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For all enquiries relating to this agenda please contact Charlotte Evans
(Tel: 01443 864210 Email: evansca1@caerphilly.gov.uk)

Date: 20th July 2016

Dear Sir/Madam,

A meeting of the **Cabinet** will be held in the **Sirhowy Room, Penallta House, Tredomen, Ystrad Mynach** on **Wednesday, 27th July, 2016** at **2.00 pm** to consider the matters contained in the following agenda.

Yours faithfully,

A handwritten signature in blue ink that reads 'Chris Burns'.

Chris Burns
INTERIM CHIEF EXECUTIVE

A G E N D A

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

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

To approve and sign the following minutes: -

- | | |
|-----------------------------------|--|
| 3 Cabinet held on 13th July 2016. | |
|-----------------------------------|--|

1 - 4

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To receive and consider the following reports on which executive decisions are required: -

4	Provisional Outturn for 2015/16.	5 - 16
5	Reserves Strategy.	17 - 32
6	Financial Resilience Report.	33 - 52
7	Wales Audit Office Review of the Development of a Sport and Leisure Strategy.	53 - 76
8	Islwyn High School - Instrument of Government.	77 - 80
9	Proposed New Fee Structure for Additional Services.	81 - 100
10	HR Strategy Document.	101 - 128
11	Housing Repair Operations Annual Performance Update.	129 - 136

Circulation:

Councillors D. Havard, Mrs C. Forehead, N. George, D.T. Hardacre, K. James, Mrs B. A. Jones, D.V. Poole, K.V. Reynolds, T.J. Williams and R. Woodyatt,

And Appropriate Officers.



CABINET

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, TREDOMEN ON WEDNESDAY 13TH JULY 2016 AT 2.00 P.M.

PRESENT:

Councillor K. V. Reynolds – Chair

Councillors:

C. Forehead (Human Resources and Governance/Business Manager), D.T. Hardacre (Performance and Asset Management), D. Havard (Education and Lifelong Learning), K. James (Regeneration, Planning and Sustainable Development), D.V. Poole (Housing) and R. Woodyatt (Social Services).

Together with:

C. Burns (Interim Chief Executive) and C. HARRY (Corporate Director Communities).

Also in Attendance:

C. Jones (Head of Performance and Property Services), B. Hopkins (Assistant Director – Education) and C. Evans (Committee Services Officer).

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillor N. George, Mrs B. Jones, T. Williams, D. Street and N. Scammell.

2. DECLARATIONS OF INTEREST

A Declaration of Interest was received from Councillor D.V. Poole in respect of Agenda Item 5, Federation of Schools. Details are minuted with the respective item.

3. CABINET – 13TH JULY 2016

RESOLVED that the minutes of the meeting held on 13th July 2016 (minute nos. 1 - 9) be approved and signed as a correct record.

4. PROPERTY SERVICES – STATE OF THE ESTATE REPORT – 31ST MARCH 2016

The report presented the first Property Service's State of the Estate report to Cabinet.

Members noted that for some time the Welsh Government (WG) has produced an annual report on the "State of the Estate" relating to property in their ownership. The report is very useful and has been widely circulated by WG.

The report, along with a Member query, has prompted Property Services to prepare a similar report for the Council. The main driver for that being introduced now is to reflect on the significant changes that have been made to better manage, rationalise and consolidate the council's property portfolio.

Members thanked the Officer for the report and discussion ensued. Members noted that there has been a significant amount of work undertaken by Property Services, which was highlighted within the report, with particular reference to the rationalisation of office buildings and the impact this has had on the Medium Term Financial Plan (MTFP). Members noted that this is the first of further annual reports and can act as a benchmark and demonstrate the performance of the Council.

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 Officers Report: -

- (i) the State of the Estate Report – 31st March 2016, as outlined in Appendix 1 be noted;
- (ii) the principles of completing a phased transfer of responsibility for the maintenance of all property (excluding schools and public housing) into a central corporate portfolio managed by Property Services together with the maintenance budgets as described in paragraph 4.1 of the report be endorsed;
- (iii) subject to the views of Policy and Resources Scrutiny Committee on the 4th October 2016, the State of the Estate Report be communicated across the authority.

5. FEDERATION OF SCHOOLS

Councillor D.V. Poole declared an interest in this item as a Governor of Pengam Primary School and left the meeting prior to its consideration.

The report, which was considered by Education for Life Scrutiny Committee on 5th July 2016 provided background into the Welsh Government's policy on the federation of schools and proposed using this arrangement for 3 groups of schools already working together.

Members noted the benefits of federation set out in the report and the proposed arrangements between Bedwas Junior and Rhydri Primary Schools; Pengam and Fleur De Lis Primary Schools; and Cwmfelinfach and Ynysddu Primary Schools. The Officer highlighted that Bedwas Junior and Rhydri Primary have agreed to proceed with formal federation proposal and a draft consultation document has been drafted and are therefore eager for the process to commence, however, Pengam and Fleur De Lys Primary Schools, whilst they have agreed to explore moving to the next stage, have insisted that the Schools retain their individual and financial identity, are not forced to federate with other schools without prior approval of the governing body and that the Local Authority will take full responsibility for managing the introduction and integration of the proposed federation.

In addition Members noted that Cwmfelinfach and Ynysddu Primary Schools have accepted an offer to trial federation following a meeting of the Joint Governing Body in March 2016. Both existing governing bodies agree that the process of Federation will be conducted in an open and transparent way to all parties that may be affected by the process

(i.e. parents/carers, staff and governors), and are to be provided with an information letter/leaflet explaining the process and benefits of Federation.

It was noted that there are some implications for the Parent and Community Governors as there would be a reduction in numbers under Federation.

Members discussed the report at length and concerns were raised as to the number of School Governors. Officers explained that clarification has been sought from WG in reference to some concerns. A response has not yet been received.

Following consideration and discussion, it was moved and seconded that the item be deferred for further information. By a show of hands this was unanimously agreed.

DEFERRED for further information.

The meeting closed at 2.51pm

Approved and signed as a correct record subject to any corrections made at the meeting held on 27th July 2016.

CHAIR

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CABINET – 27TH JULY 2016

SUBJECT: PROVISIONAL OUTTURN FOR 2015/16

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES & S151 OFFICER

1. PURPOSE OF REPORT

- 1.1 To provide Cabinet with details of the provisional outturn for the 2015/16 financial year prior to the annual audit by the Authority's External Auditors Grant Thornton.

2. SUMMARY

- 2.1 In advance of the Statement of Accounts being audited and presented to Council on the 28th September 2016, this report provides an overview of the Council's performance against the budget for the 2015/16 financial year. Members receive detailed budget monitoring reports as part of the Scrutiny process throughout the financial year.

3. LINKS TO STRATEGY

- 3.1 The Provisional Outturn Report encompasses all the resources used by the Council to achieve its strategies.

4. THE REPORT

- 4.1 The outturn position is attached as Appendix A and is summarised below:-

	£m
Service Directorate Underspends	6.101
Miscellaneous Finance Underspends	2.638
Council Tax Surplus	1.430
Housing Revenue Account (HRA) Underspend	6.762
Schools Overspend	(0.171)
Total: -	16.760

- 4.2 The Service Directorate underspend of £6.101m represents 3.45% of net Directorate budgets. During the year Officers have continued to be mindful of the continuing programme of austerity and expenditure has been curtailed in a number of areas to support the Medium-Term Financial Plan (MTFP). This prudent approach has resulted in a number of savings being achieved in advance and underspends being higher than would normally be the case.

- 4.3 After adjusting for earmarked reserves, 50% of underspends are carried forward by Directorates and are available to meet the requirements of these service areas. The remaining balance is transferred to the General Fund. Overspends are normally funded from

future Directorate budgets or balances brought forward from previous years. Service reserves held by Directorates can be used to fund one-off cost pressures or to pump-prime service reconfiguration but they cannot be relied upon to deliver balanced budgets on a recurring basis.

- 4.4 The table in Appendix B shows the movements on the General Fund balance from the 1st April 2015 to the 31st March 2016 along with agreed commitments for 2016/17. The appendix also includes details of proposals to utilise General Fund balances to fund an additional provision in relation to the ongoing investigation of senior officers and a further contribution to the City Deal. These proposals total £562k, and at the time of writing this report, were subject to agreement by Council at its meeting on the 19th July 2016.
- 4.5 The forecast General Fund balance as reported to Council on 24th February 2016 was £10.105m. The updated position is a projected balance as at 31/03/17 of £11.155m, a variance of £1.050m. The variations to the forecast are as follows: -

	£m
Increased Contribution from Service Areas (including Miscellaneous Finance)	1.596
2015/16 Council Tax Surplus	0.016
Proposed take from General Fund (Council 19/07/16)	(0.562)
Net Increase: -	1.050

- 4.6 The Acting Director of Corporate Services & Section 151 Officer normally recommends a minimum General Fund balance of £10m (circa 3% of the net revenue budget). However, in light of the significant financial challenges that lie ahead it would be prudent to retain the General Fund balance at the projected level of £11.155m. This will provide a small buffer to support the delivery of the MTFP in future years in respect of pump-priming and Invest to Save schemes. Once the provisional financial settlement and indicative allocations have been announced by the Welsh Government in October 2016, this situation could be revisited but at the present time there is uncertainty in respect of the Revenue Support Grant (RSG) and other grant funding for 2017/18 and future years.
- 4.7 The following paragraphs comment on the 2015/16 underspends as detailed in Appendix A.

Education and Lifelong Learning (£1.419m Underspend)

- 4.8 Overall the Directorate (including schools) is reporting an underspend of £1.419m. This includes an overspend of £171k for schools, which necessitated a take from earmarked school balances, and a net underspend on Central Education & Lifelong Learning of £1.590m.
- 4.9 The significant variances (over £100k) against budgets are as follows: -

	(Over)/ Under £000's
Prior-Year Accruals	483
Home to School/College Transport	251
Psychology Service	106
Behaviour Support	(227)
Additional Support/Out-of-County Charges	242
EOTAS (Education Other Than At School)	(163)
Community Education (Adult & Youth)	105

- 4.10 The £483k release of prior-year accruals arises from a review of balances and the identification of sums that no longer need to be held to meet anticipated financial commitments identified in previous financial years.

- 4.11 The Transport budget, which is managed by the Engineering Division in the Environment Directorate (with variances ring-fenced to Education), has reported a £251k underspend on its core budget. This is positive news and consistent with the £250k MTFP contract efficiency saving agreed for 2016/17. However, transport expenditure can be volatile due to variations in demand and the budget will need to be closely monitored during the 2016/17 financial year to ensure that contract efficiencies are achieved.
- 4.12 The Psychology Service underspend of £106k is the direct consequence of a number of in-year vacancies. This is a one-off saving as the service is progressing recruitment with regards to these posts due to the recognised demands on the service.
- 4.13 The overspend of £227k on the Behaviour Support budget has been reported in-year and is due to a planned investment in Behaviour Support training across Primary and Secondary schools. In 2015/16 an additional amount of £225k has been spent to address behavioural issues that are giving rise to increasing cost pressures across Additional Support, EOTAS (Education Other Than At Schools) and an increase in potential Tribunal cases. This one-off investment, which commenced at the end of 2014/15, will run a little way into 2016/17 and is essential to support MTFP savings targets moving forward.
- 4.14 The spend on Additional Support (Primary & Secondary) for pupils in mainstream schools increased during the 2015/16 financial year. This has been a consistent trend in recent years and is closely linked to an increase in Statements around ASD (Autistic Spectrum Disorder). However, this cost pressure is off-set by a reduced spend on the more expensive (daily or residential) Out-of-County Placements. Collectively, spend in this area has resulted in a net in-year underspend of £242k. The 2016/17 budget includes a net savings target of £194k for these service areas.
- 4.15 The overspend of £163k for EOTAS (Education Other Than At Schools) has been anticipated throughout the financial year. This service accommodates learners who are unable to attend and learn through mainstream school and the service has experienced a recent increase in referrals for children with challenging behaviour.
- 4.16 The underspend of £105k within the Community Education budget relates to a number of variances across the service. The most notable relate to in-year savings on staffing costs, an underspend on premises costs and additional income generation (including grant income). In 2016/17 the MTFP savings target for this service area totals £137k.
- 4.17 Additional income received in-year, in-year vacancies and other savings in advance linked to the Directorate's MTFP have also contributed significantly to the overall 2015/16 underspend for the Directorate.

Social Services (£1.547m Underspend)

- 4.18 The overall outturn position in respect of Social Services for 2015/16 is an underspend of £1.547m. £59k of this underspend relates to the Integrated Transport Unit (ITU) within the Environment Directorate and arises from more efficient practices in respect of the transport of Looked After Children. The remaining underspend of £1.488m relates to budgets managed solely within the Directorate of Social Services.
- 4.19 £673k of the underspend can be attributed to vacancies within the Management, Fieldwork and Administrative structures across the Directorate. Much of this underspend has been achieved in preparation for the £663k savings requirements that will need to be delivered through structural reviews in 2016/17.
- 4.20 An underspend of £210k was experienced in respect of Day Services. Much of this is due to savings in advance arising from the early implementation of changes following a review of Day Service provision.

- 4.21 A further £679k of the 2015/16 underspend is due to variations in demand for some service areas. This has enabled the Directorate to minimise the impact of savings requirements for the 2016/17 financial year by allowing budgets to be realigned to the actual spending and demand levels experienced in 2015/16.
- 4.22 Underspends in respect of Minor Works of Adaptation (£121k), the Gwent Frailty Partnership (£195k), Mental Health Services (£140k) and the Blaenau Gwent & Caerphilly Workforce Development Team (£21k) also contributed to the overall Directorate underspend. These services are provided in partnership with other stakeholders and the Directorate's financial contribution towards these services is strongly influenced by the actions of those stakeholders.
- 4.23 The underspends set out above were partially offset by an overspend of £373k in respect of Supporting People, which was due to a cut in the Welsh Government specific grant announced after the budget for 2015/16 had been agreed. A number of measures have now been implemented to ensure that a balanced budget will be achieved for Supporting People in the 2016/17 financial year.
- 4.24 Much of the underspend for the Social Services Directorate had been forecast at an early stage. As a result, a revenue contribution towards the capital cost of installing solar panels in a number of the Authority's residential homes was agreed at a cost of £280k. This investment will reduce the carbon footprint of the Authority and deliver future savings in respect of energy costs.
- 4.25 The net position on all other Social Services budgets is an underspend of £102k.

Environment (£1.791m Underspend)

- 4.26 The overall outturn position for the Environment Directorate after the approved use of reserves is an underspend of £1.791m. This underspend does not include a ring-fenced under spend of £59k in relation to Social Services Transport and a ring-fenced underspend of £251k in relation to Home to School Transport. These variations are included in the Social Services and Education & Lifelong Learning Directorates outturn positions respectively.
- 4.27 The Regeneration & Planning Division is reporting an overall underspend of £212k. This includes a £179k underspend in Economic Development primarily due to vacant posts in Business Enterprise Support and Business Urban Renewal, and increased income generation at tourism venues and tourism events. These underspends are partly off-set by overspends arising from income targets for Industrial Properties and Bargoed Unit Shops not being achieved due to under occupancy. Planning has reported an underspend of £33k due to savings on vacant posts that have been partially offset by overall net fee income being lower than budgeted.
- 4.28 The Engineering Division is reporting a net underspend of £576k (excluding the underspends noted above in relation to Social Services Transport (£59k) and Home to School Transport (£251k)). An overspend of £245k in relation to Highway General Road Maintenance and Flood & Drainage works is offset by an underspend in relation to Winter Maintenance (£381k) due to the mild winter. There is an underspend of £152k in Street Lighting due to the ongoing investment in energy efficient LED lights and low energy prices. In addition, there are underspends in Transport Engineering (£65k), Passenger Transport (£56k), Engineering Projects Group (£16k) and General Engineering Support (£36k). These underspends are due to a combination of vacant posts, reduced operational costs and increased fee income. Network Contract Services (NCS) reported a net cash surplus of £115k.
- 4.29 The Public Protection Division is reporting an overall underspend of £480k. The most significant underspends are in Trading Standards, Licensing and Community Safety (£95k), Environmental Health (£144k) and Catering (£189k). The underspends in Trading Standards, Licensing and Community Safety and also Environmental Health were primarily due to vacant posts and maternity leave. The underspend in Catering was mainly due to higher than

budgeted income from schools as a result of the high take-up of school meals and reduced numbers of lost school days for severe winter weather etc.

- 4.30 The Community & Leisure Division has reported a net overall underspend of £523k, however this includes a £490k underspend in relation to Cemeteries, which is ring-fenced for future investment in Council Cemeteries provision. Excluding Cemeteries there is a net underspend of £33k. The underspend on Cemeteries arises from price increases previously agreed following a Task & Finish Group review of the service. These price increases have now been factored into the 2016/17 budget to support the MTFP.
- 4.31 There is an overspend of £641k in relation to dry recycling due to higher than budgeted treatment costs arising from changes in contractors. There is also additional one-off expenditure of £247k linked to the recycling of bottom ash at the Viridor facility to help assist the Council in increasing its recycling targets. There was a net overspend on residual waste treatment/disposal of £329k due to close down periods at the Viridor facility during the interim contract period and rejected dry recyclables that had to be diverted to Viridor. Residual waste and dry recycling treatment/disposal overspends were offset by underspends in other areas of the service such as Civic Amenity sites, waste collection and HQ staffing. Parks services (excluding Cemeteries) reported a small £43k overspend and Leisure Services a £20k underspend.
- 4.32 The frontline trading operations of Building Cleaning and Vehicle Maintenance & Fleet Management reported cash surpluses of £74k and £78k respectively.

Corporate Services – (£1.173m Underspend)

- 4.33 The final outturn position for the Directorate of Corporate Services is an underspend of £1.173m, the most significant elements of which are the following: -
- Corporate Finance is reporting an overall underspend of £421k. This relates in the main to delays in appointing to vacant posts, vacancies that have been held to support MTFP savings requirements for the 2016/17 financial year and additional one-off grant funding.
 - Legal & Governance is reporting an underspend of £195k due to delays in filling posts and withholding vacancies to support MTFP savings requirements for 2016/17.
 - Procurement is reporting an underspend of £102k which again is due in the main to vacancies that have been held to support MTFP savings requirements for the 2016/17 financial year.
 - Performance & Property is reporting a net underspend of £86k. The main underspends are on Corporate Buildings and reduced planned maintenance spend. Building Consultancy also reported additional fee income during the 2015/16 financial year.
 - For Human Resources and Health & Safety there is a combined underspend of £319k again due in the main to vacancies being held to support the MTFP. An element of the underspend is also due to vacancies within the Occupational Health Section but these are now in the process of being filled.
 - Other budgets within Corporate Services are showing a net underspend of £50k.

Miscellaneous Finance - (£2.638m Underspend)

- 4.34 Budgets in Miscellaneous Finance underspent by £2.638m, the most significant element of which was an underspend of £2.113m on Capital Financing budgets due to the following:-
- Changes to debt pooling arising from the Housing Revenue Account Subsidy (HRAS) buy-out. This saving has now been factored into the budget for the 2016/17 financial year.

- A 0.5% reduction in the assumed borrowing rate moving forward.
- Lower Minimum Revenue Provision (MRP) due to the Capital Financing Requirement (CFR) being lower than originally anticipated.
- Improved returns on investments.

Council Tax Collection – (£1.430m Surplus)

- 4.35 This represents an increase of £230k above the assumed level of £1.2m for the 2015/16 financial year. The budget for 2016/17 now assumes a £1.4m Council Tax surplus.

Housing Revenue Account (£6.762m Underspend)

- 4.36 £1.9m of the Housing Revenue Account (HRA) underspend is in Capital Financing Recharges due to the Minimum Revenue Provision (MRP) on the HRAS buy-out not being required in its first year.
- 4.37 £2.4m of the underspend is in the Building Maintenance budget, in particular the non-DLO budget, which was not fully utilised due to the in-house response team undertaking more work directly rather than needing support from external contractors. A further underspend of £2m is reported on non-pay budgets including Housing Response, Bad Debt Provision and provision for office relocation.
- 4.38 £229k of the HRA underspend is due to salary savings, mainly from the turnover of staff.
- 4.39 The HRA allowed for some £13.4m of revenue contributions towards the WHQS Programme during the 2015/16 financial year and this was fully allocated. A further £7.9m was required from HRA working balances.
- 4.40 HRA Working Balances stand at £19.8m at the end of 2015/16 (subject to external audit). The majority of this funding is earmarked for the WHQS Programme.

Housing Revenue Account (HRA) Capital

- 4.41 Total expenditure on the WHQS Capital Programme for 2015/16 was £28.6m. This expenditure was funded from the £7.3m Major Repairs Allowance (MRA) received from the Welsh Government and revenue contributions from the HRA of £21.3m. No borrowing has been undertaken as yet for the WHQS Programme.
- 4.42 There were 31 Right to Buy sales during the year resulting in a useable capital receipt of £463k.

General Fund Capital Programme

- 4.43 The General Fund Capital Programme for 2015/16 resulted in targeted spend available of £54.9m after including all in-year grant allocations and Section 106 monies. An amount of £22.7m remains unspent at the financial year-end, the majority of which represents slippage that will be carried forward into the 2016/17 financial year. The most significant areas of slippage relate to Education and the 21st Century Schools Programme (£8.8m), the Engineering Division (£3.8m), Community and Leisure Services related schemes (£2.4m), Land Reclamation (£1.9m), and Private Housing (£1.8m).
- 4.44 The 2015/16 Capital Outturn Report will be presented to the Policy & Resources Scrutiny Committee on the 4th October 2016 and Cabinet on the 19th October 2016.

General Usable Service Reserves

- 4.45 As outlined in paragraph 4.3, after adjusting for earmarked reserves 50% of underspends are carried forward by Directorates and are available to meet the requirements of these service areas in subsequent financial years. The table below provides a summary of the reserves arising from cumulative Directorate underspends along with projected balances after taking account of the current approved use of reserves for 2016/17: -

Service Area	Opening Balance (01/04/15) £m	In-Year Movement 2015/16 £m	Closing Balance (31/03/16) £m	Approved Use Of Reserves £m	Projected Balance (31/03/17) £m
Education & LL	1.878	0.581	2.459	(1.293)	1.166
Social Services	3.392	(0.263)	3.129	0	3.129
Environment	0.624	(0.144)	0.480	0	0.480
Corporate Services	1.368	0.580	1.948	0	1.948
Totals: -	7.262	0.754	8.016	(1.293)	6.723

- 4.46 A Reserves Strategy has recently been drafted, which was supported by the Policy & Resources Scrutiny Committee at its meeting on the 12th July 2016. A key change from current arrangements in the strategy is a proposed cap on the amount of general reserves Directorates can hold from accumulated revenue budget underspends. The proposed cap is 3% of the revenue budget for each Directorate. Where this cap is exceeded, it is proposed that reports will need to be prepared either outlining proposals to utilise the excess balances or alternatively providing a justification for retaining balances above the 3% cap as a contingency based on an up-to-date assessment of financial risks.
- 4.47 Whichever approach is adopted, the strategy proposes that reports must be considered by the Corporate Management Team (CMT) within 6 months of the end of the financial year in which the 3% cap is exceeded. Any proposals to utilise excess balances that are supported by CMT will then need to be formally authorised in accordance with approval limits set out in the strategy.
- 4.48 The Reserves Strategy is included separately on today's agenda for Cabinet's consideration.

5. EQUALITIES IMPLICATIONS

- 5.1 There are no direct equalities implications to this report in terms of the financial information being presented for 2015/2016.

6. FINANCIAL IMPLICATIONS

- 6.1 As detailed throughout the report.

7. PERSONNEL IMPLICATIONS

- 7.1 There are no direct personnel implications arising from this report.

8. CONSULTATIONS

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

9. RECOMMENDATIONS

9.1 It is recommended that Cabinet notes the provisional 2015/16 outturn position and the forecast balance on the General Fund as set out in Appendix B.

