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Date: 14th February 2018

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Dear Sir/Madam,

A **Special Meeting of Council** will be held in the **Council Chamber, Penallta House, Tredomen, Ystrad Mynach** on **Thursday, 22nd February, 2018** at **5.00 pm** to consider the matters contained in the following agenda.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Chrissy'.

Christina Harrhy
INTERIM CHIEF EXECUTIVE

AGENDA

Pages

- 1 To receive apologies for absence.
- 2 Declarations of Interest.

A greener place Man gwyrddach



Councillors and Officers are reminded of their personal responsibility to declare any personal and/or prejudicial interest(s) in respect of any item of business on this agenda in accordance with the Local Government Act 2000, the Council's Constitution and the Code of Conduct for both Councillors and Officers.

To receive and consider the following reports: -

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|---|--|-----------|
| 3 | Revised Treasury Management Annual Strategy, Capital Finance Prudential Indicators and Minimum Revenue Provision Policy for 2018/2019. | 1 - 30 |
| 4 | Budget Proposals 2018/19 and Medium-Term Financial Strategy 2018/2023. | 31 - 100 |
| 5 | Council Tax Setting Resolution 2018/19. | 101 - 106 |

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SPECIAL COUNCIL – 22ND FEBRUARY 2018

SUBJECT: REVISED TREASURY MANAGEMENT ANNUAL STRATEGY, CAPITAL FINANCE PRUDENTIAL INDICATORS AND MINIMUM REVENUE PROVISION POLICY FOR 2018/2019

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER

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- 1.1 The Council's Annual Strategy for Treasury Management, Capital Finance Prudential Indicators and the Minimum Revenue Provision Policy for 2018/2019, was considered by the Policy and Resources Scrutiny Committee on 16th January 2018. Members were asked to consider and comment on the content of the report ahead of its presentation to the special meeting of Council on 22nd February 2018.
 - 1.2 In response to a Member's query, Officers gave examples of the steps that have been taken to improve returns on investments.
 - 1.3 Discussion took place regarding the recommendation to borrow £17.6m for the General Fund to support the 2018/19 capital programme and the potential rate of returns that could be achieved. Officers explained that the Authority maximises internal borrowing wherever they can in order to achieve full potential against commitments to the capital programme. Members were asked to note that the proposed amount of £17.6m is a provisional figure that may be subject to increase but that the final amount to be borrowed will be confirmed ahead of the report being presented to Council on 22nd February 2018.
 - 1.4 Following consideration of the report, and subject to noting that the proposed £17.6m to be borrowed against the General Fund (as contained in recommendation 18.7 of the report) could be subject to change, the Policy and Resources Scrutiny Committee unanimously recommended to Council that for the reasons contained therein:-
 - (i) the Annual Strategy for Treasury Management 2018/19 be approved;
 - (ii) the strategy be reviewed quarterly within the Treasury Management monitoring reports presented to the Policy and Resources Scrutiny Committee and any changes recommended be referred to Cabinet, in the first instance, and to Council for a decision. The Authority will also prepare a half-yearly report on Treasury Management activities;
 - (iii) the Prudential Indicators for Treasury Management as outlined in Appendix 5 of the report be approved;
 - (iv) the Prudential Indicators for Capital Financing as outlined in Appendices 6 and 7 of the report be approved;
 - (v) the MRP policy as set out in Appendix 8 of the report be adopted;

- (vi) the continuation of the 2017/18 investment strategy and the lending to financial institutions and corporates in accordance with the minimum credit rating criteria disclosed within the report be approved;
- (vii) the Authority borrows £17.6m for the General Fund to support the 2018/19 capital programme and £44.6m for the HRA WHQS programme;
- (viii) the Authority continues to adopt the investment grade scale as a minimum credit rating criteria as a means to assess the credit worthiness of suitable counterparties when placing investments;
- (ix) the Authority adopts the monetary and investment duration limits as set in out in Appendix 3 of the report.

1.5 Since the Policy and Resources Scrutiny Committee on 16th January 2018, the Treasury Management Strategy and supporting Appendices have been updated. The changes are as follows and are reflected in the attached report (Appendix 1):

- (i) paragraph 5.1.4 has been updated to reflect the latest inflation rate of 3.00% (December 2017). The previous version of the report showed November 2017 CPI rate of 3.10%
- (ii) paragraph 5.3.2 has been updated for the inclusion of the 2018/19 supported borrowing approvals of £5.0m to fund the 2018/19 capital programme. This now brings the total borrowing for the General Fund to £22.6m (previously £17.6m).
- (iii) the removal of paragraph 5.3.3 which references the internal borrowing of £5.0m to fund the 2018/19 capital programme, and the subsequent re-numbering of paragraphs that follow. The removal of 5.3.3 is due to growth being built into the debt charges budget to fund the £5.0m supported borrowing in 2018/19.
- (iv) paragraph 18.7 has been updated to reflect the increase in General Fund borrowing from £17.6m to £22.6m.
- (v) the forecasted investment returns in Appendix 2 have been updated and revised upwards.
- (vi) Appendix 5 - Treasury Management Indicators have been updated to show the impact of borrowing £5.0m supported borrowing on an annual basis to support the General Fund capital programme. Investment balances have also been revised upwards.
- (vii) Appendix 6 - Capital Finance Indicators have been updated to show the impact of funding the £5.0m supported borrowing on an annual basis to support the General Fund capital programme. Investment balances have also been revised upwards to project enhanced returns. A 1% reduction in WG funding settlement is also reflected in the Net Revenue Stream.
- (viii) Appendix 7 - Capital Expenditure and Funding has been updated to remove references to internal borrowing. An annual £5.0m supported borrowing has been included as a means to fund the General Fund capital programme. An additional funding contribution of £3.4m from General Fund balances has been used to support the 2018-19 Council Fund expenditure.

1.6 There are no further changes to the report that was presented to the Policy and Resources Scrutiny Committee on 16th January 2018. It is recommended that Members approve the revised Treasury Management, Capital Finance Prudential Indicators and the Minimum Revenue Provision Policy for 2018/2019 in light of the above changes.

Author: N. Akhtar - Group Accountant- Group Accountant - Treasury Management & Capital

Background Papers:

Report presented to the Policy and Resources Scrutiny Committee on 16th January 2018 – Treasury Management Annual Strategy, Capital Finance Prudential Indicators and Minimum Revenue Provision Policy for 2018/2019.

Appendices:

Appendix 1 Revised Treasury Management, Capital Finance Prudential Indicators and Minimum Revenue Provision Policy for 2018/2019



SPECIAL COUNCIL - 22ND FEBRUARY 2018

SUBJECT: REVISED TREASURY MANAGEMENT ANNUAL STRATEGY, CAPITAL FINANCE PRUDENTIAL INDICATORS AND MINIMUM REVENUE PROVISION POLICY FOR 2018/2019

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER

1. PURPOSE OF REPORT

- 1.1 To submit for approval the Authority's Annual Strategy for Treasury Management.
- 1.2 To submit for approval a dataset of Prudential Indicators relevant to Treasury Management and Capital Finance. The report also cross-references to the report by the Acting Director of Corporate Services & S151 Officer on Revenue and Capital Budgets ["the budget report"] also considered in this meeting.
- 1.3 To seek approval for the Minimum Revenue Provision (MRP) policy to be adopted by the Authority for 2018/2019.

2. SUMMARY

- 2.1 The revised (2011) "Code of Practice for Treasury Management in the Public Services" provides that an Annual Strategy be submitted to Members on or before the start of a financial year to outline the activities planned within the parameters of the Treasury Management Policy Statement and the Treasury Management Practices.
- 2.2 The Local Government Act 2003 (the '2003 Act') also requires the Authority to set out its Treasury Management Strategy for borrowing for the forthcoming year and to prepare an Annual Investment Strategy, which sets out the policies for managing its investments, giving priority to the security and liquidity of those investments.
- 2.3 Under Section 15 of the '2003 Act', the Welsh Government (WG) issued guidance on local government investments which is incorporated within the report. Definitions of Local Government investments are given in Appendix 1.
- 2.4 Under the provisions of the Local Government Act 2003, The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 and subsequent amendments [The Capital Regulations], and the CIPFA's "The Prudential Code for Capital Finance in Local Authorities" [the Code], the Authority is obliged to approve and publish a number of indicators relevant to Capital Finance and Treasury Management.
- 2.5 With effect from 1st April 2008, WG introduced the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008 [the "Amendment Regulations"] which requires the Authority to prepare an Annual Minimum Revenue Provision Policy Statement. This report sets out what the Authority needs to do in order to comply with this requirement.

3. LINKS TO STRATEGY

- 3.1 The report has links to the strategic themes of the Authority, taking into account cross-cutting issues where relevant. It has specific links to the effective and efficient application and use of resources.
- 3.2 Prudent financial management contributes to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015:-
- A prosperous Wales.
 - A resilient Wales.
 - A healthier Wales.
 - A more equal Wales.
 - A Wales of cohesive communities.
 - A Wales of vibrant culture and thriving Welsh Language.
 - A globally responsible Wales.

4. THE REPORT

- 4.1 The format of the report is as follows:

Section 5 will deal with Treasury Management, supported by, and cross-referenced to Appendices 1 to 5 attached.

Section 6 discloses the Authority's policy on financial derivatives.

Section 7 and 8 deal with Treasury Management Adviser and training respectively.

Section 9 will consider the Prudential Indicator requirements for Capital Finance, cross-referenced to Appendices 6 to 7 attached.

Section 10 will consider the calculation of the Minimum Revenue Provision, cross-referenced to Appendix 8 attached.

Section 11 will deal with specific treasury management issues relating to the Authority.

5. TREASURY MANAGEMENT

5.1 Interest Rate Prospects - Short-term

- 5.1.1 The Authority uses Arlingclose Limited as its Treasury Management Adviser and part of their service is to assist the Authority to formulate a view on interest rates.
- 5.1.2 The Monetary Policy Committee [MPC] increased Bank Rate in November 2017 to 0.50%. Future increases are likely to be gradual.
- 5.1.3 The major external influence on the Authority's treasury management strategy for 2018/19 will be the UK's progress in negotiating its exit from the European Union and agreeing future trading arrangements. The domestic economy has remained relatively robust since the outcome of the 2016 referendum, but there are indications that uncertainty over the future is now suppressing growth. Transitional arrangements will extend the period of uncertainty for several years. Economic growth is therefore forecast to remain sluggish throughout 2018/19.
- 5.1.4 Consumer price inflation reached 3.00% in January 2018 as the post-referendum devaluation of sterling continued to feed through to imports. However, this effect is expected to fall out of year-on-year inflation measures during 2018, removing pressure on the Bank of England to raise interest rates.

5.1.5 The Authority's treasury adviser Arlingclose's central case is for UK Bank Rate to remain at 0.50% during 2018/19. The Bank of England's MPC have agreed that any future increase would be limited and gradual. The risk of a cut to zero or negative rates has diminished and there is now a chance that rates will rise despite the economic context.

5.2 Interest Rate Prospects - Long-term

5.2.1 Longer-term interest rates have risen in the past year, reflecting the possibility of increasing short-term rates. Arlingclose forecasts these to remain broadly constant during 2018/19, but with some volatility is expected as EU exit negotiations progress. A forecast of the various periods is shown in Appendix 2.

5.3 External Debt - Capital Borrowings and Borrowing Portfolio Strategy

5.3.1 The difference between current long-term borrowing rates and short-term investment rates has resulted in a "cost of carry" scenario, indicating that it is more advantageous to use internal funding in lieu of borrowing. The cost of carry is likely to remain an issue until the Bank Rate and short term market rates increase in the future. The Authority, having adopted the policy of internal borrowing from the latter half of 2008/09, has an internal borrowing position of £22m (as at 31st March 2017) from which capital expenditure has been funded. Unless the policy is prudent, the Authority will no longer adopt the policy of internal borrowing. It is anticipated that the borrowing requirement of some £17.6m will need to be taken up in 2018/19 for the General Fund to support the capital programme and provision has been made in the budget to fund this level of borrowing. The HRA will borrow £44.3m in 2018/19 to fund the WHQS capital programme.

5.3.2 Therefore the total 2018/19 borrowing requirement will be £66.9m comprising of:

- 2018/19 supported borrowing approvals - £5.0m
- 2017/18 supported borrowing approvals - £5.0m
- 2016/17 supported borrowing approvals - £5.0m
- 21st Century Schools LGBI- £4.2m
- 21st Century Schools prudential borrowing- £3.4m
- HRA WHQS- £44.3m

The LGBI borrowing is funded by WG contributions to support the 21st Century Schools capital programme. The borrowing approvals relate to previous financial years whereby the borrowing had been deferred and subsequently these are now being rolled forward until the Authority raises such loans. Capital expenditure in the relevant financial year that would have been funded by the borrowing approvals was subsequently funded from internal borrowing. Retrospectively borrowing these approvals will replenish the internal borrowing.

5.3.3 Whilst PWLB interest rates have been included in Appendix 2, it is possible that loans may be taken from other sources if interest rates are more advantageous. It is suggested that the target rate for new borrowing be set at 4.50% for a 25 year period loan.

5.3.4 Current PWLB forecasts suggest interest rates will remain volatile during 2018/19 and will be influenced by geopolitical tensions; global economic prospects and the outcome of the Brexit negotiations. The use of internal borrowing to fund the 2018/19 capital programme or the decision to defer borrowing as set out in paragraph 5.3.2 could expose the Authority to rising interest rates thus making it expensive to borrow at a later date. A budget to cover the cost of raising £17.6m new debt finance will remain in place irrespective of the decision to borrow internally or externally.

5.3.5 Any short-term funding would need to be in line with the 'Upper Limit for Variable Rates' as defined in the prudential indicators in Appendix 5 (30% of Net Debt Outstanding) within the CIPFA "Prudential Code for Capital Expenditure in Local Government".

5.3.6 Officers, in conjunction with the Treasury Management Adviser, will continue to monitor both the prevailing rates and the market forecasts, responding to changes when necessary. The following borrowing sources will be considered by the Authority to fund short-term and long-term borrowing (and in no particular order):

- Internal reserves
- Public Works Loan Board (PWLB) {or its successor}
- Local Authorities
- European Investment Bank (NB the EIB will only lend up to 50% towards the funding of a specific project and needs to meet the EIB's specific criteria. The project cost must also be at least €10m)
- Leasing
- Capital market bond investors
- Other commercial and not for profit sources
- Any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds
- UK Municipal Bonds Agency and other special purpose companies created to enable local authority bond issues
- Any counterparty approved for investments

5.3.7 In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback

5.3.8 The Authority may borrow short-term loans (up to twelve months) to cover unexpected cashflow shortages.

5.3.9 The Authority may arrange forward starting loans during 2018/19, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period as well as mitigate against the risk of rising borrowing interest rates.

5.3.10 **LGA Bond Agency:** The UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities may be required to provide bond investors with a joint and several guarantee over the very small risk that other local authority borrowers default on their loans; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Cabinet.

5.4 **Authorised Limit for External Debt (The Authorised Limit)**

5.4.1 As a consequence of 5.3.1 to 5.3.10 above, the Authorised Limit will be the upper limit of the Authority's borrowing, based on a realistic assessment of risks. It will be established at a level that will allow the Authority to borrow sums, in excess of those needed for normal capital expenditure purposes in the event that an exceptional situation arises and would allow for take-up of supported borrowing. It is not a limit that the Authority would expect to borrow up to on a regular basis.

5.4.2 The limit will include borrowing and other long-term liabilities such as finance leases, private finance schemes and deferred purchase schemes.

5.5 The Operational Boundary

- 5.5.1 This is based on the maximum level of external debt anticipated to be outstanding at any time in each year. It will be consistent with the assumptions made in calculating the borrowing requirements of the capital programme, but will also include an estimate of any borrowing for short term purposes, such as temporary shortfalls in incomes or to support active treasury management which would seek to take advantage of beneficial interest rate movements. It also allows for other long-term liabilities such as finance leases, private finance schemes and deferred purchase schemes.
- 5.5.2 The Operational Boundary should be set at a level which allows some flexibility but should be sufficiently below the Authorised Limit so that any breach of the operational boundary provides an early warning indicator of a potential breach of the Authorised Limit, allowing corrective action to be taken.

5.6 Interest Rate Exposure

- 5.6.1 The Authority's borrowing policy makes use of both fixed and variable rate opportunities. Whilst fixed-rate borrowing and investment provides certainty with regard to future interest rate fluctuations, the flexibility gained by the use of variable interest rate instruments can aid performance. It allows the Treasury Manager to respond more quickly to changes in the market and to short term fluctuations in cash flow without incurring the penalties that would result from the recall of fixed rate investments.

5.7 Maturity Structure of Borrowing

- 5.7.1 Whilst the periods of loans are dictated by the interest rates prevalent at the time, it is important to be mindful of the maturity profile of outstanding debt. Large 'peaks' are to be avoided, as it is possible for substantial loans to reach maturity at times when prevailing interest rates are high, and conversely, when interest rates are low, windows of opportunity may be lost.
- 5.7.2 As a result, it is necessary to determine both an upper and lower limit for borrowings which will mature in any one year.
- 5.7.3 Over the course of the medium term financial plan and future years, a number of high interest rate PWLB loans will mature resulting in a saving to the Authority as the interest rate on replacement loans are likely to be lower in comparison.
- 5.7.4 Historically, the Authority has favoured PWLB loans with a twenty five year loan maturity profile, but in the current climate of low interest rates (including Bank Rate); the Authority will also consider shorter dated loans (including local authority borrowing) to fund capital expenditure.
- 5.7.5 The Authority has £30m of LOBO loans (Lender's Option Borrower's option) of which £20m of these can be "called" within 2018/19. A LOBO is called at its contract review date when the Lender is able to amend the interest rate on the loan at which point the Borrower can accept the new terms or reject and repay the loan. Any LOBOs called will be discussed with the Treasury Management Adviser prior to acceptance of any revised terms. Depending on the advice received, the Authority will consider, in the event of a repayment, the use of its cash investments balances or raising new debt to repay the loan.

5.8 Gross Debt and the Capital Financing Requirement

- 5.8.1 A further requirement of the revised Prudential Code is to ensure that over the medium term debt will only be for a capital purpose, the Authority will ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

5.9 Debt Rescheduling

5.9.1 Due to the difference in the rates, it is unlikely that there will be many viable opportunities to reschedule loans (General Fund and the HRA) in the foreseeable future. However, should any such opportunities arise; any decision on debt rescheduling will be supported by the appropriate report detailing the options and potential savings from the Authority's Treasury Management Adviser.

5.10 Policy on Borrowing In advance of Need

5.10.1 Whilst the Authority is able to borrow in advance of need, it is a requirement of the Code that any instance of pre-funding must be supported by a clear business case setting out the reasons for such activity.

5.11 Annual Investment Strategy

5.11.1 The CIPFA Code and the Welsh Government Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk receiving unsuitably low investment income.

5.11.2 Current strategy (2017/18) - At present the Authority lends to financial institutions, corporates and the UK Government using a range of financial instruments to diversify risk. These include unsecured corporate bonds; covered bonds (secured); fixed term deposits; certificate of deposits (CDs); T-Bills; the DMADF (DMO) money market funds and call accounts.

5.11.3 The 2018/19 Investment Strategy will continue with the lending approach as set out in the 2017/18 Strategy.

5.11.4 This Strategy (2018/19), in line with the Welsh Government guidance, sets out the Authority's policies for (and in order of priority) the security, liquidity and yield of its investments. It will have regard to credit ratings and determine the periods for which funds may be prudently invested, whilst aiming to achieve, or better a target rate for investments of 0.25% (the DMO rate). Creditworthiness approach, investment periods and the rationale for the target rate are explained in *Appendix 3*. The Authority's objective when investing cash is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

5.11.5 The strategy sets out which investments the Authority may use for the prudent management of its balances during the financial year within the areas of 'specified' and 'non-specified' investments, and provides the appropriate authorisation for the in-house investment team to manage such investments. These are listed in *Appendix 4*.

5.11.6 The Authority will continue to diversify into more secure and/or higher yielding asset classes during 2018/19 in order to mitigate the risk stemming from regulations associated with Bank Bail-In. Short-term cash that is required for liquidity management will be deposited with local authorities (secured), Government securities (secured), money market funds (unsecured) and bank and building society investments (unsecured). Up to £50m will be made available for long-term investments.

5.11.7 In view of the ongoing economic recovery, and bank bail in risk, it is recommended that investments (both new and maturing) be placed with the most secure institutions as well as the most secure instruments (subject to liquidity requirements) as detailed in *Appendix 3*. Currently this would be AAA rated covered bonds, the Government (Debt Management Account Facility and Treasury Bills and Gilts), other Local Authorities and Public Bodies, such as Police and Fire Authorities, Repos, Registered Landlords, AAA Money Market Funds, and

highly credit rated banks (subject to the creditworthiness limits referred to in the appendix 3). In light of Statutory and regulatory changes adopted by the Bank of England and Regulators with respect to Bail-In, it is recommended that the Authority moves away from unsecured lending (where possible and subject to liquidity requirements) to secured investments.

- 5.11.8 With respect to Repo agreements, Repo/Reverse Repo is accepted as a form of securitised lending and should be based on the GMRA 2000 (Global Master Repo Agreement). Should the counterparty not meet our senior unsecured rating then a 102% collateralisation would be required. The acceptable collateral can be anyone or combination of the following securities:
- Index linked Gilts
 - Conventional Gilts
 - UK Treasury bills
 - DBV (Delivery By Value)
 - Corporate bonds
- 5.11.9 The Welsh Government maintains that the borrowing of monies for the purposes of investing or on-lending to benefit from differences in interest rates is unlawful. This Authority will not engage in such activity.
- 5.11.10 Under the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2004 regulation 12(b), the acquisition of share or loan capital in any body corporate would not be defined as capital expenditure as long as it is an investment for the purposes of the prudent management of the Authority's financial affairs. Due to the high risk of capital loss involved with such instruments, this Authority will not engage in such activity.
- 5.11.11 A loan or grant to another body for capital expenditure by that body is also deemed by the 2003 Regulations to be capital expenditure by the Authority. This Authority will only engage in such activity with the approval of Council.
- 5.11.12 In the event that any existing investment appears to be at risk of loss, the Authority will make proper revenue provision of an appropriate amount in accordance with the relevant Accounting Regulations.
- 5.11.13 At the end of the financial year, the Authority will prepare a report on its investment activity as part of its Annual Treasury Management Strategy Report. This report will be supported throughout the year by quarterly monitoring reports to the Policy & Resources Scrutiny Committee (the responsible body for scrutiny of Treasury Management activities as required by the Code), which will include a review of the current strategy. A report to Council will also be prepared on a half-yearly basis.
- 5.11.14 It is a fundamental requirement of the Code that officers engaged in Treasury Management follow all Treasury Management policies and procedures and all activities must comply with the Annual Strategy.
- 5.11.15 The Welsh Government has reservations with regard to borrowing in advance of need on the grounds that more money than is strictly necessary is likely to be put at risk in the investment market. As a result Officers must report any investment made as a result of borrowing in advance and must set out the maximum period for which the funds can be prudently committed. In the event that this Authority decides to take up such borrowing, it is suggested that any deposit made with these funds be limited to a maturity period of up to twelve months and pro-rata to coincide with the profiling of capital expenditure.

6. POLICY ON USE OF FINANCIAL DERIVATIVES

- 6.1 The Localism Act 2011 includes a general power of competence that removes the uncertain legal position over English local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). Although this change does not apply to

Wales, the latest CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the Annual Treasury Management Strategy.

- 6.2 In the absence of any legislative power, the Authority's policy is not to enter into standalone financial derivatives transactions such as swaps, forwards, futures and options. Embedded derivatives will not be subject to this policy, although the risks they present will be managed in line with the overall risk management strategy.

7. NON-TREASURY INVESTMENTS

- 7.1 Although not classed as treasury management activities and therefore not covered by the CIPFA Code or the WG Guidance, the Authority may also purchase property for investment purposes and may also make loans and investments for service purposes. Such loans and investments will be subject to the Authority's normal approval processes for revenue and capital expenditure and need not comply with this treasury management strategy.

8. TREASURY MANAGEMENT ADVISER

- 8.1 The Authority has appointed Arlingclose Limited as its external Treasury Management Adviser and receives a number of services including specific advice on investment, debt and capital finance issues; counterparty advice; economic forecasts and commentary; workshops, training and seminar events; and technical advice (including accountancy).

9. TREASURY MANAGEMENT TRAINING

- 9.1 The revised CIPFA Code, adopted by the Authority in January 2012, requires that Local Authorities must ensure that all staff and those Members with responsibility for Treasury Management receive the appropriate training. To this end the following will be observed:
- The contracts for Treasury Consultancy Services include requirements for Member and Officer training to be provided during any year.
 - Officers will attend any courses/seminars that are appropriate especially where new regulations are to be discussed.
 - Officers will update Members during the financial year by way of seminars/workshops/reports.
 - Officers will utilise on line access to the CIPFA Treasury Forum and the CIPFA Technical Information Service.
 - Relevant staff is encouraged to study professional qualifications from CIPFA; the Association of Corporate Treasurers; and other relevant organisations.
- 9.2 Officers will look to schedule Member training for autumn 2018. Further training will be undertaken as and when required.

10. PRUDENTIAL INDICATORS

10.1 Capital Financing Requirement

- 10.1.1 The Capital Financing Requirement measures the authority's underlying need to borrow for a capital purpose. In accordance with best professional practice, the authority does not associate borrowing with particular items or types of expenditure.
- 10.1.2 The capital financing requirement is below the authorised borrowing limits in order to allow scope for short-term cash flow borrowing and provision for unforeseen contingencies.

10.1.3 The estimated values of Capital Financing Requirement for the period under review are shown in *Appendix 6* attached.

10.2 Prudential Indicators – “Prudence”

10.2.1 The proposed Prudential Indicators for Treasury Management Strategy are detailed in *Appendix 5*.

10.3 Prudential Indicators – “Affordability” [*Appendices 6 and 7*]

10.3.1 There is a requirement to analyse and report the capital financing costs, and express those costs as a percentage of the net revenue streams of the Authority.

10.3.2 The estimate of the incremental effect on council tax and housing rents for 2018/19 as a consequence of the proposed capital investment is shown in **Appendix 6**. It should be noted that this is a notional, not an actual, figure.

10.3.3 The General Fund future revenue streams are based upon the content of “the Budget Report”.

10.3.4 Future revenue streams for Housing Revenue Account (H.R.A.) have been projected on the basis of 3% inflation (1.5% inflation and 1.5% growth) applied to the rental income (using 2017/18 as a base), less an adjustment for estimated reduction in housing stock as a result of the “Right to Buy” sales.

10.4 Capital Expenditure and Funding

10.4.1 The summary Capital Expenditure and funding, as shown in **Appendix 7** of this report has been considered in “the Budget Report”. The capital expenditure and funding detailed in Appendix 7 is subject to further change in the final report that will be presented to Full Council in light of General Fund working balances being made available to support the core capital programme.

