

# Pecyn Dogfennau Cyhoeddus

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Tredomen Park,  
Ystrad Mynach,  
Hengoed CF82 7PG

Ty Penallta,  
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Am unrhyw ymholiad yn ymwneud â'r agenda hwn cysylltwch â Jo Thomas  
(Rhif Ffôn: 07714600912 Ebost: [thomaj8@caerphilly.gov.uk](mailto:thomaj8@caerphilly.gov.uk))

**Dyddiad: Dydd Mawrth, 21st Chwefror 2024**

I bwy bynnag a fynno wybod,

Bydd cyfarfod aml-leoliad o'r **Cabinet** yn cael ei gynnal yn yn Nhŷ Penallta a thrwy Microsoft Teams ar **Dydd Mawrth, 27ain Chwefror, 2024** am **10.00 am**. i ystyried materion a gynhwysir yn yr agenda canlynol. Mae croeso i chi ddefnyddio'r iaith Gymraeg yn y cyfarfod, a dylid rhoi cyfnod rhybudd o 3 diwrnod gwaith os ydych yn dymuno gwneud hynny. Bydd gwasanaeth cyfieithu ar y pryd yn cael ei ddarparu ar gais.

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Yr eiddoch yn gywir,

**Christina Harrhy**  
PRIF WEITHREDWR

## A G E N D A

Tudalennau

1 I dderbyn ymddiheuriadau am absenoldeb

A greener place Man gwyrddach

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## 2 Datganiadau o Ddiddordeb.

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I dderbyn ac ystyried yr adroddiad(au) canlynol y mae angen penderfyniadau gweithredol arnynt: -

3	Adroddiad Monitro Cyllideb Refeniw yr Awdurdod Cyfan (Mis 9)	1 - 8
4	Diweddariad ar Gronfeydd.	9 - 26
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### Cylchrediad:

Cynghorwyr

C. Andrews, S. Cook, E. Forehead, N. George, P. Leonard, S. Morgan, C. Morgan, J. Pritchard a E. Stenner,

A Swyddogion Priodol.

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Am wybodaeth bellach ar sut rydym yn prosesu eich gwybodaeth a'ch hawliau, ewch i'r [Hysbysiad Preifatrwydd Cyfarfodydd Pwyllgor Llawn](#) ar ein gwefan neu cysylltwch â Gwasanaethau Cyfreithiol drwy e-bostio [griffd2@caerffili.gov.uk](mailto:griffd2@caerffili.gov.uk) neu ffoniwch 01443 863028.



## **SPECIAL CABINET - 27<sup>TH</sup> FEBRUARY 2024**

**SUBJECT: WHOLE-AUTHORITY REVENUE BUDGET MONITORING REPORT (MONTH 9)**

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES**

### **1. PURPOSE OF REPORT**

1.1 To provide details of projected whole-authority revenue budget expenditure for the 2023/24 financial year.

### **2. SUMMARY**

2.1 The report provides details of the 2023/24 projected revenue budget outturn position based on information available as at month 9 of the current financial year. Commentary is also provided throughout the report on the more significant variations against budget.

### **3. RECOMMENDATIONS**

3.1 It is recommended that Cabinet notes the content of the report.

### **4. REASONS FOR THE RECOMMENDATIONS**

4.1 To ensure that Cabinet is aware of the projected revenue budget outturn position for the 2023/24 financial year.

### **5. THE REPORT**

#### **5.1 Projected Revenue Budget Outturn for 2023/24 (Month 9)**

5.1.1 Members will be aware that detailed budget monitoring reports are prepared for Scrutiny Committees throughout the financial year. This report is intended to provide a high-level summary position highlighting some of the key variations against budget.

5.1.2 Based on information available as at month 9 the projected 2023/24 net year-end revenue budget underspend is £4.898m. A summary is provided by Directorate in the following table with further details provided in Appendix 1.

Table 1 – 2023/24 Projected Net Year-End Revenue Position by Directorate

	<b>Revised Budget 2023/24 £m</b>	<b>Projected Outturn 2023/24 £m</b>	<b>Projected (Overspend)/ Underspend £m</b>
Education & Lifelong Learning	173.532	173.522	0.010
Social Services	129.627	126.851	2.777
Economy & Environment	57.027	58.848	(1.822)
Corporate Services	34.193	33.200	0.993
Miscellaneous Finance	46.652	43.711	2.940
<b>Totals: -</b>	<b>441.031</b>	<b>436.133</b>	<b>4.898</b>

5.1.3 As approved by Council on the 23<sup>rd</sup> of February 2023, the 2023/24 budget is supported by the one-off release of reserves of £15.345m, and £1.050m in lieu of Council tax surplus. In addition, a further £1.959m has been drawn from the General Fund reserve in-year to cover the additional 2023/24 pay award. This has increased the 2023/24 budget from £439.072m to £441.031m.

5.1.4 The following paragraphs summarise some of the key issues in the month 9 budget monitoring reports.

## **5.2 Education and Lifelong Learning (Projected Underspend of £0.010m)**

5.2.1 An underspend of £0.010m is currently forecast for Education & Lifelong Learning. The significant variances are summarised in the table below.

Table Two – Education & Lifelong Learning Projected Significant Variances

<b>Service Area</b>	<b>Projected (Overspend)/ Underspend £m</b>
Home to School / College Transport	(0.950)
Pension Costs School Based Staff	0.179
Management & Support Service Costs	0.150
Vulnerable Learners	0.134
Early Years Central Team	0.267
Adult Education	0.105
Youth Service	(0.074)
Other	0.199
<b>Total</b>	<b>0.010</b>

5.2.2 The most significant financial pressure for Education and Lifelong Learning is for the Home to School Transport service, with the projected overspend of £0.950m representing the worst-case scenario based on current contracts. The pressure is due to increased demand, particularly in relation to special education transport, and price increases. This service has been prioritised for review under the Mobilising Team Caerphilly programme.

5.2.3 Over the last two financial years there has been an underspend on the budget for the Authority's on-going pension liability linked to pension costs for school-based staff. This position is linked to budget growth for schools as part of the Authority's budget planning, and additional grant funding from Welsh Government. Whilst this underspend position is expected to continue in this current financial year, it is expected that this budget is unlikely to be sufficient as we move into the challenging financial environment in future years, with the likely consequential impact on

staffing budgets.

- 5.2.4 The projected underspends for Management & Support Services and Early Years relate largely to in-year staff savings. This is from a combination of vacancies and maximising the use of grant received in 2023/24 to support specific programmes, including Additional Learning Needs (ALN) Reform, Flying Start, Early Years Expansion and the Childcare Offer.
- 5.2.5 The projected underspend of £0.134m against the Vulnerable Learners budget relates largely to the Council's Education Other Than at School (EOTAS) provision. This provision is currently under review with the development of provision at the old Pontllanfraith Comprehensive site, as part of the Authority's Sustainable Communities for Learning Strategy.
- 5.2.6 The underspend against Adult Education relates largely to additional income and savings linked to Oxford House premise costs.
- 5.2.7 The projected overspend with regards to the Youth Service relates primarily to costs associated with Crumlin Institute. The Youth Service vacated this premise in December 2021; however, the Council currently remains contractually bound by the terms of the lease until a surrender is agreed with the landlord and legally executed.

### 5.3 Social Services (Projected Underspend of £2.777m)

- 5.3.1 There is currently a projected underspend of £2.777m for Social Services (inclusive of transport costs).
- 5.3.2 Children's Services are reporting a net overspend of £0.256m. The service continues to encounter increasingly complex behaviours which has contributed to a projected overspend on childcare placements budgets of £1.1m. In addition, continuing support to care leavers over the age of eighteen has added a further overspend of £0.287m. These overspends are being offset by considerable staffing underspends in relation to vacancies arising from difficulties in recruiting and retaining staff.
- 5.3.3 Recruitment and retention of staff has also proved extremely challenging across the adult social care sector, with staffing underspends from vacancies projected to generate £4.183m in 2023/24. The table below provides a breakdown of the staffing underspends by service.

Table 3 – Adult Services Projected Staffing Underspends

<b>Service Area</b>	<b>Projected Staff Vacancy Underspend £m</b>
Management, fieldwork and administration	0.124
In-house residential care for older people	0.310
In-house accommodation for people with learning disabilities	0.291
In-house domiciliary and day care	3.062
Independent sector domiciliary and day care	0.396
<b>Total</b>	<b>4.183</b>

- 5.3.4 These vacancy underspends are offsetting financial pressures elsewhere within the service, most significantly a £1.403m pressure on residential and nursing homes due to a post-Covid recovery in occupancy levels, and a £0.802m pressure on services for children with disabilities from increased demand. Overall Adult Services are reporting a net underspend of £1.938m.
- 5.3.5 The projected underspend of £0.486m for Business Support Services includes £0.386m staffing underspends achieved through a combination of grant maximisation initiatives and vacant

posts. The remaining underspend is largely attributed to a one-off reimbursement of overpaid electricity charges following a lengthy period of billing errors in respect of the Ty Graddfa Office in Ystrad Mynach.

- 5.3.6 As a result of the 2022/23 new model for day services and continued service development there has been a shift from traditional fixed-based service provision to more community-based support. This has resulted in a reduction in the numbers of service users requiring transport to fixed bases and has contributed to a projected underspend of £0.609m in respect of Social Services transport costs.

#### **5.4 Economy and Environment (Projected Overspend of £1.822m)**

- 5.4.1 The projected outturn position for the Economy and Environment Directorate is an overspend of £1.822m.
- 5.4.2. The Regeneration & Planning Division is projecting a net overspend of £0.229m. The most significant areas of overspend are £0.227m in the Business Support and Urban Renewal service due to reduced funding for multi-disciplinary projects, and a net £0.108m overspend on the Council's industrial properties from increased property related costs including maintenance, cleaning, and security. These overspends are being partially offset by projected underspends in Planning Services from staff vacancy savings and increased income in Land Charges.
- 5.4.3 A net overspend of £0.079m is projected for the Infrastructure Division. The Highways service has significant overspends on reactive maintenance for carriageways and street lighting maintenance projected at £1.280m, and a pressure on Network Contracting Services gross expenditure budgets excluding staffing of £0.291m. Across the Division income is projected to be underachieved by £0.850m. These pressures are being largely offset by staffing underspends across the Division totalling £0.986m, and a range of other underspends including gully cleaning (£0.270m), Passenger Transport private contractor costs (£0.124m) and Street Lighting energy costs (£0.800m). Energy budgets are being realigned for 2024/25 across the Council so this variance will not reoccur. At present winter maintenance costs are difficult to predict but it is assumed that the full budget of £1.16m will be utilised.
- 5.4.4 The Community & Leisure Services Division is projecting a net overspend of £1.698m.
- 5.4.5 Waste Management is reporting a net underspend of £0.073m with several under and over variances across the service. The most significant of these are a £0.173m overspend on organic recycling largely due to vehicle maintenance and staffing costs, and a £0.243m underspend on HQ staffing due to staffing vacancies. A net underspend of £0.173m is projected for street cleansing which is mainly due to vacant posts.
- 5.4.6 A net overspend of £0.794m is projected for Grounds Maintenance and Parks. For Parks and Playing Fields, income is forecast to be underachieved by £0.378m and there are significant pressures from increased use of agency and contractors totalling £0.447m.
- 5.4.7 Leisure Services are projecting a £0.608m overspend. This is largely within Leisure Centres and is due to increased utility costs, additional staffing cover to ensure the centres can open and increased supply costs, together these total £0.4m. In addition, income is forecast to underachieve by £0.090m for the centres and £0.042m for the Athletics Hub. As mentioned above for 2024/25 energy budgets will be realigned across the authority.
- 5.4.8 Vehicle Maintenance and Fleet Management is currently projecting an overspend of £0.500m. The service has experienced difficulties recruiting and retaining qualified and experienced vehicle technicians and has had to engage third party services to ensure vehicles are repaired and maintained in accordance with the Council's Operator's Licence. The service is working through a number of potential solutions to reduce this predicted overspend by the end of the financial year and a review of the service has been prioritised under the Mobilising Team Caerphilly programme.

5.4.9 A net underspend of £0.185m has been projected for the Public Protection Division, which is largely due to staffing vacancies and maximising catering grant for the Universal Free School Meals (UFSM) roll-out for primary schools. These underspends are partially offsetting cost pressures for increased kennelling costs after an enforcement action, and pressures in pollution control in relation to additional fencing and testing equipment.

**5.5 Corporate Services (Projected Underspend of £0.993m)**

5.5.1 The Directorate of Corporate Services is currently projecting a net underspend of £0.993m. The majority of underspends relate to staffing across all services from vacancies and by maximising the use of grants and earmarked reserves. In addition, there is a saving of £0.286m reported under Digital Services in relation to a one-off rebate as a result of the “Wales Wide” food procurement contract; a £0.068m underspend reported under People Services in relation to the Leadership Development Programme (MeUs) which has been offered as a saving proposal for 2024/25, and a £0.325m underspend reported under Private Sector Housing for unbudgeted agency fee income.

5.5.2 The above underspends are offsetting the significant pressure of £1.029m on General Fund Housing for Temporary Accommodation. This is a demand led service and is very difficult to predict. The past few years have seen increasing demand as a result of Covid-19 and the cost of living crisis which is requiring an increasing number of Bed and Breakfast placements. This is alongside increasing provider costs and reducing grant from Welsh Government. The table below shows the number of homeless placements in Bed & Breakfast in December over the last four years.

Table 4 – Number of Homeless Placements in B&B in the month of December

	<b>December 2020</b>	<b>December 2021</b>	<b>December 2022</b>	<b>December 2023</b>
Placements	79	136	160	232
% Annual Increase		72%	18%	45%
% Increase compared to December 2020		72%	103%	194%

5.5.3 The pressures continue to grow due to the situation with Ukraine, the loss of thirty-six properties in 2023 following the withdrawal of the Lease Scheme with a Social Landlord provider, and the lack of move on accommodation available in the borough. The Welsh Government has set out an ambitious Programme for Government with the aim of making our community a better place to live and work, which will be achieved in part, by reforming homelessness services to focus on prevention and rapid rehousing, this should in theory eradicate the need for B&B placements. However, this a long-term strategy likely to take five to ten years.

5.5.4 To try to mitigate immediate pressures the Council are trying to maximise move on accommodation by a targeted media campaign to attract more Landlords to the Caerphilly Keys Private Rented Sector project. The service area has also been prioritised for review under the Mobilising Team Caerphilly programme and is developing alternative delivery models. Funding from the Welsh Government’s Transitional Accommodation Capital Programme (TACP) has helped Caerphilly Homes buy back ex-Council homes and officers are currently considering the modular housing element included within the Programme.

**5.6 Miscellaneous Finance (Projected Underspend of £2.940m)**

5.6.1 There is an overall projected underspend of £2.940m in Miscellaneous Finance.

5.6.2 Capital Financing budgets are projecting a £2.293m underspend. £0.636m of this is in relation

to debt charges due to delays in borrowing requirements from slippage and underspends on the capital programme. Investment income is forecast to overachieve by £1.657m due to new medium to long-term investments and increases in the Bank of England base interest rate.

5.6.3 A saving of £0.757m is projected against City Deal borrowing costs due to a revised programme of delivery and alternative funding options for capital contributions to date.

5.6.4 There are several smaller over and underspends across the service.

## **5.7 Conclusion**

5.7.1 The 2023/24 projected underspend position as at month 9 is £4.898m. This position is net of a £18.354m contribution from General Fund reserves to support the 2023/24 budget and cover the in-year impact of the NJC pay awards. As approved by Cabinet on 17 January 2024, 100% of the net projected underspend on the Council's 2023/24 revenue budget will be transferred to the General Fund balances.

## **6. ASSUMPTIONS**

6.1 A wide range of assumptions are made in the preparation of budget monitoring reports based on information available for the relevant reporting period.

## **7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

7.1 As this report is for information only an Integrated Impact Assessment is not required.

## **8. FINANCIAL IMPLICATIONS**

8.1 As detailed throughout the report.

## **9. PERSONNEL IMPLICATIONS**

9.1 There are no direct personnel implications arising from this report.

## **10. CONSULTATIONS**

10.1 There are no consultation responses that have not been reflected in this report.

## **11. STATUTORY POWER**

11.1 Local Government Act 1972.

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Appendices:

Appendix 1 – 2023/24 Whole-Authority Revenue Budget Monitoring Report (Month 9) - Summary by Directorate/Service Division

Background Papers:

[Cabinet \(17/01/24\)](#)

**Appendix 1 – 2023/24 Whole-Authority Revenue Budget Monitoring Report (Month 9) – Summary by Directorate/Service Division**

Directorate/Service Division	2023/24 Revised Budget	2023/24 Projected Outturn	Projected (Over)/ Underspend
	£	£	£
<b>Education &amp; Lifelong Learning</b>			
- Schools Related	138,725,074	138,505,699	219,375
- Education	20,689,835	20,010,473	679,362
- Lifelong Learning	4,473,688	4,412,719	60,969
- Home to School/College Transport	9,643,252	10,593,329	(950,077)
<b>Sub-Total: -</b>	<b>173,531,849</b>	<b>173,522,220</b>	<b>9,629</b>
<b>Social Services</b>			
- Children's Services	35,987,235	36,243,212	(255,977)
- Adult Services	88,116,727	86,178,535	1,938,192
- Service Strategy and Business Support	3,713,891	3,228,287	485,604
- Social Services Transport	1,809,481	1,200,546	608,935
<b>Sub-Total: -</b>	<b>129,627,334</b>	<b>126,850,579</b>	<b>2,776,755</b>
<b>Economy &amp; Environment</b>			
- Regeneration and Planning	3,796,432	4,025,369	(228,937)
- Infrastructure	13,863,922	13,943,121	(79,199)
- Community and Leisure Services	28,619,981	30,317,738	(1,697,757)
- Public Protection	10,554,165	10,369,533	184,632
- Directorate General	192,005	192,606	(601)
<b>Sub-Total: -</b>	<b>57,026,505</b>	<b>58,848,367</b>	<b>(1,821,862)</b>
<b>Corporate Services</b>			
- Chief Executive & Deputy Chief Executive	428,723	390,248	38,475
- Corporate Director of Education & Corporate Services	155,266	152,555	2,711
- Corporate Finance	2,476,013	2,327,902	148,111
- Digital Services	9,228,107	8,414,846	813,261
- Legal and Governance	3,908,397	3,839,352	69,045
- People Services	4,747,873	4,386,218	361,655
- Business Improvement Services	2,249,120	2,099,081	150,039
- Property Services	6,022,893	5,908,929	113,964
- General Fund Housing	3,785,949	4,815,101	(1,029,152)
- Private Housing	1,191,013	865,870	325,144
<b>Sub-Total: -</b>	<b>34,193,354</b>	<b>33,200,102</b>	<b>993,253</b>
<b>Miscellaneous Finance</b>	<b>46,651,763</b>	<b>43,711,436</b>	<b>2,940,327</b>
<b>Total: -</b>	<b>441,030,805</b>	<b>436,132,704</b>	<b>4,898,101</b>



## SPECIAL CABINET – 27<sup>th</sup> FEBRUARY 2024

**SUBJECT: UPDATE ON RESERVES**

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES**

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### 1. PURPOSE OF REPORT

- 1.1 To present Cabinet with details of the usable reserves held by the Authority and for Cabinet to endorse or approve recommended movements on reserves as appropriate.

### 2. SUMMARY

- 2.1 The report provides details of the usable reserves held by the Authority. Details are provided of balances held as at the 31<sup>st</sup> of March 2023, along with updates to reflect in-year movements and recommended movements on reserves.

### 3. RECOMMENDATIONS

- 3.1 It is recommended that Cabinet: -
1. Endorses the release of the following uncommitted reserves to the General Fund to support the 2024/25 Budget: -
    - a. £3.719m from Other Earmarked Service Reserves
    - b. £0.017m from Over/Under Reserves
    - c. £2m from the Insurance Reserve.
  2. Endorses a proposal to transfer 100% of the Net 2023/24 underspend position, forecast at £4.898m as at December 2023 to the General Fund.
  3. Agrees a proposal to allocate £0.791m from the Education Over/Underspend Reserve to a specific Earmarked Reserve for the 2023/24 Schools Additional Teachers Pay Award.
  4. Agrees a proposal to repurpose £0.108m from Private Sector Housing Staff Capacity Reserve to Empty Homes Teams Reserve to increase funding so that the team can be extended for two years.

#### 4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that Cabinet is provided with details of the usable reserves held by the Authority and can endorse or approve recommended movements on reserves as appropriate.

#### 5. THE REPORT

- 5.1 Local Authorities have a corporate responsibility to operate within available resources and to remain financially sound over the short, medium, and longer-term.