10. REASONS FOR THE RECOMMENDATIONS

10.1 To ensure that Cabinet Members are aware of the provisional outturn for the 2015/16 financial year.

11. STATUTORY POWER

11.1 Local Government Act 1972.

Author: Stephen Harris, Interim Head of Corporate Finance
Tel: 01443 863022 E-mail: harrisr@caerphilly.gov.uk

Consultees: Corporate Management Team
Cllr Keith Reynolds, Leader
Cllr Barbara Jones, Deputy Leader & Cabinet Member for Corporate Services
Mike Eedy, Finance Manager, Environment
Andrew Southcombe, Finance Manager, Corporate Finance
Jane Southcombe, Financial Services Manager, Education & Lifelong Learning
Mike Jones, Interim Financial Services Manager, Social Services
Lesley Allen, Principal Accountant, Housing
Gail Williams, Interim Head of Legal Services & Monitoring Officer

Background Papers:
Stephen Harris Ext. 3022 – Final Accounts working papers for 2015/16

Appendices:
Appendix A - Provisional Outturn Summary 2015/16
Appendix B - Movement on General Fund

PROVISIONAL OUTTURN 2015/16

SUMMARY

SERVICE AREA	UNDERSPEND (OVERSPEND) £m	TAKE TO GENERAL FUND £m
Education & Lifelong Learning	1.590	0.795
Social Services	1.547	0.774
Environment	1.791	0.376
Corporate Services	1.173	0.586
Miscellaneous Finance	2.638	2.638
Council Tax Surplus	1.430	1.430
TOTALS	10.169	6.599

OTHER	UNDERSPEND (OVERSPEND) £m	TAKE TO GENERAL FUND £m
Housing Revenue Account (HRA)	6.762	N/A
Schools	(0.171)	N/A
OVERALL TOTAL SURPLUS	16.760	6,599

Service area surpluses are subject to a 50% take to General Fund balances after specific agreed earmarking of funds. Miscellaneous Finance and Council Tax surpluses are transferred in total to General Fund balances.

School and HRA balances must be ring-fenced to those service areas

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MOVEMENT ON GENERAL FUND

	£m	£m
Opening Balance 01/04/2015		14.615
Use of Funds as Previously Agreed by Cabinet/Council: -		
2014/15 Council Tax surplus to support 2015/16 budget	(1.200)	
Municipal Mutual Insurance increased levy contributions	(1.000)	
Winter Maintenance Reserve transfer	(0.052)	
Agreed transfer to Capital Earmarked Reserve	(5.845)	
Total Funds Taken In-Year		(8.097)
Funds Transferred into General Fund: -		
Education & Lifelong Learning – 50% of 2015/16 underspend	0.795	
Social Services – 50% of 2015/16 underspend	0.774	
Environment – 50% of 2015/16 underspend	0.376	
Corporate Services – 50% of 2015/16 underspend	0.586	
Miscellaneous Finance – 100% of 2015/16 underspend	2.638	
Council Tax surplus 2015/16	1.430	
Total General Fund Contribution 2015/16		6.599
Total In-Year Movement		(1.498)
Closing Balance 31/03/2016		13.117
2016/17 Commitments Previously Agreed by Council :-		
2015/16 Council Tax surplus to support 2016/17 budget	(1.400)	
		(1.400)
2016/17 Commitments Presented to Council (19/07/16): -		
Additional Senior Officer Pay Provision	(0.502)	
City Deal	(0.060)	
		(0.562)
Anticipated Closing Balance 31/03/2017		11.155

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CABINET – 27TH JULY 2016

SUBJECT: RESERVES STRATEGY

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

- 1.1 The attached report, which outlined details of the Council's draft reserves strategy document, was considered by the Policy and Resources Scrutiny Committee on 12th July 2016. The report sought the comments of Members on the strategy document prior to its presentation to Cabinet for approval.
- 1.2 Members were informed that the creation and use of both general and earmarked reserves are key tools to assist Authorities in delivering services over a period of longer than one financial year. They are an essential part of good financial management and 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.
- 1.3 Usable reserves held by Local Authorities have been subject to increased scrutiny in recent years, and in February 2015, after reviewing details of reserves held by all Councils in Wales, the Minister for Public Services referred to a lack of consistency in applying protocols for the establishment, review and discharge of reserves. He also expressed particular concern over the apparent lack of opportunity for Elected Members to engage in and scrutinise the use of reserves held by their Authorities. In April 2015 the Wales Audit Office (WAO) published a report on the financial resilience of Councils in Wales, which recommended that "Councils should ensure that they have a comprehensive reserves strategy that outlines the specific purpose of accumulated usable reserves as part of their Medium-Term Financial Plan".
- 1.4 It was explained that the draft reserves strategy (detailed at Appendix 1 of the Scrutiny Committee report) consolidates existing arrangements for the establishment and subsequent management and use of reserves within the Authority. One significant change to existing arrangements is a proposed 3% cap on the amount Directorates can hold in reserve from accumulated revenue budget underspends. Full details were outlined in the report, together with the reporting procedure to be followed in cases where the 3% limit is exceeded. It was noted that as part of the reserves strategy, an annual report on usable reserves will be prepared for the Policy and Resources Scrutiny Committee, which will contain detailed information and ensure that there is an opportunity for effective scrutiny of the balances held and their intended purpose.
- 1.5 During the course of the ensuing debate, reference was made to the Council's borrowing and investment practices. Officers explained that these areas are included in the Council's Treasury Management strategy and do not form part of the reserves strategy. Discussion took place regarding the definition of unusable reserves and Officers confirmed that these are not cash-backed but are required to meet statutory financial reporting requirements. In response to a Member's query, Officers provided further details on the reporting process to be followed where the proposed 3% cap on Directorate underspend reserves is exceeded. Reference was also made to school ring-fenced reserves and Officers outlined the policy for managing both surplus and deficit school balances.

- 1.6 Following consideration of the report, the Policy and Resources Scrutiny Committee unanimously recommended to Cabinet that for the reasons contained therein, the draft Reserves Strategy as appended to the report be approved.
- 1.7 Members are asked to consider the recommendation.

Author: R. Barrett, Committee Services Officer, Ext. 4245

Appendices:

Appendix 1 Report to Policy and Resources Scrutiny Committee on 12th July 2016 – Agenda Item 10



**POLICY & RESOURCES SCRUTINY COMMITTEE -
12TH JULY 2016**

SUBJECT: RESERVES STRATEGY

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

1. PURPOSE OF REPORT

- 1.1 To present the Scrutiny Committee with the Council's draft reserves strategy document prior to consideration by Cabinet.

2. SUMMARY

- 2.1 The draft reserves strategy appended to this report consolidates existing arrangements for the establishment and subsequent management and use of reserves within the Authority.
- 2.2 Members of the Scrutiny Committee are asked to consider the strategy document and provide comments prior to its presentation to Cabinet.

3. LINKS TO STRATEGY

- 3.1 The establishment and effective management of reserves are important elements of the Council's financial strategy.

4. THE REPORT

- 4.1 Local Authorities have a corporate responsibility to operate within available resources and to remain financially sound over the short, medium and longer term.
- 4.2 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.
- 4.3 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.
- 4.4 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 reserves established for capital purposes cannot be used to meet revenue expenditure).

4.5 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 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. Unusable reserves are outside the scope of the attached reserves strategy document.

4.6 Usable reserves held by Local Authorities have been subject to increased scrutiny in recent years largely due to the ongoing programme of austerity.

4.7 In November 2014, the Minister for Public Services asked all Council Leaders in Wales for details of reserves held, the strategies for holding and utilising these amounts, and details of engagement with, and scrutiny by Elected Members. In February 2015 the Minister issued a statement which referred to a lack of consistency in applying protocols for the establishment, review and discharge of reserves and the statement also expressed particular concern over the apparent lack of opportunity for Elected Members to engage in and scrutinise the use of reserves held by their Authorities.

4.8 In April 2015 the Wales Audit Office (WAO) published a report on the financial resilience of Councils in Wales. One of the recommendations in the report was the following: -

“Councils should ensure that they have a comprehensive reserves strategy that outlines the specific purpose of accumulated usable reserves as part of their Medium-Term Financial Plan”.

4.9 The reserves strategy appended to this report is a consolidation of existing arrangements that have been operating with Caerphilly CBC for a number of years. The strategy ensures that appropriate arrangements are in place for the establishment and management of reserves and that reporting arrangements allow for sufficient transparency and scrutiny. The Authority does have a detailed reserves protocol for the day-to-day operational management of reserves and this is also in the process of being updated to ensure that it fully reflects the content of the attached strategy document.

4.10 One change to existing arrangements in the attached strategy document is a proposed cap on the amount Directorates can hold in reserve from revenue budget underspends. Directorates are currently permitted to hold 50% of revenue budget underspends in their own general reserves with the balance being transferred to the General Fund Reserve. There has previously been no limit on the cumulative amount that can be held in these reserves but it is now proposed that the cumulative balance should not exceed 3% of the net revenue budget for

each Directorate. Based on 2016/17 net budgets the cap for each Directorate would be as follows: -

Directorate	3% Cap (£m)
Corporate Services	0.656
Social Services	2.459
Environment	1.027
Education & Lifelong Learning	1.010

- 4.11 Where the 3% limit is exceeded the reporting procedure outlined in paragraphs 6.8 to 6.10 of the attached document should be followed.
- 4.12 The 3% cap does not apply to the Housing Revenue Account (HRA) or schools as balances in these areas are ring-fenced and are not available for general Council use.
- 4.13 Members will note that as part of the reserves strategy an annual report on usable reserves will be prepared for the Policy and Resources Scrutiny Committee during the autumn. This report will provide detailed information on all usable reserves and will ensure that there is an opportunity for effective scrutiny of the balances held and their intended purpose.
- 4.14 Members of the Scrutiny Committee are asked to consider the attached strategy document and provide comments prior to its presentation to Cabinet.

5. EQUALITIES IMPLICATIONS

- 5.1 An EIA screening has been completed in accordance with the Council's Strategic Equality Plan and supplementary guidance. No potential for unlawful discrimination and/or low level or minor negative impact has been identified regarding this report; therefore a full EIA has not been carried out.

6. FINANCIAL IMPLICATIONS

- 6.1 There are no immediate financial implications arising from the content of this report.

7. PERSONNEL IMPLICATIONS

- 7.1 There are no direct personnel implications arising from this report.

8. CONSULTATIONS

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

9. RECOMMENDATIONS

- 9.1 Members of the Scrutiny Committee are asked to consider the draft strategy document and provide comments prior to its presentation to Cabinet.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To ensure that the views of the Scrutiny Committee are considered by Cabinet.

11. STATUTORY POWER

11.1 The Local Government Acts 1992 and 2003.

Author: Stephen Harris, Interim Head of Corporate Finance
E-mail: harrisr@caerphilly.gov.uk Tel: 01443 863022

Consultees: Chris Burns, Interim Chief Executive Officer
Nicole Scammell, Acting Director of Corporate Services & S151 Officer
Dave Street, Corporate Director, Social Services
Christina Harry, Corporate Director, Communities
Andrew Southcombe, Finance Manager, Corporate Finance
Mike Eedy, Finance Manager, Environment
Mike Jones, Interim Financial Services Manager, Social Services
Jane Southcombe, Financial Services Manager, Education
Sue Richards, Principal Finance Officer, Schools
Lesley Allen, Group Accountant, Housing
Lisa Lane, Corporate Solicitor
Cllr Barbara Jones, Deputy Leader & Cabinet Member for Corporate Services

Appendices:
Appendix 1 Caerphilly CBC Draft Reserves Strategy



DRAFT

Reserves Strategy

Version One

(June 2016)

1. INTRODUCTION

- 1.1 This strategy document establishes a framework within which decisions will be made regarding the level of usable reserves held by the Council and the purposes for which they will be maintained and used. The strategy is underpinned by a detailed reserves protocol for the day-to-day operational management of reserves.
- 1.2 Local Authorities have a corporate responsibility to operate within available resources and to remain financially sound over the short, medium and longer term.
- 1.3 One of the key tools available to Authorities in managing their 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.
- 1.4 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.
- 1.5 In terms of guidance on the review and management of reserves, the Chartered Institute of Public Finance and Accountancy (CIPFA), via the Local Authority Accounting Panel, issued a bulletin in July 2014 (LAAP 99) intended to give advice to Local Authorities on the management and review of reserves. This bulletin is considered best practice in terms of Local Authority financial administration of reserves and effectively must be followed. This strategy document incorporates the guidance and best practice set out in LAAP 99.
- 1.6 The Council holds reserves to support the sound financial management of the Authority. New reserves may be created at any time but must be approved in accordance with the Governance Framework set out in Section 6 of this document. Reserves set-aside must meet the following criteria: -
 - Create a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing e.g. an election reserve for dealing with the fluctuating expenditure levels resulting from cyclical elections, categorised as 'Equalisation Reserves'.
 - Create funds for specific policy purposes e.g. Capital Reserves to fund capital expenditure such as the 21st Century Schools Programme.
- 1.7 The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

2. LEGISLATIVE / REGULATORY FRAMEWORK

- 2.1 The requirement for financial reserves is acknowledged in statute. Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 require billing and precepting Authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 2.2 There are also a range of safeguards in place that help to prevent Local Authorities over-committing themselves financially. These include: -
- The balanced budget requirement (Sections 32 and 43 of the Local Government Finance Act 1992).
 - Chief Finance Officers' duty to report on the robustness of estimates and adequacy of reserves (under section 25 of the Local Government Act 2003) when the Authority is considering its budget requirement.
 - The legislative requirement for each Local Authority to make arrangements for the proper administration of their financial affairs and that the Chief Finance Officer has responsibility for the administration of those affairs (Section 151 of the Local Government Act 1972).
 - The requirements of the Prudential Code.
- 2.3 These requirements are reinforced by Section 114 of the Local Government Finance Act 1988 which requires the Chief Finance Officer to report to all the Authority's Elected Members if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the Authority will not have the resources to meet its expenditure in a particular financial year.
- 2.4 Section 26 of the Local Government Act 2003 gives Ministers in England and Wales a general power to set a minimum level of reserves for Local Authorities. However, this is only applied to individual Authorities in circumstances where an Authority does not act prudently, disregards the advice of its Chief Finance Officer and is heading for serious financial difficulty. This accords with the view of CIPFA that a generally applicable minimum level is inappropriate, as a minimum level of reserve will only be imposed where an Authority is not following best financial practice.
- 2.5 Whilst it is primarily the responsibility of the Local Authority and its Chief Finance Officer to maintain a sound financial position, external auditors also have a responsibility to review the arrangements in place to ensure that financial standing is soundly based. In the course of their duties external auditors review and report on the level of reserves taking into account their local knowledge of the Authority's financial performance over a period of time. However, it is not the responsibility of auditors to prescribe the optimum or minimum level of reserves.

3. ROLE OF THE CHIEF FINANCE OFFICER

- 3.1 In this document, all references to the Chief Finance Officer are to be taken to refer to the officer appointed by the Council, under Section 151 of the Local Government Act 1972, as responsible for the administration of the financial affairs of the Council. The officer currently designated as Chief Finance Officer for the Authority is the Acting Director of Corporate Services.
- 3.2 The Officer appointed under Section 151 of the Local Government Act 1972 has overall responsibility for providing financial advice on all budgetary and accounting matters affecting the Council's corporate financial affairs. They are also responsible for determining proper practice in terms of the Authority's accounting records and accounting control systems, and ensuring that the control systems are observed and the records kept up to date and properly completed.
- 3.3 Within the existing statutory and regulatory framework, it is the responsibility of Chief Finance Officers to advise Local Authorities about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use. Reserves should not be held without a clear purpose.
- 3.4 In addition, the Chief Finance Officer also has to comply with professional standards in this regard, as detailed by CIPFA. In formulating such requirements, CIPFA has emphasised the Chief Finance Officer's fiduciary duty to local taxpayers, and the need to be satisfied that decisions taken on balances and reserves represent proper stewardship of public funds. These requirements include: -
- Advising Elected Members on the level of reserves, and establishing protocols for their use.
 - Reporting to Elected Members on the robustness of the budget, and the adequacy of reserves and provisions.
 - Reporting to Members on performance against budget and the impact on reserves.
 - An annual review of earmarked reserves (including schools' reserves).
- 3.5 A well-managed Authority with a prudent approach to budgeting should be able to operate with a level of general reserves appropriate for the risks (both internal and external) to which it is exposed. In assessing the appropriate level of reserves, a well-managed Authority will ensure that the reserves are not only adequate but are also necessary.
- 3.6 It is the duty of the Chief Finance Officer to specifically report on the robustness of budget estimates and reserves when Council considers the budget report in February each year. As such, the budget report will make specific reference to the level of and adequacy of reserves.
- 3.7 Within the context of the above statutory and professional responsibilities, the Authority's own Financial Regulations identify the Head of Corporate Finance as the officer delegated to manage the day-to-day operation of the Council's

financial affairs, with direct responsibility to the Chief Finance Officer. Within that role, the Head of Corporate Finance is responsible for the maintenance of the Authority's financial records, and for directing the form and method in which they are to be kept. The Head of Corporate Finance is also responsible for ensuring that the treatment of expenditure and income is in accordance with statutory requirements and professional Codes of Practice.

- 3.8 The Authority's Financial Regulations also state that all Heads of Service shall be responsible to the Head of Corporate Finance for the day-to-day operation of financial processes and procedures within their service area, and the accuracy and timeliness of any financial information or data. They are also responsible for consulting with the Head of Corporate Finance on all matters liable to affect the finances of the Council, and to provide all information necessary to enable the Head of Corporate Finance to carry out their role effectively.

4. TYPES OF RESERVE

- 4.1 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 reserves established for capital purposes cannot be used to meet revenue expenditure).

- 4.2 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 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. Unusable reserves are outside the scope of this strategy document.

4.3 General Reserves

4.3.1 The Chief Finance Officer will provide advice on the appropriate level of the General Fund Reserve annually as part of the budget setting process and this will be subject to approval by Cabinet and Full Council.

4.3.2 Directorates are currently permitted to hold 50% of revenue budget underspends in their own general reserves with the balance being transferred to the General Fund Reserve. The subsequent use of these Directorate reserves is subject to the approval limits set out in Section 6 of this document. Where a Directorate overspends in any given financial year, the overspend will in the first instance be chargeable to the retained underspend reserve for the Directorate.

4.3.3 The cumulative balance of the Directorate underspend reserves should not exceed 3% of the net revenue budget for each Directorate. Where the 3% limit is exceeded the reporting procedure outlined in paragraphs 6.8 to 6.10 of this document must be followed.

4.4 Earmarked and Specific Reserves

4.4.1 These are required for specific purposes and are a means of building up funds to meet known or predicted liabilities. By their nature these reserve balances do not have minimum and maximum thresholds. The creation of such reserves must be approved in accordance with the thresholds set out in Section 6 of this document.

4.4.2 The most common reasons for establishing earmarked reserves include the following: -

- Major capital schemes or asset developments.
- Major reorganisations.
- Insurance related potential liabilities.
- Trading / business unit surpluses.
- Contingent liabilities.

4.4.3 Earmarked Reserves should be reasonable for the purpose held and must be used for the item for which they have been set aside. If circumstances arise in which the reserve is no longer required for its original purpose it will transfer to the General Fund Reserve.

4.5 Ring-fenced Reserves

4.5.1 Housing Revenue Account

The Housing Revenue Account (HRA) is ring-fenced which means that HRA resources can only be expended within the HRA. Councils are not allowed to transfer resources between the HRA and their general funds. The balance on the HRA is held in a ring-fenced reserve.

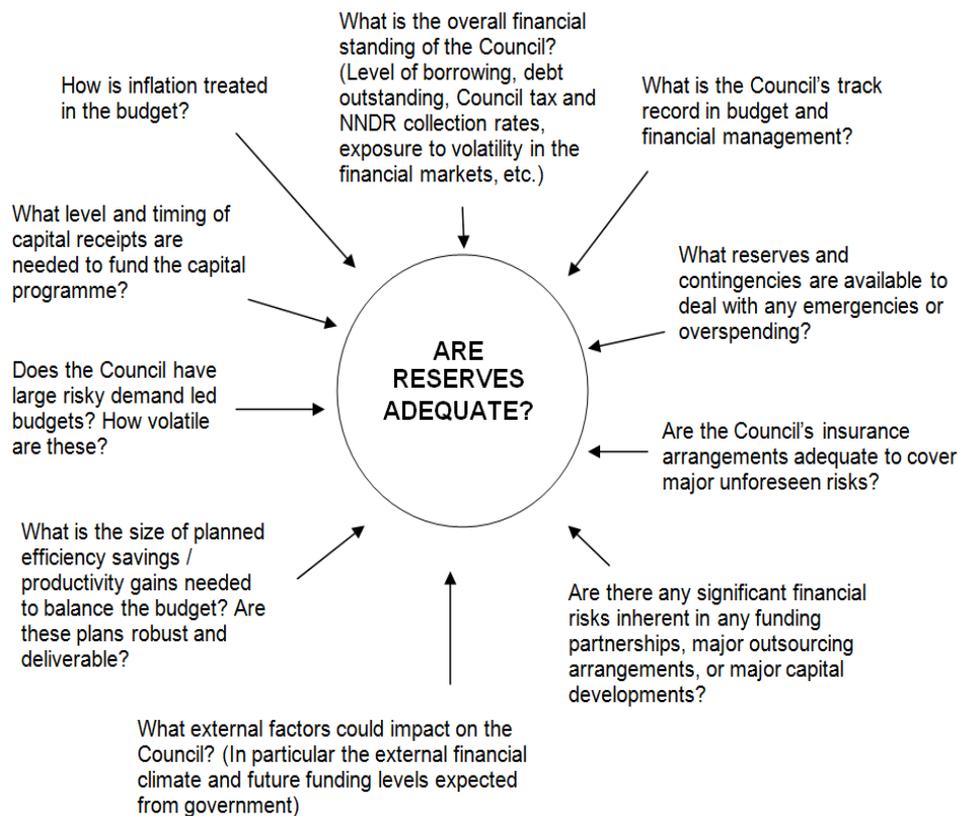
4.5.2 Schools Reserves

Schools are able to carry forward surplus and deficit balances from one year to the next and utilise these balances for managing changes in pupil numbers and

funding, or the funding of projects and future liabilities. The balances are held by individual schools, they are not for general Council use.

5. PRINCIPLES TO ASSESS THE ADEQUACY OF RESERVES

- 5.1 There is no set formula for deciding what level of reserves is appropriate and Councils are free to determine the level of reserves they hold. Where Councils hold very low reserves there may be little resilience to financial shocks and sustained financial challenges. However, where reserves are too high there may be opportunity costs involved in holding these reserves (for example a lack of investment in making service changes that could generate better outcomes for residents and/or increased savings or revenue generation for the Council).
- 5.2 CIPFA guidance identifies the issues to consider in determining an appropriate level of reserves as follows: -



- 5.3 The many factors involved when considering appropriate levels of reserves can only be assessed properly at a local level. A considerable degree of professional judgement is required. The advice of the Chief Finance Officer will be set in the context of the Authority's risk register and medium-term plans and will not focus exclusively on short-term considerations.
- 5.4 It is not normally prudent for reserves to be deployed to deliver a balanced budget and CIPFA has commented that Councils should be particularly wary about using one-off reserves to deal with shortfalls in current funding. Where such action is to be taken, this should be made explicit, and an explanation given as to how such expenditure will be funded in the medium to

long term. Advice should be given on the adequacy of reserves over the lifetime of the medium-term financial plan, and should also take account of the expected need for reserves in the longer-term.

6. GOVERNANCE FRAMEWORK

- 6.1 Without a clearly defined purpose and approval process there will be ambiguity over the application of reserves. Therefore, when a reserve is proposed the following is the minimum information that must be provided: -

Purpose - The reason for creating the reserve should be clearly stated.

Value – Details of the amount that will be set-aside in the reserve and how it is being funded.

Usage - There should be a clear statement of how and when the reserve will be used.

Management and Control – Details of who will be responsible for the day-to-day management of the reserve and the associated reporting requirements.

- 6.2 The following are the authorisation limits for the establishment of reserves that currently operate within Caerphilly CBC (the limits are also applicable to the Housing Revenue Account (HRA)): -

Revenue Reserves

Amount of Reserve	Approval By
Up to £20,000	Head of Service
£20,001 to £50,000	Portfolio Director
£50,001 to £100,000	Head of Corporate Finance and Portfolio Director
Over £100,000	Cabinet

Capital Reserves

Amount of Reserve	Approval By
Up to £50,000	Head of Corporate Finance and Portfolio Director
Over £50,000	Cabinet

- 6.3 Details of each proposed reserve must be submitted to the Head of Corporate Finance in line with the minimum information requirements set out in paragraph 6.1 of this document. Arrangements will then be made for the appropriate approvals to be obtained and following approval the relevant financial transactions will be actioned in the Authority's accounts.

