
Investment Objectives				
1	To future proof at least 10,300 properties (7,000 retrofit, 3,300 new build) within five years to increase 'affordable warmth' and reduce fuel poverty	Weakly meets	Broadly meets	Strongly meets
2	To improve health and wellbeing and reduce the burden on health and social services	Broadly meets	Broadly meets	Strongly meets
3	To deliver a sustainable (commercially viable), cost effective and holistic housing programme	Broadly meets	Broadly meets	Strongly meets
4	To invest in the professional evaluation of the quality and experience of solutions and understanding of the application of new technologies	Weakly meets	Broadly meets	Strongly meets
5	To promote awareness of how key stakeholders (particularly energy users) optimise their interface with the technology	Broadly meets	Broadly meets	Strongly meets
6	To support measures to mitigate climate change by reducing CO ₂ emissions and energy consumption Predicted annual CO ₂ reduction figures: • Retrofit - 9,933 tonnes CO ₂ annum • New build - 9,165 tonnes CO ₂ annum Figures assume 100% rollout	Broadly meets	Broadly meets	Strongly meets
7	To create an energy system that is compatible with future smart developments, maximising benefits to the occupant/owner and reducing pressure on the grid by providing local energy generation and security	Broadly meets	Broadly meets	Strongly meets
Critical Success Factors				
1	Strategic fit	Weakly meets	Broadly meets	Strongly meets
2	Value for money	Broadly meets	Strongly meets	Strongly meets
3	Potential achievability	Strongly meets	Broadly meets	Does not meet
4	Supply side capacity and capability	Strongly meets	Broadly meets	Does not meet

5	Potential affordability	Strongly meets	Broadly meets	Does not meet
Conclusion >>		CARRY FORWARD	PREFERRED	DISCOUNT

Targeting directly controlled properties (and the private sector where evidence suggests that the concept will be adopted) facilitates establishment of the programme and is a good starting point. However, directly controlled properties and very limited private sector properties currently only account for less than 20% of existing units. Therefore, to achieve the stated Investment Objectives requires a wider coverage of properties to be within scope, which is why extending the scope of private sector property coverage is preferred. The intermediate option is also considered to be achievable and affordable within the period of the initiative. For this reason, it is the preferred option.

The most ambitious option – to cover all housing developments across the region – is a positive aspiration in the longer-term (and would align with the previous more ambitious scope option to ensure every new build in the region is a HAPS), but it is not achievable, affordable or within the capacity and capability of the supply side within the time frame for the programme. For these reasons, it is discounted as an option for further consideration in this business case but is retained for future consideration.

Service solution

Stakeholders agreed to consider the following three elements of service solution separately:

- **Volume of activity** – options around the numbers of energy efficiency upgrades to be delivered
- **Incentives** – the key mechanism available to stimulate the market and deliver a shift in market demand
- **Governance/oversight of delivery** – potential governance/oversight machinery to successfully deliver the housing programme

Volume of activity

The options relating to the volume of activity to improve housing energy efficiency are as follows:

- **Less ambitious: limited development:**
 - 1000 new units in the Swansea Bay City Region
 - 1200 partial retrofits
- **Intermediate development:**
 - 3300 new units in the Swansea Bay City Region

- 7000 retrofits
- **More ambitious:** all housing and extensive retrofits:
 - new homes
 - Retrofitting of 33,000 existing homes

These options were considered by stakeholders and assessed as follows:

Service solution – volume of activity		Options		
		Less ambitious	Intermediate	More ambitious
<i>Status quo</i>				
n/a		Limited development	Intermediate development	All housing and extensive retrofits
Investment Objectives				
1	To future proof at least 10,300 properties (7,000 retrofit, 3,300 new build) within five years to increase 'affordable warmth' and reduce fuel poverty	Does not meet	Broadly meets	Strongly meets
2	To improve health and wellbeing and reduce the burden on health and social services	Weakly meets	Broadly meets	Strongly meets
3	To deliver a sustainable (commercially viable), cost effective and holistic housing programme	Does not meet	Broadly meets	Does not meet
4	To invest in the professional evaluation of the quality and experience of solutions and understanding of the application of new technologies	Weakly meets	Broadly meets	Strongly meets
5	To promote awareness of how key stakeholders (particularly energy users) optimise their interface with the technology	Weakly meets	Broadly meets	Strongly meets
6	To support measures to mitigate climate change by reducing CO ₂ emissions and energy consumption Predicted annual CO ₂ reduction figures: <ul style="list-style-type: none"> • Retrofit - 9,933 tonnes CO₂ annum • New build - 9,165 tonnes CO₂ annum Figures assume 100% rollout	Weakly meets	Broadly meets	Strongly meets
7	To create an energy system that is compatible with future smart developments, maximising benefits to the occupant/owner and reducing pressure on the grid by providing local energy generation and security	Weakly meets	Broadly meets	Strongly meets
Critical Success Factors				
1	Strategic fit	Does not meet	Broadly meets	Strongly meets
2	Value for money	Weakly meets	Strongly meets	Does not meet
3	Potential achievability	Strongly meets	Broadly meets	Does not meet
4	Supply side capacity and capability	Strongly meets	Broadly meets	Does not meet
5	Potential affordability	Strongly meets	Broadly meets	Does not meet
Conclusion >>		DISCOUNT	PREFERRED	DISCOUNT

Stakeholders agreed that retrofitting properties encompassed a range of solutions, depending on the circumstances and local need (i.e. not necessarily a 'whole house' retrofit for every dwelling).

The least ambitious option is the most achievable and affordable; however, it has poor strategic fit as it will not change the *status quo* and deliver a sustainable and commercially viable and cost-effective housing programme by stimulating the market for energy efficient houses. For this reason, stakeholders agreed it should be discounted.

The intermediate option is considerably more ambitious and seeks to deliver 3300 new builds and 7000 retrofits of existing units. While the new units would include an increase in RSL and local authority housing, such an increase in units would require considerable private sector take up. When balanced with broad achievability and affordability, this option was considered to add considerable value by providing a stimulus to the housing market. For these reasons this option was preferred.

The most ambitious option has the strongest strategic fit but is clearly undeliverable within the five year investment period. While it is retained for future consideration, for the purposes of this business case, it is discounted.

Incentives

The options relating to the incentives to successfully deliver this initiative are as follows:

- **Provide financial incentives** – to stimulate delivery of energy efficiency measures
- **Do not provide any financial incentives** – to stimulate delivery of energy efficiency measures

These options were considered by stakeholders and assessed as follows:

Service solution – incentives		Options	
		Less ambitious	More ambitious
<i>Status quo</i>			
All existing programmes do to some extent, but not co-ordinated – see Annex C		Do not provide financial incentives	Provide financial incentives
Investment Objectives			
1	To future proof at least 10,300 properties (7,000 retrofit, 3,300 new build) within five years to increase ‘affordable warmth’ and reduce fuel poverty	n/a	n/a
2	To improve health and wellbeing and reduce the burden on health and social services	n/a	n/a
3	To deliver a sustainable (commercially viable), cost effective and holistic housing programme	Does not meet	Strongly meets
4	To invest in the professional evaluation of the quality and experience of solutions and understanding of the application of new technologies	n/a	n/a
5	To promote awareness of how key stakeholders (particularly energy users) optimise their interface with the technology	n/a	n/a
6	To support measures to mitigate climate change by reducing CO ₂ emissions and energy consumption Predicted annual CO ₂ reduction figures: <ul style="list-style-type: none"> Retrofit - 9,933 tonnes CO₂ annum New build - 9,165 tonnes CO₂ annum Figures assume 100% rollout	n/a	n/a
7	To create an energy system that is compatible with future smart developments, maximising benefits to the occupant/owner and reducing pressure on the grid by providing local energy generation and security	n/a	n/a
Critical Success Factors			
1	Strategic fit	Strongly meets	Strongly meets
2	Value for money	Weakly meets	Strongly meets
3	Potential achievability	Strongly meets	Broadly meets
4	Supply side capacity and capability	n/a	n/a
5	Potential affordability	Strongly meets	Weakly meets
Conclusion >>		DISCOUNT	PREFERRED

Stakeholders felt it was necessary to provide financial incentives to encourage home owners and wider stakeholders (landlords, RSLs, lenders, etc) to invest in energy efficient homes – either new or retrofitted, at least in the early stages of delivery as the demand and market for energy efficient property is stimulated. As the initiative progresses towards the end of the programme, it was felt that any financial incentives could be tapered off as the market becomes more established and energy efficient homes become the ‘norm’. For this reason, while over time this

will move to a position of not providing financial incentives, developing a suitable strategy to provide and taper financial support was considered essential, so this option was preferred.

Governance/oversight of delivery

The options in terms of governance/oversight of delivery relate to the range of tools that could be used to deliver energy efficient housing, including:

- **LA direct build programmes** – local authorities directly control the build and retrofit programmes for premises under their direct control
- **100% public sector owned housing companies** – local authorities develop new build and retrofit programmes through arms' length public sector owned housing companies
- **Registered Social Landlords** - influenced through the Social Housing Grant
- **Land banks** – publicly owned land is used for new build programmes, contributing to the programme delivery
- **Private housing** – direct influence is limited. However, the intention is through the proof of concept and targeted marketing activity to influence owners to take up energy efficient solutions

These options were considered by stakeholders and it was agreed that they represented a selection of levers to deliver the service solution, depending on individual site circumstances and it was not therefore appropriate to discount any options at this stage.