- 5.2 One of the key tools available to Authorities in managing their financial affairs is the creation and use of both General and Earmarked reserves to assist them in delivering services over a period of longer than one financial year.

- 5.3 Reserves are an essential part of good financial management. They help Councils cope with unpredictable financial pressures, help them smooth the impact of known spending requirements over time, and help to fund any in-year overspending. The level, purpose, and planned use of reserves are important factors for Elected Members and Officers to consider in developing medium-term financial plans and setting annual budgets.

- 5.4 The definitions and related accounting treatment of reserves are governed by the requirements of accounting standards. In summary, reserves: -

- can be established for any purpose and at whatever point the Authority determines (although the purpose, usage and basis of transactions should be clearly established);
- can be held for both revenue and capital purposes; and
- can be used at the Authority's discretion (except that capital receipts and capital grants cannot be used to fund revenue expenditure. However, under the flexible use of capital receipts directive, expenditure can be funded through capital receipts flexibility if it is forecast to generate ongoing savings).

- 5.5 Reserves are classified in specific categories. These are generally accepted classifications used by Local Authorities as follows: -

**General Reserves** – These apply separately in respect of the Council Fund (General Fund) and Housing Revenue Account (HRA), and essentially represent a combination of a working balance to cushion the impact of uneven cash flows, to avoid unnecessary temporary borrowing and to provide a contingency to cushion the impact of unexpected events or emergencies.

**Earmarked and Specific Reserves** – These are established to meet known or predicted requirements or are established by statute.

**Ring-fenced Reserves** – These reserves are set-aside for specific service areas (e.g. schools) and are not available for general Council use.

**Unusable Reserves** – These arise out of the interaction of legislation and proper accounting practice either to store revaluation gains or as adjustment accounts to reconcile requirements driven by reporting standards to statutory requirements. These reserves are not backed by resources (i.e. not cash backed) and cannot be used for any other purpose.

5.6 The balance on the Council's usable reserves at the 31<sup>st</sup> of March 2023 was £220.032m as per the table below: -

Description	Balance as at 31/03/2023 £m
General Fund	35.016
Housing Revenue Account (HRA)	28.179
Schools Earmarked Reserves	11.316
Capital Earmarked Reserves	48.806
Usable Capital Receipts	11.719
Capital Grants Unapplied	16.749
Insurance Earmarked Reserves	5.918
Service Over/Underspend Reserves	3.882
Direct Service Earmarked Reserves	0.086
Other Earmarked Reserves	58.361
<b>Total: -</b>	<b>220.032</b>

5.7 An update on reserves was presented to the Joint Scrutiny Committee on the 23<sup>rd</sup> of January 2024. The following updates have since been made to the report which in turn has changed the final figures being presented to Cabinet.

- A commitment of £0.075m for 2024/25 and 2025/26 for the Licence to Innovate reserve which was incorrectly recorded and was creating a negative reserve balance has been removed. The Licence to Innovate reserve balance is forecast to be zero as at the 31<sup>st</sup> of March 2024 after a commitment of £0.019m and releasing £0.150m to the General Fund.
- A £0.050m release to General Fund from the Rhymney High Street reserve has been removed as it was subsequently identified that works were due to complete in 2024/25 and the funds would be required, a commitment was added for 2024/25 instead. The Rhymney High Street reserve balance is forecast to be zero as at the 31<sup>st</sup> of March 2025.
- The 2023/24 forecast Revenue outturn position has been updated from October 2023 to December 2023. The December 2023 forecast is showing a total net underspend of £4.898m which is an additional £1.242m than that reported in October 2023 and increases the forecast General Fund balance.
- On the 7<sup>th</sup> of February 2024 Welsh Government advised how the consequential allocation for Wales of £25m, in relation to the UK Government announcement in January 2024 for increased funding to local authorities for 2024/25, would be allocated. £14.4m was allocated to the Revenue Support Grant, for Caerphilly County Borough Council this equated to an increase in funding of £0.835m. This has reduced the one-off contribution requirement from the General Fund to support the 2024/25 Budget.

5.8 The impact of these changes on reserves are reflected throughout the report. The following paragraphs provide a detailed commentary on the balances held.

## 5.9 General Fund

5.9.1 The General Fund balance as at the 31<sup>st</sup> of March 2023 was £35.016m. As approved by Council on the 23<sup>rd</sup> of February 2023, £15.345m of reserves will be released from the General Fund to support the 2023/24 budget. In addition, £1.050m was approved for release in lieu of Council tax surplus to also support the 2023/24 budget. At its meeting on the 26<sup>th</sup> of September 2023, Council also approved the use of General Fund balances totalling £3.455m to fund the

additional in-year cost of the 2023/24 NJC pay award, and to underwrite 2022/23 revenue budget outturn deficits for General Fund and Private Housing and the Economy & Environment Directorate. This takes the General Fund current balance to £15.166m.

- 5.9.2 Cabinet is asked to approve the transfer of 100% of the 2023/24 net projected service revenue budget underspend to the General Fund. Based on the December 2023 revenue budget monitoring report this is forecast to be £4.898m. Previously services retained 50% of any underspend in Service Under/Over Reserves, however due to the Council's challenging financial position it is recommended this is changed for the 2023/24 financial year.
- 5.9.3 A comprehensive review of reserves has been undertaken in 2023/24 and a total of £5.736m revenue reserves have been identified as uncommitted. Cabinet is asked to endorse a proposal to release these reserves to the General Fund. Earmarked Reserves have been profiled across the next three financial years and the details of this will be highlighted throughout the rest of this report.
- 5.9.4 The 2024/25 Budget Proposals include the proposed use of reserves totalling £10.624m as a one-off measure to balance the budget. In addition to this, as in previous years, a further budget strategy contribution of £1.050m will be made from the General Fund (in lieu of the Council Tax surplus that has previously supported the revenue budget).
- 5.9.5 These proposals will reduce the General Fund balance to £14.126m, which equates to just over 3% of the Council's draft 2024/25 net revenue budget. 3% is the minimum level recommended by the Section 151 Officer and is in line with best practise.
- 5.9.6 The table below summarises the current position in respect of the General Fund: -

	£m	£m
<b>Opening Balance 01/04/2023</b>		<b>35.016</b>
2023-24 Budget Strategy Contribution		(1.050)
One-off Contribution to support 2023/24 Budget		(15.345)
<b>Use of Funds Previously Agreed by Council:</b>		
Funding of General Fund Housing Deficit	(0.802)	
Funding of Private Housing Deficit	(0.200)	
Funding of Economy & Environment Deficit	(0.494)	
In-year Impact of 2023/24 NJC Pay Awards	(1.959)	
		(3.455)
<b>Current General Fund Balance</b>		<b>15.166</b>
<b>Funds to be Transferred into General Fund :</b>		
2023/24 Forecast Outturn Position as at December 2023		4.898
<i>Release from Earmarked Reserves</i>		
Other Earmarked Reserves review	3.719	
Over/Underspend Reserves	0.017	
Insurance Reserve	2.000	
		5.736
<b>Use of Funds to be agreed:</b>		
One-off Contribution to support 2024/25 Budget		(10.624)
2024/25 Budget Strategy Contribution		(1.050)
<b>Forecast Balance 01/04/2024</b>		<b>14.126</b>

## 5.10 Housing Revenue Account (HRA)

5.10.1 £28.179m of the usable reserves are Housing Revenue Account (HRA) funds that must be ring-fenced and cannot be transferred into General Fund balances. This funding is available to help maintain the Welsh Housing Quality Standard (WHQS), to part fund the Post Asset Management Strategy (PAMS), and the new build programme moving forward.

## 5.11 Schools Earmarked Reserves

5.11.1 There is a total sum of £11.316m in reserves relating to net overall retained underspends ring-fenced to schools.

## 5.12 Capital Reserves

5.12.1 Capital Reserves totalling £77.274m are ring-fenced for the Authority's Capital Programme. Capital Earmarked Reserves have been reviewed and £5.320m has been identified as uncommitted, these budgets were originally funded through a revenue budget contribution to capital and so can be used for revenue purposes. It is recommended these remain in the Capital Programme as uncommitted so that they are available for future projects subject to approval.

5.12.2 The table below summarises the current position in respect of the Capital Earmarked Reserves by Directorate and a full breakdown by project is shown in Appendix 1: -

Directorate	Balance as at 31/03/2023 £m	New Approvals £m	Commitments £m	Forecast Balance 31/12/2023 £m
Corporate Services	22.509	0.058	(19.800)	2.767
Economy & Environment	7.527	6.943	(0.024)	14.446
Education	15.610	9.813	-	25.423
Social Services	2.945	-	-	2.945
Housing Revenue Account	0.215	-	-	0.215
<b>Total Capital Reserves</b>	<b>48.806</b>	<b>16.814</b>	<b>(19.824)</b>	<b>45.796</b>

5.12.3 A full review of the Capital Programme is currently being undertaken to profile projects and funding across financial years, to ensure a robust and deliverable Capital Strategy and Programme.

5.12.4 The Useable Capital Receipts balance as at the 31<sup>st</sup> of March 2023 is £11.719m, of which £4.051m relates to the HRA and is ringfenced for HRA purposes and programmed as part of the HRA Business Plan. £7.668m relates to General Fund disposals of which £4.206m is currently uncommitted. Capital Receipts cannot be used for Revenue purposes, the only exception to this is if they are used under the flexible capital receipts directive, which requires ongoing savings to be generated.

## 5.13 Insurance Earmarked Reserves

5.13.1 £5.918m is held in reserve for our self-insurance facility and risk management initiatives. The Authority's insurance excess for the majority of cover is £0.250m and claims below this level are funded through the reserve. The level of the reserve is reviewed by our Insurance Brokers (Marsh) to ensure that it is sufficient to meet potential liabilities and following the latest review it is proposed that £2m can be released to the General Fund to support the 2024/25 budget.

## 5.14 Service Over/Underspend Reserves

5.14.1 Cabinet has previously agreed a policy whereby service areas retain 50% of reported underspends at the financial year-end. Conversely, any service based overspends are carried forward by the service areas responsible for generating the overspend. This approach has worked well as there is full ownership and accountability by budget holders in respect of delivering a balanced budget. The December 2023 2023/24 revenue budget monitoring report forecast a net underspend position for the Council of £4.898m. Due to the Council's challenging financial position and setting a transitional budget for the second year, which will include the use of reserves to balance, it is recommended Cabinet endorses a proposal that 100% of the reported net underspend at the financial year-end is transferred to the General Fund.

5.14.2 £0.017m has been identified from the existing Over/Under Reserves as no longer required, it is proposed this is released to the General Fund to support the 2024/25 revenue budget.

5.14.3 The table below summarises the current position in respect of the retained underspend reserves held by each Directorate: -

Directorate	Balance as at 31/03/2023 £m	New Approvals £m	Release to General Fund £m	Forecast Balance 31/03/2024 £m	Forecast Balance 31/03/2025 £m	Forecast Balance 31/03/2026 £m
Corporate Services	0.161	0.097	-	0.258	0.258	0.258
Economy & Environment	(0.478)	0.495	(0.017)	-	-	-
Education	1.486	(0.626)	-	0.860	0.860	0.860
Social Services	2.713	-	-	2.713	2.713	2.713
<b>Total Service Over/Underspend Reserves</b>	<b>3.882</b>	<b>(0.034)</b>	<b>(0.017)</b>	<b>3.831</b>	<b>3.831</b>	<b>3.831</b>

5.14.4 As part of the reserves review some reserves have been allocated in year, in-line with specific approvals or using officer delegated powers. In addition to these, Cabinet is asked to approve the transfer of £0.791m from the Education Over/Underspend Earmarked Reserve to Education Other Earmarked Reserves to create a specific reserve to support the impact of the additional 1.5% teachers' pay award in schools from September 2023. This will reduce the forecast balance as at the 31<sup>st</sup> of March 2024 for the Education Over/Underspend Reserve to £0.069m and the total to £3.040m.

## 5.15 Direct Service Earmarked Reserves

5.15.1 £0.086m is held in reserves in respect of retained cash surpluses for Network Contracting Services (NCS) work arising from the Sirhowy Enterprise Way PFI contract.

## 5.16 Other Earmarked Reserves

5.16.1 The balance on Other Earmarked Reserves as at the 31<sup>st</sup> of March 2023 totalled £58.361m. A full review has been undertaken in 2023/24 and £3.719m has been identified as uncommitted and is proposed to be released to help balance the 2024/25 revenue budget.

5.16.2 The table below summarises the current position in respect of the Other Earmarked Reserves held by each Directorate and the full detail at reserve level is provided in Appendix 2: -

Directorate	Balance as at 31/03/2023 £m	New Approvals £m	Commitments £m	Release to General Fund £m	Forecast Balance 31/03/2024 £m	Forecast Balance 31/03/2025 £m	Forecast Balance 31/03/2026 £m
Corporate Services	36.549	2.237	(6.699)	(2.797)	29.290	24.399	21.656
Economy & Environment	5.503	3.474	(2.013)	(0.560)	6.404	4.991	3.862
Education	8.018	0.443	(2.295)	(0.362)	5.804	5.303	3.412
Social Services	8.291	0.095	(2.750)	-	5.636	3.733	3.287
<b>Total Other Earmarked Reserves</b>	<b>58.361</b>	<b>6.249</b>	<b>(13.757)</b>	<b>(3.719)</b>	<b>47.134</b>	<b>38.426</b>	<b>32.217</b>



5.16.3 As detailed in paragraph 5.14.4, Cabinet is asked to approve the transfer of £0.791m from the Education Over/Underspend Reserve to Education Other Earmarked Reserves to create a specific reserve to support the impact of the additional 1.5% teachers' pay award in schools from September 2023. This will increase the forecast balance as at the 31<sup>st</sup> of March 2024 for Education Earmarked Reserves to £6.595m and the Total Other Earmarked Reserves to £47.925m.

5.16.4 Cabinet are also requested to repurpose £0.108m Private Sector Housing reserve that was set up for fixed-term staff capacity to the Empty Homes Teams reserve to increase funding so that the Empty Homes Team can be extended for two years. Both reserves are included within Corporate Services so there is no impact on the total balances shown above.

## 5.17 Conclusion

5.17.1 Reserves are an essential part of good financial management. They help Councils cope with unpredictable financial pressures, help them smooth the impact of known spending requirements over time, and help to fund any in-year overspending. The forecast balances on the Council's usable reserves over the next three years are presented in the table below: -

Description	Balance as at 31/03/2023 £m	Balance as at 31/03/2024 £m	Balance as at 31/03/2025 £m	Balance as at 31/03/2026 £m
General Fund	35.016	25.800	14.126	14.126
Housing Revenue Account (HRA)	28.179	26.800	4.400	2.400
Schools Earmarked Reserves	11.316	4.614	0.001	(6.775)
Capital Earmarked Reserves	48.806	45.796	30.355	23.350
Usable Capital Receipts	11.719	11.482	10.055	8.256
Capital Grants Unapplied	16.749	14.952	9.156	6.254
Insurance Earmarked Reserves	5.918	3.918	3.918	3.918
Service Over/Underspend Reserves	3.882	3.831	3.831	3.831
Direct Service Earmarked Reserves	0.086	0.086	0.086	0.086
Other Earmarked Reserves	58.361	47.134	38.426	32.217
<b>Total: -</b>	<b>220.032</b>	<b>184.413</b>	<b>114.354</b>	<b>87.663</b>

5.17.2 This report provides details of the usable reserves held by the Authority as at the 31<sup>st</sup> of March 2023. Details are also provided of revenue reserves totalling £5.736m that are proposed for release to support the 2024/25 revenue budget, full details are provided in Appendix 3. A change in policy regarding the forecast 2023/24 net revenue budget underspend of £4.898m has also been included proposing that 100% of the underspend is transferred to the General Fund. This will be the second year the Council has used reserves in this manner and set a transitional budget. This is to provide the space and time to identify, approve and implement a range of permanent savings through the Mobilising Team Caerphilly programme, to address an anticipated net funding gap of £45.213m for the two-year period 2025/26 to 2026/27.

## 6. ASSUMPTIONS

6.1 A number of assumptions have been in relation to the expenditure profiles for the reserves held by the Authority.

## 7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 The proposals in this report do not have a negative impact on those with protected characteristics and the majority of recommendations support the 2024/25 Budget proposals

which are subject to separate Budget Impact Assessments and Integrated Impact Assessments where required.

## **8. FINANCIAL IMPLICATIONS**

8.1 As detailed throughout the report.

## **9. PERSONNEL IMPLICATIONS**

9.1 There are no direct personnel implications arising from this report.

## **10. CONSULTATIONS**

10.1 As mentioned in paragraph 5.7, an update on reserves was presented to the Joint Scrutiny Committee on the 23<sup>rd</sup> of January 2024. The key points raised during the meeting were as follows: -

- Councillor E. Stenner (Cabinet Member Finance and Performance) introduced the report which presented the Joint Scrutiny Committee with details of the usable reserves held by the Authority. The report provided details of balances held as of 31st March 2023, along with updates to reflect in-year movements and recommended movements on reserves.
- A Member queried the exact figure in usable reserves to date, as the information in the report related to balances as of 31st March 2023. Members were advised that the forecast balance on usable reserves as of 31st March 2024 is anticipated to be circa £183m, with further significant reductions in the balance expected for subsequent financial years,
- A Member queried whether more reserves could be released than stated in the report, and also sought clarification on the large amounts of in-year capital reserves being established in the Economy & Environment and Education Directorates. Members were advised that the use of reserves to balance the budget is a temporary measure that is not sustainable in the medium to longer-term. Members were also advised that the in-year capital reserves had been established following relevant approval processes and that further details would be forwarded to the Member following the meeting.
- A Member sought clarification on the information provided earlier in the meeting with regards to the forecast reduction in reserves over the next 2 years. Members were advised that more detailed information would be circulated to Members following the meeting.
- A Member queried whether the high level of reserves held was due to 'slow' spending of reserves that had been allocated for specific purposes. Members were advised that reserves are being used for the purposes they have been set aside for, and this would lead to the forecast reduction in reserves over the next 3 years.
- Members of the Joint Scrutiny Committee noted the content of the report, and it was moved and seconded that the recommendations contained in the Officer's report be approved. By way of Microsoft Forms and verbal confirmation (and in noting there were 43 for, 1 against, and 8 abstentions) this was agreed by the majority present.