- 6.4 The authorisation process for the use of the General Fund Reserve will always be via Cabinet and Full Council.
- 6.5 Directorates will be expected to utilise their own reserves or existing budgets prior to seeking support from the General Fund Reserve.
- 6.6 When seeking approval for financial support from the General Fund Reserve, the relevant Director and/or Head of Service will present an appropriate business case to the Chief Finance Officer justifying the need to incur the expenditure and evidencing the extent to which the use of other funding sources has been investigated.
- 6.7 Where reports to Members are prepared, in accordance with the authorisation processes outlined in this document, the consultees must always include the Chief Finance Officer, Head of Corporate Finance and Finance Manager (Corporate Services), together with the appropriate Directorate Finance Manager.
- 6.8 Where the draft accounts in a given financial year show that the 3% limit on a Directorate's retained underspend reserve will be exceeded, the relevant Director will prepare a report for the Corporate Management Team (CMT) outlining proposals for utilising the excess balance. Alternatively, a CMT report will need to be prepared by the relevant Director providing a justification for retaining the excess balance as a contingency based on an up-to-date assessment of financial risks for the service. Whichever approach is adopted, the report must be considered by CMT within 6 months of the end of the relevant financial year.
- 6.9 Any proposals to utilise the excess balance that are supported by CMT will need to be formally authorised in accordance with the approval limits set out in Section 6 of this document.
- 6.10 Where proposals are not supported or no proposals are submitted for consideration, excess balances on retained underspend reserves will be transferred to the General Fund Reserve.
- 6.11 As mentioned in paragraph 4.5.2 of this document individual schools are able to carry forward surplus and deficit balances in ring-fenced reserves. However, the Local Authority does have a policy for managing both surplus and deficit school balances. Schools are required to report in writing to the Local Authority the use of surplus balances and the policy also allows a licensed deficit facility for schools that provide an action plan for bringing that deficit back into balance over a three year period. All schools with surplus balances are required to provide the Authority with plans of spend and these plans are monitored termly and reported to School Budget Forum at each meeting.
- 6.12 Clawback arrangements can be agreed by the School Budget Forum when school balances exceed prescribed limits, and in instances where spending plans are not adhered to. The prescribed limits from Welsh Government where clawback can be instigated are £50k for primary schools and £100k for secondary schools.

7. REPORTING ARRANGEMENTS

- 7.1 The International Financial Reporting Standards (IFRS) based *Code of Practice on Local Authority Accounting in the United Kingdom (The Code)* introduced the Movement in Reserves Statement to Local Authority financial statements in the 2010/11 financial year. This Statement presents the movement in the year of the reserves of the Authority analysed into usable reserves and unusable reserves. The Code also states that for each reserve established, the purpose, usage and the basis of transactions should be clearly identified.
- 7.2 In addition to complying with the disclosure requirements in the annual financial statements the overall level of balances will be reported to Cabinet and Council annually as part of the budget setting and outturn reports. Any significant issues, including variations in the projected level of reserves, will be included in budget monitoring reports that are presented to Scrutiny Committees and Cabinet throughout the financial year.
- 7.3 Following the external audit of the accounts each year a report on usable reserves will also be prepared for the Policy and Resources Scrutiny Committee during the autumn. This report will provide detailed information on all usable reserves and will ensure that there is an opportunity for effective scrutiny of the balances held and their intended purpose.



CABINET - 27TH JULY 2016

SUBJECT: FINANCIAL RESILIENCE REPORT

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND S151 OFFICER

1. PURPOSE OF REPORT

- 1.1 To present Cabinet with the Wales Audit Office (WAO) report on its financial resilience assessment of Caerphilly CBC.

2. SUMMARY

- 2.1 In May 2015 the Authority received a 'Financial Position Assessment' report from the WAO. This was a generally positive report which concluded that: -
- The Council has good financial management arrangements in place and recognises that it needs to address some areas for improvement to help deliver its future savings plans.
 - The Council has a good track record of operating within its budget and has developed a framework to monitor the delivery of its proposed savings in 2014/15.
 - The Council's future plans and arrangements to deliver savings are adequate and improvements are currently being implemented.
- 2.2 During the period May to December 2015 the WAO completed a follow-up review on the financial resilience of all Local Authorities in Wales. The focus of the work was on the delivery of 2014/15 savings plans and the 2015/16 financial planning period. The work focussed on answering the following question: -
- "Is Caerphilly County Borough Council managing budget reductions effectively to ensure financial resilience?"***
- 2.3 The review also considered whether: -
- financial planning arrangements effectively support financial resilience;
 - financial control effectively supports financial resilience; and
 - financial governance effectively supports financial resilience.
- 2.4 The WAO report detailing the findings of the financial resilience review was issued in April 2016 and is attached as Appendix 1.
- 2.5 A member of staff from the WAO will be in attendance at the Cabinet meeting to present the report.

3. LINKS TO STRATEGY

3.1 Strong financial management is a key component in supporting the Council to deliver its strategic plans and priorities.

4. THE REPORT

4.1 The WAO report on the outcome of the financial resilience review was issued in April 2016 and is attached as Appendix 1. Overall the report concludes that: -

The Council has effective financial control arrangements and a track record of achieving savings in advance. However, it does not have a comprehensive medium-term financial plan and monitoring progress of savings is fragmented. We came to this conclusion based on our findings in relation to financial planning, financial control, and financial governance arrangements.

4.2 The WAO report gives a risk rating for financial planning, financial control and financial governance. The descriptors for risk ratings are as follows: -

Low risk	Arrangements are adequate (or better) with few shortcomings in systems, processes or information. Impact on the Authority’s ability to deliver its financial plan may be minimal.
Medium risk	There are some shortcomings in systems, processes or information that may affect the Authority’s ability to deliver the desired outcomes of its financial plan.
High risk	There are significant shortcomings in systems, processes or information and/or there is a real risk of the Authority’s financial plan not delivering the desired outcomes.

4.3 The risk ratings in the report for Caerphilly CBC are as follows: -

Financial Planning	Medium risk
Financial Control	Low risk
Financial Governance	Low risk

4.4 These risk ratings are a positive reflection of financial management within the Council but the WAO report does include the following proposal for improvement: -

The Council should strengthen its financial resilience by: -

- *developing more explicit links between the Medium-Term Financial Plan (MTFP) and its corporate priorities;*
- *developing a longer-term MTFP with comprehensive multi-year savings plans to cover the period of the MTFP;*
- *continuing to develop a more strategic asset management plan which is aligned to its MTFP;*
- *reporting ‘Whole Council’ financial and savings progress reports to Members on a regular basis; and*
- *developing income generation/charging policies.*

4.5 The officer response to the above proposal for improvement is as follows: -

- The Acting Director of Corporate Services & Section 151 Officer will maintain a dialogue with the WAO regarding the most effective way to demonstrate a link between the MTFP and corporate priorities.
- In February 2016, Council approved an updated Medium-Term Financial Plan covering the five-year period 2016/17 to 2020/21.
- Asset management will continue to be dealt with through the Strategic Asset Management Group. An Asset Management Strategy will be presented to the Policy & Resources Scrutiny Committee on the 4th October 2016.
- A 2016/17 'Whole-Authority' mid-year budget monitoring report will be presented to Cabinet outlining projected expenditure for the year and details of progress in achieving savings targets. This report will be in addition to the budget monitoring reports that are already prepared for individual Scrutiny Committees and the 'Whole-Authority' budget monitoring report that is currently prepared in January each year for the Policy & Resources Scrutiny Committee.
- A corporate policy on income generation/charging will be progressed once the WAO produces a final report on its "All Wales Local Government Improvement Study: Strategic approach to income generation and charging".

5. EQUALITIES IMPLICATIONS

5.1 This report is for information purposes so the Council's Equalities Impact Assessment process does not need to be applied.

6. FINANCIAL IMPLICATIONS

6.1 There are no direct financial implications arising from this report.

7. PERSONNEL IMPLICATIONS

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

8. CONSULTATIONS

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

9. RECOMMENDATIONS

9.1 Cabinet is asked to: -

9.1.1 Consider and comment upon the content of the WAO report.

9.1.2 Note the officer response to the WAO proposal for improvement as detailed in paragraph 4.5 of this report.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To ensure that Cabinet is aware of the review work undertaken by the WAO and the resultant findings, conclusion and proposal for improvement.

11. STATUTORY POWER

- 11.1 Local Government Acts 1972 and 2003.

Author: Stephen Harris, Interim Head of Corporate Finance
Tel: 01443 863022 E-mail: harrisr@caerphilly.gov.uk
Consultees: Corporate Management Team
Gail Williams, Interim Head of Legal Services/Monitoring Officer
Cllr Keith Reynolds, Leader
Cllr Barbara Jones, Deputy Leader & Cabinet Member for Corporate Services

Background Papers:
Audit Committee (9/9/15) – WAO Report, Financial Position Assessment, Caerphilly CBC, May 2015

Appendices
Appendix 1 – WAO Report, Financial Resilience Assessment, Caerphilly CBC, April 2016

Financial Resilience Assessment

Caerphilly County Borough Council

Audit year: 2015-16

Issued: April 2016

Document reference: 181A2016

Status of report

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at info.officer@audit.wales.

The team who delivered the work comprised Sara-Jane Byrne and Janet Smith.

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Summary report

Summary

1. Good financial management is essential for the effective stewardship of public money and the delivery of efficient public services. Good financial management:
 - helps authorities take the right decisions for the short, medium and long term;
 - helps authorities deliver services to meet statutory obligations and the needs of local communities;
 - is essential for good corporate governance;
 - is about managing performance and achieving strategic objectives as much as it is about managing money;
 - underpins service quality and improvement;
 - is the basis of accountability to stakeholders for the stewardship and use of resources; and
 - is a key management discipline.
2. Long-term financial management is not about predicting the future; it is about preparing for it. Authorities need to understand future demand, assess the impact of probable changes, review the gap between funding needs and possible income, and develop appropriate savings strategies.
3. Well-considered and detailed long-term financial strategies and medium-term financial plans can ensure the delivery of strategic priorities by enabling appropriate financial choices. Conversely, short-term annual budget planning alone encourages an incremental and process-driven approach that can be ineffective in a period of rapid external change.
4. Financial resilience is achieved when an authority has robust systems and processes to effectively manage its financial risks and opportunities, and to secure a stable financial position.
5. Our April 2015 report 'The financial resilience of councils in Wales' was based on fieldwork carried out in all Welsh local authorities. From this work, and from other available material related to aspects of financial management, we have drawn together some key characteristics of good practice to assist practitioners in developing their arrangements. These characteristics can be found at [Appendix 1](#).
6. Given the continuing pressures on funding, we have considered whether the authority has appropriate arrangements to plan to secure and maintain its financial resilience in the medium term (typically three to five years ahead). While there may be more certainty for the authority over an annual cycle, financial pressures impact beyond the current settlement period. We have considered evidence of the authority's approach to managing its finances in the recent past and over the medium term when reaching our view on the authority's financial resilience.
7. We undertook our assessment during the period May to December 2015, and followed up issues highlighted in the 2014-15 financial position work. The focus of the work was on delivery of 2014-15 savings plans, and the 2015-16 financial planning period.

-
8. The work focused on answering the following question: **Is Caerphilly County Borough Council managing budget reductions effectively to ensure financial resilience?** In this report we also consider whether:
- **financial planning arrangements effectively support financial resilience;**
 - **financial control effectively supports financial resilience; and**
 - **financial governance effectively supports financial resilience.**
9. Overall, we concluded that the Council has effective financial control arrangements and a track record of achieving savings in advance. However, it does not have a comprehensive medium term financial plan and monitoring progress of savings is fragmented. We came to this conclusion based on our findings in relation to financial planning, financial control, and financial governance arrangements.
10. This report gives a risk rating for each aspect: financial planning, financial control and financial governance. The descriptors for risk ratings are set out below:

Low risk	Arrangements are adequate (or better) with few shortcomings in systems, processes or information. Impact on the authority's ability to deliver its financial plan may be minimal.
Medium risk	There are some shortcomings in systems, processes or information that may affect the authority's ability to deliver the desired outcomes of its financial plan.
High risk	There are significant shortcomings in systems, processes or information and/or there is a real risk of the authority's financial plan not delivering the desired outcomes.

11. We rate the risk to the Council's delivery of its financial plan for each of these elements as follows:

Medium Risk	Financial planning
Low Risk	Financial control
Low Risk	Financial governance

Proposal for improvement

- P1 The Council should strengthen its financial resilience by:
- developing more explicit links between the Medium Term Financial Plan (MTFP) and its corporate priorities;
 - developing a longer term MTFP with comprehensive multi-year savings plans to cover the period of the MTFP;
 - continuing to develop a more strategic asset management plan which is aligned to its MTFP;
 - reporting 'Whole Council' financial and savings progress reports to Members on a regular basis; and
 - developing income generation/charging policies.

The Council has effective financial control arrangements and a track record of achieving savings in advance. However, it does not have a comprehensive medium term financial plan and monitoring progress of savings is fragmented

Financial Planning

The Council has a track record of operating within its budget, but its medium term financial plan and supporting savings plans for future years need to be more fully developed

12. The Council has a corporate framework in place for financial planning. The Council engages well with Members, including holding seminars and special scrutiny committees during the autumn and winter each year to discuss budget and savings proposals prior to formal consideration of the budget in February.
13. The Council has a corporate plan together with identified improvement objectives. In our financial resilience report issued to the Council in May 2015, we identified that the Council should ensure that it explicitly considers its priorities and improvement objectives when determining its savings plans. However, the extent to which the Council's priorities and improvement objectives have influenced the Council's Medium Term Financial Plan (MTFP) is still not clear. We understand from officers that the Council's priorities do informally influence the MTFP but this consideration is not explicit.
14. Service plans demonstrate links to the Council's MTFP and the MTFP highlights key service pressures. Service managers are proactively engaged in identifying savings proposals.
15. The MTFP is supported by appropriate human resource related policies, such as redeployment, flexible retirement and redundancy policies.
16. The Council's financial planning process takes account of its asset base. The Council's MTFP includes asset-based savings, such as the closure of its office in Pontllanfraith. However, the Council does not have an agreed strategic asset management plan, which is aligned to the MTFP. The Council is in the process of using its Asset Management (Land and Property) strategy as a framework to develop a more comprehensive and robust asset management strategy.
17. The Council has a track record of delivering a surplus on its budget. The Council exceeded its planned budget outturn for 2014-15 by £10.9 million with underspends across service directorates of approximately £6.6 million. There have been some recurring large underspends in some budgets, which the Council has now realigned.

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- The Council reported underspends transparently to its Scrutiny Committees throughout the year, identifying those which were likely to contribute to future savings plans.
- 18.** The Council approved its MTFP 2015-2018 in February 2015 and revised it in September 2015. In February 2015, the Council identified a budget shortfall of £12.8 million for 2015-16, a further £14 million for 2016-17 and £12.1 million for 2017-18. The Council updated its MTFP in October 2015 and rolled it forward to cover the period 2016-17 to 2018-19. The Council assumed a worst-case scenario of reductions in funding of 4.3 per cent for 2016-17 and 2017-18, and three per cent for 2018-19. Revised savings proposals amounted to £14.3 million for 2016-17, £11.4 million for 2017-18 and £9.4 million for 2018-19.
 - 19.** The Council's prudent approach to its finances in the past has enabled it to take a forward-looking approach to identifying its savings requirements. It has achieved some savings in advance, with minimal planned savings not being delivered in-year or carried forward. Budgets have been set taking into account the level of savings already identified and achieved in prior years.
 - 20.** In 2015-16, the Council undertook a systematic review of base budgets, resulting in identification of budget reductions for 2016-17. The majority of savings plans for 2015-16 and 2016-17 included 'global proposals' for each directorate relating to vacancy management, budget realignment, service structure reviews and minor changes in service provision with no impact on front line services. This is in line with the Council's desire to protect front line services in so far as possible. These savings proposals are subject to review by the Corporate Management Team. Challenge sessions with individual Heads of Service, relevant directors, Interim Head of Corporate Finance and the Finance Manager for the relevant service area also take place. The Council feels this process has facilitated ownership, accountability and scrutiny of savings proposals.
 - 21.** The Council identifies the remaining discrete savings proposals individually. Savings proposals include the amount, description, risk of impact on the service user/public and status of support for proposals following the budget consultation process.
 - 22.** Reasonable assumptions around, for example, inflation, income levels, demographics, and future demand for services, underpin the Council's MTFP. However, the projected budget shortfalls for 2016-17 to 2017-18 were high level and there was limited evidence of scenario planning to assess the impact in funding changes. In the main, the same estimated amounts were used for key variables such as budget pressures and demographic changes as those used in the 2015-16 budget.
 - 23.** The Council has identified indicative savings for future years. The Council has planned the delivery of some larger scale future savings proposals, such as the closure of Tŷ Pontllanfraith in February 2015 to achieve savings in 2016-17. However, aside from this, the MTFP did not include detailed and costed savings plans for future years. In effect, the 2015-16 to 2017-18 MTFP focussed heavily on the 2015-16 annual budget and did not constitute a detailed MTFP.
 - 24.** Moreover, the Council's focus on achieving savings through global proposals such as vacancy management and budget realignment is not sustainable given the scale of savings required in future years. The Council would benefit from a longer-term

financial strategy, which provides greater detail about how it will address its budget shortfall over the term of the strategy. This may require the Council to identify savings which are of a more strategic and transformational nature.

- 25.** The Council recognises that it has to change the way it runs services to meet the financial challenges ahead. The Council has agreed the following five principles, which will be taken into account in the identification of its savings proposals:
- protecting front-line services where it can and reducing expenditure on management and administrative costs;
 - increasing fees and charges where appropriate;
 - reducing, rather than removing, services where possible;
 - focussing on priorities; and
 - looking at alternative ways of delivering services (collaboration, partnerships, community trusts, etc).
- 26.** In consultation with appropriate Cabinet Members, the Corporate Management Team has led the work to identify savings proposals following these five principles.
- 27.** Following the Comprehensive Spending Review in autumn 2015, the Council was informed that it will receive a more positive Revenue Support Grant settlement from the Welsh Government than the Council had anticipated. The Council is now reprofiling the levels of savings needed to reflect this. It is now forecasting a budget shortfall of approximately £36 million over five years rather than nearly £39 million over three years. The Council is also revising its Medium Term Financial Plan to reflect this.
- 28.** The Council's financial position is now such that it is able to take a considered approach to how it will address its budget shortfall over the medium term. It is positive that the Council is now taking the opportunity to develop a five-year financial plan.
- 29.** The Council held a members' seminar on the revised MTFP in January 2016 and the Council agreed the 2016-17 budget and MTFP in February 2016.

Financial control

The Council's financial control arrangements are generally effective

- 30.** The Council has a clear framework for managing the Council's financial affairs. The Council's constitution sets out the policies on financial and budget management, which define the roles and responsibilities of Members and Officers.
- 31.** Budget reporting and monitoring take place at a number of levels within the Council and continue to be sound. Cabinet receives regular updates on the MTFP. Scrutiny Committees receive quarterly service budget monitoring reports, which highlight and explain any significant under and overspends, and identify potential cost pressures. Corporate Management Team routinely discusses 'hot spot' reports highlighting specific concerns or areas of budgetary pressure. Departmental management teams also discuss budget performance. Service budget monitoring reports include a section

on the achievement of savings, focusing on those that are at risk of not being achieved.

32. The Council reviews and reports on its useable reserves annually. The Council have determined in recent years following the advice of the Section 151 officer to keep the Council Fund balance at or above a minimum agreed level of approximately £10 million. The Council is developing a Reserves Strategy, which will be considered by the Policy and Resources Scrutiny Committee in October 2016 prior to endorsement by Cabinet or Council. Officers provided a report to the Policy and Resources Scrutiny committee in April 2015 detailing the Council's useable reserves. The report set out the different types of useable reserves held by the Council. It also outlined the useable reserves relevant to each directorate. In the final accounts for 2014-15, the Council fund balance was £14.6 million as at 31 March 2015 and Council fund earmarked usable reserves were £60 million. Where the Council Fund is above £10 million at Outturn, monies are then transferred to one off initiatives. These are normally detailed in the budget report presented to Council in February. Historically, the Council has not used its reserves to balance its budget.
33. The Council does not use any explicit key performance indicators to monitor the MTFP and associated performance. The Council does not report and monitor key financial comparators for current, past and future years. Examples of such indicators used by other councils include working capital, gearing ratio and the reserves position. The Council does not formally benchmark its financial performance with other councils. The Council's Section 151 Officer does meet regularly with counterparts in other authorities.
34. The Council does not have an overarching policy on income generation/charging but it reviews fees and charges annually as part of the budget setting process. We understand that the budget consultation process highlighted that the public did not generally support increasing fees and charges. The Council is awaiting the outcome of our Local Government study on income generation and charging. It plans to use this to develop a corporate income generation/charging policy for 2016-17.
35. Internal and External Audit have not identified any significant weaknesses in the financial systems/processes, and internal controls are considered adequate.

Financial governance

The Council's financial governance arrangements are generally sound but there is a lack of regular whole-Council savings monitoring reports to members

36. The Council's Corporate Management Team clearly grasps the financial climate and the challenges the Council faces. Those responsible for managing financial performance are held to account at an individual and departmental level and by Members through the scrutiny process.

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37. The Council's Section 151 Officer provides briefings and Budget Strategy Updates to directors and members on the financial challenges facing the Council.
 38. The Council carried out public consultation on the 2015-16 budget and it amended or withdrew some savings proposals because of the feedback received. The Council has recently consulted the public, partners, voluntary sector, trades unions and members on its proposed savings plans for 2016-17. Through this, it has also made the public aware of potential areas for savings in 2017-18.
 39. In our Financial Position Assessment report for 2014¹, we recommended, 'the Council should continue to implement a framework to formally monitor the deliverability of savings and report to Members'. Whilst the Council reports the achievement of savings on an exceptions basis for individual services to scrutiny committees, reporting arrangements are fragmented. A framework is not in place for regularly monitoring or reporting the achievement of savings targets on a 'Whole Council' basis. The Council does not report financial and performance information together.
 40. The Council does not produce a savings monitoring report for the year-end and the 2014-15 revenue outturn report does not refer to the status of savings. The position against individual savings plans is not explicit and transparent. Therefore, whilst the 2014-15 quarter-three service monitoring reports forecast that the majority of savings would be achieved, it is not explicit if there were any service-specific undelivered savings from 2014-15 that have been carried forward to 2015-16. 'Whole Council' in year budget monitoring reports are not reported to Cabinet or routinely presented to the Policy and Resources scrutiny committee. For example, in 2014-15, only one report was presented. This does not allow for whole-service analysis or a whole authority view of the financial position of the Council at periodic points in the year. We understand that officers do monitor the overall position and would quickly report if the whole authority budget were not on track. However, our view remains that there is scope to strengthen the explicit monitoring of savings.
 41. Until recently, the Council had an Improving Governance Programme Board in place, following two Reports in the Public Interest, which raised significant concerns about governance. The Council has recently disbanded the Improving Governance Board as it considers it has addressed the majority of actions. The Council also has a Corporate Governance Panel, which reviews its governance arrangements and co-ordinates the production of the Council's Annual Governance Statement.
 42. The Council's Annual Governance Statement for 2014-15² identified the Council's scrutiny arrangements as an area for improvement. The Council agreed a series of changes to its scrutiny arrangements in October 2015. An action plan is in place to implement the changes. The Annual Governance Statement did not raise any significant issues relating to the Council's financial arrangements.
 43. The Council's financial position is such that it has not needed to consider any radical or transformational changes to the way it delivers its services in order to balance its budget. Therefore, it does not have specific overview or programme boards in place to

¹ Details of our 2014 financial resilience report to be inserted.

² The 2014-15 Annual Governance Statement is available on the Council's website.

oversee and monitor the implementation of any change programmes. Recognising that the Council needs to adapt, the Corporate Management Team has developed a more structured approach to identifying and monitoring business improvement projects. This has entailed the creation of an Improvement Board consisting of the Corporate Management Team, a lead Cabinet Member and the Head of Service for Improvement. The Director for Community Services oversees the Improvement Board. A project manager supports the Improvement Board. This approach has been discussed and agreed by members.

Appendix 1

Key characteristics

Key characteristics of good financial planning

The authority's budget is set in the context of a longer-term financial strategy and a medium-term financial plan covering a three to five-year horizon.

The authority has clearly identified the savings it intends to make over a three to five-year term. The savings plan is underpinned by detailed costings and delivery plans for individual savings (including transformation/change savings).

The authority has a good track record of delivering on its savings plans.

Medium-term financial planning and annual budgeting reflect the authority's strategic objectives and priorities for the year, and over the longer term.