Service delivery

The service delivery options relate to 'who' can deliver the required services. Options considered were as follows:

- **Less ambitious:** new build and upgrade programmes delivered by UK-wide companies
- **Intermediate:** investment in local companies – to upskill the supply chain and develop production, design, construction and maintenance expertise
- **More ambitious:** local authority led production design, construction and maintenance

These options were considered by stakeholders and assessed as follows:

Service delivery		Options		
Status quo		Less ambitious	Intermediate	More ambitious
n/a		New build and upgrade programmes delivered by UK-wide companies	Investment in local companies	LA led production design, construction and maintenance
Investment Objectives				
1	To future proof at least 10,300 properties (7,000 retrofit, 3,300 new build) within five years to increase 'affordable warmth' and reduce fuel poverty	Strongly meets	Weakly meets	Weakly meets
2	To improve health and wellbeing and reduce the burden on health and social services	n/a	n/a	n/a
3	To deliver a sustainable (commercially viable), cost effective and holistic housing programme	Broadly meets	Strongly meets	Broadly meets
4	To invest in the professional evaluation of the quality and experience of solutions and understanding of the application of new technologies	n/a	n/a	n/a
5	To promote awareness of how key stakeholders (particularly energy users) optimise their interface with the technology	n/a	n/a	n/a
6	To support measures to mitigate climate change by reducing CO ₂ emissions and energy consumption Predicted annual CO ₂ reduction figures: <ul style="list-style-type: none"> Retrofit - 9,933 tonnes CO₂ annum New build - 9,165 tonnes CO₂ annum Figures assume 100% rollout	n/a	n/a	n/a
7	To create an energy system that is compatible with future smart developments, maximising benefits to the occupant/owner and reducing pressure on the grid by providing local energy generation and security	n/a	n/a	n/a
Critical Success Factors				
1	Strategic fit	Broadly meets	Strongly meets	Weakly meets
2	Value for money	Broadly meets	Strongly meets	Weakly meets
3	Potential achievability	Strongly meet	Weakly meets	Weakly meets
4	Supply side capacity and capability	Broadly meets	Weakly meets	Weakly meets
5	Potential affordability	Broadly meets	Broadly meets	Weakly meets
Conclusion >>		CARRY FORWARD	CARRY FORWARD	CARRY FORWARD

Stakeholder discussion of these options clarified the key issue and a common theme throughout this options analysis – that the market for energy efficient homes needs to be developed – so it may not be immediately possible (even if desirable) to expect the private sector to drive this. It is much more likely to require public sector leadership in the short-term until the market develops. Realistically, this means the

intermediate and most ambitious options of local authority led development in the early stages, transitioning to a private sector-led market over the period of investment. All options are therefore carried forward at this stage.

Implementation

The Swansea Bay City Region 'Internet Coast' deal has determined that HAPS will be a five year programme. Stakeholders agreed that the delivery profile of the investment was dependent on the 'proof of concept' i.e. monitoring and evaluation of the pilot scheme and developing the HAPS concept in line with the findings, so robust programme management and tracking of benefits is essential.

It was considered that while a five year delivery period for the programme was likely to be ambitious (in terms of developing the supply chain and taking account of lead times), it was important to build and maintain momentum.

Funding

The following options for the implementation of the investment were discussed:

- All public funding
- Mixed funding – including public and private sector funding
- All private sector funding

These options were considered by stakeholders and assessed as follows:

Service delivery		Options		
		Less ambitious	Intermediate	More ambitious
<i>Status quo</i>				
n/a		All public funding	Mixed funding	All private funding
Investment Objectives				
1	To future proof at least 10,300 properties (7,000 retrofit, 3,300 new build) within five years to increase 'affordable warmth' and reduce fuel poverty	n/a	n/a	n/a
2	To improve health and wellbeing and reduce the burden on health and social services	n/a	n/a	n/a
3	To deliver a sustainable (commercially viable), cost effective and holistic housing programme	Weakly meets	Strongly meets	Does not meet
4	To invest in the professional evaluation of the quality and experience of solutions and understanding of the application of new technologies	n/a	n/a	n/a
5	To promote awareness of how key stakeholders (particularly energy users) optimise their interface with the technology	n/a	n/a	n/a
6	To support measures to mitigate climate change by reducing CO ₂ emissions and energy consumption Predicted annual CO ₂ reduction figures: <ul style="list-style-type: none"> Retrofit - 9,933 tonnes CO₂ annum New build - 9,165 tonnes CO₂ annum Figures assume 100% rollout	n/a	n/a	n/a
7	To create an energy system that is compatible with future smart developments, maximising benefits to the occupant/owner and reducing pressure on the grid by providing local energy generation and security	n/a	n/a	n/a
Critical Success Factors				
1	Strategic fit	Does not meet	Strongly meets	Does not meet
2	Value for money	Does not meet	Strongly meets	Weakly meets
3	Potential achievability	Does not meet	Broadly meets	Does not meet
4	Supply side capacity and capability	n/a	n/a	Does not meet
5	Potential affordability	Does not meet	Broadly meets	Strongly meets
Conclusion >>		DISCOUNT	PREFERRED	DISCOUNT

The funding mechanism is closely linked to stimulating the market for energy efficient homes – early in the delivery of this initiative, more public funding will be required to stimulate the market; however, as it becomes established and the supply chain develops, less subsidy should be required. Therefore, the less ambitious and most ambitious options are discounted and the intermediate 'mixed economy' approach is preferred, particularly as considerable investment will be required from the private sector to build energy efficient homes for sale.

Short-listed options summary

The above analysis of each of the elements of choice clearly demonstrates a direction of travel for the Homes as Power Stations (HAPS) programme. Some key issues remain unresolved, although these will be determined in due course as the proof of concept develops and the initial findings of the monitoring and evaluation are presented.

The complete direction of travel is presented in the Options Framework summary below:

		Options			
		Less ambitious	Intermediate	More ambitious	
Scope	Service scope	More effective coordination of existing initiatives	Extensive roll out of proven technologies	Targeted builds following HAPS concept	Every new build follows HAPS concept
	>>>	DISCOUNT	CARRY FORWARD	PREFERRED	DISCOUNT
	Target housing scope	Covers directly controlled properties only	Covers targeted penetration of the market	Covers all housing developments in the Swansea Bay City Region	
>>>	CARRY FORWARD	PREFERRED	DISCOUNT		
Service Solution	Volume of activity	Limited development	Intermediate development	All housing and extensive retrofits	
	>>>	DISCOUNT	PREFERRED	DISCOUNT	
	Incentives	Do not provide financial incentives		Provide financial incentives	
	>>>	DISCOUNT		PREFERRED	
	Governance/oversight of delivery	Range of mechanisms			
>>>	CARRY FORWARD				
Service Delivery		New build and upgrade programmes delivered by UK-wide companies	Investment in local companies	LA led production design, construction and maintenance	
	>>>	CARRY FORWARD	CARRY FORWARD	CARRY FORWARD	
Implementation	Delivery over five years				
>>>	PREFERRED				
Funding	All public funding	Mixed funding	All private funding		
>>>	DISCOUNT	PREFERRED	DISCOUNT		

This enables a direction of travel to be described from the remaining options as follows (short-list):

	Option			
	1: the status quo	Alternative: 2	Alternative: 3	4: preferred way forward
Scope		Coordinated roll out of proven technologies (smaller new build programme and opportunistic retrofitting) Covers directly controlled properties only (LA)	Extensive roll out of proven technologies (smaller new build programme and opportunistic retrofitting) Covers targeted penetration of the market (LA direct control + RSL only)	Targeted builds following HAPS concept (coordinated retro fit and new build programme) Covers targeted penetration of the market (direct control, RSL + targeted private sector)
Service Solution		Pathfinder development (1000 new units, 1200 retrofits) Provide financial incentives to stimulate the market. Use range of delivery mechanisms depending on individual circumstances	Intermediate development (3300 new units, 7000 retrofits) Provide financial incentives to stimulate the market. Use range of delivery mechanisms depending on individual circumstances	Intermediate development (3300 new units, 7000 retrofits) Provide financial incentives to stimulate the market. Use range of delivery mechanisms depending on individual circumstances
Service Delivery		Depends on individual circumstances. Mechanisms include: new build and upgrade programmes delivered by UK-wide companies; investment in local companies; LA led production, design, construction and maintenance	Depends on individual circumstances. Mechanisms include: new build and upgrade programmes delivered by UK-wide companies; investment in local companies; LA led production, design, construction and maintenance	Depends on individual circumstances. Mechanisms include: new build and upgrade programmes delivered by UK-wide companies; investment in local companies; LA led production, design, construction and maintenance
Implementation		Delivery over five years	Delivery over five years	Delivery over five years
Funding		Mixed funding	Mixed funding	Mixed funding

Text in red indicates where the alternative options differ from the preferred way forward.

This short-list represents the conclusions of the qualitative options analysis and has been constructed by combining preferred way forward (green) options from each category of choice and carry forward options (yellow).

Economic Case part 2 – cost benefit analysis

Key principles

The key assumptions relating to the costs of each of the short-listed options are as follows:

- A programme life of 5 years is assumed (aligned with the agreed programme period, although it is entirely possible to extend past this period and continue to deliver value). Direct costs associated with the programme are recorded for the 5 year period with NPV calculations shown at 5, 15 and 30 years
- **Annual GVA benefits** – the main benefits are energy savings for householders, energy surplus (contribution to the grid) and new jobs:
 - **Energy saving** data is based on research undertaken by the Welsh School of Architecture, Cardiff University⁸² for both new build and retrofit houses. The annual saving is multiplied with the expected number of each type of property for each option to provide quantified benefit
 - **Energy surplus** – while it is theoretically possible for energy positive housing to provide electricity back into the grid, for prudence, this has not been assumed to be a significant benefit
 - **New jobs** – the principal benefit for this proposal, the benefits of increased performance have been calculated by multiplying the expected number of new construction jobs per year (c19 per £1million invested) by the additional expected GVA added per job, to give total GVA expected per year. The assumption is that created jobs will have a degree of permanency and therefore each year, new jobs are added the duration of the programme, which has a cumulative effect on the GVA for 5 years. This is a conservative estimate and jobs are likely to be created for a longer period than the 5 year programme. This approach is used to model cumulative benefits throughout the programme period, after which time the number of created jobs is considered to be static and the benefit fixed for the remainder of the appraisal period

⁸² Preparation for an Energy Positive Community in the UK Modelling-led innovative housing practice in Wales
Phil Jones, Xiaojun Li, Jo Patterson, Ester Coma, Simon Lannon

- The **costs of the programme** – include staffing costs, new housing costs (the difference between a new build HAPS house and a comparable standard build, which is c£25k), retrofit housing costs and associated project costs (supply chain development and monitoring and evaluation)
- **Risk** – of higher costs or lower benefits delivery is incorporated into the expected ranges used in the calculations and is therefore part of the analysis

Assumptions, benefits and costs that apply to all options

- The programme will be entirely funded by the Swansea Bay City Deal. £15million has been allocated to the HAPS programme, however the HAPS programme will lever in public and private sector funding to add value to the City Deal funds – see Financial Case.
- The benefit claimed for new job GVA is the difference between the average Welsh job GVA and a ‘construction of buildings’ GVA value (£23,572) to take account of displacement, in accordance with Green Book principles

Costs and benefits have been estimated by using ranges representing the ‘least’ expected cost/benefit; the ‘expected’ cost/benefit and the ‘maximum’ cost/benefit. Rather than using a single point estimate, the use of ranges and probabilistic Monte Carlo analysis provides output ranges. This allows a richer view of the potential value of each option and the expected costs of the preferred option and options’ sensitivity to change⁸³.