10.4.2 The Revenue Support Grant (RSG) provided by the Welsh Government (WG) includes an element to off-set the costs of borrowing funds for capital purposes. WG has announced an indicative level of supported borrowings of £4.96m in respect of the 2018/19 financial year, together with General Capital Grant funding of £3.02m.

10.4.3 For calculation purposes, it has been assumed that those two elements of funding support will remain static for 2019/20 and for 2020/21. HRA provisional values for the years 2018-2021 are based on the 2018/19 allocation of the Major Repairs Allowance of £7.30m and assumed to continue at this level for future years.

11. MINIMUM REVENUE PROVISION (MRP)

11.1 In accordance with the Amendment Regulations, rather than applying a defined formula, the Authority is now only required to apply a charge that is ‘prudent’. A “prudent” period of time for debt repayment is defined as one which reflects the period over which the associated capital expenditure provides benefits.

11.2 The Amendment Regulations also introduced an additional reporting requirement. Authorities are now required to submit to full Council, for approval, an Annual MRP Statement, setting out the policy to be adopted for the year following.

11.3 The Authority will continue to apply the revised MRP policy that was agreed by Members on 24th January 2017. MRP on supported borrowings will be charged at 2% over 50 years. MRP on unsupported borrowings will be charged at the PWLB annuity loan rate equivalent to the life of the asset. The MRP policy is detailed in Appendix 8.

12. OTHER LOCAL ISSUES

12.1 The Authority's Banker

12.1.1 The Authority will ensure that its day-to-day banking activity is undertaken with an investment grade bank. If the Authority's Bank is downgraded during the contract period (as specified under the Banking Services Contract) to non-investment grade, reasonable measures will need to be undertaken to mitigate the risk associated with further downgrades, and the risk of losing funds if the Bank was to default.

12.1.2 Reasonable measures will need to include (and not limited to) keeping balances to a minimum; hourly review of bank balances for the Group Accounts and subsequently transferring surplus balances to a Call Account; re-routing material income (maturing investments, grants) to a bank account held outside of the existing bank arrangement; and consideration of contingency banking arrangements with another bank should the risk be severe to the Authority's operational requirements. Cabinet will be kept informed if such risks arise.

12.2 Policy on Apportioning Interest to the HRA

12.2.1 On 1st April 2015 the HRA exited the subsidy mechanism by way of the HRA buyout process. As a result, the Authority will operate a single consolidated pool of debt that will hold all debt (new and old loans), and annually recharge the HRA the interest payable on all loans using the average rate of interest as a recharge rate.

13. WELL-BEING OF FUTURE GENERATIONS

13.1 The establishment of treasury management strategy is a key element of effective financial management and risk management of the Authority's cash balances, investments and the timely service of debt, which assists the achievement of the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015.

14. EQUALITIES IMPLICATIONS

14.1 There are no potential equalities implications of this report and its recommendations on groups or individuals who fall under the categories identified in Section 6 of the Council's Strategic Equality Plan. There is no requirement for an Equalities Impact Assessment Questionnaire to be completed for this report.

15. FINANCIAL IMPLICATIONS

15.1 The Treasury Management Strategy for 2018/19 as outlined in this report, if approved by Members, is likely to generate estimated interest of £600k and this has been reflected in the budget report for 2018/19. A provision has also been made to cover the estimated costs of the supported and unsupported borrowing requirements for 2018/19.

16. PERSONNEL IMPLICATIONS

16.1 There are no personnel implications.

17. CONSULTATION

17.1 No external consultation is required for the purposes of the report. However, advice has been sought from the Authority's current Treasury Management Adviser.

18. RECOMMENDATIONS

- 18.1 That the Annual Strategy for Treasury Management 2018/19 be approved.
- 18.2 That the strategy be reviewed quarterly within the Treasury Management monitoring reports presented to Policy & Resources Scrutiny Committee and any changes recommended be referred to Cabinet, in the first instance, and to Council for a decision. The Authority will also prepare a half-yearly report on Treasury Management activities.
- 18.3 That the Prudential Indicators for Treasury Management be approved as per Appendix 5.
- 18.4 That the Prudential Indicators for Capital Financing be approved as per Appendices 6 & 7.
- 18.5 That Members adopt the MRP policy as set out in Appendix 8.
- 18.6 The continuation of the 2017/18 investment strategy and the lending to financial institutions and Corporates in accordance with the minimum credit rating criteria disclosed within this report.
- 18.7 That the Authority borrows £22.6m for the General Fund to support the 2018/19 capital programme and £44.3m for the HRA WHQS programme.
- 18.8 That the Authority continues to adopt the investment grade scale as a minimum credit rating criteria as a means to assess the credit worthiness of suitable counterparties when placing investments.
- 18.9 That the Authority adopts the monetary and investment duration limits as set in Appendix 3 of the report.

19. REASONS FOR THE RECOMMENDATIONS

- 19.1 The Annual Strategy report is a requirement of the CIPFA “Code of Practice for Treasury Management in the Public Services”.
- 19.2 The Investment Strategy is a requirement of the Local Government Act 2003.
- 19.3 To comply with the legislative framework and requirements as indicated in paragraphs 2.1 to 2.5.

20. STATUTORY POWER

- 20.1 Local Government Act 1972.

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Consultees: C. Harrhy - Interim Chief Executive
S. Harris - Interim Head of Corporate Finance & Deputy & S151 Officer
A. Southcombe – Finance Manager, Corporate Finance
Cllr Barbara Jones - Deputy Leader & Cabinet Member for Finance, Performance and Governance

Appendices:
Appendix 1 Local Government Investments - Definitions
Appendix 2 Interest Rates – Forecasts/Indicative
Appendix 3 Credit Policy, Investment Ratings, Periods and Targets
Appendix 4 Investments to be used and “in house” authorisations
Appendix 5 Treasury Management Strategy Indicators
Appendix 6 Prudential Indicators – Capital Finance
Appendix 7 Capital Expenditure and Funding
Appendix 8 MRP Policy

Appendix 1

Local Government Treasury Management Definitions

- **Investment**

In the context of a local authority cash deposit, an investment is a monetary asset deposited with a credible institution with the objective of providing income in the future. This is a transaction which relies upon the power in section 12 of the 2003 Act and is recorded in the balance sheet under the heading of investments within current assets or long-term investments.

- **Long-term Investment**

This is any investment other than one which is contractually committed to be paid within 12 months of the date on which the investment was made.

- **Credit Rating Agency**

An independent company that provides investors with assessments of an investment's risk and the three most prominent are.

Standard and Poor's (S & P)

Moody's Investors Service Limited (Moody's)

Fitch Ratings Limited (Fitch)

- **Specified Investment**

An investment is a specified investment if it satisfies the following conditions:

1. The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling.
2. The investment is not a long-term investment (as defined above).
3. The investment is not considered to be capital expenditure.
4. One or both of the following conditions is both:
 - The investment is made with the UK Government or a local authority (as defined in section 23 of the 2003 Act) or local authorities in Scotland and Northern Ireland or a parish or community council.
 - The investment is made with a body or in an investment scheme which has been awarded a high credit rating by a credit rating agency

5. The principal sum to be repaid at maturity is the same as the initial sum invested other than investments in the UK Government.

- **Non-specified Investments**

These are investments, which do not meet the conditions of specified investments.

Appendix 2 Interest Rate Forecasts

Bank Rate (Forecasts as at 07/11/2017 and subject to change)

	Arlingclose (Central case)
2018/19 Q1	0.50%
Q2	0.50%
Q3	0.50%
Q4	0.50%
2019/20	0.50%
2020/21	0.50%

PWLB (Forecasts as at 07/11/2017 and subject to change- Source Arlingclose (Central case))

	Q1 – 2018/19	Q2 – 2018/19	Q3 – 2018/19	Q4 – 2018/19
5 Year	0.75%	0.80%	0.80%	0.80%
10 Year	1.25%	1.25%	1.25%	1.25%
25 year	1.85%	1.85%	1.85%	1.85%
50 Year	1.70%	1.70%	1.70%	1.70%

For budget setting and financial planning, the following rates have been assumed.

Budget Period	Investment Returns	Borrowing Rates (PWLB 50 Years)
2018/19	0.60%	3.50%
2019/20	0.60%	4.00%
2020/21	0.70%	4.50%
2021/22	0.90%	4.50%
2022/23	1.00%	5.00%

Appendix 3 Credit Risk Policy

Bank Bail-In

In recent times Governments bailing out failed banks has resulted in public condemnation for the use of taxpayer funds to support insolvent banks. As a result Governments and Regulators from the G20 nations have all signed up to the Bail-In proposals, an approach where retail customers of a failing bank are protected under compensation schemes (up to a threshold) and losses are covered by investors equity capital in the first instance, followed by junior debt and then senior unsecured debt and deposits.

Bail-in legislation has now been fully implemented in the European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. In addition, the largest UK banks will ringfence their retail banking functions into separate legal entities during 2018. There remains some uncertainty over how these changes will impact upon the credit strength of the residual legal entities.

A bail-in is likely, although not certain, to happen over the course of a weekend, with much of the preparatory work having been undertaken in advance as the bank continues to fail regulatory conditions. The announcement of a bail-in, including which creditors will be affected, will normally be made by the Bank of England on a Sunday evening before the Asian markets open. Apart from the affected creditors, the bank will open for business as normal on the Monday morning. Where a banking group comprises several UK bank companies, it is likely that all group banks will be bailed-in together. Separately capitalized subsidiaries in other countries might not be bailed-in; that will be a matter for the local regulator. Before a bail-in, the bank's ordinary shareholders will have their shares expropriated and they will therefore no longer be the bank's owners. Building societies, which are mutually owned by their customers, will be converted to banks before bail-in. Hybrid capital instruments that convert to equity in certain circumstances will also be converted. Creditors will then be bailed-in in this order:

- junior or subordinated bonds, in order of increasing seniority;
- senior unsecured bonds issued by the non-operating holding company (if any);
- senior unsecured bonds issued by the operating bank companies;
- **Uninsured deposits (money market funds, call accounts and fixed-term deposits with banks and building societies) and certificates of deposit (except interbank deposits of less than seven days original maturity); and**
- **Insured deposits that are larger than the FSCS £85,000 coverage limit.**

Subject to cashflow liquidity requirements, the Authority will manage bail-in risk by way of investing surplus cash in instruments that are considered to be exempt from bail-in and include (and in no particular order) the Government, Corporate bonds, Registered Providers (Housing Associations) and secured bank instruments (Repos, Covered Bonds and other collateralised instruments). These instruments are considered to have a medium to long-term investment horizon, and therefore it is likely that the Authority will hold investment instruments with financial institutions that will not be exempt from the bank bail-in process such as fixed term deposits, call accounts and money market funds. The Authority will look to limit such holdings for the purpose of managing liquidity.

Counterparty Criteria

The Authority considers, in order of priority, security, liquidity and yield when making investment decisions. Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Authority's assessment of counterparty credit risk. The intention of the strategy is to provide security of investment and minimisation of risk which will also enable diversification and thus avoidance of concentration risk.

The Authority also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. In accordance with the 2011 Treasury Management Code of Practice, the Authority will use the following key tools to assess credit risk:

- Published credit ratings of the financial institution and its sovereign rating;
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);
- Economic fundamentals, such as a country's net debt as a percentage of its GDP;
- Corporate developments, news, articles, markets sentiment and momentum;
- Subjective overlay.

The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

The Authority is advised by Arlingclose Limited, who provides counterparty risk management services. Credit rating lists are obtained and monitored by Arlingclose, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made;
- any existing investments that can be recalled or sold at no cost will be, and
- Full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn [on the next working day] will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested

in government treasury bills or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

The Authority defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

Due to the ongoing strengthening of bank regulations it is recommended that the Authority adopts the Investment Grade scale as the minimum credit rating criteria. This will enable greater flexibility when placing investments especially during periods of regulatory stress tests where the outcome can result in a downsized counterparty list as a result of the downgrading of credit ratings. Furthermore, the need to hold a diversified investment portfolio and the impact of bank bail-in regulations means that the Authority will need to adopt a more structured credit rating criteria matrix for specific instruments. **The table below details maximum monetary and investment duration limits.**

Maximum Monetary and Investment Duration Limits						
Credit Rating (Long-Term)	Banks Unsecured	Banks Secured	Government	Local Authorities	Corporates	Registered Providers
UK Govt	-	-	£ Unlimited 50 years	-	-	-
AAA	£20m 5 years	£20m 20 years	£20m 50 years	£20m 50 years	£10m 20 years	£10m 20 years
AA+	£10m 5 years	£20m 10 years	£20m 25 years	£10m 25 years	£10m 10 years	£10m 10 years
AA	£10m 4 years	£20m 5 years	£20m 15 years	£10m 15 years	£10m 5 years	£10m 10 years
AA-	£10m 3 years	£20m 4 years	£20m 10 years	£10m 10 years	£10m 4 years	£10m 10 years
A+	£10m 2 years	£20m 3 years	£10m 5 years	£10m 5 years	£10m 3 years	£10m 5 years
A	£10m 13 months	£20m 2 years	£10m 5 years	£10m 5 years	£10m 2 years	£10m 5 years
A-	£10m 6 months	£20m 13 months	£10m 5 years	£10m 5 years	£10m 13 months	£10m 5 years
BBB+	£10m 100 days	£10m 6 months	£10m 2 years	£10m 2 years	£10m 6 months	£10m 2 years
BBB	£5m next day only	£5m next day only	-	£5m next day only	-	£5m next day only
None Rated	£1m 6 months	-	£5m 25 years		-	£5m 5 years
Pooled funds		£20m per fund				

Banks Unsecured: Call accounts, term deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investment with banks rated BBB are restricted to overnight deposits at the Authority's current account bank [Barclays Bank Plc] or the Debt Management Office. The use of Banks unsecured instruments will be limited to aid the management of cashflow liquidity.

Banks Secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments. Investments placed in conjunction with a Repo Agreement will be classed as a secured investment.

Government: The Debt Management Office, Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years. Multilateral / Supranational institutions and State Agencies will also be classed as Government institutions as a number of sovereign states are key shareholders.

Local Authorities: Fixed term deposits issued by local authorities who include police and fire authorities. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Local authorities are not rated by credit rating agencies (though a handful of authorities have obtained a credit rating), but it is assumed that local authorities have the same credit rating as the UK Government (AA). Therefore a limit of £10m and duration of 15 years will be applied.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

Registered Providers: Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services; they retain the likelihood of receiving government support if needed.

Pooled Funds: Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. **Money Market Funds** that offer same-day liquidity and aim for a constant net asset value will be used as an alternative to instant access bank accounts to manage short-term liquidity, while **pooled funds** whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their

performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

In accordance with advice from the Authority's Treasury Management adviser, International banks will also be considered.

Investment periods

- **Short-term (up to 365 days)**

At the time of writing, all short-term investments are managed in-house as a result of day-to-day cash flow management.

For the purpose of flexibility to respond to day-to-day cash flow demands, the proposed minimum percentage of its overall investments that the Authority will hold in short-term investments is **40%**.

Members are reminded that once a deposit has been made for a fixed period it can only be withdrawn (repaid early) by mutual consent albeit at a cost and subject to the underlying terms and conditions of the contract.

- **Long-term (one year and over)**

The Authority will continue to invest in long-term investments. Excluding the UK Government, It is suggested that no more than £20m be placed with any one institution with duration as set out in the table above. The Authority will not have more than £50m deposited in long-term investments (the Upper Limit).

Target Rate

Forecasts of base rate can be quite diverse as illustrated by the table in **Appendix 2**. In view of the uncertainty inherent in such predictions, it would be imprudent to set a target rate which may be difficult to achieve. In view of the foregoing, it is proposed to set a target rate of return for short-term deposits in 2018/19 of at least **0.25%**.

This rate reflects the forecast of Bank Rate and the relationship between that rate and the rate achievable from the DMADF. If deposits are made with other counterparties as detailed in Section (a) of this Appendix, it is possible that the above rate could be exceeded.

Appendix 4 - Specified and Non-Specified Investments

Investments are categorised as “Specified” or “Non-Specified” within the investment guidance issued by the Welsh Government.

Specified investments are sterling denominated investments with a maximum maturity of one year. They also meet the “high credit quality” as determined by the Authority and are not deemed capital expenditure investments under Statute. Non specified investments are, effectively, everything else.

The Authority’s credit ratings criterion is set out in **Appendix 3** and will be consulted when using the investments set out below. Credit ratings are monitored on a daily basis and the Treasury Management Adviser will advise the Authority on rating changes and appropriate action to be taken.

The types of investments that will be used by the Authority and whether they are specified or non-specified are listed in the table below.

	Specified	Non-Specified
Government		
Debt Management Account Deposit Facility	✓	✗
Gilts (UK Government)	✓	✓
Treasury Bills (T-Bills- UK Government)	✓	✗
Bonds issued by AAA rated Multilateral Development Banks	✓	✓
Registered Providers (Housing Associations)		
Registered Providers (Housing Associations)	✓	✓
Corporates		
Corporate Bonds (including Floating Rate Notes and Commercial Paper)	✓	✓
Local Authorities		
Term deposits with other UK local authorities	✓	✓
Local Authority Bills	✓	✗
Banks- Secured		
Repurchase Agreements (Repos)- Banks & Building Societies	✓	✓
Covered Bonds	✓	✓
Other Collateralised arrangements	✓	✓
Banks- Unsecured		
Term deposits with banks and building societies	✓	✗
Certificates of deposit with banks and building societies	✓	✗
AAA-Rated Money Market Funds	✓	✗
Authority's Banker	✓	✗
Pooled Funds (Variable Net Asset Valuation)		
Other Money Market and Collective Investment Schemes	✗	✓
Pooled Funds (Property)	✗	✓

Authorisation for the in-house team

A. Short-term Investments

Due to the nature of the in-house team's duties, in that they need to respond to cash-flow fluctuations by dealing on the money market generally between 9.00am and 10.00am each day, it is impractical for each decision to be referred to the most senior management levels.

As a result, it is proposed that day-to-day decisions remain the responsibility of the Group Accountant (Treasury & Capital) who is the *de facto* Treasury Manager. In the absence of the Group Accountant (Treasury & Capital), the responsibility will pass to any of the appropriate line managers.

It is proposed that all Treasury Management decisions that arise from the daily cashflow will be supported by the completion of a pro-forma which will evidence compliance with the strategy.

B. Long-term Investments

It is proposed that decisions regarding long-term investments be referred to the Acting Director of Corporate Services & S151 Officer (as Chief Financial Officer) after consultation with the Interim Head of Corporate Finance and the Finance Manager for Corporate Finance.

C. General Authorisations

Whilst it is generally the intention to refer all decisions regarding long-term borrowing to the Interim Head of Corporate Finance, there are times when to do so will risk the loss of a potentially advantageous deal, due to non-availability. This is particularly relevant to the raising of PWLB loans.

The Authority's Treasury Management Adviser continually monitors the movement of interest rates and is able to predict the changes in PWLB rates. On occasions it may be necessary to respond to advice from the Adviser to take up PWLB loans (whether as part of the current years funding requirement, or as part of a rescheduling exercise) before interest rates increase and make the necessary application to the PWLB before their cut-off time. In these circumstances, it is not always possible to have access to the Interim Head of Corporate Finance, at short notice, for approval.

As a result, it is proposed that, in the event that the Acting Director of Corporate Services & S151 Officer is unavailable, the decision be referred, in the first instance, to the Interim Head of Corporate Finance, then to Corporate Finance Manager. In the absence of all three, then the decision will be made by the Group Accountant (Treasury Management and Capital) provided that the reason for the transaction is appropriately documented, falls within the approved Annual Strategy and prudential indicators, and failure to act upon the advice given would result in additional interest charges.

In all of the foregoing, it must be remembered that any action taken, based on a view of interest rates, can only be assessed on the data available at the time.

Appendix 5 Treasury Management Strategy Indicators 2018/19-2020/21

	Budget 2018-19	Budget 2019-20	Budget 2020-21
	£000	£000	£000
Authorised limit for external debt -			
Borrowing	430,277	438,445	443,040
Other long term liabilities	32,504	30,614	28,442
Total	462,781	469,059	471,482
Operational boundary for external debt -			
Borrowing	344,221	350,756	354,432
Other long term liabilities	32,504	30,614	28,442
Total	376,725	381,370	382,874
Capital Financing Requirement	389,132	389,826	386,202
Upper limits for interest rate exposure			
Principal outstanding on borrowing	344,221	350,756	354,432
Principal outstanding on investments	100,000	100,000	100,000
Net principal outstanding	244,221	250,756	254,432
Fixed rate limit – 100%	244,221	260,756	264,432
Variable rate limit – 30%	73,266	78,227	79,330
Upper limit for total invested for over 364 days	50,000	50,000	50,000

Maturity structure of fixed rate borrowing	Upper Limit	Lower Limit
Under 12 months	35%	0%
Over 12 months and within 24 months	40%	0%
Over 2 years and within 5 years	50%	0%
Over 5 years and within 10 years	75%	0%
Over 10 years	100%	0%

	Budget 2018-19	Budget 2019-20	Budget 2020-21
	£000	£000	£000
Gross Debt and Net Debt			
Outstanding Borrowing	344,221	350,756	354,432
Other long term liabilities	32,504	30,614	28,442
Gross Debt	376,725	381,370	382,874
Less investments	100,000	100,000	100,000
Net Debt	276,725	281,370	282,874

Appendix 6 - Prudential Indicators - Capital Finance

Ratio of Financing costs to net revenue stream	Budget 2018-19	Budget 2019-20	Budget 2020-21
General Fund	£000	£000	£000
Principal repayments	2,383	2,670	2,789
Interest costs	8,977	8,833	9,074
Debt Management costs	42	42	44
Rescheduling discount	-110	-	-
Investment income	-600	-600	-700
Interest applied to internal balances	846	774	804
Total General Fund	11,539	11,720	12,010
Net revenue stream	330,643	330,069	332,236
Total as percentage of net revenue stream	3.49%	3.55%	3.62%
Housing Revenue Account			
Principal repayments	2,194	3,014	3,020
Interest costs	6,435	6,778	6,656
Rescheduling discount	-28	-	-
Debt Management costs	51	34	32
Total HRA	8,652	9,826	9,708
Net revenue stream	47,210	48,626	50,085
Total as percentage of net revenue stream	18.33%	20.21%	19.39%

Capital financing requirement [end of year position]	Budget 2018-19	Budget 2019-20	Budget 2020-21
	£000	£000	£000
Council Fund	238,410	238,812	238,813
Housing Revenue Account	150,722	151,014	147,389
Total Authority	389,132	389,826	386,202

Appendix 7 - Capital Expenditure and Funding

	Budget 2018-19	Budget 2019-20	Budget 2020-21
	£000	£000	£000
Expenditure			
Council Fund	13,652	10,135	10,056
Housing Revenue Account	39,215	26,742	24,200
Total	52,867	36,877	34,256
Funding			
Surplus/ (Deficit) Balance b/f	158	-	-
Borrowings - Supported (GF)	4,962	4,962	4,962
General Capital Grant - WG	3,020	3,020	3,020
RCCO Budget	128	128	128
Capital Underspends from Previous Years	168	325	306
General Fund Working Balances	3,446		
Property Services Capital Earmarked Reserve	12	-	-
One off funding- MRP Review	1,758	1,700	1,640
RCCO- (HRA)	11,570	14,833	16,355
Borrowings - Unsupported (HRA)	20,300	4,564	500
Major Repairs Allowance (HRA)	7,345	7,345	7,345
Total	52,867	36,877	34,256
Surplus C/f	-	-	-

Appendix 8 MRP 2018/19 Policy

The Minimum Revenue Provision (MRP) is an amount charged to the revenue account for the repayment of debt, which has been used to finance capital expenditure. The Local Government Act 2003 requires the Authority to have regard to the Welsh Government's Guidance on Minimum Revenue Provision (most recently issued in 2010).

The broad aim of the WG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The WG Guidance requires the Authority to approve an Annual MRP Statement each year. The Authority's MRP policy for 2018/19 is stated below.

Supported Borrowings

MRP on historic debt liability as at the 31st March 2007 and subsequent capital expenditure funded from supported borrowings will be charged to revenue over 50 years.

The MRP charge for supported borrowing will be based on an assumed annuity rate of 2%.

The annuity method results in a lower charge in earlier years and a higher charge in the later years, and takes into consideration the time value of money.

Unsupported Borrowings

The MRP charge for individual assets funded through unsupported borrowing will be based on the estimated life of each asset or 25 years where this cannot be determined.

The MRP charge for unsupported borrowing will be based on the average Public Works Loan Board (PWLB) interest rate for new annuity loans in the year that an asset becomes operational.

Advice on asset life (land and buildings) will be sought from the Council's property valuation team. The first MRP Charge will start in the year after the asset becomes operational.

MRP Charges Relating to Other Capital Expenditure

- 1 For assets acquired by finance leases or the Private Finance Initiative [and for the transferred debt from local authorities], MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- 2 For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational.

- 3 The MRP charge for the HRA will be determined by using an interest rate of 2% on the opening capital financing requirement on a reducing balance basis.

Capital expenditure incurred during 2018/19 that is financed by debt will not be subject to a MRP charge until 2019/20.



SPECIAL COUNCIL – 22ND FEBRUARY 2018

SUBJECT: BUDGET PROPOSALS 2018/19 AND MEDIUM-TERM FINANCIAL STRATEGY 2018/2023

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER

- 1.1 The attached report was presented to Cabinet on 14th February 2018.
- 1.2 The recommendations of Cabinet will be reported at the meeting.
- 1.3 Council are asked to consider the views expressed by Cabinet.

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Ext. 4210

Appendices:
Appendix 1 Cabinet Report – 14th February 2018.

CABINET – 14TH FEBRUARY 2018

SUBJECT: BUDGET PROPOSALS 2018/19 AND MEDIUM-TERM FINANCIAL STRATEGY 2018/2023

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES & SECTION 151 OFFICER

1. PURPOSE OF REPORT

- 1.1 To seek Cabinet endorsement of the 2018/19 budget proposals contained within this report prior to final determination at Council on the 22nd February 2018.
- 1.2 To receive and note an updated Medium-Term Financial Plan (MTFP) covering the five-year period 2018/19 to 2022/23.