Assumptions around inflation, income levels, demographics, future demand for services and the costs of delivering services are modelled and based on reasonable predictions.

The authority understands its sources of income and the risks arising from these, and has reviewed its approach to fees and charges to ensure it achieves value for money.

Financial and corporate planning processes are integrated, link to risk management arrangements, and incorporate strategic planning for other resources including the capital programme and workforce planning.

The authority uses financial modelling to assess likely impacts on financial plans and required savings for different scenarios, and to help ensure short-term fixes are not achieved at the expense of long-term sustainability.

The authority models key expenditure drivers (for example, population changes and demand for services), sources of income (for example, income and government grant forecasts), revenue consequences of capital and resource requirements and balances.

The authority operates within a level of reserves and balances (including earmarked reserves and the general fund balance), approved by members, and appropriate to the strategic, operational and financial risks it faces.

If the authority is not at its target level for balances, there is planned action in place to achieve this, taking account of any associated risks to the organisation's financial position and delivery of its priorities.

Key characteristics of good financial control

The authority has an appropriate and effective budget management policy that clearly sets out roles, responsibilities and accountability. The scheme of delegation is clear, and processes are set out to manage budget under and overspends.

Financial monitoring and forecasting is fit for purpose and accruals based, helping to ensure a clear link between the budget, in-year forecasts and year-end position.

The authority analyses and extrapolates relevant trends, and considers their impact on the projected final out-turn.

The authority takes timely action to address any budget pressures, for example, by taking corrective action to manage unfavourable variances or by revisiting corporate priorities.

The authority has a good recent record of operating within its budget with no significant overspends.

The authority has agreed a clear policy on the use of its reserves. There is a clearly justified minimum level for its 'general fund' reserves balance. There is a clear rationale to explain transfer from, or between, reserves. Clear protocols explain how and when each reserve should be used. Decisions about reserves are underpinned by a comprehensive assessment of risk and current performance.

The reserves policy has been agreed by members and is subject to scrutiny.

The authority has a clear policy on income generation/charging. There is a register of charges across its services to help manage charges consistently. The authority has corporate guidelines on how concessions should be applied. Charges are regularly reviewed and the policy updated.

The authority monitors its key financial ratios, benchmarks them against similar bodies and takes action as appropriate.

The annual governance statement gives a true reflection of the authority.

Key characteristics of good financial governance

The leadership team clearly understands the significant and rapidly changing financial management challenges and risks facing the organisation, and is taking appropriate action to secure a stable financial position.

The authority has sufficient capacity and capability to promote and deliver good financial management.

The leadership team fosters an environment where there is good understanding and routine challenge of financial assumptions and performance, and a culture of transparency about the financial position.

The leadership team provides constructive scrutiny and challenge on financial matters to ensure arrangements remain robust and fit for purpose.

There is regular and transparent reporting to members. Reports include detail of action planning and variance analysis.

Members scrutinise and challenge financial performance effectively, holding officers to account.

Internal and external audit recommendations are dealt with effectively and in a timely manner.

There is effective engagement with stakeholders on budget issues, including public consultations.

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru

24 Heol y Gadeirlan

Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn Testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru



CABINET – 27TH JULY 2016

SUBJECT: WALES AUDIT OFFICE REVIEW OF THE DEVELOPMENT OF A SPORT AND LEISURE STRATEGY

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

-
- 1.1 The attached report, which was presented to the Regeneration and Environment Scrutiny Committee on 28th June 2016, updated the Scrutiny Committee on the outcome of a recent Wales Audit Office (WAO) review of the development of a Sport and Leisure Strategy and the next steps to be taken by the Council in addressing the recommendations made by the WAO.
 - 1.2 Members were reminded of two reports previously considered at Scrutiny Committee: Strategic Review of Leisure Facilities (28th October 2014) and Strategic Review of Outdoor Recreation Facilities (31st March 2015). Both of these reports summarised work that had been completed in undertaking a robust assessment of the facilities across the Authority and setting a strategic vision for the provision of facilities in the future. The latter review also progressed to Cabinet where the review recommendations were agreed.
 - 1.3 In the final quarter of 2015/16, the WAO held discussions with Caerphilly County Borough Council and included a review of Sports and Leisure Services in its 2015/16 programme of work with the Council. The scope of the review was limited to “the development of a Sport and Leisure Strategy” and consequently did not examine the wider aspects of Sports and Leisure Services such as regional working, National Exercise Referral, outdoor adventures/education and sports development. A final report was published by the WAO in May 2016 (attached at Appendix 1 of the Scrutiny Committee report) which sets out the recommendations in the WAO Report and the Authority’s next steps.
 - 1.4 To build on the substantial review work already undertaken and in response to the WAO findings, the development of the Sport and Leisure Strategy has been designated as one of the 13 Improving Services Programmes which are subject to formal project management arrangements and regular reporting to the new Improving Services Programme (ISP) Board. The Board has agreed to the appointment of a Consultant to review all existing plans, strategies, policies and other documents and to work with key Authority personnel in developing an over-arching Sport and Leisure Strategy for the Council. In addition, the ISP Project Team has developed a brief for the ISP Board (draft timescales are detailed in Appendix 2 of the Scrutiny Committee report). Developments are at an early stage and future updates will be provided to the ISP Board and Scrutiny Committee upon completion of the consultancy work.
 - 1.5 During the course of the ensuing debate, a Member queried varying consultancy costs detailed within the Officer’s report and the ISP Project Brief. Officers explained that these costs have now been finalised as being in the region of £4,500 + VAT. It was also confirmed that the ISP Project Team will comprise of senior staff from Community and Leisure Services and Corporate Services, and that Corporate Management Team have involvement with the over-arching Business Improvement Board referenced in the WAO report.

- 1.6 Discussion took place regarding leisure centre usage and it was agreed that a previous report on this matter (Demographic Overview of CCBC Leisure Centre Users) be re-circulated to the Committee. Debate also took place regarding the services available within the Council's leisure centres and the facilities available within the private sector and Officers confirmed that this would be reviewed as part of the Sport and Leisure Strategy.
- 1.7 Following consideration on the report, Members noted the outcome of the Wales Audit Office review and unanimously supported the approach adopted by the Authority, which will include update reports to the Regeneration and Environment Scrutiny Committee.
- 1.8 The report is referred to Cabinet for information purposes.

Author: R. Barrett, Committee Services Officer, Ext. 4245

Appendices:

Appendix 1 - Report to Regeneration and Environment Scrutiny Committee on 28th June 2016 –
Agenda Item 8



REGENERATION AND ENVIRONMENT SCRUTINY COMMITTEE – 28TH JUNE 2016

SUBJECT: WALES AUDIT OFFICE REVIEW OF THE DEVELOPMENT OF A SPORT AND LEISURE STRATEGY

REPORT BY: CORPORATE DIRECTOR - COMMUNITIES

1. PURPOSE OF REPORT

- 1.1 To update the Scrutiny Committee on the outcome of a recent Wales Audit Office (WAO) review of the development of a Sport & Leisure Strategy and the next steps to be taken by the Council in addressing the recommendations made by the WAO.

2. SUMMARY

- 2.1 In quarter 4 of the 2015/16 financial year, the WAO held discussions with Caerphilly County Borough Council and included a review of Sports & Leisure Services in its 2015/16 programme of work with the Council.
- 2.2 The scope of the review was limited to “the development of a Sports and Leisure Strategy” and consequently did not examine the wider aspects of Sport & Leisure Services such as regional working, National Exercise Referral, outdoor adventures/education and sports development.
- 2.3 A final report was published by the WAO in May 2016 (see Appendix 1 to this report) and this report sets out the recommendations in the WAO Report and the Authority’s next steps.

3. BACKGROUND

- 3.1 Members of the Scrutiny Committee will recall considering two reports (Strategic Review of Leisure Facilities, 28th October 2014 and Strategic Review of Outdoor Recreation Facilities, 31st March 2015).
- 3.2 Both of these reports summarised work that had been completed in undertaking a very robust assessment of the facilities across the Authority and setting a strategic vision for the provision of facilities in the future. The latter review also progressed to Cabinet where the review recommendations were agreed.
- 3.3 The WAO work was undertaken in the final quarter of 2015/16 and, as stated above concentrated on the development of a Sport & Leisure Strategy by the Authority. The WAO produced its final report in May 2016. This report includes one key proposal for improvement which the Council should address over the next 12 months.

4. LINKS TO STRATEGY

- 4.1 Sport & Leisure Services contribute to delivering the Single Integrated Plan. The Service also plays a significant part in improving the health and wellbeing of our residents, improved educational outcomes and the regeneration of our communities
- 4.2 Sport and Leisure Services, through its provision of fitness related programmes and initiatives support the Welsh Government strategy of 'Creating an Active Wales'
- 4.3 Sport & Leisure Services contributes to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015:
- A sustainable Wales
 - A prosperous Wales
 - A healthier Wales
 - A more equal Wales
 - A Wales of cohesive communities.

5. THE REPORT

- 5.1 The WAO review sought to examine the Council's approach to developing its Sport and Leisure Strategy and in particular:-
- An agreed vision.
 - Delivery/project plan setting out the milestones in the development and implementation of the strategy.
 - Options appraisals assessing financial implications, risks and impacts.
 - Citizen and stakeholder engagement.
 - Governance and accountability mechanisms for reporting performance and monitoring the development and implementation of the strategy.
- 5.2 The WAO review concluded that the Council responded to its financial pressures by reviewing its leisure centres and outdoor recreation facilities but given its stronger financial position for 2016/17 onwards, the Council can now take stock to adopt a more holistic and strategic approach to reviewing its sports and leisure services.
- 5.3 In reaching this conclusion the WAO found that:-
- the Council has reviewed its core leisure facilities but did not yet have a clear vision or integrated Sports and Leisure Strategy that sets a clear direction for future leisure provision.
 - whilst there have been some good examples of stakeholder engagement, the Council lacks a project engagement plan for developing an integrated Sports and Leisure Strategy.
 - the Council has substantial budgetary pressures over the medium term but has not yet fully addressed the growing financial risks in Sports & Leisure Services, and
 - until recently, the Council's approach to addressing the challenges facing sports and leisure services has not been sufficiently strategic but the Council is now strengthening its project management arrangements.
- 5.4 The WAO Report has identified the following proposal for improvement to be addressed by the Council "*The Council needs to develop and agree a holistic vision and strategy for its sports and leisure services and set out how it will achieve this within the next 12 months*". In doing so, the Council should ensure that:
- there is effective corporate oversight of the process;
 - relevant expertise from across the Council is involved at an early stage;
 - there is a clear plan for public and stakeholder engagement;

- there are clear links to key corporate plans and priorities, particularly the medium term financial plan;
- options appraisals are undertaken based on a robust information base and the costs, benefits, risks and impacts of each of the options are assessed;
- appropriate consideration is given to the impact of the strategy and future service provision on economic, social, environmental and cultural well-being by applying the principles of the Well-Being of Future Generations (Wales) Act;
- governance and accountability mechanisms are identified to report and monitor progress in developing and implementing the vision and strategy; and
- consideration is given to whether the capacity of the service to develop and implement an integrated sports and leisure strategy needs to be strengthened.

5.5 To build on the substantial review work already undertaken and in response to the WAO Proposal for Improvement, the Council has designated the development of the Sport & Leisure Strategy as one of the 13 improving Services Programmes which are subject to formal project management arrangements and regular reporting to the new Improving Services Programme Board (ISP Board).

5.6 The ISP Board has considered a report drafted by the Head of Community & Leisure Services and has agreed to the appointment of a Consultant to review all existing plans, strategies, policies and other documents and to work with key Authority personnel in developing an over-arching Sport and Leisure Strategy for the Council. In addition, the ISP project team has developed a brief for the ISP Board and this includes some draft timescales. This is included as Appendix 2 to this report for the Committee's reference.

5.7 The engagement of a Consultant is currently progressing with suitably experienced companies being requested to quote against the following brief:-

- (i) To establish a clear purpose for its business and other activities in Sport & Leisure.
- (ii) Analyse and recommend "placement" of the service into the future taking into account existing practice alongside exploring opportunities for development based on current and projected demand in the Sport & Leisure Industry.
- (iii) Establish a set of recommendations that is appropriate to the needs of the County Borough's communities and is affordable going forward.
- (iv) An assessment of the most appropriate operating model(s) for the Authority.
- (v) The preparation of a new, over-arching strategy, and delivery plan that:-
 - Fully takes into account national strategies/priorities as well as local needs and issues set in the context of financial constraints;
 - Places the future rationale, and appropriate operational models for Sports & Leisure in Caerphilly in accord with the "direction" being supported by Welsh Government;
 - Delivers a bespoke approach appropriate to the needs and demands of the communities in the County Borough.
- (vi) To suggest next steps as appropriate (eg: user engagement, etc.) that the Authority may need to take forward.

5.8 Obviously this is at a very early stage and future updates will need to be provided to the ISP Board and Scrutiny Committee once the consultancy work has been completed.

6. EQUALITIES IMPLICATIONS

6.1 There are no significant equalities implications associated with this report.

7. FINANCIAL IMPLICATIONS

- 7.1 There are no significant financial implications to report at this stage other than the consultancy costs of circa £5,000 + vat.

8. PERSONNEL IMPLICATIONS

- 8.1 There are no personnel implications associated with this report.

9. CONSULTATIONS

- 9.1 This report reflects the views of the listed consultees.

10. RECOMMENDATIONS

- 10.1 The Scrutiny Committee are asked to consider the outcome of the WAO review and the approach adopted by the Authority.
- 10.2 Officers to prepare suitable update report(s) to the Scrutiny Committee in accordance with its Forward Work Programme.

11. STATUTORY POWER

- 11.1 Local Government Acts.

Author: Mark S. Williams, Head of Community & Leisure Services
E-mail: willims@caerphilly.gov.uk Tele: 01495 235070

Consultees: Christina HARRY, Corporate Director – Communities
Councillor Nigel George, Cabinet Member for Community & Leisure Services
Gail Williams, Interim Head of Legal Services and Monitoring Officer
David A. Thomas, Senior Policy Officer (Equalities & Welsh Language)
Jeff Reynolds, Sports & Leisure Facilities Manager
Jared Lougher, Sport & Leisure Development Manager
Colin Jones, Head of Performance and Property Services
Mike Eedy, Finance Manager

Appendices:

Appendix 1 - WAO Report – May 2016
Appendix 2 - ISP Project Brief



Review of the development of a sport and leisure strategy

Caerphilly County Borough Council

Audit year: 2015-16

Issued: May 2016

Document reference: 101A2016

Status of report

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties.

In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at info.officer@audit.wales.

The team who delivered the work comprised Non Jenkins, Sara-Jane Byrne and Allison Rees.

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Summary report

The Council responded to its financial pressures in 2012 by reviewing its leisure centres and outdoor recreation and leisure facilities but given its stronger financial position for 2016-17 onwards, the Council can now take stock to adopt a more holistic and strategic approach to reviewing its sports and leisure services to ensure that together they can meet the future needs of its citizens

1. Following discussions with Caerphilly County Borough Council (the Council), a review of sports and leisure services was included in the Wales Audit Office's 2015-16 programme of audit work at the Council. The decision to undertake this review recognised the risks and challenges facing the Council in this area. These risks and challenges included financial pressures, the condition and scale of the Council's leisure assets, and the health profile of the local population.
2. Whilst there is no statutory duty on councils to provide leisure services, sports and leisure play a key part in improving health and well-being. The Chief Medical Officer for Wales' Annual Report 2013-14 outlined the importance of physical activity in addressing public health concerns¹. The Report highlights a range of benefits of physical activity including reducing the risk of cardiovascular disease and some types of cancers as well as improvement in body weight control, and positive impacts on mental health.
3. Addressing public health issues and inequalities in health is a key commitment of the Welsh Government. This commitment is outlined in **Climbing Higher**, the Welsh Government's long-term vision and plan for making Wales a more physically and mentally healthy nation². The Welsh Government recognises the important role leisure services play in achieving this vision.
4. As a discretionary service, councils determine which leisure services they provide and the method of service delivery. The Council currently directly provides its sports and leisure services. Our **Delivering with Less; Leisure Services** report published in December 2015³ found that many councils are undertaking options appraisals to identify the most appropriate future delivery model. Councils have considered, or are considering, a variety of options. These include partnership with a private sector provider, setting up a new trust, transferring management to an existing trust, voluntary sector management and withdraw/closure of facilities.

¹ Welsh Government, **Chief Medical Officer for Wales Annual Report 2013-14: Healthier, Happier, Fairer**, September 2014.

² Welsh Government: Sport and active recreation webpage

³ Wales Audit Office, [Delivering with Less: Leisure Services](#), December 2015.

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5. Improving awareness, access, variety and use of leisure, community and sporting facilities within Caerphilly County Borough had previously been one of the Council's improvement objectives.
 6. The Council's Annual Performance Report 2014-15 assessed its progress towards achieving this improvement objective as partially successfully. The Council concluded that it had made good progress against all the actions, including: increasing levels of participation; improving a range of leisure facilities; growing its 'Thriving Clubs' scheme; and improving customer retention levels and the numbers of direct debit memberships. The Council's Centre of Sporting Excellence opened in 2014-15 and is regularly used by professional sports clubs, such as the Gwent Dragons and Cardiff City Football Club. The Council has also increased the level of participation in the National Exercise Referrals Scheme (NERS).
 7. The Council improved its performance against the national strategic indicator, 'the number of visits to local authority sport and leisure facilities during the year per 1,000 population where the visitor will be participating in physical activity'. The number of visits increased from 7,554 in 2014-15 to 7,773 in 2015-16 but the Council failed to meet its target of 8,184. The Council's performance ranked it 16th out of 22 Welsh councils for this indicator in 2014-15.
 8. The Council recognises in its Annual Performance Report 2014-15 that many challenges remain, particularly to increase the numbers of children who are able to swim. Its performance against the percentage of 11 year olds able to swim 25 metres declined from 58 per cent in 2013-14 to 53 per cent in 2014-15. The Council's 2014-15 performance failed to meet its target of 63.5 per cent and was significantly below the Welsh average.
 9. In 2015, the Council decided not to have a specific improvement objective relating to its sports and leisure services. The Council stated in its Corporate Plan 2015-16 that: 'in recognition of the financial climate and the austerity measures impacting on the Council's budget we have to recognise that we may not be able to improve on the range and use of leisure services that we provide. Whilst we are looking at different ways to provide leisure, sporting and community facilities we believe we should not carry on with this objective at this time.' However, there are clear priorities within the Caerphilly Single Integrated Plan 2013-17, **Caerphilly Delivers**⁴, and the Council's priorities to which leisure and sports services contribute, most notably to improving the health and well-being of citizens. The Council's sports and leisure services continues to play a part in the 2015-16 Improvement Objective 3: 'closing the gap in life expectancy for residents between the most and least deprived areas in the borough'.
 10. The health profile of the area is a significant concern. The Welsh Health Survey 2012-13⁵ found that 71 per cent of adults in Caerphilly did not meet the national physical activity guidelines. It also found that 63 per cent of adults were categorised as overweight or obese compared to the Welsh average of 58 per cent. Obesity levels of

⁴ **Caerphilly Delivers** is the Single Integrated Plan for the County Borough of Caerphilly. It was developed by the Caerphilly Local Service Board and sets out the long-term vision and priorities for Caerphilly.

⁵ **Welsh Health Survey 2012-13.**

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- adults and children are some of the worst in Wales. Caerphilly has some of the most deprived communities in Wales and life expectancy is below the Welsh average.
11. Our review sought to answer the following question: Is the Council's Sport and Leisure Strategy likely to meet the future needs of the Council and citizens?
 12. When we reviewed the Council's approach to developing its sports and leisure strategy, we expected to find a number of key elements, such as:
 - an agreed vision;
 - delivery/project plan setting out the key milestones in the development of the strategy and its implementation;
 - robust options appraisals, which assess the financial implications, risks and impacts of these options and the sustainability of future service provision;
 - citizen and stakeholder engagement; and
 - clear governance and accountability mechanisms for reporting performance and monitoring the development and implementation of the strategy.
 13. However, our review has concluded that the Council responded to its financial pressures in 2012 by reviewing its leisure centres and outdoor recreation and leisure facilities but given its stronger financial position for 2016-17 onwards, the Council can now take stock to adopt a more holistic and strategic approach to reviewing its sports and leisure services to ensure that together they can meet the future needs of its citizens.
 14. We came to this conclusion because we found that:
 - the Council has reviewed its core leisure facilities but does not yet have a clear vision or an integrated sports and leisure strategy that sets a clear direction for future leisure provision;
 - whilst there have been some good examples of stakeholder engagement, the Council lacks a project and engagement plan for developing an integrated sports and leisure strategy;
 - the Council has substantial budgetary pressures over the medium term but has not yet fully addressed the growing financial risks in sports and leisure services; and
 - until recently, the Council's approach to addressing the challenges facing sports and leisure services has not been sufficiently strategic but the Council is now strengthening its project management arrangements to help resolve this.

Proposal for improvement

P1. The Council needs to develop and agree a holistic vision and strategy for its sports and leisure services, and set out how it will achieve this within the next 12 months. In doing so, the Council should ensure that:

- there is effective corporate oversight of the process;
- relevant expertise from across the Council is involved at an early stage;
- there is a clear plan for public and stakeholder engagement;
- there are clear links to key corporate plans and priorities, particularly the medium term financial plan;
- options appraisals are undertaken based on a robust information base and the costs, benefits, risks and impacts of each of the options are assessed;
- appropriate consideration is given to the impact of the strategy and future service provision on economic, social, environmental and cultural well-being by applying the principles of the Well-Being of Future Generations (Wales) Act;
- governance and accountability mechanisms are identified to report and monitor progress in developing and implementing the vision and strategy; and
- consideration is given to whether the capacity of the service to develop and implement an integrated sports and leisure strategy needs to be strengthened.

Detailed report

The Council has reviewed its core leisure facilities but does not yet have a clear vision or an integrated sports and leisure strategy that sets a clear direction for future leisure provision

15. Staff are clearly very passionate about the work they are doing in sports and leisure services. We reviewed a number of documents, which highlighted the positive impact that programmes, such as 'Positive Futures' and 'Love our Lives,' are having on individuals. However, whilst staff and members refer to visions contained in national sport and health strategies, the Council has not articulated its own vision for sports and leisure services. It is not clear what the Council wants to achieve from its sports and leisure services.
16. The Council has never had an integrated sports and leisure strategy and it recognises that it needs one to provide direction for its sports and leisure services, but this is not yet in place. It is positive that the Council has undertaken some of the core elements needed to inform the development of a strategy. This work includes its review of outdoor recreation and leisure facilities, and its strategic review of leisure centres. We understand from some members and officers that the Council plans to develop a strategy focusing on the role sports and leisure services can play in improving the health and well-being of citizens. In its review of outdoor recreation and leisure facilities, the Council recognised that 'While a review of the number, type and quality of facilities provides useful information to inform future land use planning and investment strategies, it only represents part of the picture in terms of the public health agenda.' The review of outdoor recreation and leisure facilities included a recommendation to 'Facilitate a study between Sport/Leisure and Public Health Professionals to establish how, when and where resources can be targeted to improve activity levels amongst the County Borough's neediest population groups.'
17. Officers and members interviewed as part of our review informed us that the strategic review of leisure centres was started at a time of considerable financial challenge and they were keen that a fundamental review of facilities was undertaken in order to influence the future use of resources.
18. The need to address the state of the Council's leisure assets has driven the Council's focus to date. This is consistent with the findings of our Delivering with Less: Leisure Services report published in December 2015, which found that councils' approaches to leisure services focus on addressing immediate financial challenges rather than taking a strategic approach to future provision.
19. However, whilst it is evident that the work undertaken to date is a step forward, we found that the strategic review of leisure centres and the review of outdoor recreation and leisure facilities have not been sufficiently robust and have not been underpinned by a holistic approach to sports and leisure. The Council would benefit from bringing these two reviews together with consideration of how sports and leisure can improve

health and well-being to develop a more strategic and wider approach to how sports and leisure services can meet the future needs of its citizens.

20. From April 2016, the Well-being of Future Generations (Wales) Act will require named public bodies, including councils, to make decisions in a sustainable way, by thinking about the long-term implications of their decisions and actions. Although the Council is an early adopter of the principles of the Act it has not sufficiently considered the sustainable development principles in its planning for sports and leisure services to date.