Option 1 – the status quo – costs and benefits

While the status quo undoubtedly delivers benefits, to simplify the analysis, no benefits or costs are recorded for the status quo as it represents the baseline or ‘counterfactual’ – all benefits and costs for ‘do something’ options are considered to be additional to this baseline.

Options 2, 3 & 4 – costs and benefits

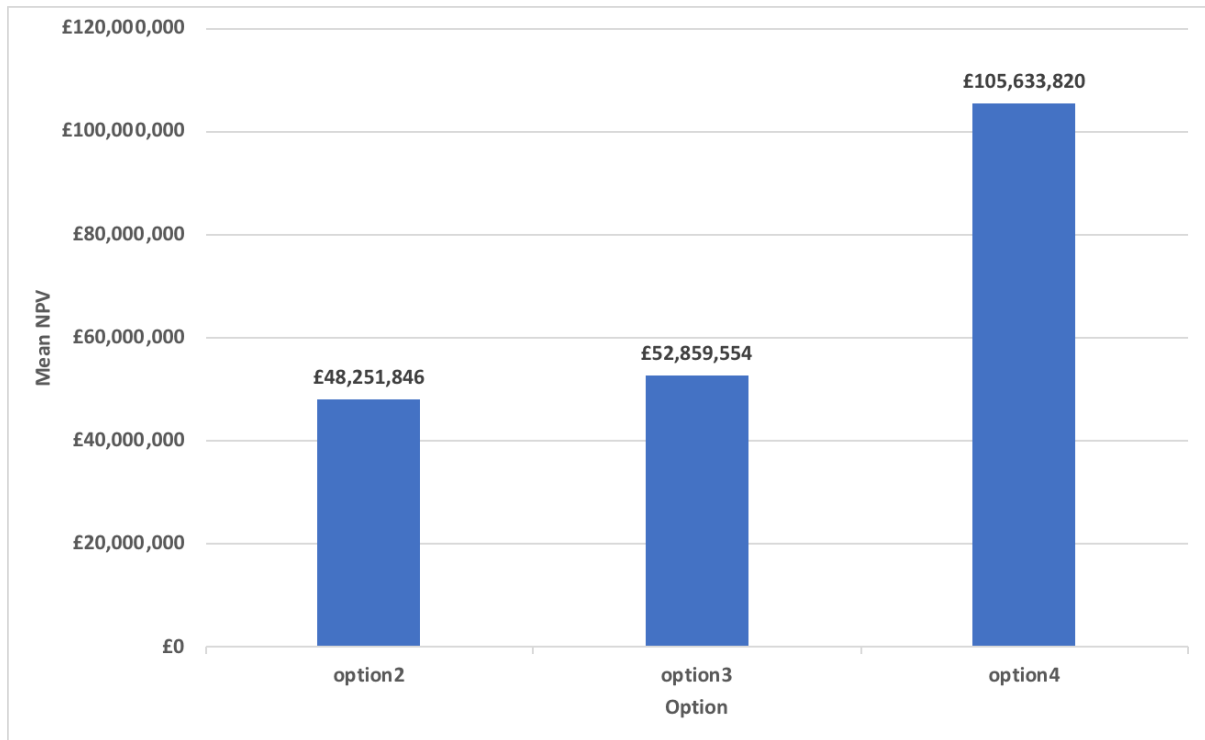
- **Costs** – have been estimated based on NPTCBC estimates for the programme team and research from the Welsh School of Architecture for HAPS and retrofits
- **Benefits** – all benefits are linked to the expected number of new build HAPS and retrofitted houses. The less ambitious options assume fewer units and therefore deliver less benefit. The most ambitious

⁸³ See Microsoft Excel cost model for further details

option assumes more units (and consequently more investment), which delivers more benefit, but takes longer to do so

Results

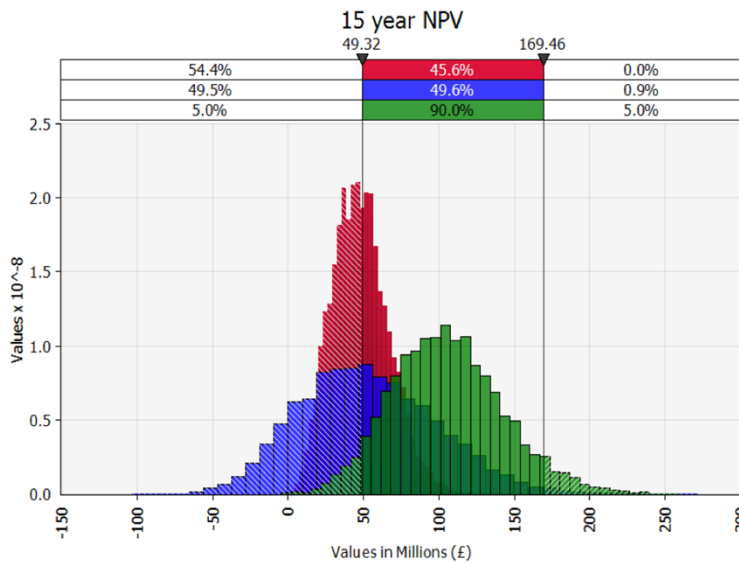
The costs and benefits of each option have been assessed to calculate the mean 15 year NPV as shown below:



This shows:

- All 'do something' options will deliver greater value than the status quo
- The option with the highest NPV is option 4

The calculated NPV distributions for options 2-4 are shown below:



	15 year NPV	15 year NPV	15 year NPV
Cell	Option 2 S84	Option 3 S84	Option 4 S82
Minimum	-£1,452,893.76	-£102,893,969..	-£4,374,701.26
Maximum	£121,629,211...	£271,442,004...	£259,224,504...
Mean	£48,251,846.30	£52,859,553.57	£105,633,819...
90% CI	± £306,833.93	± £746,049.48	± £600,822.49
Mode	£44,156,647.13	£48,184,405.92	£104,224,762...
Median	£47,195,466.48	£49,906,626.36	£103,806,562...
Std Dev	£18,652,450.47	£45,352,386.13	£36,524,030.03
Skewness	0.3591	0.3373	0.3402
Kurtosis	2.9464	3.0610	3.1462
Values	10000	10000	10000
Errors	0	0	0
Filtered	0	0	0
Left X	£49,318,601.81	£49,318,601.81	£49,318,601.81
Left P	54.4%	49.5%	5.0%
Right X	£169,455,932...	£169,455,932...	£169,455,932...
Right P	100.0%	99.1%	95.0%
Dif. X	£120,137,330...	£120,137,330...	£120,137,330...
Dif. P	45.6%	49.6%	90.0%

These show that:

- option 2 (red distribution) has quite a narrow NPV range
- option 3 (blue) has a much wider distribution range and a probability of delivering both a higher and lower mean NPV than option 1
- option 4 (green) has a similarly wide distribution range to option 2 but with, overall, a significantly greater chance of delivering a higher NPV than both alternatives

Economic Case conclusion

Based on this analysis, option 4 is the preferred option.

The programme has concluded that option 4 should be progressed. The remainder of this business case (Commercial, Financial and Management cases) focus on option 4 as the preferred solution.

Commercial Case

This section of the Full Business Case outlines the proposed deal in relation to the preferred way forward described in the Economic Case. This includes procurement activity and agreements with other parts of the organisation/other organisations.

Procurement strategy

As lead local authority for the HAPS programme, Neath Port Talbot County Borough Council will ensure compliance with public procurement policy i.e. directives, regulations, policies and guidance relating to the procurement of supplies, services and works for the public sector.

Each local authority has its own contracts procedure rules for the procurement of goods, services and works, addressing the requirements of best value. The rules are aligned to the Public Contracts Regulations 2015. The rules ensure a system of openness, transparency and non-discrimination where the accountability and probity of the procurement process will be beyond reproach.

Required services

The preferred way forward described in the Economic Case proposes a programme of activity across the Swansea Bay City Region focused on the following elements:

- New build project
- Retrofit project
- Supply chain development fund
- Monitoring and evaluation

New build and retrofit projects

Under the direction of a Programme Manager (to be appointed by the lead local authority) two project managers will be appointed to the HAPS programme, one for the new build project and the other for retrofits. Their main role will be to ensure the adoption of the HAPS approach in the public and private housing sectors.

A limited financial incentives fund will be established to fund the gap between standard build and energy positive to 'kick start' the adoption of the HAPS approach. The programme team will align and add value to existing programmes such as the Welsh Government Innovative Housing Programme (IHP).