10.2 All other consultation responses are reflected in the report.

## 11. STATUTORY POWER

### 11.1 The Local Government Acts 1998 and 2003.

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#### Appendices:

Appendix 1 – Capital Earmarked Reserves  
Appendix 2 – Other Earmarked Reserves  
Appendix 3 – Reserves Released to Support 2024/25 Budget

#### Background Papers:

[Council \(23/02/23\) – Budget Proposals for 2023/24 and Medium-Term Financial Outlook](#)  
[Council \(27/09/23\) – Provisional Revenue Budget Outturn for 2022/23](#)  
[Cabinet \(17/01/24\) – Draft Budget Proposals for 2024/25](#)

Appendix 1 – Capital Earmarked Reserves Forecast as at December 2023

Service	Capital Project	Amount £m
<b>Corporate</b>		
Corporate	Digital Community Engagement Platform	0.058
Corporate	Uncommitted Capital Reserve	2.709
<b>Economy &amp; Environment</b>		
Business Enterprise & Renewal Team	Longbridge Baths Risca	0.013
Business Enterprise & Renewal Team	Car Park Pontymister	0.047
Business Enterprise & Renewal Team	Monmouth Brecon Canal Adventure Triangle	0.032
Business Enterprise & Renewal Team	Cwm Ifor Solar Farm	1.180
Business Enterprise & Renewal Team	CEF Grants	0.150
Business Enterprise & Renewal Team	TiryBusiness Enterprise Renewal Team Portacabins	0.095
Business Enterprise & Renewal Team	ERDF Lawns Industrial estate Rhymney match funding	0.202
Community & Leisure Services	Caerphilly Wellbeing Centre	4.553
Community & Leisure Services	BLG Cleaning	0.244
Community & Leisure Services	Leisure Refurbishment	0.198
Community & Leisure Services	Morgan Jones Storage Container	0.006
Community & Leisure Services	Gelli Lane Off Street Parking	0.026
Infrastructure	Lower RV Relief Road	0.130
Infrastructure	A468 Bedwas Bridge	0.300
Infrastructure	Caerphilly Interchange	0.580
Infrastructure	A460 Troedyrhiwfwch	1.079
Infrastructure	Connect 2 Replacement Bus	0.055
Infrastructure	Oakdale Car Park	0.060
Infrastructure	Wattsville Car Park	0.057
Infrastructure	Cwmcarn Footbridge	0.120
Placemaking	Pentrebane Street Redevelopment	0.250
Placemaking	New Market	0.950
Property	Demolition Plif & Oakale School	0.719
Property	Ty Penallta Heating System	0.385
Public protection	Ty Llwyd landfill Site	0.200
Public protection	Electric Vehicle Charge Points	0.180
Public protection	CCTV Replacement	0.024
Economy & Environment	Uncommitted Capital Reserve	2.611
<b>Education</b>		
Education	Cwm Gwyddon Cwmcarn	5.132
Education	Trinity Fields Refurbishment	0.172
Education	Trinity Fields Band B 21st Century Schools	1.381
Education	Centre for Vulnerable Learners	3.526
Education	Llanfabon 21st Century Schools	1.400
Education	Plasyfelin Primary 21st Century Schools	3.150
Education	Ysgol y Llawnt/ Upper Rhymney	6.052
Education	Trinity Field-Cruyff Court	0.045
Education	Education Repairs & Maintenance	2.310
Education	Virginia Park Youth Hub	0.375
Education	Rhymney Library Refurbishment	0.134
Education	Ysgol Trelyn Demountable	0.120
Education	Unallocated 21st Century School Funding	1.056
Education	Expansion of Glanynant	0.270
Education	Crumlin Institute	0.300
<b>Social Services</b>		
Social services	New Respite Facility	2.213
Social services	Minor Works	0.682
Social services	Springfield Resource Centre	0.050
<b>Housing Revenue Account</b>		
Housing Revenue Account	Housing Revenue Account	0.215
<b>Total Capital Earmarked Reserves</b>		<b>45.796</b>

## Appendix 2 – Other Earmarked Reserves

Other Earmarked Reserves	Balance as at 31 March 2023 £m	New Approvals £m	Commitments 2023/24 £m	Release to General Fund 2023/24 £m	Forecast Balance as at 31 March 2024 £m	Forecast Balance as at 31 March 2025 £m	Forecast Balance as at 31 March 2026 £m
<b>Corporate Services</b>							
Car Park Lost Income	0.063	-	-	(0.063)	-	-	-
Cleaning & Greening	0.192	-	(0.192)	-	-	-	-
Community Coordinators	0.207	-	-	(0.207)	-	-	-
Cost of Living Disc Scheme 2021/22	0.233	-	(0.233)	-	-	-	-
Cost of Living Hardship Fund	2.886	-	(1.328)	-	1.558	-	-
Decarbonisation Strategy	0.444	-	(0.223)	-	0.221	0.073	-
Digital Transformation	1.054	-	(0.300)	-	0.754	0.454	-
IT Support for Transformation (Schools)	0.176	0.605	(0.267)	-	0.514	0.214	-
Municipal Mutual Insurance Future Liabilities	0.391	-	-	(0.391)	-	-	-
Teachers Pay @ 1.75%	0.358	-	-	-	0.358	0.358	0.358
Teachers' Pension Grant Allocation 2019/20	2.434	-	-	-	2.434	1.623	-
Waste Management Dry Recycling	0.060	-	-	(0.060)	-	-	-
Apprenticeship Scheme 2020/21	0.560	-	(0.150)	-	0.410	0.210	-
Community Empowerment Fund	0.155	-	(0.155)	-	-	-	-
Corporate Match Funding Apprentice Budget	0.065	-	-	(0.065)	-	-	-
Corporate Services Miscellaneous	0.308	-	(0.105)	(0.076)	0.127	0.054	0.039
Corporate Services Resources	1.554	0.605	(0.849)	(0.171)	1.139	0.688	0.674
Council Tax Reduction Scheme	0.494	-	-	(0.494)	-	-	-
Discretionary Housing Payments	-	0.665	(0.665)	-	-	-	-
Education Contribution to ESF	0.323	-	-	(0.323)	-	-	-
External Asbestos Surveys	0.100	-	(0.050)	-	0.050	-	-
Finance Service System Upgrades and Replacements	0.280	-	(0.118)	(0.105)	0.057	0.009	0.009

## Appendix 2 – Other Earmarked Reserves

Other Earmarked Reserves	Balance as at 31 March 2023 £m	New Approvals £m	Commitments 2023/24 £m	Release to General Fund 2023/24 £m	Forecast Balance as at 31 March 2024 £m	Forecast Balance as at 31 March 2025 £m	Forecast Balance as at 31 March 2026 £m
Flexible Working Reserve	0.396	-	(0.396)	-	-	-	-
IT Service Edtech	0.338	-	-	(0.338)	-	-	-
IT Service System Updates, Improvements and Developments	0.740	0.358	(0.495)	(0.127)	0.476	0.082	0.033
IT Support for Transformation	0.468	-	(0.130)	-	0.338	-	-
License to Innovate 2020/21	0.169	-	(0.019)	(0.150)	-	-	-
Members Services	0.071	-	-	(0.071)	-	-	-
Occupational Health	0.129	-	(0.020)	-	0.109	0.049	-
Voluntary Sector Grants (GTVS)	0.106	-	-	(0.056)	0.050	0.050	0.050
Homeless Prevention	0.147	-	(0.079)	-	0.068	0.048	0.048
Ty Croeso Renewal Fund	0.240	-	-	(0.050)	0.190	0.190	0.190
Ty Fesen Renewal Fund	0.200	-	-	(0.050)	0.150	0.150	0.150
Empty Homes Team	0.131	-	(0.059)	-	0.072	0.041	-
Home Loans	0.004	-	(0.004)	-	-	-	-
Private Sector Housing Fixed Term Staff Capacity	0.109	-	-	-	0.109	-	-
Corporate PC Replacement	0.818	-	-	-	0.818	0.818	0.818
Electoral Admin	0.519	-	-	-	0.519	0.519	0.518
Health & Safety Initiatives	0.263	-	-	-	0.263	0.263	0.263
Interest Equalisation	10.101	-	-	-	10.101	10.101	10.101
Invest To Save	0.862	-	(0.862)	-	-	-	-
Home Loan	0.016	0.004	-	-	0.020	0.020	0.020
PFI Equalisation Roads	1.196	-	-	-	1.196	1.196	1.196
PFI Equalisation Schools	7.189	-	-	-	7.189	7.189	7.189
<b>Total Corporate Services</b>	<b>36.549</b>	<b>2.237</b>	<b>(6.699)</b>	<b>(2.797)</b>	<b>29.290</b>	<b>24.399</b>	<b>21.656</b>

## Appendix 2 – Other Earmarked Reserves

Other Earmarked Reserves	Balance as at 31 March 2023 £m	New Approvals £m	Commitments 2023/24 £m	Release to General Fund 2023/24 £m	Forecast Balance as at 31 March 2024 £m	Forecast Balance as at 31 March 2025 £m	Forecast Balance as at 31 March 2026 £m
<b>Economy &amp; Environment</b>							
Catering - Free School Meal Payments 2023	-	0.900	(0.877)	(0.023)	-	-	-
Economy & Environment Miscellaneous	0.186	-	(0.153)	(0.033)	-	-	-
Economy & Environment Resources	0.208	0.071	(0.055)	(0.103)	0.121	0.093	0.063
Regeneration Project Board Funds	2.121	0.116	-	-	2.237	2.236	2.236
Rhymney High Street	0.050	-	-	-	0.050	-	-
Ash Dieback	0.274	-	(0.274)	-	-	-	-
Waste Strategy Route Map	-	2.347	(0.348)	-	1.999	0.999	-
Canal Refurbishment	0.100	-	-	-	0.100	-	-
Emporium Car Park Repairs	0.099	-	(0.099)	-	-	-	-
Winter Maintenance	0.419	-	-	-	0.419	0.420	0.420
LDP Revision & Update	0.331	-	-	-	0.331	0.192	0.092
Asset Management Projects	0.109	-	-	(0.109)	-	-	-
Cwmcarn Tracks and Trails Project	-	0.040	(0.040)	-	-	-	-
Valleys Task Force Crowd Funding	0.073	-	(0.073)	-	-	-	-
Cashless Catering Upgrade & Staff	0.269	-	-	(0.269)	-	-	-
Software Upgrade Public Protection	0.115	-	(0.020)	-	0.095	-	-
Area Forum	0.025	-	(0.002)	(0.023)	-	-	-
Carbon Trust Fund Grant Match Funding for Energy Efficiency Measures	0.324	-	-	-	0.324	0.324	0.324
Cemeteries Maintenance	0.337	-	-	-	0.337	0.337	0.337
Community Infrastructure Levy	0.463	-	(0.072)	-	0.391	0.390	0.390
<b>Total Economy &amp; Environment</b>	<b>5.503</b>	<b>3.474</b>	<b>(2.013)</b>	<b>(0.560)</b>	<b>6.404</b>	<b>4.991</b>	<b>3.862</b>

## Appendix 2 – Other Earmarked Reserves

Other Earmarked Reserves	Balance as at 31 March 2023 £m	New Approvals £m	Commitments 2023/24 £m	Release to General Fund 2023/24 £m	Forecast Balance as at 31 March 2024 £m	Forecast Balance as at 31 March 2025 £m	Forecast Balance as at 31 March 2026 £m
<b>Education</b>							
Ed Psychology	0.326	-	(0.326)	-	-	-	-
Ed Tech Sustainability	1.619	-	-	-	1.619	1.619	-
Education Service Miscellaneous	0.079	0.072	(0.030)	(0.049)	0.072	0.072	0.072
Education Service Resources	0.777	0.148	(0.370)	(0.040)	0.515	0.201	0.148
Education Service Specific Repairs and Renewals	0.540	-	(0.435)	(0.010)	0.095	0.095	-
Energy Meters in Primary School Kitchens	0.050	-	-	(0.050)	-	-	-
ESF Projects - Bridges into Work 2, Working Skills for Adults 2, Inspire to Work	0.213	-	-	(0.213)	-	-	-
Libraries - IT Renewals	0.075	-	(0.067)	-	0.008	-	-
School Condition and Site Surveys	0.238	0.100	(0.219)	-	0.119	-	-
School Improvement - Additional funding to support schools causing concern	0.050	-	(0.050)	-	-	-	-
Teachers Pay Shortfall for Sept 2022 in FY 2023/24	-	0.123	(0.123)	-	-	-	-
VER Contributions Schools	0.245	-	(0.061)	-	0.184	0.123	-
Local Management of Schools	2.228	-	(0.614)	-	1.614	1.615	1.614
PFI Schools Earmarked	1.578	-	-	-	1.578	1.578	1.578
<b>Total Education</b>	<b>8.018</b>	<b>0.443</b>	<b>(2.295)</b>	<b>(0.362)</b>	<b>5.804</b>	<b>5.303</b>	<b>3.412</b>



## Appendix 2 – Other Earmarked Reserves

Other Earmarked Reserves	Balance as at 31 March 2023 £m	New Approvals £m	Commitments 2023/24 £m	Release to General Fund 2023/24 £m	Forecast Balance as at 31 March 2024 £m	Forecast Balance as at 31 March 2025 £m	Forecast Balance as at 31 March 2026 £m
<b>Social Services</b>							
Beatrice Webb (103 care hrs. + 63 night care less sleep-in)	0.219	-	(0.130)	-	0.089	-	-
Caerphilly Cares/Buddy Scheme	0.411	-	(0.091)	-	0.320	0.189	0.050
Care Home Energy Payments	-	0.521	(0.521)	-	-	-	-
Development of the Safeguarding Hub.	0.058	-	(0.058)	-	-	-	-
DoLS Referrals Backlog	0.125	-	-	-	0.125	0.126	0.125
Expansion of MyST Intensive Fostering Service	0.576	-	(0.375)	-	0.201	-	-
Family Aid for Parents with Learning Disabilities	0.395	-	(0.150)	-	0.245	0.044	-
Family Contact Area Updates	0.044	-	-	-	0.044	-	-
Finance IT System	0.117	-	(0.117)	-	-	-	-
Home Care Monitoring System Upgrade	0.200	-	(0.112)	-	0.088	0.070	0.049
Laptop and Mobile Replacement	0.096	-	(0.043)	-	0.053	0.028	-
Mitigate Potential Withdrawal of ICF Grant Funding	0.500	-	-	-	0.500	-	-
Social Care Travel Costs	0.595	(0.521)	(0.030)	-	0.044	0.014	-
Social Services Miscellaneous Reserves	0.015	-	(0.015)	-	-	-	-
Social Services Resources	1.179	0.095	(0.604)	-	0.670	0.294	0.147
Social Work Qualification	0.107	-	(0.052)	-	0.055	-	-
Childrens Homes Staff Supernumerary	0.402	-	(0.402)	-	-	-	-
Ty Clyd (103 care hrs + 63 night care less sleep-in)	0.336	-	(0.050)	-	0.286	0.052	-
Social Services Commercial Activities	0.048	-	-	-	0.048	0.048	0.048
Social Services Partnership	2.868	-	-	-	2.868	2.868	2.868
<b>Total Social Services</b>	<b>8.291</b>	<b>0.095</b>	<b>(2.750)</b>	<b>-</b>	<b>5.636</b>	<b>3.733</b>	<b>3.287</b>
<b>Total Other Earmarked Reserves</b>	<b>58.361</b>	<b>6.249</b>	<b>(13.757)</b>	<b>(3.719)</b>	<b>47.134</b>	<b>38.426</b>	<b>32.217</b>



Appendix 3 – Reserves Released to Support 2024/25 Budget

	<b>Release to General Fund Reserve</b>
<b>Reserves</b>	
<b>Corporate Services</b>	<b>£m</b>
Car Park Lost Income	0.063
Community Coordinators	0.207
Municipal Mutual Insurance Future Liabilities	0.391
Waste Management Dry Recycling	0.060
Corporate Match Funding Apprentice Budget	0.065
Corporate Services Miscellaneous	0.076
Corporate Services Resources	0.172
Council Tax Reduction Scheme	0.494
Education Contribution to ESF	0.322
Finance Service System Upgrades and Replacements	0.105
IT Service Edtech	0.338
IT Service System Updates, Improvements and Developments	0.127
Licence to Innovate 20-21	0.150
Members Services	0.071
Vol Sector Grants (GTVS)	0.056
Ty Croeso Renewal Fund	0.050
Ty Fesen Renewal Fund	0.050
<b>Economy &amp; Environment</b>	
Catering - Free School Meal Payments 2023	0.023
Economy & Environment Miscellaneous	0.033
Economy & Environment Resources	0.103
Asset Management Projects	0.109
Cashless Catering Upgrade & Staff	0.269
Area Forum Reserve	0.023
<b>Education</b>	
Education Service Miscellaneous	0.049
Education Service Resources	0.040
Education Service Specific Repairs and Renewals - Drainage	0.010
Energy Meters in Primary School Kitchens	0.050
ESF Projects - Bridges into Work 2, Working Skills for Adults 2, Inspire to Work	0.213
<b>Total Other Earmarked Reserves</b>	<b>3.719</b>
<b>Service Over/Underspend Reserves</b>	
<b>Economy &amp; Environment</b>	
Building Consultancy	0.017
Regeneration	0.000
<b>Total Service Over/Under Reserves</b>	<b>0.017</b>
<b>Total Insurance Reserve</b>	<b>2.000</b>
<b>Total</b>	<b>5.736</b>

Gadewir y dudalen hon yn wag yn fwriadol



## SPECIAL CABINET – 27<sup>TH</sup> FEBRUARY 2024

**SUBJECT: BUDGET PROPOSALS FOR 2024/25**

**REPORT BY: DEPUTY CHIEF EXECUTIVE**

### 1. PURPOSE OF REPORT

- 1.1 To seek Cabinet endorsement of the 2024/25 budget proposals contained within this report prior to final determination by Council on 27 February 2024.

### 2. SUMMARY

- 2.1 At its meeting on 17 January 2024, Cabinet endorsed the 2024/25 Draft Budget Proposals based on the Welsh Government (WG) Provisional Local Government Financial Settlement for 2024/25.
- 2.2 The report provided details of a range of cost and service pressures that require funding, proposed permanent and temporary savings, the proposed one-off use of reserves, and a proposed increase of 6.9% in Council Tax to enable the Authority to set a balanced budget for the 2024/25 financial year.
- 2.3 Following a period of consultation this report now presents Final Budget Proposals for the 2024/25 financial year. The report also contains additional information for Cabinet consideration in respect of movements on the General Fund, and the proposed Capital Programme for the three-year period 2024/25 to 2026/27.
- 2.4 An updated indicative Medium-Term Financial Plan (MTFP) is also appended to the report showing a potential savings requirement of £45.213m for the two-year period 2025/26 to 2026/27.

### 3. RECOMMENDATIONS

- 3.1 Prior to consideration and determination at the Council meeting on 27 February 2024, Cabinet is asked: -
  - 3.1.1 To endorse the revenue budget proposals for 2024/25 of £449.190m as detailed throughout the report and summarised in Appendix 1.
  - 3.1.2 To endorse the proposed increases in charges for school meals in secondary schools, Meals Direct, and the Hive Restaurant along with the proposed increase in the fee for MOT testing as detailed in paragraph 5.5.5.

- 3.1.3 To agree that 100% of the net projected underspend on the Council's 2023/24 revenue budget will be transferred into General Fund balances as outlined in paragraph 5.7.3.
- 3.1.4 To note the movements on the General Fund in Appendix 4 and the projected balance as at 31 March 2024 of £14.126m.
- 3.1.5 To endorse the proposed Capital Programme for the period 2024/25 to 2026/27 as set out in Appendix 5.
- 3.1.6 To support the proposal to increase Council Tax by 6.9% for the 2024/25 financial year to ensure that a balanced budget is achieved (Council Tax Band D being set at £1,446.37).
- 3.1.7 To note the indicative potential savings requirement of £45.213m for the two-year period 2025/26 to 2026/27.

#### **4. REASONS FOR THE RECOMMENDATIONS**

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

#### **5. THE REPORT**

##### **5.1 Background and Economic Context**

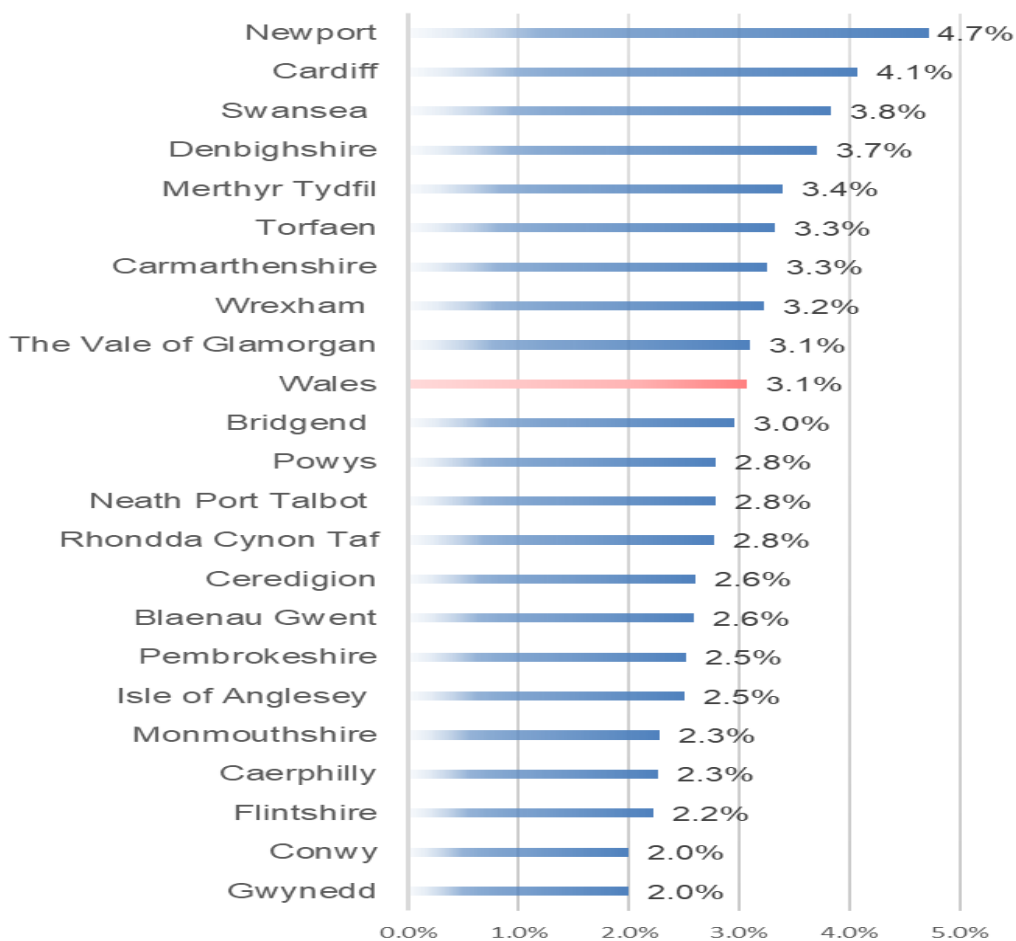
- 5.1.1 The continuing impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, are major influences in determining the 2024/25 Budget Proposals and the medium-term financial outlook.
- 5.1.2 The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level for the rest of 2023. In February 2024, members of the BoE's Monetary Policy Committee voted 6-3 in favour of keeping Bank Rate at 5.25%.
- 5.1.3 The November quarterly Monetary Policy Report (MPR) forecast a prolonged period of weak Gross Domestic Product (GDP) growth with the potential for a mild contraction due to ongoing weak economic activity. The outlook for Consumer Prices Index (CPI) inflation was deemed to be highly uncertain, with upside risks to CPI falling to the 2% target coming from potential energy price increases, strong domestic wage growth and persistence in price-setting.
- 5.1.4 Office for National Statistics (ONS) figures showed CPI inflation was 4.0% in January 2024. Looking ahead, using the interest rate path implied by financial markets the BoE expects CPI inflation to continue falling slowly, but taking until early 2025 to reach the 2% target before dropping below target during the second half of 2025 and into 2026.
- 5.1.5 ONS figures showed the UK economy contracted by 0.1% between July and September 2023, and a further contraction of 0.3% is estimated between October and December 2023 which effectively indicates a period of recession. The BoE forecasts GDP will likely stagnate through 2024 and that higher interest rates will constrain GDP growth, which will remain weak over the entire forecast horizon.