Whilst there have been some good examples of stakeholder engagement, the Council lacks a project and engagement plan for developing an integrated sports and leisure strategy

21. The Council does not yet have a project plan setting out the key milestones and timescales for developing an integrated sports and leisure strategy. Moreover, there is no consensus about the broader nature of the strategy, the next steps in its development, and timescales for implementation.
22. The Council has constructively engaged head teachers and Sports Wales in the strategic review of leisure centres. There are also examples of collaborative regional working, such as the Gwent regional change programme and sports development involvement in Active Gwent. However, the Council does not have a clear consultation and engagement plan to inform the development of a sports and leisure vision and strategy. There has been limited broader stakeholder engagement, such as with the health board, despite the contribution of the sports and leisure service to the shared health and well-being objectives set out in **Caerphilly Delivers**.
23. Public engagement on the future of sports and leisure services has been of limited value. The questions asked of the public were primarily directed at the future needs of existing service users rather than the future needs of the wider public. The Council promoted its consultation with local clubs, Community Councils and at its sports and leisure facilities. It also promoted the consultation on line and through its local newsletter, **Newsline**, which goes to every household in the County Borough. Despite this, the response rate was low. The consultation, therefore, does not provide members with a robust analysis of public views, which they can use to make an informed decision about the future of the Council's leisure and sports services.

The Council has substantial budget pressures over the medium term but has not yet fully addressed the growing financial risks in sports and leisure services

24. As resources reduce, many councils are reviewing the provision and delivery of leisure services to assist in meeting these financial demands. In February 2015, the Council

identified a budget shortfall of £12.8 million for 2015-16, a further £14 million for 2016-17 and £12.1 million for 2017-18.⁶ Following the Comprehensive Spending Review in 2015, the Council has been informed that it will receive a more positive Revenue Support Grant settlement from the Welsh Government than the Council had anticipated. The Council is in the process of revising and agreeing a five year Medium Term Financial Strategy (MTFP). The revised MTFP still requires substantial savings to meet budgetary shortfalls. However, the Council estimates that it will need to deliver the majority of savings towards the end of the five year period. This will allow the Council time to develop a full options appraisal for its sport and leisure services taking into account the need to realise savings and the impact on service users.

25. Our **Delivering with Less: Leisure Services** review found that the Council has a declining subsidy position for sports and leisure services. In 2014-15, Caerphilly had the second highest subsidised service (£9.2 million) when compared to other Welsh councils. Its level of expenditure has also increased from £11.4 million in 2009-10 to £13.9 million in 2014-15. Caerphilly's increase in expenditure was the largest in Wales (21.4 per cent). These figures are derived from the Council's annual revenue outturn to the Welsh Assembly and include a range of services including community centres and allotments. The Council's specific budget for sports and leisure is approximately £3 million for 2016-17 and the service has seen a 20 per cent reduction in its budget over the past two years.
26. The Council has established the following five principles, which will be taken into account in the identification of its savings proposals:
- protecting front-line services where we can and reducing expenditure on management and administrative costs;
 - increasing fees and charges where appropriate;
 - reducing, rather than removing, services where possible;
 - focussing on priorities; and
 - looking at alternative ways of delivering services (collaboration, partnerships, community trusts, etc).
27. The Council has 11 leisure centres, eight of which are located on school sites. The Council has undertaken a detailed condition survey of its 11 leisure centres rating three as good, five as satisfactory and three as poor. It has estimated that its annual maintenance costs of its leisure centres is £3.3 million. Caerphilly leisure centre is of particular concern to the Council, with estimated urgent maintenance costs of approximately £1 million. It recognises that its sports and leisure asset base is unsustainable and that its existing approach to savings will not address the financial risks facing the Council. The strategic review of leisure centres recommends the rationalisation of its leisure centres from 11 to four centres.
28. The Council has not yet adequately assessed the costs and impact of implementing this rationalisation. It has not set out the costs of building a new facility in the north of

⁶ Caerphilly County Borough Council Budget Proposals 2015-16 and Medium Term Financial Strategy 2015-18, February 2015.

the county or the costs of transferring the leisure centres to schools. The Council does not currently have the capital budget to build a new facility and has not made provision for this within its existing MTFP. This was underlined within the financial implications section of the officer's covering report to the strategic review of leisure centres considered by the Regeneration and Environment Scrutiny Committee in October 2014, which stated: 'it is important for members to realise that any strategy is set against a backdrop of the Authority having less money to spend and not more. In this regard the leisure service is likely to have a budget reduction of circa 20% over the next three years... It is important for the Committee to be aware that there is currently no provision in the capital programme to deliver the recommendations.'

29. The full proposals within the Council's strategic review of leisure centres, therefore, do not currently support the delivery of its medium-term financial plan. However, we understand that the Council has included the transfer of Bedwas leisure centre to the local secondary school as part of its 2017-18 budget proposals. It has already completed the transfer of the Cwmcarn Leisure Centre to Cwmcarn High School. We also acknowledge that, to date, the Leisure service has contributed to the delivery of the savings the Council has required to meet its budget shortfall.
30. The Council's strategic review of leisure centres did not explicitly consider the impact of the closure of facilities but the public were given the opportunity to comment on the Council's strategic review. However, the Council's consultation lacked detail as to the costs of proposals. In some areas of the county, the consultation raised public expectations about future leisure provision.
31. Moreover, the Council has not yet fully assessed the alternative delivery models for the future of its sports and leisure service provision. The Regeneration Scrutiny Committee discussed a paper on leisure management options at the same meeting as the strategic review of leisure centres in October 2014. These options included maintaining services in-house, setting up a leisure trust, joining an existing or hybrid trust, and outsourcing to the private sector. However, the Regeneration Scrutiny Committee considered the management options paper and strategic review of leisure services in isolation. Whilst the management options paper highlighted the key general features of each option, it did not assess the options in the local context of Caerphilly.
32. Our **Delivering with Less: Leisure Services** report highlighted that those councils that have changed their operating model tend to have lower levels of expenditure. The report cites the examples of Torfaen, the Vale of Glamorgan, Bridgend, Blaenau Gwent and Neath Port Talbot. It shows that following the transfer of leisure services there was an average reduction in expenditure of £2.4 million per council. Our report also emphasises the need for councils to undertake robust options appraisals based on good quality information when considering service delivery models.
33. The Council's strategic review of leisure centres made reference to the Centre of Sporting Excellence in Ystrad Mynach, but it was not considered as part of its options. In its first year of operation, the Council has needed to subsidise the facility. However, the Council agreed it would be cost neutral. We understand that the Council's Corporate Management Team has considered the embryonic stage of this facility and the associated challenges. Corporate Management Team has tasked the Head of

Service with the development of a business plan for the Centre of Excellence in order for it to be cost neutral in the future.

34. The Council is one of 13 Welsh councils that has increased its level of income from sports and leisure services between 2009-10 and 2014-15. A key element of the savings plans for the sports and leisure service is to increase further this level of income. However, the Council failed to achieve its targeted level of income from its leisure centres in 2014-15. It is forecasting a shortfall again for 2015-16. There is no plan setting out how it will increase its level of income.

Until recently, the Council's approach to addressing the challenges facing sports and leisure services has not been sufficiently strategic but the Council is now strengthening its project management arrangements to help resolve this

35. The Council has not yet got to grips with strategically planning the future sports and leisure provision for the county. The Council has not identified the project management and governance mechanisms to monitor the development and implementation of a sports and leisure strategy. It is important that Cabinet and Corporate Management Team have a shared vision for sports and leisure so there is clarity about the future approach.
36. In October 2014, the Regeneration and Environment Scrutiny Committee unanimously endorsed the recommendations within the strategic review of leisure centres despite the lack of robust financial information, risk and impact assessments.
37. The Council's Head of Community and Leisure Services has a large remit including waste and recycling, the leisure and sports service, building cleaning and fleet management. The Council's third tier Sport and Leisure Services Manager post has been vacant since May 2015. The Council needs to consider if it has the necessary management capacity in place to deliver the strategy it intends to develop for sports and leisure.
38. There has been limited engagement of other directorates and stakeholders in the Council's approach to planning its sports and leisure services to date. This is despite the wider impact sports and leisure services have on areas, such as health and social care, and education. This raises questions about the Council's approach to strategic planning. We would expect the Council to ensure that relevant expertise, for example from statutory officers, finance, social care, education and procurement, is engaged at the outset of a strategic review. We have previously raised concerns about the Council's oversight of strategic planning in relation to the planned integration of Social Services with Blaenau Gwent County Borough Council, including the need to engage statutory officers earlier in the process.

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- 39.** To help strengthen its strategic planning arrangements, the Council has recently established a Business Improvement Board, which aims to provide: strategic overview and direction for its key business improvement projects; leadership and management development; and communication and engagement across the Council. Terms of reference for the Business Improvement Board have been agreed and membership includes key officers from across the Council as well as the Cabinet Member for Corporate Services. The Council's leisure strategy is included as one of the key projects, which will be monitored by the Business Improvement Board. The strategy should, therefore, be subject to a rigorous project management approach, which ensures that the strategy has clear objectives, considers all options and sets out clear financial and operational outcomes.

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

Swyddfa Archwilio Cymru

24 Heol y Gadeirlan

Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn Testun: 029 2032 0660

E-bost: post@archwilio.cymru

Gwefan: www.archwilio.cymru

Programme	Improving Services Programme								
Project Title	Leisure Review								
Project Brief	This will follow initial work undertaken last year on an emerging sport and leisure strategy for the authority, and will respond to a review currently being finalised by the Wales Audit Office. It will need to look at our approach to all of the sport and leisure services (including outdoor sport / recreation) delivered by the Community and Leisure division and how it fits with wider objectives of health improvement								
OSO (Overseeing Senior Officer)	Colin Jones								
Project Manager	Mark S. Williams								
Project Team	Jeff Reynolds, Jarred Lougher, Alan Ford, Mike Eady, Identified consultants, Mike Headington								
Deliverables	<p>Phase 1 – Review and Strategy</p> <ul style="list-style-type: none"> (1) Review of outdoor recreation (scrutiny and cabinet approved) (2) Review of leisure facilities (scrutiny approved – not proceeded to cabinet) (3) WAO report (draft) (4) Report to BIP by Head of Service with summary of previous review and recommendations, including awarding consultancy for Overarching Sport and Leisure Strategy (5) Sport and Leisure Strategy <p>Phase 2 – Action Plan definition</p> <ul style="list-style-type: none"> (6) Action plan <p>Phase 3 – Implementation and Change Management</p> <ul style="list-style-type: none"> (7) Deliverables to be identified 								
Scope	<table border="0"> <tr> <td>Leisure centres</td> <td>National exercise referral (NERS) scheme</td> </tr> <tr> <td>Outdoor sport</td> <td>Caerphilly adventures outdoor education</td> </tr> <tr> <td>Sports development</td> <td>Proximity to other LA/private sector facilities</td> </tr> <tr> <td>Formal outdoor recreation (play, open green space and allotments)</td> <td></td> </tr> </table>	Leisure centres	National exercise referral (NERS) scheme	Outdoor sport	Caerphilly adventures outdoor education	Sports development	Proximity to other LA/private sector facilities	Formal outdoor recreation (play, open green space and allotments)	
Leisure centres	National exercise referral (NERS) scheme								
Outdoor sport	Caerphilly adventures outdoor education								
Sports development	Proximity to other LA/private sector facilities								
Formal outdoor recreation (play, open green space and allotments)									
Milestones	<ul style="list-style-type: none"> (1) Review of existing outdoor recreation and leisure facilities (scrutiny and cabinet approved) – Scrutiny 31/3/15 then cabinet 17 /6/15 (2) Strategic review of leisure facilities (scrutiny approved – not proceeded to cabinet) – Scrutiny 28/10/14 plus CMT (policy) 3/12/15 considered a report on the outcome of consultation on the review (see attached) (3) WAO report (draft) – see attached draft WAO report and comments of Head of Community and Leisure Services which were sent to CEO and Director on 5/2/16 (4) Report to BIP by Head of Service with summary of previous review and recommendations, including awarding consultancy for Overarching Sport and Leisure Strategy – 12th May 2016 (5) CMT/BIP decision on way forward – 12th May 2016 (6) Sport and Leisure Strategy – July/June 2016 (7) Scrutiny / council cycle for adoption of strategy – Aug/Sept 2016 (8) Action plan (phase 2) Nov/Dec. 2016 								

	Phase 3 – Implementation and Change Management – to be specified after overarching strategy
Duration	Start: July 2014 End: end of the implementation – to be confirmed after adoption of strategy and action plan
Successful criteria	(phase 1) Report to BIP by Head of Service to be based on robust and accurate information to enable a swift and clear decision on the way forward Completion and adoption of a strategy which : <ul style="list-style-type: none"> • Fully takes into account national strategies/priorities as well as local needs and issues set in the context of financial constraints; • Places the future rationale, and appropriate operational models for Sports & Leisure in Caerphilly in accord with the “direction” being supported by Welsh Government • Delivers a bespoke approach appropriate to the needs and demands of the communities in the County Borough.
Benefits	phase 2 (action plan) and phase 3 (benefits to be identified after overall strategy)
Risks	Financial risk linked to the maintenance of leisure buildings if not adopting an appropriate strategy
Budget – costs / investments	£7.000 consultancy cost Internal resources time
Cost saving / reduction targets	To be estimated after overall strategy
Interfaces	National Agenda: (a) National review of community sport - Sportwales; (b) Facilities for future generation – WG / Sportwales (March 2016) MTFP LGR Capital Strategy ISP9 Asset Rationalisation Countryside
Stakeholders	Health Schools Sportwales Welsh Government Members Public National Governing Bodies Trade Unions Local Private Providers Staff

<p>Communication</p>	<p>Consulting for and about the strategy and inform (when possible) throughout the project</p>
<p>Links to Policy (i.e. Well-being of Future Generations Act 2015)</p>	<p>Well being of future generations Act key principles:</p> <ul style="list-style-type: none"> (i) Working For the Long Term (ii) Always Growing and Improving /Prevention (iii) Working Together/ Integration (iv) Treating Everyone With Respect / Collaboration (v) Putting Citizens First / Involvement <p>Linked to required Corporate Asset Management Strategy</p>

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CABINET – 27TH JULY 2016

SUBJECT: ISLWYN HIGH SCHOOL – INSTRUMENT OF GOVERNMENT

REPORT BY: CHIEF EDUCATION OFFICER

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to seek the Cabinet's agreement on an Instrument of Government to establish the Governing Body for Islwyn High School, which will be established from September 2016.
- 1.2 All proposals are made, having regard to the statutory Instruments 2005 No 2912 (W209) Education, Wales, The New Maintained Schools (Wales) Regulations 2005.

2. SUMMARY

- 2.1 It is proposed that the Cabinet endorses the following:
 - the Instrument of Government for Islwyn High School;
 - the process to appoint the Governing Body, as identified in section 4 of the report; and,
 - confirm the name as Islwyn High School.

3. LINKS TO STRATEGY

- 3.1 The report links directly to the Education for Life, sustainability and regeneration strategies.

4. THE REPORT

- 4.1 The size of a permanent governing body and those persons responsible for making the appointment is specified in legislation. The constitution of the Governing Body has been based upon that of a Community Secondary School with 600 or more pupils, as this is the largest option available and mirrors the constitution of the Temporary Governing Body.
- 4.2 The composition of the Governing Body; therefore, will be: -

6 Parents
5 LEA
2 Teachers
1 Staff
5 Community
Headteacher

The total number of governors is 20.

- 4.3 There is no automatic transfer of governors from the temporary to the permanent Governing Body. All appointments are made in accordance with the regulations, the details of which are set out below: -
- 4.3.1 A) Parent Governors
- Parent Governors are elected (after the school opening date) by the parents of registered pupils at the new school and must himself/ herself be such a parent at the time when he or she is elected. The process for electing parent governors must be conducted as set out in Schedule 1 of the Government of Maintained School (Wales) Regulations 2005.
- It is proposed that Governor Support will provide copies of a model letter (nomination form) to the Headteacher to be circulated to parents. Should there be more applicants than places a ballot will be completed with parents.
- 4.3.2 B) Teaching and Staff Representatives
- Teaching and Staff representatives must be elected in accordance with Schedule 2 of the Government of Maintained Schools (Wales) Regulations 2005, after the opening date of the school.
- The function of election of teaching and staff representatives may be delegated to the Headteacher/Governing Body of a school, so it is proposed that this be the case with Islwyn High School. The appropriate advice and guidance will be provided for this purpose.
- 4.3.3 C) LA Representatives
- Council representatives will be elected in accordance with the above regulations. The current system for appointment is through the Governor Selection Panel.
- 4.3.4 D) Community Governors
- Community Governors (formerly known as co-opted) are elected by the Governing Body itself. Therefore, as soon as all other positions have been filled, the Governing Body will meet to determine the membership of the community governors.
- 4.3.5 E) Headteacher
- The Headteacher will automatically be appointed as a Governor unless he advises the Governing Body otherwise.
- 4.4 At the point when all the parent, staff, teacher and LA governors are in place, a meeting must be arranged to decide upon the Community governors. On the date of incorporation the governing body of the new school must be constituted under the instrument of government.
- 5. EQUALITIES IMPLICATIONS**
- 5.1 An Equalities Impact Assessment was undertaken in conjunction with the WG business case processes.
- 6. FINANCIAL IMPLICATIONS**
- 6.1 There are no financial implications related to this report.

7. PERSONNEL IMPLICATIONS

7.1 There are no personnel implications related to this report.

8. CONSULTATIONS

8.1 A full list of consultees are shown.

8.2 All views have been incorporated into the report.

9. RECOMMENDATION

9.1 That the Governing Body is constituted in line with the proposals contained in this report.

10. REASONS FOR THE RECOMMENDATION

10.1 To confirm the arrangements as identified in paragraph 2.1 above.

11. STATUTORY POWER

11.1 Statutory Instruments 2005 No 2912 (W209) Education, Wales, The New Maintained Schools (Wales) Regulations 2005.

11.2 This is a Cabinet function.

Author: Bleddyn Hopkins

E-Mail: hopkib@caerphilly.gov.uk

Consultees: Chris Burns, Interim Chief Executive

Keri Cole, Chief Education Officer

Nicole Scammell, Head of Corporate Finance and S151

Dave Street, Corporate Director – Social Services

Christina HARRY, Corporate Director - Communities

Councillor Derek Havard, Cabinet Member for Education

Lynne Donovan, Acting Head of Human Resources and Organisational Development

Jane Southcombe, Financial Services Manager

Gail Williams, Interim Head of Legal Services and Monitoring Officer

David A. Thomas, Senior Policy Officer (Equalities & Welsh Language)

Tim Williams, Headteacher, Islwyn High School

Local Members (x 7)

Elizabeth Everson, Head of Governor Support, Education Achievement Service for South East Wales

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CABINET – 27TH JULY 2016

SUBJECT: PROPOSED NEW FEE STRUCTURE FOR ADDITIONAL SERVICES

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

- 1.1 The report (attached as Appendix A) which was presented to the Regeneration and Environment Scrutiny Committee on 28th June 2016, sought Members' views on the introduction of a new scale of charges for additional service provision across the Community and Leisure Services division, prior to its presentation to Cabinet for approval.
- 1.2 The report set out new fee structures for additional services provided across the Parks and Bereavement Service and Fleet Management. The report proposed that new pre-cast burial vaults for the interment of cremated remains at Bedwellty and Rhymney Cemeteries be offered for sale for a period of 50 years at an initial cost of £1498.00 per unit. The report also proposed that Class 5 (minibus) MOT tests be offered by Fleet Management at a cost of £50.00 per vehicle. These proposed charges for additional services will ensure the division has the adequate resources to deliver services and meet specific priorities in light of the Council's Medium Term Financial Plan.
- 1.3 During the course of the ensuing debate, Members sought clarification on the £505.00 interment fee for the interment of cremated remains in re-opened graves, together with the 50-year period for the Grant of Exclusive Right of Burial. It was agreed that a further information report on these matters would be circulated to Scrutiny Committee following the meeting, which would seek the comments of Members prior to the proposals for the new charges being presented to Cabinet. This information report (attached at Appendix B) was subsequently circulated to the Scrutiny Committee by e-mail but one of the Members has requested that Officers bring forward a review report relating to the charges for interment of cremated remains in plots where an initial interment has been carried out (i.e. interment of cremated remains in re-opened plots). However, this report and subsequent debate has no effect on the fees relating to the sale of new cremated remains vaults.
- 1.4 Following consideration and discussion of the report, Members unanimously recommended to Cabinet that for the reasons contained therein, the proposed new charges for additional services as detailed in the report presented on 28th June 2016 be endorsed.
- 1.5 Members are asked to consider the recommendation.

Author: R. Barrett, Committee Services Officer, Ext. 4245

Appendices:

Appendix A Report to Regeneration and Environment Scrutiny Committee on 28th June 2016 – Agenda Item 9

Appendix B Further Information Report to the Regeneration and Environment Scrutiny Committee – Proposed New Fee Structure for Additional Services

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REGENERATION AND ENVIRONMENT SCRUTINY COMMITTEE – 28TH JUNE 2016

SUBJECT: PROPOSED NEW FEE STRUCTURE FOR ADDITIONAL SERVICES

REPORT BY: CORPORATE DIRECTOR - COMMUNITIES

1. PURPOSE OF REPORT

- 1.1 To seek the view of the Scrutiny Committee prior to a further report being considered by Cabinet on the introduction of a new scale of charges for additional service provision across the Community & Leisure Services division.

2. SUMMARY

- 2.1 This report sets out a series of new fee structures for additional services provided across the Parks & Bereavement Service and Fleet Management.

3. LINKS TO STRATEGY

- 3.1 These proposed charges for additional services will ensure the division has the adequate resources to deliver services and meet specific priorities in light of the Council's Medium Term Financial Plan.

4. THE REPORT

Parks & Bereavement Services

- 4.1 The Authority currently manages ten municipal cemeteries across the county borough.
- 4.2 In 2002, the Authority formally adopted the "Charter for the Bereaved", which is managed by the Institute of Cemetery & Crematorium Management (ICCM) and sets a series of "rights" and "targets" to which the Authority should aspire.
- 4.3 Each year a self-evaluation is undertaken and subsequently the Authority is scored with either a gold, silver or bronze award. Currently, Caerphilly County Borough Council has a bronze award.
- 4.4 With an aim of improving our ranking and increasing choice for the bereaved, the Authority has recently installed pre-cast burial vaults for the interment of cremated remains at two cemeteries (Rhymney and Bedwellty). Illustrations are attached in appendix one of this report.
- 4.5 It is recommended that each unit is sold for a period of 50 years at an initial cost of £1,498.00.

This cost is broken down as follows:-

• Purchase of vault and memorial	-	£ 450.00
• Cost of interment (based on today's rate)	-	£ 505.00
• Purchase of Exclusive Right of Burial (EROB) (based on today's rate)	-	£ 307.00
• Cost of inscription and any associated designs	-	£ 100.00 (estimated cost)
		<hr/>
		£1,362.00
		=====
• Plus small admin. fee of 10% for arranging inscription/liaison with families/contractors etc.	-	£ 136.00
		<hr/>
		£1,498.00
		=====

4.6 To put this cost into perspective, the total cost of purchasing, arranging an interment and constructing a memorial within an earthen grave would be £1,818.00. These costs are based on current rates and are broken down as follows:-

• Purchase of the Exclusive Right of Burial (EROB)	-	£ 307.00
• Purchase of the Right to Construct & Maintain a Memorial	-	£ 160.00
• Cost of interment	-	£ 505.00
• Cost of headstone (this is an estimated cost of a third party not a CCBC charge)	-	£ 700.00
• Permit to install memorial within the cemetery	-	£ 146.00
		<hr/>
		£1,818.00
		=====

4.7 The purchase of a cremated remains vault would be £320.00 less than an interment within an earthen grave. However, this does include an estimated cost of £700.00 for the provision of a memorial. Whilst this is only an estimated third party cost, the bereaved may choose not to purchase a memorial and leave the plot unmarked. This would reduce this fee from £1,818.00 to £1,118.00. Whilst accepting this option may not be acceptable to all sectors of the community, it gives the bereaved more choice.

4.8 Advantages of the cremated remains vaults are they are relatively maintenance free and would allow individual families to place small personal items upon the plot as there would not be any grass etc. to maintain.

Fleet Management

4.9 Currently the Authority does not undertake Class 5 (minibus) MOT tests. However, a new ramp has recently been installed within the workshop, which will allow the Authority to offer this new service to both the general public and taxi trade. Currently, the Authority pays £56 per test for our own vehicles (to an external provider), which can now be offered in-house. It is proposed to introduce this service at a cost of £50, which would generate around £1,500 income for the service. In addition, it would save circa £2,800 per annum in lost time for staff travelling to an external provider (this includes the £6 saving per MOT). At this juncture, it is difficult to estimate the amount of additional income this new service could generate from the private sector (ie: taxi trade).