Supply chain development fund

Funding has been identified within the HAPS programme to support the development of a sustainable and skilled regional supply chain to deliver the HAPS approach during the life of the programme and beyond.

The first stage will be to map out renewable technology supply chain companies – this will be carried out in conjunction with the advisory group with industry partners.

The 'Supply Chain Development Fund' will be established and scheme guidance will be developed in line with State aid guidelines.

The aim of the fund is to assist suppliers to grow, develop and diversify into renewable technologies. It will be managed by the HAPS programme team, overseen by the SRO and will report to the HAPS Steering Group.

The HAPS project will work with the Skills and Talent project to identify the skill requirements for decarbonisation and the workforce is appropriately skilled or upskilled to take advantage of this growing industry.

The HAPS Supply Chain Investment Fund will be advertised across the region, and a series of engagement events will be held with potential suppliers from across the industry. These activities will be linked to other support programmes such as Business Wales.

There will be an application process based on the existing Neath Port Talbot County Borough Council discretionary SME funding scheme. The process will be:

1. Initial enquiry
2. Application form to be completed and assessed
3. Application to be assessed by the HAPS Programme Board
4. Client notified of outcome
5. Monitoring of funding

The funding will be awarded in line with State aid rules.

The intention is to ensure that the legacy of the HAPS programme is a co-ordinated, robust and sustainable supply chain, capable of delivering and maintaining HAPS technologies across the region and beyond.

Cardiff University's Welsh School of Architecture is carrying out a supply chain development exercise with the City and County of Swansea. The HAPS programme will review this and identify good practice/lessons learned with a view to developing the regional HAPS supply chain.

The HAPS programme team will continue to liaise with key partners in relation to skills including but not solely, the City Deal Skills and Talent Programme, FE, HE and the Renewable Energy Skills Forum (Wales) to ensure the workforce is suitably skilled to take advantage of the opportunity of the HAPS programme.

Market distortion

In terms of market distortion, the energy market is currently distorted through subsidies - fossil fuel is heavily subsidised at the moment and climate change is not adequately costed in relation to the cost of carbon. In addition, renewables and energy efficiency measures receive subsidies, although this is decreasing.

The HAPS programme is a pioneering programme to prove the 'homes as power stations' concept at scale in both new build and retrofit developments – moving away from one off demonstrators. It will provide evidence of the benefits of incorporating renewable technologies and design into new build developments and retrofit programmes to deliver smart, low carbon, energy efficient homes – leading to a reduction in fuel poverty and its impact on health and well-being, and contributing to carbon emission reduction targets in line with UK and Welsh Government policies.

The HAPS programme aims to prove the concept that incorporating renewable technologies and design in housebuilding and retrofit programmes will produce energy positive homes / 'homes as power stations' i.e. homes which produce more energy than they use over a 12 month period.

Private sector house builders do not currently have to build energy positive homes and the current cost model does not make it a commercially attractive option, therefore the current demand is not there and the supply is not mature. However this is changing due to Welsh Government Building Regulations Part L requiring an uplift in energy efficiency standards for new build domestic buildings.

The aim of the HAPS programme is to demonstrate initially through the public sector that by developing energy positive homes at scale, and carrying out retrofit programmes at scale will reduce the cost differential between a standard build and energy positive build or retrofit. The HAPS programme will facilitate the take up of renewable technologies in the public sector and demonstrate the benefits to encourage the private sector to adopt the concept. There is market failure within the private sector due to the current cost differential and lack of evidence of the benefits of developing homes as power stations i.e. energy positive homes. HAPS will prove that developments at scale will reduce the cost differential and encourage the private sector to integrate design and technologies in new build developments, and retrofit programmes.

The HAPS programme will be monitored and evaluated to provide evidence that the benefits will outweigh the additional cost. The monitoring and evaluation will cover three areas:

- Energy efficiency (including reduction in carbon emissions)
- Health and well-being (including tackling fuel poverty)
- Social science

The multiple benefits of energy positive housing and energy efficiency are not costed in the provision of affordable warmth and reducing fuel poverty. This has major health and well-being benefits, which have a positive impact on health services. Large scale adoption of homes as power stations type new build and retrofits will create major job opportunities and supply chain activity, which will deliver socio-economic benefits to the region including developing a sustainable indigenous supply chain.

The HAPS programme will include an education / dissemination programme to identify good practice, lessons learned in terms of design and technologies permutations in relation to site location, tenure etc.

The HAPS programme will therefore not distort the market:

- The programme is key to delivering government policy in particular Prosperity for All: A Low Carbon Wales and Industrial Strategy Transforming Construction challenge area.
- The market is currently not delivering energy positive homes at scale.
- It will lead to a more mature and balanced supply and demand relationship.
- It will improve awareness of what technology can deliver.
- It will also identify and quantify multiple benefits.

- It will test financial models for new build and (more importantly) for retrofit.
- The technologies already exist - the innovation is in how the technologies are integrated and moving away from one off demonstrators to developments at scale.
- It will stimulate the growth in the innovation and technology market in line with government policy.
- The demand is currently not there at scale, and the supply is not mature enough

The HAPS programme will deliver any incentives in line with State aid regulations e.g. supply chain development

Monitoring and Evaluation

The HAPS programme will procure the services of an organisation to monitor and evaluate its activities. As the programme budget for monitoring and evaluation is £250,000 and NPTCBC's and the OJEU threshold for local authorities is £181,302, the contract will be procured via OJEU or a suitable framework. The programme manager will scope the tender specification based on the HAPS Investment Objectives.

Monitoring and evaluation will be in three phases across the five years of the programme, including the social aspect and health and wellbeing benefits of HAPS:

- **Phase 1** – at the beginning of the programme baseline data will be collated
- **Phase 2** – at the end of Tranche 1 (see outline programme plan) an interim evaluation will be carried out. By this time, it is expected that the first 200 new build and 250 retrofit HAPS homes will have been completed
- **Phase 3** – toward the end of the programme a full and final evaluation will be undertaken to inform decisions about future rollout of HAPS technologies

It is highly likely that the procurement exercise will be split into two separate tenders 1) CO₂ emissions 2) Health and wellbeing aspect of HAPS. Requirements for the specification are already being discussed with Public Health Wales and a working group has been established to develop these.

The programme team will record examples of good practice, risks, costs and benefits on an ongoing basis which will serve the dual purposes of ensuring that the HAPS programme remains on track and delivering the anticipated benefits, as well as informing the more substantial interim and final evaluations. Recent research has found that investments in energy efficiency improvements in housing provide a wide range of benefits to the lives and wellbeing of residents and that, *“it is not unlikely that this may produce value in terms of benefits to the NHS and social services in the longer term.”*⁸⁴ It is intended that the evaluation will seek to define these additional health benefits more clearly.

Good practice examples of monitoring and evaluation specifications and exercises are currently being collated. In addition, the Welsh School of Architecture (Cardiff University) are currently undertaking a research project with Carmarthenshire County Council and findings from this will inform the monitoring and evaluation procurement for the HAPS programme.

The HAPS path finder/pilot scheme is due on site in summer 2018. This is a collaborative project between Pobl (Registered Social Landlord), SPECIFIC (Swansea University) and Neath Port Talbot CBC. The monitoring and evaluation of this project is funded by UK Government (BEIS), with Welsh Government carrying out its own monitoring exercise as the development is part funded by the Welsh Government Innovation Housing Programme 2017/18.

Personnel implications (including TUPE)

It is anticipated that TUPE (Transfer of Undertakings (Protection of Employment) Regulations 1981)) – will not apply to this investment because the programme will not have any impact on the employment of existing staff. The proposed operating model for the programme is outlined in the Management Case and does not include the transfer of any staff.

FRS 5 Accountancy treatment

Neath Port Talbot CBC will not create any assets through the HAPS programme. The City Deal funding will not be used to create assets, the City Deal funding will be used to fund the programme management arrangements, provide financial incentives, develop the supply chain, marketing and fund the monitoring and evaluation.

⁸⁴ Public Health Research 2018, Vol 6, No 5, page 77

For completeness, if any partners create assets, these will be logged on a HAPS programme asset register and submitted with monitoring reports.

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Financial Case

Introduction

The Financial Case provides assurance that the short-listed options, with particular focus on the preferred way forward, are affordable, taking into account all potential funding sources. It should be noted that the costs are evidence based projections based on previous programmes and projects and will be refined during the implementation of the HAPS programme. The City Deal funding envelope of £15 million is to establish the required infrastructure and develop the delivery model with a view to delivering the HAPS programme over five years.

All of the costs will be finalised as part of programme definition arrangements. The nature of the HAPS programme is to scale up activity and therefore increase the affordability of the HAPS concept by refining the cost envelope. This will be reflected in regular financial forecast updates during the life of the programme.

Financial Case – summary / overview

The HAPS programme is requesting £15m (capital funding) from the City Deal to support delivery of the following activities:

1. Establish a programme team (£1m)
 - a. To manage the regional programme of activity
 - b. Manage the regional supply chain development fund
 - c. Manage the regional financial incentives fund
2. Establish a regional targeted financial incentives fund (£10.5m)

This is approx. £1k per property gap funding depending on the scheme – and will be determined to optimise investment. The financial incentives will not act as a subsidy for every development. It will be an incentive scheme at the start of the programme to incentivise the adoption of the HAPS approach (similar to IHP). The fund will be State aid compliant.

3. Establish a supply chain development fund (£3m)
 - a. To support local companies to develop and diversify.
4. Marketing / education / dissemination activity (£250k)
 - a. Promoting the benefits of the HAPS approach

- b. To develop and communicate a tested, quality assured flexible design approach
 - c. Private sector engagement
5. Carry out an ongoing monitoring and evaluation programme (£250k)
- a. Energy efficiency
 - b. Health and wellbeing (in partnership with Public Health Wales)
 - c. Social science (in partnership with academia)

Overall affordability

The HAPS programme has been prioritised as one of the eleven projects identified as necessary to deliver the Swansea Bay City Deal investment programme. The region has allocated £15 million from its £241 million City Deal fund to the HAPS programme, subject to the submission and approval of a business case.

