



CABINET

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, TREDOMEN ON WEDNESDAY, 30TH JANUARY 2019 AT 10.30 A.M.

PRESENT:

Councillor D. Poole – Chair

Councillors:

C. Cuss (Social Care and Wellbeing), N. George (Neighbourhood Services), C.J. Gordon (Corporate Services), Mrs B.A. Jones (Finance, Performance and Governance), P. Marsden (Education and Achievement), S. Morgan (Economy, Infrastructure and Sustainability), L. Phipps (Homes and Places) and E. Stenner (Environment and Public Protection).

Together with:

C. Harry (Interim Chief Executive), D. Street (Corporate Director - Social Services and Housing), M. S. Williams (Interim Corporate Director - Communities) and R. Edmunds (Corporate Director – Education and Corporate Services).

Also in Attendance:

S. Couzens (Chief Housing Officer), P. Smythe (Housing Technical Manager), L. Allen (Group Accountant - Housing), N. Scammell (Head of Corporate Finance and S151), S. Pugh (Communications Manager), H. Lancaster (Senior Communications Officer) and A. Dredge (Committee Services Officer).

Wales Audit Office – N. Jenkins and G. Jones.

1. APOLOGIES FOR ABSENCE

Apologies for absence had been received from M. S. Williams (Interim Corporate Director – Communities).

2. DECLARATIONS OF INTEREST

Councillors B. A. Jones and N. George declared personal interests in relation to agenda item 6 - Housing Revenue Account Charges 2019-2020, at the commencement of the meeting. They were not required to leave the meeting when the report was presented and could take part in the debate and vote. Details of which are recorded with the respective item.

3. CABINET – 16TH JANUARY 2019

RESOLVED that the minutes of the meeting held on the 16th January 2019 (minute nos. 1 - 8) be approved and signed as a correct record.

MATTERS ON WHICH EXECUTIVE DECISIONS WERE REQUIRED

4. WALES AUDIT OFFICE WHQS REVIEW

The report updated Cabinet on the outcome of the follow up review by the Wales Audit Office (WAO) on the Welsh Housing Quality Standard (WHQS) delivery programme. This follows the previous report which had been presented to Cabinet on the 1st November 2017. Cabinet were reminded that during March and April 2017, as part of the WAO performance audit plan, the WAO undertook a review of the Council's arrangements to deliver the WHQS by 2020. At the time of the review, the WAO concluded that the *"majority of tenants' homes remain below the WHQS standard due to longstanding inefficient and ineffective programme management and the Council is unlikely to achieve the standard by 2020"*. The WAO have now completed their follow up review which was undertaken between April and October 2018 and have now concluded that *"the Council has responded positively to our June 2017 WHQS report and statutory recommendations by making significant improvements and as a result we now conclude that it is likely to meet the WHQS by December 2020"*.

Ms N. Jenkins and Mr G. Jones from the WAO summarised the report and confirmed that the follow up review has been undertaken in two parts. A Service User Perspective Review – which focussed on the views from 489 tenants and 25 leaseholders in relation to the delivery of the WHQS programme. A Follow Up Review – to determine whether the Council is meeting its commitments and making satisfactory progress to meet the WHQS by the WG deadline of December 2020. The follow up reports provided by the WAO provide a far more positive picture on the current position of the WHQS programme and also provides independent confidence that Caerphilly Homes are on track to deliver the full programme by December 2020.

The Service User Perspective Review (appended to the report) refers to 3 proposals for improvement. Officers confirmed that they accept the proposals and will address the same in moving forward. It was accepted that improvements and consistency is required in the way performance information is presented and this has been addressed within the report. In addition, the Local Housing Strategy will be developed during 2019 and EIAs on key policy reports will be carried out at the appropriate time. Officers were pleased to note the progress made has been acknowledged by the WAO.

Cabinet discussed the report and highlighted the benefits and importance of working with tenants through this process. Members thanked the WAO for the balanced and thorough report and advised that this can be used as a working document in moving forward. Representatives from the WAO thanked Officers in turn for their assistance throughout the process.