- 5.1.6 The labour market appears to be loosening, but only very slowly. The unemployment rate rose slightly to 4.2% between June and August 2023, from 4.0% in the previous 3-month period, but the lack of consistency in the data between the two periods made comparisons difficult. Earnings growth has remained strong but has showed some signs of easing; regular pay (excluding bonuses) was up 7.3% over the period and total pay (including bonuses) up 7.2%. Adjusted for inflation, regular pay was 1.4% and total pay 1.3%. Looking forward, the MPR showed the unemployment rate is expected to be around 4.25% in the second half of calendar 2023, but then rising steadily over the forecast horizon to around 5% in late 2025/early 2026.
- 5.1.7 Although UK inflation and wage growth remain elevated, the Authority's treasury management adviser Arlingclose forecasts that Bank Rate has peaked at 5.25%. The Bank of England's Monetary Policy Committee will start reducing rates in 2024 to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose sees rate cuts from Q3 2024 to a low of around 3% by early/mid-2026.
- 5.1.8 The current economic situation and increases in demand for services (particularly in Social Care) means that the Council (along with all others) continues to face unprecedented financial challenges. The seriousness of this situation is evidenced by a number of Councils issuing Section 114 Notices in recent years (Croydon, Slough, Northumberland, Thurrock, Birmingham, and Nottingham), which effectively means that these Councils were serving notice that they were unable to deliver balanced budgets. It is anticipated that a number of other Councils will issue Section 114 Notices moving forward.
- 5.1.9 Due to austerity, between 2008/09 and 2023/24 Caerphilly CBC has already delivered savings in excess of £111m to address reductions in funding and inescapable cost pressures. However, the details set out in this report show a savings requirement of £41.626m for 2024/25 alone, and due to the temporary nature of many of the measures proposed to balance the budget for 2024/25, it is currently anticipated that further total permanent savings of £45.213m will be required for the two-year period 2025/26 to 2026/27.
- 5.1.10 The scale of the financial challenge facing the Council cannot be underestimated. Clearly, a financial strategy that seeks to continuously salami slice our services and deplete our reserves is not a sustainable or an appropriate approach, especially when the demands upon our services are far higher than ever, as our communities continue to present far greater and increasingly complex needs to us. To ensure we are able to meet the needs of our communities, whilst operating with significantly reduced funding, a whole Council and a whole County Borough holistic approach is needed, and this is being defined and developed through the Council's Mobilising Team Caerphilly Transformation Programme.
- 5.1.11 During the last twelve months significant work has been undertaken during the discovery phase of Mobilising Team Caerphilly to identify a wide range of projects that will help the Council balance its budget moving forward. We are now moving into the delivery stage with numerous projects being defined in detail in readiness for approval and implementation. A change programme of the scale being considered will require significant resources to be deployed and will inevitably take time to fully deliver. With this in mind, the budget proposals for 2024/25 effectively provide a transitional budget which is partially supported through the one-off use of reserves and a number of temporary savings measures. This will provide the time needed to deliver the range of prioritised projects under Mobilising Team Caerphilly.
- 5.1.12 Given the scale of the financial challenge faced by the Council, it is inevitable that some difficult decisions will need to be made at pace to ensure that balanced budgets can be delivered in the forthcoming years.
- 5.2 Welsh Government (WG) Provisional Local Government Financial Settlement for 2024/25**
- 5.2.1 The Local Government Financial Settlement received from WG on an annual basis is referred to as Aggregate External Finance (AEF). This consists of a Revenue Support Grant (RSG) and Redistributed Non-Domestic Rates (business rates). Details of the Provisional Local

Government Financial Settlement are usually announced by WG in early October each year. However, in recent years due to economic uncertainty the announcement has been delayed until December and details of the Provisional Local Government Financial Settlement for 2024/25 were not released until 20 December 2023.

5.2.2 On an All-Wales basis, the Provisional Financial Settlement shows an increase in Aggregate External Finance (AEF) of £170m or 3.1% on a like-for-like basis. Table 1 below shows the range around the average of 3.1% driven by the funding formula. This is largely a reflection of data movements in population and pupil numbers and an analysis of the components of change in the funding formula is set out in the suite of tables published alongside the settlement. The lowest increases are in Gwynedd and Conwy with 2.0%, and the highest is Newport with an increase of 4.7%. The Minister has implemented a floor mechanism at 2% which benefits the two authorities at the bottom and is funded from outside the settlement at a cost of £1.3m. The increase for Caerphilly CBC is 2.3%.

Table 1 - Changes to AEF by Local Authority (2023/24 to 2024/25)



5.2.3 Overall core revenue funding rises to £5.69bn in 2024/25. As this is the last year of the current Spending Review period there is no forward indication of settlements beyond the work that has been done by Wales Fiscal Analysis.

5.2.4 In terms of public sector pay, there is specific reference in the Minister’s letter that accompanied the settlement to teachers pay. This confirms that this will have to be funded from within the settlement envelope: -



*“I have again taken the decision to provide all the available funding up front and not hold back funding for in-year recognition of the 2024/25 teachers’ pay deal. Authorities’ budget planning must therefore accommodate these costs.*

5.2.5 Further on in the Minister’s letter there is also reference to the funding of the teachers’ and firefighters’ pension contributions: -

*“The Chancellor’s Autumn Statement referred to the changes to the SCAPE rate, which has implications for the costs of employers’ contributions to teachers and fire-fighter pensions. This in turn has implications for Local Authority budgets. Funding for this is expected to be provided by UK Government but not until 2024/25. I will be writing to the Chief Secretary to the Treasury to press for assurances on the level and timing of this funding. My officials will keep your officers informed.*

5.2.6 In cash terms, the 2.3% increase for Caerphilly CBC provides additional funding of £7.766m for 2024/25. Whilst this is of course welcomed, the increase needs to be considered in the context of the financial challenge being faced by the Council, with cost pressures totalling £56.464m for 2024/25 alone.

5.2.7 Changes to other pass-ported grants in the Provisional Settlement result in a net reduction of £202k for Caerphilly CBC in relation to the tapering of WG funding for Private Finance Initiative (PFI) Schemes.

#### Specific Revenue Grants

5.2.8 On a like-for-like basis, the Provisional Settlement shows that specific revenue grants will decrease on an All-Wales basis by circa 6.3% or around £92m. Education grants will go to local authorities from 2024/25 rather than the regional consortia and significantly many education grants will consolidate into 4 new grants: -

- Local Authority Education Grant (Schools Standards) £160m.
- Local Authority Education Grant (Equity) £155m.
- Local Authority Education Grant (Reform) £54m.
- Local Authority Education Grant (Cymraeg) £10m.

5.2.9 Some of the larger and more significant reductions in 2024/25 include: -

- Retail, Leisure, and Hospitality Rates Relief reduces from £130m to £79m.
- Social Care Workforce Grant reduces from £45m to £35m.
- Communities for Work+ reduces from £27m to £17m.
- Bus Emergency Scheme reduces from £42m to £39m.

5.2.10 There are increases in several grant schemes, some of the larger and more significant include:

- Substance Misuse Action Fund increases from £39m to £41m.
- Universal Free Primary School Meals increases from £63m to £94m.

5.2.11 Heads of Service are currently working with Finance Managers to fully assess the impacts of reductions in grant funding, but the working assumption is that services will need to manage within the reduced funding allocations.

#### Capital Funding

5.2.12 The Provisional Settlement shows that capital allocations available to Caerphilly CBC in the RSG and from the General Capital Grant have decreased from £9.772m in 2023/24 to £9.709m for 2024/25. An updated Capital Programme will be presented to Cabinet and Council on 27 February 2024.

### 5.3 Changes to the Provisional Local Government Financial Settlement for 2024/25

- 5.3.1 WG notified Local Authorities on 23 January 2024 of a small anomaly in the Provisional Local Government Revenue and Capital Settlements for 2024/25. This results in an increase of £95 in the revenue funding for Caerphilly CBC, and an increase of £22k in capital funding.
- 5.3.2 On 24 January 2024, the UK Government announced it would increase funding to local authorities in England by £600m and following this WG informed Local Authorities in Wales on 7 February 2024 that there would be a consequential allocation for Wales of around £25m for 2024/25, which will be confirmed at the UK Spring Budget on 6 March 2025.
- 5.3.3 As part of addressing the challenges WG faced in its 2024/25 Draft Budget, the Minister for Health and Social Services reduced the Social Care Workforce Grant by £10.6m i.e. from £45m to £35m on an All-Wales basis. Council Leaders have since expressed concern at this, and it has also been a theme in the Senedd scrutiny sessions on the Draft Budget. As a result of the £25m consequential, the Minister has announced that this grant funding for 2024/25 will now return to the 2023/24 level of £45m.
- 5.3.4 The remaining £14.4m of the consequential funding will be allocated to the Revenue Support Grant in 2024/25. The original funding floor remains and the increased funding in the Financial Settlement will mean that no individual authority will have an increase lower than 2.3%. For Caerphilly CBC there will be additional revenue funding of £835,089 for 2024/25, with the net overall increase in funding now being 2.5%.
- 5.3.5 WG has also notified Local Authorities that the following grants will now be transferring into the Financial Settlement: -

Table 2 – Grants Transferring into the 2024/25 Financial Settlement

Grant	£m
Implementation of the Performance and Improvement Framework	0.040
Delivery of Flood Protection	0.225
Child Burials	0.038
<b>TOTAL: -</b>	<b>0.303</b>

- 5.3.6 As in previous years the grants transferring into the Settlement will be allocated to the relevant service budgets.
- 5.3.7 The consequential funding and grant transfers will be formally allocated in the WG Final Budget on 27 February 2024 and will form part of the Final Local Government Settlement for 2024/25.

### 5.4 2024/25 Draft Budget Proposals

- 5.4.1 In addition to the changes in WG funding outlined in Section 5.3, there are further emerging costs pressures and savings adjustments that will impact on the final budget proposals. These changes are all captured in Table 3: -

Table 3 - Adjustments to the 2024/25 Draft Budget Proposals

Description	£m
<b>Adjustments to funding in 2024/25 Provisional Financial Settlement: -</b>	
• Anomaly notified by WG 23/01/24 and share of consequential funding announced 07/02/24	0.835

• Grants to be transferred into Settlement: -	
- Implementation of the performance and Improvement Framework	0.040
- Delivery of Flood Prevention	0.225
- Child Burials	0.038
<b>Additional Growth Requirements: -</b>	
• Annual contribution to Valleys Regional Park Partnership	(0.030)
• 4.28% increase in contribution to City Deal Programme Office	(0.006)
• Additional licences for rollout of Intranet in schools	(0.006)
• Caerphilly CBC annual contribution to new Learning Management System Consortium (Thinqi)	(0.040)
<b>Transfers Into Settlement Allocated to Relevant Service Budgets</b>	<b>(0.303)</b>
<b>Adjustments to Proposed Savings: -</b>	
• Community Centres caretaker costs saving calculated incorrectly in 2024/25 Draft Budget Proposals report	0.018
<b>Net Increase in Funding Available: -</b>	<b>0.770</b>
<b>Proposed Reduction in Call on Reserves to Balance Budget</b>	<b>(0.770)</b>
<b>NET POSITION: -</b>	<b>0.000</b>

5.4.2 Members will note that the net increase in funding available is £770k, and it is proposed that this is used to reduce the call on reserves to balance the 2024/25 budget. This will also contribute to reducing the projected shortfall for the 2025/26 and 2026/27 financial years.

5.4.3 The proposals contained within this report will deliver a balanced budget for 2024/25 on the basis that Council Tax is increased by 6.9%. Table 4 provides a summary: -

Table 4 – 2024/25 Budget Proposals Summary

	<b>£m</b>
<b>Cost Pressures: -</b>	
• General Fund Services inflationary pressures (pay and non-pay)	11.934
• General Fund inescapable service pressures	13.737
• Transfers into Settlement	0.303
• Schools cost pressures	8.283
• Reinstatement of 2023/24 temporary budget measures	22.207
<b>Total: -</b>	<b>56.464</b>
<b>Funded By: -</b>	
• 2.5% uplift in Provisional Settlement	8.904
• 6.9% proposed increase in Council Tax	5.935
• Permanent savings proposals	19.552
• Temporary savings proposals	11.449
• One-off use of reserves	10.624
<b>Total: -</b>	<b>56.464</b>

5.4.4 Whilst the proposals in this report present a balanced financial position for 2024/25, a significant element of this is being achieved through one-off temporary measures i.e. £11.449m of temporary savings and £10.624m through the use of reserves. These temporary one-off measures totalling £22.073m will only support the budget for the 2024/25 financial year and they effectively allow a transitional budget to be presented that provides the time needed to deliver the range of prioritised projects under the Mobilising Team Caerphilly Transformation Programme.

5.4.5 The 2024/25 General Fund Services inflationary cost pressures totalling £11.934m are set out in Table 5 below: -

Table 5 – General Fund Services Inflationary Cost Pressures

	<b>£m</b>
National Joint Council (NJC) Pay Award	8.869
Increase in Employer Pension Contributions (NJC Staff)	1.245
Non-Pay Inflation	2.673
Non-Pay Inflation (Fees and Charges)	(0.853)
<b>TOTAL: -</b>	<b>11.934</b>

5.4.6 **National Joint Council (NJC) Pay Award** – The 2023/24 budget approved by Council in February 2023 assumed a NJC pay award of 5% from April 2023. However, the final approved pay award was an uplift of £1,925 across all pay scales (average net increase of 6.51%), which required additional funding of circa £2.3m to be identified. This is being funded in 2023/24 through a one-off contribution from reserves, and the additional cost has also now been factored into the base budget for 2024/25. In addition to this, a further pay award of 4% is assumed from April 2024. The assumed 4% uplift will be held corporately in the first instance and released to budgets once the actual pay award for 2024/25 has been determined.

5.4.7 **Increase in Employer Pension Contributions (NJC Staff)** – The Greater Gwent (Torfaen) Pension Fund is subject to an independent triennial valuation of its assets and liabilities. The outcome of the most recent valuation in 2022 requires a 1% increase in the employer’s contribution for 2024/25, with a further increase of 0.5% for 2025/26. Any increase for 2026/27 will be determined by the next triennial valuation.

5.4.8 **Non-Pay Inflation** – The Consumer Prices Index (CPI) inflation rate peaked at 11.1% during 2022. The most recent published data for the 12 months to January 2024 shows CPI at 4.0%. Looking ahead, using the interest rate path implied by financial markets the BoE expects CPI inflation to continue falling slowly, but taking until early 2025 to reach the 2% target before dropping below target during the second half of 2025 and into 2026. For budget setting purposes an inflation rate of 3% is assumed for 2024/25. The figure of £2.673m does not include any uplift for independent sector Social Care providers as the full cost of these increases is included in inescapable service pressures.

5.4.9 **Non-Pay Inflation (Fees and Charges)** - A generic increase of 5% is assumed for Fees and Charges.

5.4.10 Table 6 provides a summary of the 2024/25 General Fund Services inescapable service pressures totalling £13.737m. These pressures have been subject to a detailed review and have been incorporated into the 2024/25 Budget Proposals on the basis that they are essential. Full details are provided in Appendix 2 for Members’ consideration.

Table 6 – Summary of General Fund Inescapable Service Pressures

<b>Service Area</b>	<b>£m</b>
Corporate Services	0.299
Miscellaneous Finance	1.986
Social Services	10.448
General Fund Housing	1.004
<b>TOTAL: -</b>	<b>13.737</b>

5.4.11 The 2024/25 Schools cost pressures totalling £8.283m are set out in Table 7 below -

Table 7 – Schools Cost Pressures

	<b>£m</b>
Teachers' Pay Award	5.951
National Joint Council (NJC) Pay Award (School-Based Staff)	0.724
Increase in Employer Pension Contributions (NJC Staff)	0.188
Non-Pay Inflation	0.826
Other Service Pressures	0.594
<b>TOTAL: -</b>	<b>8.283</b>

5.4.12 **Teachers' Pay Award** – The teachers' pay awards in September 2022 and September 2023 were both 1.5% higher than the budgeted levels, and one-off grant funding was provided by the Welsh Government to meet the in-year costs relating to the September 2022 pay award only. WG has now confirmed that no further funding will be provided to meet the recurring additional cost of these pay awards, and that this must be funded from within the 2024/25 Financial Settlement. A further pay award of 4% is currently assumed from September 2024 and this again must be funded from within the settlement.

5.4.13 **National Joint Council (NJC) Pay Award (School-Based Staff)** – The 2024/25 budget proposals include budgetary growth to fully fund the full-year impact of the 2023/24 pay award, along with additional budget provision for an assumed pay award of 4% from April 2024.

5.4.14 **Increase in Employer Pension Contributions (NJC Staff)** – As mentioned in paragraph 5.4.7, the outcome of the most recent triennial valuation of the pension fund in 2022 requires a 1% increase in the employer's contribution for 2024/25, with a further increase of 0.5% for 2025/26. Any increase for 2026/27 will be determined by the next triennial valuation.

5.4.15 **Non-Pay Inflation** - As detailed in paragraph 5.4.8 a CPI inflation rate of 3% is assumed for 2024/25.

5.4.16 **Other Schools Service Pressures** – These consist in the main of the following: -

- School floor area related changes.
- Expansion of Trinity Fields Special School.
- Demand pressures linked to Specialist Resource Bases (SRB's) or Specialist Satellite provision.

5.4.17 The Chancellor's Autumn Statement referred to changes to the 'Superannuation Contributions Adjusted for Past Experience' (SCAPE) rate from April 2024, which has implications for the costs of employers' pension contributions for teachers, which in turn has implications for Local Authority budgets. Funding for this is expected to be provided by the UK Government but not until 2024/25. The estimated cost of the proposed changes for Caerphilly schools is circa £4.8m, which presents a significant financial risk if this is not fully funded on a recurring basis.

## 5.5 2024/25 Savings Proposals

5.5.1 Savings proposals have been identified for the 2024/25 financial year totalling £31.002m. These are summarised in Table 8 with further details being provided in Appendix 3.