The £15 million will finance the following main activities: to establish a programme team which will manage the new build and retrofit projects (including financial incentives); manage the supply chain development fund (including a business grant process); associated marketing activity; and procure an organisation to undertake monitoring and evaluation at key stages of the programme.

The inflation⁸⁵ adjusted revenue requirement for this programme will be funded through the City Deal as follows (note – only five years’ appraisals are shown, consistent with the proposed programme duration) and the HAPS Programme Board will be responsible for ensuring that the programme delivers within its agreed boundaries.⁸⁶

Yr	Programme team	Financial incentives	Supply chain development	Marketing	Monitoring & evaluation	Total	Inflation Factor	Total
0	£200,000	£1,450,000	£250,000	£50,000	£50,000	£2,000,000	1	£2,000,000
1	£200,000	£2,950,000	£750,000	£50,000	£50,000	£4,000,000	1.028	£4,112,000
2	£200,000	£3,700,000	£1,000,000	£50,000	£50,000	£5,000,000	1.0609	£5,304,500
3	£200,000	£2,450,000	£1,000,000	£50,000	£50,000	£3,750,000	1.1087	£4,157,625
4	£200,000	-	-	£50,000	£50,000	£250,000	1.1475	£286,875
	£1,000,000	£10,500,000	£3,000,000	£250,000	£250,000	£15,000,000		£15,861,000

⁸⁵ The HAPS Programme Board will manage the programme within the £15 million City Deal funding allocation.

⁸⁶ Managing Successful Programmes best practice states that the Programme Board is responsible for ensuring that the programme delivers within its agreed boundaries (e.g. cost, impact, rate/scale of adoption, expected/actual benefits etc).

Other sources of funding

The HAPS Programme Board have a budget of £15 million which will be to recruit a programme manager and project managers, oversee the development of a supply chain investment fund and procure the services of a professional organisation to undertake the monitoring and evaluation of the programme. A substantial part of the funding will be used to 'pump prime' the adoption of the HAPS concept through funding elements of technology products in new build and retrofit properties.

The HAPS programme will be working closely with a range of other publicly funded programmes and projects which are already delivering energy efficient properties. HAPS funding will be used to add value to these initiatives and ensure that HAPS technologies are deployed to maximise the benefits of other energy efficient programmes to ensure the best use of public funds.

The investment in programme/project management will be used to ensure that there is a greater level of co-ordination and engagement across the region, enabling public funds to be used to the greatest effect. Local authorities are aiming to encourage the adoption of the HAPS concept for all new build developments and retrofit programmes through the targeted use of the HAPS financial incentives to plug the current gap between a 'standard build' and a 'HAPS build'.

The ultimate aim of the HAPS programme is to fully engage the private housing sector in adopting the HAPS concept in all future housing developments and retrofit programmes. Previous programmes have found that it can be difficult to engage the private sector due to commercial and operational barriers. As well as substantial marketing activity to engage the private sector, the benefits from HAPS technologies will be evidenced in the prototype and first tranche developments, together with reductions in costs through economies of scale working towards a cost neutral scenario, meaning that utilising HAPS technologies will be much more attractive to the private sector.

Engagement with the private sector has already started, and will increase over the 5 years of the programme. The HAPS concept will be 'proved' during the first few years and the cost envelope of the technology will be reduced, the concept 'de risked' and the substantial benefits such as improvements in health and wellbeing and reductions in fuel poverty will

be demonstrated making it an attractive offer for the private sector to adopt. The private sector will be encouraged to adopt the HAPS concept and take advantage of the HAPS financial incentives, to bridge the current technology cost gap between a standard build and a HAPS build, will be an additional driver of change.

With financial incentives and land availability (not subsidised land) it would not be unreasonable to expect to see induced funding at the levels indicated in the following table:

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
City Deal	£2,000,000	£4,000,000	£5,000,000	£3,750,000	£250,000	£15,000,000
Private	£23,075,000	£47,675,000	£73,050,000	£102,600,000	£129,500,000	£375,900,000
Other programmes	£6,425,000	£14,075,000	£22,200,000	£31,400,000	£40,500,000	£114,600,000
Total	£31,500,000	£65,750,000	£100,250,000	£137,750,000	£170,250,000	£505,500,000

It **needs to be noted that** the HAPS programme will not develop a stand-alone private sector house building programme, it will encourage the private sector to adopt the HAPS concept for planned developments. RSLs have private trading arms, and use private financial borrowing to fund developments, this is another way in which private sector funding will add value to the HAPS programme.

See below table of identified public and private funding sources:

Funding source	Status
Public Funding	
WG Innovation Housing Programme (IHP)	Individual schemes to apply for IHP. IHP is a competitive annual programme to fund innovation in house building.
Social Housing Grant (SHG)	SHG will fund up to 58% of RSL housing build costs. The 4 local authorities agree a SHG programme for current and future years and will encourage RSLs to adopt the HAPS concept in their SHG new build programmes.
Housing Revenue Account (HRA)	C&C Swansea, Carmarthenshire CC and Pembrokeshire CC are local housing authorities with access to HRA, and the HAPS concept will be adopted for new build programmes where practicable.
Affordable Homes Guarantees Programme (AHG)	This is a financial mechanism available to deliver the HAPS programme.
Arbed	HAPS programme team to discuss maximising Arbed to deliver aims and objectives of HAPS project. The City Deal and HAPS programme will add value to the Arbed programme.
Energy Company Obligation (ECO)	HAPS programme to discuss maximising ECO to deliver aims and objectives of HAPS project.
Local Authority land banks	Local authorities will make land available on a case by case basis to encourage housing developments to adopt the HAPS concept.
Private Sector funding	
Private sector finance	RSL borrowing will contribute to the private sector leverage in the HAPS programme.
Private sector developer build costs	Linked to individual scheme funding packages.
Grant incentives	Private sector funding leverage into the HAPS programme
Private sector contribution to retrofits (home owners / private rented sector)	Private sector funding leverage into the HAPS programme.
Supply chain development	Sustainable supply chain development to increase private sector leverage into the HAPS programme

Sustainability/exit strategy

The Homes as Power Stations exit strategy will be refined during the early stages of the programme. There will be no financial incentives or business grants in the final year as it is anticipated that by year five the programme will have developed and established a structured, well-coordinated, scaled up approach to ensure the long-term sustainability of the HAPS concept incorporating the following elements:

- Quality assured/building regulation compliant design and construction processes
- Proven and established affordable cost model
- Sustainable and skilled supply chain

Assessing affordability

The City Deal has determined that sufficient funds are affordable for the programme and these are available subject to approval by the Swansea Bay City Deal Joint Committee.

Stakeholder/commissioner support

The HAPS programme has been prioritised as one of the eleven projects within the Swansea Bay City Deal investment programme. The Welsh Government and UK Government will review the business case and advise the City Deal regional office when money can be released.

Management case

Introduction

The Management Case addresses the achievability of the proposal and planning arrangements required to both ensure successful delivery and to manage programme risks.

Programme and Project Management (PPM) arrangements

Programme management is a vital component in the delivery of change; whether change to public or customer services, or change within organisations. In the government context, Programme management is what the best policy makers have always done, though they may not have called it that; thinking through the end-to-end process to translate policy into delivery plans and into desired outcomes.⁸⁷ See Annex A for the benefits of programme and project management.

Programme plan

A phased introduction of the programme is envisaged over the first year with a programme team to be appointed following approval.

Over the course of the programme, the strategic intention is to scale up, from proof of concept in the public sector to a targeted roll out of the HAPS concept to the private sector. Through this scaling up of activity it is anticipated that the costs associated with HAPS innovation will move to a more affordable cost envelope and the concept will be de-risked. Therefore, the HAPS programme is an evolving 'live' activity and the programme plan will be updated on a regular basis, with individual projects moving from proof of concept, to design, to funding secured.

Critical timeline

The critical timeline is as follows:

- Gareth Nutt appointed as Senior Responsible Officer (complete)
- SBCD Joint Committee agreement of NPTCBC as lead authority (complete)
- Financial/legal considerations
- Complete Full Business Case
- Business case review process (see Annex F)

⁸⁷ <https://www.gov.uk/government/publications/best-management-practice-portfolio/about-the-office-of-government-commerce>

- SBCD Joint Committee approval of Full Business Case
- Recruitment of programme team
- Programme definition commences

Programme Management and Programme Initiation

Defining a programme in accordance with MSP involves the following activities, which now need to be undertaken:

1. Establish the infrastructure for defining a programme
2. Establish the team to define the programme
3. Identify and analyse the stakeholders (see Annex D for outline)
4. Refine the vision statement
5. Develop blueprint
6. Develop benefit profiles
7. Model the benefits and refine the profiles
8. Validate the benefits
9. Design the project dossier
10. Identify tranches
11. Design the programme organisation
12. Develop the governance arrangements
13. Develop the programme plan
14. Develop and confirm the business case
15. Consolidate programme definition
16. Prepare for the first tranche
17. Approval to proceed

Each stage will be briefly described:

1. Establish the infrastructure for defining a programme

Following review by the SRO, Neath Port Talbot CBC will submit this Full Business Case for approval to the Joint Committee and following the release of funds will establish a programme office for the HAPS Programme.

2. Establish the team to define the programme

The SRO for the HAPS Programme will be Gareth Nutt, Director of Environment. A Programme Manager will be recruited, followed by the recruitment of two Project Managers (new build and retrofits). An Administrative Officer will also be recruited to support the programme. The programme team will have access to specialist advisers and subject matter experts.

3. Identify and analyse the stakeholders

An outline stakeholder plan has already been prepared, see Annex D.

