



CABINET

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, TREDOMEN ON WEDNESDAY, 13TH FEBRUARY 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), M. S. Williams (Interim Corporate Director - Communities), R. Edmunds (Corporate Director – Education and Corporate Services) and J. Williams (Assistant Director – Adult Services).

Also in Attendance:

N. Scammell (Head of Corporate Finance and Section 151 Officer), R. Kyte (Head of Regeneration and Planning), R. Tranter (Head of Legal Services and Monitoring Officer), D. Lucas (Team Leader Strategic and Development Planning), E. Sharma (Research Officer) and A. Dredge (Committee Services Officer).

1. APOLOGIES FOR ABSENCE

Apologies for absence had been received from D. Street (Corporate Director – Social Services and Housing).

2. DECLARATIONS OF INTEREST

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

3. CABINET – 30TH JANUARY 2019

RESOLVED that subject to it being recorded that M. S. Williams (Interim Director – Communities) had not been in attendance, the minutes of the meeting held on 30th January 2019 were approved and signed as a correct record.

MATTERS ON WHICH EXECUTIVE DECISIONS WERE REQUIRED

4. BUDGET PROPOSALS FOR 2019/20 AND MEDIUM TERM FINANCIAL PLAN 2019/20 TO 2023/2024

The report sought Cabinet's endorsement of the 2019/20 budget proposals and to note the updated Medium Term Financial Plan (MTFP) covering the five year period 2019/20 to 2023/24, prior to final determination at Special Council on the 21st February 2019. A report providing details of draft budget proposals based on the Welsh Government (WG) Provisional 2019/20 Local Government Financial Settlement had been presented to Cabinet on the 14th November 2018. That report provided details of draft savings proposals along with a higher than forecast council tax rise of 6.95% that would deliver a savings target of £15.6m for 2019/20, to enable the Authority to set a balanced budget.

The current report provides an updated position based on the Final 2019/20 Local Government Financial Settlement announced by WG on the 19th December 2018. The report details those savings that after assessing consultation responses and considering changes contained in the Final settlement that Cabinet propose should be removed for the 2019/20 financial year. The consultation had been undertaken over an eight week period (feedback from the consultation process was set out in Appendix 7). Cabinet were advised that the Final Settlement showed an overall cash increase in CCBC's AEF compared to the Provisional Settlement of the equivalent of £1.9m of cash funding. This set against the original cash reduction in AEF of £560k, gives £1.37m of funding towards all of the Authority's pay, non-pay and growth pressures for 2019/20. After adjusting for the transfer in of new responsibilities, along with other RSG transfers in/out the available funds will reduce to £549k.

The Head of Corporate Finance and Section 151 Officer summarised the proposals that were set out in the report. Members noted that the budget proposals include growth for Schools in 2019/20 to cover all pay related, non-pay and demographic growth pressures. There is no longer a requirement in the Final Settlement to protect Schools. Appendix 2 proposes a savings target for schools of £2.1m. This in effect equates to a real terms cut of circa 2% and this needs to be considered alongside the need to deliver savings of £13.4m for 2019/20. Schools spend is approximately 30% of net available budgetary spend. The £2.1m savings proposal i.e. 15% of the total savings required does provide relative protection to schools from the full extent of savings required to deliver a balanced budget. Members were referred to paragraph 4.2.3. in the report that sets out the whole Authority cost pressures totalling £14.992m. It is incumbent upon the Council to set a realistic budget each year and details of the 2019/20 inescapable service commitments/pressures that have been identified are set out in paragraph 4.2.11. in the report.

Cabinet were advised that the updated 2019/20 savings proposals include total proposed savings of £13.921m. These comprise £10.649m of permanent savings and £3.272m of temporary savings with a proposed Council Tax increase of 6.95% will allow for savings in advance of £475k and provide a balanced budget position for 2019/20. The savings in advance of £475k presents an opportunity to create a 'one off' revenue contribution to capital. It is proposed that the £475k is allocated for Band B match funding for the 21st Century schools programme. This will lead to £1.4m of spend on the programme. The Officer's advice to Cabinet and Council in light of the significant savings required in future years as detailed in the revised MTFP, would be to take as many savings as possible to generate savings in advance.

Reference was then made to the General Fund Balances (details of which are set out in appendix 4). The Officer advised Cabinet that in light of the worsening financial outlook, that General Fund balances are retained at a higher level than in previous years. This position can be reviewed when the provisional settlement is announced for 2020/21 (October 2019). In terms of the Council Tax implications within this report, an increase of 6.95% is proposed in Council Tax for the 2019/20 financial year. This will increase the Caerphilly CBC Band D

precept from £1,057.70 to £1131.21 i.e. an annual increase of £73.51 or weekly increase of £1.41.