Table 8 – 2024/25 Savings Proposals

<b>Service Area</b>	<b>Permanent Savings £m</b>	<b>Temporary Savings £m</b>	<b>Total Savings £m</b>
Corporate Services	1.187	0.658	<b>1.845</b>
Miscellaneous Finance	5.305	5.499	<b>10.805</b>
Economy & Environment	1.576	1.713	<b>3.289</b>
Social Services	0.526	2.545	<b>3.071</b>
Education & Lifelong Learning	0.284	1.034	<b>1.319</b>
Schools	3.000	0.000	<b>3.000</b>
All Directorates	7.673	0.000	<b>7.673</b>
<b>TOTAL: -</b>	<b>19.552</b>	<b>11.449</b>	<b>31.002</b>

- 5.5.2 The savings proposals have been split into 2 categories, those that are permanent and those that are temporary (i.e. not sustainable in the medium to longer-term). Savings of a temporary nature are not ideal, but they do provide a window of opportunity to identify, approve and implement permanent savings in readiness for the 2025/26 and 2026/27 financial years.
- 5.5.3 Members will note that there is a proposed saving of £3m for schools. As outlined in Table 7, schools cost pressures totalling £8.283m have been identified for 2024/25. It is proposed that the Individual Schools Budget (ISB) will be uplifted by £5.283m, which means that schools will need to identify cost efficiencies of £3m. Finance staff will work closely with schools to identify opportunities to reduce costs wherever possible.
- 5.5.4 The permanent savings proposals include an initial 2024/25 in-year savings target of £5m for the Mobilising Team Caerphilly transformation programme. This will be delivered through projects that are currently “in flight” and there is an expectation that further significant savings will be delivered in subsequent financial years once further projects have been prioritised for development and delivery. If the £5m target is exceeded, then the savings will be taken as ‘savings in advance’ to help offset the projected funding gap of £45.213m for 2025/26 and 2026/27. Conversely, if the target is not fully achieved then the shortfall will need to be funded through a further in-year call on reserves. Progress will be closely monitored by the Mobilising Team Caerphilly Portfolio Board and through the Council’s established budget monitoring arrangements.
- 5.5.5 In addition to the savings proposals outlined in Table 8, it is proposed to increase the charges for school meals in secondary schools, Meals Direct and the Hive Restaurant in Ty Penallta by 7.5%. These increases will generate additional income of circa £57k above the 5% fees and charges increase already assumed in the 2024/25 budget proposals. It is also proposed to increase the charge for MOT testing undertaken in the Council’s workshop from the current charge of £45 to the statutory fee of £54.85, which will generate additional revenue of circa £6k per annum. These above 5% increases are proposed by the relevant Heads of Service to help address budgetary pressures in the respective service areas and as such the additional revenue will not be available to support the 2024/25 savings requirement. The additional increases will instead be used to assist in managing expenditure within existing budgets.

## **5.6 Proposed Use of Reserves**

- 5.6.1 To achieve a balanced budget for 2024/25 it will be necessary to utilise reserves totalling £10.624m as a further one-off measure. This again provides a short window of opportunity to develop sustainable solutions to address the projected budget deficit for 2025/26 and 2026/27.
- 5.6.2 It is proposed that the reserves in Table 9 are released to support the budget for 2024/25.

Table 9 – Proposed Use of Reserves

<b>Description</b>	<b>£m</b>	<b>£m</b>
Service Reserves to be Released following Review: -		
• Corporate Services	2.697	
• General Fund Housing	0.100	
• Economy and Environment	0.560	
• Education and Lifelong Learning	0.362	
• Building Consultancy	0.017	3.736
Insurance Reserve		2.000
Contribution from General Fund Balance		4.888
<b>TOTAL: -</b>		<b>10.624</b>

## **5.7 General Fund Balances**

- 5.7.1 Details of the projected movement on General Fund balances are provided in Appendix 4.
- 5.7.2 The current General Fund balance is £15.166m, which reflects the position previously agreed by Council.
- 5.7.3 Based on the 2023/24 month 9 Whole-Authority Revenue Budget Monitoring Report, it is currently anticipated that there will be a net transfer to the General Fund of £4.898m from a projected year-end net underspend across all Directorates. This is based on a 100% take to the General Fund from the projected overall net underspend. Historically, services have retained 50% of underspends but given the scale of the financial challenge we currently face it is recommended that this is postponed for the 2023/24 financial year and kept under review moving forward.
- 5.7.4 As detailed in Table 9 above, following a review of reserves £3.736m will be transferred into the General Fund from Service Reserves and £2m from the Insurance Reserve. It is proposed that these balances will be used as a one-off contribution to support the 2024/25 budget along with a further contribution of £4.888m from the General Fund. This will result in a total one-off contribution from reserves of £10.624m.
- 5.7.5 Cabinet will recall that in previous years the Council Tax surplus has been channelled through the General Fund each year to support the base budget in the following financial year. In normal years this surplus is estimated to be circa £1.050m but Members will be aware that Council Tax collection was adversely impacted during the pandemic and the cost-of-living crisis. It would not be prudent at this stage to assume that the Council Tax surplus for 2023/24 will be at the levels achieved prior to the pandemic. It is therefore recommended that the £1.050m required to support the 2024/25 budget should be funded through a call on the General Fund.
- 5.7.6 After allowing for the above movements the updated projected balance for the General Fund as at 31 March 2024 is £14.126m. The Section 151 Officer usually recommends a minimum General Fund balance of 3% of the Net Revenue Budget which based on the proposals in this report would be £13.476m for 2024/25. Although the current projected balance of £14.126m is £0.650m higher than the 3% minimum recommended balance it is proposed that it is maintained at this level given the significant financial challenges faced by the Council.

## **5.8 Council Tax Implications 2024/25**

- 5.8.1 The budget proposals within this report include a proposed increase of 6.9% in Council Tax for the 2024/25 financial year. This will increase the Caerphilly CBC Band D precept from £1,353.01 to £1,446.37 i.e. an annual increase of £93.36 or weekly increase of £1.80.

5.8.2 The proposed increase of 6.9% for 2024/25 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 10 – 2024/25 Council Tax (CCBC Element) at 6.9% Increase

<b>Band</b>	<b>Council Tax (CCBC Element) £</b>	<b>Weekly Increase £</b>
<b>A</b>	964.25	1.20
<b>B</b>	1,124.95	1.40
<b>C</b>	1,285.66	1.60
<b>D</b>	1,446.37	1.80
<b>E</b>	1,767.79	2.19
<b>F</b>	2,089.20	2.59
<b>G</b>	2,410.62	2.99
<b>H</b>	2,892.74	3.59
<b>I</b>	3,374.86	4.19

5.8.3 The proposed increase in Council Tax of 6.9% results in weekly increases ranging from £1.20 for Band A properties to £4.19 for Band I properties. 75.73% of properties in the County Borough are in bands A to C. The Council Tax Reduction Scheme (CTRS) mitigates against the socio-economic impacts on the most vulnerable households. 16,098 households currently receive support with their Council Tax payments from the scheme, representing 19.93% of all households in the County Borough. 17.18% (13,874 households) receive the maximum 100% level of support.

## 5.9 Capital Programme

5.9.1 The proposed Capital Programme for the three-year period 2024/25 to 2026/27 is detailed in Appendix 5 and summarised in Table 11.

Table 11 – Summary of Capital Programme 2024/25 to 2026/27

<b>Planned Expenditure</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>
Corporate Services	1.697	3.139	3.069
Education and Lifelong Learning	48.570	16.183	4.651
Community and Leisure Services	15.073	17.897	0.230
Business Enterprise & Renewal Team	12.822	0.983	0.098
Infrastructure	4.671	2.572	2.572
Public Protection	0.866	0.493	0.493
Property Services	0.690	0.690	0.690
Social Services	0.340	0.340	0.340
Private Housing	2.167	2.167	2.167
<b>Total Council Fund</b>	<b>86.896</b>	<b>44.464</b>	<b>14.310</b>
<b>Housing Revenue Account</b>	<b>84.133</b>	<b>64.957</b>	<b>25.087</b>
<b>TOTAL PLANNED EXPENDITURE</b>	<b>171.029</b>	<b>109.421</b>	<b>39.397</b>
<b>Funded By: -</b>			



WG Core Grant	4.919	4.919	4.919
Supported Borrowing	4.790	4.790	4.790
Other Specific Grants	72.212	45.557	24.493
Reserves	25.743	12.618	1.098
HRA Borrowing	31.500	24.200	0.000
Revenue Contribution to Capital Outlay (RCCO)	31.796	17.337	4.097
Other	0.069	0.000	0.000
<b>TOTAL FUNDING</b>	<b>171.029</b>	<b>109.421</b>	<b>39.397</b>

## 5.10 Financial Outlook for Future Years

5.10.1 Due to the unprecedented levels of inflation in recent years, the current economic outlook, and the range of temporary measures that are proposed for the 2024/25 financial year, it is clear that the Council will continue to face significant financial challenges moving forward. With this in mind the Medium-Term Financial Plan (MTFP) has been updated based on a range of assumptions, resulting in a further potential savings requirement of £45.213m for the two-year period 2025/26 to 2026/27. Details are provided in Appendix 6 and the following is a summary of the key assumptions: -

- An uplift in WG funding of 1% for both financial years.
- An indicative increase of 4.9% in Council Tax for 2025/26 and 3.9% for 2026/27.
- 3.5% for pay inflation in 2025/26 and 3% for 2026/27 (covering all staff including teachers).
- 0.5% uplift in 2025/26 for NJC employer pension contributions.
- Non-pay inflation at 2% for 2025/26 and 2026/27 in line with the Bank of England target.

5.10.2 In addition to the above, significant work is ongoing with Directors and Heads of Service to identify further potential service cost pressures that will need to be considered in future years. These are currently estimated at £4.865m for 2025/26 and £5.019m for 2026/27 but these figures will be subject to change moving forward.

5.10.3 The temporary measures in the 2024/25 Draft Budget Proposals totaling £22.073m can be used for one year only. Whilst the temporary savings and the prudent use of our reserves provide an opportunity to smooth the path to major reform and transformation, we have only one chance to do this. As Members are acutely aware reserves can only be used once and therefore do not offer a sustainable long-term solution to bridging the budget gap of this and future years.

5.10.4 Given the unprecedented scale of the challenge that we collectively face, a financial strategy that seeks to continuously salami slice our services and deplete our reserves is not a sustainable or an appropriate approach, especially when the demands upon our services are far higher than ever. To ensure we are able to meet the needs of the most vulnerable residents in our communities, whilst operating with reduced finances, a whole council and a whole county borough holistic approach is needed.

5.10.5 The Council's emerging Mobilising Team Caerphilly transformation programme will be a key element in driving forward the significant changes required to ensure that we are able to address the financial challenges that we face. The programme has been under development over a number of months and has now moved beyond the initial discovery phase. Over 150 ideas and projects have been identified and organised into a portfolio, and resources have been brought into the programmes from across the organisation to begin implementation.

5.10.6 The transformation programme is built on Agile Programme Management principles, 'working in the open', and will deliver results at a faster pace and scale than previously possible. This working arrangement requires a high degree of trust between decision-makers and project teams as well as a more flexible approach to governance. There are two core objectives that

have underpinned this work from the outset. This work must improve the customer experience while reducing the organisation cost of meeting the needs of our residents.

5.10.7 The full organisational narrative for the transformation programme was adopted by Cabinet on 15 November 2023 and is as follows: -

*“We are committed to delivering sustainable services that meet the present and future needs of our communities. We know we must adapt to meet the challenges we face, but this isn’t simply about cutting services; it’s about flexibility and finding different ways to deliver what our communities need, when they need it.*

*This includes using fewer buildings, being more business-minded, and making our services more accessible. As we work to meet the needs of our communities more efficiently, we’ll explore other ways to deliver services when it makes sense to do so.*

*We must engage with our communities to understand the needs of our residents and provide the right support to meet those needs as simply as possible. Where residents need services that we don’t provide we will signpost them to the most appropriate partners to access the support they need.*

*We understand that some roles may need to change, and we expect there to be a reduction in staff numbers. We will look at voluntary departure options and as colleagues move on to new opportunities or retire, we will carefully assess how their roles can be managed going forward.*

*By working together, we can create a better future for all our residents.”*

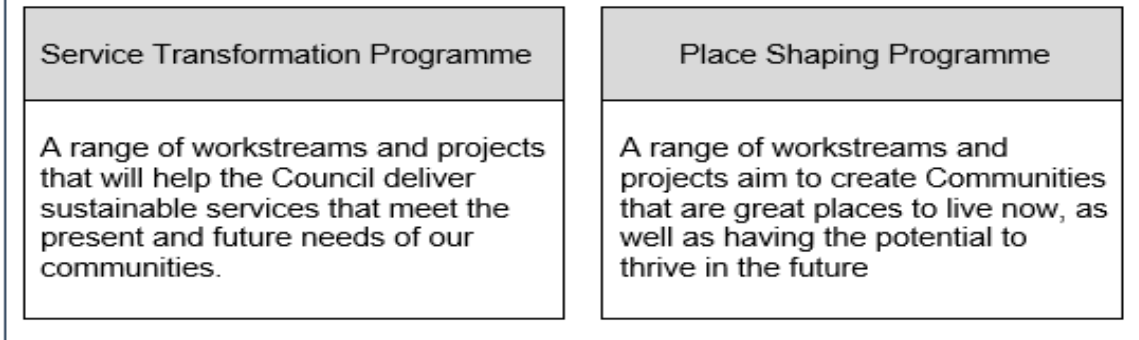
5.10.8 The essence of this organisational narrative has been distilled down into a series of transformation principles that have also been adopted by Cabinet: -

*When delivering transformation, the Council will: -*

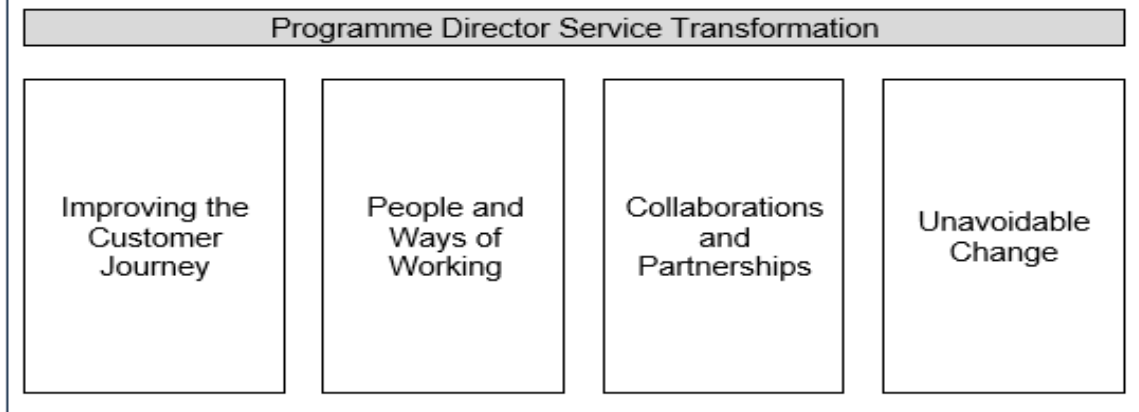
- focus on flexibility and finding different ways to deliver what our communities need, when they need it;*
- engage with our communities to understand the needs of our residents and provide the right support to meet those needs as simply as possible;*
- deliver channel shift across our Council services moving from more expensive, face to face or telephone channels to online services where appropriate;*
- explore alternative delivery models when it makes sense to do so;*
- look at voluntary departure options and as colleagues move on to new opportunities or retire, carefully assess how roles can be managed going forward;*
- use our reserves to help balance the budget in the short-term whilst change programmes are fully developed and implemented; and*
- use our reserves on an invest to save basis to fund one-off costs to deliver changes where required.*

5.10.9 The Mobilising Team Caerphilly transformation work has been organised into a portfolio. This is essentially a collection of programmes, which in turn are collections of sub-programmes and projects as follows: -

**Figure 1 - Mobilising Team Caerphilly Portfolio**



**Figure 2 – Service Transformation Programme**



**Figure 3 – Place Shaping Programme**



5.10.10 As already mentioned, over 150 ideas and projects have been identified as part of the discovery phase of the service transformation programme. Some of these projects are now “in flight” and are being further defined and developed into firm change proposals. These “in flight” projects are being prioritised as the first change programmes to meet an initial £5m in-year savings target that has been proposed for Mobilising Team Caerphilly for the 2024/25 financial year. The initial projects under development include the following: -

- Review of the customer journey – Council Tax.
- Review of the customer Journey – Housing Repairs Service.
- Development of the Waste Management Strategy.
- Review of the Fleet Service.
- Asset management review including the implementation of a corporate landlord model.
- Improving spend controls and centralising/automating invoice processing.
- Community Asset Transfers.

- 5.10.11 In the medium to longer-term, a number of other change projects will need to be developed, defined, approved, and implemented to ensure that a significant contribution is made to the additional savings requirement of £45.213m for the 2025/26 and 2026/27 financial years. The scale of the financial gap will inevitably mean that some very difficult decisions will need to be made but this is unavoidable in the current financial environment for local authorities. We will need to strike the right balance between “needs” and “wants” and a holistic, whole-authority approach will be required with all services contributing to the savings requirement. We will also need to consider alternative service delivery models and explore opportunities to work collaboratively with our partners. It is inevitable that the Authority will be smaller moving forward and service levels in many areas will need to be reduced, or even removed.
- 5.10.12 Over the coming months further transformation projects will be prioritised in line with the Mobilising Team Caerphilly narrative and agreed principles, and firm proposals will be brought forward for scrutiny and subsequent decision-making. It is vital that these proposals are developed at pace and that decisions are made early, in advance of the annual budget setting process.
- 5.10.13 The placeshaping element of the transformation programme will identify investment projects, the financial resources required, and the associated funding strategy. As capital resources are finite, choices will need to be made to agree what priority projects can be delivered. A report will be prepared for Cabinet consideration in the coming months.

## **5.11 Conclusion**

- 5.11.1 This report provides details of the Budget Proposals for 2024/25 based on the WG Provisional Local Government Financial Settlement and subsequent changes that have been notified to date.
- 5.11.2 A balanced budget can be delivered for 2024/25 based on a combination of permanent and temporary savings totalling £31.002m, the one-of use of reserves totalling £10.624m and an increase of 6.9% in Council Tax.
- 5.11.3 The report also provides details of the updated Medium-Term Financial Plan (MTFP), which currently shows a potential savings requirement of £45.213m for the two-year period 2025/26 to 2026/27.
- 5.11.4 The unprecedented scale of the financial challenge facing the Council requires new approaches to service delivery and this will be driven through the Mobilising Team Caerphilly transformation programme. It is vital that service change proposals are developed at pace, and that decisions are made early to ensure that the projected savings requirement for 2025/26 and 2026/27 can be delivered.

## **6. ASSUMPTIONS**

- 6.1 A range of assumptions have been made throughout the report in respect of pay and non-pay inflationary increases, inescapable service pressures, and the level of funding settlements moving forward.

## **7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

- 7.1 Budget impact assessments and integrated impact assessments, where required, have been completed and can be accessed through the following links:

### **Budget Impact Assessments 2024/25**

[Link to Budget Impact Assessments 2024 25 - Eng](#)

## **Integrated Impact Assessments 2024/25**

[Link to Integrated Impact Assessments 2024\\_25 - Eng](#)

[Link to Integrated Impact Assessments 2024\\_25 - Cym](#)

7.2 The budget proposals include a number of areas where a full integrated impact assessment was deemed to be required due to the potential for impact on persons with protected characteristics or due to social-economic disadvantage. Each impact assessment considers the mitigating factors. The recommendations of each of these are provided below.

### **Council Tax**

7.3.1 The recommendation is to implement the proposed increase in Council Tax of 6.9% in the context of the significant and unprecedented financial pressures facing the Council.

7.3.2 The effect will be negative but will be minimised for the households suffering the most socio-economic disadvantage by support available through the Council Tax Reduction Scheme. 16,098 households receive support with their Council Tax payments representing 19.93% of all households in the county borough. 13,874 of these households (17.18%) receive the maximum 100% level of support.

7.3.3 In addition to the Council Tax Reduction Scheme, the Caerphilly Cares service has been established, initially as a result of the pandemic, but since extended and enhanced to help mitigate the effects of the cost-of-living crisis and economic disadvantage on vulnerable residents. Advice on benefits maximisation and signposting to sources of support is available through this service.

### **Individual Schools' Budgets**

7.4.1 In 2024/25 the total cost pressures for schools is estimated at £8.283m. The recommendation is for growth of £5.283m to be provided to schools and that schools themselves manage £3m of the estimated pressures. The £8.283m is based on anticipated pay awards, general non-pay related inflationary pressures and pressures linked to service demand (e.g. increased pupil numbers in our special school and special resource bases). Schools are required under their delegated powers to balance their own individual budgets.

7.4.2 The proposal is necessary in the context of limited funding into the Local Authority, financial pressures (linked to pay awards, other inflationary pressures, and particular service pressures in 2024/25), and a requirement to set a balanced budget for 2024/25.

7.4.3 Although challenging we are working closely with schools to support them with financial planning so that the impact on delivery of education to children will be reduced.

### **7.5% increase in Catering Charges**

7.5.1 For the Meals Direct service, the recommendation is that this proposal has a largely neutral impact. This service is not a statutory service, and with this price increase the service remains competitive in comparison with private sector competitors.

7.5.2 For the secondary school sector, the recommendation is that this proposal has a largely neutral impact on increasing the school meal set meal tariff price by 7.5%. For those experiencing socio-economic disadvantage, any negative impact is mitigated by any eligible pupils who meet the current criteria being able to have a free meal as part of the service provision.

7.5.3 For the Hive staff restaurant at Penallta House, the conclusion reached is that this proposal has a largely neutral impact on increasing the tariff price by 7.5%. For those experiencing socio-

economic disadvantage, any negative impact is mitigated by having a wide range of low and higher priced items that can be purchased to meet individuals' budgets.

