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**Date: 23rd November 2016**

Dear Sir/Madam,

A meeting of the **Cabinet** will be held in the **Sirhowy Room, Penallta House, Tredomen, Ystrad Mynach** on **Wednesday, 30th November, 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.	
<p>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.</p>	
<p>To approve and sign the following minutes: -</p>	
3 Cabinet held on 16th November 2016.	

1 - 6

A greener place Man gwyrddach



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

4	Proposed Rhymney 3-18 All Through School.	7 - 12
5	Cwmcarn High School - Planned Closure.	13 - 16
6	Draft Budget Proposals for 2017/18.	17 - 24
7	Capital Bids.	25 - 30

**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.

# Agenda Item 3



## CABINET

### MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, TREDOMEN ON WEDNESDAY, 16TH NOVEMBER 2016 AT 2.00 P.M.

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#### PRESENT:

Councillor K.V. Reynolds - Chair

#### Councillors:

Mrs C. Forehead (Corporate Services), N. George (Community and Leisure Services), D. Hardacre (Performance and Asset Management), Mrs B. Jones (Corporate Services), D.V. Poole (Deputy Leader and Cabinet Member for Housing), T.J. Williams (Highways, Transportation and Engineering), R. Woodyatt (Social Services).

#### Together with:

C. Burns (Interim Chief Executive), C. Harry (Corporate Director - Communities), N. Scammell (Acting Director of Corporate Services & S151 Officer), and D. Street (Corporate Director - Social Services).

#### Also in Attendance:

S. Harris (Interim Head of Corporate Finance), C. Jones (Head of Performance and Property), T. Shaw (Head of Engineering Services) and C. Evans (Committee Services Officer)

#### 1. **APOLOGIES FOR ABSENCE**

Apologies for absence had been received from Councillors D. Havard and K. James.

#### 2. **DECLARATIONS OF INTEREST**

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

#### 3. **CABINET – 2ND NOVEMBER 2016**

RESOLVED that the minutes of the meeting held on 2nd November 2016 (minute nos. 1 - 8) be approved and signed as a correct record.

#### 4. **FUTURE GENERATIONS ADVISORY PANEL HELD ON 9TH JUNE 2016.**

RESOLVED that the minutes of the Future Generations Advisory Panel held on 27th July 2016 (minute nos. 1 - 7) be noted.

## **MATTERS ON WHICH EXECUTIVE DECISIONS WERE REQUIRED**

### **5. WHOLE AUTHORITY MID-YEAR REVENUE BUDGET MONITORING REPORT 2016/17**

The report provided details of projected whole-authority revenue budget expenditure for the 2016/17 financial year and provided an update on progress in delivering approved savings for 2016/17.

The report provided information on the position of the whole-authority in respect of revenue budget monitoring for 2016/17. Detailed budget monitoring reports are prepared for Scrutiny Committees throughout the financial year. Consideration was given to the expenditure and income trends in the first half of the year and projections were made of the likely year-end outturn position. Where variations from budget have been identified these were commented upon throughout the report.

Cabinet noted that the report also provided details on progress in delivering approved revenue budget savings for the 2016/17 financial year and highlighted those areas where savings are not currently progressing as originally planned.

Members thanked the Officer for the detailed report and it was noted that not all of the savings proposals have been achieved. There are more challenging times ahead and budgets will get tighter. The report demonstrated the effective financial management within the Authority and Members thanked all staff for their efforts in meeting the savings requirements.

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

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

- (i) the report be noted;
- (ii) the proposed use of Social Services reserves totalling £248k, as detailed in 4.4.9 of the report, be agreed to fund a number of temporary posts involved in transformational projects;
- (iii) the release of £800k from the £1.6m waste management contingency to partially offset cost pressures in 2016/17 be endorsed;
- (iv) the recommendation that the current projected underspend of £230k for Cemeteries is not ring-fenced and is instead within the base budget to partially offset other budget pressures within the Community and Leisure Services Division be endorsed.