2. SUMMARY

- 2.1 On the 15th November 2017 Cabinet received a report providing details of the draft revenue budget proposals for the 2018/19 financial year based on the Provisional Local Government Financial Settlement announced by the Welsh Government (WG) on the 10th October 2017. Following consideration of the report Cabinet: -
 - endorsed the draft 2018/19 budget proposals including proposed savings totalling £7.205m;
 - supported a proposal to increase Council Tax by 4.52% for the 2018/19 financial year to ensure that a balanced budget is achieved (Council Tax Band D being set at £1,057.70); and
 - agreed that the draft budget proposals should be subject to consultation prior to final 2018/19 budget proposals being presented to Cabinet and Council in February 2018.
- 2.2 This report provides an updated position based on the Final 2018/19 Local Government Financial Settlement announced by WG on the 20th December 2017. The report seeks Cabinet endorsement of the final 2018/19 budget proposals prior to consideration by Council on the 22nd February 2018.
- 2.3 The net 2018/19 revenue budget for the Council, if approved, would be £332.043m (as shown in Appendix 1).
- 2.4 The updated Medium-Term Financial Plan shows a potential savings requirement of £40.822m for the five-year period 2018/19 to 2022/23.

3. LINKS TO STRATEGY

- 3.1 The budget setting process encompasses all the resources used by the Council to deliver services and meet priorities.
- 3.2 Effective financial planning and the setting of a balanced budget support the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015: -
- A prosperous Wales.
 - A resilient Wales.
 - A healthier Wales.
 - A more equal Wales.
 - A Wales of cohesive communities.
 - A Wales of vibrant culture and thriving Welsh Language.
 - A globally responsible Wales.

4. THE REPORT

4.1 Headline Issues in the 2018/19 Financial Settlement

- 4.1.1 Published on the 10th October 2017, the key points of the WG Provisional 2018/19 Local Government Financial Settlement were the following: -
- An overall net cash increase of 1.8% in the Aggregate External Finance (Revenue Support Grant (RSG) and Redistributed Non-Domestic Rates) on an all-Wales basis. This cash increase included specific grants totalling circa £92m that would be transferred into the RSG and £6m funding for new responsibilities in relation to the prevention of homelessness.
 - After adjusting for the transfer in of the specific grants and new responsibilities the Provisional Settlement showed an overall net decrease in the Aggregate External Finance of 0.5% on an all-Wales basis (comparing on a like-for-like basis with 2017/18). This varied by Authority due to the funding formula and ranged from minus 1% to plus 0.2%.
 - For Caerphilly CBC there was a cash increase of £1.973m in the Aggregate External Finance. However, after adjusting for the transfer in of specific grants and new responsibilities this equated to a net cash reduction of £2.965m (1%) compared to the 2017/18 financial year.
 - Caerphilly CBC's element of the £92m specific grants transferred into the Settlement and the £6m for new responsibilities totalled £4.937m.
 - Changes to other passported grants in the Provisional Settlement resulted in a net reduction of £0.473m for Caerphilly CBC.
 - An all-Wales indicative reduction in Aggregate External Finance of minus 1.5% was provided by WG for the 2019/20 financial year.
 - The capital allocations available to Caerphilly CBC in the RSG and from the General Capital Grant decreased by £64k from the 2017/18 financial year.
- 4.1.2 The Final 2018/19 Local Government Financial Settlement announced on the 20th December 2017 showed a confirmed increase in the Aggregate External Finance of £3.613m (1.37%) for Caerphilly CBC. The main reasons for the increase from the Provisional Settlement were Caerphilly CBC's share of an additional £20m allocated in the Final Settlement on an All-Wales basis, additional funding allocated in respect of changes to the capital limits used in

determining service user financial contributions towards the cost of residential care, and new funding for targeted business rates relief.

- 4.1.3 Cabinet should note that whilst the Final Settlement results in a cash increase for Caerphilly CBC, after adjusting for grants transferred into the Settlement and new responsibilities the net position is an effective cash reduction of £1.778m, as shown in Table 1: -

Table 1 – Adjusted Cash Position for Caerphilly CBC

	£m
2017/18 Aggregate External Finance	263.627
2018/19 Aggregate External Finance	267.240
Cash Increase Before Adjustments	3.613
Transfers into the Settlement	(4.653)
New Responsibilities	(0.738)
EFFECTIVE CASH REDUCTION	(1.778)

- 4.1.4 The effective cash reduction arising from the 2018/19 Provisional Settlement was £2.965m, which means that the Final Settlement does provide headroom of £1.187m in determining the final budget proposals for the 2018/19 financial year.
- 4.1.5 There are a number of emerging issues that require consideration in determining the final 2018/19 budget proposals. These will need to be funded from the £1.187m headroom in the Final Settlement along with additional funding that has been identified as part of an ongoing review of budgets that has been undertaken since the 2018/19 draft budget proposals were presented to Cabinet on the 15th November 2017.

4.2 Updated 2018/19 Budget Proposals

- 4.2.1 The proposals contained within this report will deliver a balanced budget for 2018/19 on the basis that Council Tax is increased by 4.52%. Table 2 provides a summary: -

Table 2 – Summary of Final 2018/19 Budget Proposals

Paragraph	Description	£m	£m
4.2.2	Transfers into the Settlement	4.653	
4.2.3	Other Passported Grants	(0.474)	
4.2.4	New Responsibilities	0.738	
4.2.6 – 4.2.10	Whole-Authority Cost Pressures	5.253	
4.2.11 – 4.2.14	Inescapable Service Pressures	3.178	
4.1.2	Increase in WG Funding		3.613
4.3.3	Savings Proposals 2018/19		6.736
4.6.1 – 4.6.2	Council Tax Uplift (4.52%)		2.999
	TOTAL	13.348	13.348

- 4.2.2 Table 3 provides details of the transfers into the Final Settlement: -

Table 3 – Transfers into the Settlement 2018/19

	£m
Single Revenue Grant (waste element only)	1.819
Welsh Independent Living Grant	1.010
Social Care Workforce Grant	1.140

Carers' Respite Care Grant	0.180
Looked After Children: -	
• Expanding Edge of Care Service	0.342
• Support for Care Leavers	0.111
• Reflect	0.051
TOTAL	4.653

4.2.3 Table 4 provides details of changes to other passported grants included in the Final Settlement: -

Table 4 – Other Passported Grants 2018/19

	£m
Council Tax Reduction Scheme	(0.272)
Private Finance Initiative (PFI)	(0.202)
TOTAL	(0.474)

4.2.4 Table 5 provides details of funding in the Final Settlement for new responsibilities: -

Table 5 – New Responsibilities 2018/19

	£m
Prevention of Homelessness	0.282
Increasing Capital Limits for Residential Care	0.379
Targeted Business Rates Relief	0.077
TOTAL	0.738

4.2.5 As in previous years, the adjustments in Tables 3, 4 and 5 (both the increases and decreases in funding) will be passed directly to those services that they relate to.

4.2.6 The Whole-Authority cost pressures totalling £5.253m are set out in Table 6 (cost pressures for schools are excluded as these are dealt with separately in Section 4.4 of this report): -

Table 6 – Whole-Authority Cost Pressures

	£m
Pay – Weighted average increase of 2.2%	2.387
Living Wage (assumed increase of 25p per hour)	0.216
Employer pension contributions @ 0.28%	0.251
Non-pay inflation at 2%	2.399
TOTAL	5.253

4.2.7. **Pay – Weighted average increase of 2.2%** - The 2018/19 draft budget proposals report presented to Cabinet on the 15th November 2017 included £1.383m for pay cost pressures based on a weighted average increase of 1.2%. In addition, a further £1m was set aside as a contingent sum as the 2018/19 pay award had not been agreed at that time. The pay award is still subject to agreement but the latest employer offer is a weighted average increase of 2.2% for both 2018/19 and 2019/20. This latest offer will add £2.387m to the pay bill for the 2018/19 financial year with a risk still remaining that the offer will be rejected.

4.2.8 **Living Wage** – Caerphilly CBC is a Living Wage Foundation employer so a sum is included in the draft budget proposals to allow for annual increases in the Living Wage hourly rate.

4.2.9 **Employer pension contributions** – Following the outcome of the most recent triennial valuation of the Pension Fund, Caerphilly CBC is required to increase its pension contribution by £251k (0.28%) for the 2018/19 financial year.

4.2.10 **Non-pay inflation at 2%** - The Consumer Prices Index (CPI) inflation rate is currently 3% against the Bank of England's target rate of 2%. The 2018/19 budget proposals allow for non-pay inflation at 2% so budget holders will need to manage the impact of the 1% shortfall. This is sustainable for 2018/19 but in the longer-term additional funding will need to be set aside if inflation continues to exceed the Bank of England target of 2%.

4.2.11 Table 7 provides details of the 2018/19 inescapable service pressures that have been identified and require consideration in respect of funding: -

Table 7 – Inescapable Service Pressures

	£m
Social Services cost pressures	3.000
City Deal partnership revenue contribution	0.066
City Deal debt charges	0.112
TOTAL	3.178

4.2.12 **Social Services cost pressures** – Cabinet will recall that the 2016/17 approved budget included additional funding of £2.5m for Social Services cost pressures and a further £3.5m was also set aside in 2017/18. This was necessary to fund increases in fees for external care providers (due in the main to the introduction of the National Living Wage by the UK Government) and additional costs arising from increasing demand. The increasing demand is particularly being felt within Children's Services where a net overspend of £2.9m is currently projected for the 2017/18 financial year, due to significant pressures on placement budgets. In recognition of these cost pressures it is proposed that an additional £3m should be added to the Social Services budget for 2018/19.

4.2.13 **City Deal partnership revenue contribution** – At its meeting on the 31st January 2017, Council agreed an annual revenue contribution of £120k towards the support structure for the City Deal Regional Cabinet. For 2017/18 the contribution was only expected to be £60k due to underspends being carried forward from 2016/17 so £60k was included in the base budget. From 2018/19 onwards there will need to be provision in the base budget to meet the full £120k annual commitment plus inflationary uplifts. Caerphilly CBC's contribution for 2018/19 has recently been confirmed as £126k therefore a further £66k will need to be included in the 2018/19 budget.

4.2.14 **City Deal Debt Charges** – The City Deal includes a borrowing requirement of £120m for the ten partner Local Authorities. £112k has been included in the 2018/19 draft budget proposals to meet the current anticipated revenue cost for Caerphilly CBC's share of borrowing that may be undertaken during the year. This is based on proposals in the Joint Working Agreement Business Plan that is due to be presented to Council before the end of the 2017/18 financial year.

4.2.15 **Private Finance Initiative (PFI) Review** - The 2018/19 draft budget proposals presented to Cabinet in November 2017 informed Members that a review of the Council's PFI contracts was being undertaken. These contracts relate to Fleur de Lys (Ysgol Gyfun Cwm Rhymni) and Pengam (Lewis Boys) Secondary Schools, and Sirhowy Enterprise Way (SEW). To assist with this review the services of a company called Local Partnerships had been commissioned. This organisation has a proven track record in relation to supporting public sector bodies through reviews of operational PFI contracts and was recommended by WG.

4.2.16 The PFI Schemes are financially managed through two Sinking Funds which profile the anticipated costs and financial contributions over the life of the contracts. At the outset of the contracts the Sinking Funds showed a projected balanced position based on a range of assumptions at that time.

4.2.17 Based on updated financial projections completed as part of the ongoing review process the SEW Sinking Fund remains fully funded over the life of the project. However, the latest

financial projections for the Schools PFI reveal an anticipated shortfall that will require budgetary growth of circa £700k to be built into the Education & Lifelong Learning base budget to ensure that a balanced position can be achieved for the Schools PFI Sinking Fund.

4.2.18 This figure may reduce as part of the ongoing work being undertaken with Local Partnerships as discussions are continuing with the service provider regarding the potential for savings on services such as catering and cleaning.

4.2.19 The ongoing review work will take some time to complete and will need to comprehensively explore all options to address the potential affordability gap. The review work is unlikely to be completed until the summer and with this in mind it is proposed that the £700k potential growth requirement is deferred until the 2019/20 financial year. This will allow time for the ongoing review work to be completed, the potential affordability gap to be confirmed and for Members to give detailed consideration to the outcome and the options available to reduce the potential affordability gap.

4.3 2018/19 Savings Proposals

4.3.1 The 2018/19 draft budget proposals presented to Cabinet in November 2017 included savings proposals totalling £7.205m as summarised in Table 8: -

Table 8 – Draft Savings Proposals 2018/19

Description	2018/19 Saving £m
Savings proposals with no public impact	4.682
Savings proposals with a public impact: -	
• Low impact	1.218
• Medium impact	1.305
TOTAL	7.205

4.3.2 The updated 2018/19 budget proposals include total proposed savings of £6.736m. The changes from the draft position are summarised in Table 9: -

Table 9 – Changes to 2018/19 Savings Proposals

	£m	£m
2018/19 draft savings proposals (Cabinet 15/11/17)		7.205
Savings to be deferred following consultation process: -		
- Language Support in Primary Schools (vacant posts)	(0.066)	
- Reduction in School Improvement Initiatives budget	(0.120)	
- Introduction of charges for Rat Treatments	(0.020)	
- Deletion of vacant Community Safety Warden posts	(0.040)	
- Reduction in Air Quality/Contaminated Land budget	(0.015)	
- Partial reduction in proposed saving on Highways Maintenance	(0.212)	
- Introduction of charges for all bulky waste	(0.050)	
- Reduction in Traffic Signal Maintenance budget	(0.011)	
- Reduction in Tree Maintenance budget	(0.003)	(0.537)
Other savings to ensure that balanced budget is achieved: -		
- Education & Lifelong Learning contribution to the running costs of Pontllanfraith Leisure Centre	0.026	
- Reduction in RCCO budget	0.042	0.068
TOTAL		6.736

4.3.3 In terms of public impact the updated proposed savings for 2018/19 are summarised in Table10: -

Table 10 – Updated Draft Savings Proposals 2018/19

Description	2018/19 Saving £m
Savings proposals with no public impact	4.724
Savings proposals with a public impact: -	
• Low impact	1.207
• Medium impact	0.805
TOTAL	6.736

4.3.4 A summary of the updated savings proposals by Directorate/Service Area is provided in Appendix 2 and Appendix 3. As in previous years, those savings proposals that are not expected to have an impact on the public have been consolidated into a single line for each service area. These 'nil impact' savings consist in the main of vacancy management, budget realignment and minor changes to service provision.

4.3.5 Appendix 4 provides further details of the savings proposals that are expected to have an impact on the public.

4.3.6 Cabinet will note the proposal in Education and Lifelong Learning to remove a budget of £333k which is used as a 50/50 contribution to capital schemes in schools. It is acknowledged that this will have an adverse effect on school buildings with the potential to accelerate their depreciation and worsen their general condition. To mitigate this effect, it is proposed that consideration is given to utilising Local Management of Schools (LMS) contingency balances to support continued investment with schools in school buildings in the short to medium-term. It is specifically recommended that a sum of £830k is earmarked over 3 years (£330k in year 1 and £250k in each of the following 2 years) to support schemes, particularly with regards to bids relating to fire risk and health & safety works. Cabinet is asked to support this proposed use of reserves.

4.3.7 Cabinet will be aware that the proposed closure of Pontllanfraith Leisure Centre is projected to save the Authority £81k from the Community & Leisure Services budget with a further saving of £26k also arising in Education & Lifelong Learning.

4.3.8 The detail relating to the proposed closure has been the subject of a significant amount of consultation as well as a number of reports to the Regeneration & Environment Scrutiny Committee and the Authority's Cabinet. These reports have fully outlined all of the issues surrounding the potential closure, including financial implications and the outcome of the consultation process.

4.3.9 The matter has now been referred back to Cabinet for consideration and in the event that the proposed closure does not proceed then alternative savings of £107k will need to be identified in-year. Furthermore, additional budgetary growth of circa £17k would be required due to the Leisure Centre now been classified as a single premises for the purpose of rating assessments.

4.3.10 The proposed 2018/19 savings of £6.736m presented in this report, along with the proposed Council Tax increase of 4.52% will ensure that a balanced budget can be achieved for the 2018/19 financial year.

4.4 Schools Budget Proposals for 2018/19

4.4.1 The draft budget proposals presented to Cabinet in November 2017 assumed no growth for schools in 2018/19 i.e. a cash flat position. There is no longer a requirement in the Financial

Settlement to protect schools so the schools will therefore be required to manage their own pay and non-pay inflationary increases in 2018/19 along with other emerging cost pressures.

- 4.4.2 At the time of preparing the 2018/19 draft budget proposals the proposed cash flat position for schools in effect equated to a real terms cut of £1.644m (1.68%) based on an assumed pay award for teachers of 1%. This needed to be considered alongside the need to deliver the projected savings of £7.205m for other services across the Council, which equated to 3.24% of current net budgets when the draft budget proposals were presented to Cabinet. This does, therefore, provide some relative protection to schools from the full extent of savings required to deliver a balanced budget.
- 4.4.3 As mentioned above the 2018/19 draft budget proposals assumed a 1% pay award for teachers from September 2018 but it is now anticipated that the pay award is likely to be higher than this. If the pay award for teachers turns out to be 2% from September 2018 then a further financial pressure of £547k will fall on school budgets in 2018/19.
- 4.4.4 A review of the Authority's Capital Financing budgets has been undertaken in recent weeks to determine projected borrowing requirements and returns on investments for the next five years. This exercise has concluded that £547k can be transferred from Capital Financing budgets to assist schools with meeting anticipated further additional costs from the teachers pay award in 2018/19.
- 4.4.5 This report includes a recommendation that Cabinet approves the transfer (virement) of £547k to the delegated schools budget.

4.5 General Fund Balances

- 4.5.1 Details of the projected movement on General Fund balances are provided in Appendix 5.
- 4.5.2 As previously agreed by Council the Council Tax surplus each year is channelled through the General Fund to support the base budget in the following financial year.
- 4.5.3 A total of £3.601m has been transferred from the General Fund during the 2017/18 financial year in accordance with previous approvals: -
- £619k in respect of additional financial provisions for the senior pay investigation (Council 13/06/17 and 21/11/17).
 - £2.054m transfer into a Capital Earmarked Reserve arising from underspends in the 2016/17 financial year (Cabinet 05/07/17).
 - Adjustment for a £629k misstatement in the 2016/17 Financial Statements (Audit Committee 17/10/17).
 - £299k for Senior Officer Settlement payments (Council 31/10/17).
- 4.5.4 Cabinet will note that projected underspends for 2017/18 will result in £1.927m being transferred into the General Fund.
- 4.5.5 It is proposed that £1.4m should be set aside from the General Fund to meet the anticipated financial deficit that will remain following the closure of Cwmcarn High School.
- 4.5.6 It is further proposed to transfer £3.446m into a Capital Earmarked Reserve which will reduce the projected General Fund balance to £10m. This is the minimum balance recommended by the Council's Section 151 Officer

4.6 Council Tax Implications 2018/19

- 4.6.1 The budget proposals within this report include a proposed increase of 4.52% in Council Tax for the 2018/19 financial year. This will increase the Caerphilly CBC Band D precept from £1,011.96 to £1,057.70 i.e. an annual increase of £45.74 or weekly increase of £0.88.

- 4.6.2 The proposed increase of 4.52% for 2018/19 will result in the following totals for the Caerphilly CBC element of the Council Tax (the Police & Crime Commissioner and Town/Community Council precepts will be added to these totals): -

Table 11 – 2018/19 Council Tax (CCBC Element) at 4.52% Increase

Band	Council Tax (CCBC Element) £	Weekly Increase £
A	705.13	0.59
B	822.66	0.68
C	940.18	0.78
D	1,057.70	0.88
E	1,292.74	1.08
F	1,527.79	1.27
G	1,762.83	1.47
H	2,115.40	1.76
I	2,467.97	2.05

4.7 Capital Programme 2018/19 to 2020/21

- 4.7.1 The proposed Capital Programme for the three-year period 2018/19 to 2020/21 is detailed in Appendix 6 of this report and is summarised in Table 12: -

Table 12 – Summary of Capital Programme 2018/19 to 2020/21

	2018/19 £m	2019/20 £m	2020/21 £m
Capital Programme proposals	13.652	10.135	10.056
WG funding available	7.982	7.982	7.982
Capital funding gap	(5.670)	(2.153)	(2.075)
Funded by: -			
Surplus/(Deficit) b/fwd	0.158	0.000	0.000
Capital underspends from previous years	0.168	0.325	0.307
One-Off funding from MRP Policy Review	1.758	1.700	1.640
RCCO budget (Miscellaneous Finance)	0.128	0.128	0.128
Property Services Earmarked Reserve	0.012	0.000	0.000
Proposed transfer from General Fund	3.446	0.000	0.000
Total Additional Funding	5.670	2.153	2.075
Surplus/(Deficit) carried forward	0.000	0.000	0.000

- 4.7.2 A report will be prepared for Cabinet during the spring identifying the sums held in Capital Earmarked Reserves that have not been allocated to specific Schemes/Programmes. The report will contain recommendations for Cabinet to consider and will focus on proposals where external funding can be levered in through match funding e.g. WG contributions to Band B of the 21st Century Schools Programme.

4.8 Medium-Term Financial Strategy 2018/2023

- 4.8.1 At its meeting on the 22nd February 2017 Council was presented with a Medium-Term Financial Plan (MTFP) which showed an indicative savings requirement of £37.835m for the

five-year period 2017/18 to 2021/22

- 4.8.2 An updated MTFP is attached as Appendix 7 of this report covering the five-year period 2018/19 to 2022/23. The update is based on the following assumptions: -
- A 1% cut in WG funding for the 2019/20 financial year followed by a 0.5% reduction in each of the subsequent 3 years.
 - A 4.52% increase in Council Tax for each of the five years covered by the updated MTFP.
 - A 2.2% weighted average pay award for 2018/19 and 2019/20 with the pay award reducing to 2% per annum thereafter.
 - An assumed annual increase of 25p per hour for the Living Wage.
 - Non-pay inflation projections based on current Bank of England CPI projections.
 - The Council Tax Reduction Scheme budget to be increased each year between 2019/20 to 2022/23 in line with the proposed increase in the Council Tax i.e. 4.52%.
 - For planning purposes an annual uplift in funding of 1.25% is assumed for schools from 2019/20. However, this will be subject to review as Financial Settlements are confirmed in future years.
 - Additional funding of £1.5m per annum is assumed for Social Services cost pressures for the period 2019/20 to 2022/23.
 - The updated MTFP includes debt charges for Caerphilly CBC's share of the cost of borrowing that may be required for the City Deal between 2018/19 and 2022/23.
 - An annual 1% increase is assumed in employer pension contributions from 2019/20 to 2022/23.
- 4.8.3 Cabinet will note from Appendix 7 that the indicative savings requirement for the five-year period 2018/19 to 2022/23 is £40.822m as summarised in Table 13: -

Table 13 – Updated Cash Savings Targets

Year	Annual Cash Savings Target £m	Cumulative Cash Savings Target £m
2018/19	6.736	6.736
2019/20	10.446	17.182
2020/21	7.925	25.107
2021/22	7.843	32.951
2022/23	7.871	40.822

- 4.8.4 It is important to reiterate that in the absence of any indicative WG Financial Settlement figures from 2020/21 onwards, the updated MTFP assumes a 0.5% reduction in WG funding for 2020/21, 2021/22 and 2022/23. If the reduction in funding is 1% for each of these three years then this will add circa £4m to the total savings requirement.
- 4.8.5 In looking to develop proposals to address the financial challenges going forward it is widely accepted that the Council cannot continue as it is. There is a need to examine the way in which we use our resources to deliver services required by our communities across the county borough.
- 4.8.6 Through the Council's Business Improvement Programme (BIP) strategic reviews will look at how services can become more business efficient through examining how they are currently provided, exploring opportunities for greater customer focus, digital delivery, alternative delivery models, and commercial opportunities; whilst looking at preventative measures that will encourage early intervention that will ultimately allow demand for certain services to be regulated.
- 4.8.7 The Council recognises the importance of retaining a physical presence within each community area, albeit through integrated "one-stop shop" community hubs, where a

combination of council and other public services will be offered. These community hubs may take the form of existing Council or public service owned buildings or existing community assets. Through a strategic asset management approach, the number of buildings we have will significantly reduce but those that are retained will offer maximum opportunities in terms of usage, thereby encouraging community cohesion.

- 4.8.8 Underpinning these strategic reviews will be a robust evidence base obtained from conversations with our communities, which will provide an understanding of specific needs and requirements. These conversations will also begin to establish how communities can remain sustainable through prevention and promoting greater self-reliance. This change programme will mean a dramatic change in the way local authority services are viewed by the public. We will need to find ways to provide communities with advice and support so they are able to help themselves or access services elsewhere. Clearly, where the council remains best placed to deliver key services, they will be provided in a number of different ways, using various delivery models and whilst we aim to continue to provide high quality public services, the way in which they will be delivered will inevitably change.
- 4.8.9 Whilst the need to make the necessary MTFP financial savings provides a clear sense of urgency, the focus is very much about providing services in the most efficient and effective way that delivers maximum impact. Through the integrated approach outlined above, this period of financial austerity provides us with an opportunity to re-establish relationships with our citizens and re-shape the Council in response, ensuring that Caerphilly CBC in 2023 is the place of choice.

4.9 Schools Medium-Term Financial Plan

- 4.9.1 An updated MTFP for schools is attached as Appendix 8. For planning purposes this update assumes that schools will receive an annual uplift in funding of 1.25% from 2019/20 but this position will be subject to review as Financial Settlements are confirmed and overall savings requirements are determined. Cabinet will note that there is a shortfall of 1.68% for 2018/19, 1.15% for 2019/20, 0.90% for 2020/21, 1.10% for 2021/22 and 1.26% for 2022/23.

5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 Effective financial planning is a key element in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met.

6. EQUALITIES IMPLICATIONS

- 6.1 Equality Impact Assessments (EIA's) have been completed for all of the savings proposals that are anticipated to have a public impact and these were appended to the reports presented to the Special Scrutiny Committee meetings held during December 2017.
- 6.2 Arrangements are currently being made for the EIA's to be made available on the Council's website.

7. FINANCIAL IMPLICATIONS

- 7.1 As detailed throughout the report.

8. PERSONNEL IMPLICATIONS

- 8.1 Where staff reductions are required the Council will firstly try to achieve this through 'natural wastage' and not filling vacancies. However, where this is not possible then every opportunity

will be taken to find alternative employment through the Council's redeployment policy. The Council will also utilise other policies as appropriate e.g. voluntary severance.

- 8.2 No compulsory redundancies are anticipated as a consequence of the 2018/19 budget proposals presented in this report.

9. CONSULTATIONS

- 9.1 Following Cabinet endorsement of the draft 2018/19 budget proposals a period of extensive consultation has been undertaken over a period of eight weeks. Appendix 9 provides details of the feedback from the consultation process.
- 9.2 As part of the consultation process Special Scrutiny Committee meetings were held during December 2017 and the minutes of these meetings are attached to this report as Appendices 10 to 13. Cabinet should note that the minutes of the Special Regeneration & Environment Scrutiny Committee and the Special Health, Social Care & Wellbeing Scrutiny Committee are draft and subject to final approval
- 9.3 Feedback from the consultation process has been an important element in determining the final 2018/19 budget proposals, in particular the proposal to defer savings totalling £537k.