## **7.6 Temporary Reduction in Library Book Fund**

7.6.1 The proposal is a temporary reduction to the Caerphilly Library Service Resource Budget by 20%, equating to a financial reduction of £57,000 for 2024/25.

7.6.2 The temporary saving will be achieved by introducing a number of library service acquisition and operational changes to all new purchased items in all stock categories, by reducing all expenditure lines to meet the savings requirement.

7.6.3 An extensive list of mitigations, where relevant, are highlighted within the Integrated Impact Assessment.

## **7.7 20% Reduction in Equalities and Welsh Language Training Budget**

7.7.1 The proposal is to implement a 20% reduction to the Equalities and Welsh Language Training Budget. This equates to £3,647 less to spend on training in the coming financial year.

7.7.2 It is a statutory requirement for the Council to deliver equalities and Welsh language training to staff in accordance with the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011, and the Welsh Language (Wales) Measure 2011.

7.7.3 It is inevitable that less training will be delivered with less training money available. However, to manage the reduction, training will be prioritised in line with legislation and focus that training to frontline staff in the first instance. Opportunities will be sought to deliver the most cost-effective training in collaboration with the National Learn Welsh Centre, the Welsh Local Government Association (WLGGA) and local authority partners, to ensure that we are meeting our legal requirements.

## **7.8 10% Increase in Home Care Charge**

7.8.1 The recommendation is that this proposal has a largely neutral impact on protected characteristics identified under the Equality Act 2010 and those experiencing socio-economic disadvantage.

7.8.2 Any negative impact is mitigated by a legal framework for charging set out in the Social Services and Wellbeing (Wales) Act 2014 and its supporting regulations, which requires a financial assessment to be undertaken for each service user to ensure that the actual charge an individual pays is capped at an affordable level, irrespective of the hourly rate set by the local authority.

## **7.9 Close Coffi Vista and Lease Building to the Private Sector**

7.9.1 The recommendation is to close the Coffi Vista building and to cease the coffee shop operations. The building would then be marketed as an opportunity for the private sector. Allowing the operation to transfer to the private sector would reduce the subsidy burden and would bolster income through any rental agreed with a private operator.

7.9.2 The proposal is a direct response to the need to identify savings to contribute to the achievement of the Council's reduction in budget of circa £65m over the next three years. The closure of Coffi Vista represents a potential reduction in subsidy of £78,000 plus a potential income of £21,000 from letting the premises.

7.9.3 While the proposal has proven an emotive one through the public consultation, in comparison to other services provided by the Council, this is considered to be one with relatively low impact

on the local population. An extensive list of mitigations, where relevant, including alternative public toilet facilities, are highlighted within the Integrated Impact Assessment.

#### **7.10 Mothball the Winding House while a Community Asset Transfer (CAT) is Explored**

7.10.1 The recommendation is to mothball the building and cease operation of the current museum, gallery, shop, and coffee shop while a Community Asset Transfer (CAT) is explored in 2024/25.

7.10.2 In comparison to other services provided by the Council, this is considered to be one with relatively low impact on the local population. While a Community Asset Transfer is explored, people would still be able to enjoy refreshments in the café in the adjacent White Rose Centre. Those benefiting from the museum and associated education provision would be able to continue to enjoy these services as it is anticipated that they would relocate to Llancaiach Fawr Manor.

#### **7.11 Temporarily Hold Two Vacant Community Safety Warden Posts During 2024/25**

7.11.1 To contribute to the corporate need to save money at a time of reduced budgets, it is proposed to temporarily cease to fill two vacant Community Safety Warden posts during 2024/25.

7.11.2 The proposal would see remaining Community Safety Warden colleagues stretched to cover more wards across the County Borough per shift, however the service response to support the more vulnerable members of our communities would continue to be prioritised.

### **8. FINANCIAL IMPLICATIONS**

8.1 As detailed throughout the report.

### **9. PERSONNEL IMPLICATIONS**

9.1 Where staffing reductions are required as a consequence of savings proposals the Council will firstly try to achieve this through 'natural wastage' and not filling vacancies. However, where this is not possible the Council will utilise agreed HR policies and compulsory redundancies will only be considered as a last resort after all other options have been fully exhausted.

9.2 The Trade Unions have been consulted on the 2024/25 Draft Budget Proposals and will also be fully engaged in proposals to reshape services moving forward.

### **10. CONSULTATIONS**

10.1 Following endorsement by Cabinet on 17 January 2024 to commence a period of public consultation on the draft savings proposals for 2024/25, the consultation ran from Monday 22 January 2024 until Tuesday 13 February 2024.

10.2 The consultation afforded residents and other stakeholder groups various opportunities to offer feedback on the draft savings proposals, including a survey (available online and in hard copy from libraries across the County Borough), an online presence on the Council's digital engagement platform, a number of face-to-face engagement sessions held across the County Borough and targeted stakeholder engagement.

10.3 The exercise was designed to seek the views of residents and key stakeholders in relation to the three key elements of the draft budget proposals, namely, the use of council reserves at this time, the proposed increase in council tax of 6.9% and a draft list of savings proposals (both temporary and permanent) totalling £30.984m. Residents were asked to focus particularly on

the impact of these proposals on themselves/their families and to consider how else the council may make savings.

10.4 337 responses to the survey were received by the consultation closing date, with further views offered through the various face-to-face engagement opportunities. Further, a number of representations were made on a number of the draft savings proposals from wider stakeholders. The full overview of comments received through the consultation can be found at [Council Budget Setting 2024-2025 | The Caerphilly Conversation](#) (English) and [Pennu cyllideb y Cyngor 2024-2025 | Trafodaeth Caerffili](#) (Welsh).

10.5 The key findings from this consultation programme included: -

- 80% of respondents agreed with the proposed one-off use of Council reserves totalling £11.4m for 2024/25. Where there was disagreement, comments referenced the use of additional reserves being appropriate.
- 85% of survey respondents agreed with the Council's approach to focus wherever possible on savings, both temporary and permanent, that would have no direct impact on the public - for example, budget realignment, deletion of vacant posts and other 'back office' efficiencies.
- When giving views on the proposed council tax increase of 6.9% for 2024/25, 31% supported the proposed increase (or greater) and said that they understood the need to increase council tax to maintain services, 38% supported a lower increase and a further 30% indicate that they did not support any increase in council tax.
- The consultation included a further 17 savings proposals, a combination of temporary or permanent, which if supported would potentially impact upon some members of the public.
- It is evident that in relation to a few proposals e.g. Coffi Vista, and the Winding House, residents across the County Borough have polarised/mixed views. This is also seen in relation to the temporary reduction in infrastructure budget and matched funding for community schemes although there was less strength of view in relation to these proposals.
- There is a greater degree of agreement in relation to other proposals e.g. the increase in charges for specialist heritage advice is largely supported while proposals to increase sports pitch charges and the proposal for schools to absorb £3m of the projected cost pressures are generally not supported.

10.6 On 23 January 2024, a Joint Scrutiny Committee meeting was held to consider the draft budget proposals for 2024/25. The key points raised during the meeting were as follows: -

- A Member raised concerns about the public consultation and suggested stands in local supermarkets for future consultations on the budget. The Member also expressed concerns over a proposed 20% increase for the cost of booking sports pitches. The Member requested that Cabinet consider reducing this proposed increase. Members were provided with information on the consultation survey and various drop-in sessions for residents across the County Borough, it was also highlighted that new ways of consulting were always under consideration but there were limited resources for this process.
- Members were also advised that media reports suggesting that the cost of booking sports pitches was going to be £54.00 an hour were incorrect, the proposal was to charge £54.06 per senior match played. Members were informed of the actual costs of providing a pitch and pavilion for a senior match, which did not include energy costs incurred, with the proposed cost being lower than those charged by some other Local Authorities.
- A Member requested that the Council Leader acknowledge the opposition to the proposal to close "Coffi Vista" in Caerphilly town centre. The Member noted that a video he had posted on social media against the closure had attracted over 1,000 supporting comments. The Council Leader gave assurances that public views were always considered and highlighted the difference between public consultation and a referendum. It was the Leader's view that this facility should be run by the private sector rather than



being subsidised by the Council at a cost of £100,000 a year. Members heard how the views of residents would be listened to within the confines of extremely tight budgets. The Council Leader also highlighted the £66m shortfall in funding over the next three years.

- Discussion followed and the Member highlighted that the facility was more than just a coffee shop as it was also a gallery for local artists, an information centre and it offered public convenience facilities. Another Member requested a full public consultation on this issue. The meeting heard how it would not be practical to consult on every individual proposal. A Member requested clarification on whether it was proposed that the facility would be closed or put out for tender. Members were advised that the proposal was to close the facility with the potential to attract alternative providers in the future.
- A Member sought clarification on the use of grants to pay some of the Caerphilly Cares team. Members were provided with information on a number of grants available through the Regional Partnership Fund, the use of reserves held within social care, and also the cost-of-living reserves.
- A Member queried the impact of increasing the vacancy savings target in the Social Services budget, reducing the contribution to the Gwent Frailty Service and also the subsidy for caretaker costs at Community Centres. Members were advised that the increase in the vacancy factor would have no impact on the level of provision and reflected the recruitment challenges currently being faced. On the issue of the Gwent Frailty Service, Members heard how the reduction in contributions was due to reduced reliance on the service as more functions were being performed in-house instead. Members were advised that the phased reduction in caretaker hours for Community Centres over a 3-year period was a decision agreed as part of last year's budget.
- A Member requested that the decision to close "Coffi Vista" be delayed for 6 months to allow business to build-up at the facility. Members were advised that delaying any of the budget proposals was a matter for Members during discussions at Council. The Council Leader then advised Members that the consultation would not be put on hold.
- A Member queried how despite required savings, the Council was able to invest £21m in gilts and bonds and therefore increase its investment portfolio from £164m to £185m between March and September last year. The Member wished to know where the £21m came from during that period. Members were advised that £21.9m was invested in that period and that none of these investments were in gilts or other long-term investments. Members were further advised that the investments that had been made would all mature in the 2024 calendar year. Members heard that the £21.9m consisted of investments in bonds and fixed-term deposits (£15.6m), an increase in deposits with the HM Treasury Debt Management Office (£9.5m), and a £3.2m reduction in investments with other Local Authorities and Housing Associations. Members heard how the Council had operating costs of over £850m a year, so at different times of the year there would be varying levels of cash available and fluctuations in the level of investments. Members were also advised that Council investments are directly linked to reserves and that currently the investment balance was £160.5m.
- A Member queried why consultation sessions were only taking place at Libraries in Rhymney, Risca and Blackwood. The Member also queried if the Dragons regional rugby club would also face the same increase as local sports clubs for booking pitches. The Member advised that the Dragons used the Sporting Centre of Excellence in Ystrad Mynach. Members were provided with details of eight drop-in sessions across the County Borough, including the Library Hub in Ystrad Mynach. Members also heard about an online version of the survey for those who could not attend in-person sessions. Members were also advised that the Dragons, Coleg y Cymoedd and the Welsh Rugby Union had a contract to use the Sporting Centre of Excellence during daytime hours. Members heard how the Dragons contract was currently being renegotiated, but the fees would be considerably higher than the report proposal under discussion.

- A Member sought clarification on potential savings as a result of the community asset transfer of the Winding House. Members were advised that indications were that the asset transfer would be successful and therefore permanent savings could be made as a result.
- A Member queried the help available to residents who were working but because of low incomes found the current climate challenging. Members were provided with details of the Council Tax Reduction Scheme, the Cost-of-Living Fund and also highlighted the service provided by the Caerphilly Cares team.
- A Member raised concerns over the 6.3% reduction in specific revenue grants and the potential impact on education. The Member also sought clarity on the consolidation of education grants. Members were advised that the Council was still awaiting specific details on the all-Wales reductions which will impact on all service areas. Whilst support would be provided, the working assumption was that service areas would have to absorb the financial impact of these reductions. Members were provided with information on the four new funding streams for education, with more local information to be received from Welsh Government. Additional information regarding the four funding streams, as requested, was to be circulated to Members following the meeting.
- A Member noted concerns over the 'freezing' of Community Safety Warden posts, the proposed 10% reduction of the Music Service, proposed cuts impacting Community Centres and increasing the fee for booking sports pitches. On the proposed closure of "Coffi Vista" the Member asked about future plans for the provision of tourist information. The Leader highlighted to Members that "Coffi Vista" had not been a tourist information centre for some time. The Leader also advised that tourist information was available via digital platforms and smartphones. Members also heard that the provision of Community Safety Wardens was non-statutory, and that the Music Service had achieved Gold Standard. The Leader stressed that alternative budget proposals from the opposition parties are welcomed for consideration.
- A Member sought clarification on the need to increase Council Tax by 6.9%, considering the underspend last year and in previous years. The Member also requested an update report outlining the work of the Mobilising Team Caerphilly transformation programme and the projects under discussion. Members were advised that all underspends in recent years have been reinvested into the Council and were an important part of balancing the budget. Members heard how the forecasted underspend of £3.6m for 2024/25, compared to circa £8.6m for 2022/23, demonstrated the challenging economic situation currently faced. Members were advised that Mobilising Team Caerphilly had a £5m savings target for 2024/25, but as the Council faced a £46.7m savings requirement for the following two years, the programme would be expected to submit significant further savings moving forward. Members were also advised that these projects would be subjected to full scrutiny and consideration by Members as and when the projects are ready. Members were also invited to attend the weekly sessions with Perago, which are held in Ty Penallta and online, and it was also proposed that a Members' Seminar would be held in the next 4 to 6 weeks.
- A Member noted that opposition parties could not ask Officers to prepare an alternative budget for them and also raised concerns on the £3m savings required from schools. The Member also asked about the engagement with schools and the support available to them. Members were advised that Officers did not set the budget for the Council. They provided professional advice and support but responsibility for setting the budget rested with Council. Members were given details of the engagement that had taken place over the savings required and advised that Headteachers had been proactive and largely supportive in the context of the challenging financial environment.
- A Member sought clarification on whether there would be penalties for recalling any investments and requested that Cabinet review the investment portfolio to see if money could be used to support this year's financial budget. Members were advised that there

would be financial penalties for early withdrawal of investments. Members were also advised that all investments were in line with the Council's Investment Strategy which is approved by Council annually as part of the wider Treasury Management Strategy. It was also reiterated that investments were linked to reserves and using them to balance budgets was only a temporary measure that is not sustainable in the medium to longer-term.

- A Member reiterated their request to have an update report on the work of the Mobilising Team Caerphilly transformation programme and the projects under discussion. Members were again advised that there was a weekly update session open to everyone, every Wednesday at 09:30. This was available online or in-person in Penallta House. Members also heard about a proposed Seminar in the coming weeks and a page on the Council's Intranet which outlines the latest developments via video updates and blogs.
- The Head of Financial Services and S151 Officer outlined his views on the scale of the challenges faced. Members heard how some Local Authorities in England had issued Section 114 notices because they cannot balance their budgets. Members also heard how transitional budgets that relied on temporary savings and using reserves were not sustainable, and in the coming years some unpopular decisions will have to be made to address the significant financial gap of £46.7m facing the Council.

10.7 On 6 February 2024, a Special Meeting of the Voluntary Sector Liaison Committee was held to consider the draft budget proposals for 2024/25. The key points raised during the meeting were as follows: -

- A representative of the Voluntary Sector sought clarification and further information on how the budget cuts will affect community groups and projects. In response, the Head of Financial Services and S151 Officer informed the Committee that the Service Level Agreements with GAVO are protected and that those financial contributions will continue in the 2024/25 financial year. However, it was highlighted that there are some proposals that will impact communities, for example the proposed increase in fees for the use of outdoor sports pitches. It was further highlighted that there are savings proposals on some community projects, such as funding that has previously been used to support the Bargoed Ice Rink and Senghenydd Splash Pad.
- Reference was made to the Welsh Government Provisional Local Government Financial Settlement for 2024/25. In response to a query, the Head of Financial Services and S151 Officer clarified that there is no specific funding ringfenced in the Financial Settlement for the Voluntary Sector and that the Authority has discretion as to how the funding is allocated across all services.
- The Committee was informed of a cut of circa £92m in specific grant funding on an All-Wales basis for 2024/25 and was advised that the details of this are being worked through as there will be an impact on a range of services that rely on this grant funding. The Committee was assured that any impact on the Voluntary Sector would be communicated.
- Concerns were raised regarding a number of Councils in England issuing Section 114 Notices in recent years and that it is anticipated a number of other Councils will issue Section 114 Notices moving forward. The Head of Financial Services and S151 Officer explained that a Section 114 Notice effectively means that a Council is unable to deliver a balanced budget. It was highlighted that Councils in Wales are more heavily reliant on Welsh Government support, and although no Section 114 Notices have been issued in Wales, all authorities are facing considerable financial pressures. The Committee was informed that, in terms of Caerphilly County Borough Council, a balanced budget has been delivered by using some of its reserves, but this is not a sustainable approach in the long-term. The Head of Financial Services and S151 Officer assured the Committee that Caerphilly County Borough Council was not in position where a Section 114 Notice is being considered.

- Clarification and further information were sought regarding the proposal to temporarily fund a number of posts in the Caerphilly Cares Team through grants. It was agreed that the Head of Financial Services and S151 Officer would provide a summary of which grants are supporting the Caerphilly Cares Team subsequent to the meeting.
- Reference was made to 100% of the net projected underspend on the Council's 2023/24 revenue budget being transferred into General Fund balances, particularly in relation to the Voluntary Sector. The Head of Financial Services and S151 Officer confirmed that the Grants to the Voluntary Sector budget is ringfenced and that any underspend on the 2023/24 budget will be carried forward to the 2024/25 financial year.
- A query was raised regarding the likelihood of receiving more money from Welsh Government and the scope for changing some of the draft savings proposals, particularly in relation to Community Centre caretaking costs. The Committee was advised that there will be some additional consequential funding due to a recent decision made by the UK Government, and that details are awaited from the Welsh Government. It was highlighted that the reduction in the contribution towards caretaking costs (over a period of 3 years) was a decision made by Council last year.
- A representative of the Voluntary Sector raised further questions in relation to Community Centres, including how many of the Council's Community Centres have made their increased contribution from October as requested. The opportunity for Community Centres to work with Officers to discuss a long-term review was also raised. Concerns were expressed that the Council is duplicating some of the work undertaken in Community Centres and at a far greater cost than the Voluntary Sector is providing. It was highlighted that this might be an area to create savings without removing the service from local users. The Head of Financial Services and S151 Officer advised the Committee that all the comments will be passed to the relevant Director and Officers, and they will also be captured as part of the budget consultation process.
- In conclusion, a Member raised concerns regarding the proposed increase in fees for the use of outdoor sports pitches, which was noted by the Head of Financial Services and Section 151 Officer.

10.8 The 2024/25 Draft Budget Proposals were shared with the Trade Unions and written joint feedback has been received from UNISON, GMB and UNITE. A meeting was also held with the Trade Unions on 15 February 2024. The Trade Unions' feedback and Officer responses (in italics) is attached at Appendix 7.