### **6. LAND AT MILL STREET CAR PARK, RISCA**

The report provided Cabinet with details of a proposal to dispose of land at Mill Street, Risca to the Pobl Group. Members were advised that the land at Mill Street Car Park, Risca forms part of a potential redevelopment site identified in the Risca and Pontymister Town Centre Action Plan (Approved 2014). The site is in a prominent location at the junction with Mill Street and Commercial Street, at the southerly entrance to the town. POBL (A registered Social Landlord, or RSL) has approached the two landowners (the Council and a third party), with a view to redeveloping the whole site with both affordable and supported housing.

The disposal of the site will produce a capital receipt, as well as revenue savings for the Council and its statutory partners. Over a 20 year period, projected costs savings from the delivery of the supported housing scheme are anticipated to be significant. In addition, there

is a significant need for affordable housing across the County Borough. Pobl has prepared a scheme for the site, identifying a mix of properties that seeks to address the housing needs within the area which includes a regional supported living accommodation project.

Cabinet noted that considerable consultation was conducted within the area and some objections were raised due to the need for car parking and the use of the car park as a drop off point for the infant school. In addition, concerns were raised about increased pressure on school and health provision in the area. Officers assured Members that there is sufficient parking in the area, with the use of other car parks and on-street parking. In reference to the school and health provision, it was noted that there are sufficient school places and Wellspring has confirmed that the practice has increased capacity.

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

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

- (i) the land shown edged black on the plan accompanying the report, be transferred for £50,000 (and otherwise on terms to be agreed) to the Pobl Group;
- (ii) the detailed terms of the disposal be delegated to the Head of Property Services, in conjunction with the Cabinet Member for Performance and Asset Management.

## **7. HIGHWAY INSPECTION MANUAL ENDORSEMENT**

The report, which was presented to the Regeneration and Environment Scrutiny Committee on 1st November 2016, outlined the background and content of the Highway Maintenance Plan and Highway Inspection Manual (HIM), explained the processes by which these are internally reviewed on an annual basis and sought Cabinet endorsement.

The report outlined that the Council has a statutory duty to maintain a safe highway network as set out under the Highways Act 1980. The Highway Maintenance Plan (HMP) is one of three plans that make up the Highway Operations Group Framework, the others being the Highway Asset Management Plan (HAMP) and Highway Operations Plan (HOP). The Highway Inspection Manual forms part of the Highway Maintenance Plan and sets out the processes and procedures to inspect, report, undertake necessary actions and record the works carried out on the carriageway and footway asset. It forms the basis of the Council's legal defence against insurance claims, both with personal injury and property/vehicular damage, made on the highway.

It was noted that the HIM is divided into 4 parts, which include background, policy information and inspection procedures. The HIM is subject to an annual review, a number of sections were requiring review, namely response times for highway defects, inspection frequency and intervention criteria, which the Scrutiny Committee were asked to consider.

The Scrutiny Committee endorsed the report and recommended its acceptance by Cabinet.

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

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

- (i) the 2 hour, 24 hour and 28-day response targets for highway defects be maintained with the management for this current service level being closely

monitored, especially for the Priority 3 (non-urgent defect identified) 28 day target;

- (ii) the current inspection intervals be maintained;
- (iii) the current intervention criteria on road and footway defects be maintained;
- (iv) subject to the foregoing, the Highway Inspections Manual as appended to the report, be endorsed.

## **RECOMMENDATION TO COUNCIL**

### **8. HIGHWAY ASSET MANAGEMENT PLAN ENDORSEMENT**

The report, which was presented to the Regeneration and Environment Scrutiny Committee on 1st November 2016, outlined the background and content of the Caerphilly County Borough Council (CCBC) Highway Operations Group Framework and Highway Asset Management Plan (HAMP) and the process by which it is internally reviewed on an annual basis. The report sought the approval of Cabinet, prior to its presentation to Council.