Following consideration and discussion, it was moved and seconded that the recommendation in the report be approved. By a show of hands this was unanimously agreed.

RESOLVED that for the reasons contained in the Officer's report, the WAO reports and the Officers responses to the reports and the proposals for improvement, be noted.

5. WHQS PROGRESS REPORT – FINAL STAGES

The report provided Cabinet with an overview of the performance of the Welsh Housing Quality Standard (WHQS) Team to date and also sets out the anticipated projected performance up to December 2020. Details of the capital expenditure for 2018/19 for WHQS works are also included, together with an overview of the many achievements that have been made as part of the wider commitments and benefits delivered by the WHQS programme.

Officers summarised the progress of the WHQS programme to date, with further details set out in the report and its appendices. The Committee noted details of the background to the WHQS, the contracts established across internal and external works and the timeframes for the delivery of works and survey and compliance completion rates. They also included tenant satisfaction levels for the quality of both internal and external works and for standards met.

Cabinet were advised that the current cumulative level of compliance is 80% for internal works and 62% for external works. Tenant satisfaction levels are 88% across internal works and 71% across external works. Total spend projected to March 2019 is £200m and borrowing of £20m will be required for this year. It is anticipated that the £220m estimate to deliver the WHQS programme is likely to be exceeded, although Officers confirmed that at this time no increase in borrowing would be required. Although full compliance is projected for 15th May 2020 for internal works and 10th April 2020 for external works, it is hoped that these can be brought forward to March 2020 to allow for any unforeseen contingencies and for full WHQS compliance to be achieved prior to the December 2020 deadline.

Cabinet discussed the report and the many benefits that have been created from the WHQS Programme. This included the amount of jobs and apprenticeships that have been created as part of the successful process. Officers confirmed that it is intended that the apprenticeship roles will continue and be built in to the structure when people retire etc. In addition, there is a need to heavily invest in the workforce and it was noted that the in-house workforce has achieved higher satisfaction levels when compared with external providers. Officers also confirmed that the Programme must be maintained post 2020. Members also discussed recharges and if this is still applied to any damages caused to Council properties. Officers advised that this is both a Council and Tenant responsibility. When Officers undertake visits they have a duty to make observations as to the state of properties and also promote and encourage the benefits of taking out home insurance.

The report had been presented to the Caerphilly Homes Task Group on 6th December 2018 and the Policy and Resources Scrutiny Committee 16th January 2019, both of which unanimously supported the recommendations contained therein.

Following consideration and discussion, it was moved and seconded that the recommendation in the report be approved. By a show of hands this was unanimously agreed.

RESOLVED that for the reasons contained in the Officer's report, the Welsh Housing Quality Standard Progress Report – Final Stages, be noted.

6. HOUSING REVENUE ACCOUNT CHARGES – 2019/2020

Councillors B. A. Jones (Council House Tenant) and N. George (Garage Leaseholder) declared personal interests in relation to this item at the commencement of the meeting. They were not required to leave the meeting when the report was presented and could take part in the debate and vote.

The report provided details of the proposed rent charges which predominantly focus on council house rents and are intended to be effective for the Housing Revenue Account (HRA) for the 2019/20 financial year.

Officers summarised the process involved in preparing the Housing Revenue Account (HRA) budget. Cabinet were reminded that Welsh Government's (WG) Policy for Social Housing Rents sets a target rent band for each Authority whereby councils have to adjust average rents for their properties in line with this banding. The uplift on the rent policy is fixed for five years and uses the previous September Consumer Price Index (CPI) inflation figure (as opposed to the RPI inflation figure). It also applies a 1.5% real increase to the average local authority rent and an additional £2 per week discretion for social landlords meeting certain criteria. 2018/19 was the final year of the existing five year agreement and following ministerial pressures in comparing Welsh rents to those in England, WG have agreed that the

increase should be CPI only for 2019/20. The discretion to apply up to £2 per week has been removed for those social landlords whose average weekly rent is within or above their Target Rent Band. This decision will apply for one year only whilst WG are awaiting the outcome of the Affordable Housing Supply Review.