10. RECOMMENDATIONS

- 10.1 Prior to consideration and determination at Council on the 22nd February 2018, Cabinet is asked: -
- 10.1.1 To support the proposal that the grants transferred/passported into the Financial Settlement and the funding for new responsibilities are passed directly to those services that they relate to (paragraphs 4.2.2, 4.2.3 and 4.2.4).
- 10.1.2 To endorse the proposed savings for 2018/19 totalling £6.736m as set out in paragraph 4.3.3 and Appendix 3 of this report.
- 10.1.3 To support the proposal to utilise £830k of Local Management of Schools (LMS) balances to support continued investment with schools in school buildings in the short to medium-term (paragraph 4.3.6).
- 10.1.4 To note that alternative savings totalling £107k will need to be identified during the 2018/19 financial year in the event that the proposed closure of Pontllanfraith Leisure Centre does not proceed (paragraph 4.3.9).
- 10.1.5 To support the proposal to transfer (vire) £547k from Capital Financing budgets to the delegated schools budget to assist schools with anticipated additional costs from the teachers pay award in 2018/19 (paragraph 4.4.5).
- 10.1.6 To endorse the Revenue Budget proposals for 2018/19 of £332.043m as set out in this report and summarised in Appendix 1.
- 10.1.7 To endorse the proposed use of General Fund balances as detailed in Appendix 5.
- 10.1.8 To endorse the proposed Capital Programme for the period 2018/19 to 2020/21 as set out in Appendix 6.
- 10.1.9 To note the updated MTFP detailed in Appendix 7 of this report and the indicative savings requirement of £40.822m for the five-year period 2018/19 to 2022/23.

11. REASONS FOR THE RECOMMENDATIONS

- 11.1 Council is required annually to approve proposals to set a balanced budget and agree a Council Tax rate.
- 11.2 Council is required to put in place a sound and prudent financial framework to support service delivery.

12. STATUTORY POWER

- 12.1 The Local Government Acts 1998 and 2003.

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Consultees: - Corporate Management Team
Andrew Southcombe, Finance Manager, Corporate Finance
Richard Harris, Internal Audit Manager & Acting Deputy Monitoring Officer
Lynne Donovan, Acting Head of Human Resources & Organisational Development
Cllr Dave Poole, Leader
Cllr Barbara Jones, Deputy Leader & Cabinet Member for Finance, Performance and Governance

Background Papers:

- Report to Council (22/02/17) – Budget Proposals 2017/18 and Medium-Term Financial Strategy 2017/2022.
- Report to Council (13/06/17) – Internal Investigation of Senior Officers - Additional Financial Provision
- Report to Cabinet (05/07/17) – Provisional Outturn for 2016/17.
- WG Provisional 2018/19 Local Government Financial Settlement (10/10/17).
- Report to Audit Committee (17/10/17) – 2016/17 Statement of Accounts – Uncorrected Misstatement of £629k.
- Report to Special Council (31/10/17) – Potential Settlement Agreement.
- Report to Cabinet (15/11/17) – Draft Budget Proposals for 2018/19.
- Report to Council (21/11/17) – Internal Investigation of Senior Officers – Additional Financial Provision.
- Reports to Special Policy & Resources Scrutiny Committee (04/12/17).
- Reports to Special Education for Life Scrutiny Committee (07/12/17).
- Reports to Special Regeneration & Environment Scrutiny Committee (13/12/17).
- Reports to Special Health, Social Care & Wellbeing Scrutiny Committee (18/12/17).
- WG Final 2018/19 Local Government Financial Settlement (20/12/17).

Appendices: -

- Appendix 1 Net Revenue Budget 2018/19
Appendix 2 Summary of 2018/19 Savings Proposals
Appendix 3 2018/19 Savings Proposals
Appendix 4 2018/19 Savings Proposals with a Public Impact
Appendix 5 Movements on General Fund
Appendix 6 Capital Programme 2018/19 to 2020/21
Appendix 7 Updated Medium-Term Financial Plan 2018/19 to 2022/23
Appendix 8 Schools Medium-Term Financial Plan 2018/19 to 2022/23
Appendix 9 Budget Consultation 2018/19 Feedback
Appendix 10 Approved Minutes – Special Policy & Resources Scrutiny Committee (04/12/17)
Appendix 11 Approved Minutes – Special Education for Life Scrutiny Committee (07/12/17)

Appendix 12 Draft Minutes – Special Regeneration & Environment Scrutiny Committee (13/12/17)

Appendix 13 Draft Minutes – Special HSC&WB Scrutiny Committee (18/12/17)

NET REVENUE BUDGET 2018/19

	£m	£m
Base Budget 2017/18		325.431
2018/19 Transfers In		
Single Revenue Grant (waste element only)	1.819	
Welsh Independent Living Grant	1.010	
Social Care Workforce Grant	1.140	
Carers' Respite Care Grant	0.180	
Looked After Children	0.504	4.653
Other passported grants		
Council Tax Reduction Scheme	(0.272)	
Private Finance Initiative (PFI)	(0.202)	(0.474)
New Responsibilities		
Prevention of Homelessness	0.282	
Increasing Capital Limits for Residential Care	0.379	
Targeted Business Rates Relief	0.077	0.738
Whole Authority Cost Pressures		
Pay – Weighted average increase of 2.2%	2.387	
Living Wage (assumed increase of 25p per hour)	0.216	
Employer pension contributions @ 0.28%	0.251	
Non-pay inflation at 2%	2.399	5.253
Inescapable Service Pressures		
Social Services cost pressures	3.000	
City Deal partnership revenue contribution	0.066	
City Deal debt charges	0.112	3.178
Savings Proposals 2018/19		(6.736)
Proposed Expenditure		332.043
Funding		
WG Support		(267.240)
Council Tax (4.52%)		(63,403)
Council Tax Surplus		(1.400)
Total Funding		(332.043)

Summary of 2018/19 Savings Proposals

Directorate/Service Division	Public Impact			Total Proposed Savings
	Nil	Low	Medium	
	£000's	£000's	£000's	£000's
Education & Lifelong Learning				
- Planning & Strategy	341	0	359	700
- Learning, Education & Inclusion	353	0	0	353
- Lifelong Learning	108	25	35	168
Sub-Total: -	802	25	394	1,221
Social Services/Public Protection/Policy				
- Children's Services	385	0	0	385
- Adult Services	330	563	0	893
- Service Strategy & Business Support	50	0	0	50
- Public Protection	134	151	11	295
- Corporate Policy	79	14	0	93
Sub-Total: -	978	728	11	1,716
Communities				
- Regeneration and Planning	288	166	0	454
- Engineering	175	168	319	662
- Community & Leisure Services	646	40	81	767
- Housing Services	117	0	0	117
Sub-Total: -	1,226	374	400	2,000
Corporate Services				
- Corporate Finance	80	0	0	80
- Procurement & Customer Services	85	80	0	165
- Information Technology	340	0	0	340
- Corporate Property	197	0	0	197
- Human Resources & Communications	140	0	0	140
- Health & Safety	70	0	0	70
Sub-Total: -	912	80	0	992
Miscellaneous Finance	807	0	0	807
Grand Total: -	4,724	1,207	805	6,736

2018/19 Savings Proposals

Savings Proposal	£000's	Comments	Public Impact
EDUCATION & LIFELONG LEARNING			
<i>PLANNING & STRATEGY</i>			
Savings proposals with no public impact.	341.00		Nil
Maintenance of School Buildings - Withdrawal of budget for 50/50 schemes.	333.00	LMS Contingency balances to be used initially. However, In the medium to long-term this would have a significant impact on repairs and maintenance spend on our schools.	Medium
Removal of Education & Lifelong Learning contribution to running costs of Pontllanfraith Leisure Centre.	26.00	Subject to final Cabinet consideration of proposed Leisure Centre closure.	Medium
Sub-Total: -	700.00		
<i>LEARNING, EDUCATION & INCLUSION</i>			
Savings proposals with no public impact.	353.00		Nil
Sub-Total: -	353.00		
<i>LIFELONG LEARNING</i>			
Savings proposals with no public impact.	108.00		Nil
Libraries - Reduction in Book Fund.	25.00	Public unlikely to notice any significant impact, budget currently circa £380k.	Low
Libraries - Reduction in newspapers and online subscriptions.	20.00	Reduced Open Access provision within our libraries.	Medium
Youth Service - Removal of payment to GAVO for Holiday Scheme Co-ordinator.	15.00	The medium impact assessment is not in relation to the impact on service users but on the potential impact to GAVO. There would be minimal impact on service users as the Youth Service would take up any shortfall in capacity. GAVO would continue to be supported to the value of £25k.	Medium
Sub-Total: -	168.00		
TOTAL: -	1,221.00		

Savings Proposal	£000's	Comments	Public Impact
<u>SOCIAL SERVICES, PUBLIC PROTECTION & POLICY</u>			
CHILDREN'S SERVICES			
Savings proposals with no public impact.	385.00		Nil
Sub-Total: -	385.00		
ADULT SERVICES			
Savings proposals with no public impact.	330.00		Nil
Decommission Age Concern Hospital Discharge contract	46.00	Decommissioning of contract for relatively low numbers of people receiving low level non-statutory services for a short period. Links to Information, Advice & Assistance and implementation of the Social Services & Well-Being (Wales) Act 2014 re. promoting independence.	Low
Decommission 2 Luncheon Clubs contract.	12.00	A small number of people attend these 2 Luncheon Clubs. The service may need to cease or different arrangements will need to be put in place if an alternative funding stream cannot be found.	Low
Domiciliary Care Client Income - Realign budget to reflect outcomes from Members Task & Finish Group and Welsh Government Cap.	75.00	There is an expectation that WG will gradually increase the weekly cap on service users' contributions for non-residential care which will translate into a small increase in income each year.	Low
Small reduction in externally commissioned Respite Care for older people and adults with physical disabilities.	30.00	The small reduction will be offset by alternative respite arrangements that can be provided through the Carers Respite Grant.	Low
Decommission DEWIS advocacy contract (residential homes).	12.00	Decommissioning of contract with £45k budget retained for spot purchase. Spot contract is more reflective of the level of service demand.	Low
Decommission Care & Repair (Safety at Home) contract.	13.00	Other schemes are available that provide this service.	Low
Decommission GAVO and MENCAP contracts.	57.00	MENCAP contract ended some time ago and the GAVO contract relates to GAVO's central costs.	Low
Decommission Stroke Association contract.	18.00	Alternative services available through the NHS.	Low

Savings Proposal	£000's	Comments	Public Impact
Reduce Crossroads (Advocacy) contract by 50%.	36.00	Advocacy services are available from other agencies.	Low
Implications of Social Services & Well-Being (Wales) Act 2014.	264.00	Potential service users for some services to be signposted to alternative low or nil cost services.	Low
Sub-Total: -	893.00		
SERVICE STRATEGY/BUSINESS SUPPORT			
Savings proposals with no public impact.	50.00		Nil
Sub-Total: -	50.00		
PUBLIC PROTECTION			
Savings proposals with no public impact.	133.50		Nil
Meals Direct - Removal of 1 Van Helper post.	7.50	Will require a severance payment.	Low
Schools Catering - Increase price of Secondary School meals by 10p from April 2018 i.e. from £2.15 to £2.25.	50.00	Will not impact on the most vulnerable families due to Free School Meal eligibility.	Low
Schools Catering - Increase price of Primary School meals by 10p from April 2018 i.e. from £1.90 to £2.00.	54.00	Will not impact on the most vulnerable families due to Free School Meal eligibility.	Low
Registrar's - Increase in ceremony fees in line with cost of providing the service.	10.00	To ensure costs of service provision are fully recovered.	Low
Environmental Health - Pest Control/Animal Trespass post	29.00	Vacant post.	Low
Meals Direct - Increase in charge for Meals on Wheels.	11.00	Proposed increase of 20p per meal.	Medium
Sub-Total: -	295.00		
CORPORATE POLICY			
Savings proposals with no public impact.	79.00		Nil
Voluntary Sector - Reduction in Technical Assistance Budget.	4.00	Reduction in grants available to Voluntary Sector (total budget is currently £19k).	Low
Policy - Reduction in Well-being budget.	10.00	Reduction in grants available (total budget is currently £41k).	Low
Sub-Total: -	93.00		
TOTAL: -	1,716.00		
COMMUNITIES			
REGENERATION & PLANNING			
Savings proposals with no public impact.	288.00		Nil

Savings Proposal	£000's	Comments	Public Impact
Business Support & Funding - Reduction in Community Regeneration Fund.	137.00	Community Regeneration Fund underspend of £115k in 2016/17. Budget for 2017/18 is £232k.	Low
Business Support & Funding - Reduction in Business Grants Budget.	12.00	Business Grants underspend of £4k in 2016/17. Budget for 2017/18 is £62k.	Low
Destinations & Events - Review of events at Llancaiach Fawr.	10.00	A review of events will be undertaken and some of those which are financially unviable will not be hosted in the future.	Low
Urban Renewal - Reduction in Publicity & Promotion budget.	7.00	Reduced frequency of Town Centre banner replacement and change-over and reduced expenditure on "Choose the High Street" campaigns.	Low
Sub-Total: -	454.00		
ENGINEERING			
Savings proposals with no public impact.	174.50		Nil
Highways Operations - Traffic Management minor works budget reduction.	6.00	Reduced programme and maximising grant applications for main schemes.	Low
Highways Operations - Reduction in Winter Maintenance budget.	35.50	This represents a 3.1% reduction in the budget and will be achieved through a review of gritting routes.	Low
Highways Operations - Street Lighting non-routine maintenance budget reduction.	5.00	New contract with external provider provides some efficiency with an increased fixed element, but with more items included in fixed element the non-routine can be reduced.	Low
Highways Operations - Consultancy/road survey budget reduction	4.00	Reduce the frequency of road condition reports	Low
Highways Operations - Reduction in Structures Service Level Agreement (SLA) budget.	20.00	Requires a new programme of inspection on a risk basis.	Low
Transportation - Road Safety salary budget reduction	25.00	Restructure of Team resulting in removal of 1 Road Safety post that transfers to School Crossing Patrol Supervisor (based on retirement).	Low
Transportation - School Crossing Patrol salary budget reduction.	38.00	Based on current vacant posts accumulated over time due to not meeting the ROSPA criteria when sites assessed after employee leaves/retires.	Low

Savings Proposal	£000's	Comments	Public Impact
Transportation - Accident Studies budget reduction.	10.00	New contract with external provider reduces the minimum fixed contract element and gives more flexibility to use as and when. This does reduce the detailed information across the whole borough but focus can be on target/risk areas.	Low
Transportation - Highways Act S38 etc. fee increase in income budget.	15.00	Due to economic improvement in recent years increased scope to improve external fees. Risks relate to sustainability of existing developments and economic climate.	Low
Transportation - Concessionary Fare Grant support service element increased income budget.	10.00	Due to planned regional collaboration, Caerphilly CBC will look after smaller operator reimbursement for all SE Wales. As we won't have to process large operators this should be maintained within existing support costs but produce more income.	Low
Highways Operations - Reduction in Highways Maintenance budget.	309.00	This represents a 6.7% reduction in the budget and will be achieved through a range of measures.	Medium
Transportation - Bus shelter maintenance budget reduction.	10.00	Reduced maintenance programme, assisted by recent Capital grant in Caerphilly Basin. Assets replacement will be affected in the long-term.	Medium
Sub-Total: -	662.00		
COMMUNITY & LEISURE SERVICES			
Savings proposals with no public impact.	646.00		Nil
Caerphilly Adventures Service - increase in income.	20.00	This will be achieved through a review of the pricing structure for the service.	Low
Waste Strategy & Operations - Introduction of "admin" fee for Duty of Care Transfer notes for Commercial Waste Customers.	20.00		Low
Sport & Leisure Services – Proposed closure of Pontllanfraith Leisure Centre.	81.00	This proposal has been the subject of extensive consultation and has been referred back to Cabinet for consideration.	Medium
Sub-Total: -	767.00		

Savings Proposal	£000's	Comments	Public Impact
HOUSING SERVICES			
Savings proposals with no public impact.	117.00		Nil
Sub-Total: -	117.00		
TOTAL: -			
	2,000.00		
<u>CORPORATE SERVICES</u>			
CORPORATE FINANCE			
Savings proposals with no public impact.	80.00		Nil
Sub-Total: -	80.00		
PROCUREMENT & CUSTOMER SERVICES			
Savings proposals with no public impact.	85.00		Nil
Customer First - Staffing reductions.	80.00	This will be achieved through vacancy management linked to the delivery of the approved Customer Services Strategy.	Low
Sub-Total: -	165.00		
INFORMATION TECHNOLOGY			
Savings proposals with no public impact.	340.00		Nil
Sub-Total: -	340.00		
CORPORATE PROPERTY			
Savings proposals with no public impact.	197.00		Nil
Sub-Total: -	197.00		
HUMAN RESOURCES & COMMUNICATIONS			
Savings proposals with no public impact.	140.00		Nil
Sub-Total: -	140.00		
HEALTH & SAFETY			
Savings proposals with no public impact.	70.00		Nil
Sub-Total: -	70.00		
TOTAL: -			
	992.00		
MISCELLANEOUS FINANCE			
Savings proposals with no public impact.	807.00		Nil
TOTAL: -	807.00		
TOTAL 2018/19 PROPOSED SAVINGS: -			
	6,736.00		

2018/19 SAVINGS PROPOSALS WITH A PUBLIC IMPACT

EDUCATION & LIFELONG LEARNING

Planning & Strategy

1. Maintenance of School Buildings – Withdrawal of Budget for 50/50 Schemes £333k (Public Impact: Medium)

Following the introduction of the Fair Funding Regulations in 2000, the Directorate retained a residual revenue budget to assist with supporting lower value capital schemes. In recent years this budget has typically been used to enhance the core capital programme by offering assistance on a 50/50 basis to support school projects. Schools presently submit bids annually in the Autumn term for consideration for the following financial year. This proposal will have little or no impact upon compliance with statutory maintenance but will adversely affect school condition survey work.

The proposal involves removing the budget of £333k in its entirety in 2018/19. It is acknowledged that this will have an adverse effect on school buildings with the potential to accelerate their depreciation and worsen their general condition.

To mitigate this effect, it is proposed that consideration is given to utilising Local Management of Schools (LMS) contingency balances to support continued investment with schools in school buildings. It is specifically suggested that a sum of £830k is earmarked over 3 years (£330k in year 1 and £250k in each of the following 2 years) to support schemes, particularly with regards to bids relating to fire risk and health & safety works.

The letter requesting bids from schools for 2018/19 projects has already been sent out to schools on the basis of 50/50 funding. It is therefore suggested that the 50/50 commitment is retained for 2018/19 but funded from LMS Contingency.

This arrangement would have the benefit of continuing to support school capital projects but utilising LMS contingency funds for the Central Education proportion, thereby fulfilling the MTFP proposals.

2. Removal of Education & Lifelong Learning Contribution to the Running Costs OF Pontllanfraith Leisure Centre £26k (Public Impact: Medium)

The Education & Lifelong Learning directorate currently makes an annual contribution of £26k to the running costs of Pontllanfraith Leisure Centre. If the proposed closure of the Centre is approved then this budget contribution will no longer be required.

Lifelong Learning

1. Libraries – Reduction in Book Fund £25k (Public Impact: Low)

The County Borough Library Service proposes to reduce its book fund by an amount of £25k in 2018/19, against existing budget provision of £380k. The proposal is to top slice equally across all areas of stock with little to no direct effect on customer provision.

This budget reduction represents 6.5% of the overall resource allocation and due to the proposed method of reduction no individual customer grouping or communities will be adversely disadvantaged. The Library Service will seek to affect increased discounts from book suppliers wherever possible and strategically purchase a greater portion of paper book items that are less expensive.

2. Libraries – Reduction in newspapers and online subscriptions £20k (Public Impact: Medium)

This savings proposal includes the withdrawal of hard copy newspapers (local & national) from all Library sites (£10k) and a reduction in online subscriptions (£10k). This proposal is for the removal of the full £10k budget provision for newspapers and £10k of a £15k budget for subscriptions.

The removal of hard copy daily newspapers across all 18 static libraries will impact on customers who visit to read this material. However the following mitigating steps will be introduced and managed in advance of the withdrawal of newspapers to assist all users in adjusting to the changes in provision: -

- Staff in libraries will promote access to online newspaper editions both of local and national titles where they are freely available.
- In each library at least one internet terminal will be allocated to newspaper access on a booking basis and all 250 computers provided in the County Borough's libraries will clearly promote online editions of popular titles.
- Customers who require mediated access to online newspaper titles will be assisted by library staff, again supporting the transition to the alternative provision.
- Subject to the outcome of this proposal, the intention would be to introduce the above adjustments for at least 2 months prior to the final date of hardcopy newspaper removal.

In addition to the proposed withdrawal of newspapers, reductions in online information subscriptions, withdrawal from the pan UK Inter-Library Loans system "Unity" and other back office savings associated with book stock processing will provide a further £10k saving.

The withdrawal of a number of online information databases (including Britannica) will not disproportionately impact on any customer grouping or community within the County Borough. The level of present usage of Britannica and Law & Rights online does not merit their continued provision at a cost of £1.68 per use for the electronic encyclopaedia. Alternative free online resources such as Wikipedia will be promoted to customers who may require this type of service.

The impact of streamlining inter library loan arrangements and licensing costs for online catalogue records will have a small effect on some individual customers who may wish to request books or other materials that prove challenging to source via the South Wales Cooperative Library inter lending initiative. It is anticipated that the South Wales Library Scheme would be able to accommodate 97% of all future customer requests based on performance data for 2015 to 2017.

Whilst staff in libraries may be affected by the introduction of new processes and methods of working in respect of requests and new stock purchased, this change is considered to be relatively minor.

3. Youth Service – Removal of payment to GAVO for Holiday Scheme Co-ordinator £15k (Public Impact: Medium)

Since 2008, the Youth Service has supported the employment of a full time Holiday Scheme Co-ordinator (employed by GAVO) whose function is to advise and support any groups considering the provision of school holiday period specific activity for children and young people between the ages of 8 to 18 years. Although a Steering Group to inform this role has been in place since inception, this has not completely enabled the role to be focussed on holiday specific activity support as originally envisaged.

The proposal would reduce the current funding of £40k in 2017/18 to £25k for 2018/19, prior to 2017/18 financial support from the Authority was £50k. This level of reduction is intended to strike a balance between making the necessary savings and enabling in part a level of

continued support of a partner group.

The “medium” impact assessment is not in relation to the impact on service users but refers to the potential impact on GAVO. There will be minimal impact on service users, as the Youth Service would take up any shortfall in capacity.

SOCIAL SERVICES, PUBLIC PROTECTION & POLICY

Adult Services

1. **Decommission Age Concern Hospital Discharge Contract £46k (Public Impact: Low)**

This proposal is to decommission the current contract let jointly with Health, which provides services for a relatively low number of people receiving non-statutory services for a short period of time. The implementation of the Social Services & Well-Being (Wales) Act 2014 means these people should be sign-posted via the Council’s Information, Advice & Assistance Team to promote their independence and choice and to control their own needs. The current contract comes to an end in March 2018. The impact on the public will be in relation to people being discharged from hospital and will be mitigated via the provision of information, advice and assistance including literature being produced by Health.

2. **Decommission 2 Luncheon Club contracts £12k (Public Impact: Low)**

Two Luncheon Clubs currently operate in Panside (Newbridge) and Nelson. Only 3 people currently attend the Panside Club and 11 people attend Nelson. The savings proposal is to cease funding to both these Clubs and offer people services of a community connector to look at other options in their communities. Alternatively, the provider may be able to find a different funding stream.

3. **Domiciliary Care Client Income – Realign budget to reflect outcomes from Members Task & Finish Group and Welsh Government Cap £75k (Public Impact: Low)**

Some people will see an increase in their charge in 2018/2019, however all people are subject to a financial assessment so those with limited disposable income will not see an increase in their charge.

4. **Small reduction in externally commissioned Respite Care for older people and adults with physical disabilities £30k (Public Impact: Low)**

This is a 14% reduction in the overall budget which will look to be off-set by alternative respite arrangements that can be commissioned from the carers grant. Feedback from these carers has indicated they want more day respite opportunities for themselves as opposed to traditional respite care.

5. **Decommission DEWIS advocacy contract (residential homes) £12k (Public Impact: Low)**

This contract ended in March 2017 and £45k was retained (a budget reduction of £12k) to enable the spot purchase of advocacy services to meet identified needs, using the arrangements Newport City Council have in place. This reduction reflects demand on the advocacy service.

6. **Decommission Care & Repair (Safety at Home) contract £13k (Public Impact: Low)**

The current contract comes to an end in March 2018 and it is proposed that it is not recommissioned. The contract provides minor adaptations in peoples’ own homes but there are many other options to providing this service. The implementation of the Social Services & Well-Being (Wales) Act 2014 means these people should be sign-posted via the Council’s Information, Advice & Assistance Team to promote their independence and choice and to

control their own needs. Mitigation could be via application for Integrated Care Fund grant. In 2017/18 Care & Repair have been successful in securing circa £60k from the Integrated Care Fund across the Gwent region but will need to bid for funding in 2018/19. The Council has a separate minor adaptations budget which provides support for those most in need.

7. Decommission GAVO and Mencap contracts £57k (Public Impact: Low)

The MENCAP contract ended some time ago and the GAVO contract relates to GAVO's central costs.

8. Decommission Stroke Association contract £18k (Public Impact: Low)

The Health Board let this contract to which Caerphilly CBC currently makes an £18k contribution. In the last few years Health have received significant funding via the Integrated Care Fund to develop services for neurological conditions, hence alternatives are available.

9. Reduce Crossroads (Advocacy) contract by 50% £36k (Public Impact: Low)

The current value of this contract is £72k. It is proposed to re-tender on a lower value of £36k to reflect demand as advocacy services are available from a number of other sources. There is the option of potentially looking to commission services on a regional footprint to achieve better value for money when the contract ends in October 2018.

10. Implications of Social Services & Well-Being (Wales) Act 2014 £264k(Public Impact: Low)

The implementation of the Social Services and Well-Being Act 2014 means people should be sign-posted via Information Advice and Assistance to promote their independence, choice and control to meet their own outcomes. This proposal looks to reassess/review individuals who are currently in receipt of a commissioned domestic cleaning or laundry service as part of a package of care and support. 190 people are currently recorded as in receipt of this service and they would be reviewed or reassessed and sign-posted to agencies/services to commission this service privately, or look to utilising their existing networks thus promoting their independence, choice and control. No neighbouring local authority has provided these services for several years. If in exceptional circumstances there is no other way of achieving an individual's identified outcomes we will commission the service externally or provide the service via the Home Assistance & Reablement Team (HART) as part of a package of care and support. Previous budgetary proposals in 2016/2017 to cease domestic support provided via Supporting People and the withdrawal of a shopping service unless there were exceptional circumstances, was successfully implemented.