4. Refine the vision statement

The City Deal have provided a vision for the HAPS Programme:

‘By 2030, South West Wales will be a confident, ambitious and connected City Region, recognised internationally for its emerging knowledge and innovation economy’

5. Develop blueprint

The City Deal have also set out a blueprint ‘Building on the capabilities of existing organisations and research facilities within the region that are developing new technologies to allow buildings to generate, store and release energy, this initiative seeks to undertake an extensive new house build and retrofit programme which integrates such technologies. Whilst this programme will help to generate sustainable and affordable homes and address fuel poverty, it will also develop and seek to attract new sector supply chains incorporating leading research and high value manufacturing and construction operations. The UK and Welsh Governments expect the Swansea Bay City Region’s proposals to be ambitious and additional to the existing innovation landscape.’

6. Develop benefit profiles

High level benefits are described in the Strategic Case and the programme team will develop benefit profiles during the programme definition stage.

7. Model the benefits and refine the profiles

The programme team will model the benefits from stage 6 and refine the profiles to ensure that the optimal level of benefit is delivered as the programme progresses.

8. Validate the benefits

As the programme progresses and the benefits start to be delivered, the process will be validated, measures tested, and the HAPS Programme Board advised if the programme is delivering the expected level of benefit, so that remedial action can be taken if necessary.

9. Design the project dossier

At this stage it is envisaged that there will be four projects in the dossier:

- New build project
- Retrofit project
- Supply chain development fund
- Monitoring and evaluation project

These projects will be supported by a branding, marketing and communications strategy.

10. Identify tranches

At this stage it is envisaged that there will be three tranches within the five year programme:

Tranche 1 – establish the programme infrastructure, procure the independent organisation that will undertake the monitoring and evaluation, baseline the programme, integrate existing/related project activity, ensure the development of 200 new builds and 250 retrofits in line with the HAPS specifications (see Annex E).

It is important to note that the allocation of public housing in line with ‘nomination rights’ is the responsibility of the local authorities and housing associations and these organisations will be consulted by the project managers.

Tranche 2 – undertake an interim evaluation and ensure that any recommendations are integrated into the programme, continue with new builds and retrofits (supported by financial incentives), initiate the supply chain development fund (including the business grant scheme) supported by business teams from the participating local authorities.

Tranche 3 – continue with new builds and retrofits through to the end of the programme, ensure that the supply chain is robust and sustainable for the future, showcase the programme to Welsh and UK interests, commence the final monitoring and evaluation and implement the exit strategy.

Throughout the programme it is envisaged that there will be a co-ordinated approach to branding, communications and marketing to ensure:

- Stakeholder engagement, especially to encourage engagement from the private sector
- Industry awareness
- Public interest is raised to counter poor up take as described in Strategic Case
- The programme is promoted regionally, nationally and internationally

11. Design the programme organisation

The programme will be organised as shown in the following Figure and integrated with the Swansea Bay City Deal governance arrangements:

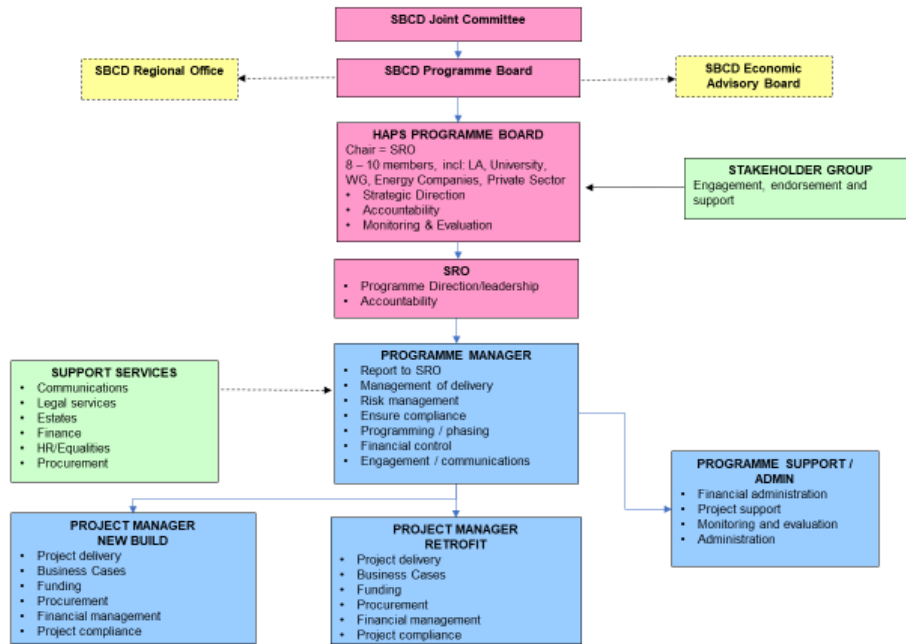


Figure 7 – HAPS Programme organisation

12. Develop the governance arrangements

See also Figure 7 above. Corporate governance for this scheme will be provided by a HAPS Programme Board which will meet monthly. The programme board will manage the investment fund and provide overall programme management, co-ordination and links to other Swansea Bay City Deal programmes, particularly the Skills and Talent programme.

13. Develop the programme plan

The outline programme plan is shown in the following Figure:

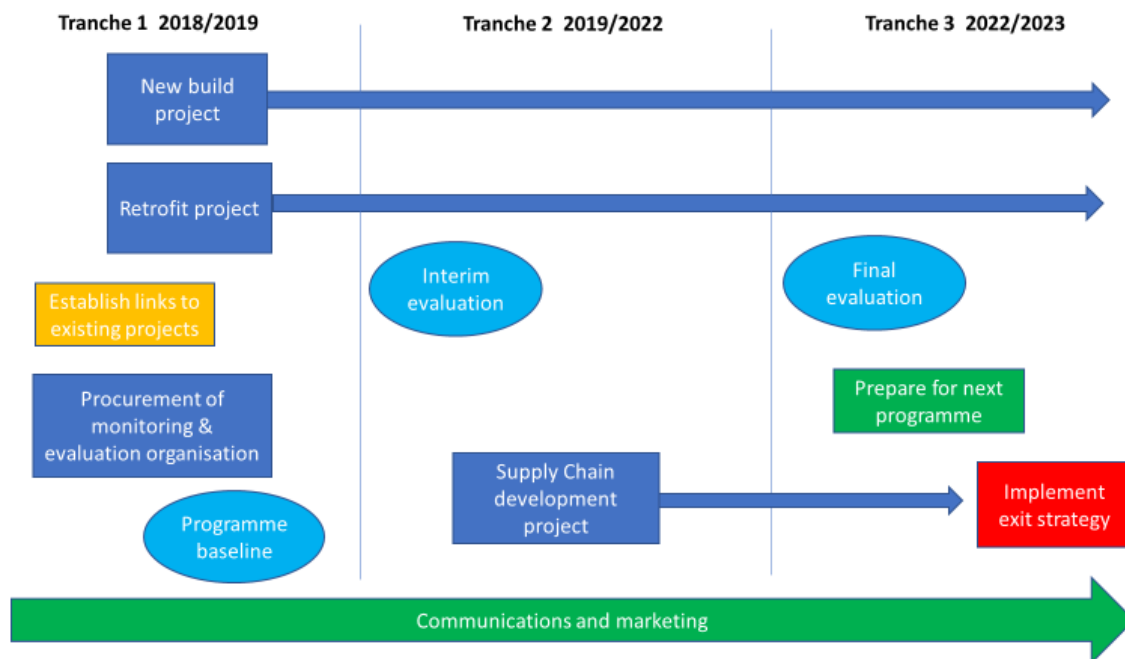


Figure 8 – outline programme plan

14. Develop and confirm the business case

Constantly reviewing the business case and ensuring that the programme is on track to deliver the expected benefits and value for money is a key task for the programme team.

15. Consolidate programme definition

The programme team will generate appropriate logs, plans and policies.

16. Prepare for the first tranche

Prior to seeking approval of the HAPS Programme Board to proceed, the programme team will ensure that all the key elements to deliver a successful programme are in place. Choices will be made by the SRO in consultation with the SBCD Programme Board and the Programme Manager to assess which combination of people, processes and technology (and locations) are most likely to realise the vision and achieve the outcomes described in the blueprint.

17. Approval to proceed

The HAPS Programme Board will authorise the programme to commence when it is satisfied that the programme is ready and organised to initiate a series of activities that will deliver transformational change and the expected benefits.

Benefits realisation strategy

The benefits for this scheme were identified in the Strategic Case and were assessed in the Economic Case. These are the core benefits and form the initial benefits register. The focus and importance of benefits will change and will be actively managed as the programme develops and is delivered.

The HAPS Programme Board will be responsible for owning benefits up to the point of completion of the programme or until the formation of a new governance structure.

The benefits register will be maintained and owned by the HAPS Programme Board and reviewed and updated monthly.

Communication Strategy

Once the HAPS programme team is in place, the benefits of adopting the HAPS concept will be disseminated across the region and wider.

This will lead to increased confidence with the public, private and third sector together with residents.

The aim of the HAPS project is to identify the optimum mix of technologies and design.

There is the potential for the HAPS project to become a Centre of Excellence for energy efficient homes, as the innovative aspect of the HAPS project is how the technologies are integrated and presented to the occupant and ease of use of technologies.

The programme team in consultation with partners and key stakeholders will agree an official name for the project post approval.