5. EQUALITIES IMPLICATIONS

5.1 There are no potential equalities implications within this report for specific groups or

individuals. Therefore there is no requirement for an Equalities Impact Assessment to be undertaken.

6. FINANCIAL IMPLICATIONS

6.1 Any financial implications have been outlined within the body of the report.

7. PERSONNEL IMPLICATIONS

7.1 There are no personnel implications associated with this report.

8. CONSULTATIONS

8.1 The report reflects the views of the consultees listed below.

9. RECOMMENDATIONS

9.1 Members are asked to note the contents of this report and endorse the introduction of new fees outlined within paragraphs 4.5 and 4.9 prior to the report being considered by Cabinet.

10. REASONS FOR THE RECOMMENDATIONS

10.1 These are new fees for services, which the Authority has not provided previously or been considered by elected members.

10.2 The additional revenue generated will help support services in light of the council's Medium Term Financial Plan and the need to save £30 million over the next four years.

11. STATUTORY POWER

11.1 Local Authorities Cemeteries Order 1977
Local Government Act 2003

11.2 Local Government Acts 1972 to 2003 and the Road Traffic Act 1988.

Author: Mike Headington, Principal Officer: Outdoor Facilities & Bereavement Services
Consultees: Christina HARRY, Corporate Director Communities
Nicole Scammell, Acting Corporate Director & Section 151 Officer
Mark S. Williams, Head of Community & Leisure Services
Gail Williams, Interim Head of Legal & Democratic Services
Councillor Nigel George, Cabinet Member
Mike Eedy, Finance Manager
David A. Thomas, Senior Policy Officer (Equalities & Welsh Language)
Mary E. Powell, Fleet Manager

Appendices:
Appendix 1 - Illustration of Cremated Remains Vaults

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Appendix 1 - Illustration of Cremated Remains Vaults



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REGENERATION AND ENVIRONMENT SCRUTINY COMMITTEE INFORMATION REPORT

SUBJECT: PROPOSED NEW FEE STRUCTURE FOR ADDITIONAL SERVICES

REPORT BY: CORPORATE DIRECTOR - COMMUNITIES

1. PURPOSE OF REPORT

1.1 To provide members with further information.

2. SUMMARY

2.1 A report was considered by the Regeneration & Environment Scrutiny Committee on the 28th June on a proposed new fee structure for additional services. Members requested further information in relation to two items; this report sets out that information.

3. LINKS TO STRATEGY

3.1 The proposed charges for additional services will ensure the division has the adequate resources to deliver services and meet specific priorities in light of the Council's Medium Term Financial Plan.

4. THE REPORT

4.1 In relation to the clarification of the £505.00 interment fee, attached as Appendix 1 of this report is the current fee structure. This structure was agreed by members at the inception of Caerphilly County Borough Council in 1996. These fees have been incremented annually in line with members' approval. The cremated remains interment fee of £505.00 is irrespective of whether the remains are being interred into a full grave or cremated remains plot. Members should be aware that the £505.00 fee not only relates to the initial grave excavation but includes subsequent maintenance of the grave (for a period of 50 years). Any reduction in this (or any other bereavement fees) will result in the Authority paying large subsidies, a factor which the Cross Party Task and Finish Group wanted to move away from with the aim of achieving full cost recovery after the five year period referred to in paragraph 4.2.

4.2 Members will be aware of the Cross Party Task & Finish Group, which considered a raft of issues facing the Authority's bereavement service. In relation to fees and charges, members endorsed the recommendation of the Task & Finish Group that fees should be increased annually by 18.5% plus inflation for 5 years to ultimately make the service self-financing. This approval ended in 2015/16 and for this current financial year (2016/17) fees were not increased.

4.3 In relation to the 50 year period for the Grant of Exclusive Right of Burial, on 10th July 2003, the Environmental & Housing Scrutiny Committee received a report which set out a series of recommendations in this respect. A copy of this report is attached as Appendix 2. The report was endorsed by Cabinet on the 12th August 2003.

- 4.4 The report recommended moving away from issuing Exclusive Rights of Burial, which included the Right to Construct & Maintain a Memorial. It recommended the Authority separated these Rights and issued a separate Right to maintain a memorial for a period of 30 years. (This 30 year period at the time, was in accordance with industry standards).
- 4.5 It was also recommended that the period for the Exclusive Rights of Burial be reduced from 99 years to 50 years. This is intrinsically linked to the recommendations made by the Institute of Cemetery & Crematorium Management (ICCM) and will enable the Authority to maintain communication links with bereaved families.

5. EQUALITIES IMPLICATIONS

- 5.1 There are no equalities implications within this report for specific groups or individuals. Therefore there is no requirement for an Equalities Impact Assessment to be undertaken.

6. FINANCIAL IMPLICATIONS

- 6.1 The financial implications have been set out within the body of the report considered by members on the 28th June 2016.

7. PERSONNEL IMPLICATIONS

- 7.1 There are no personnel implications associated with this report.

8. CONSULTATIONS

- 8.1 The report reflects the views of the listed consultees.

9. RECOMMENDATIONS

- 9.1 The views of members are sought.

10. REASONS FOR RECOMMENDATIONS

- 10.1 To seek the views of the Scrutiny Committee prior to the report being considered by Cabinet.

11. STATUTORY POWER

- 11.1 Local Authorities Cemeteries Order 1977
Local Government Act 2003

Author: Mike Headington, Principal Officer: Outdoor Facilities & Bereavement Services
Consultees: Christina Harray, Corporate Director Communities
Nicole Scammell, Acting Corporate Director & Section 151 Officer
Mark S. Williams, Head of Community & Leisure Services
Gail Williams, Interim Head of Legal & Democratic Services
Councillor Nigel George, Cabinet Member
David A. Thomas, Senior Policy Officer (Equalities & Welsh Language)

Appendices:

- Appendix 1 - Current Fee Structure
- Appendix 2 - Report to Environmental & Housing Scrutiny Committee 10th July 2003

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Directorate of Community & Leisure Services
Bereavement Services

List of Cemetery Fees - from 1st April 2016

1. Interment	Fee
Stillborn/not exceeding one month (including cremated or other remains)	No fee
(a) New / Re-open	
Single depth	£1646
Double depth	£1739
Triple depth	£1807
(b) New/Re-open on a Saturday	
Single depth	£1922
Double depth	£2034
Triple depth	£2102
2. Cremated Remains	
1. New/Re-open	£505
2. New/Re-open - Saturday	£592
3. Purchase of the Exclusive Right of Burial	
1. Selected Grave (front of section)	£839
2. Selected Grave (within the middle of a section)	£2266
3. Unselected Grave	£605
4. Selected Garden of Rest plot	£370
5. Unselected Garden of Rest plot	£307
6. Plot within the Children's Section (up to 16 yrs)	£145
4. Purchase of the Right to Construct & Maintain a Memorial	
1. Full grave	£430
2. Garden of Rest plot	£160
3. Plot within the Children's Section (up to 16 yrs)	£78
5. Ancillary Charges	
1. Permit for Headstones / Memorial, Vases etc	£146
2. Additional Inscription / Replacement Memorial	£80
3. Genealogy Searches	£31
4. Use of Facilities at Brithdir Chapel	£60 Per Occasion
5. Plaque on the Columbaria at Penyrheol / Abercarn / Bedwelty Cemeteries	£167
6. Plaque on the Children's Memorial at Brithdir Cemetery	£119
7. Construction works carried out by the council in respect of bricked graves or vaults	Full rechargeable costs
8. Exhumation of Human Remains	Full rechargeable costs plus VAT

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ENVIRONMENTAL AND HOUSING SCRUTINY COMMITTEE - 10TH JULY 2003

SUBJECT: EXCLUSIVE RIGHTS OF BURIAL

REPORT BY: DIRECTOR OF THE ENVIRONMENT

1. PURPOSE OF REPORT

- 1.1 To advise members of the need to separate the Exclusive Rights of Burial and the right to construct and maintain a memorial on a grave space.

2. LINKS TO STRATEGY

- 2.1 The Directorates principal aim in the Divisional Improvement Programme for 2003/04 in relation to Bereavement Services is:-

"to develop an effective and sympathetic bereavement service as part of the public service provision"

This supports the corporate theme of:-

"Improving people's environment through targeted activities, regulation, information and advice"

3. BACKGROUND

- 3.1 Under the provision of section 10 of the Local Authorities' Cemeteries Order 1977, a burial authority may grant, on such terms and subject to such conditions as they think proper, to any person, the Exclusive Right of Burial in any grave space. Included within the Exclusive Right of Burial, the Authority may include the right to place and maintain a memorial.
- 3.2 These rights commence for the period specified on the respective grant and must not exceed one hundred years. At present, Caerphilly County Borough Council grants Exclusive Rights of burial for the period of ninety-nine years. These rights also encompass the right to place and maintain a memorial on a grave space.
- 3.3 In granting a right to place and maintain a memorial in a cemetery, it is important that safety of the memorial and the public are considered, both in the short and long term. The terms and condition of the Health and Safety at Work etc Act 1974 are important and although an exclusive right of burial may be granted for a period not exceeding one hundred years, the right to place and maintain a memorial may be given for a more restricted period with power to renew the right for extended periods, in the same manner as the right of burial, provided the memorial has been and is being maintained in a safe condition.
- 3.4 Since 1st August 2002, the Council adopted a Memorial Mason Registration Scheme. One requirement of the scheme is that memorial masons must guarantee their work for a period of 30 years, to both their client and the Council.
- 3.5 Following fatalities across the U.K from unsafe memorials and under the provisions of the Health & Safety at Work etc Act 1974, the Council has set up a memorial inspection programme to inspect every memorial erected in our ten municipal cemeteries, of which there are approximately 25,000.

3.6 The Council has recently adopted the 'Charter for the Bereaved' promoted by the Institute of Burial and Cremation Administration (I.B.C.A). It is a recommendation of the Charter that members separate rights to erect and maintain memorials from the exclusive rights of burial. The length of the lease for erecting and maintaining a memorial should be issued for the same period as any guarantee given by the memorial mason, in our case thirty years. Rights can be renewed at the end of the period subject to an inspection and repairs of any defects and further guarantee given by the memorial mason.

3.7 When a memorial is identified as unsafe the current procedure is to place an appropriately coloured warning bag upon it to clearly identify it to visitors of the cemetery and employees of the Council as a potential hazard. Attempts are then made to contact the holder of the rights requesting that they make the memorial safe. To date, we have had very little success in contacting heirs to the rights. This has resulted in the Council repairing the memorial or laying it flat.

4. FINANCIAL IMPLICATIONS

4.1 It is not anticipated that there will be any significant financial implications from the adoption of this scheme.

5. PERSONNEL IMPLICATIONS

5.1 There are none.

6. RECOMMENDATIONS

6.1 The scrutiny committee is asked to consider the following and recommend to cabinet accordingly:-

- (a) Move away from issuing Exclusive Rights of Burial, which includes the right to construct and maintain a memorial.
- (b) Issue a separate right to place and maintain a memorial for a 30-year period. The right is issued on the condition that it is subject to the memorial being inspected once every five years and any repairs carried out. If this is not done, then the right is deemed to be terminated. The 30-year period coincides with the guarantee required under the Memorial Masons Registration Scheme.
- (c) Reduce the period of the Exclusive Right of Burial from 99 years to 50 years.

7. REASONS FOR THE RECOMMENDATIONS

7.1 If the Exclusive Right of Burial is issued for ninety-nine years and the right to erect and maintain a memorial is included, then the memorial may become a hazard long before the rights have expired.

7.2 Ensure compliance with the recommendations made by the Institute of Burial and cremation administration.

7.3 Such a policy would ensure that communication links between the Authority and the holder of the Exclusive Right are maintained.

Author: Mike Headington, Bereavement Officer, Ext. 5404
Headim@caerphilly.gov.uk

Consultation: Director of the Environment, Roger Webb
Cabinet Member, Councillor Kevin Viney
Chief Environmental Health Officer, Norman Gatehouse
Public Services Manager, Mark S Williams
Contract Officer, Robert Napper

Background Papers:
Charter for the Bereaved

The first part of the report is a summary of the work done during the year.

The second part of the report is a detailed account of the work done during the year.

The third part of the report is a summary of the work done during the year.

CABINET - 12TH AUGUST 2003

SUBJECT: EXCLUSIVE RIGHTS OF BURIAL

REPORT BY: CHIEF EXECUTIVE

1. PURPOSE OF REPORT

1.1 The attached report was considered by the Environmental and Housing Scrutiny Committee on 10th July. That Committee recommended to Cabinet to

- (a) Move away from issuing Exclusive Rights of Burial, which includes the right to construct and maintain a memorial.
- (b) Issue a separate right to place and maintain a memorial for a 30-year period. The right is issued on the condition that it is subject to the memorial being inspected once every five years and any repairs carried out. If this is not done, then the right is deemed to be terminated. The 30-year period coincides with the guarantee required under the Memorial Masons Registration Scheme.
- (c) Reduce the period of the Exclusive Right of Burial from 99 years to 50 years.
- (d) Subject to the views of the Head of Legal Services, invite holders of existing rights to relinquish them voluntarily and adopt the new procedures.

Author: Gary George, Committee Services Manager
georgg@caerphilly.gov.uk

Appendices:
Appendix 1 Environmental and Housing Scrutiny Report 6(a)

COUNCIL - 13TH AUGUST 2015

AGENDA ITEM NO. 10

AGENDA ITEM NO. 10

AGENDA ITEM NO. 10

The Council is invited to consider the following information and to decide whether it should be included in the Council's agenda for the 13th August 2015.

The Council is invited to consider the following information and to decide whether it should be included in the Council's agenda for the 13th August 2015.

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AGENDA ITEM NO. 10

AGENDA ITEM NO. 10



CABINET – 27TH JULY 2016

SUBJECT: HR STRATEGY DOCUMENT

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

- 1.1 The attached report, which was presented to the Policy and Resources Scrutiny Committee on 12th July, sought Members views on the draft HR Strategy 2016-20, prior to its presentation to Cabinet for approval.
- 1.2 Officers explained that following a review of the Council's Human Resources (HR) arrangements in 2012, Wales Audit Office (WAO) raised the need for the improvements in strategic HR and workforce planning, and subsequently made the statutory recommendation that the Council 'ensures that the actions identified to improve the HR function and workforce planning are implemented'. The WAO follow-up of the Special Inspection report of January 2015 concluded that a number of improvements were awaiting completion but noted the significant progress made by the Council in developing HR-related policies to facilitate the implementation of the Council's medium-term financial plan. The HR Strategy document has been developed to address an outstanding proposal for improvement from WAO, which stated that the Council should prioritise the development of an HR strategy and workforce plan to form key elements of the Council's strategic planning framework.
- 1.3 Members were advised that this will be the first HR Strategy for Caerphilly CBC, and in view of the potential future challenges and changes faced by the Authority, it was proposed that the HR Strategy (attached in draft form at Appendix 1 of the Scrutiny Committee report) be reviewed 12 months after implementation and updated if considered necessary.
- 1.4 The Trade Union representative present at the meeting confirmed that the Trade Unions had no issues with the proposed HR Strategy and recognised the need for efficiencies to be made, but they expressed the need for the Authority to exercise its duty of care to its employees when utilising the Strategy across the workforce.
- 1.5 During the course of the ensuing debate, concerns were expressed regarding the references to reviewing services and attendance management policies. Officers reiterated that the aim of the HR Strategy is to support Managers to deliver, maintain and improve services and minimise the impact to staff in the achievement of budget targets.
- 1.6 Following consideration of the report, the Policy and Resources Scrutiny Committee unanimously recommended to Cabinet that for the reasons contained therein:-
 - (i) the HR Strategy as appended to the report be approved;
 - (ii) the HR Strategy be reviewed 12 months after implementation to ensure it is current and fit for purpose.
- 1.7 Members are asked to consider the recommendations.

Author: R. Barrett, Committee Services Officer, Ext. 4245

Appendices:
Appendix 1 Report to Policy and Resources Scrutiny Committee on 12th July 2016 – Agenda
Item 8



POLICY AND RESOURCES SCRUTINY COMMITTEE – 12TH JULY 2016

SUBJECT: HR STRATEGY DOCUMENT

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

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to seek views from Policy and Resources Scrutiny Committee regarding the draft HR Strategy 2016 – 20, prior to presentation at Cabinet for agreement.

2. SUMMARY

- 2.1 The Council has an outstanding proposal for improvement from Wales Audit Office (WAO) that we 'should prioritise the development of an HR strategy and workforce plan. These should form key elements of the Council's strategic planning framework.' The agreement of the HR Strategy document will assist to address this proposal.

3. LINKS TO STRATEGY

- 3.1 The HR Strategy 2016 – 20 links to the Council's Corporate Plan 2013 - 2017, the Medium Term Financial Plan, and the Single Integrated Plan 2013 - 2017.

4. THE REPORT

- 4.1 Following a review of the Council's HR arrangements in 2012, WAO raised the need for the improvements in strategic HR and workforce planning. The WAO Special Inspection report published in January 2014, concluded that 'the Council has been slow to implement actions to improve the HR function and to develop its workforce planning arrangements'. WAO subsequently made the statutory recommendation that the Council 'ensures that the actions identified to improve the HR function and workforce planning are implemented'.
- 4.2 The WAO follow-up of the Special Inspection report of January 2015 concluded that the Council 'is not yet realising the benefits of the strategic aspects of human resources and workforce planning although significant progress has been made in developing human-resources-related policies to facilitate the implementation of the Council's medium-term financial plan'.
- 4.3 Policy and Resources Scrutiny Committee are now asked for views regarding the HR Strategy 2016 – 20, prior to presentation at Cabinet for agreement.
- 4.4 This will be the first HR Strategy for Caerphilly CBC. It is recognised that the Authority is facing a number of challenges and perhaps changes moving forward that could impact on the HR Strategy. Hence it is recommended that this strategy is reviewed 12 months after implementation and updated if considered necessary.

5. EQUALITIES IMPLICATIONS

- 5.1 Equalities and Welsh language issues form a fundamental part of HR policies in line with the Council's Strategic Equality Plan, in order to comply with the statutory duties and regulations covering these areas. The HR Strategy will be implemented alongside the HR aspects of the Council's Strategic Equality Objectives, specifically SEO 6 (Compliance with the Welsh Language Standards), SEO 10 (Diversity in the Workplace) and SEO 11 (Corporate Compliance).

6. FINANCIAL IMPLICATIONS

- 6.1 There are no financial implications within this report.

7. PERSONNEL IMPLICATIONS

- 7.1 The personnel implications are included in the report.

8. CONSULTATIONS

- 8.1 There are no consultations that have not been included in the report.

9. RECOMMENDATIONS

- 9.1 Policy and Resources Scrutiny Committee are asked for views regarding the HR Strategy 2016 – 20, prior to presentation at Cabinet for agreement.
- 9.2 Policy and Resources Scrutiny Committee endorse the proposal to review this strategy 12 months after implementation, to ensure that it is current and 'fit for purpose'.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 The recommendation is made to allow the Council to progress the outstanding proposal for improvement from WAO to prioritise the development of an HR strategy.

11. STATUTORY POWER

- 11.1 Local Government Acts 1972 and 2000.

Author: Lynne Donovan, Acting Head of Human Resources and Organisational Development

Consultees: Corporate Management Team
HR Management Team
HR Strategy Group
Gail Williams, Interim Head of Legal Services and Monitoring Officer
David Thomas, Senior Policy Officer (Equalities and Welsh Language)
Gary Enright, Branch Secretary, Unison
Neil Funnell, Branch Secretary, GMB

Appendices:
Appendix 1 Caerphilly County Borough Council Draft HR Strategy 2016 - 2020

**CAERPHILLY COUNTY BOROUGH COUNCIL
DRAFT HR STRATEGY
2016 - 2020**

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FOREWORD

Caerphilly County Borough Council provides services to over 170,000 residents; to around 2,000 local businesses; and to visitors to the area. The quality of those services is entirely dependent on the people we employ, who provide those services in a widely differing range of settings.

As the Leader of the Council, Cllr. Keith Reynolds, put it in his Annual Report to Council in May 2016:

A report such as this can never adequately reflect the work of over 9,000 staff operating across 600 different service areas. But it is their work which makes all the difference – the unsung work of catering staff in the school meals service; of environmental officers who inspect food premises; of refuse collectors or highways staff; of those who work in residential care or who help people in their own homes; of the staff in the Contact Centres and the Customer Service Centres; of support staff in back office functions who support the front line services. And the many thousands like them. I would like to record my sincere gratitude to all of them for their hard work and perseverance, often in very difficult situations.

This HR Strategy sets out the framework of how we intend to support our workforce in delivering, maintaining and improving services. We need to make sure that we have the right jobs in place; that we have the right people in those jobs, with the necessary skills; and that we help those people continue to develop their skills.

This is a major challenge in an organisation of the size and complexity of ours. Each of our several hundred service areas have their own particular needs in terms of workforce planning for the future but, at the same time, we are one employer and we must ensure a consistent approach in the way we treat our workforce.

This is also a time of great change for local government. More and more, local authorities are expected to work in partnership and to collaborate with neighbouring authorities, other statutory organisations and the local community. The financial challenge over the next few years will also require us to look hard at what services we provide, and how we provide them. As funding reduces, local authorities are being forced to reduce the size of their workforce and to focus on their priorities in allocating resources. A strong set of HR policies and an HR service which supports managers and supports staff in coping with these changes will be crucial.

Over the next year we will be seeking to communicate with and engage our workforce. Through a staff survey, and a range of other engagement techniques, we will be seeking their views as to how we can better help and support them to perform their roles. No-one understands better the challenges and difficulties of providing our services than those at the “front-line” who deliver those services. We will need their input and their knowledge to help us improve.

We will also be engaging managers to look at how we can support them more effectively to cope with and plan for the challenges that lie ahead. And, we will be revising the training and other support provided for managers to ensure that we have the ability to respond to the new challenges that lie ahead.

This strategy also includes some new ways of measuring our effectiveness in the way we manage and support our workforce. In some cases – such as levels of sickness absence – data is readily available and relatively easy to monitor. In other areas, measuring effectiveness and success is not so easy. Over the coming year we will be reviewing these measures to ensure they are the right ones, and that they are working as we intend.

I am grateful to those on the HR Strategy Group who have worked to prepare this new HR Strategy. As a council, we have great ambition for the future. Delivering that ambition depends on having a skilled and committed workforce who have the right support to help them perform their roles. This HR Strategy, and the work we have planned for the coming year will, I am sure, help us meet that challenge.

CHRIS BURNS
INTERIM CHIEF EXECUTIVE

1. EXECUTIVE SUMMARY

Our workforce is the most valuable asset that we have. We have almost 9,000 employees (including schools) who are at the heart of everything that we do as a Council and of the services we provide. Our total gross expenditure is in excess of £562 million from which we spend 41% on our workforce, including Schools and Housing Revenue Account (HRA) and 21% excluding Schools and HRA.

An engaged and effective workforce will help the Council to realise its priorities for the County Borough. Having the right people, with the right skills, in the right place at the right time is critical for us to achieve our objectives. This however, has to be considered in conjunction with the Council's Medium Term Financial Plan, which undoubtedly will mean services being delivered in different ways to how they have traditionally been, as the report to Council on 25 February 2015, confirmed the estimated savings requirement for the Council as £39m over three years. However, changes in Welsh Government budget allocations have now meant that savings are estimated as £36m over five years with effect from 2016. This will be a challenge for Managers, employees and Members.

The prospect of a Local Government Reorganisation also cannot be ignored as we undertake our day to day business. Whilst like all other Councils we would look at more collaborative working arrangements at a time when our budgets are being cut, the uncertainty of the boundaries of any Reorganisation intending to reduce the number of Councils in Wales, is not helpful.

Our HR Strategy will help us to achieve this by setting out what we need to do and how we will measure success. We need to consider the fundamental areas of HR such as Recruitment and Selection, Absence Management, Equality and Diversity and building on these activities with management development, performance development, workforce flexibilities to allow us to continue to deliver excellent services to our residents whilst reducing our workforce.

Our employees clearly need to understand what we need them to do and why what they do is important. As an employer, we need to understand the views and concerns of our workforce and most importantly how our workforce can help us to contribute to our future challenges and help to shape our services.