The Council has a statutory duty to maintain a safe highway network as set out under the Highways Act 1980. The CCBC Highway Asset Management Plan (HAMP) is one of three plans that make up the Highway Operations Group Framework, the others being the Highway Maintenance Plan (HMP) and Highway Operations Plan (HOP). The HAMP is a strategic approach that identifies all the highway assets that are the responsibility of the highway authority (the Council). It assesses highway status and condition, and determines and implements the most appropriate maintenance regime within the most efficient cost parameters.

It was noted that the HAMP is a working documents and has been split into 4 parts, which highway assets with the relevant information and data for their identification and maintenance requirements, and is updated via a number of communication and feedback channels.

The Scrutiny Committee endorsed the report and recommended its acceptance by both Cabinet and Council.

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

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

- (i) the content and annual review process for the Highway Asset Management Plan and the key aspects contained therein (namely the placement of the HAMP within the Highway Operations Group Framework, coverage of all aspects of highway asset management by the HAMP, and the identification of appropriate communication channels in respect of highway assets) be endorsed;
- (ii) subject to the foregoing, the Highway Asset Management Plan, as appended to the report, be approved.

The meeting closed at 2.40pm

Approved and signed as a correct record subject to any corrections made at the meeting held on 30th November 2016.

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CHAIR

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## CABINET – 30TH NOVEMBER, 2016

**SUBJECT: PROPOSED RHYMNEY 3-18 ALL THROUGH SCHOOL**

**REPORT BY: CHIEF EDUCATION OFFICER**

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

- 1.1 To seek approval from Members to commence a consultative process to establish a Rhymney 3-18 school.

### **2. LINKS TO STRATEGY**

- 2.1 The report links directly to the Education for Life, sustainability and regeneration strategies, particularly in the context of provision of modern fit for purpose teaching and learning environments.
- 2.2 The report contributes to the Well-being Goals within the Well-being of Future Generations Act (Wales) 2016. In particular, as follows :
- A prosperous Wales as it details improved outcomes for learners, and reduces impact of poverty if people are able to gain skills to gain employment.
  - A healthier Wales, supporting vulnerable learners can improve their well-being and add educational achievement.
  - A more equal Wales, a society that enables people to fulfil their potential no matter what their background is; and.
  - A Wales of cohesive communities (in the context of improving quality of life with attractive, viable, safe and well connected communities).

### **3. THE REPORT**

- 3.1 The Council is committed to developing and establishing innovative approaches to teaching and learning. This includes securing better outcomes through increased continuity in pupil learning and a joined-up strategy to learning, pastoral care and support.
- 3.2 Meetings took place in the summer term 2016 with representatives of the following :-
- Governors of Abertysswg Primary, Pontlloftyn Primary and Rhymney Comprehensive Schools
  - Local Council Members
  - Senior officers of Caerphilly County Borough Council.

Those present supported the proposal of establishing the Rhymney 3-18 school.

- 3.3 It is now proposed that the Council seeks to establish a Rhymney 3-18 school. The new 3 -18 school would incorporate the new Abertysswg/Pontlottyn Primary School and the existing Rhymney Comprehensive on their sites. No additional build is proposed specifically for this proposal.
- 3.4 To progress this proposal, the Council is required to carry out a statutory consultation process. A consultation document will be produced and circulated widely to provide an opportunity for stakeholders to contribute to this process.
- 3.5 The proposed timescales for the statutory process are outlined in Appendix 1.
- 3.6 It is envisaged the consultation process will take place over a 6 week period commencing 3rd January and ending 16th February, 2017. There are a number of consultation events proposed where the proposal will be explained and allow questions. These details will be included within the consultation document.
- 3.7 Following consultation, CCBC's Cabinet will consider the views expressed and then decide whether to proceed with the proposal. If the decision is taken to proceed, a statutory notice will be published. The statutory notice will last for 28 days from the date of notice and enables people to express their views in the form of supporting or objecting to the proposal.
- 3.8 CCBC's Cabinet will make the final decision whether to proceed, unless the decision is called in for review by the Welsh Government, e.g. a governing body refers the proposal to Welsh Ministers.