Communicating the benefits of the HAPS programme

The HAPS programme will deliver a number of significant benefits, which will be communicated through the communication plan, including:

- Vehicle to mainstream energy positive homes across all sectors
- Reduce energy spend through reducing energy consumption for residents

- Reduced CO2 emissions through reduced energy consumption and improved renewables mix
- Uplift in property value from retrofit
- Reduction in fuel poverty
- Improve health and wellbeing through a reduction in respiratory and cardiovascular disease
- Reduction in costs for NHS
- Additional gross jobs created
- Businesses created through development of an integrated and sustainable local supply chain
- Overall improvement in domestic SAP/EPC ratings
- Increased security of supply through demand side response management
- Increase in energy contribution to national grid (on-going discussions)
- Increase in skills due to requirement for staff and training scheme

Communicating the commercial advantage of the HAPS approach

- The aim of the HAPS programme is to demonstrate the commercial advantage of adopting the HAPS approach which is an incremental staged approach for the delivery of nearly and zero energy homes ultimately leading to the decarbonisation of the domestic housing sector.
- The HAPS programme will develop a model to create a sustainable market for this approach future proofing as best as possible subject to the advancement of renewable and low carbon technologies.
- The HAPS programme will develop different models for different tenures, e.g. Social housing, high income private home owners, low income private home owners and will demonstrate a range of models and design approaches
- The HAPS programme will test a range of building models applicable to different types of tenure. This particularly applies to retrofit. There are also options for combining retrofit and new build in combination for various social groups, especially relating to downsizing for the elderly. It will provide a one stop shop approach to the technology within this range of tenure related business models.

- The HAPS programme will go some way to develop an understanding and cost model of the lifetime payback of the homes as power stations (energy positive homes) approach. The affordability will also depend on the energy market

Building confidence in renewable technologies

There will be a linked education programme to build confidence in renewable technologies.

Key areas to be covered include:

- Building confidence via an education programme including ‘myth busting’
- The HAPS project will seek to encourage behavioural change with a focus on occupants and suppliers

Risk management strategy

High level risks associated with this scheme were identified in the Strategic Case. These are the core risks and form the initial risk register. The focus and importance of risks will change and will therefore receive active management as the scheme develops.

The approach will be to ensure that risks are:

- **Identified** – includes risks being considered that could affect the achievement of the programme’s objectives, and then described to ensure that there is common understanding of these risks
- **Assessed** – includes ensuring that each risk can be ranked in terms of estimated likelihood, impact and immediacy, and understanding the overall level of risk associated with the programme
- **Controlled** – includes identifying appropriate responses to risks, assigning risk owners, and then executing, monitoring and controlling these responses

The HAPS Programme Board will be responsible for managing and mitigating risks up to the point of completion of the programme or until the formation of a new governance structure.

The risk register will be maintained and owned by the HAPS Programme Board which will be reviewed and updated as required monthly.

Reviews

Gateway Reviews will be undertaken for the City Deal Investment Fund as a whole, which will include the HAPS Programme.

At the end of each tranche of the HAPS programme there should be a full review to assess the ongoing viability of the programme and ensure that the delivery options and strategy remain optimal. The programme's business case, benefits and benefits management approach must be reviewed at the end of each tranche.

The end of tranche review provides a go/no-go decision point for the programme: it should only be allowed to continue to the next tranche if it is still viable. The SRO is accountable for ensuring that this review is undertaken formally, but it will need the authorisation of the SBCE Joint Committee to support the recommendations.⁸⁸

Use of special advisors

Specialist advice has been sought for the development and production of this FBC from Value People Limited, in partnership with the Lead Authority Neath Port Talbot CBC on behalf of SBCE, to ensure that Neath Port Talbot CBC and SBCE maintains control and ownership of the scheme.

Technical input has been provided by Professor Phil Jones, Cardiff University.

Regional advisory / technical steering group

A regional advisory / technical steering group will be established to provide impartial advice to the project team and partner local authorities.

⁸⁸ Managing Successful Programmes, 2011, page 207

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Annex A: The benefits of Programme and Project Management

All organisations have business strategies that set out plans to deliver changes that will drive business objectives e.g. growth and performance.

By breaking a business plan into programmes and projects, senior management ensure a rigorous approach through a standard methodology and a set of techniques that ensure visibility through reporting, control mechanisms, management of risk, cost, quality and change.

A strategy is broken into a portfolio of programmes which deliver outcomes, the programmes are further broken down into projects which deliver outputs. The outputs from projects enable benefits or outcomes to be realised by programme management.

Why are programmes and projects so effective? OGC states that the successful management of change involves several activities which include:

The establishment of a formal programme to deliver the business change:

- Ensuring that key individuals have explicit roles and responsibilities within the programme
- The adoption of a structured project management approach
- Assurance that there are clear communication channels
- Assurance that projects are continually driven by the business case

Each of these activities are assured by programme and project management, because in using programmes and projects to deliver change organisations get access to widely recognised tools, methods, and techniques delivered by recognised and certified experts. For example:

- Establishment of roles and responsibilities is built into project management lifecycles and supported by tools like the RACI Chart
- Project managers work to a structured approach be that a waterfall method like Prince2 or an agile method like Scrum
- These approaches are supported by guidance a body of knowledge, tools and templates. Alignment with the Business Case or strategic goals is built into project and programme methodologies.

- Business case alignment is a prerequisite to prevent white elephant and pet projects

OGC identify several factors for successful business change including: leadership, clear accountability, robust risk management, effective measurement and management of benefits, effective interaction with stakeholders, realistic timescales and sharing of lessons learned. All of these form the founding principles of effective programme and project management and it is not surprising that OGC also list "excellence in programme and project management skills" as a key factor in successfully delivering change.⁸⁹

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⁸⁹ Advantages of Project and Program management <https://www.stakeholdermap.com/project-management/advantages-projects-and-programs.html>

Annex B – Housing need and demand

Housing need and demand in Wales 2006 - 2026					
http://gov.wales/docs/caecd/research/100707-housing-demand-need-2006-en.pdf					
	Market	Non Market		20 years	3.95 - thousand units per year
Swansea	13.1	9.7	22.8		3950 units per year
NPT	10	7.7	17.7		
Pembrokeshire	9.8	4.6	14.4		
Carmarthen	16	8.1	24.1		
			79 (thousands)		
Estimates of housing demand from Local Authority Development Plans					
https://swansea.jdi-consult.net/ldp/readdoc.php?docid=260&chapter=6&docelemid=d39841#d39841					
https://www.npt.gov.uk/media/7321/ldp_written_statement_jan16.pdf					
https://www.pembrokeshire.gov.uk/adopted-local-development-plan					
http://www.cartogold.co.uk/CarmarthenshireLDP/english/text/06_Specific-Policies.html#Ch6_2					
	No of units	Time	Years	no per year	
Swansea	20106	2010 - 2025	15	1340	3692 units per year
NPT	8760	2011 - 2026	15	584	
Pembrokeshire	5724	2013 - 2021	8	716	
Carmarthen	15778	2006 - 2021	15	1052	
				3692	

Annex C – Letters of support

Active Building Centre – see attached

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Annex D – Outline Stakeholder Plan

There are many partners and stakeholders within the HAPS programme, with varying degrees of involvement and responsibility. The following table lists and categorises the various organisations and notes whether they are partners or key stakeholders. There are other potential stakeholders such as community groups and the media and these will be managed within the plan.

Programme Partner	Key Stakeholder
SBCR Local Authorities	Home owners
Registered social landlords (RSLs)	Mortgage lenders
SPECIFIC	Private sector house builders
Active Building Centre	Public sector house builders
Local Partnerships	Western Power Distribution (WPD)
Low carbon design consultants	Wales & Welsh Utilities
Flexis	Communications companies
Welsh School of Architecture (WSA)	Energy Catapult
Health Boards & Trusts	Welsh Government
Other City Deal interventions	Welsh Building Regulations
Public Health Wales	Planning Departments
	Building Control Departments
	Welsh Water
	Energy Suppliers
	National Grid
	Energy Saving Trust
	Resource Efficient Wales
	Battery providers
	Low carbon and renewable technology providers
	Tata Steel
	UK Government
	Innovate UK

It is essential to formulate an effective and robust communication and engagement strategy to ensure that all partners and stakeholders are informed of progress and developments of the HAPS programme.

An engagement event will be held to update key stakeholders on developments and provide an opportunity to assess industry engagement. The partners and main stakeholders have been engaged in this programme

since its inception. This demonstrates industry awareness of this proposal and the programmes integration with the wider landscape. This is key to the successful delivery and sustainability of this programme. Detailed attention is required to ensure the further and ongoing engagement of mortgage providers, to ensure that there is adequate understanding of, and financial support for homeowners in, the HAPS programme.

Table of stakeholder events

Stakeholder	Activity
Smart low carbon study project	Questionnaire
Smart low carbon study project	Workshop
Solcer House	Proof of concept demonstration project
NPT RSLs (19/05/17)	Innovation Funding
Regional Regeneration Directors	On-going engagement
Regional HAPS working group	Monthly meetings since 14.07.2017
Local Partnerships	On-going engagement
WPD	On-going engagement
Utilities companies incl. Wales and West	Ad-hoc when required
Private Sector construction companies	On-going engagement
Welsh Government	On-going engagement
Welsh Building Regulations	On-going engagement
Registered Social Landlords (RSLs	On-going engagement
Private sector house builders	On-going engagement
TATA	On-going engagement
Planning departments	On-going engagement
Flexis	On-going engagement
Welsh School of Architecture	On-going engagement

Welsh Water	Discussions to take place how to integrate water efficient services and devices into the HAPS programme
Wider Public	An effective and structured engagement strategy will be formulated and implemented

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Annex E - HAPS specifications

New Build

For new build there are two levels:

1. Intermediate 'elemental' approach. This focusses on particular aspects of the design, for example, specifying passive house standards (no renewables), or adding technology to an existing house type (for example, solar PV). This might be regarded as an intermediate step towards a higher standard, and something housing providers might feel more comfortable with as part of the transition to a higher standard.
2. Energy positive whole system approach. This will aim for SOLCER level of energy efficiency, combined with the integration of renewable energy and energy storage into the design. This has the potential to achieve an energy positive performance.

Retrofit

For retrofit there are two levels:

1. Elemental 'shallow' retrofits: One, or a few measures applied, for example, EWI, solar panels, etc. Typical of current (e.g. Arbed) programmes – costs around £10,000 per house.
2. Whole-house 'deep' retrofits: Integrating a multiple package of measures appropriate to specific house types. Typically includes fabric, renewables and energy storage, plus replacing heating system where appropriate – costs around £25,000 to £30,000.