The previous September CPI inflation figure was 2.4% and the Business Plan assumed a rent increase of 3%. Applying 2.4% to the average rent means that Caerphilly Council are just below the Target Rent Band, and therefore this can be increased up to a maximum of £2 to ensure inclusion within the envelope range. In order to be at the minimum of the Target Band Range, a minimum increase of 2.7% is required, and in order to meet the requirement of the Housings Business Plan, an increase of 3% is necessary. The maximum rent increase that can be applied by the Authority is 4.74%. All relevant charges were highlighted within the report and detailed the amount of additional income that would be generated (excluding voids) for each of the proposed levels of increase, together with the percentage of service users receiving housing benefit. The increased income is required to offset other inflationary increases within the service area and support the delivery of all housing-related services, including the delivery of the WHQS programme.

The report had been presented to the Policy and Resources Scrutiny Committee on the 15th January 2018, where Members recommended (by the majority present) that for the reasons set out in the report, the increase of 3% per property to comply with the Housing Business Plan be applied from April 2019. Cabinet discussed the recommendations in the report and Officers clarified that should the 2.7% (the minimum increase to set rents at the absolute bottom of the rent envelope) level be approved then this would result in the department having to borrow money to achieve its budget. Also there is uncertainty in future rent levels and Officers advised that it is prudent to approve the 3% increase at this time.

Following consideration and discussion, it was moved and seconded that the recommendation in the report be approved. By a show of hands this was unanimously agreed.

RESOLVED that for the reasons contained in the Officer's report, the increase of 3% per property to comply with the Welsh Government's Rent Policy and Housing Business Plan be applied from April 2019.

7. WHOLE AUTHORITY REVENUE BUDGET MONITORING REPORT 2018/19

This report provided Cabinet with an updated position of the whole-authority in respect of revenue budget monitoring for 2018/19. Detailed budget monitoring reports are prepared for Scrutiny Committees throughout the financial year. Consideration has been given to actual expenditure and income trends and projections have been made of the likely year-end outturn position. Where variations from budget have been identified these are commented upon throughout the report. The report was circulated to the Policy and Resources Scrutiny Committee as an information item ahead of its meeting on 15th January 2019. There were no comments arising from the Policy and Resources Scrutiny Committee.

Cabinet were reminded of the ongoing challenging financial outlook for Local Government and the need to identify significant savings to support the Council's Medium-Term Financial Plan (MTFP). Officers have been mindful of this and consequently expenditure has been curtailed in a number of areas in recent years with the aim of identifying savings in advance to support the MTFP. This prudent approach has resulted in a trend of reported year-end underspends for some Directorates. Members were referred to paragraph 4.2. in the report that provides a comparison between the original 2018/19 budget, a revised budget (where approved changes have been made in year), and the projected outturn. The details in respect of each service area is set out in Appendices 2 to 5. The total projected revenue budget underspend for the Authority for 2018/19 is £1,899k. The Officer advised that this is a positive picture and the projection is smaller than in previous years. Members noted that in moving forward robust

decisions may have to be made in terms of budget monitoring and that underspends that have been experienced previously are now disappearing.

Cabinet thanked the Officer for the factual report. Thanks were extended to the staff within Social Services for turning around an earlier projected overspend. Reference was made to the increase in local Foster Care Fee Packages which has resulted in the Department no longer using independent Foster Carers and Caerphilly is now being looked at on a National level as a result of this progress.

Following consideration and discussion, it was moved and seconded that the recommendation in the report be approved. By a show of hands this was unanimously agreed.

RESOLVED that for the reasons contained in the Officer's report, Directors and Heads of Service continue to review expenditure and income levels in order to ensure that annual budgets and in-year savings are achieved.