#### **4. EQUALITIES IMPLICATIONS**

- 4.1 Impact Assessment screening has been completed in accordance with the Council's Strategic Equality Plan and no potential for unlawful discrimination has been initially identified affecting one or more of the target equality groups.
- 4.2 This will require more detailed work as the proposal evolves. An Equalities Impact Assessment will be formulated during the formal consultation process and will evolve through the process to establishing a 3-18 school which is anticipated for 1 January 2018.

#### **5. WELL-BEING OF FUTURE GENERATIONS**

- 5.1 The proposed all through school was developed having regard to long term needs of children and young people, attempting to improve and prevent poor life chances.
- 5.2 The report contributes to the 5 ways of working in the context of a long term strategy and vision, (closely aligning with the principles of the recent Donaldson report and provide a more coherent basis for learning, teaching and assessment); integration approach (more closely aligning the primary and secondary phases) preventing problems occurring or getting worse (improving transition) and collaborating to meet the objectives.
- 5.3 This report contributes to the Well-being Goals and in particular in the context of :
- Corporate planning,
  - Risk management,
  - Workforce planning,
  - Financial planning, and
  - Asset management

## **6. FINANCIAL IMPLICATIONS**

- 6.1 It is anticipated that the formulas of both the primary and secondary schools would be combined to establish the all through school budget. As such, there would be no anticipated change to the level of Council resources and can be met from existing budgets.

## **7. PERSONNEL IMPLICATIONS**

- 7.1 There will be some changes to the staffing of the all through school but these are expected to be minimal. This process will be followed in accordance with the Council's HR policies.

## **8. CONSULTATIONS**

- 8.1 The draft report was distributed as detailed below. All comments received have been reflected in the report.

## **9. RECOMMENDATIONS**

- 9.1 Members are requested to agree to commence a consultative process to establish a Rhymney 3-18 school.

## **10. REASONS FOR THE RECOMMENDATIONS**

- 10.1 To seek views in providing continuity in transition and curriculum planning and developing stronger links with other feeder primary schools.

## **11. STATUTORY POWER**

- 11.1 School Standards and Organisation (Wales) Act 2013  
The School Organisation Code. Welsh Government (2013)

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Nicole Scammell, Acting Director of Corporate Services & S151  
Dave Street, Corporate Director – Social Services  
Christina HARRY, Corporate Director - Communities  
Keri Cole, Chief Education Officer  
Councillor Derek Havard, Cabinet Member, Education  
Councillor Gaynor Oliver (Pontlloftyn)  
Councillor John Bevan (Moriah)  
Councillor David Harse (Moriah)  
Acting Headteacher, Abertysswg Primary School  
Acting Headteacher, Pontlloftyn Primary School  
Headteacher, Rhymney Comprehensive School  
Gail Williams, Interim Head of Legal Services & Monitoring Officer  
Lynne Donovan, Acting Head of Human Resources and Organisational Development  
Jane Southcombe, Financial Services Manager  
Kathryn Peters, Corporate Policy Manager

Appendix 1                      Proposed Timescale : Rhymney 3-18 All Through School

Background Papers: 21<sup>st</sup> Century Schools files  
Council report 23 November 2010 (SOP)  
Council report 3 November 2011 (SOP2)  
School Organisation Code (2013)

## Rhymney 3-18 All Through School

### Proposed Timescales

Description	Proposed Date
Cabinet (to seek agreement to commence statutory process)	30 <sup>th</sup> November 2016
Formal (6 week) Consultation Process	3 <sup>rd</sup> January 2017 to 16 <sup>th</sup> February, 2017
Education for Life Scrutiny Committee to consider outcome of consultation process prior to Cabinet consideration.	27 <sup>th</sup> February, 2017.
Cabinet (to consider the results of the consultation process and decide on way forward)	15 <sup>th</sup> March, 2017
Publication of Statutory Notice (in the event that Cabinet agree this on 15 <sup>th</sup> March, 2017)	24 <sup>th</sup> April 2017 to 21 <sup>st</sup> May 2017
Final Decision by Cabinet	21 <sup>st</sup> June, 2017
3-18 All Through School established (in the event that Cabinet agree this on 21 <sup>st</sup> June 2017)	1 <sup>st</sup> January, 2018

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## **CABINET – 30TH NOVEMBER, 2016**

**SUBJECT: CWMCARN HIGH SCHOOL – PLANNED CLOSURE**

**REPORT BY: CHIEF EDUCATION OFFICER**

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

- 1.1 To update Members in relation to the planned closure of Cwmcarn High School and associated developments.