Flexible design strategy

The HAPS approach will be tested and refined during the pilot/pathfinders developments and through the duration of the programme.

A flexible design strategy will be established to ensure the HAPS approach can be adapted to the variety of challenges and constraints associated with the mix of tenure and geography in the region.

**Y Bwrdd Gweithredol
16 Mawrth 2020**

Grŵp Cydweithredu Parc Howard

Yr argymhellion / penderfyniadau allweddol sydd eu hangen:

Gofynnir i'r Bwrdd Gweithredol:

- 1) nodi a chymeradwyo'n ffurfiol y Cylch Gorchwyl ar gyfer Grŵp Cydweithredu Parc Howard; a
- 2) chadarnhau enwebiadau ar gyfer aelodau'r Cyngor Sir o Grŵp Cydweithredu Parc Howard a threfniadau ar gyfer dirprwyon.

Y rhesymau:

Ffurfioli'r trefniadau llywodraethu, yn unol â Chyfansoddiad y Cyngor Sir.

Angen i'r Bwrdd Gweithredol wneud penderfyniad OES

Angen i'r Cyngor wneud penderfyniad NAC OES

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:-

Y Cyngorydd Peter Hughes-Griffiths (Yr Aelod o'r Bwrdd Gweithredol dros Ddiwylliant a Chadeirydd y Grŵp Cydweithredu)

Y Cyngorydd Hazel Evans (Yr Aelod o'r Bwrdd Gweithredol dros Gynnal a Chadw Tiroedd)

Y Cyngorydd David Jenkins (Yr Aelod o'r Bwrdd Gweithredol dros Gyllid)

Y Gyfarwyddiaeth: Yr
Amgylchedd

Swydd:

Rhif Ffôn
01267 246244

**Enw Pennaeth y
Gwasanaeth/Awdur yr
Adroddiad:**
Jonathan Fearn

Pennaeth Eiddo

Cyfeiriad e-bost:
jfearn@sirgar.gov.uk

EXECUTIVE SUMMARY

Meeting of Executive Board

16th March 2020

Parc Howard Collaboration Group

Introduction

Following asset transfer discussions relating to the County Council's parks and playgrounds portfolios between 2015-2018, most of the Council's facilities have now been transferred for local management via long leases to community groups or Community / Town Councils.

Parc Howard was excluded from this process and retained under County Council management following an Executive Board decision on 4th January 2016. A Masterplan for investment in the Park and Museum was subsequently agreed by Executive Board on 26th July 2016, with funding included in the capital programme; implementation of the Masterplan is ongoing.

Details of the Parc Howard Collaboration Group

Although transfer of the asset was not progressed, discussions with key stakeholders Llanelli Town Council, The Parc Howard Association, Llanelli Community Heritage and the Friends of Llanelli Museum continued. In Summer 2017 more detailed discussions took place with the Town Council to formalise a proposal for the Town Council to contribute towards the revenue funding of the museum and park. Following a series of meetings, The Parc Howard Collaboration Group was formally established from 1st April 2018, with Terms of Reference agreed at the Group's meeting on 13th February 2018 (copy attached to this Report). The Terms of Reference refer to 2018/19 but have continued in operation, with the same level of contribution from the Town Council for 2019/20.

The Parc Howard Collaboration Group currently comprises 4 elected Members from the County Council and 4 from the Town Council with Cllr Peter Hughes-Griffiths, as Chair, having a casting vote. The arrangements have been formally agreed by the Town Council but have, to date, only been agreed by the County Council Executive Board Members on an informal basis. The current members of The Parc Howard Collaboration Group are:

Town Council:

Cllr Jeff Edmunds, Cllr Jan Williams, Cllr Shahana Najmi, Cllr Sion Davies

County Council:

Cllr Peter Hughes-Griffiths, Cllr Hazel Evans, Cllr Giles Morgan, Cllr John Jenkins

County Councillor members were nominated by Cllr Peter Hughes-Griffiths following discussion with the Leader. Cllr David Jenkins has also attended The Parc Howard Collaboration Group on occasions, when Cllr Hazel Evans has given apologies. It is

suggested that Executive Board may wish to create a pool of substitutes comprising the remaining Executive Board Members.

The Parc Howard Collaboration Group meetings are formally minuted but are not open to the public and are jointly administered by the County and Town Councils. The Parc Howard Collaboration Group invites the Parc Howard Association, Llanelli Community Heritage and the Friends of Llanelli Museum to attend part of Group meetings on an occasional basis, to maintain dialogue with these voluntary organisations who support the facility financially and with volunteer time.

The Parc Howard Collaboration Group meetings discuss ideas for future events, maintenance and improvements at the Park and Museum, together with prioritisation of projects and expenditure from the combined funding from the Town and County Councils. Town Council representatives have indicated that additional funding may be available from the Town Council in future years. As set out in the Terms of Reference, the facility remains fully under the control and management of the County Council.

The Minutes of The Parc Howard Collaboration Group meetings are reported formally by the Town Council representatives to the Town Council but are not formally reported to a County Council Committee.

The Parc Howard Collaboration Group has not been formally constituted as a Joint Committee though County Council processes and is not operating as such. Decision making remains separately with the participating Councils in line with their responsibilities.

Proposed Way Forward

In order to formalise the governance arrangements, in accordance with the County Council's Constitution, the Executive Board is asked to:

- 1) note and formally endorse the Terms of Reference for The Parc Howard Collaboration Group.
- 2) Confirm nominations for the County Council members of The Parc Howard Collaboration Group and arrangements for substitutes.

DETAILED REPORT ATTACHED?

YES – Terms of Reference

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: Jonathan Fearn, Head of Property

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
YES	NONE	YES	NONE	NONE	NONE	NONE

Policy, Crime & Disorder and Equalities

The status of The Parc Howard Collaboration Group needs to be formalised in accordance with the Council's Constitution

Finance

The arrangement has facilitated contributions from the Town Council towards the running costs of the facility.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Jonathan Fearn, Head of Property

1. **Scrutiny Committee** n/a
2. **Local Member(s)** n/a
3. **Community / Town Council** n/a
4. **Relevant Partners** n/a
5. **Staff Side Representatives and other Organisations** n/a

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

Previous Executive Board Reports

Parc Howard Collaboration Group
Terms of Reference (v2), February 2018

1.0 Purpose

1.1 These Terms of Reference state the overall scope and governance of the proposed Group to determine, implement and oversee the future vision and management arrangements for Parc Howard Museum and Park (“Parc Howard”). It sets out the objectives, constraints, interfaces, assumptions and dependencies.

2.0 Background

2.2 In 2014 the County Council sought expressions of interest from local councils or groups to take over management of parks and playgrounds as part of a county-wide asset transfer programme. No expressions of interest were received for Parc Howard and the park was taken off the list of assets available for transfer.

2.3 During 2016 and 2017, the Leader of the County Council, Cllr Emlyn Dole, led a series of meetings with a range of interested parties to brainstorm ideas for improvements, including discussions with Parc Howard Association, Friends of Llanelli Museum, Llanelli Community Heritage and Llanelli Town Council.

2.4 The County Council has since invested in new play equipment and has sought planning permission for a car park to encourage more visitors. Discussions are also ongoing following a call for expression of interest in sensitive commercialisation of the mansion house, in conjunction with enhanced museum use.

2.5 On 28th June 2017, the Town Clerk indicated that the Town Council may consider funding up to 50% of Parc Howard running costs.

2.6 Following a number of collaboration discussions the Town and County Councils have agreed in principle to establish formal joint governance and funding arrangements from 1/4/18.

3.0 Financial Arrangements

3.1 The Town Council has agreed to fund 50% of the County Council’s revenue costs of running Parc Howard and has a budget provision of £100,000 for the 2018/19 financial year. The Town Council would want this budget allocation to cover the full costs of the bowling green provision within the park.

3.2 The Town Council shall make their annual contribution via three payments to the County Council on 1st July, 1st October and 1st January.

4.0 Membership and Voting

4.1 The Group will be chaired by the County Council’s Executive Board Member for Culture, Sport and Tourism, who shall have a casting vote.

4.2 The Group shall comprise nominated members of each Council in proportion to the funding contributed by each. Based on a 50/50 split in funding, the Group would comprise 4 County Council representatives and 4 Town Council Representatives. Substitutes will be permitted.

4.3 Additional representatives, officers and experts may be invited to the Group as deemed appropriate.

5.0 Frequency of Meetings / Reporting

- 5.1 The Group will meet monthly, alternately at Town and County Council offices.
- 5.2 Papers for the Group meetings will be circulated 5 working days before the meeting. Late or urgent papers to be tabled only if approved by the Chair or their representative.

6.0 Objectives

- 6.1 The Group's aim is to provide a sustainable future for, and clear prioritisation of future management arrangements / improvements of Parc Howard for the benefit of the people of Llanelli and the wider areas.

7.0 Constraints

- 7.1 Parc Howard remains owned by the County Council. Emergency and other urgent arrangements will remain the responsibility of the County Council.

8.0 Interfaces

- 8.1 The Group will maintain liaison with the following groups, to ensure that relevant stakeholders and fundraisers supporting Parc Howard are engaged and involved in future proposals
- The Parc Howard Association
 - The Friends of Llanelli Museum
 - Llanelli Community Heritage
- 8.2 Additional representatives and experts may be invited to the Group as deemed appropriate.

9.0 Assumptions

- 9.1 The Group will operate under the following assumptions:
- 9.1.1 that there is political support for the work it undertakes;
- 9.1.2 that there is high level support for the Group within the individual organisations;
- 9.1.3 that all members will engage with openness and honesty to achieve the stated objectives; and
- 9.1.4 that funding will be made available on a case by case basis to support its functions and objectives

10.0 Dependencies

- 10.1 A spirit of trust will be required amongst all collaborating parties