## 11. STATUTORY POWER

11.1 The Local Government Acts 1998 and 2003.

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Appendices: -

Appendix 1 – Net Revenue Budget 2024/25  
Appendix 2 – 2024/25 General Fund Inescapable Service Pressures  
Appendix 3 – 2024/25 Savings Proposals  
Appendix 4 – Movement on General Fund  
Appendix 5 – Capital Programme 2024/25 to 2026/27  
Appendix 6 – Updated Medium-Term Financial Plan  
Appendix 7 – Draft Budget Proposals 2024/25 Joint Trade Union Feedback

Background Papers: -

[Cabinet \(15/11/23\) – Mobilising Team Caerphilly Governance Arrangements](#)  
[Cabinet \(17/01/24\) – Draft Budget Proposals for 2024/25](#)

Gadewir y dudalen hon yn wag yn fwriadol

**NET REVENUE BUDGET 2024/25**

	£'000	£'000
<b>Base Budget 2023/24</b>		<b>439,072</b>
<b>General Fund Services Inflationary Cost Pressures</b>		
National Joint Council (NJC) Pay Award	8,869	
Increase in Employer Pension Contributions (NJC Staff)	1,245	
Non-Pay Inflation	2,673	
Non-Pay Inflation (Fees and Charges)	(853)	<b>11,934</b>
<b>General Fund Inescapable Service Pressures</b>		
Corporate Services	299	
Miscellaneous Finance	1,986	
Social Services	10,448	
General Fund Housing	1,004	<b>13,737</b>
<b>Transfers into the Settlement</b>		<b>303</b>
<b>Schools Cost Pressures</b>		
Teachers Pay Award	5,951	
National Joint Council (NJC) Pay Award for School Based Staff	724	
Increase in Employer Pension Contributions (NJC Staff)	188	
Non-Pay Inflation	826	
Schools Service Pressures	594	<b>8,283</b>
<b>Reinstatement of 2023/24 Temporary Savings</b>		<b>6,862</b>
<b>Savings 2024/25</b>		
Permanent savings proposals	(19,552)	
Temporary savings proposals	(11,449)	<b>(31,002)</b>
<b>Proposed Expenditure</b>		<b>449,190</b>
<b>Funding</b>		
WG Support		(348,864)
Council Tax (6.9 %)		(88,652)
One-off Contribution from General Fund Reserve		(1,050)
One-off Contribution from General Fund Earmarked Reserves		(10,624)
<b>Total Funding</b>		<b>(449,190)</b>

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**2024/25 General Fund Inescapable Service Pressures**

Directorate	Service Area	Details	2024-25 Growth
			(£)
Corporate Services	Digital Services	Migration of Schools Information Management System (SIMS) to Cloud platform.	76,734
Corporate Services	Digital Services	Migration of Pay 360 income management system to Cloud platform.	48,311
Corporate Services	Digital Services	New Fleet Management Software (Chevin).	48,480
Corporate Services	Digital Services	Additional licences for the rollout of Intranet in schools	6,468
Corporate Services	Human Resources	Contribution to new Learning Management System Consortium (ThinQ)	40,274
Corporate Services	Legal & Governance	Additional budget provision for increase in Members' Allowances from April 2024.	78,860
<b>Sub-Total: -</b>			<b>299,127</b>
Corporate Services	Miscellaneous Finance	33.26% increase in the Coroner's Levy.	132,546
Corporate Services	Miscellaneous Finance	1.19% increase in the Levy for Glamorgan Archives.	1,180
Corporate Services	Miscellaneous Finance	2.70% increase in the Levy for Gwent Archives	4,169
Corporate Services	Miscellaneous Finance	4.12% increase in the Fire Service Levy.	428,008
Corporate Services	Miscellaneous Finance	Contribution to Valleys Regional Park partnership.	30,000
Corporate Services	Miscellaneous Finance	4.28% increase in contribution to City Deal Programme Office	6,194
Corporate Services	Miscellaneous Finance	The Authority is required to fund a Council Tax Reduction Scheme (CTRS). This replaced Council Tax Benefit a number of years ago and is a means-tested benefit that assists in full or part towards a resident's Council Tax bills. The additional liability arises from the proposal to increase Council Tax by 6.9% in 2024/25.	1,177,082
Corporate Services	Miscellaneous Finance	Contract price increases are being experienced in respect of both public bus services and home to school transport. It is proposed that a contingent sum of £409k is held corporately pending a review of commitments moving forward.	409,000
Corporate Services	Miscellaneous Finance	Adjustment required to reflect the net reduction in the Provisional Financial Settlement of £202k in relation to the tapering of WG funding for Private Finance Initiative (PFI) Schemes.	(202,000)
<b>Sub-Total: -</b>			<b>1,986,179</b>
Social Services	Children's Services	Increased demand and complexity of Children's placements.	585,000
Social Services	Children's Services	Anticipated increases in fees for independent sector providers in relation to the Real Living Wage and wider inflationary pressures.	1,210,000
Social Services	Adult Services	Increased demand for care packages for vulnerable adults.	2,171,000
Social Services	Adult Services	Anticipated increases in fees for independent sector providers in relation to the Real Living Wage and wider inflationary pressures.	6,482,000
<b>Sub-Total: -</b>			<b>10,448,000</b>
Social Services	General Fund Housing	Temporary Accommodation - Further significant increase in Bed & Breakfast placements.	1,004,175
<b>Sub-Total: -</b>			<b>1,004,175</b>
<b>TOTAL: -</b>			<b>13,737,481</b>

Gadewir y dudalen hon yn wag yn fwriadol

## 2024/25 Savings Proposals

Reference Number	Directorate	Service Area	Details	2024-25 Permanent Savings	2024-25 Temporary Savings
				(£)	(£)
CS1	Corporate Services	All	Adjustment to gross pay budgets to incorporate vacancy management.	734,501	
CS2	Corporate Services	All	Reduction in mileage budgets to reflect new flexible working models.	7,612	
CS3	Corporate Services	All	20% reduction in staff training budgets.	39,878	
CS4	Corporate Services	Chief Executive	Budget realignment on various non-pay budgets.	4,215	
CS5	Corporate Services	Director	Budget realignment on various non-pay budgets.	5,558	
CS6	Corporate Services	Corporate Finance	Head of Corporate Finance - Budget realignment on various non-pay budgets.	2,818	
CS7	Corporate Services	Corporate Finance	Internal Audit - Minor restructuring of Team.	54,280	
CS8	Corporate Services	Corporate Finance - Housing Benefits	Housing Benefits - Deletion of vacant 0.81 FTE Benefits Assessor post.	28,963	
CS9	Corporate Services	Digital Services	Digital Services Manager post temporarily funded through the Housing Revenue Account (HRA) and reserves.		93,310
CS10	Corporate Services	Digital Services	IT Public Sector Broadband Aggregation (PSBA) saving - Temporary until outcomes of analogue switch off confirmed.		50,000
CS11	Corporate Services	Digital Services	IT fixed telephone lines.	20,000	
CS12	Corporate Services	Customer Services	Cash in Transit (no longer required).	5,000	
CS13	Corporate Services	Customer Services	Photocopying (no longer required).	5,000	
CS14	Corporate Services	Customer Services	Customer Service Centres - Premises cleaning (temporary until decision on buildings). No impact on cleaning staff as sites are currently closed.		2,280
CS15	Corporate Services	Customer Services	Saving in National Non-Domestic Rates (NNDR).	1,000	
CS16	Corporate Services	Procurement	Rebate income from Food Procurement Framework.		50,000
CS17	Corporate Services	Legal & Governance	Deletion of vacant Grade 5 Administrative Assistant post.	36,200	
CS18	Corporate Services	Legal & Governance	Deletion of vacant Grade 6 Complaints Officer post.	40,095	
CS19	Corporate Services	Legal & Governance	Reduction in postage budget.	5,000	
CS20	Corporate Services	Legal & Governance	Additional grant income.	5,000	
CS21	Corporate Services	Human Resources	Deletion of MeUS Leadership Programme budget.	68,250	
CS22	Corporate Services	Human Resources	Deletion of vacant Grade 12 Human Resources Manager post.	71,792	
CS23	Corporate Services	Human Resources	Apprenticeship Budget - 2024/25 costs to be funded from reserves.		262,500
CS24	Corporate Services	Business Improvement Services	Reduction in the budget for external Welsh Language Translation	20,000	
CS25	Corporate Services	General Fund Housing	Private Sector Housing - Budget realignment to reflect historical underspends.	32,000	
CS26	Corporate Services	General Fund Housing	Private Sector Housing - One-off contribution from agency fee income.		200,000
<b>Sub-Total: -</b>				<b>1,187,162</b>	<b>658,090</b>
MF1	Corporate Services	Miscellaneous Finance	Additional investment income due to increases in the Bank of England Base Rate.	3,224,628	
MF2	Corporate Services	Miscellaneous Finance	No revenue contribution to Capital Programme for 2024/25 only.		3,452,148
MF3	Corporate Services	Miscellaneous Finance	Uncommitted free school meals grant transferred into the financial settlement in previous years - reflects historical financial position.	322,250	
MF4	Corporate Services	Miscellaneous Finance	Former Authorities pension contributions budget realignment.	150,000	
MF5	Corporate Services	Miscellaneous Finance	City Deal Debt Charges - Temporary saving to reflect no requirement to borrow in 2024/25.		757,306
MF6	Corporate Services	Miscellaneous Finance	Deletion of uncommitted Targeted Rate Relief budget.	247,751	
MF7	Corporate Services	Miscellaneous Finance	Temporary saving on IT Replacement Strategy budget pending assessment of ongoing need.		148,644
MF8	Corporate Services	Miscellaneous Finance	Deletion of the Matched Funding for Community Schemes budget.	16,783	
MF9	Corporate Services	Miscellaneous Finance	Deletion of Miscellaneous Items budget - no call on budget.	94,899	
MF10	Corporate Services	Miscellaneous Finance	Budget realignment on the Council Tax Reduction Scheme (CTRS) budget to reflect current commitments.	250,000	
MF11	Corporate Services	Miscellaneous Finance	Temporary reduction in debt charges budget due to there being no requirement to borrow in the 2024/25 financial year.		1,141,168
MF12	Corporate Services	Miscellaneous Finance	Clawback of part of the energy growth approved in the 2023/24 budget following a review of actual costs being incurred in-year.	999,000	
<b>Sub-Total: -</b>				<b>5,305,311</b>	<b>5,499,266</b>
EE1	Economy & Environment	All	Adjustment to gross pay budgets to incorporate vacancy management.	811,261	
EE2	Economy & Environment	All	Reduction in mileage budgets to reflect new flexible working models.	13,300	
EE3	Economy & Environment	All	20% reduction in staff training budgets.	41,847	
EE4	Economy & Environment	Regeneration	Business Enterprise and Renewal Team budget realignments.	34,000	
EE5	Economy & Environment	Regeneration	Business Support and Funding - Increased rental income from industrial portfolio.	30,000	
EE6	Economy & Environment	Regeneration	Reduction in tourism venue subsidies.	30,000	
EE7	Economy & Environment	Regeneration	Community Projects budget realignments.	3,182	
EE8	Economy & Environment	Regeneration	Temporary reduction in Caerphilly Enterprise Fund budget to be funded through grant.		50,912
EE9	Economy & Environment	Regeneration	Temporary reduction in the Events budget to be funded through grant.		91,511
EE10	Economy & Environment	Regeneration	Close Coffi Vista and lease building to private sector (possible additional income with the lease). Staff to be redeployed.	78,044	

## 2024/25 Savings Proposals

Reference Number	Directorate	Service Area	Details	2024-25 Permanent Savings	2024-25 Temporary Savings
				(£)	(£)
EE11	Economy & Environment	Regeneration	Mothball the Winding House while a Community Asset Transfer (CAT) is explored. Staff will temporarily transfer to alternative buildings. The engine will continue to be run by volunteers on a monthly basis as it does at present.		93,000
EE12	Economy & Environment	Planning	Additional income from charging for specialist heritage advice.	2,000	
EE13	Economy & Environment	Planning	Introduction of new fee for street naming and numbering.	2,000	
EE14	Economy & Environment	Infrastructure	Temporary reduction in the Infrastructure budget.		922,000
EE15	Economy & Environment	Corporate Property	Property Rationalisation Phase 1 - Consolidation of staff onto Tredomen campus and the closure of a number of back office satellite sites. The savings relate to the reduced running costs relating to the closure of offices and rental income realised as a result.	175,000	
EE16	Economy & Environment	Corporate Property	Temporary 20% reduction in non-essential Building Maintenance budgets - The main council buildings have been invested in previously and are capable of sustaining a further year of delayed maintenance. This would consist of non-urgent or non-essential works being delayed for future years when the funding is available. This saving has been made this year and at the time of writing the saving has caused minimal disruption, it should however be noted that key proactive maintenance tasks will still need to be performed in future years.		150,000
EE17	Economy & Environment	Corporate Property	FM Maintenance Savings 20% - Buildings managed by the facilities management team have been invested in previously and are capable of delayed maintenance. This would consist of non-urgent or non-essential works being delayed for future years when the funding is available. This saving has been made this year and at the time of writing the saving has caused minimal disruption, it should however be noted that key proactive maintenance tasks will still need to be performed in future years.		150,000
EE18	Economy & Environment	Corporate Property	Commercial Property income - Rent reviews on key commercial buildings to bring income in line with market terms.	150,000	
EE19	Economy & Environment	Corporate Property	Energy savings - The installation of a new heat pump at Ty Penallta will generate financial savings alongside further schemes on council buildings which will be developed in the coming months.	150,000	
EE20	Economy & Environment	Public Protection	Hold 2 vacant Community Safety Warden posts pending the outcome of a wider enforcement review.		80,000
EE21	Economy & Environment	Community & Leisure Services	Temporary reduction in RDP match-funding budget to be funded by grant.		135,381
EE22	Economy & Environment	Community & Leisure Services	Tapered reduction of 4 hours in the subsidy for Caretaker costs in Community Centres over a three-year period from October 2023 (approved as part of 2023/24 budget).	35,171	
EE23	Economy & Environment	Community & Leisure Services	Tapered withdrawal of the subsidy for Markham Community Leisure Centre over a three-year period from April 2023 (approved as part of 2023/24 budget).	3,334	
EE24	Economy & Environment	Community & Leisure Services	Tiered increase in fees for the use of outdoor sports pitches (rugby, football, and cricket). Senior age groups will have a higher proportion of the increase than junior/youth/mini age groups.	12,750	
EE25	Economy & Environment	Community & Leisure Services	Increase fees for Knotweed and other invasive species treatment plans from £360 to £500.	4,600	
EE26	Economy & Environment	Community & Leisure Services	Temporary reduction in the Cemeteries Maintenance Budget.		40,000
<b>Sub-Total: -</b>				<b>1,576,489</b>	<b>1,712,804</b>
SS1	Social Services	Children's Services	Balance of budget for an Administrative Assistant role in the Safeguarding & Review Team that is no longer required following a previous restructure.	8,735	
SS2	Social Services	Children's Services	Budget for 0.50 FTE Administrative Assistant in the Secretariat Team no longer required following re-deployment of postholder.	16,742	
SS3	Social Services	Children's Services	Budget for 0.50 FTE Clerical Assistant in the Complaints and Information Team that is no longer required following a part-time appointment to a full-time role.	16,410	
SS4	Social Services	Children's Services	Management, Fieldwork and Administration vacancy savings target temporarily increased from 4.5% to 9% to reflect current staff turnover and recruitment difficulties.		485,643
SS5	Social Services	Adult Services	Management, Fieldwork and Administration vacancy savings target temporarily increased from 4.5% to 9% to reflect current staff turnover and recruitment difficulties.		419,075
SS6	Social Services	Adult Services	Minor Works of Adaptation costs to be temporarily funded from grant for a period of 2 years.		243,370
SS7	Social Services	Adult Services	Temporary reduction in contribution to Gwent Frailty Pooled Fund, reflecting recurrent underspends in previous years.		55,000
SS8	Social Services	Adult Services	Additional client contributions following increased occupancy levels in Own Residential Care.	400,000	
SS9	Social Services	Adult Services	Budget realignment on Supported Employment contract.	8,000	
SS10	Social Services	Adult Services	Temporary adjustment to Home Assistance and Reablement budget to reflect current difficulties in recruiting carers and securing care packages.		1,050,000
SS11	Social Services	Adult Services	10% increase in hourly charge for Home Care.	26,000	

## 2024/25 Savings Proposals

Reference Number	Directorate	Service Area	Details	2024-25 Permanent Savings	2024-25 Temporary Savings
				(£)	(£)
SS12	Social Services	Adult Services	Budget realignment for contribution to the Learning and Development Pooled Budget.	25,000	
SS13	Social Services	Service Strategy & Business Support	Reduction in contribution to the Regional Partnership Team.	25,000	
SS14	Social Services	Service Strategy & Business Support	A number of posts in the Caerphilly Cares Team to be temporarily funded through grants.		291,887
<b>Sub-Total: -</b>				<b>525,887</b>	<b>2,544,975</b>
ELL1	Education & Lifelong Learning	All	Vacancy management/staff turnover in Central Education.		180,000
ELL2	Education & Lifelong Learning	All	Reduction in mileage budgets in Central Education to reflect new flexible working models.	4,000	
ELL3	Education & Lifelong Learning	All	20% reduction in training budgets across Central Education.	1,600	
ELL4	Education & Lifelong Learning	21st Century Schools	50/50 Building maintenance (LA/Schools). Temporary savings proposal, recommendation to fund (to this value) from earmarked LMS Contingency balances in 2024/25.		346,320
ELL5	Education & Lifelong Learning	Adult Education	Adult Education - Additional income generation linked to economies of scale/shared costs with project to 31 March 2025. Short-term reduction in premises maintenance costs due to recent investment.		60,000
ELL6	Education & Lifelong Learning	Libraries	Book funding reduction.		57,000
ELL7	Education & Lifelong Learning	Administration	Restructure in Administration Team.	30,450	
ELL8	Education & Lifelong Learning	Early Years	Rising 3's budget (reduction based on recent spend/trends). Spend driven by requests from families for places.		20,000
ELL9	Education & Lifelong Learning	Early Years	Early Years Central Team - Some posts being funded by grant.		150,000
ELL10	Education & Lifelong Learning	Youth Service	Reduction in service budget (temporary saving) - Rationalisation with regards to premises; in-year savings linked to staff turnover/vacancies; maximising efficiencies linked to service resources and external grants.		125,000
ELL11	Education & Lifelong Learning	School Improvement	Education Improvement Grant (EIG) match funding. This reduction has no impact for schools and reflects an in-year underspend in 2023/24. The Authority's match funding commitment is fully met after this reduction.	32,000	
ELL12	Education & Lifelong Learning	School Improvement	Education Achievement Service (EAS) - 10% reduction in core contribution to Regional Consortia.	88,260	
ELL13	Education & Lifelong Learning	Inclusion & ALN	Vacant Post (Hours) - Behaviour Support Team.	56,700	
ELL14	Education & Lifelong Learning	Inclusion & ALN	Vacant Post (Hours) - Education Other Than at School (EOTAS) Team.	15,225	
ELL15	Education & Lifelong Learning	School Improvement	Local Management of Schools (LMS) Contingency. This budget supports ad hoc in-year school formula issues and recent trends have indicated that this reduction is achievable. Should any issues arise would look to access earmarked LMS Contingency Reserves (subject to appropriate approval).		25,000
ELL16	Education & Lifelong Learning	All	Police Checks (reduction based on recent spend/trends).		5,000
ELL17	Education & Lifelong Learning	All	External Audit Fees (reduction based on recent spend/trends).	5,000	
ELL18	Education & Lifelong Learning	All	General Computer Costs (reduce budget).	10,000	
ELL19	Education & Lifelong Learning	Post 16	14-19 Transport (Post 16). This reduction is linked to an underspend in recent years.	5,000	
ELL20	Education & Lifelong Learning	Music Service	Music Service - 10% saving on the service budget, which will impact delivery hours for pupils.		41,000
ELL21	Education & Lifelong Learning	School Improvement	School Improvement - Funding allocated to support schools in difficulty. No schools in a statutory category since beginning of 2023.		20,000
ELL22	Education & Lifelong Learning	All	Vacant Properties (one-off). Costs associated with site security and utility costs. Reduction based on anticipated budget capacity in 2024/25.		5,000
ELL23	Education & Lifelong Learning	Early Years	Childrens Centre - External contract ending in 2023/24. Changes to develop registered childcare provision, funding to be supported through grants.	36,000	
<b>Sub-Total: -</b>				<b>284,235</b>	<b>1,034,320</b>
ELL24	Education & Lifelong Learning	Schools	Schools to absorb £3m of 2024/25 projected cost pressures of £8.283m.	3,000,000	
<b>Sub-Total: -</b>				<b>3,000,000</b>	<b>0</b>
ALL1	All Directorates	All	Mobilising Team Caerphilly Transformation Programme in-year savings target for 2024/25.	5,000,000	
ALL2	All Directorates	All	General Fund Services non-pay inflationary pressures to be absorbed by services. A range of spend control measure are in the process of being developed through the Mobilising Team Caerphilly Transformation Programme to assist budget holders in managing down these inflationary pressures.	2,673,000	
<b>Sub-Total: -</b>				<b>7,673,000</b>	<b>0</b>
<b>TOTALS: -</b>				<b>19,552,084</b>	<b>11,449,455</b>

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**MOVEMENT ON GENERAL FUND**

	<b>£'000</b>	<b>£'000</b>
<b>Opening Balance 01/04/2023</b>		<b>35,016</b>
<b>2023/24 Budget Strategy Contribution (in lieu of Council Tax Surplus)</b>		<b>(1,050)</b>
<b>One-off Contribution to Support 2023/24 Budget</b>		<b>(15,345)</b>
<b>Use of Funds Previously Agreed by Council: -</b>		
Funding of 2022/23 General Fund Housing Deficit	(802)	
Funding of 2022/23 Private Housing Deficit	(200)	
Funding of 2022/23 Economy & Environment Deficit	(494)	
In-year Impact of 2023/24 NJC Pay Award	(1,959)	
	<u>(1,959)</u>	<b>(3,455)</b>
<b>Current General Fund Balance</b>		<b>15,166</b>
<b>Net Take to General Fund from Projected 2023/24 Outturn</b>		<b>4,898</b>
<b>Funds Released to General Fund Following Review of Balances: -</b>		
Service Earmarked Reserves	3,719	
Service Over/Underspend Reserves	17	
Insurance Reserve	2,000	
	<u>2,000</u>	<b>5,736</b>
<b>2024/25 Budget Strategy Contribution (in lieu of Council Tax Surplus)</b>		<b>(1,050)</b>
<b>One-off Contribution to Support 2024/25 Budget</b>		<b>(10,624)</b>
<b>Projected Balance 31/03/2024</b>		<b>14,126</b>