### **2. LINKS TO STRATEGY**

- 2.1 The report links directly to the Education for Life, sustainability and regeneration strategies, particularly in the context of provision of modern fit for purpose teaching and learning environments.
- 2.2 The report contributes to the Well-being Goals within the Well-being of Future Generations Act (Wales) 2016. In particular, as follows :
- A prosperous Wales as it details improved outcomes for learners,
  - A healthier Wales, supporting vulnerable learners can improve their well-being and add educational achievement.
  - A more equal Wales, a society that enables people to fulfil their potential no matter what their background is; and.
  - A Wales of cohesive communities (in the context of improving quality of life with attractive, viable, safe and well connected communities).

### **3. THE REPORT**

- 3.1 At their meeting on 27th June, 2016, the Governing Body of Cwmcarn High School regrettably made the very sad and difficult decision to seek to close the school. This is despite their best efforts to keep the school open and due to the unprecedented circumstances (asbestos, relocation, falling pupil rolls) that the school has found itself in since 2012. The Chair of Governors wrote to the Welsh Government (WG) on 29th June to advise of their decision.
- 3.2 This decision was sought in line with Section 80 of The Schools Standards and Organisation (Wales) Act 2013.

- 3.3 Welsh Government replied to the Chair of Governors on 5 July 2016 advising for the above closure proposal to take place, the Welsh Ministers will require sufficient information to carefully consider the request. In essence, the request by Welsh Government was for more detailed information akin to when a school closure is proposed.
- 3.4 The Chair of Governors submitted this detailed information to Welsh Government by letter dated 20 July, 2016.
- 3.5 Welsh Government's Cabinet Secretary for Education wrote to the Chair of Governors on 5 October 2016 advising that she had consented to the Governing Body issuing notice under the Schools Standards and Organisation (Wales) Act 2013 to discontinue the school in view of the Governing Body's decision on 27 June.
- 3.6 The Chair of Governors, on behalf of the Governing Body, wrote to Welsh Government's Cabinet Secretary for Education on 10 October, 2016, to give Welsh Ministers two years written notice of their intention to discontinue the school. The Council was also informed of this decision at that time by letter.
- 3.7 In order to plan for potential closure, the Council submitted a £3m business case to Welsh Government (21<sup>st</sup> century schools) on 21 July, 2016. This was agreed by the School Strategy Board and proposed:
- additional classrooms at Newbridge School to manage the initial bulge and to accommodate any Cwmcarn High School pupils who advised that they wished to transfer there at the date of decision to discontinue Cwmcarn High School, and
  - undertake demolition works at both Cwmcarn High school and Newbridge School.
- 3.8 The business planning process was considered by the 21<sup>st</sup> Century Schools Team in Welsh Government. Welsh Government's Cabinet Secretary for Education subsequently approved the business case, in principle, on 14 September, 2016. This decision was without prejudice to the decision regarding the Governing Body's request under section 80 of the School Standards & Organisation (Wales) Act 2013 to discontinue Cwmcarn High School and is subject to the Council agreeing to making a 50% contribution towards the capital investment costs of the works outlined in the business case to Newbridge and Cwmcarn Schools in the sum of £1.5 million.
- 3.9 There is still considerable work required over the next 2 years to facilitate the Governing Body's decision to close Cwmcarn High School, e.g., planning regarding school budget, staffing issues and pupil admission arrangements.
- 3.10 The Council, along with the Education Achievement Service (EAS) and the school, are working collaboratively to ensure the pupils' education is not disadvantaged.
- 3.11 It is proposed to provide further update reports as the detail emerges in relation to the Governing Body's decision.