Public Protection

1. Meals Direct – Removal of 1 Van Helper post £7.5k (Public Impact: Low)

This proposal relates to the removal of 1 of 5 Van Helper posts from the Meals Direct Meals on Wheels service. The post is 17.5 hours a week (0.47 fte) and would result in an annual saving of £7.5k. All 5 posts are currently occupied and so it would be necessary to consider redeployment or a one-off severance payment. The deletion of this post could result in increased meal delivery/waiting times as a result of our reduced ability to get to homes where we need to be double staffed, but the public impact is considered to be low.

2. Schools Catering - Increase price of Primary and Secondary school meals by 10p from April 2018 £104k (Public Impact: Low)

It is estimated that increasing the price charged for a Secondary school meal by 10p, from £2.15 to £2.25, from April 2018 would result in £50k additional income a year. Also, it is estimated that increasing the price of a Primary school meal from £1.90 to £2.00 in April 2018 would result in £54k additional income a year. The proposed increases will mean that a

parent/guardian will pay an additional 50 pence per week per child. This will not impact on the most vulnerable families due to Free School Meal eligibility. The overall impact upon the public of the proposal is considered to be low. School meal prices in Caerphilly have not increased since 2014 and will remain amongst the lowest in Wales even if the proposed increase is implemented.

3. Registrar's - Increase in ceremony fees in line with cost of providing the service £10k (Public Impact: Low)

An analysis has been undertaken of activities in the Registration Service to ensure costs of service provision are fully recovered. Some fees are set centrally by the General Register Office, others, such as Ceremony fees can be determined locally in order to recover the cost of providing that particular service and the proposal is to increase these fees accordingly. It is estimated that increasing fees for all Marriage and Civil Partnership ceremonies held at Ty Penallta and weekend/Bank Holiday ceremonies at external venues would result in additional income of £10k per year. Whilst paying an increased fee will have a financial impact on the service users it can be seen that the ceremonies in question tend to be infrequent life events such that no individual service user would be paying out for ceremony fees on a regular basis. The public impact of this proposal is considered to be low. Comparisons with neighbouring and other districts in Wales indicate that the proposed fees are reasonable.

4. Environmental Health – Deletion of a vacant Pest Control/Animal Trespass post £29k (Public Impact: Low)

This fulltime post (1 fte) has been vacant since March 2017 and is located within a small team that deal with pest control, dog warden matters and animal trespass. In 2016, the team consisted of 6 fte, however one member of staff (with specialised dog warden skills) retired and the post was not re-filled. Since then another member of staff (with specialist animal trespass skills and knowledge) has retired due to ill health, creating a vacant post. To mitigate for the loss of the specialist dog re-homing function, a technical assistant (0.4 fte) has been allocated to the team. Deletion of the vacant post will reduce the size of the team from 5.4 fte to 4.4 fte saving £29k per year. The team currently deals with approximately 5,000 service requests a year. This proposal is considered to have low public impact.

5. Meals Direct - Increase in charge for Meals on Wheels £11k (Public Impact: Medium)

It is estimated that increasing the price from April 2018 of a meal provided by Meals Direct by 20p, from £3.10 to £3.30 for a subsidised hot meal would result in additional income of £11k. Many of the services customers are vulnerable and affordability will be a consideration. A comparison with other Local Authorities in the area demonstrates that our subsidised meal prices would remain amongst the lowest even with this proposed increase. Customer numbers have fallen over a period of years. A number of alternative options are available, but some customers, and their families, continue to opt for a daily visit from Meals Direct and the delivery of a freshly prepared hot meal. A further price increase may result in further loss of customers and this has been accounted for in the overall estimate of £11k per year additional income. The public impact of this proposal is considered to be medium.

Corporate Policy

1. Reduction in Technical Assistance budget £4k (Public Impact: Low)

The Technical Assistance Fund is used to support technical advice and guidance for the required professional assessments and fees to allow access to funding provided through the Community Regeneration Fund and other external grant programmes such as the Community Facilities Programme (Welsh Government) and Big Lottery e.g. solicitors and legal fees, lease costs etc.

The proposed £4k reduction would leave a remaining budget for 2018/19 of £15k. This savings

proposal is expected to have a low public impact.

Members should note that there is also a 2018/19 savings proposal within the Communities Directorate to reduce the budget for the Community Regeneration Fund from the current level of £232k to £100k.

2. Corporate Policy - Reduction in Well-Being budget £10k (Public Impact: Low)

The Well-being budget of £41k was established in 2017/18 by bringing together a number of smaller budgets that each had a link to promoting well-being. The budget supports a range of well-being activity including, for example, health, sustainability, and 50+ initiatives. For 2018/19 it is proposed that the £41k budget is reduced to £31k.

The Well-being budget also funds the Greener Caerphilly Small Grants scheme which is usually accessed by services and external partners delivering environmental projects. The projects have always demonstrated collaborative working with other partner organisations and delivered tangible environmental improvement and benefits to the community. The funding awarded was dependant on applicant match funding on a £1 for £1 basis, so in some circumstances the funding helped partners secure additional funding.

Historically approximately £5k of the Well-being budget has been allocated to third sector partners for environment and sustainability projects. This savings proposal is expected to have a low public impact.

COMMUNITIES

Regeneration & Planning

1. Business Support and Funding – Reduction in Community Regeneration Fund grant £137k (Public Impact: Low)

The Community Regeneration Fund (CRF) enables grassroots community and voluntary groups to secure funding to take forward initiatives they have developed for the benefit and sustainability of local communities. In recent years CRF revenue funding has assisted in delivery of a wide range of local projects that support social enterprises, well-being, mental health, churches and art, cultural, heritage and youth organisations.

There is an acceptance that the proposed reduction in the CRF revenue budget allocation will impact on community and voluntary sector organisations. As the level of CRF funding reduces it is expected that either fewer projects will be able to be supported and/or the current maximum revenue funding award of up to 80% (£30,000 maximum) would reduce in order to support more projects.

The reduction in CRF revenue funding is anticipated to result in applicants having to examine the availability of alternate funding sources before applying for CRF and potentially increase their project “match funding” contribution.

The CRF revenue budget has a history of underspending, ranging between £71K and £112K during the past five years. Previously the CRF underspend was used to match fund the South East Wales Community Economic Development (SEWCED) Fund which supported social enterprises. Since the SEWCED programme ended the CRF revenue budget has continued to underspend. During 2016/17, £120,035.94 of CRF revenue funding was awarded resulting in an underspend of £108,000.

When taking account of the frequent underspend of the CRF revenue budget, the impact of the proposed 2018/19 budget reduction of £137,000 is potentially not as significant as it would initially appear in that the CRF revenue budget available for 2018/19 would only be £25,000 lower than the £120,035 allocated in 2016/17.

CRF project delivery is also supported via a capital budget allocation. The indicative capital budget allocation for 2018/19 is £99,000 and should the need arise in year the option exists to vire portions of the allocated funding between capital and revenue budgets to reflect the nature of the project for which CRF support is sought.

2. Business Support and Funding – Reduction in Business Grants budget £12k (Public Impact: Low)

The Business Development Grants (BDG) support established small and medium enterprises and business start-ups. The focus of the Council grant funding is on creating or safeguarding jobs in the manufacturing or the service to manufacturing sector.

Investment costs that are eligible for BDG is limited to capital equipment, IT equipment, tools, machinery, software, websites, marketing and ancillary items. The BDG is limited to 50% of eligible costs up to a maximum of £2,000.

In 2016/17 BDG funding totalling £57,340 was awarded to support 40 local businesses and the creation of 64 jobs. Whilst it is to be anticipated that the proposed budget reduction will reduce the number of projects that are able to be supported the impact on the support for the number of jobs created will only become apparent in 2018/19 as each project's scope is unique in relation to jobs created as a consequence of the maximum BDG award being limited to £2,000 regardless of the overall value of the individual project.

The budget saving proposal will not impact on the Business Support & Funding Team's primary purpose of providing an advice and guidance service to the wider local business community. Consequently the vast majority of local businesses will be unaffected by the proposal as only a very small percentage of businesses bring forward applications seeking BDG.

3. Destinations and Events – Review of events at Llancaiach Fawr £10k (Public Impact: Low)

The proposed budget saving will be achieved through a combination of: -

- (i) Moving away from the Council organising major events to delivery model where key events are hosted in partnership with external organisations. By the hosting of events such as the Classic Car Show and Bedwellty Show the venue will continue to deliver a varied events programme at greater value for money.
- (ii) Undertaking events in a more effective way to reduce the associated staff costs, curtailing the scale and associated costs of certain events and ending an event that is not financially viable.

It is anticipated that these changes will allow Llancaiach Fawr to continue to provide a varied programme of activities and events that encourage new and repeat visitors whilst focusing on the venue's core business. In addition staff will build upon the recent successful partnerships with independent event organisers to increase their awareness of Llancaiach Fawr Manor as an event venue that is available to host events.

The proposal to move the "Barking Mad Dog Show" to the Saturday of August Bank Holiday rather than on August Bank Holiday Monday will result in savings in staffing costs. This change of day is not expected to have a significant impact on the Dog Show which has an established following and was previously held for many years on a Saturday in late August.

Llancaiach Fawr's participation in CADW's free access "Open Doors" will continue but change to be delivered through a scheme that requires participants to pre-register for tours within normal opening hours at certain periods of the year. This will allow visitors with free pre-booked Open Doors access to be accommodated alongside other fee paying visitors to protect income streams.

There is a proposed reduction in expenditure and curtailment of the 'Kings Day' event where visitor numbers have been declining for many years despite several efforts to boost the event content.

It is also proposed to end the "Soft Play Days" which are not as well attended as the programme of children's activity days organised throughout the year. The reduction in specific soft play days for very young children will have minimal impact as there are alternative venues in the County Borough providing similar activities and this change will be further mitigated by making increased provision for very young children within the Children's Activity days.

The model show event a "World in Miniature" where the associated costs outweigh income generated will also cease in 2018/19.

4. Urban Renewal – Reduction in Publicity and Promotion budget £7k (Public Impact: Low)

The proposed saving to reduce the Town Centre Management marketing and promotional budget by £7,000 will be implemented equally across all five of the County Borough's managed town centres.

The proposed combination of savings will be achieved by:-

- (i) Reducing the frequency of replacement of town centre promotional banners from three times a year to twice a year to generate savings in banner design and installation costs.
- (ii) Refocussing marketing and promotional activity associated with the "Choose the High Street" brand with the residual budget being more focussed on the lead up to the vital Christmas period.

The proposed savings do not impact on the staff resource within the Town Centre Management team and the two officers will continue to be available to undertake their duties that provide support to the retail and business communities within the five main town centres which is supplemented through regular visits to the towns and engaging in face to face contact.

Engineering

1. Traffic Management minor works budget reduction £6k (Public Impact: Low)

Reduced Traffic Regulation Order programme and maximising grant applications for main schemes.

2. Reduction in Winter Maintenance budget £35.5k (Public Impact: Low)

This represents a 3.1% reduction in the budget and will be achieved through a review of gritting routes and a more targeted approach for gritting based on specific forecast height data.

3. Street Lighting non-routine maintenance budget reduction £5k (Public Impact: Low)

New contract with external provider provides some efficiency with an increased fixed element, with more items included in fixed element the non-routine can be reduced.

4. Consultancy/road survey budget reduction £4k (Public Impact: Low)

Review the frequency of road condition reports and the data provided by requesting more specific data to meet required Welsh Government performance indicators and any detailed reviews based on detailed scheme requirements.

5. Reduction in Structures Service Level Agreement (SLA) budget £20k (Public Impact: Low)

Review works programme of inspection on a risk based approach in line with proposal contained within the new Code of Practice.

6. Road Safety salary budget reduction £25k (Public Impact: Low)

Restructure of team and duties resulting in reduction of 1 Road Safety post. Due to reconfiguration of team and duties this will have minimal impact on the work that is delivered.

7. School Crossing Patrol salary budget reduction £38k (Public Impact: Low)

Saving is based on current vacant posts accumulated over time that do not meet the ROSPA criteria when sites are assessed after employees leave/retire.

8. Accident Studies budget reduction £10k (Public Impact: Low)

New contract with external provider reduces the minimum fixed contract element and gives more flexibility to use as and when. This does reduce the detailed information across the whole borough but will focus and be targeted to high risk areas.

9. Highways Act S38 etc. fee increase in income budget £15k (Public Impact: Low)

Due to economic improvement in recent years increased scope to improve income levels from external fees. Risks relate to sustainability of existing developments and economic climate.

10. Concessionary Fare Grant support service element increased income budget £10k (Public Impact: Low)

Due to planned regional collaboration, Caerphilly CBC will look after smaller operator reimbursement for all SE Wales. As we will not have to process large operators this should be maintained within existing support costs but produce more income.

11. Bus Shelter maintenance budget reduction £10k (Public Impact: Medium)

Reduced maintenance programme with bus shelters cleansed less frequently. Asset replacement may be affected in the long-term.

12. Reduction in Highways Maintenance budget £309k (Public Impact: Medium)

This represents a 6.7% reduction in the Highways Maintenance budget and will be achieved through a range of measures as set out in the table: -

Proposed Saving	£000's	Comments
Highways Operations - General road closures for special events budget removal	5.00	Budget phased Out. Event organisers to fund any associated costs.
Highways Operations - Maintenance of fencing/railings budget reduction	0.50	Small reduction with continued monitoring of usage and costs associated
Highways Operations - Safety barrier maintenance budget reduction	10.00	Efficiency savings using new tender (External contractor Barrier Services)
Highways Operations - Special maintenance of roundabouts budget reduction	0.50	Saving by targeting Traffic Management setup by others on bypass for works

Proposed Saving	£000's	Comments
Highways Operations - Special maintenance of cycleways budget reduction	1.00	Continued underspend on budget as some parts included in structural highway defect budget
Highways Operations - Aids to movement - Traffic sign maintenance budget reduction	0.50	In build-up/readiness for the removal of the CRT by 2019
Highways Operations - Aids to movement - Road markings & Studs budget reduction	0.50	Tighten criteria and monitor usage and cost
Highways Operations - Aids to movement - Street name plates budget reduction	0.50	Many already renewed. Limit further renewals
Highways Operations - Design costs budget removal	5.00	Include in scheme costs or make better use of Capital advance design budget
Highways Operations - Improved walking environment (dropped kerbs) budget reduction	0.50	Include where possible improvements within Capital footway programme
Highways Operations - Structures general maintenance budget reduction	10.00	Requires a new programme of inspection on a risk basis. Ensure good use of existing Capital budget (£444k) to reduce maintenance where possible
Highways Operations - Structures retaining walls budget reduction	5.00	Requires a new programme of inspection on a risk basis. Ensure good use of existing Capital budget (£316k) to reduce maintenance where possible
Highways Operations - Structures embankment/stabilisation budget reduction	5.00	Requires a new programme of inspection on a risk basis.
Highways Operations - Carriageway surface dressing budget reduction	254.70	Reduce preservation treatments i.e. sweat asset which may increase reactive repairs and utilise new technologies etc.
Highways Operations - Land drainage - Provision of grids/fencing budget reduction	0.30	Planned inspection and cleansing programme, limits responsive callouts
Highways Operations - Land reclamation maintenance budget reduction	10.00	Continuation of Capital budget (£248k) reducing maintenance burden, but also noted assets have long term liabilities and WG Derelict Land Grant is no longer available
TOTAL: -	309.00	

Community & Leisure Services

1. Caerphilly Adventures Service – Increase in income £20k (public Impact: Low)

The Authority operates the Caerphilly Adventures Service which provides outdoor adventure opportunities for young people and adults. The customer base incorporates individuals or groups who either directly purchase the service (e.g. corporate team building) or who are "referred" to the service to assist with personal or family difficulties or difficulties within the traditional education environment (e.g. Education Other Than At School - EOTAS or Specialist Resource Bases).

The fees charged by the service have not been increased for the last 10 years and are now below the benchmark charged for such services within the market place. There is an acceptance that the fee increase may impact on other CCBC services such as EOTAS provision and it is therefore proposed to involve the Caerphilly Adventures Service in the review of EOTAS provision across the County Borough which is due to commence shortly.

The potential move from Pontllanfraith to Cwmcarn Forest Drive will also provide the service with an opportunity to increase its private sector income as location at Cwmcarn has a large amount of synergy with the other services offered at the site (e.g. camping).

2. Waste Strategy & Operations - Introduction of an "administration" fee for Duty of Care Waste Transfer Notes for Commercial Waste Customers £20k (Public Impact: Low)

The service operates an all-encompassing service for commercial waste (container provision, collection, disposal & administration). While the service charges cover the costs of container provision, collection and disposal, the service offered for ensuring that customers have all the correct legal documentation in place has never attracted a charge. Many private sector companies charge separately for this element and it is therefore proposed to introduce a charge of £20 per customer per annum for the Duty of Care Certificate & Waste Transfer notes (replacements will also attract a charge of £20 where customers buy sacks and are unable to produce their original documentation). While there is a small risk that customers may not accept the charge and choose to move their business to another service provider, it is not uncommon in the commercial waste industry to charge for the duty of care administration so moving to another service provider is not likely to result in avoidance of these charges.

3. Proposed closure of Pontllanfraith Leisure Centre £81k (Public Impact: Medium)

The proposed closure of Pontllanfraith Leisure Centre is projected to save the Authority £81k from the Community & Leisure Services budget with a further saving of £26k also arising in Education & Lifelong Learning.

The detail relating to this saving has been the subject of a significant amount of consultation as well as a number of reports to the Regeneration & Environment Scrutiny Committee and the Authority's Cabinet. These reports have fully outlined all of the issues surrounding the potential closure, including financial implications and the outcome of the consultation process.

The matter has now been referred back to Cabinet for consideration and in the event that the proposed closure does not proceed then alternative savings of £107k will need to be identified in-year.

CORPORATE SERVICES

1. Customer First - Staffing reductions £80k (Public Impact: Low)

In April 2016 Cabinet agreed the Customer Services Strategy and as a result the Authority is now seeing a much more flexible approach to customer interaction.

During the next twelve months our customers will see the benefits of additional online services coupled with self-service and appointment booking. As a result of these changes in service delivery the relevance of staff being available even if no customers are present is changing. The service is much more planned and focused on customer outcomes and demands.

During the 2016/17 and 2017/18 financial years two members of staff have resigned from their roles and one member of staff has taken a secondment opportunity within the Procurement Team. The new ways of working have allowed Customer First to pause the recruitment to these posts.

After a period of work consolidation and as a result of "channel shift", it is proposed not to

replace the current vacant posts i.e. one full-time Grade 5 and one part-time Grade 6. It is also proposed to make the secondment opportunity in the Procurement Team permanent thus providing a further part-time Grade 5 saving.

As a result of these proposals and in light of the expectations of the customer to deliver services in a different way, the budget savings realised as a result of vacancy management will be as follows: -

	£000's
Full-time Grade 5	26
Part-time Grade 6	20
Part-time Grade 5	18
Total: -	64

It is anticipated that further vacancy management savings through 'natural wastage' during the 2018/19 financial year will deliver the savings target of £80k that has been allocated to the service area.

The proposed savings for 2018/19 will have limited impact on the public due to the proactive change management which is taking place within the service area. However, as the Customer Services Strategy develops the services will transform, thus resulting in a need for a full Customer Services review. The need for such a review has been highlighted as part of the Improving Services Programme element of the Business Improvement Programme (BIP).

Areas to be explored include: -

- How the Authority interacts with the public both face-to-face, online and via telephone services.
- To review our delivery of service in line with other service areas such as Libraries.

Further reports will be prepared for Members as this review work progresses.

MOVEMENTS ON GENERAL FUND

	£000's	£000's
Opening Balance 01/04/2017		17,833
2016/17 Council Tax surplus to support 2017/18 Budget		(1,400)
Take from General Fund previously approved: -		
Additional provisions for senior pay investigation	(619)	
Transfer to Capital Earmarked Reserve (2016/17 Outturn)	(2,054)	
Adjustment for misstatement in 2016/17 Financial Statements	(629)	
Senior Officer settlement payments	<u>(299)</u>	(3,601)
Projected take to General Fund from 2017/18 underspends: -		
Education and Lifelong Learning	73	
Social Services/Public Protection/Corporate Policy	61	
Communities	41	
Corporate Services	566	
Miscellaneous Finance	<u>1,186</u>	1,927
Estimated 2017/18 Council Tax surplus		1,400
Approved transfer to General Fund from Earmarked Reserve: -		
Corporate Services – Retained Underspend Reserve		87
2017/18 Council Tax surplus to support 2018/19 Budget		(1,400)
Proposed use of General Fund Balances: -		
Cwmcarn High School deficit	(1,400)	
Transfer to Capital Earmarked Reserve	<u>(3,446)</u>	(4,846)
Projected Balance 31/03/18		<u><u>10,000</u></u>

CAPITAL PROGRAMME 2018/19 – 2020/21

Scheme	Indicative		
	2018/19 £000s	2019/20 £000s	2020/21 £000s
<u>Education & Lifelong Learning</u>			
Health & Safety Regulations Works	298	298	298
Basic Needs Accommodation	223	223	223
School Security	100	100	100
Asset Management	595	595	595
School Boiler Replacement Programme	218	218	218
Total Education & Lifelong Learning	1,434	1,434	1,434
<u>Communities</u>			
Sports Pitches (Drainage)	30	30	30
Total Community & Leisure Services	30	30	30
Environmental Schemes	230	230	230
Total Countryside	230	230	230
Voluntary Sector Capital Grants	99	99	99
Total Economic Development	99	99	99
Infrastructure Retaining Walls, Culverts etc.	316	316	316
Street Lighting	50	50	50
Land Purchase – Future Schemes	41	41	41
Major Highway Reconstruction	744	744	744
Bridge Strengthening	444	444	444
Land Drainage – Corporate	124	124	124
Land Drainage – Non-Corporate	124	124	124
Vehicle Restraint Systems	149	149	149
Corporate Maintenance - Tips/Mines/Spoils	248	248	248
Monmouth & Brecon Canal	210	210	210
Footway Reconstruction	149	149	149
Total Engineers	2,599	2,599	2,599
Disabled Facility Grants	1,141	1,141	1,141
Home Improvement Grants/Miscellaneous	248	248	248
Home Repair Grant	794	794	794
Total Private Housing	2,183	2,183	2,183

Scheme	Indicative		
	2018/19 £000s	2019/20 £000s	2020/21 £000s
Commercial and Industrial Grants	50	50	50
Town Centres	20	20	20
Navigation Colliery Site Regeneration	19	19	0
Total Urban Renewal	89	89	70
Total Communities	5,230	5,230	5,211
<u>Social Services/Public Protection</u>			
CCTV Replacement	74	74	74
Kitchen Refurbishments	422	422	422
Total Public Protection	496	496	496
Condition Surveys	347	347	347
Total Social Services	347	347	347
Total Social Services/Public Protection	843	843	843
<u>Corporate Services</u>			
IT Hardware & Software	233	233	233
Total ICT & Customer Services	233	233	233
Corporate Asset Management	708	695	695
Total Property	708	695	695
Total Corporate Services	941	928	928
Capital Earmarked Reserve	5,204	1,700	1,640
Total General Fund Capital Programme: -	13,652	10,135	10,056

MEDIUM-TERM FINANCIAL PLAN 2018/19 TO 2022/23

Description	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
WG Funding (+.1.37%, -1% then -0.5%)	3.613	(2.672)	(1.323)	(1.316)	(1.310)
Council Tax (4.52% each year)	2.999	3.065	3.213	3.368	3.531
Total Funding	6.612	0.392	1.890	2.052	2.221
Pay (2.2%, 2.2%, 2%, 2%, 2%)	(2.387)	(2.555)	(2.374)	(2.421)	(2.470)
Living Wage	(0.216)	(0.216)	(0.216)	(0.216)	(0.216)
Employer Pension Contributions (0.28% then 1%)	(0.251)	(0.896)	(0.905)	(0.914)	(0.923)
Non-Pay Inflation (2%, 2.4%, 2.2%, 2.1%, 2.1%)	(2.399)	(2.929)	(2.749)	(2.682)	(2.738)
New Responsibilities	(0.738)	0.000	0.000	0.000	0.000
Transfers In/Out and Other Passported Grants	(4.179)	0.000	0.000	0.000	0.000
Sub-Total	(10.170)	(6.596)	(6.244)	(6.233)	(6.347)
Service Pressures/Additional Funding					
CTRS Additional Liability (0% then 4.52%)	0.000	(0.623)	(0.651)	(0.681)	(0.712)
Schools (0% then 1.25% per annum)	0.000	(1.352)	(1.369)	(1.386)	(1.404)
Social Services Cost Pressures	(3.000)	(1.500)	(1.500)	(1.500)	(1.500)
City Deal Partnership Revenue Contribution	(0.066)	(0.006)	(0.007)	(0.006)	(0.008)
City Deal Debt Charges	(0.112)	(0.061)	(0.044)	(0.089)	(0.122)
PFI Review	0.000	(0.700)	0.000	0.000	0.000
Sub-Total	(3.178)	(4.242)	(3.572)	(3.662)	(3.745)
Annual Shortfall	(6.736)	(10.446)	(7.925)	(7.843)	(7.871)
Cumulative Shortfall	(6.736)	(17.182)	(25.107)	(32.951)	(40.822)

SCHOOLS MEDIUM-TERM FINANCIAL PLAN 2018/19 TO 2022/23

	<u>2018/19</u> <u>£m</u>	<u>2019/20</u> <u>£m</u>	<u>2020/21</u> <u>£m</u>	<u>2021/22</u> <u>£m</u>	<u>2022/23</u> <u>£m</u>
Indicative Increase in funding (£0.547m for 18/19 then 1.25%)	0.547	1.352	1.369	1.386	1.404
Inflationary pressures					
Pay award – Teachers (1% Apr – Aug 2018 and 2% Sep 18 to Mar 19. 2 % per annum thereafter)	(1.100)	(1.408)	(1.442)	(1.483)	(1.525)
Pay award - APT&C (2% per annum)	(0.286)	(0.292)	(0.298)	(0.304)	(0.310)
Non-pay inflation (2% per annum)	(0.380)	(0.388)	(0.395)	(0.403)	(0.411)
Service pressures					
Formula related changes (i.e. floor area, FSM)	(0.150)	(0.150)	(0.150)	(0.150)	(0.150)
Projected demographic (increase)/decrease	(0.275)	(0.241)	0.036	(0.124)	(0.246)
TOTAL PRESSURES	(2.191)	(2.478)	(2.249)	(2.464)	(2.642)
Less indicative increase in funding	0.547	1.352	1.369	1.386	1.404
Projected (shortfall)/growth	(1.644)	(1.126)	(0.880)	(1.078)	(1.238)
Percentage shortfall	(1.68%)	(1.15%)	(0.90%)	(1.10%)	(1.26%)

SUBJECT: BUDGET CONSUTATION 2018/19 FEEDBACK

REPORT BY: COMMUNICATIONS MANAGER

1. PURPOSE OF REPORT

- 1.1 To provide Members with an outline of the ways in which resident and stakeholder views were sought and to provide a detailed overview of the feedback gathered during the extensive consultation on the draft budget proposals for 2018/19 undertaken over a 7 week period between 20th November 2017 and 8th January 2018.