8. UPDATE ON RESERVES

The report provided Cabinet with details of the usable reserves held by the Authority and included proposals for use as at 1st April 2018 of £109.796m, which is £10.8m lower than the level held the previous year. The report also included proposals for the use of Service reserves in respect of the Directorate for Education and Corporate Services, along with a proposed release of reserves across a number of areas for one-off spend. Members were reminded that these reserves can only be used once (typically for capital expenditure and contingent sums for potential unforeseen liabilities) and that it is strongly advisable that these are not used to fill the gaps where savings are required in respect of MTFP proposals.

Cabinet noted the balance position on the General Fund (currently projected to be £10m as at 31st March 2019), details of HRA usable reserves (£5.090m as at 1st April 2018) and Capital Reserves (£39.808m as of 1st April 2018). It was noted that the use of these particular reserves are ring-fenced for specific purposes as set out in the report. The report also detailed the usable reserves for each Directorate (£31.605m for Corporate Services, £4.679m for Communities, £8.419m for Education and Lifelong Learning and £6.995m for Social Services). Work has been carried out to establish Directorate reserves which have the potential for release, and where identified, these were set out in bold throughout Sections 4.5-4.8 of the report.

Additionally, the report set out details of service underspends for each Directorate, and it was explained that in line with the Reserves Strategy agreed by Cabinet in July 2016, a 3% cap has been placed on the cumulative amount that can be held by Directorates in service underspend reserves. As Corporate Services and Education and Lifelong Learning had exceeded this cap, the report therefore summarised proposals to utilise this excess accumulated underspend (totalling £0.764m). These proposals included support for the Capital Programme 21st Century Band B match funding, Post 16/Single Sec Review Resourcing, Digital Strategy Implementation, and Caerphilly 2022 Leadership Training and Development.

The report which is presented annually was considered by the Policy and Resources Scrutiny Committee on the 15th January 2019. The Authority is open and transparent regarding the Authority's reserves. Officers have attended many sessions with the Leader and Deputy Leader for Finance going through the balance sheet. Members were advised that the sum of £110m reserve is proportionate for the size of this Local Authority. In terms of the uncertainty surrounding Brexit and other funding streams, the Officer explained that there could be significant implications for the Authority. This could result in less funding available for goods and services, there could be job losses and the Authority may find itself funding its own growth for its Council Tax Reduction Scheme. In relation to Band B match funding it was confirmed that the Corporate Director for Education and Corporate Services will meet with

Welsh Government on the 15th February 2019 where it is hoped that clarification will be provided regarding future funding and changes to terms and conditions.

Due to the level of uncertainty Cabinet agreed to amend paragraph 10.1.4. and that funding totalling £16m rather than the £20.08m (minus the £1m approved by Council as a contingency for the outcome of the Brexit process and £3m to hold back due to uncertainties around Brexit and Band B terms and conditions) be released from the various reserves as detailed throughout the report and set aside in the balance sheet for one-off expenditure. And an additional recommendation to include that £6.2m be allocated from the £16m towards, £5m Band B 21st Century Schools Programme, £1.2m Regeneration Board Projects and the remaining £9.8m be subject to detailed reports to the relevant Committees.

Following consideration and discussion, it was moved and seconded that the recommendation in the report be approved. By a show of hands this was unanimously agreed.

RESOLVED that subject to an amendment at paragraph 10.1.4. to now read *funding totalling £16m rather than the £20.08m (minus the £1m approved by Council as a contingency for the outcome of the Brexit process and £3m to hold back due to uncertainties around Brexit and Band B terms and conditions) be released from the various reserves as detailed throughout the report and set aside in the balance sheet for one-off expenditure* and an additional recommendation to include *that £6.2m be allocated from the £16m towards, £5m Band B 21st Century Schools Programme, £1.2m Regeneration Board Projects and the remaining £9.8m be subject to detailed reports to the relevant Committees* and for the reasons contained in the Officer's report: -