#### **4. EQUALITIES IMPLICATIONS**

- 4.1 Impact Assessment screening has been completed in accordance with the Council's Strategic Equality Plan and no potential for unlawful discrimination has been initially identified affecting one or more of the target equality groups.

## **5. WELL-BEING OF FUTURE GENERATIONS**

- 5.1 The decision of the Governing Body has prompted the Council to plan and have regard to long term needs of children and young people, attempting to improve and prevent poor life chances.
- 5.2 The report contributes to the 5 ways of working in the context of a long term strategy and vision, integration approach, preventing problems occurring or getting worse (limited alternative school places) and collaborating to meet the objectives.
- 5.3 This report contributes to the Well-being Goals and in particular in the context of :
- Corporate planning,
  - Risk management,
  - Workforce planning,
  - Financial planning, and
  - Asset management

## **6. FINANCIAL IMPLICATIONS**

- 6.1 Cwmcarn High School has been experiencing budgetary problems in recent years and that has been exacerbated by recent dramatic falling rolls. It is estimated that the accumulated deficit will be in the region of £1million when the school is discontinued. Every effort will be made to minimise this deficit amount over the next 2 years.
- 6.2 The Council will need to consider setting aside an amount of £1.5 million to meet its 50% share of the £3 million cost for the capital investment proposed to Newbridge and Cwmcarn Schools. Proposals for utilising Council's reserves are due to be considered by Cabinet.

## **7. PERSONNEL IMPLICATIONS**

- 7.1 The Council has been working closely with Cwmcarn High School and been successful to date in seeking alternative employment for Cwmcarn High School staff. Other secondary schools have been extremely supportive in facilitating these arrangements. This process will be ongoing for the next 2 years and will be undertaken in accordance with appropriate Council HR policies.
- 7.2 The Headteacher of Newbridge School has continued in her role as Executive Headteacher of Cwmcarn High School. This arrangement is working well.

## **8. CONSULTATIONS**

- 8.1 The draft report was distributed as detailed below. All comments received have been reflected in the report.

## **9. RECOMMENDATIONS**

- 9.1 Members are requested to :-
- note the update in respect of the Governing Body's decision to discontinue the school in 2 years;
  - agree the capital investment in relation to Newbridge and Cwmcarn Schools and allocating £1.5 million as CCBC's 50% match funding.

- agree that officers continue to work with the Governing Body and staff at the school regarding the planning of the school budget, staffing and admission issues; and
- note that regular update reports will be provided as the situation develops.

## **10. REASONS FOR THE RECOMMENDATIONS**

- 10.1 To provide an update in relation to the planned closure of Cwmcarn High School and to agree a way forward for the next 2 years.

## **11. STATUTORY POWER**

- 11.1 School Standards and Organisation (Wales) Act 2013  
The School Organisation Code. Welsh Government (2013)

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 Dave Street, Corporate Director – Social Services  
 Christina HARRY, Corporate Director - Communities  
 Keri Cole, Chief Education Officer  
 Councillor Derek Havard, Cabinet Member, Education  
 Gail Williams, Interim Head of Legal Services & Monitoring Officer  
 Lynne Donovan, Acting Head of Human Resources and  
 Organisational Development  
 Jane Southcombe, Financial Services Manager  
 Kathryn Peters, Corporate Policy Manager  
 Headteacher, Risca Community Comprehensive School  
 Headteacher, Newbridge School (also Executive Headteacher of Cwmcarn High School).

Background Papers  
 21<sup>st</sup> Century Schools files  
 Council report 23 November 2010 (SOP)  
 Council report 3 November 2011 (SOP2)  
 School Organisation Code (2013)  
 Business Case (SOP) July 2016



## CABINET – 30TH NOVEMBER 2016

**SUBJECT: DRAFT BUDGET PROPOSALS FOR 2017/18**

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

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### 1. PURPOSE OF REPORT

- 1.1 To present Cabinet with details of draft budget proposals for the 2017/18 financial year to allow for a period of consultation prior to a final decision in February 2017.