2. SUMMARY

- 2.1 Caerphilly County Borough Council is faced with having to make huge financial savings for the forthcoming year. The draft savings proposals, based on a provisional settlement from Welsh Government, amount to **£7.2m** for 2018/19. A significant proportion of these proposals can be considered to have no direct impact on residents however, as cuts deepen, some frontline services can no longer be protected.
- 2.2 On 15th November 2017, the council's Cabinet agreed a list of draft savings for the next financial year. The draft budget also includes a proposed increase of **4.52%** in Council Tax for 2018/19.
- 2.3 Effective consultation and community engagement is a key factor in informing the budget debate and resulting feedback will assist Members in their decision making when agreeing the budget for 208/19 and beyond.
- 2.4 Prior to Cabinet approval of the draft proposals, a cross-section of resident groups was invited to discuss the draft proposals on 13th November. Following on from this, the proposals were subject to a period of widespread public consultation for a 7 week period between **20th November 2017 and 8th January 2018**.

3. LINKS TO STRATEGY

- 3.1 Consultation undertaken by the Council is completed in line with CCBC Citizen Engagement and Communications Strategies. National Principles for Public Engagement in Wales are a key consideration in all Public Engagement activities.

4. THE REPORT

- 4.1 On 15th November 2017, the council's Cabinet agreed a list of draft savings for the next financial year. The draft budget also includes a proposed increase of **4.52%** in Council Tax for 2018/19.
- 4.2 The Council wants to ensure that stakeholders and residents from all sectors of the community are informed and get the opportunity to engage and have their say about ongoing savings proposals that may affect them.
- 4.3 Key purposes of the engagement activity were:
- To inform all residents and stakeholders of the detailed proposals

- To seek resident and stakeholder views on the proposed cuts and how we can work together to limit the impact of these cuts and find alternative or additional ways of making savings moving forward.

4.4 Engagement activities are designed in such a way as to ensure that as many people as possible are given the chance to have their say on issues that will affect them and their communities.

4.5 Key audiences include:

- All Caerphilly county borough residents
 - Young people
 - Older people
 - Viewpoint Panel members
- Voluntary sector and partner organisations
- Town and Community Councils
- Businesses
- Elected Members
- CCBC staff

4.6 **Methods**

A variety of methods were utilised to inform and consult with residents and stakeholders. These included: -

Social Media

Prior to the consultation period proper, Facebook and Twitter channels were used to set the scene in relation to the budget challenges facing the Council. These channels were then used to signpost residents to the online survey and encourage attendance at face to face sessions.

Website

The Website survey was launched and ran for a 7 week period between **20th November and 8th January 2018**. The survey and supporting documentation were made available with a prominent banner linking through from the home page of the Website giving direct access to the survey. A user friendly survey was designed using “SNAP” software. A printable version of the survey was also made available on the Website for those who preferred this option.

Paper based survey and documentation

The survey and an outline of the proposals were included in the December issue of Newsline that is delivered to every home across the county borough. Residents were able to complete the survey (a 4 page centre pull out) and return them by post or by dropping them off at any council office, library, leisure centre, housing office or customer first centre without the need for a stamp).

Posters placed in all public facing Council venues including libraries, leisure centres, housing offices and Customer First centres. Additional posters were displayed in venues earmarked for potential savings such as libraries, customer first centres and Registration services.

Stakeholder consultation

Targeted engagement was carried out with key resident and stakeholder groups either electronically, in paper format or through face to face meetings: -

- All CCBC local members
- Trade Unions
- Voluntary Sector
- Caerphilly 50+ Forum
- Viewpoint Panel members
- Young people
- Caerphilly Parent Network

- Menter Iaith (Welsh speaking residents)
- CCBC Employees
- All Town and Community Councils
- Parents
- Equalities network contacts
- Businesses
- Partner organisations

Face to Face Meetings

Members of the Caerphilly County Borough Viewpoint Panel, Caerphilly Parent Network, Caerphilly 50+ Forum, Caerphilly Youth Forum and residents from the Welsh speaking community (Menter Iaith) attended a meeting at Penallta House on Monday 13th November 2017 to have their say on the draft savings proposals prior to Cabinet approval on 15th November 2017.

Face to face drop in sessions were held at 9 venues across the county borough between 21st November and 11th December 2017.

Tuesday 21 st November	2.00pm–6.00pm	Bargoed Library
Thursday 23 rd November	2.00pm–6.00pm	Caerphilly Library
Monday 27 th November	10.30am – 2.30pm	Risca Palace
Wednesday 29 th November	11.00am - 2.00pm	St David's Community Centre, Rhymney
Thursday 30 th November	10.30am – 2.30pm	Blackwood Library
Monday 4 th December	10.00am – 1.00pm	Nelson Library
Tuesday 5 th December	10.30am – 2.00pm	Newbridge Tabernacle
Thursday 7 th December	10.30am - 2.30pm	White Rose Resource Centre
Monday 11 th December	10.00 – 1.00pm	Ystrad Mynach

Scrutiny Meetings

To be able to provide elected members with every opportunity to fully scrutinise and comment on the specific savings proposals, a series of Special Scrutiny Committee meetings were held in December 2017

- 04/12/17 – Policy & Resources.
- 07/12/17 – Education for Life.
- 13/12/17 – Regeneration & Environment.
- 18/12/17 – Health, Social Care & Wellbeing.

Trade Unions

Trade Unions were engaged throughout the budget setting process at face to face meetings

4.7 Summary of Consultation Feedback

Over 500 people engaged directly with the Council over the draft budget proposals for 2018/19. A total of 385 completed questionnaires were returned in addition to a number of responses being received via letter or e-mail directly from individuals and organisations. Overall, 117 attended face to face drop in sessions in libraries and 46 attended the Viewpoint Panel meeting.

4.8 General themes

In general terms, residents are aware of the financial pressures facing local authorities and the need for cuts. Many acknowledged that the draft savings put forward by Caerphilly Council were reasonable although there were concerns over where the cuts will be made.

"In general the reductions do not seem unreasonable"

"All of the proposals are worrying but I have to agree with the councils proposals."

There was a strong feeling that we should do our best to ensure that frontline services that support the vulnerable in our communities are protected over and above other services. In particular, there were concerns over older people and those with a disability as well as young people and children. It was felt that these groups need to be prioritised when considering budget cuts and this is reflected in the strength of feeling towards cuts within Social Services and Education.

"A large portion of the savings seem to affect services for the vulnerable in communities, i.e. the elderly, infirm/stroke victims, people with learning disabilities which I would never agree with or support."

"I am extremely concerned about all the savings outlined. Particularly those relating to social services, education and all elements that will negatively impact the mental health of the most vulnerable in the community."

A number of references were made in relation to the organisation being senior management heavy. Reducing the costs of senior management through reducing the overall number of senior officers (possibly through sharing services with other local authorities) as well as assessing pay levels was considered to be of key importance by a number of respondents. The number of councillors was also questioned.

"Consider all our Senior Managers Pay Structure to ensure consistency and transparency."

"Are so many senior staff needed?"

There were mixed views on increasing fees and charges. Some considered that increasing fees could be a good way of increasing income generation. By increasing charges in some areas, it may be possible to avoid a reduction in budget in other areas. Some noted that as long as the most vulnerable in the community are protected, those who can afford to pay for some services could do so, particularly where the increases proposed were not great. However, there was concern from others that those on low incomes would be affected most by increases in charges whilst those on benefits may be protected to an extent (e.g. increases in school meals).

"I suggest you do more to raise money - rather than cutting services. That may mean more Council Tax, Higher cost school meals, more charges for care etc. The budget proposal seems to focus on cost / service cuts rather than revenue increase."

There was widespread concern about the level of the proposed Council Tax increase.

"... such a large increase in council tax is conducive of further poverty issues for some low income families and elderly"

"I believe the steep increase of nearly 5% to Council tax is going to affect a lot of people especially families struggling with income as it is. I'm fine for people paying for the service but I feel nearly 5% is too high too soon."

However a few noted that they would accept such an increase as long as it saves public services.

"I am personally happy to have an increase in council tax as proposed in the budget as long as it saves public services."

It was pointed out that there is a need to consider the long term impact of the proposed savings proposals and not just the short term financial benefit. Comments related to the potential impact of, for example, increased charges for bulky waste collection and how this would increase the amount of fly tipping seen and increased claims against the council if roads are not adequately maintained.

"I feel that charges for collecting settees, beds and other large items from householders will only lead to more unsightly fly tipping which must be very costly for the council to clean"

"reduce the Highways Maintenance budget as I wonder if it will result in an increase in claims against the Council for damage to vehicles due to poor road conditions; or to property as a result of flooding due to a reduction in the frequency of gully cleaning. Claims of this kind can be very costly."

"Overall there is insufficient risk assessment to assess the impact of these cuts. The proposed cuts seem a very short term view, that will in the longer term lead to either significantly higher costs, or extremely poor levels of service and asset condition."

Others expressed concern over a reduction in monitoring (air pollution, contaminated land and road condition) and the associated implications this may have for effective health and also for the targeting of limited resources on the future.

"If the reduction in highways maintenance is to go ahead, then the road condition monitoring budget should not be cut, consideration should be made to increasing it to ensure that the reduced maintenance resources are targeted effectively with good information."

Related to this there was concern that cuts will have a 'knock on effect' on service users and an impact on provision by other agencies. It was noted that services provided by the council can often be seen as "preventative". This was of particular concern in relation to health.

"Avoid those cuts that are likely to lead to pressures in other areas or on other services (particularly health services)"

"(reducing meals on wheels) could lead in the longer term to further isolation, poor health and increased demands on Social Care/Health Services"

There were a number of concerns relating to the public health and safety implications of reducing school crossing patrols, community safety warden posts, reducing winter maintenance and reducing the frequency of inspection of structures and roads.

Relating to the concerns about the most vulnerable in our communities and the need to protect frontline services, proposed cuts to Social Services raised most concern. Specific savings proposals that elicited a large number of comments under each area are noted below:

4.9 **Social Services, Public Safety and Corporate Policy**

Decommissioning the Stroke Association contract was of concern to a large number of people with responses from the Stroke Association, 63 residents, a local Assembly member and MP.

A formal response was also received from Age Concern.

4.10 **Education and Lifelong Learning**

There were strong feelings that any cuts to education budgets should be minimal and consideration should be given to the longer term implications of reducing maintenance budgets for schools.

4.11 **Regeneration and Planning, Community, Leisure and Housing**

There were mixed views on the introduction of rat treatment fees with some considering the charge to be more than reasonable, others concerned about the health implications where residents may not be able to afford payment.

There was a broad disagreement with any cuts to highways maintenance

"Overall I agree with the savings although cutting cost to the highways seem counter productive as the state of the roads are already in a poor state and this slows movement which cost companies in the long term."

Pontllanfraith Leisure Centre. There were mixed views over this proposal. Some considered this could offer a substantial saving whilst others were concerned about the impact on local residents. It is noted that a more in depth consultation exercise has taken place outside of the broader budget consultation.

Full details of the views expressed to this consultation are set out in the Appendices below and available by visiting the Council Website <http://www.caerphilly.gov.uk/budgetchallenge>

Appendices:

Appendix 1: Overview, survey analysis and feedback

Appendix 2: Draft Proposals

Appendix 3: Survey

Appendix 4: Stakeholder lists and methods of engagement

Appendix 5: Feedback from VPP meeting

Appendix 6: Digest of comments

Appendix 7: Voluntary Sector Liaison Committee Meeting notes

Appendix 8: Special Scrutiny Committee Meeting notes

5. EQUALITIES IMPLICATIONS

5.1 Due consideration was given to equalities in the methodology used and in the construction of the survey to ensure that all sectors of the community were given an opportunity to have their say. All consultation documentation was made available bilingually and in other printed formats on request.

The survey included equalities monitoring questions and a question specifically to seek the views of respondents on how the proposed changes would impact differently on those covered protected characteristics under the Equalities Act (2010).



SPECIAL POLICY AND RESOURCES SCRUTINY COMMITTEE

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH ON
MONDAY, 4TH DECEMBER 2017 AT 5.30 P.M.

PRESENT:

Councillor J. Pritchard - Chair

Councillors:

M. Adams, Mrs E.M. Aldworth, K. Etheridge, Mrs C. Forehead, L. Harding, G. Kirby,
J. Ridgewell, Mrs M.E. Sargent, L.G. Whittle

Cabinet Members:

C. Gordon (Corporate Services), Mrs B. Jones (Finance, Performance and Governance)

Together with:

S. Harris (Interim Head of Corporate Finance), R. Hartshorn (Head of Policy and Public Protection), L. Lucas (Head of Procurement), C. Forbes-Thompson (Interim Head of Democratic Services) and R. Barrett (Committee Services Officer)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor K. Dawson, Miss E. Forehead, C.P. Mann, Mrs D. Price (Vice Chair), R. Saralis and J. Taylor, together with Cabinet Member Mrs L. Phipps (Homes and Places).

2. DECLARATIONS OF INTEREST

Councillors M. Adams, C. Gordon and G. Kirby declared a personal interest in Agenda Item 3 (Draft Budget Proposals for 2018/19 – Pontllanfraith Leisure Centre) and Councillor J. Pritchard declared a personal interest in Agenda Item 4 (2018/19 Draft Savings Proposals for Corporate Services and Miscellaneous Finance). Details are minuted with the respective item.

REPORTS OF OFFICERS

Consideration was given to the following reports.

3. DRAFT BUDGET PROPOSALS FOR 2018/19

Councillors M. Adams, C. Gordon and G. Kirby declared a personal interest in respect of the proposals relating to Pontllanfraith Leisure Centre, being local ward members for the area and having spoken in opposition to the proposed closure. Councillor M. Adams stated that he did not have a closed mind in respect of the proposed closure. As the Committee were being asked for comments and there were no recommendations in relation to this proposal, these Members remained in the meeting during consideration of the item.

The report, which was presented to Cabinet on 15th November 2017, provided Members with details of draft budget proposals and draft savings proposals for the 2018/19 financial year, to allow for a period of consultation prior to a final decision in February 2018.

Members noted the headline issues in the WG Provisional 2018/19 Local Government Financial Settlement and the details of the draft budget proposals for 2018/19. The report detailed Whole Authority Cost Pressures (£8.867m), together with Inescapable Service Pressures and Other Service Commitments (£2.310m) and a 1% reduction in Welsh Government Funding equating to £2.965m for 2018/19 after adjusting for the transfer in of specific grants and for funding for new responsibilities. Additionally, the report outlined draft savings proposals for 2018/19 (£7.205m) and a proposed Council Tax Uplift of 4.52% (£2.999m) which will ensure that a balanced budget is deliverable for 2018/19. The draft budget proposals assume no growth for schools in 2018/19, and as there is no requirement in the Provisional Settlement to protect schools, they will be required to manage their own pay and non-inflationary increases in 2018/19 along with other emerging cost pressures.

The report outlined the financial pressures placed on service areas, in particular Social Services, arising from fee increases for external care providers and further demand in both Adult and Children's Services. As a result, the report proposed that a further £1.5m be allocated in the 2018/19 budget to meet these ongoing financial pressures. Members were also referred to the report appendices which summarised the savings proposals by Directorate/Service Area, together with the savings proposals that are likely to have an impact on the public. £4.682m of the proposed £7.205m savings are 'nil impact', consisting of vacancy management, budget realignment and minor changes to service provision.

Members were reminded of the Medium-Term Financial Plan presented to Council in February 2017, which showed a potential savings requirement of £22.161m for the three-year period 2019/20 to 2021/22, and assumed a cash flat position in terms of the WG Financial Settlement for each of these years. WG has now provided an all-Wales indicative reduction in Aggregate External Finance of minus 1.5% for 2019/20, which would increase the Council's savings requirement by a further £3.984m for 2019/20 alone. If this was replicated in 2020/21 and 2021/22 then further savings of £7.789m would be required. This would result in a total savings requirement of circa £34m for the three-year period 2019/20 to 2021/22 and presents further challenges moving forward in regards to the Authority's Medium-Term Financial Plan.

It was explained that the indicative reduction of 1.5% is being reviewed by WG following the Chancellor's Autumn Budget Statement and the Final 2018/19 Local Government Financial Settlement, due to be issued on the 20th December 2017, may include a revised indicative figure for 2019/20. An updated Medium-Term Financial Plan covering the period 2018/19 to 2022/23 will be presented to both Cabinet and Council in February 2018.

The Scrutiny Committee were invited to consider and comment on the Draft Savings Proposals for 2018/19.

Discussion took place regarding nil impact savings and Members queried why these had not been identified in previous years. Officers outlined the history of nil impact savings as part of the MTFP and explained that these have been significant in recent years due to the continued assessment of staffing levels and working practices across service areas. However, all the 'back office' options are now close to being exhausted and therefore the level of nil impact

savings will decrease in future years.

A Member referred to the increase in employer pension contributions (which form part of the Whole Authority Cost Pressures) and queried whether there could be a significant impact on the Council's pension fund as a result of increased life expectancy. Officers outlined the process in relation to the actuarial valuation of the pension fund and confirmed that longer life expectancy is a significant factor in increasing liabilities on the pension fund.

A number of queries were received regarding the Council's Private Finance Initiative (PFI) contracts for schools, which are currently subject to an ongoing review and which has been included in the 2018/19 inescapable service commitments/pressures. Members sought clarification on the costs and duration of these contracts and it was confirmed that these are due to run to 2033/34. Officers explained that the ongoing work with Local Partnerships may allow for potential flexibility across certain areas of the PFI contracts (such as catering and cleaning) which could enable savings to be made in these areas. Officers confirmed that all options will be examined as part of the ongoing review, which could include the consideration of early termination of the contracts. Members requested that they be kept informed of the outcome of the review.

In response to a Member's query, Officers provided an explanation of the possible "double count" in relation to the treatment of Free School Meals as part of the anticipated shortfall of £22m for the Schools PFI Sinking Fund. Members were advised that following completion of the review, a detailed report will be prepared confirming the specific reasons for the anticipated shortfall.

A Member queried whether the funds allocated under inescapable service commitments/pressures for the City Deal partnership revenue contribution (£60k) and City Deal debt charges would be sufficient to cover the potential costs. Officers explained that the 10 local authorities are currently working on the City Deal business plan and that this will clarify the financial commitment in the medium-term.

Concerns were expressed regarding the impact of a proposed 11.3% reduction in the Highways Maintenance budget, to include a reduction in the frequency of gully cleansing. Officers explained that detailed information would be contained in the report being presented at a special meeting of the Regeneration and Environment Scrutiny Committee on 13th December 2017 and that the concerns of Members would be highlighted at that meeting. Members also referred to the proposed deletion of two Community Safety Warden (CSW) posts and queried the number of staff in post. Officers confirmed that there are currently 9.8 FTE (full time equivalent) permanent posts, although 1.8 is vacant and has been offered up as an MTFP saving. 3 CSWs have been appointed in the year on fixed term contracts to cover the vacant posts.

Discussion took place regarding the proposal to reduce Air Quality and Contaminated Land Monitoring and Contractors. Officers confirmed that this proposal would reduce the resources associated with environmental monitoring. Members raised concerns that this proposal could have an impact on Air Quality Management Areas (such as Hafodyrynys) but Officers explained that monitoring at Air Quality Management Areas would be prioritised within remaining resources.

A Member suggested that it could be seen as inappropriate to include the proposed closure of Pontllanfraith Leisure Centre in the list of proposed savings, given that this item is currently the subject of a consultation exercise. Members were reminded that all the proposals contained within the report were in draft form only at the current time and would be subject to approval from Cabinet. Discussion also took place regarding the proposed introduction of a £20 charge for household rat treatments. It was confirmed that this would comprise of a single charge for multiple visits if required and there would be a reduction for those in receipt of means-tested benefits.

Having fully considered the report, Members unanimously agreed that the details of the draft budget proposals for 2018/19 be noted.

4. 2018/19 DRAFT SAVINGS PROPOSALS FOR CORPORATE SERVICES AND MISCELLANEOUS FINANCE

Councillor J. Pritchard declared a personal interest in respect of the savings proposals relating to the Greener Caerphilly Small Grants Fund, as the building where he works is a previous recipient of this funding.

Consideration was given to the report, which provided the Scrutiny Committee with details of the 2018/19 draft savings proposals for the Corporate Services Directorate and Miscellaneous Finance, and sought the views of Members prior to final 2018/19 budget proposals being presented to Cabinet and Council in February 2018.

It was explained that the proposed savings of £1,967k have been split into those with nil direct public impact and those with a low or medium public impact. The nil impact savings (£1,873k) consist mainly of vacancy management, budget realignment and minor changes to service provision, and details of these were outlined to the Scrutiny Committee. Members noted that the vacancy savings include a number of retirements across individual service areas where these posts will not be replaced. The remaining savings proposals (£94k) will impact on the public to varying degrees, and Officers summarised each of these as follows, with further details contained in the report:-

1. Customer First – Staffing Reduction - £80k (Public Impact: Low)
2. Corporate Policy – Reduction in Technical Assistance Budget- £4k (Public Impact: Low)
3. Corporate Policy – Reduction in Well-being budget - £10k (Public Impact: Low)

Members were referred to the report appendices which contained equalities impact assessments for the proposed reduction in the Technical Assistance and Well-being budgets. Further information was also tabled at the meeting which detailed footfall across Customer Services Offices, types of usage, and service requests received through the Contact Centre.

Discussion took place regarding the proposed staffing reduction within Customer First and Members sought clarification on the reasons for a significant drop in footfall across Customer Services Offices during 2016/17 and for 2017/18 to date. The Scrutiny Committee were reminded that as a result of the Customer Services Strategy agreed by Cabinet in April 2016, the Council is now seeing a much more flexible approach to customer interaction, and the service is now more planned and focused on customer outcomes and demands. An increasing amount of residents are now using online methods to contact the Council, and additional online services coupled with self-service and appointment booking will also be introduced in the next 12 months. Therefore less people are visiting Customer Services Centres or requiring face-to-face contact with staff.

In response to a Member's query, it was confirmed that all Customer Services staff are fully utilised across the service area and are working to their full capacity, and the Scrutiny Committee were asked to note that staff in face to face roles support the contact centre by answering calls remotely. .

Concerns were raised over whether the relocation of Blackwood Customer Services from the Market Place in the town centre to the Blackwood Library site has contributed to a decline in footfall numbers. Officers reiterated the changes to the service since the relocation in 2015, including an increase in online contact and improved access to flexible payment methods, which have contributed to a decrease in visitor numbers.

Members were advised that Officers, in consultation with the Leader and Cabinet Member for

Corporate Services, will be examining the way that services are delivered and whether these can be more effectively delivered in a different way. These will include examining the use of libraries across the county borough to determine whether additional services can be delivered from these sites. Reference was made to the use of hubs and one-stop shops in other parts of the UK that allow users to access a variety of services in one place (such as doctors' surgeries and housing offices), and it was explained that consideration would be given to how a similar type of service could be implemented within Caerphilly county borough. Particular emphasis was placed on the need for the Council to consider smarter (more digital) ways of working with regards to Customer Services in the future.

Queries were received regarding the user location for Customer Services Offices and their potential travel distances to an alternative site if their preferred location is closed. Officers explained that they do not hold travel data for customers but that an appointments system is offered to the public to ensure that they are receiving the correct service and to avoid unnecessary or lengthy journeys.

Discussion also took place regarding the proposals to reduce the Technical Assistance and Well-being budgets within Corporate Policy. Arising from this, a Member queried whether underspends had contributed to the proposed budget reduction for the Community Regeneration Fund. It was confirmed that the Fund has a recent history of underspends arising from a lack of match funding applications and that further information would be made available in the report being presented to the special meeting of the Regeneration and Environment Scrutiny Committee on 13th December 2017. Clarification was also sought on funding levels in respect of the Greener Caerphilly Small Grants scheme. Officers explained that this is difficult to define as it is dependent on applicant match funding on a £1 for £1 basis, but that only £5k was awarded externally during 2016/17.

A Member suggested that it would be useful for a Members' Seminar to be arranged combining the outcome of the discussions from all the special Scrutiny Committee meetings on the 2018/19 draft savings proposals. Officers confirmed that arrangements would be made to progress this in due course.

Having fully considered the report, Members noted the details of the 2018/19 draft savings proposals for Corporate Services and Miscellaneous Finance.

The meeting closed at 6.39 p.m.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 16th January 2018, they were signed by the Chair.

CHAIR



SPECIAL EDUCATION FOR LIFE SCRUTINY COMMITTEE

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH ON
THURSDAY, 7TH DECEMBER 2017 AT 5.30 P.M.

PRESENT:

Councillor W. David - Chair

Councillors:

A. Collis, S. Cook, A. Farina-Childs, D.T. Hardacre, D. Havard, M.P. James, Mrs B. Miles,
Mrs T. Parry, R. Whiting

Cabinet Member:

P. Marsden (Cabinet Member for Education and Achievement)

Co-opted Members:

Mr D. Davies (Caerphilly Governors Association), Mrs J. Havard (NUT), Mr R. Morgan (Parent Governor)

Together with:

K. Cole (Chief Education Officer), S. Harris (Interim Head of Corporate Finance), S. Richards (Interim Head of Planning, Strategy and Resources), S. Ellis (Lead for Inclusion and ALN), G.H. Evans (Senior Manager Libraries), J. Southcombe (Finance Manager – Education and Lifelong Learning and Schools), L. Thomas (Acting Senior Manager Libraries), C. Forbes-Thompson (Interim Head of Democratic Services) and R. Barrett (Committee Services Officer)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Mrs C. Andrews, J. Bevan, P.J. Bevan, Mrs G. D. Oliver, J.E. Roberts, and R. Saralis, together with Mr M. Barry (Parent Governor) and Mr M. Western (Cardiff ROC Archdiocesan).

2. DECLARATIONS OF INTEREST

There were no declarations of interest received at the commencement or during the course of the meeting.

REPORTS OF OFFICERS

Consideration was given to the following reports.

3. DRAFT BUDGET PROPOSALS FOR 2018/19

The report, which was presented to Cabinet on 15th November 2017, provided Members with details of draft budget proposals and draft savings proposals for the 2018/19 financial year, to allow for a period of consultation prior to a final decision in February 2018.