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Capital Programme - 2024/25 to 2026/27

Service Area	Project Name	2024/25 (£)	2025/26 (£)	2026/27 (£)
BUSINESS ENTERPRISE & RENEWAL TEAM	Car Park Pontymister	163,742		
BUSINESS ENTERPRISE & RENEWAL TEAM	Caerphilly Castle Coach Pull-In	258,978		
BUSINESS ENTERPRISE & RENEWAL TEAM	Town Centre Improvements	18,000	18,000	18,000
BUSINESS ENTERPRISE & RENEWAL TEAM	Navigation Colliery Site Regeneration	8,859		
BUSINESS ENTERPRISE & RENEWAL TEAM	Cwm Ifor Solar Farm	1,037,301		
BUSINESS ENTERPRISE & RENEWAL TEAM	Caerphilly Enterprise Fund	80,000	80,000	80,000
BUSINESS ENTERPRISE & RENEWAL TEAM	Cemeteries	274,473		
BUSINESS ENTERPRISE & RENEWAL TEAM	Sport Pitches	90,481	30,000	30,000
BUSINESS ENTERPRISE & RENEWAL TEAM	Environmental Schemes	200,000	200,000	200,000
BUSINESS ENTERPRISE & RENEWAL TEAM	Caerphilly Wellbeing Centre	14,003,432	17,667,040	
BUSINESS ENTERPRISE & RENEWAL TEAM	Playgrounds	504,370		
CORPORATE SERVICES	IT Hardware & Software	200,000	200,000	200,000
EDUCATION & LIFELONG LEARNING	Trinity Fields School	9,300,000	3,919,082	
EDUCATION & LIFELONG LEARNING	Centre For Vulnerable Learners	13,428,111		
EDUCATION & LIFELONG LEARNING	Llanfabon Primary	3,626,454		
EDUCATION & LIFELONG LEARNING	Plasyfelin Primary	8,841,675		
EDUCATION & LIFELONG LEARNING	Ysgol Y Llawnt/ Upper Rhymney School	3,534,791	10,841,712	3,228,637
EDUCATION & LIFELONG LEARNING	Health & Safety Works	321,000	321,000	321,000
EDUCATION & LIFELONG LEARNING	Basic Needs Accommodation	250,000	250,000	250,000
EDUCATION & LIFELONG LEARNING	School Security	101,000	101,000	101,000
EDUCATION & LIFELONG LEARNING	Asset Management	550,000	550,000	550,000
EDUCATION & LIFELONG LEARNING	School Boiler Replacement Programme	200,000	200,000	200,000
EDUCATION & LIFELONG LEARNING	Education Capital Grant	2,714,674		
EDUCATION & LIFELONG LEARNING	ALN Capital Grant	801,575		
EDUCATION & LIFELONG LEARNING	Schools To Community Grant	284,193		
EDUCATION & LIFELONG LEARNING	Virginia Park	375,000		
EDUCATION & LIFELONG LEARNING	Ysgol Trelyn Demountable	120,000		
EDUCATION & LIFELONG LEARNING	Total Childcare/Welsh Grant for 24-25	3,551,679		
EDUCATION & LIFELONG LEARNING	Glanynant	270,000		
EDUCATION & LIFELONG LEARNING	Crumlin Junction	300,000		
INFRASTRUCTURE	Infrastructure Retaining Walls	314,000	314,000	314,000
INFRASTRUCTURE	Lower RV Relief Rd	193,819		
INFRASTRUCTURE	Street Lighting - East	50,000	50,000	50,000
INFRASTRUCTURE	Design Budget	40,000	40,000	40,000
INFRASTRUCTURE	Major Highway Reconstruction	739,000	739,000	739,000
INFRASTRUCTURE	Bridge Strengthening	441,000	441,000	441,000
INFRASTRUCTURE	Caerphilly Interchange	1,076,314		
INFRASTRUCTURE	Land Drainage- Corporate	123,000	123,000	123,000
INFRASTRUCTURE	Land Drainage	123,000	123,000	123,000
INFRASTRUCTURE	Vehicle Restraint System	148,000	148,000	148,000
INFRASTRUCTURE	Tips & Mines	246,000	246,000	246,000
INFRASTRUCTURE	Monmouth & Brecon Canal.	200,000	200,000	200,000
INFRASTRUCTURE	Troedyrhiwfwch	829,320		
INFRASTRUCTURE	Footway Resurfacing	148,000	148,000	148,000
PLACEMAKING	Caerphilly Workingmen's Hall	73,748		
PLACEMAKING	Pentrebane Street Redevelopment	2,054,005		
PLACEMAKING	Leisure Quarter Acquisition	3,750,000	884,897	
PRIVATE HOUSING	Disabled Facility Grants	1,133,000	1,133,000	1,133,000
PRIVATE HOUSING	Miscellaneous & Renewal Area	246,000	246,000	246,000
PRIVATE HOUSING	Home Repair Grant	788,000	788,000	788,000
PROPERTY	Corporate Asset Management	690,000	690,000	690,000
PUBLIC PROTECTION	Electric Vehicle Charge Point	372,680		
PUBLIC PROTECTION	CCTV Replacement	74,000	74,000	74,000
PUBLIC PROTECTION	Kitchen Refurbishments	419,000	419,000	419,000
SOCIAL SERVICES	Minor Works	340,000	340,000	340,000
UK SHARED PROSPERITY FUND (SPF)	W1 Town Centre Improvements	698,880		
UK SHARED PROSPERITY FUND (SPF)	W2 Neighbourhood Projects	149,760		
UK SHARED PROSPERITY FUND (SPF)	W3 Local Green Spaces	4,992		
UK SHARED PROSPERITY FUND (SPF)	W4 Culture and Heritage Support	399,360		
UK SHARED PROSPERITY FUND (SPF)	W5 Landscaped Environment	159,744		

Capital Programme - 2024/25 to 2026/27

Service Area	Project Name	2024/25 (£)	2025/26 (£)	2026/27 (£)
UK SHARED PROSPERITY FUND (SPF)	W9 Volunteering Projects	39,936		
UK SHARED PROSPERITY FUND (SPF)	W10 Local Sport Funding	297,523		
UK SHARED PROSPERITY FUND (SPF)	W11 Community Capacity	49,920		
UK SHARED PROSPERITY FUND (SPF)	W13 Cost Of Living Measures	299,520		
UK SHARED PROSPERITY FUND (SPF)	W16 Open Market Business Support	1,148,160		
UK SHARED PROSPERITY FUND (SPF)	W17 Visitor Economy	174,719		
UK SHARED PROSPERITY FUND (SPF)	W22 R&D Innovation	1,597,440		
UK SHARED PROSPERITY FUND (SPF)	W23 Enterprise Projects	97,450		
UK SHARED PROSPERITY FUND (SPF)	W29 Decarbonisation	249,600		
UK SHARED PROSPERITY FUND (SPF)	W34 Employment Support Economically Inactive	10,592		
ALL	Unallocated Core Budget	1,497,000	2,939,000	2,869,000
HOUSING REVENUE ACCOUNT (HRA)	As per 2023/24 Business Plan	84,133,000	64,957,000	25,087,000
<b>TOTAL PLANNED EXPENDITURE</b>		<b>171,029,270</b>	<b>109,420,731</b>	<b>39,396,637</b>
<b>Funded by: -</b>				
WG Core Grant		4,919,000	4,919,000	4,919,000
Supported Borrowing		4,790,000	4,790,000	4,790,000
Grant Income		72,211,517	45,557,065	24,492,900
Reserves		25,743,413	12,617,666	1,097,737
HRA Borrowing		31,500,000	24,200,000	
RCCO		31,796,000	17,337,000	4,097,000
Other		69,340		
<b>TOTAL FUNDNG</b>		<b>171,029,270</b>	<b>109,420,731</b>	<b>39,396,637</b>

## Updated Medium-Term Financial Plan

Description	2024/25 £000s	2025/26 £000s	2026/27 £000s
<b>Increase in Aggregate External Finance (2.5%, 1%, 1%)</b>	<b>8,904</b>	<b>3,489</b>	<b>3,524</b>
<b>Increase in Council Tax (6.9%, 4.9%, 3.9%)</b>	<b>5,935</b>	<b>4,583</b>	<b>3,886</b>
<b>Total Funding to Support Budget</b>	<b>14,839</b>	<b>8,072</b>	<b>7,409</b>
<b>General Fund Services Inflationary Pressures</b>			
NJC Pay Award - 4% in April 2024, 3.5% in April 2025 and 3% in April 2026	8,869	6,065	5,400
NJC - Increase in Employer Pension Contributions (1% , 0.5%, 0%)	1,245	644	0
Non-Pay Inflation (3%, 2%, 2%)	2,673	3,601	3,675
Non-Pay Inflation (Fees and Charges) - (5%, 2%, 2%)	(853)	(358)	(366)
<b>Total General Fund Services Inflationary Pressures</b>	<b>11,934</b>	<b>9,952</b>	<b>8,710</b>
<b>Inescapable Service Pressures</b>			
Corporate Services	299	0	0
Miscellaneous Finance	1,986	692	667
Social Services	10,448	4,173	4,352
General Fund Housing	1,004	0	0
<b>Inescapable Service Pressures</b>	<b>13,737</b>	<b>4,865</b>	<b>5,019</b>
<b>Transfers Into Settlement Allocated to Relevant Service Budgets</b>	<b>303</b>	<b>0</b>	<b>0</b>
<b>Schools Cost Pressures</b>			
Teachers Pay Award (5% to Aug 2024, 4.5% from Sep 2024 then 3.5%, 3%)	5,951	3,576	3,206
NJC Pay Award - 4% in April 2024, 3.5% in April 2025 and 2% in April 2026	724	664	591
NJC - Increase in Employer Pension Contributions (1% , 0.5%, 0%)	188	98	0
Non-Pay Inflation (3%, 2%, 2%)	826	568	580
Schools Service Pressures	594	620	565
<b>Total Schools Cost Pressures</b>	<b>8,283</b>	<b>5,528</b>	<b>4,942</b>
<b>Proposed Savings/Use of Reserves</b>			
Permanent savings proposals	19,552	378	17
Temporary savings proposals	11,449	243	0
Use of reserves	10,624	0	0
<b>Proposed Savings/Use of Reserves</b>	<b>41,626</b>	<b>621</b>	<b>17</b>
<b>Reinstatement of Temporary Savings Proposals and Use of Reserves</b>	<b>22,207</b>	<b>22,073</b>	<b>243</b>
<b>Annual Shortfall</b>	<b>0</b>	<b>33,724</b>	<b>11,489</b>
<b>Cumulative Shortfall</b>	<b>0</b>	<b>33,725</b>	<b>45,213</b>

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## Draft Budget Proposals for 2024/2025 Joint Trade Union Feedback

As the recognised Trade Unions with Caerphilly County Borough Council, we fully appreciate the challenging situation that the Local Authority finds itself in. Sadly, this position is not limited to Caerphilly but an all too common picture across our public services in Wales and the UK. Quite simply, the funding allocated to the Welsh Government by Westminster does not match the demands being placed on our public services. We are not only experiencing a 'cost of living crisis' but a 'Public Services Crisis!'

We fully appreciate the difficult decisions that may need to be taken by the Authority because of this funding crisis, however there is a balance to be struck between achieving short term aims i.e. 'balancing the books' and longer term aims, which we must be cognisant of. Short term 'quick wins' cannot, and should not, come at a cost of long-term losses to our communities and Caerphilly's dedicated staff.

It is within this context that we offer our views on the Draft Budget Proposals for 2024/25, and in the spirit of partnership working:

- Council and school workers are experiencing the fastest fall in living standards since records began. Council and school workers have suffered over a decade of below average pay awards/pay freezes and have subsequently lost on average 25% from the value of their pay spine since 2010! As household costs continue to rise and the value of staff pay keeps falling, a growing number of local government workers are skipping meals, not running the heating or relying on foodbanks. Trade unions have campaigned for this position to be turned around so that our hard working and dedicated staff receive the fair pay they are due. Therefore, it is disheartening to read within the budget report a figure of 4% being assumed from April 2024 for pay awards. We are confident that this will not be sufficient to satisfy the pay claim of our membership if not centrally funded.

***Officer Response - The actual pay award will be determined through national negotiations but for financial planning purposes we have to make assumptions around the potential level of pay awards. The 4% is in line with the current level of CPI inflation and is of a similar level to that being assumed by other Local Authorities.***

- The proposal to increase Fees and Charges by 5% we believe to be a short-term 'quick fix'. Being mindful of the current economic conditions i.e. high inflation, and high energy and food costs, we appreciate that the local authority is not immune to these cost increases, however, with more households cutting back on spending we would suggest exploring various pricing strategies to ensure price aversion does not

result in a fall in total income. A blanket 5% may have a positive impact in some areas but a negative one in others. As an alternative, we would advocate for stronger controls and analysis of costs, thereby reducing the need to increase prices.

***Officer Response - Comments in respect of the blanket increase are noted but this approach has been applied previously and has worked well. However, there will be a more targeted focus on fees and charges as part of the various projects that will be taken forward through the Mobilising Team Caerphilly Transformation Programme.***

- We note that the permanent savings proposals include an initial in-year savings target of £5m for the Mobilising Team Caerphilly transformation programme, yet there is little detail on where these savings will be generated from. Consequently, we are curious to understand if the savings have not yet been realised where has the £5m been drawn from in order to 'balance the books'?

***Officer Response - There has been considerable work undertaken over the last 10 months working with Perago to identify transformation projects that have the potential to deliver savings moving forward. We are now entering the delivery stage of the programme and are in the process of prioritising and resourcing those projects that will give us the initial batch of savings. It is important to set a target for the Mobilising Team Caerphilly Programme to ensure that we achieve pace with delivery.***

***The initial 2024/25 in-year target of £5m will be delivered through projects that are currently "in flight" and there is an expectation that further significant savings will be delivered in subsequent financial years once further projects have been prioritised for development and delivery. If the £5m target is exceeded, then the savings will be taken as 'savings in advance' to help offset the projected funding gap for 2025/26 and 2026/27. Conversely, if the target is not fully achieved then the shortfall will need to be funded through a further call on reserves. Progress will be closely monitored by the Mobilising Team Caerphilly Portfolio Board and through the Council's established budget monitoring arrangements.***

- The proposal to increase charges for school meals in secondary schools, Meals Direct and in the Hive Restaurant, Ty Penallta by 7.5% we believe to be excessive. As stated in our comments on Fees and Charges, we believe this may have negative consequences on the overall income generated. We also believe the potential consequences for increasing charges for school meals and Meals direct will have a greater negative impact on some of our most vulnerable citizens at a time when they need our services the most.

A decrease in customer trade due to excessive price increases in the Hive Restaurant may also have longer term consequences on its viability to function as a staff restaurant. Consideration must also be given to those employees who may have a disability and cannot leave the premises to find alternative eating venues, which we note was not considered within the impact assessments.

***Officer Response - Comments are noted and will be reported as part of the budget consultation feedback.***

- The comment made within section 5.7.11 of the report which states, *'It is inevitable that the Authority will be smaller moving forward and service levels in many areas will need to be reduced, or even removed.'* This is a particularly concerning statement. The trade unions would like further dialogue on this statement to understand why is it *'inevitable'*? The narrative cascaded as part of the Mobilising Teams Caerphilly transformation programme is that *'we need to work smarter, not harder.'* This would not automatically translate to services being reduced or removed. Therefore, we would welcome early dialogue with senior leadership on this matter.

***Officer Response - We will aim to deliver as much of the savings requirement as we can through identifying efficiencies and new ways of working but given the scale of the financial challenge it has to be accepted that there will be impacts across the organisation. The agreed Mobilising Team Caerphilly narrative includes the following statement: -***

***"We understand that some roles may need to change, and we expect there to be a reduction in staff numbers. We will look at voluntary departure options and as colleagues move on to new opportunities or retire, we will carefully assess how their roles can be managed going forward".***

***Early engagement is key and there will be an ongoing dialogue with the Trade Unions in relation to the programmes of change being developed under Mobilising Team Caerphilly.***

- From discussions at the Joint Scrutiny Committee on 23.01.24 it has been highlighted that the amount of CCBC investment income has increased from £164m to £185m (as at September '23). As Trade Unions we would appreciate an explanation on why the decision has been taken to increase investment income by £21m given the current dire financial situation. At face value, it could appear that we are laying an Axminster carpet while there is a hole in the roof!

***Officer Response - £21.9m was invested between March 2023 and September 2023 and none of these investments were in gilts or other long-term investments. The investments that were made will all mature in the 2024 calendar year. The £21.9m consisted of investments in bonds and fixed-term deposits (£15.6m), an increase in deposits with the HM Treasury Debt Management Office (£9.5m), and a £3.2m reduction in investments with other Local Authorities and Housing Associations. The Council has operating costs of over £850m a year, so at different times of the year there will be varying levels of cash available and fluctuations in the level of investments.***

- Looking specifically at the savings proposals presented in the consultation report we would like to offer our initial observations:
  - Overall, the proposals presented are very vague in terms of describing the savings proposed, which is not conducive to effect public consultation.
  - **The deletion of the MeUs Leadership Programme budget** – A survey by the Chartered Management Institute, conducted by YouGov, found that 82% of those who enter management positions have not had any proper training, known as 'accidental managers'. The Poll also reveals ineffective leaders create poor motivation and low job satisfaction in their teams. Trained leaders and

managers are not only better equipped to address poor performance or behaviour, but also to create environments where employees can thrive, reducing turnover and fostering a culture of trust and productivity. Therefore, we believe that cancellation of the MeUs programme is not appropriate at this time when the organisation is undergoing significant strategic change and will rely heavily upon the quality and skills of its managers and leaders.

***Officer Response - Comments are noted and will be reported as part of the budget consultation feedback.***

- **Deletion of the vacant Grade 12 Human Resources Manager post** – As trade unions we work closely with HR on a daily basis and witness the level of demand placed upon this service. Therefore, we do not support the cancellation of this post.

***Officer Response - Comments are noted and will be reported as part of the budget consultation feedback.***

- **Apprenticeship Budget – 2024/25 costs to be funded from reserves** – We are an ageing workforce, and it is essential that we continue to encourage younger people to join our organisation. To fund the Apprenticeship Budget from reserves we believe does not set the appropriate foundations as we move forward. Given that reserves can only be used once, we feel justified to ask the question - what will happen to this budget once reserves become depleted in future years as forecast?

***Officer Response – The use of reserves for the apprenticeship programme is for 2024/25 only. There is a recurring core revenue budget of £262.5k for apprenticeships.***

- **Management, Fieldwork and Administration vacancy savings target temporarily increased from 4.5% to 9% to reflect current staff turnover and recruitment difficulties** – We appreciate that there has been recruitment and turnover difficulties within Social Services, however we are also aware that the Directorate is working hard to address this. Therefore, increasing the vacancy target to 9% would appear counterintuitive given that we are led to believe the intention is to fill these vacancy gaps.

***Officer Response – This is a temporary adjustment to reflect current recruitment difficulties being experienced in this area. The intention is still to recruit to posts wherever possible.***

- **A number of posts in the Caerphilly Cares Team to be temporarily funded through grants** – We would ask for further clarification on how these posts will be funded once the grant has ended.

***Officer Response – This will be subject to review when the grant funding is no longer available.***

- **Early Years central team – some posts being funded by grant** - We would ask for further clarification on how these posts will be funded once the grant has ended.



**Officer Response – This will be subject to review when the grant funding is no longer available.**

We trust that our feedback will be taken into consideration as part of the Budget Proposals Consultation 2024/25 and look forward to receiving a response in relation to the comments/questions put forward.

Kind Regards,

Lianne Dallimore	Juan-Antonio Garcia	Neil Funnell	Gary Parr
<i>Lianne Dallimore</i>	Juan-Antonio Garcia	<i>Neil Funnell</i>	<i>Gary Parr</i>
Branch Secretary UNISON	Branch Chair UNISON	Branch Secretary GMB	Branch Secretary UNITE

Gadewir y dudalen hon yn wag yn fwriadol