### 2. SUMMARY

- 2.1 The report provides details of draft budget proposals based on the Welsh Government (WG) Provisional 2017/18 Local Government Financial Settlement.
- 2.2 The report also provides details of draft savings proposals for 2017/18 totalling £8.653m.

### 3. LINKS TO STRATEGY

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

### 4. THE REPORT

#### 4.1 **Headline Issues in Provisional Settlement**

- 4.1.1 Published on the 19th October 2016, the key points of the WG Provisional 2017/18 Local Government Financial Settlement are the following: -
- An overall net increase of 0.1% in the Aggregate External Finance (Revenue Support Grant (RSG) and Redistributed Non-Domestic Rates) on an all-Wales basis. This varies by Authority due to the funding formula and ranges from minus 0.5% to plus 0.9%.

- For Caerphilly CBC there is a reduction of 0.3% in the Aggregate External Finance i.e. a cash decrease of £0.608m.
- There is £262k funding in the provisional settlement for Caerphilly CBC for new responsibilities in Social Services. This funding has been allocated due to WG policy changes that will result in a loss of income from service user financial contributions to the cost of their care.
- There have been four transfers into the settlement totalling £0.185m and one transfer out of £0.062m. Details are provided in paragraph 4.1.2.
- Changes to other passported grants in the provisional settlement result in a net reduction of £0.283m as detailed in paragraph 4.1.3.
- No indicative settlement figures have been provided by WG at this stage for future years beyond 2017/18.
- The capital allocations available to Caerphilly CBC in the RSG and from the General Capital Grant have increased by £19k from the previous year.

4.1.2 Table 1 provides details of transfers in and out of the WG financial settlement: -

Table 1 – Transfers In/Out 2017/18

	£m
<b>Transfers In: -</b>	
Delivering Transformation Grant	0.171
Deprivation of Liberty Safeguards	0.010
Blue Badge Scheme Additional Funding	0.001
Food Hygiene Rating Scheme	0.003
<b>Transfers Out: -</b>	
Education Workforce Council Teacher Registration Fees	(0.062)
<b>TOTAL</b>	<b>0.123</b>

4.1.3 Table 2 provides details of changes to other passported grants included in the WG financial settlement: -

Table 2 – Other Passported Grants 2017/18

	£m
Integrated Family Support Service	(0.173)
Private Finance Initiative (PFI)	(0.201)
Council Tax Reduction Scheme	0.091
<b>TOTAL</b>	<b>(0.283)</b>

4.1.4 As in previous years, the adjustments in Tables 1 and 2 (both the increases and decreases in funding) will be passed directly to those services that they relate to.

## 4.2 2017/18 Draft Budget Proposals

4.2.1 The proposals contained within this report will deliver a balanced budget for 2017/18 on the basis that Council Tax is increased by 1%. Table 3 provides a summary: -

Table 3 – Summary

Paragraph	Description	£m	£m
4.2.2	Whole Authority Cost Pressures	2.745	
4.2.3	Inescapable Service Pressures	6.186	
4.1.1	Reduction in WG Funding	0.608	
4.3.1	Draft Savings Proposals 2017/18		8.653
4.4.1	Council Tax Uplift (1%)		0.886
	<b>TOTAL</b>	<b>9.539</b>	<b>9.539</b>

- 4.2.2 The whole Authority cost pressures totalling £2.745m are set out in Table 4 below (cost pressures for schools are excluded as these will be funded through a proposed increase of 1.25% in the funding provided to schools): -

Table 4 – Whole Authority Cost Pressures

	<b>£m</b>
Pay – Weighted average increase of 1.2%	1.367
Living Wage (assumed increase of 20p per hour)	0.148
Non-pay inflation at 1% (net of 1% fees and charges increase)	1.128
New Responsibilities	0.262
Transfers in/out and other passported grants	(0.160)
<b>TOTAL</b>	<b>2.745</b>