Members noted the headline issues in the WG Provisional 2018/19 Local Government Financial Settlement and the details of the draft budget proposals for 2018/19. The report detailed Whole Authority Cost Pressures (£8.867m), together with Inescapable Service Pressures and Other Service Commitments (£2.310m) and a 1% reduction in Welsh Government Funding equating to £2.965m for 2018/19. Additionally, the report outlined draft savings proposals for 2018/19 (£7.205m) and a proposed Council Tax Uplift of 4.52% (£2.999m) which will ensure that a balanced budget is deliverable for 2018/19. The draft budget proposals assume no growth for schools in 2018/19, and as there is no requirement in the Provisional Settlement to protect schools, they will be required to manage their own pay and non-inflationary increases in 2018/19 along with other emerging cost pressures.

The report outlined the financial pressures placed on service areas, in particular Social Services, arising from fee increases for external care providers and further demand in both Adult and Children's Services. As a result, the report proposed that a further £1.5m be allocated in the 2018/19 budget to meet these ongoing financial pressures. Members were also referred to the report appendices which summarised the savings proposals by Directorate/Service Area, together with the savings proposals that are likely to have an impact on the public. £4.682m of the proposed £7.205m savings are 'nil impact', consisting of vacancy management, budget realignment and minor changes to service provision.

Members were reminded of the Medium-Term Financial Plan presented to Council in February 2017, which showed a potential savings requirement of £22.161m for the three-year period 2019/20 to 2021/22, and assumed a cash flat position in terms of the WG Financial Settlement for each of these years. WG has now provided an all-Wales indicative reduction in Aggregate External Finance of minus 1.5% for 2019/20, which would increase the Council's savings requirement by a further £3.984m for 2019/20 alone. If this was replicated in 2020/21 and 2021/22 then further savings of £7.789m would be required. This would result in a total savings requirement of circa £34m for the three-year period 2019/20 to 2021/22 and presents further challenges moving forward in regards to the Authority's Medium-Term Financial Plan.

It was explained that the indicative reduction of 1.5% is being reviewed by WG following the Chancellor's Autumn Budget Statement and the Final 2018/19 Local Government Financial Settlement, due to be issued on the 20th December 2017, may include a revised indicative figure for 2019/20. An updated Medium-Term Financial Plan covering the period 2018/19 to 2022/23 will be presented to both Cabinet and Council in February 2018.

The Scrutiny Committee were invited to consider and comment on the Draft Savings Proposals for 2018/19.

A Member referred to the 1.8% increase (£1.973m) in the Aggregate External Finance as detailed in the report and queried how this equated to a net cash reduction of 1% (£2.965m) compared to 2017/18. Officers provided a further explanation of how the transfer in of specific grants and new responsibilities and changes to other passported grants has resulted in this overall cash reduction.

In response to discussion regarding the proposed Council Tax Uplift of 4.52%, Officers explained that each 1% equates to a value of around £0.5m and that should Members be minded to reduce the level of the proposed uplift, this would lead to the Authority having to

find an additional £0.5m in savings elsewhere for each 1% reduction.

Clarification was sought on the details of the Private Finance Initiative (PFI) review included in the 2018/19 inescapable service commitments/pressures and the anticipated shortfall of £22m for the Schools PFI Sinking Fund. Officers explained that this review is ongoing and at its conclusion a detailed report will be prepared confirming the specific reasons for the anticipated shortfall. In response to a Member's query, it was explained that the £22m is a cumulative figure for the remaining life of the PFI contracts. A query was also received regarding the changes in the payment profile for the Schools PFI Sinking Fund, which has led to the projected interest on balances being circa £7.1m less than originally anticipated. Officers explained that the changes to the payment profile reflect actual payments made to date against those that were anticipated at the outset. This has resulted in balances being lower than originally projected which has impacted on investment income.

It was confirmed that the minutes from the Special Scrutiny Committee meetings, incorporating the views and comments of Members on the draft budget proposals, would be appended to the final 2018/19 budget report being presented to both Cabinet and Council in February 2018. Members were also advised that a Members' Seminar is in the process of being arranged for January 2018 to enable all Members to be briefed on the Final 2018/19 Local Government Financial Settlement and to provide a further opportunity for views to be expressed and shared and for questions to be raised.

Having fully considered the report, Members unanimously agreed that the details of the draft budget proposals for 2018/19 be noted.

4. MEDIUM TERM FINANCIAL PLAN – SAVINGS PROPOSALS FOR 2018/19

Consideration was given to the report, which provided details of the Education Directorate's 2018/19 savings proposals to support the Authority's Medium Term Financial Plan, and sought the views of the Scrutiny Committee on the range of these proposals. Members' support was also sought regarding a future report to Cabinet, on the use of £830k of Local Management of Schools (LMS) contingency balances towards the maintenance of school buildings for a period of 3 years.

It was explained that the proposed savings of £1.381m have been split into those with nil direct public impact and those with a low or medium public impact. The nil impact savings (£802k) consist mainly of vacancy management, budget realignment and minor changes to service provision, and the remaining savings proposals (£579k) will impact on the public to varying degrees. Officers summarised each of the public impact proposed savings as follows, with further details contained in the report:-

1. Library Book Fund Reduction £25k (Public Impact: Low);
2. Maintenance of School Buildings - 50/50 Funding with Schools £333k (Public Impact: Medium);
3. SPLD Teachers Team (Specific Learning Difficulties) – Removal of Vacant Posts - £66k (Public Impact: Medium);
4. School Improvement Initiatives – Budget Reduction - £120k (Public Impact: Medium);
5. Libraries – Removal of Newspapers and Reduction in Online Subscriptions - £20k (Public Impact: Medium);
6. Youth Service – Reduction in Contribution to GAVO for Holiday Scheme Co-Ordinator - £15k (Public Impact: Medium).

Members were also referred to the report appendices which contained an equalities impact assessments for each of the 2018/19 savings proposals that are expected to have an impact on the public.

In view of the proposals in relation to School Improvement Initiatives and the Maintenance of

School Buildings (50/50 Funding), discussion took place regarding the current condition of school buildings. Officers explained that the overall condition of buildings are mixed but that building surveys are currently underway which will provide an updated overview of the situation when completed. Clarification was sought on the type of emergency situations that could allow funding to be accessed from reserves. Officers explained that in addition to the 50/50 project, the Council has alternative funds to deal with emergency works such as boiler repairs/replacements. It was explained that although there is insufficient funding to bring school buildings up to Category A or B standard, the Council is managing well in regards to maintenance requirements and will continue to prioritise areas such as fire risk and health and safety works.

Concerns were raised regarding the removal of the budget for the Maintenance of School Buildings (50/50 Funding), given that the utilisation of £830k of LMS contingency balances towards the maintenance of school buildings is only for a period of 3 years and there may be no alternative funding once this period has lapsed. Members expressed a need for continued investment and improvement across all existing schools in order to provide a suitable learning and teaching environment. It was also suggested that it might have been beneficial to seek Cabinet approval for this proposal ahead of it being presented to the Scrutiny Committee, in order to reassure Members that this funding has been secured. Officers explained that this proposal will form part of the recommendations within the Medium Term Financial Plan report being presented to Cabinet and Council in February 2018.

A Member also queried whether there were sufficient funds in the LMS contingency balances to allow their use towards the maintenance of school buildings. Officers explained that these balances are currently in the region of £2m, which have accrued over a number of years, and have not been accessed on a regular basis to date. Therefore a sizeable balance would still remain if a portion of this funding were to be utilised for school maintenance, and Officers will give further examination to its use over the next few years.

Queries were received in respect of the proposal to remove vacant posts from the SPLD Team. A Member queried the number of children supported by the team, and Officers explained that they did not have this information to hand but could arrange to circulate details to Members following the meeting. It was confirmed that the Council have been able to build up a large team of staff to provide early intervention in such cases, and assurances were given that the team have adequate staffing levels in place to cover all statutory requirements.

The Member queried the waiting time for cases to be dealt with (from when first identified by the school). Officers explained that there is no waiting list due to the way these are allocated, but that timescales can vary depending on how the school prioritises such cases and that regular meetings are held between schools and the local authority to ensure that they are receiving the necessary support. The same Member also queried the impact of the behaviour by children (who are supported by SPLD) upon other children in the school. Officers explained that work is ongoing across local authorities in relation to how schools manage such cases, and that the Council places a focus on assessing the impact across a number of other areas, in addition to Specific Learning Difficulties. Officers confirmed that they would arrange to circulate further information to the Scrutiny Committee in regards to the queries raised by the Member. Members were also reminded of the need to protect statutory elements of Learning, Education and Inclusion and of the Council's excellent track record in relation to pupil intervention. It was explained that moving forward; a forum will be arranged between schools and the Authority to provide an avenue for teachers of pupils with Additional Learning Needs.

A Member queried why the proposal to remove vacant SPLD posts had been classed as a medium impact, given that there are no consequences anticipated for children/young people with the most complex needs. Officers explained that this is because schools have become accustomed to the support provided by the discretionary element of the service and there could be an impact on this support if there were a significant increase in the number of referrals.

Discussion took place regarding the savings proposals in relation to libraries and concerns were raised that the proposal to reduce the Library Book Fund might have an impact in relation to the upholding of Welsh Language Standards. Officers explained that the Council have access to a wide range of resources through other avenues such as the shared "Books4U" scheme and that they did not anticipate this proposal would have a significant impact on the provision of Welsh language materials. Members were also advised that Library Services currently purchase every book title that is produced in the Welsh Language. In addition, Officers explained that the Council would be able to approach establishments such as the British National Library for hard-to-find books if these could not be sourced via the normal routes.

Members expressed their disappointment regarding the proposed removal of hard copy newspapers from libraries. Officers acknowledged the strength of feeling against this proposal but reiterated the need for savings to be made, and emphasised that most publications are available in online form and can be accessed via the computers located in all Council libraries. It was confirmed that library staff will be on hand to help users access this online content and there will be a two month transitional period prior to the withdrawal of the hard copies whereby library users will be encouraged to use the online resources. In addition, the Council runs a number of schemes across its libraries (such as Digital Fridays) to help users develop their computer skills. The Council are also in discussion with a national free daily newspaper to determine whether they can supply copies of their publication to libraries.

In closing, the Cabinet Member for Education referred to the difficult decisions that needed to be made at the present time and in the near future regarding the savings proposals. She also requested that her thanks to the presenting Officers be placed on record for the professional way in which they had prepared the proposals.

Following consideration of the proposals in the report, it was moved that recommendation 10.1 be amended, in that the removal of vacant posts within the SPLD team and the budget reduction for School Improvement Initiatives be not supported. This motion was not seconded.

In taking both of the recommendations separately, with regard to recommendation 10.1, it was agreed that the proposals detailed in the report be supported. By a show of hands (and in noting there was 1 against and 1 abstention), this was agreed by the majority present.

A Member queried the feasibility of increasing the proposed level of funding for the LMS contingency balances (from £830k to £999k) and Officers expressed the need for caution in this area in view of the potential financial uncertainty in future years. The Member then moved an amendment to recommendation 10.2 of the report, in that the proposed level of funding for the LMS contingency balances be increased from £830k to £999k. This motion was not seconded.

It was moved and seconded that recommendation 10.2 of the report (the use of £830k of LMS contingency balances towards the maintenance of school buildings for a period of 3 years) be supported. By a show of hands (and in noting there were 2 abstentions), this was agreed by the majority present.

RESOLVED that for the reasons contained in the Officer's report:-

- (i) the draft savings proposals for 2018/19 for the Education Directorate be supported;
- (ii) proposals for the use of £830k of LMS contingency balances towards the maintenance of school buildings for a period of 3 years be supported and a report be presented to Cabinet accordingly.

The meeting closed at 6.44 p.m.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 9th January 2018, they were signed by the Chair.

CHAIR



SPECIAL REGENERATION AND ENVIRONMENT SCRUTINY COMMITTEE

**DRAFT MINUTES OF THE MEETING HELD AT PENALLTA HOUSE ON WEDNESDAY
13TH DECEMBER 2017 AT 5.30PM.**

PRESENT:

Councillor D.T Davies - Chair
Councillor Mrs C. Forehead - Vice Chair

Councillors:

C. Elsbury, Mrs C. Forehead, R.W. Gough, A. Hussey, S. Kent, A. Whitcombe, T.J. Williams, W. Williams and B. Zaplatynski.

Cabinet Members:

N. George (Neighbourhood Services), S. Morgan (Economy, Infrastructure and Sustainability) and Mrs E. Stenner (Environment and Public Protection).

Together with:

C. Harrhy (Corporate Director Communities), S. Harris (Interim Head of Corporate Finance), P. Hudson (Marketing and Events Manager), M. Lloyd (Head of Programmes), M.S. Williams (Head of Community and Leisure), A. Bolter (Business and Support Funding Manager) and E. Sullivan (Interim Scrutiny Officer).

1. APOLOGIES

Apologies for absence were received from Councillors J. Bevan, A.G. Higgs, J. Ridgewell, J. Scriven and G. Simmonds.

2. DECLARATIONS OF INTEREST

There were no declarations of interest received at the commencement or during the course of the meeting.

REPORTS OF OFFICERS

Consideration was given to the following reports:-

3. DRAFT BUDGET PROPOSALS FOR 2018/19

Mr S. Harris (Interim Head of Corporate Finance) introduced the report which was presented to and approved by Cabinet at its meeting on the 15th November 2017. It detailed the draft budget proposals for the 2018/19 financial year and as part of the consultation process the savings proposals contained therein were being presented to scrutiny committees for their consideration and comment.

In order to provide some financial context Mr Harris outlined the key elements of the Welsh Government Provisional 2018/19 Local Government Financial Settlement. Members were referred to the Transfers In and New Responsibilities and were advised that after adjusting for these Caerphilly would face a net cash reduction of £2.965m compared to the 2017/18 financial year. Changes to other Passported Grants were detailed within section 4.1.3 and resulted in a net reduction of £0.473m. An All-Wales indicative reduction in Aggregate External Finance of minus 1.5% has been provided by Welsh Government (WG) for the 2019/20 financial year and capital allocations available in the RSG and from the General Capital Grant have decreased by £64k from the 2017/18 financial year.

It was noted that a Council Tax increase of 4.52% would be required for the proposals under consideration to achieve a balanced budget. The proposals also assume a no growth or cash flat position for Schools. Schools would be required to manage their own pay and non-pay inflationary increases along with any other emerging cost pressures which in effect equated to a real terms cut of 1.68%. Mr Harris confirmed that £7.205m of savings would need to be delivered across the other services areas within the Council which equated to 3.24% of current budgets.

In terms of cost pressures, Members were advised that a proposed £1.5m would need to be allocated to Social Services in the 2018/19 budget to fund increases in fees for external care providers. This was due to the introduction of the National Living Wage and additional costs arising from increased demand for services including child placements.

Members were referred to section 4.3 of the report which detailed savings proposals with no public impact which had the potential to achieve £4.692m of savings, low public impact savings of £1.218m and medium public impact savings of £1.305m. It was explained that no impact savings were derived from vacancy management, budget realignment and minor changes to service provision.

In conclusion Mr Harris summarised the outlook for future years and drew Members attention to a potential savings requirement of £22.161m for the three-year period 2019/20 to 2021/22 and advised that this assumed a cash flat position in term of the WG Financial Settlement for each of these years. Changes to this position would therefore directly impact on the savings requirements from Caerphilly County Borough Council going forward. For example should the minus 1.5% reduction for 2019/20 be replicated in 2020/21 and 2021/22 further savings of £7.789m would be required. The Officer confirmed that a seminar would be held week commencing the 8th January 2018 to help Members bring together common themes and provide alternative savings proposals.

The Chair thanked the Officer and the Corporate Director of Communities for the report and Members questions and comments we welcomed as part of the consultation process.

Members agreed that they would provide comment only on those proposals within the remit of this committee's terms of reference as detailed within the 2018/19 Draft Savings Proposals for the Communities Directorate (Agenda Item No. 4). Members who expressed concerns in relation to savings lying within the remit of the Health Social Care and Wellbeing (HSCWB) Scrutiny Committee agreed to bring those forward at the aforementioned seminar. Councillor D.T. Davies and Councillor P. Leonard expressed their intention to speak at the special HSCWB scrutiny committee meeting on the 15th December 2018 in relation to Rat Treatment Fees, the deletion of two vacant Community Safety Warden Posts and the Decommissioning of the Age Concern Hospital Discharge contract.

Having fully considered its content it was moved and seconded that the report be noted and by show of hands this was unanimously agreed.

RESOLVED that the Draft Budget Proposals for 2018/19 be noted.

4. 2018/19 DRAFT SAVINGS PROPOSALS FOR THE COMMUNITIES DIRECTORATE

Mrs C. Harrhy, Corporate Director Communities introduced the report with detailed the 2018/19 draft savings proposals for the Communities Directorate. The Directorate which delivered the majority of the front line services provided within the borough was comprised of four divisions, namely Community and Leisure Services, Engineering, Regeneration and Planning and Housing.

Members were advised that the savings proposed had been categorised by public impact and totalled £817,000 from Community and Leisure Services, £888,000 from Engineering Services and £454,000 from Regeneration and Planning. Full details of the savings proposals were appended to the report and included Equality Impact Assessments.

The Chair thanked the Corporate Director for the report and referred Members to its appendices it was agreed that the proposals would be considered by directorate.

Engineering Services Division

Mr M. Lloyd, Acting Head of Engineering Services introduced the proposed savings relating to the Engineering Services Division and highlighted those with low to medium public impact.

Members were advised that this division had proposed 12 savings which had been deemed to have a 'low' impact on the public which included traffic management and maintenance. There were 3 proposed 'medium' impact savings in relation to a reduction in the Highways Maintenance Budget achieving a saving of £110.4k, a reduction in Carriageway Surface Dressing/Resurfacing saving £310k and finally a reduction in scheduled Gully Cleansing and vehicles saving £107k.

Clarification was sought in relation to the Consultancy/Road Survey Budget Reduction proposal and whether this related to road condition reports. The Officer confirmed that this related to data required to meet Welsh Government performance indicators rather than road condition reports.

With regard to the proposed saving detailed at 3 (1) of Appendix 2, Reduction in the Highways Maintenance budget, concern was expressed about the long term impact of reducing safety fencing, general maintenance, footway surfacing, culvert inspections and tip maintenance and the potential for far greater cost in the future. A Councillor asked if consideration could be given to withdrawing financial support for non-essential events such as the Velathon, and reinvesting said sums into front-line services. The Officer accepted there could be long-term implications from the proposed savings should reductions continue over time and the risks had been identified within the report. It was acknowledged that doing less over time would have an impact on the condition of the borough's roads and there would be a tipping point when the planned maintenance reduction would be overtaken by the increased need for reactive maintenance.

Mention was made to the City Deal and the impact a reduction in road maintenance could have on public transportation routes, which might be changed or have increased use as a result of the project. The Member felt that the impact of reducing maintenance and repairs could impact the future viability of the borough as road conditions deteriorate.

Concerns were also expressed in the relation to saving 3(3), Scheduled Gully Cleansing and the reduction in the frequency and the loss of one vehicle, primarily the increased risks of flooding during periods of inclement weather when debris could quickly cause blockages. The Officer explained that the cleansing programme would be priority based but the saving would mean 24% less coverage so the public would see an impact.

In relation to the Winter Maintenance Budget and the proposed utilisation of weather forecasting models to target gritting schedules, Members requested clarification on the level of accuracy that could be achieved using such models. The Officer outlined the nature of the forecasting banding systems and how they would be used to target gritting during periods of inclement weather. He advised that these systems provided more specific data obtained in 'real time' from various weather stations positioned at different heights throughout the borough. Using this data, areas at risk can be quickly identified and teams immediately pulled in to get the salt put down.

Reference was made to the suggested savings relating to School Crossing Patrol provision and Members asked if volunteers could be used to continue the service. It was explained that the service would only be discontinued at the retirement of the current post holder. It was noted that there were certain HR issues in relation to paid/unpaid persons holding the same post and there were also criteria compliance implications that would need to be adhered to. However Officers were aware that certain authorities in England had used volunteers and confirmed that a further piece of work was being undertaken with HR and Health and Safety colleagues in this regard, although this was at a very early stage.

Concerns were express with regard to the proposed reduction in the Traffic Signals Maintenance budget and the impact that breakdowns could have on road safety. Officers confirmed that the £7000 saving would be achieved by changing the approach to maintenance for before life expired to life expired and confirmed that there may be times when traffic signals would be out of action. Members questioned the relatively small amount of savings that could be achieved compared to the possible risks.

Members were reminded that should this saving not be supported then alternative efficiencies would need to be found.

It was suggested that in order to safeguard essential services a reduction in the number of festivities or tourism events which are supported by the Council and incur additional expenditure be considered.

Reference was made to the reduction in relation to Tree Maintenance and a report recently presented to this committee which sought permission to make increase to the service, which now seemed to be contradicted by this proposal. Mrs Harray acknowledged this disparity and confirmed that she would seek further clarification.

In terms of the proposed reduction in Tips Maintenance further detail was sought as to how the inspection process would now be taken forward. Members were advised that going forward inspections would be carried out remotely using drones. The drone would provide a detailed 3D image of the tip being surveyed; this image would then be overlaid on previous surveys to present an accurate topographical depiction of the tip highlighting any changes.

Members asked if there would be capacity to continue a reduced manual inspection process to follow-up on the drone technology and it was acknowledged that the drone data might well identify the need for such inspections and if so working practices could be revisited.

Following consideration of the Engineering Services Division 2018/19 draft savings proposals it was moved and seconded that the aforementioned comments and concerns be presented to Cabinet as part of the consultation process and by show of hands this was unanimously agreed.

Regeneration and Planning Division

Mrs C. Harrhy, Corporate Director Communities introduced the proposed savings relating to the Regeneration and Planning Division and highlighted that the Division had proposed four savings that had been deemed to have a low impact on the public.

Members were advised that those savings related to a reduction in the Community Regeneration Grant by £137,000, a reduction in the Business Grants Budget by £12,000, a review of the events at Llancaiach Fawr saving £10,000 and finally a reduction in the Publicity and Promotion Budget by £7,000.

In relation to the Community Regeneration Grant a Member referenced difficulties community and voluntary groups had in drawing down funding from the grant and expressed concern that valuable local projects could be lost as a result of further cuts. Officers agreed to look at the detail to establish if changes were required in order to make application process and criteria more accessible, however this would take some time to take forward.

Reference was made with regard to Llancaiach Fawr and it being closed on Monday's which meant that the opportunity for Bank Holiday revenue is lost. Officers confirmed that opening the facility on Bank Holidays was not cost effective due to the increased staffing costs needed. Members argued that not providing a tourism venue during a time when visitor numbers could be maximised made no sense and asked if costs could be offset by revising provision during other weeks of the year.

Members' referenced the proposed reduction in the publicity and promotion budget as it related to Town Centre Management marketing and referred to the wider events held throughout the borough and the cost against income generation was discussed. Members noted supplementary information requested by the Chair and tabled at the meeting in relation to the contributions made by Town and Community Council to events. Members noted the disparity in terms of the financial supported contributed by the various Town and Community Councils and agreed that if the current scheduled of events were to continue this support would need to be revisited in order to reduce the financial burden on the Authority. Members agreed that they would like to explore the possibility of reducing the number of events supported by the Council, which are non-essential, if it would secure essential front line services.

Mrs Harrhy in noting the concerns raised advised that Officers would be looking at a fundamental review of the events framework and asked if Members would like to consider adding this to their forward work programme as their input would be very valuable to the process. Members agreed that they would welcome a report reviewing the Event Framework and request that feedback be provided to this committee on possible timeframe for its inclusion on the forward work programme.

Following consideration of the Regeneration and Planning Division 2018/19 draft savings proposals and it was moved and seconded that the aforementioned comments and concerns be presented to Cabinet as part of the consultation process and by show of hands this was unanimously agreed.

Community and Leisure Services Division

Mr M.S. Williams, Head of Community and Leisure introduced the proposed savings for the Community and Leisure Services Division and highlighted that the Division had proposed 2 low impact savings and two medium impact savings.

Low impact savings related to the changing of the fee structure for the Caerphilly Adventures Service, generating £20,000 of income and the introduction of an administration fee for Duty of Care Waste Transfer Notes for commercial waste customers which would again raise an additional £20,000 in income.

In relation to the Caerphilly Adventures Services the Officer confirmed that there had been no increase in charges for the last 10 years and the proposed increase would bring fees into line with the current marketplace. Members were advised of a potential impact on other CCBC services such as EOTAS provision and therefore it is proposed that this consideration be taken into account when EOTAS provision is reviewed. The potential move of the service to Cwmcarn Forest Drive would also provide opportunities to increase private sector income generation.

The introduction of a £20 annual fee per customer for the Duty of Care Waste Transfer Notes was in line with that of private sector companies and although there might be a small risk that customers might choose to move their business they may be facing a similar charge with a different waste provider.

Medium impact savings related to the introduction of charges for all bulky household items generating an estimated additional income of £50,000 and the closure of the Pontllanfraith Leisure Centre project to make savings of £81,000 per annum.

Members expressed concern with regard to the charge across the board for bulky waste items and queried whether consideration had been given to means testing the provision in order to safeguard pensioners and those on low incomes. The Officer explained that the introduction of a 'means test' system would add a layer of bureaucracy to the process incurring additional administration costs.

Further concerns were expressed that this might lead to an increase in fly-tipping and Officers accepted that this was a potential risk however the operating models of other Councils with similar charging structures had been looked at and they had not experienced significant increases in fly-typing.

Concerns were also expressed that the proposed increase in charges contained within the MTFP proposals would have the greatest impact on those on low incomes, single parents, and pensioners. The Officer reminded Members that there was a current charging structure in place for bulky items; this proposal would only incorporate beds and 3 piece suites into this charging structure while also slightly increasing fees.

Members agreed that given the decision of Cabinet and the discussions at two previous scrutiny committee meetings with regard to the closure of the Pontllanfraith Leisure Centre this proposed saving would be noted without further comment.

Following consideration of the Community and Leisure Services Division 2018/19 draft savings proposals, it was moved and seconded that the aforementioned comments and concerns be presented to Cabinet as part of the consultation process and by show of hands this was unanimously agreed.

'Nil Impact'

Following consideration of the 'nil' impact proposals for the Communities Directorate, as listed in Appendix 4 of the report it was moved and seconded that they be noted and by show of hands this was unanimously agreed.

The meeting closed at 18:45p.m.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 13th February 2018, they were signed by the Chair.

CHAIR



SPECIAL HEALTH SOCIAL CARE AND WELL BEING SCRUTINY COMMITTEE - 18TH DECEMBER 2017

DRAFT MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH
ON MONDAY, 18TH DECEMBER 2017 AT 5.30 P.M.