- (i) the contents of the report be noted;
- (ii) the accumulated underspend reserves above the 3% cap for Corporate Services and Education and Lifelong Learning be utilised as detailed in 4.9.2 of the report;
- (iii) specific reserves relating to the Directorate of Education and Corporate Services totalling £1.5m be released and allocated towards 21st Century Schools Band B match funding;
- (iv) funding totalling £16m rather than the £20.08m (minus the £1m approved by Council as a contingency for the outcome of the Brexit process and £3m to hold back due to uncertainties around Brexit and Band B terms and conditions) be released from the various reserves as detailed throughout the report and set aside in the balance sheet for one-off expenditure;
- (v) that £6.2m be allocated from the £16m towards, £5m Band B 21st Century School Programme, £1.2m Regeneration Board Projects and the remaining £9.8m be subject to detailed reports to the relevant Committees.

9. **CCBC COMMUNICATION AND ENGAGEMENT STRATEGY**

The report sought Cabinet's endorsement of the draft CCBC Communication and Engagement Strategy 2019 – 2022.

Cabinet were advised that the council is committed to ensuring that the whole organisation communicates effectively and efficiently with stakeholders from all sections of the community. Effective Communication and engagement is critical if Officers are to deliver quality services and develop a two way flow of information between the council and key audiences. The new Communication and Engagement Strategy has been developed which sets out the council's approach to delivering its communications activity and outlines the principles which will

underpin this work. Officers explained that the Strategy will run from 2019 to 2022 and sets us from the reality of where the Council is now to the aspirations of the future and is backed up by a detailed action plan. The strategy sets out the principles of how the Council will communicate with openness and transparency, in a simple, non-technical way that people will be able to understand. It also sets out the various communication channels and tools we will use to reach as many people as possible with our key messages.

Local authorities across Wales are facing unprecedented financial challenges and this position is unlikely to change over the next 3-4 years so effective communication, along with extensive community engagement, will form a key part of managing this difficult process. There is also a need to reflect the ever changing communications landscape – particularly with regards to the increasing popularity of digital and social media channels. The way people receive, digest and share information is changing, so it is vitally important that the authority keeps up with this agenda. The Strategy will enable the organisation to adopt a more joined up approach to communications and will help position effective communications at the core of all the authority's work.

The Strategy will be delivered by the corporate Communications Unit, based at Penallta House and Tredomen House (design and print teams). Their key services are set out in paragraph 4.7. in the report. Officers provided an overview of the New Campaign-based approach to Communications. This includes a strategic approach to the communications activity, which will support the corporate priorities, help enable more focus on strategic activities and champion the organisation's objectives. It will help give the organisation a clear voice - a strong narrative with a few overarching key messages, which are what the organisation wants residents, businesses and visitors to 'think' when thinking of Caerphilly County Borough Council. The new campaign themes were summarised in paragraph 11 in the report.

Following consideration and discussion, it was moved and seconded that the recommendation in the report be approved. By a show of hands this was unanimously agreed.

RESOLVED that for the reasons contained in the Officer's report, the draft Communications and Engagement Strategy 2019 –2022, be approved.

10. EXEMPT MATTER

Members considered the public interest test certificate from the Proper Officer and concluded that on balance the public interest in maintaining the exemption outweighed the public interest in disclosing the information and it was

RESOLVED that in accordance with Section 100A(4) of the Local Government Act 1972 the public be excluded from the remainder of the meeting because of the likely disclosure to them of exempt information as identified in paragraph(s) 14 and 16 of Part 4 of Schedule 12A of the Local Government Act 1972.

11. FUNDING FOR SETTLEMENT OF CONTRACT CLAIM

The report sought Cabinet approval for one off funding in respect of the settlement of a contractual dispute between Caerphilly County Council and Heron Brothers Limited.

Following consideration and discussion it was moved and seconded that the recommendations in the report be approved. By a show of hands this was unanimously agreed.

RESOLVED that for the reasons contained in the Officer's report, the recommendations at paragraph 10.1. be endorsed.

The meeting closed at 12.20pm.

Approved and signed as a correct record subject to any corrections made at the meeting held on 13th February 2019.

CHAIR