The implementation of the Council's HR Strategy will illustrate the contribution every employee can make towards the achievement of the Council's vision.

2. OVERVIEW

“Working together for the good of all”

In order to deliver this, we need to engage effectively with our employees and encourage them to generate ideas as to how we can improve our services, in the knowledge that we have to reduce our workforce and change how we do things. We need to continue to support the professional development of all our employees and support them with opportunities outside their own service areas, in order to protect employment.

We currently employ almost 9,000 people, which includes 3,600 within Schools. In the past 3 years, our headcount has reduced by 5% and this reduction will not only continue but increase considerably in the next 3 years. In October 2014, the Council introduced workforce flexibilities policies to assist the challenges to be faced by the Medium Term Financial Plan. The Council's Redeployment Scheme is well embedded in the Organisation and supports our commitment to prevent redundancies wherever possible and to help meet the financial objectives. However, it is recognised that in the coming years there will inevitably be occasions where it is not possible to avoid a redundancy situation, because of the financial situation the Council faces.

HR will continue to support Managers to maximise the potential of the Council's most valuable asset, our employees, to deliver quality services to the residents of the County Borough efficiently, effectively and with pride.

3. OBJECTIVES AND GOALS

3.1 What is the Council Seeking to Achieve

The Well-Being of Future Generations (Wales) Act 2015 came into force on the 1st April 2016 and placed a number of legal duties on public bodies in Wales to meet the legally binding 'common purpose' for 7 statutory well-being goals:

- A sustainable Wales
- A prosperous Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A Wales of vibrant culture and thriving Welsh language
- A globally responsible Wales

The Council must have a workforce with the right skills and support in order to achieve the cultural change envisaged by the Act. We are working to ensure that staff are aware of the well-being goals, the ways of working and the well-being duty so that it becomes part of how they deliver their work. We are doing this through briefings, intranet resources, and by embedding the well-being goals and five ways of working in our planning, decision making, policies and procedures. Welsh Government have proposed a number of engagement and communication processes, through a public bodies communication sub-group, that will support this work.

The Councils Corporate Plan 2013 – 17 sets out the high-level priorities for 2013 - 17. It highlights how our priorities contribute towards achieving our partnership goals within the long term plan entitled *Caerphilly Delivers*. The Council has set 8 specific priorities for the 3 years or more starting from 2014-15 and we will review them on a yearly basis to be sure they are still relevant.

The Plan is the long term vision for Caerphilly County Borough Council for sustainable communities supported by actions that enhance the quality of life for all.

A link to the Corporate Plan 2013 – 17 is attached below:

http://www.caerphilly.gov.uk/CaerphillyDocs/Council-and-democracy/corporate_plan_2013_17.aspx

Council Priorities

Social Services

1. Peoples social care needs are identified and met in a timely and appropriate way
2. Children and Adults are safeguarded from abuse

Corporate parenting is the legal and moral duty that Councillors and the Council have for looked after children, to provide them with the level of support, care and protection that any good parent would give to their child. We also have a duty of care to provide all adults in the social care system, with an acceptable level of service in a timely and appropriate manner.

HR will support the first part of this priority by ensuring that officers and managers within Social Services can adapt and be flexible in response to the challenges faced within the Medium Term Financial plan in still being able to ensure that there are the right professionals within social care with the right skills to ensure that this statutory duty is met.

HR will support the second part of this priority by working in partnership with Managers / designated professionals in promoting the Council's Corporate Safeguarding Policy; ensuring safe recruitment procedures are in place, that comply with legislation, the requirements of Regulatory Bodies and good practice; promoting the Council's Whistleblowing Procedure and Code of Conduct; supporting Managers / Head Teachers to comply with the requirements set out in the policies and procedures regarding the safety and welfare of children and adults.

Education

3. Improve standards across all year groups particularly key stage 3 and 4
4. Identify vulnerable groups of learners and develop interventions to ensure needs are met
5. Reduce the gap in attainment between pupils in advantaged and disadvantaged communities

Education has the ability to empower people to make better life choices, be ambitious and confident about work, and contribute substantially to breaking the cycle of deprivation. Whilst there have been improvements and an upward trend, improving standards remains a priority.

HR will support this priority by working with designated professionals to develop and recommend to Schools policies that are fit for purpose, ensuring that when implemented, Schools have policies in place that support safe recruitment and ensure employees are fit to practice; that provide effective performance management of staff in accordance with Welsh Government guidance; support Head Teachers and Governing bodies to address unsatisfactory performance of staff with robust policies and clear advice.

HR will also support the Cabinet Member, Chief Education Officer and the Education Achievement Service with their challenge role in improving School performance, which often relies upon having the right professionals to drive up standards.

Environment

6. Promote the benefits of an active and healthy lifestyle

Lifestyles of our local population (alcohol consumption, smoking, physical activity and diet) are generally unhealthy with 62% of our adult population overweight and above the Welsh average of 57%.

HR will support this priority with the recognition that many of the residents of the County Borough are our employees and their families. We will continue to support the improvement of health and wellbeing via the HR Strategy Group via various health and wellbeing events. Occupational Health support is available to employees and a confidential independent employee assistant programme, 'Care First' is available to employees and their families 365 days a year. The continued development of family friendly policies also supports improved health and wellbeing of employees and their families.

HR will also look to collaborate with other service areas such as sustainability or leisure in ensuring that any initiatives that the Council promotes for residents are shared and promoted with employees.

7. Invest in our Council Homes and their communities to transform lives.

HR will support this priority by working with the Housing and WHQS Management Teams to ensure they have a workforce that is fit for purpose via safe Recruitment Procedures; effective performance development processes; relevant staff guidance, including Code of Conduct and Whistleblowing Procedure. We will continue to support training and development programmes, work based development opportunities, and coaching and mentoring to improve the learning and development of our employees.

HR will also help the Cabinet Member and Officers who are part of the WHQS Board when considering appropriate staffing resources to meet this challenging programme which has strict time targets.

Corporate Services

8. Affordability – Deliver a Medium Term Financial Plan aimed at ultimately providing a period of stability that helps the Authority to have a range of services in the future that are sustainable.

Recognising that the Council's Corporate Services, in particular Finance, Performance, IT, Procurement, Legal, and HR itself, contribute to all of the Council's frontline services and objectives, HR will support managers to effectively use the range of workforce planning tools introduced in October 2014, to assist with managing the challenges of the Medium Term Financial Plan, which involves savings in these areas so that frontline services are protected. In accordance with Council's determination. We will always try to achieve any reductions required in staffing numbers via natural wastage, not filling vacancies and redeployment. However, because of the estimated numbers required to achieve the Medium Term Financial Plan, it is highly unlikely that savings will be achieved via this approach. We would always wish to avoid a situation of compulsory redundancy, whenever possible.

The Council's priorities contribute to the **Single Integrated Plan 2013 – 17, 'Caerphilly Delivers'**. Working with our partners in the Aneurin Bevan Health Board, Gwent Police, Gwent Association of Voluntary Organisations, and Welsh Government, the Caerphilly Local Service Board aims to improve the quality of life for our communities. We have a proven track record of effective partnership working developed over many years and are building on this in our plan. Our plan reflects the Welsh Government's strategic approach to developing our communities and is a challenge to the public, voluntary and private sector to work together with our communities, and sets out what working together will achieve.

A link to Caerphilly Delivers, The Single Integrated Plan 2013 - 2017 is attached below:

http://your.caerphilly.gov.uk/communityplanning/sites/your.caerphilly.gov.uk/communityplanning/files/pdfs/caerphilly_delivers_cover.pdf

3.2 HR Objectives and Goals

What does the HR service aim to achieve?

HR will support Managers to achieve an efficient and effective organisation in order to deliver quality services to the residents of the County Borough, in accordance with the Corporate Plan and within the confines of the Medium Term Financial Plan.

HR will support Managers to review service provision to reduce costs and to drive improvement and cultural change across the organisation. HR will assist managers to engage effectively with the Trade Unions to achieve this.

HR will also support Managers to develop a workforce plan that sets out how they can achieve the right number of employees, who are trained and equipped to deliver the high quality services we need, within the confines of the Medium Term Financial Plan.

Although recognising that the transactional activities, such as payroll are an important part of the HR function, HR will focus on the strategic support that is needed to enable the Council to meet the challenges of change. HR will look for innovative solutions to enable Members, Managers and Officers.

4. HOW WILL WE REALISE OUR HR OBJECTIVES AND GOALS

HR will ensure that there are policies and procedures available to support managers to achieve the overall objectives of the Council by having the right people with the right skills in the right place at the right time, whilst addressing the requirements of the Council's Medium Term Financial Plan. The Trade Unions will be a key partner in this process.

4.1 Right People

The review of services within the context of the Medium Term Financial Plan will not only lead to revised structures, but also to alternative ways of working e.g. collaborations, trusts, mergers. Any different service delivery model will not only have to be efficient and effective, but will also have an increased scrutiny with regards to value for money.

The workforce flexibilities policies will provide opportunities for some employees, but the Council will undoubtedly be faced with a compulsory redundancy situation in the coming years. Managers therefore will need to rely on robust policies to support them to downsize their services.

The HR team will support and advise managers on restructuring and alternative service delivery models and work with them to ensure that they adhere to the appropriate policies, procedures, legislation and Regulations and that support is provided to employees. HR will engage with the Trade Unions and ensure that they are offered opportunities to actively engage in such situations.

Improvement Activities:

- Work closely with Directors, Heads of Service and Head Teachers to support them to meet their financial savings within the timescales set.
- Review effectiveness of the workforce flexibilities policies.

Key Performance Indicators:

- Review of user satisfaction survey and include in Self Evaluation
- Monitor statistics in relation to the workforce flexibilities policies.

Recruitment

We are committed to ensuring that the Council continues to have effective and safe Recruitment and Selection processes and practices that supports managers to employ high quality, fit for purpose workers.

Improvement Activities:

- Monitor recruitment information and statistics
- Review the Council's Recruitment and Selection Procedure
- Ensure managers are suitably trained to undertake effective recruitment activity.
- Develop with managers internal recruitment exercises to meet specific service

requirements.

- Provide accessible informative analysis on employment information.

Key Performance Indicators:

- Employee turnover statistics within the first year of employment
- Employee turnover statistics post first year of employment
- Employee leaver reasons analysis
- Attendance levels at Recruitment and Selection training
- % DBS checked not cleared by expiry date

Redeployment

HR will seek to support the redeployment of employees wherever possible. Whenever an employee is in a potential redundancy situation, we will, in conjunction with their Manager, look to support them to transfer their careers into other directions where possible and utilise the valuable skills and experience they have gained during their employment with the Council.

To date we have been very successful in securing alternative employment for those at risk across the Council, but this will become increasingly challenging with the numbers of staff facing redeployment increasing as service areas strive to achieve the savings identified within the Medium Term Financial Plan. The redeployment pool will continue to be managed and supported by HR to maximise the opportunities for employees to remain in the employment of the Council.

Improvement Activities:

- Monitor the Council's vacancy management process
- Encourage Managers to consider more generic competencies for posts where possible to support redeployment opportunities.

Key Performance Indicators:

- Redeployment statistics
- Vacancy management statistics

Employees Leaving the Council:

Inevitably, as a result of the financial challenges facing the Council there will be a need to reduce the workforce. All Managers have had to reduce their budgets by at least 20%, some more, depending on decisions made by members in terms of service delivery. We are committed to preventing compulsory redundancies wherever possible and will explore all other options before resorting to this. However, it is impossible to achieve savings of £36m over five years, with effect from 2016, without reductions in the workforce. The Council will always try to achieve this via natural wastage and not filling vacancies and has,

amongst other things, introduced workforce flexibilities policies as options to avoid compulsory redundancy.

There is a significant challenge in maintaining employee engagement and motivation during this period of change.

Improvement Activities:

- Work with managers and Trade Unions on service redesign arrangements and thorough consultation processes.
- Provide more information for employees who are thinking of leaving the employment of the Council
- Support the work of the Staff Engagement Team to retain motivation and morale within the Council

Key Performance Indicators:

- Workforce Flexibilities policies statistics

Equality and Diversity

Achieving diversity in our workforce is important to us. This is not just about complying with the law but it is about recognising and valuing differences, treating everyone fairly and ensuring equality of outcome.

We will work closely with our Equalities and Welsh Language Officers and management teams to ensure that our employment framework fulfils our duties and obligations under the Equality Act 2010.

We have a responsibility to maintain the integrity of our pay and grading structure and meet the commitments made in our Single Status agreement. We are also committed to ensuring that our employment policies and arrangements are reviewed regularly to ensure that they are compliant with legislative requirements, meet the needs of Regulatory bodies, support the organisation and are implemented effectively.

Improvement Activities:

- Work with and actively support the Equalities officers to raise awareness and understanding of our obligations and inclusion in Council business and promote equalities training opportunities.
- Monitor employment equalities statistics.
- HR systems capture the required equalities data in line with best practice.
- Review employment policies as appropriate.

Key Performance Indicators:

- Equalities employment statistics

- Robust employment policies that are reflective of best practice

4.2 Right Skills

Performance Management and Development

To support the organisation to deliver its identified priorities, it is essential that the performance of each individual and team member is as good as it can be. To achieve this aim we need to ensure that employees and managers see the link between personal performance and objectives, service area performance and objectives and Corporate performance and objectives.

We need to ensure that line managers are confident in undertaking people management responsibilities to improve performance, support their teams and demonstrate strong management skills. HR will support managers by the provision of comprehensive guidance, robust policies and procedures and effective learning and development opportunities.

A revised approach to management development is needed to support the organisation to address the many complexities it will face in reviewing service provision to address the requirements of the Medium Term Financial Plan.

The Induction processes needs to be reviewed and e-learning opportunities explored to maximise the access to learning and development for employees where appropriate.

Improvement Activities:

- Provide further guidance to managers in relation to performance development reviews
- Review the use of coaching and mentoring within the organisation.
- Introduce a management development programme
- Develop regional collaborative opportunities where appropriate.

Key Performance Indicators:

- Employee satisfaction with training.
- % of PDRs conducted in the Council per year.

4.3 Right Place

Workforce Planning

Effective workforce planning is essential to meet organisational objectives and inform organisational design. In order to deliver services, within budget, the Council needs to have a workforce which is fit for purpose.

HR has developed a workforce planning template, which is now included in the annual Service Development Plans. Where Heads of Service identify significant workforce planning challenges, the template will support managers to deal with these. The template can be used in restructuring scenarios across the Council to help identify what is required to deliver a different or reduced service as dictated by the Medium Term Financial Plan. There is a 'Workforce Assessment' section in the Self Evaluation and Heads of Service have the opportunity to include any workforce matters that they feel are appropriate to their service and this includes workforce planning.

The workforce plan is a means to assist Managers to identify areas of efficiencies and to compare the current competencies, skills and other workforce features with future needs. It is also essential that we monitor our employment costs to ensure that we support the organisation to meet its ever increasing financial challenges.

Improvement Activities:

- Report to Corporate Management Team on the outcome and learning of the workforce planning
- Assist Managers to develop workforce plans to support the Medium Term Financial Plan.
- Support Senior Managers to continually review structures
- Monitor the Council's redeployment practices within the context of the Medium Term Financial Plan
- Provide service area workforce data to Heads of Service on a quarterly basis.

Key Performance Indicators:

- Employment statistics
- Robust employment policies that are reflective of best practice and comply with relevant legislation.

Flexible Working Arrangements:

The Council has flexible working policies that will assist Managers to address the requirement for future efficiencies and working arrangements that will balance both the needs of the organisation and our employees.

We are committed to reviewing these policies if appropriate to provide the Council with increased flexibility and productivity at a reduced cost.

Improvement Activity:

- Review the current range of flexible working arrangements available to support the delivery of the Medium Term Financial Plan if appropriate.

Key Performance Indicator:

- Number of employees accessing flexible working arrangements

4.4 Right Time

Employee Health & Wellbeing

We recognise the importance of the health, safety and well being of all our employees. Our attendance management policy provides a framework to support our employees' attendance, and also to provide assistance to employees with health problems at an early stage.

We are committed to maintaining and where possible improving our employees' health and well being, which is demonstrated by the comprehensive professional services we have available, such as our confidential employee assistance programme and Occupational Health service. We work with Managers and Trade Unions to comply with the requirements to make reasonable adjustments to support employees to remain in employment. We will seek to continue to run health and wellbeing events and support employees to take responsibility for their own health and wellbeing via the HR Strategy Group.

Improvement Activities:

- Develop and deliver health improvement campaigns across the organisation and raise awareness of employee support facilities.
- Provide targeted on-site health support via the Council's Occupational Health service and Employee Health and Wellbeing projects.

Key Performance Indicators:

- Increase the number of wellbeing events on an annual basis
- 100% of attendees at corporate wellbeing events are satisfied or very satisfied with the event.

Attendance Management

Our reputation and success depends on the services our employees deliver. As a result, we expect a high level of attendance in order to deliver an efficient and effective service to all our residents and service users.

Managing attendance continues to be a key priority for the Council and improving attendance will have a positive impact on the delivery of all Council services. The average number of days lost to sickness absence is also a Statutory Performance Indicator.

Improvement Activities:

- Review attendance targets
- Review of attendance management policies
- Recognise and acknowledge good employee attendance.
- Further training for Managers

- In conjunction with relevant Managers and other professionals, implement attendance management action plans.
- Work with Managers to ensure sickness absence data recording is accurate and robust.
- Benchmark performance against other Councils.

Key Performance Indicator:

- Sickness absence statistics reported on a quarterly basis to Corporate Management Team with an analysis
- Monthly sickness absence reports to Managers
- Annual sickness absence reporting to the Local Government Data Unit.

4.5 Employee Engagement and Communication

We want our employees to feel proud to work for the Council and to provide essential services to the residents of the County Borough.

We recognise that there is a close link between levels of employee motivation and organisational performance. We are committed to engaging with our employees to inform them how we plan to face the challenges of the Medium Term Financial Plan as an organisation, how we intend to support them and to seek their views to improve service delivery with a decreasing budget.

We need managers who make employees feel valued and provide them with opportunities to get involved.

We are committed to providing regular and effective employee messages to improve communication and seek employee feedback about their employment experience, through a range of engagement opportunities, including regular dialogue with our Trade Union colleagues.

Improvement Activities:

- Establish a Staff Engagement Group
- Develop an Engagement Strategy
- Implement Manager and employee engagement and communications activities in a planned way.
- The Staff Engagement Group to provide regular updates at Management Network of the Engagement Strategy and seek feedback
- Continue working with the Trade Unions via already established Joint Consultative Committee meetings, both Corporate and within Directorates

Key Performance Indicators:

- Improved engagement statistics
- Improved use of Social Media as a vehicle to engage employees

5.0 HR GOVERNANCE

5.1 Role of the HR Strategy Group

Aim:

To consider the strategic aims of the Council and work collaboratively to identify and develop HR Policies and Procedures that enable Managers to achieve sustainable performance for the provision of services to the residents of Caerphilly.

Responsibilities:

To review the progress of the HR Strategy and ensure that service delivery supports the needs of the business via the following:

- To act as a consultation mechanism with Heads of Service and Management Network on HR issues including policies and procedures
- To act as an additional strand of review and scrutiny of HR activity to ensure that HR plans and proposals consider the operational challenges of Directorate teams
- Improve operational engagement
- Improve communications between HR and the Directorates it supports
- Provide feedback and support the evaluation of HR related activities
- Raise generic HR issues which impact the wider organisation
- Review the development of the HR and Payroll system, iTrent.

The group is an information-sharing and consultation forum along similar lines to the Council's Joint Consultative Committee mechanism with the Trade Unions.

5.2 Governance Structure

Core HR Board Members

Nicole Scammell	Acting Director of Corporate Services and Section 151 Officer (Chair)
Lynne Donovan	Acting Head of HR and Organisational Development
Sian Phillips	Acting HR Service Manager, Customer Service
Richard Ballantine	HR Manager, Strategy and Development
Shaun Couzens	Chief Housing Officer
Stephen Pugh	Communications Manager
Donna Jones	Service Manager, Health, Safety and Welfare
Keri Cole	Chief Education officer
Susan Richards	Principal Finance Officer, Education
Mark S Williams	Head of Community and Leisure Services
Marcia Lewis	Principal Officer (Catering)
Jo Williams	Assistant Director of Social Services, Adult Services
David W Thomas	Service Manager, Children's Services

Cllr Christine Forehead

Cabinet Member for HR and Governance / Business
Manager

Cllr Barbara Jones

Deputy Leader and Cabinet Member for Corporate Services

Angela Abraham

Secretary to Acting Head of HR and OD (Minute Taker)

6.0 NEXT STEPS

6.1 Actions

To deliver the HR Strategy objectives an action plan needs to be developed detailing key milestones, deliverables and timescales.

6.2 Measuring Performance and Achievement

HR is committed to supporting the Council's priorities, supporting cultural change and embedding organisational values. Our objective is to work effectively with employees, Managers / Head Teachers, Elected Members and Trade Unions to ensure that the right resources are available to provide valuable services to the residents of the County Borough.

It is essential that we have effective HR policies and procedures which are fit for purpose, to support organisational goals, management decisions and we are committed to work with our partners to achieve this aim.

We need to ensure that we protect the Council's interests and reputation and will work with appropriate Officers to agree standards of good practice, ensuring these are reflected in or linked to our employment policies, the application of which will be monitored.

We will engage with the HR network in Wales to discuss shared organisational objectives, best practice, benchmark our business and understand how we can better benefit from the wealth of HR knowledge and expertise across our organisations.

6.3 Reporting Framework

It is our intention to deliver all of our stated objectives by 2020 in line with the Council's revised Medium Term Financial Plan and to report on our progress annually to the Corporate Management Team, Policy and Resources Scrutiny Committee and Cabinet.

The HR Strategy Group will monitor the progress of these objectives twice a year.

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CABINET – 27TH JULY 2016

SUBJECT: HOUSING REPAIR OPERATIONS ANNUAL PERFORMANCE UPDATE

REPORT BY: CORPORATE DIRECTOR COMMUNITIES

1. PURPOSE OF REPORT

- 1.1 This report is submitted to provide Cabinet with an update on the annual performance of the Housing Response Repair Service undertaken by Housing Repairs Operations (HRO) Team and to seek approval of the integrated approach between housing repairs and WHQS and that this approach should be developed further.

2. SUMMARY

- 2.1 This report aims to provide information on the performance achieved against each of the Response repair categories in order to deliver the housing repairs service.
- 2.2 The report also provides information on the levels of customer satisfaction obtained following telephone and face to face customer satisfaction surveys.
- 2.3 This report also highlights some of the other achievements, including working in close partnership with the Repairs & Improvement Group, the integrated approach adopted to support the delivery of the WHQS programme and where HRO were finalists in the Association of Public Services Excellence (APSE) UK, Best performing Authority for Building Maintenance, 2015 Awards.

3. LINKS TO STRATEGY

- 3.1 **National Housing Strategy:** The Welsh Government's National Housing Strategy 'Better Homes for People in Wales' (2001) has key themes of quality and choice. The WAG vision for housing "*wants everyone in Wales to have the opportunity to live in good quality, affordable housing*".
- 3.2 **The Single Integrated Plan 2013-2017:** has a priority to: "Improve standards of housing and communities giving appropriate access to services across the county borough".
- 3.3 **The Council's Local Housing Strategy** "People, Property, and Places" has the following aims:
- "To provide good quality, well managed houses in communities where people want to live, and offer people housing choices which meet their needs and aspirations."