Cabinet were advised that the Final settlement for 2019/20 identified additional capital grant for 2018/19 of £2.794m, 2019/20 of £1.639m and 2020/21 of £1.107m. Details of the Capital Programme are set out in appendix 5. At its meeting on the 30th January 2019, Cabinet considered a report on the use of Reserves and agreed that unallocated reserves of £16m could be released and used for capital expenditure. The remaining £9.8m to be earmarked for future capital schemes. The Officer explained that further reports will need to be prepared and presented to Cabinet in respect of options to allocate the additional capital grant (referred to in paragraph 4.6.2) along with the £9.8m of unallocated capital earmarked reserves.

An update was provided in respect of the revised Medium-Term Financial Plan. There is currently no indicative allocation for 2020/21 provided by WG. It has been assumed that the AEF will reduce by 0.5% for the following 4 years after 2019/20. The revised MTFP assumptions now require savings to be achieved of £44m from 2020/21 to 2023/24, with £15.7m required for 2020/21. Cabinet were reminded that the savings target is the highest that Caerphilly has faced since 1996 and it is anticipated that this will be higher next year. The Officer referred to paragraph 4.7.2. and 4.7.3. and again stressed that difficult decisions will have to be made by Officers and Members in future years. Officers are looking to develop proposals to address the significant financial challenges going forward as it is widely accepted that the Council cannot continue as it is. The Council is required to put in place a sound and prudent financial framework to support service delivery.

Cabinet thanked the Officers within Corporate Finance and the Finance Teams within each of the Directorates for the volume of work that has contributed to the report to provide a balanced budget. Members acknowledged the advice provided in terms of the budget proposals and the prudent approach proposed by Officers to defer savings given the level of uncertainty of funding in future years. Clarification was sought in relation to the amount of Reserves held by the Authority and if these could be utilised to balance the budget. The Officer confirmed that this issue has been covered during Members' Seminars and at Scrutiny Committee Meetings. At which time Members have been advised that the Reserves held by the Authority are proportionate to its size and are not the highest held by any Authority in Wales. She emphasised that Reserves should only be used for one-off payments and should never be used to balance the budget.

Members referred to (Note 1) in paragraph 4.3.2 and confirmed that they have listened to residents following the consultation process. By deferring these proposals will allow a period of time for the Community Centres and the groups involved with the events, to find alternative funding or consider alternative delivery models that do not involve funding by CCBC. Cabinet expressed their gratitude to WG for the additional one-off funding contribution of £832K of the £20m awarded to Local Authorities. This sum will assist the Council in protecting the most vulnerable residents and the services provided by the Council. The Chair added that had this funding not been received then the budget cuts would have impacted further on services. He emphasised that the reduction in funding allocation and impact on budgets is 'killing' the services provided by Local Authorities and this must be fed back to WG and Central Government.

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 the reasons contained in the Officer's Report: -

- (i) the proposal that the grants transferred/passported into the Financial Settlement and the funding for new responsibilities are passed directly to those Services set out in paragraph 4.2.10, be supported;

- (i) the proposed savings for 2019/20 totalling £13.921m as set out in paragraph 4.3.1, 4.3.2, Appendix 2 and 3, be endorsed;
- (ii) the Revenue Budget proposals for 2019/20 of £337.745m as set out in the report and summarised in Appendix 1, be endorsed;
- (iii) the proposal to allocate £5m to 21st Century Schools match funding as set out in paragraph 4.6.3, be supported;
- (iv) the proposal to allocate £1.2m to the Regeneration Project Board as set out paragraph 4.6.3, be supported;
- (v) the proposal to allocate the £475k savings in advance to the 21st Century Schools Band B programme as set out in paragraph 4.3.5, be supported;
- (vi) the proposed Capital Programme for the period 2019/20 to 2021/22 as set out in Appendix 5, be endorsed;
- (vii) the Updated Medium-Term-Financial Plan detailed in Appendix 6 of this report and the indicative savings requirement of £44m for the following 4 financial years (2020/21 to 2023/2024), be noted;
- (viii) the proposal to increase Council Tax by 6.95% for the 2019/20 financial year to ensure that a balanced budget is achieved (Council Tax Band D being set at £1131.21), be supported.

5. WALES STALLED SITES FUND, THE SELF-BUILD FUND AND PLOT SHOP

Cabinet were advised that insufficient housing is being built in Wales (and in Britain generally) and the need for new housing is now more acute than it has ever been. WG has committed to developing 20,000 new affordable homes by the end of the current term of Government. In addition to this an increase in the numbers of market houses is also required to address the housing shortfall. Whilst the volume house builders can assist in increasing housing numbers, it will also require an increase in Small and Medium Sized Builders (SME Builders) housing developments. WG is seeking an increase in house building through 2 separate schemes.