PRESENT:

Councillor L. Binding – Chair
Councillor Ms J. Gale – Vice Chair

Councillors:

A. Angel, Mrs C. Bezzina, Mrs D. Cushing, M. Evans, Ms A. Gair, D. Harse, V. James, J. Simmonds and S. Skivens.

Cabinet Member:

C. Cuss (Social Care and Well Being) and Mrs E. Stenner (Environment and Public Protection)

Co-opted Members:

Ms J. Lawton and Mrs M. Jones

Together with:

D. Street (Corporate Director – Social Services), R. Hartshorn (Head of Public Protection), S. Harris (Interim Head of Corporate Finance), G. Jenkins (Assistant Director – Children's Services), J. Williams (Assistant Director – Adult Services), C. Forbes-Thompson (Interim Head of Democratic Services) and C. Evans (Committee Services Officer)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Ms E. Forehead, L. Jeremiah, B. Owen, C. Thomas and C. Luke (Co-opted Member).

2. DECLARATIONS OF INTEREST

There were no declarations of interest received at the commencement or during the course of the meeting.

REPORTS OF OFFICERS

Consideration was given to the following reports.

3. DRAFT BUDGET PROPOSALS FOR 2018/19

The report, which was presented to Cabinet on 15th November 2017, provided Members with details of draft budget proposals and draft savings proposals for the 2018/19 financial year, to allow for a period of consultation prior to a final decision in February 2018.

Members noted the headline issues in the WG Provisional 2018/19 Local Government Financial Settlement and the details of the draft budget proposals for 2018/19. The report detailed Whole Authority Cost Pressures (£8.867m), together with Inescapable Service Pressures and Other Service Commitments (£2.310m) and a 1% reduction in Welsh Government Funding equating to £2.965m for 2018/19. Additionally, the report outlined draft savings proposals for 2018/19 (£7.205m) and a proposed Council Tax Uplift of 4.52% (£2.999m) which will ensure that a balanced budget is deliverable for 2018/19. The draft budget proposals assume no growth for schools in 2018/19, and as there is no requirement in the Provisional Settlement to protect schools, they will be required to manage their own pay and non-inflationary increases in 2018/19 along with other emerging cost pressures.

The report outlined the financial pressures placed on service areas, in particular Social Services, arising from fee increases for external care providers and further demand in both Adult and Children's Services. As a result, the report proposed that a further £1.5m be allocated in the 2018/19 budget to meet these ongoing financial pressures. Members were also referred to the report appendices which summarised the savings proposals by Directorate/Service Area, together with the savings proposals that are likely to have an impact on the public. £4.682m of the proposed £7.205m savings are 'nil impact', consisting of vacancy management, budget realignment and minor changes to service provision.

Members were reminded of the Medium-Term Financial Plan presented to Council in February 2017, which showed a potential savings requirement of £22.161m for the three-year period 2019/20 to 2021/22, and assumed a cash flat position in terms of the WG Financial Settlement for each of these years. WG has now provided an all-Wales indicative reduction in Aggregate External Finance of minus 1.5% for 2019/20, which would increase the Council's savings requirement by a further £3.984m for 2019/20 alone. If this was replicated in 2020/21 and 2021/22 then further savings of £7.789m would be required. This would result in a total savings requirement of circa £34m for the three-year period 2019/20 to 2021/22 and presents further challenges moving forward in regards to the Authority's Medium-Term Financial Plan.

It was explained that the indicative reduction of 1.5% is being reviewed by WG following the Chancellor's Autumn Budget Statement and the Final 2018/19 Local Government Financial Settlement, due to be issued on the 20th December 2017, may include a revised indicative figure for 2019/20. An updated Medium-Term Financial Plan covering the period 2018/19 to 2022/23 will be presented to both Cabinet and Council in February 2018.

Having fully considered the report, Members unanimously agreed that the details of the draft budget proposals for 2018/19 be noted.

4. 2018/19 DRAFT SAVINGS PROPOSALS FOR SOCIAL SERVICES AND PUBLIC PROTECTION

Consideration was given to the report, which provided details of the 2018/19 draft savings proposals for Social Services and Public Protection and sought the views of the Scrutiny Committee prior to final 2018/19 budget proposals being presented to Cabinet and Council February 2018.

At its meeting on the 15th November 2017, Cabinet was presented with details of draft revenue budget proposals for the 2018/19 financial year, including savings proposals across the Council amounting to £7,205k.

The Committee noted that, as in previous years, the savings proposals that are not expected to have an impact on the public have been consolidated into a single line for each service area. These 'nil impact' savings consist in the main of vacancy management, budget realignment and minor changes to service provision.

The Corporate Director- Social Services provided the Committee with an overview of the review of the Voluntary Sector Contracts, which referred to Social Services. It was noted that each of the contracts have been considered carefully in line with the implementation of the Social Services & Well-Being (Wales) Act 2014, which means that people should be sign-posted via the Council's Information, Advice & Assistance Team to promote their independence and choice and to control their own needs.

The Committee discussed the proposal to decommission the Hospital Discharge Contract, which is currently held by Age Concern to achieve a saving of £46k. It was noted that the contract is currently run jointly with Health and provides services to relatively low numbers of people receiving non-statutory services for a short period of time. The current contract comes to an end in March 2018. The impact on the public will be in relation to people being discharged from hospital would be mitigated via the provision of information, advice and assistance including literature being produced by Health. Members noted that CCBC provide a 30% funding contribution to the service, and should this be withdrawn, the Health Service may look to continue the service and retender. Following discussion, it was agreed that further information be sought on the impact of withdrawing CCBC funding for this service and the impact on current users.

Members discussed the proposal to decommission 2 Luncheon Club Contracts, to achieve a saving of £12k. The clubs currently operate in Panside and Nelson and are attended by fewer than 15 people. It is proposed that the funding be withdrawn from these clubs and the Service Users be offered the services of a community connector to look at other options in their communities. Alternatively the provider may be able to find a different funding stream. Members expressed concern for the Service Users and sought further details on the amount of notice that would be provided to the service users. Officers explained that, until a Cabinet decision has been made on savings proposals, it would not be possible to provide notice to the Services Users; however, officers assured Members that Service Users would be provided with support, guidance and information in order to find a service to meet their needs, should the proposal be implemented.

The Committee discussed the proposal regarding the Care and Repair Safety at Home Service. It was noted that the contract is due to end in March 2018 and the report proposed that the service not be recommissioned. Members noted that the contract provides minor adaptations in people's own homes, however, other options are available, which provide the same service and the Council has a separate minor adaptations budget which provides support for those most in need.

The report outlined a proposal to cease the CCBC contribution to the Stroke Association contract, realising a saving of £18k. Members noted that the Health Board let this contract to which Caerphilly CBC currently makes an £18k contribution.

The Chair invited Mr M. O'Grady and Ms A. Markel to provide further information on the Stroke Association and the services they provide.

The Committee were asked to note that the Stroke Association provide emotional and practical support for people who have suffered with a Stroke. Home visits are provided post Stroke and regular contact for up to a year, to support the client. The service received by each individual is tailored to their specific needs in order to manage their recovery. Referrals

are received from Health and other services and Members were asked to note the impact on Services users should the service not be funded. Service users would be left isolated without support and their needs wouldn't be met.

A Member sought information on the number of visiting officers provided support to residents of Caerphilly. It was confirmed that there is 1 officer for Caerphilly, providing support to 70 people in service, 58 of which are engaged referrals within Caerphilly.

A Member, in noting the cuts to the NHS and the positive impact the service has on stroke survivors, sought the rationale for the saving proposal. Officers explained that each proposal will have an impact on someone and that similar contributions are not being made to other associations. In addition, Members were asked to note that the Health Board has received funding for neurological services; therefore alternative provisions would be available in the service area.

Following consideration and discussion, it was requested the further information be sought from the Health Board to determine the impact on Service Users, should the £18k funding cease from CCBC.

The Corporate Director-Social Services and Head of Public Protection provided the Scrutiny Committee with an overview of the Savings proposals suggested for the services under Public Protection.

The Committee were asked to note that the Deletion of 1 Van Helper Post within the Meals Direct meals on wheels service area could realise a saving of £7.5k. The post is 17.5 hours per week and, as all 5 posts are currently occupied, it would be necessary to consider redeployment or a one-off severance payment. The deletion of this post could result in increased meal delivery/waiting time as a result of our reduced ability to get to homes where we need to be double staffed, but the public impact is considered to be low.

Members raised concerns for the impact on service delivery with a reduction in staff. Officers assured Members that the impact to service delivery would be minimal, as the number of meals on wheels vehicles would remain the same, the lone driver would not be sent to any properties that pose a risk, and routes are carefully planned, however there could be less flexibility due to staff absence.

The Committee were asked to consider an increase in the charge for Meals on Wheels, which would provide a proposed saving of £11k. It was noted that by increasing the price of a meal provided by the service by 20p (from £3.10 to £3.30) from April 2018, would result in an additional income of £11k. Due to the service users, Members were advised that affordability would be considered and, in addition, Members were assured that in comparison to other Local Authorities in the area, CCBC subsidised meal prices would remain amongst the lowest even with the proposed increase. Customer numbers have fallen over a period of years. A number of alternative options are available, but some customers, and their families, continue to opt for a daily visit from Meals Direct and the delivery of a freshly prepared hot meal. A further price increase may result in further loss of customers and this has been accounted for in the overall estimate of £11k additional income per year.

Members were asked to consider a proposal to introduce a Rat Treatment Fee, which would provide a proposed saving of £20k. It was noted that Rat treatments in domestic premises are currently undertaken free of charge. It is proposed to introduce a £20 (plus VAT) charge. Customers in receipt of means tested Universal Credit or Guaranteed Pension Credit would receive a 50% discount on the Council's Pest Control charges and so would pay £10 (plus VAT). At £20 the Council would still be subsidising the service. By way of comparison the Council's current charge for treating a mouse infestation is £50 (plus VAT). Experience from other local authorities has demonstrated that following the introduction of such charges there has subsequently been a significant decline in the number of service requests processed. Income from the introduction of a £20 charge is therefore estimated to be £20k per year. It

was noted that there is some risk of public health implications due to infestations left untreated. Members of the public may try to undertake treatments themselves which can lead to the improper placing of rodenticides. The introduction of charging and a decline in service uptake is likely to create some increase in the workload of environmental health officers as they have to investigate the cause of rat infestations, neighbour disputes, and to take enforcement action to remedy problems, including the service of notices and undertaking works in default. The public impact of this proposal is considered to be medium.

The Chair invited Councillor D.T. Davies to address the Committee as the Chair of Regeneration and Environment Scrutiny Committee and having an overlapping portfolio.

Councillor Davies asked the Committee to note the concerns the Regeneration and Environment Scrutiny Committee had in relation to the savings proposals relating to the introduction of Rat Treatment fees the impact on the Borough, should a charge be applied for the treatment of Rat infestations. Concerns were raised that there would be a decrease in the number of service requests and incidents reported and as a result an increase in the rat population.

Members raised concerns that the implementation of a cost to the service could result in a reduction in service requests and people choosing to use various poisons in order to treat the issue. Officers explained an equalities impact assessment was undertaken for the proposal, which was included within the report. In addition, Members were asked to note that other Local Authorities have introduced a charge for some time and there has not been a significant increase in the rat population in these areas.

The report detailed a proposal to delete vacant Community Safety Warden posts, realising a proposed saving of £40k. It was noted that the current Community Safety Warden establishment is 9.3fte with 1.8fte being vacant and currently being covered by temporary staff. The Community Safety Warden service provides a uniformed patrolling presence in communities dealing with low level crime and anti-social behaviour. Each Warden is authorised by the Chief Constable of Gwent Police with powers that include traffic management and the issue of Police penalty notices. The service works very closely with the local Neighbourhood Policing Teams tackling issues in communities ranging from youth annoyance and disorder, persons under the influence of substances, environmental crime issues, defects in infrastructure, dog fouling and littering etc. As Neighbourhood Policing Teams are being depleted the service is increasingly the first line of response. As a result, it would be necessary for the Community Safety Warden Service to prioritise proactive patrols and responses to service requests as a result of any reduction in staffing establishment. It is considered that this proposal would have a medium public impact.

Councillor D.T. Davies, as Chair of the Regeneration and Environment Scrutiny Committee addressed the Committee and expressed concern at the proposal, noting the exceptional service provided by Community Safety Wardens, and asked the Committee to consider the proposal from Gwent Police to decriminalise parking, in which Community Safety Wardens would play an integral part in parking enforcement. As a result, it was suggested that the proposal to reduce the number of Community Safety Wardens be postponed until a further report can be provided on the decriminalisation of parking.

The Chair thanked Councillor Davies for his representations and discussion ensued.

Members expressed similar concerns to the Regeneration and Environment Scrutiny Committee and noted the work undertaken within their wards such as assistance with reducing Anti-Social Behaviour.

The Committee discussed the proposal to reduce Air Quality and Contaminated Land Monitoring and Contractors, which proposed a saving of £15k. It was noted that the Environmental Health service discharges statutory responsibilities in respect of Local Air Quality Management and investigation of contaminated land and also manages the Authority's

closed landfill sites. The activity is supported by the use of specialist monitoring equipment, laboratory services, and environmental consultants. This includes 6 real time air quality monitoring stations, 3 of which are located within the Hafod-yr-Ynys and Caerphilly Air Quality Management Areas (AQMAs). There are also 58 passive diffusion tubes which are located in various streets and towns. This monitoring network is used to review and assess air quality across the county borough. External expert advice, modelling, and assessment is also engaged to assist in bringing forward the Air Quality Action Plans required for the 2 AQMAs and in meeting the Council's obligations for Local Air Quality Management.

The budget currently allocated for air quality is £46,857 and for contaminated land assessment is £18,562, totalling £65,419. Therefore a reduction of £15k would leave a remaining combined budget of £50,419 and environmental monitoring activity would need to be prioritised accordingly. This proposal is assessed as having medium public impact.

Members thanked the Officer for the overview and sought further information on the impact to service and increased risk. Officers assured Members that there is no increased risk to the Air Quality Management process, however, there will be a requirement to prioritise works and address situations where required.

Members thanked the Officers for the detailed report and noted that a Members' Seminar has been arranged, which will combine the outcome of the discussions from all Special Scrutiny Committee meetings on the 2018/19 draft savings proposals.

Having fully considered the report, Members noted the details of the 2018/19 draft savings proposals for Social Services and Public Protection.

The meeting closed at 7.04 p.m.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 6th February 2018, they were signed by the Chair.

CHAIR

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SPECIAL COUNCIL – 22ND FEBRUARY 2018

SUBJECT: COUNCIL TAX SETTING RESOLUTION 2018/19

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER

RESOLUTIONS

In accordance with the requirements of The Local Government Act 1992 the following resolutions are submitted for consideration with the recommendation that they be approved:-

1. That it be noted that at its meeting on the 13th December 2017 the Cabinet calculated the following amounts for the year 2018/2019 in accordance with regulations made under Section 33(5) of The Local Government Finance Act 1992 and powers granted under The Local Authorities Executive Arrangements (Functions and Responsibilities) (Amendment) (Wales) Regulations 2007 as amended.
 - (a) **59,944.01** Being the amount calculated by the Cabinet, in accordance with Regulation (3) of The Local Authorities (Calculation of Council Tax Base) (Wales) Regulations 1995 as amended, as its council tax base for the year.

(b) **Part of Council's Area**

	<u>Tax Base</u>
	<u>No. of D Band</u>
	<u>Equivalent Properties</u>
Aber Valley	2,013.21
Argoed	852.94
Bargoed	3,610.53
Bedwas, Trethomas & Machen	3,772.63
Blackwood	2,931.10
Caerphilly	6,223.46
Darren Valley	703.87
Draethen, Waterloo & Rudry	609.20
Gelligaer	6,270.57

	<u>Tax Base</u>
	<u>No. of D Band</u>
	<u>Equivalent Properties</u>
Llanbradach & Pwllypant	1,470.45
Maesycwmmer	771.48
Nelson	1,600.32
New Tredegar	1,337.97
Penyrheol, Trecenydd & Energlyn	4,406.55
Rhymney	2,536.93
Risca East	2,043.79
Risca West	1,777.74
Van	1,637.45
Remainder	15,373.82
Total	59,944.01

being the amounts calculated by the cabinet, in accordance with regulation 6 of the Regulations, as the amounts of its council tax base for the year for dwellings in those parts of its area to which one or more special items relate.

2. *That the following amounts be now calculated by the Council for the year 2018/2019 in accordance with Sections 32 to 36 of the Local Government and Finance Act 1992:-*
- (a) **£332,772,512** *being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (e) of the Act;*
- (b) **£1,400,000** *being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) (a) to (c) of the Act;*
- (c) **£331,372,512** *being the amount by which the aggregate at (2)(a) above exceeds the aggregate at (2)(b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year;*
- (d) **£267,240,454** *being the aggregate of the sums which the Council estimates will be payable for the year into its council fund in respect of redistributed non domestic rates, revenue support grant, an authority's council tax reduction scheme or additional grant.*
- (e) **£1,069.87** *being the amount at (2)(c) above less the amount at (2)(d) above, all be divided by the amount at (1)(a) above, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its council tax for the year;*
- (f) **£729,279** *being the aggregate amount of all special items referred to in section 34(1) of the Act.*
- (g) **£1,057.70** *being the amount at (2)(e) above less the result given by dividing the amount at (2)(f) above by the amount at (1)(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates.*

(h) Part of the Council's Area

	Local Precept £	County Borough Levy £	Total County Borough & Community Council Band D Charge £
Aber Valley	18.88	1,057.70	1,076.58
Argoed	14.50	1,057.70	1,072.20
Bargoed	17.67	1,057.70	1,075.37
Bedwas, Trethomas & Machen	20.66	1,057.70	1,078.36
Blackwood	20.00	1,057.70	1,077.70
Caerphilly	14.00	1,057.70	1,071.70
Darren Valley	17.73	1,057.70	1,075.43
Draethen, Waterloo & Rudry	24.62	1,057.70	1,082.32
Gelligaer	14.92	1,057.70	1,072.62
Llanbradach & Pwllypant	21.25	1,057.70	1,078.95
Maesycwmmmer	23.72	1,057.70	1,081.42
Nelson	17.77	1,057.70	1,075.47
New Tredegar	12.65	1,057.70	1,070.35
Penyrheol, Trecenydd & Energlyn	13.54	1,057.70	1,071.24
Rhymney	13.80	1,057.70	1,071.50
Risca East	12.00	1,057.70	1,069.70
Risca West	18.70	1,057.70	1,076.40
Van	14.05	1,057.70	1,071.75
Remainder	0.00	1,057.70	1,057.70

being the amounts given by adding to the amount at (2)(g) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at (1)(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts, of its council tax for the year for dwellings in those parts of its area to which one or more special items relate.

(i)

Valuation Bands	A	B	C	D	E	F	G	H	I
	£	£	£	£	£	£	£	£	£
County Borough Council	705.13	822.66	940.18	1,057.70	1,292.74	1,527.79	1,762.83	2,115.40	2,467.97
Community Councils									
Aber Valley	12.59	14.68	16.78	18.88	23.08	27.27	31.47	37.76	44.05
Argoed	9.67	11.28	12.89	14.50	17.72	20.94	24.17	29.00	33.83
Bargoed	11.78	13.74	15.71	17.67	21.60	25.52	29.45	35.34	41.23
Bedwas, Trethomas & Machen	13.77	16.07	18.36	20.66	25.25	29.84	34.43	41.32	48.21
Blackwood	13.33	15.56	17.78	20.00	24.44	28.89	33.33	40.00	46.67
Caerphilly	9.33	10.89	12.44	14.00	17.11	20.22	23.33	28.00	32.67
Darren Valley	11.82	13.79	15.76	17.73	21.67	25.61	29.55	35.46	41.37
Draethen, Waterloo & Rudry	16.41	19.15	21.88	24.62	30.09	35.56	41.03	49.24	57.45
Gelligaer	9.95	11.60	13.26	14.92	18.24	21.55	24.87	29.84	34.81
Llanbradach & Pwllypant	14.17	16.53	18.89	21.25	25.97	30.69	35.42	42.50	49.58
Maescwmmer	15.81	18.45	21.08	23.72	28.99	34.26	39.53	47.44	55.35
Nelson	11.85	13.82	15.80	17.77	21.72	25.67	29.62	35.54	41.46
New Tredegar	8.43	9.84	11.24	12.65	15.46	18.27	21.08	25.30	29.52
Penyrheol, Trecenydd & Energlyn	9.03	10.53	12.04	13.54	16.55	19.56	22.57	27.08	31.59
Rhymney	9.20	10.73	12.27	13.80	16.87	19.93	23.00	27.60	32.20
Risca East	8.00	9.33	10.67	12.00	14.67	17.33	20.00	24.00	28.00
Risca West	12.47	14.54	16.62	18.70	22.86	27.01	31.17	37.40	43.63
Van	9.37	10.93	12.49	14.05	17.17	20.29	23.42	28.10	32.78
Remainder	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Valuation Bands	A	B	C	D	E	F	G	H	I
	£	£	£	£	£	£	£	£	£
Totals For Community Council Areas									
Aber Valley	717.72	837.34	956.96	1,076.58	1,315.82	1,555.06	1,794.30	2,153.16	2,512.02
Argoed	714.80	833.94	953.07	1,072.20	1,310.46	1,548.73	1,787.00	2,144.40	2,501.80
Bargoed	716.91	836.40	955.89	1,075.37	1,314.34	1,553.31	1,792.28	2,150.74	2,509.20
Bedwas, Trethomas & Machen	718.90	838.73	958.54	1,078.36	1,317.99	1,557.63	1,797.26	2,156.72	2,516.18
Blackwood	718.46	838.22	957.96	1,077.70	1,317.18	1,556.68	1,796.16	2,155.40	2,514.64
Caerphilly	714.46	833.55	952.62	1,071.70	1,309.85	1,548.01	1,786.16	2,143.40	2,500.64
Darren Valley	716.95	836.45	955.94	1,075.43	1,314.41	1,553.40	1,792.38	2,150.86	2,509.34
Draethen, Waterloo & Rudry	721.54	841.81	962.06	1,082.32	1,322.83	1,563.35	1,803.86	2,164.64	2,525.42
Gelligaer	715.08	834.26	953.44	1,072.62	1,310.98	1,549.34	1,787.70	2,145.24	2,502.78
Llanbradach & Pwllypant	719.30	839.19	959.07	1,078.95	1,318.71	1,558.48	1,798.25	2,157.90	2,517.55
Maescwmmer	720.94	841.11	961.26	1,081.42	1,321.73	1,562.05	1,802.36	2,162.84	2,523.32
Nelson	716.98	836.48	955.98	1,075.47	1,314.46	1,553.46	1,792.45	2,150.94	2,509.43
New Tredegar	713.56	832.50	951.42	1,070.35	1,308.20	1,546.06	1,783.91	2,140.70	2,497.49
Penyrheol, Trecenydd & Energlyn	714.16	833.19	952.22	1,071.24	1,309.29	1,547.35	1,785.40	2,142.48	2,499.56
Rhymney	714.33	833.39	952.45	1,071.50	1,309.61	1,547.72	1,785.83	2,143.00	2,500.17
Risca East	713.13	831.99	950.85	1,069.70	1,307.41	1,545.12	1,782.83	2,139.40	2,495.97
Risca West	717.60	837.20	956.80	1,076.40	1,315.60	1,554.80	1,794.00	2,152.80	2,511.60
Van	714.50	833.59	952.67	1,071.75	1,309.91	1,548.08	1,786.25	2,143.50	2,500.75
Remainder	705.13	822.66	940.18	1,057.70	1,292.74	1,527.79	1,762.83	2,115.40	2,467.97

being the amounts given by multiplying the amounts at (2)(g) and (2)(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in a particular valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

3. That it be noted that for the year 2018/2019 the major precepting authority has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

<u>Valuation Bands</u>	A	B	C	D	E	F	G	H	I
	£	£	£	£	£	£	£	£	£
<u>Precepting Authority</u>									
Police and Crime									
Commissioner for Gwent	159.23	185.76	212.30	238.84	291.92	344.99	398.07	477.68	557.29

4. That having calculated the aggregate in each case of the amounts at (2)(i) and (3) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts of Council Tax for the year 2018/2019 for each of the categories of dwellings shown below:-

<u>Valuation Bands</u>	A	B	C	D	E	F	G	H	I
	£	£	£	£	£	£	£	£	£
Aber Valley	876.95	1,023.10	1,169.26	1,315.42	1,607.74	1,900.05	2,192.37	2,630.84	3,069.31
Argoed	874.03	1,019.70	1,165.37	1,311.04	1,602.38	1,893.72	2,185.07	2,622.08	3,059.09
Bargoed	876.14	1,022.16	1,168.19	1,314.21	1,606.26	1,898.30	2,190.35	2,628.42	3,066.49
Bedwas, Trethomas & Machen	878.13	1,024.49	1,170.84	1,317.20	1,609.91	1,902.62	2,195.33	2,634.40	3,073.47
Blackwood	877.69	1,023.98	1,170.26	1,316.54	1,609.10	1,901.67	2,194.23	2,633.08	3,071.93
Caerphilly	873.69	1,019.31	1,164.92	1,310.54	1,601.77	1,893.00	2,184.23	2,621.08	3,057.93
Darren Valley	876.18	1,022.21	1,168.24	1,314.27	1,606.33	1,898.39	2,190.45	2,628.54	3,066.63
Draethen, Waterloo & Rudry	880.77	1,027.57	1,174.36	1,321.16	1,614.75	1,908.34	2,201.93	2,642.32	3,082.71
Gelligaer	874.31	1,020.02	1,165.74	1,311.46	1,602.90	1,894.33	2,185.77	2,622.92	3,060.07
Llanbradach & Pwllypant	878.53	1,024.95	1,171.37	1,317.79	1,610.63	1,903.47	2,196.32	2,635.58	3,074.84
Maesycwmmmer	880.17	1,026.87	1,173.56	1,320.26	1,613.65	1,907.04	2,200.43	2,640.52	3,080.61
Nelson	876.21	1,022.24	1,168.28	1,314.31	1,606.38	1,898.45	2,190.52	2,628.62	3,066.72
New Tredegar	872.79	1,018.26	1,163.72	1,309.19	1,600.12	1,891.05	2,181.98	2,618.38	3,054.78
Penyrheol, Trecenydd & Energlyn	873.39	1,018.95	1,164.52	1,310.08	1,601.21	1,892.34	2,183.47	2,620.16	3,056.85
Rhymney	873.56	1,019.15	1,164.75	1,310.34	1,601.53	1,892.71	2,183.90	2,620.68	3,057.46
Risca East	872.36	1,017.75	1,163.15	1,308.54	1,599.33	1,890.11	2,180.90	2,617.08	3,053.26
Risca West	876.83	1,022.96	1,169.10	1,315.24	1,607.52	1,899.79	2,192.07	2,630.48	3,068.89
Van	873.73	1,019.35	1,164.97	1,310.59	1,601.83	1,893.07	2,184.32	2,621.18	3,058.04
Remainder	864.36	1,008.42	1,152.48	1,296.54	1,584.66	1,872.78	2,160.90	2,593.08	3,025.26

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