4. THE REPORT

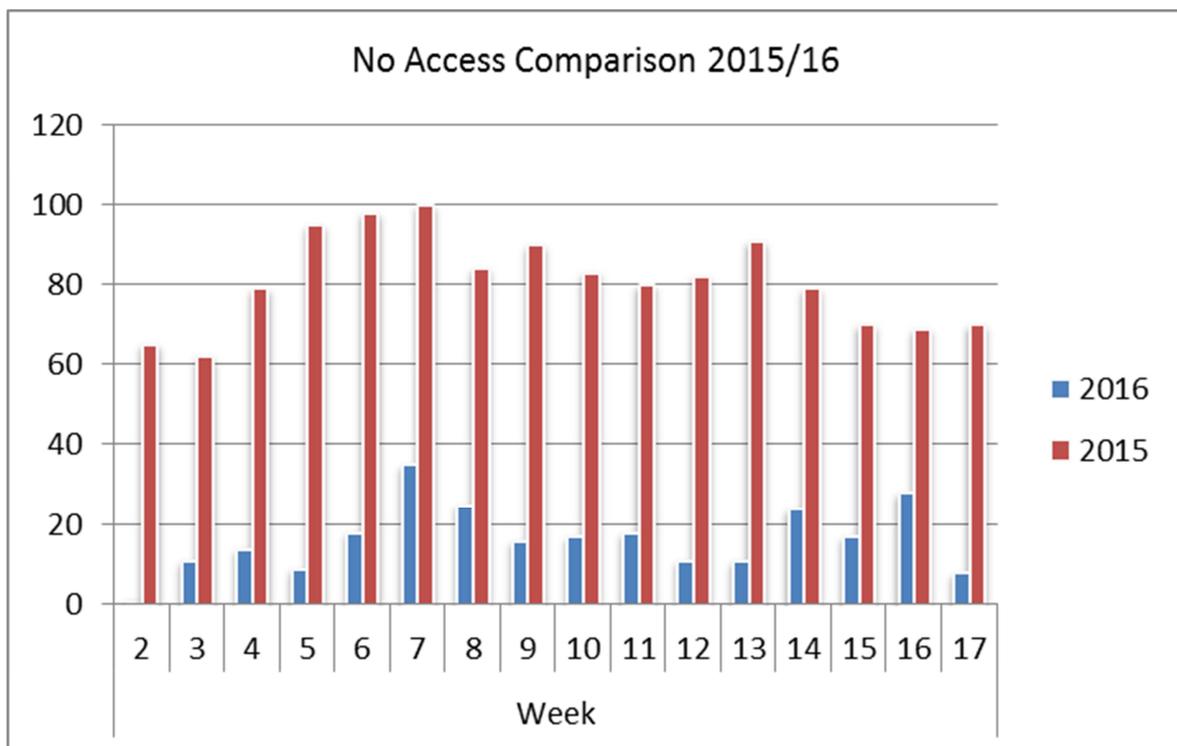
- 4.1 Following the successful introduction of mobile working, Housing Repair Operations (HRO) continues to strive towards improving the way it delivers its repairs service to tenants. Mobile

working has resulted in significant cost savings through improved productivity, multi skilling of operatives, reduced travelling, administration and overhead costs. It has also improved repair performance and customer satisfaction.

4.2 The in-house workforce have adapted well and embraced the new technology and the changes in working practices. This has resulted in the feedback from operatives and tenants being extremely positive.

4.3 Due to the success of mobile working with the in-house workforce, HRO have recently extended mobile working to its surveying team. Tenants are now being offered appointments for a surveyor to visit their homes to pre inspect larger type repairs. Further developments in this area will be progressed throughout the year in order that all applications become electronic reducing on the amount of paperwork that is currently used, including further reductions in cost with reduced back office support.

➤ The table below details the reduction in No Access for the first 17 weeks of 2015/16 in comparison to 2014/2015 following the implementation of mobile working for the surveying team.



5. PERFORMANCE

5.1 Productivity, Quality and Customer Satisfaction are key performance indicators (KPI's) that HRO monitor throughout the year. These KPI's are used on the Aspireview score card to Benchmark against other service providers within other Authorities and also the APSE who work with around 300 councils throughout the UK promoting excellence in Public Services.

5.2 The list of tables below have been developed to monitor the annual performance achieved for 2015/16 in comparison to the previous year when these reports were originally created in order to provide an indication of how HRO is performing year on year.

- The first table details the repair priorities including definitions and the total number of repairs reported for each category.

PRIORITY CODE	CATEGORY	TARGET TIME FOR COMPLETION	TOTAL NUMBER OF REPAIRS REPORTED 2014/15	TOTAL NUMBER OF REPAIRS REPORTED 2015/16	VARIANCE
02	EMERGENCY WORKS COMPLETED WITHIN NORMAL WORKING HOURS	24 HOURS	6335	7471	↑1136
03	APPOINTMENT – SMALL REPAIR UP TO 4 HRS WORK	25DAYS	18989	19013	↑24
04	APPOINTMENT – GAS CAP OFF AND LOCK CHANGES – VOID PROPERTIES	2 DAYS	1025	986	↓39
05	APPOINTMENT – LARGE REPAIR UP TO 1 DAYS WORK	50 DAYS	1673	1601	↓72
08	APPOINTMENT – LARGER REPAIR WORKS OVER 1 DAY TO COMPLETE	66 DAYS	2047	2653	↑606
TOTAL			30,069	31,724	↑1,655

The numbers of repairs reported for 2015/16 increased marginally from 2014/15, as a result of the inclement weather reports over the winter months where the workforce were dealing with high numbers of roof leaks, chimney demolitions and cavity wall insulation removals.

- The second table details the performance achieved for response repair appointments completed on the first visit. (First time fix) Repairs that are impractical to complete in one visit have been removed from this report, these include glazing and wet trade works also works that require scaffolding.

FIRST FIX ANALYSIS							
Priority	2014/15			2015/16			Outcome
	First Time Fix	Jobs Completed	%	First Time Fix	Jobs Completed	%	%
03	11084	12143	91.28	10933	11376	96.11	↑ 4.83
05	335	443	75.62	382	420	90.95	↑ 15.33
Overall	11419	12586	90.73	11315	11796	95.92	↑ 5.19

Performance on First time fix has improved by 5.19% for 2015/16 in comparison to the previous year 2014/15

- The third table details the performance achieved for the number of response repairs appointed by priority. For clarification the received and appointed numbers will never be the same due to the fact that not all pre-inspected repairs are appointed on the day they are reported.

HRO REPAIRS APPOINTED							
Priority	2014/15			2015/16			Outcome
	Received	Appointed	%	Received	Appointed	%	%
03	18989	18851	99.27	17649	17508	99.20	↓ 0.07
04	1025	1004	97.95	960	928	96.67	↓ 1.28
05	1673	1527	91.27	1300	1257	96.69	↑ 5.42
08	2047	1796	87.74	1860	1687	90.70	↑ 2.96
Overall	23734	23178	97.66	21769	21380	98.21	↑ 0.55

The repair appointments offered to tenants for 2015/16 increased marginally by 0.55% from the previous year 2014/15.

- The fourth table highlight's the average number of days it takes to complete repair appointments against each of the repair priorities.

AVERAGE WORKING DAYS TO COMPLETE						
Priority	Days	2014/15		2015/16		Outcome
		Job Count	Ave Days	Job Count	Ave Days	+/-
02	1	6335	0.96	6834	0.98	↑ 0.02
03	25	18989	11.18	17532	10.46	↓ 0.72
04	2	1025	1.64	956	1.59	↓ 0.05
05	50	1673	27.96	1294	21.18	↓ 6.78
08	66	2047	41.68	1856	39.66	↓ 2.02
Overall		30069	11.71	28472	10.28	↓ 1.43

The average number of days it take to complete repair appointments for 2015/16 has reduced by 1.43 days overall from the previous year 2014/15.

- The fifth table highlight's the percentage of repairs completed within target.

PERCENTAGE OF REPAIR PRIORITIES COMPLETED ON MOBILE WORKING WITHIN TARGET							
Priority	2014/15			2015/16			Outcome
	In	Out	Jobs	In	Out	Jobs	In
02	100%	0.00%	6,335	100%	0.00%	6,834	0%
03	98.94%	1.06%	18,989	99.04%	0.96%	17,532	↑ 0.10%
04	99.61%	0.39%	1,025	99.69%	0.31%	956	↑ 0.08%
05	92.05%	7.95%	1,673	98.69%	1.31%	1,294	↑ 6.64%
08	93.75%	6.25%	2,047	96.44%	3.56%	1,856	↑ 2.69%
Overall	98.45%	1.55%	30,069	99.10%	0.90%	28,472	↑ 0.65%

The percentage of repairs completed within target for 2015/16 improved marginally by 0.65% to 99.10%

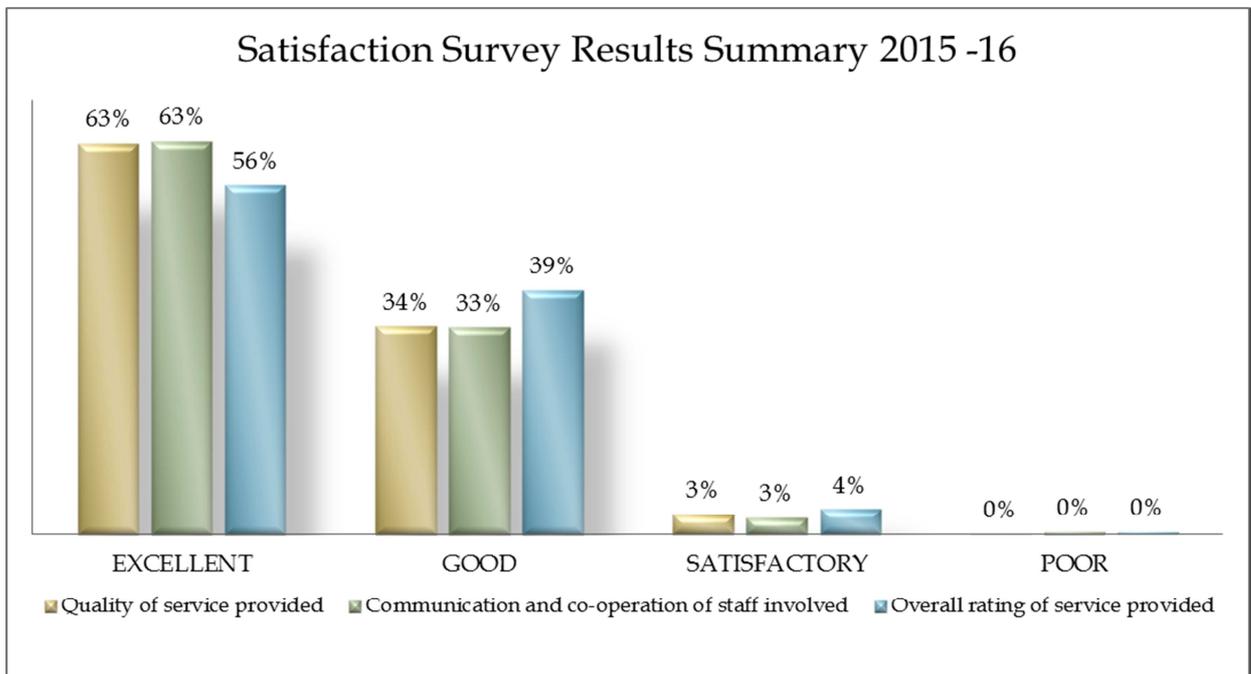
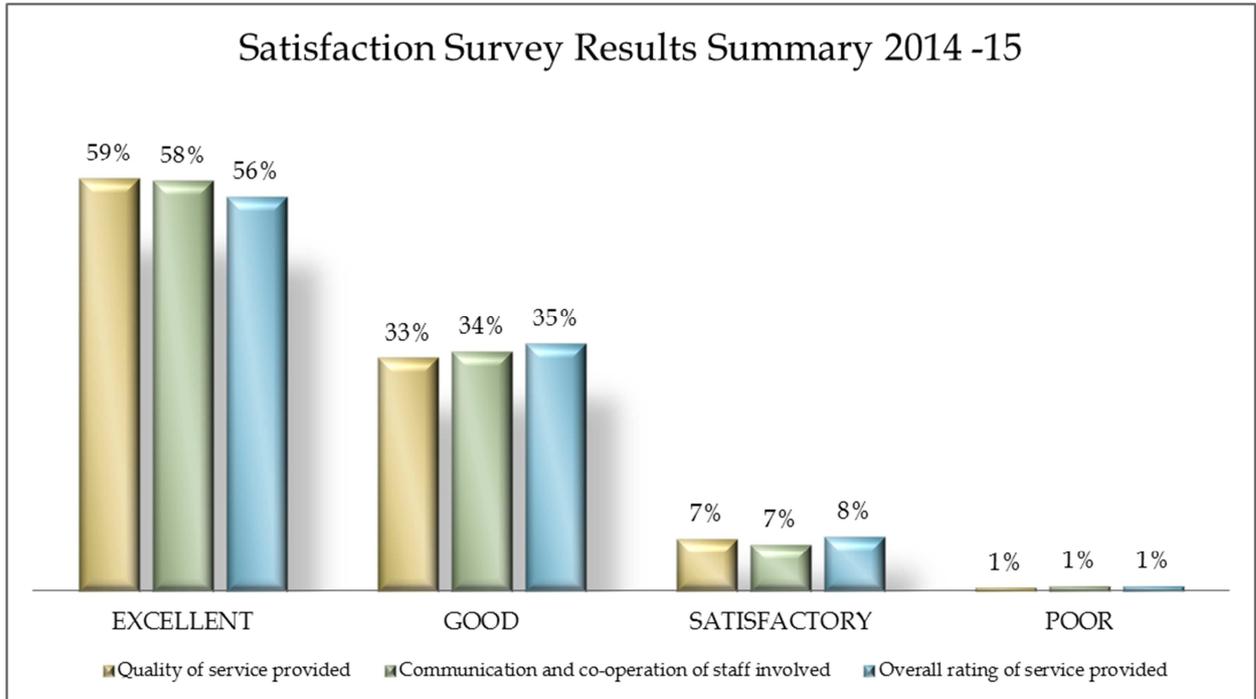
- Table six provides an analysis of outstanding response repairs by year and priority code.

CURRENT BACKLOG (NOT INCLUDING INSPECTIONS)			
Priority	13/04/2015	02/05/2016	Outcome
	Job Count	Job Count	Job Count
02	21	4	↓ 17
03	639	615	↓ 24
04	4	7	↑ 3
05	96	293	↑ 197
08	329	873	↑ 544
Overall	1089	1792	↑ 703

The increase in the outstanding repairs within the system was a result of the inclement weather over the winter period. This figure should reduce to just over a thousand repairs outstanding as the weather improves which is a number that HRO require in the system to provide an acceptable backlog for continuity of work. It must be noted that although the outstanding number of repairs increased HRO performance and Customer Satisfaction has not been affected.

6. CUSTOMER TELEPHONE SATISFACTION SURVEYS

6.1 The seventh table highlights the 2015/16 Satisfaction Survey Results in comparison to the previous year. The introduction of telephone customer satisfaction questionnaires are completed to approximately 20% of all repairs that are undertaken daily without the work requiring a pre-inspection survey. Tenants are contacted by phone within minutes of the repair being completed so that we obtain accurate, timely feedback on individual repairs.

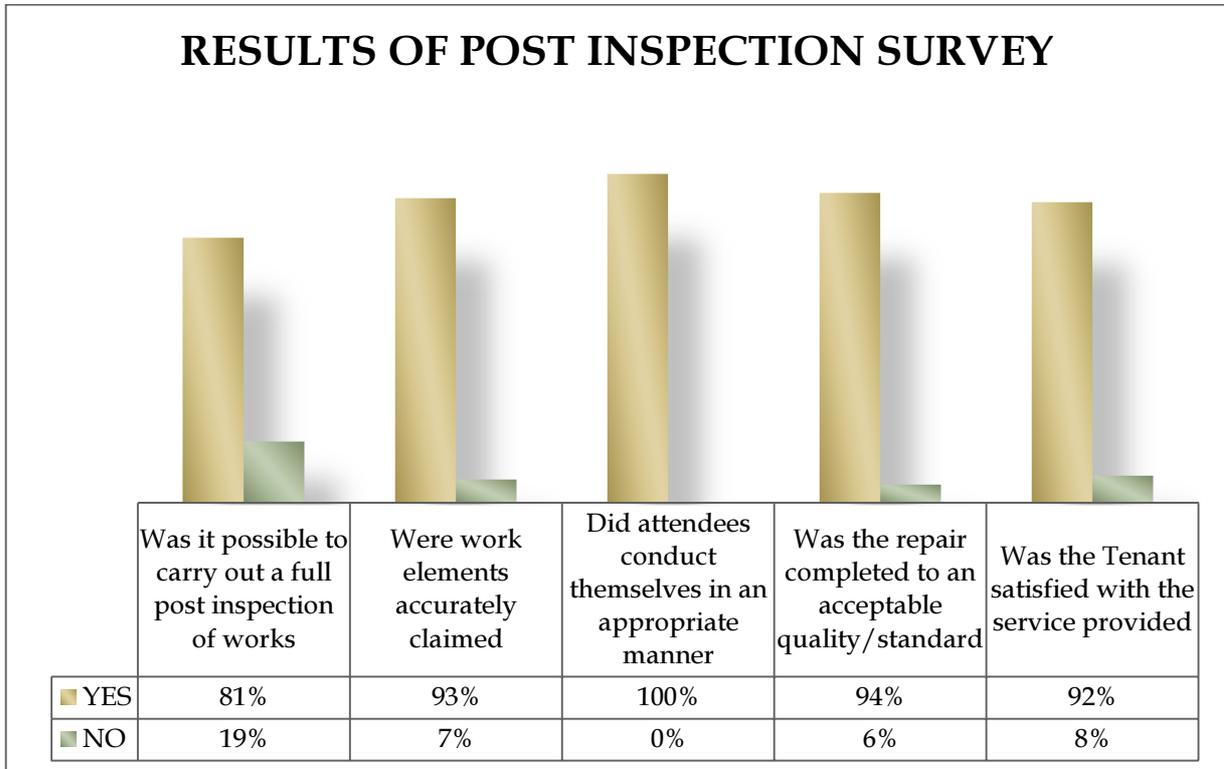


The Satisfaction results for 2015/16 have improved from the previous year's results where 100% of tenants were satisfied overall of the repairs service they received. It was also noted that the satisfaction levels for Quality of service provided also Communication and co-operation of staff involved had increased.

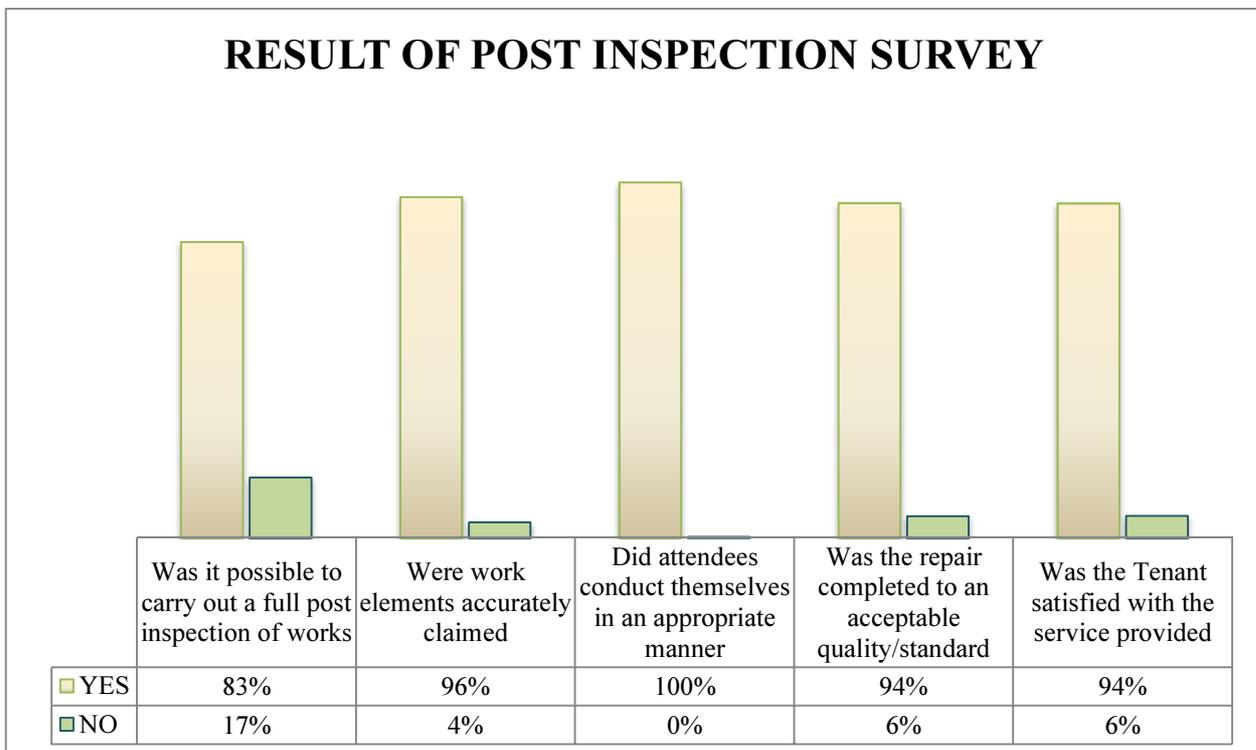
7. FACE TO FACE SATISFACTION SURVEYS

7.1 The final reports highlight the 2015/16 face to face satisfaction surveys results in comparison to the previous year completed for Priority 05 and 08 by Housing Surveyors to 100% of all pre-inspected work reported.

Results for 2014/15



Results for 2015/16



The face to face satisfaction results for 2015/16 have improved from the previous year's results where 94% of tenants were satisfied with the service provided in comparison to 92% in 2014/15.

- 7.2 Whilst delivering the repairs and maintenance service, HRO are also supporting the WHQS programme with the internal and external works and have also completed over one hundred and twenty Kitchens and Bathroom to the WHQS standard along with a number of electrical rewires, central heating upgrades, new IG doors and fences.
- 7.3 The high levels of performance and customer satisfaction evidenced for 2015/16 is a testament of the hard work and commitment of the staff and workforce working together in order to create an effective and efficient response repairs service. Where dissatisfaction is reported by either telephone or by face to face surveys, a process is in place where all issues are forwarded to either the housing surveyor or the area foreman in order to investigate and resolve the matter with the tenant. We will also learn from this process and where necessary amend our working procedures in order to achieve continuous improvement. In 2015, Housing Repair Operations were finalists in the Association of Public Excellence (APSE) UK, Best Performing Authority for Building Maintenance.

8. EQUALITIES IMPLICATIONS

- 8.1 This is an information report therefore there are no potential equality implications and no requirement to complete a full Equalities Impact Assessment.

9. FINANCIAL IMPLICATIONS

- 9.1 The Response maintenance budget for 2015/16 was set at £7.9m and is funded by the Housing Revenue account. All works completed in support of the WHQS programme are Capital funded and reclaimed at the end of the financial year.
- 9.2 Whilst this arrangement is in place, there is no intention to increase the budget for 2016/17 but instead make further improvements such as those reflected in this report to make the service more effective and efficient going forward.

10. PERSONNEL IMPLICATIONS

- 10.1 Some additional resource capacity may be required to assist with additional WHQS works that cannot wait for the programme and to support this requirement HRO have employed eight apprentices last year and intend appointing a further three for 2016 in addition to qualified trades as and when required.

11. CONSULTATIONS

- 11.1 Comments received following consultations during the course of preparing this report have been reflected within the content.
- 11.2 As part of ongoing consultation and tenant involvement in the improvement of housing services, regular meetings are held with the Repairs and Improvement Group which consists of tenant representatives and key officers. This group is continuously reviewing the response repairs service which covers performance, quality, customer satisfaction, tenant inspections as well as reviewing policies and procedures, the delivery of the WHQS programme and identifying areas for further improvements.

Meetings are also held with the staff, workforce, finance Support, IT and trade unions to ensure that everyone within HRO has an opportunity to contribute towards the improvements and vision of the department moving forward.

12. RECOMMENDATIONS

- 12.1 That Cabinet note the contents of the report and approves the integrated approach between housing repairs and WHQS and that this approach should be developed further.

13. REASONS FOR THE RECOMMENDATIONS

- 13.1 To inform members of Cabinet of the improvements in performance and customer satisfaction to the repairs service within Caerphilly County Borough Council and the benefits that the service can bring to the delivery and ongoing maintenance of the WHQS works through an integrated approach.

14. STATUTORY POWER

- 14.1 Local Government Acts 1972 and 2000 and Housing Act 1985.

Author: Paul Smythe, Housing Repair Operations Manager
(Tel: 01443 864019 – E.mail: smythp@caerphilly.gov.uk)

Consultees: Councillor David Poole- Deputy Leader and Cabinet Member for Housing
Christina HARRY – Corporate Director Communities
Nicole Scammell – Acting Director of Corporate Services
Shaun Couzens, Chief Housing Officer
Phil G. Davy, Head of Programmes
Mark Jennings Housing Strategy Officer
Gail Williams, Interim Head of Legal Services and Monitoring Officer
Paul Lewis IT Development Manager
Repairs and Improvement Group members
Fiona Wilkins, Public Sector Housing Manager
Area/Neighbourhood Managers
Lesley Allen, Group Accountant (Housing)
WHQS Project Board
Trade Union Shop Stewards