Officers explained that WG has introduced the Stalled Sites Fund, which provides loans to SME Builders. This could potentially help unlock around 400 stalled sites, and provide up to 7,600 new dwellings. The Development Bank of Wales will offer SME Builders loans of up to £4 million over a period up to 4 years with the loan repaid at the end of the period. The loans are aimed at providing finance to address the issues that SME Builders have in obtaining appropriate finance for such sites. WG have recently announced that they were introducing a Self-Build Fund, which provides loans to facilitate local people building their own home. This would be supported by a database of housing sites suitable for self-build development called the Plot Shop. The Self-Build fund will be administered by the Development Bank of Wales who will provide loans that will cover the majority of land and build costs for the proposed self-build dwelling with the loan being repaid once the self-builder has mortgaged the completed dwelling at the end of the loan period.

Initially the Plot Shop is for local authority owned sites. Local Authorities will need to identify sites suitable for self-build housing and make them ready for development. WG has announced that part of the self-build fund is being made available to Local Authorities, on an interest free basis, to fund bringing forward the sites.

The report sought Cabinet approval to the principle of progressing sites for the Plot Shop initiative. In addition, the report sought approval for the principle of capital receipts raised in respect of the sale of plots on Plot Shop sites being placed back into a ring-fenced budget.

This would provide a rolling programme of funding to bring further sites forward and pay back any initial loan payment that the Council may seek. The Officer advised that the exception to this is Housing Revenue Account (HRA) sites. In relation to HRA sites there is a requirement for the capital receipt to be paid back into the Housing Revenue Account to support the Council house building programme. The financial implications of progressing HRA sites will also be considered in the subsequent report to be presented to Cabinet that will also list the proposed sites.

Cabinet were pleased to support the report and recommendations contained therein. This is considered a good news report that will increase housing, help small to medium businesses and encourage self building. It was noted that Officers of the City Deal Housing work stream had been the driving force behind this idea and WG are now moving the initiative forward.

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 subject to the reasons contained in the Officer's Report: -

- (i) the information in the report in respect of the Stalled Sites Fund, be noted;
- (ii) the information in the report in respect of the Welsh Government Self-Build Fund/Plot Shop be noted and the principle of bringing sites forward for the Plot Shop under the Self Build Fund, be agreed;
- (iii) a further report will be presented to Cabinet, once the relevant sites have been identified, seeking approval to take them forward for Plot Shop and to address the financial implications associated with it;
- (iv) in principle, the capital receipts from the sale of plots on Plot Shop be paid into a ring-fenced budget to provide a rolling fund to cover the cost of bringing further sites forward and to repay any potential loan at the end of the scheme, with the exception of Housing Revenue Account sites, be approved.

6. REGENERATION BOARD UPDATE

The report updated Cabinet on the work of the newly constituted Regeneration Project Board and recommended an initial list of priority schemes for Development Funding. At its meeting on 30th May 2018, Cabinet agreed that a Regeneration Project Board would be set up with a cross party political representation of Councillors and key Officers and the terms of reference were approved on 30th May 2018. The Board is chaired by the Cabinet Member for Economy, Infrastructure, and Sustainability. The Project Assessment Panel met on the 3rd October 2018 and agreed the Membership and Terms of Conditions of the Panel. The first formal Assessment Panel was held in January 2019 where they considered the first suite of projects which have been identified by the Board to move to Assessment Stage.

Cabinet were referred to paragraph 4.15. in the report that sets out an initial list of priority schemes that sought Cabinet's agreement for Development Funding. Officers advised that this will result in a pipeline of prioritised projects that will be the focus of the Council's initial regeneration priorities in the short to medium term and is anticipated to attract inward investment. The pipeline of projects will be reported to Cabinet on a six monthly basis and be updated accordingly as schemes progress. Members welcomed the report that could bring millions of pounds of investment to the borough, create job opportunities and improve life for Caerphilly borough residents.

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, £290,000 of the Regeneration Project Board Development Fund of £300,000 be allocated to the Tranche 1 Priority schemes identified by the Regeneration Project Board as set out in paragraph 4.15 of the cabinet report.

7. REVIEW OF CCBC REGENERATION GRANTS

The Chair gave permission for this item to be withdrawn from the agenda so that further information can be included and the report be rescheduled at a future meeting. By a show of hands this was unanimously agreed.

8. 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 14 of Part 4 of Schedule 12A of the Local Government Act 1972.

9. BRYN BRITHDIR, OAKDALE BUSINESS PARK – RENEWAL OF CCBC AND WG JOINT VENTURE AGREEMENT FOR FIVE YEARS

The report sought Cabinet approval to renew the joint venture agreement for Bryn Brithdir, Oakdale Business Park with Welsh Government (WG) for 5 years under revised terms.

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 the reasons contained in the Officer's Report, the recommendations at paragraphs 10.1. and 10.2, be endorsed.

The meeting closed at 11:45am.

Approved and signed as a correct record subject to any corrections made at the meeting held on the 27th February 2019.

CHAIR