- 4.2.3 It is incumbent upon Council to set a realistic budget each year. Table 5 provides details of the 2017/18 inescapable service commitments/pressures that have been identified and require consideration in respect of funding: -

Table 5 – Inescapable Service Pressures and Other Service Commitments

	<b>£m</b>
Council Tax Reduction Scheme additional liability	0.148
Apprenticeship Levy	0.454
Additional holiday pay (staff working variable hours)	0.425
Welsh Language Standards	0.250
Tir-yr-Berth Depot – Running costs	0.075
Increase in funding for schools (1.25%)	1.334
Social Services cost pressures	3.500
<b>TOTAL</b>	<b>6.186</b>

- 4.2.4 **Council Tax Reduction Scheme (CTRS)** – The additional liability of £148k arises from a 1% increase in the CTRS budget in line with the proposed increase in Council Tax.
- 4.2.5 **Apprenticeship Levy** – This levy will be introduced by the UK Government from April 2017 and will be applicable in Wales. All employers with a payroll cost of greater than £3m per annum will be subject to a 0.5% levy on total payroll costs. The purpose of the levy is to fund traineeships but it is currently not clear how this will operate in Wales and how the funding will be allocated to WG. The estimated cost of the levy for Caerphilly CBC is £454k per annum.
- 4.2.6 **Additional holiday Pay for staff working variable hours** – Negotiations are ongoing to ensure that the Council is compliant with recent case law concerning annual leave payments for employees that receive payments in addition to their basic salary. An initial estimate of £425k has been calculated as the cost of these potential additional payments. It is proposed that this funding should be held corporately in the first instance until the actual impact on service budgets has been established.
- 4.2.7 **Welsh Language Standards** – Significant financial pressures are being experienced in this area and to ensure compliance with the Standards it will be necessary to provide additional resources, particularly in relation to translation costs.
- 4.2.8 **Tir-yr-Berth Depot** – Following the transfer of various teams into and out of the Depot there is a resultant shortfall of £75k in the running costs budget largely due to a loss of income from the Housing Revenue Account (HRA).
- 4.2.9 **Increase in funding for schools** – An increase of 1.25% is proposed for schools totalling £1.334m. This increase will fully fund pay and non-pay inflationary increases and will also fund the majority of the cost of the impact of the Apprenticeship Levy on schools.

4.2.10 **Social Services cost pressures** - Cabinet will recall that the 2016/17 budget approved by Council on the 24th February 2016 included a contingency of £2.5m for Social Services cost pressures. This contingency was initially held corporately but the full £2.5m has now been permanently transferred into the Social Services base budget. This has been necessary to fund increases in fees for external care providers due in the main to the introduction of the National Living Wage, and additional costs arising from increasing demand for services in both Adult and Children's Services. It is proposed that a further sum of £3.5m should be allocated in the 2017/18 budget to meet ongoing financial pressures for Social Services.

### 4.3 2017/18 Draft Savings Proposals

4.3.1 Although the Provisional 2017/18 Financial Settlement is much better than originally anticipated, the emerging cost pressures identified in this report result in a net savings requirement of £8.653m. Table 6 provides details of the draft savings proposals that, alongside the proposed increase of 1% in Council Tax, will enable a balanced budget to be achieved.

Table 6 – Draft Savings Proposals 2017/18

Description	2017/18 Saving £m
<b>Savings in advance brought forward from 2016/17</b>	<b>1.815</b>
<b>Full-Year impact of approved 2016/17 savings</b>	<b>0.146</b>
<b>2017/18 savings proposals: -</b>	
'Nil impact' savings	3.037
Bowling Green rationalisation	0.113
Treasury Management – Review of MRP policy	3.500
Pension contributions for former Authorities	0.042
<b>TOTAL</b>	<b>8.653</b>

4.3.2 **Savings in advance brought forward from 2016/17** - At its meeting on the 24th February 2016 Council approved a package of savings totalling £11.117m for the 2016/17 financial year. This exceeded the total savings required to balance the 2016/17 budget resulting in savings in advance of £1.815m. Council agreed that for 2016/17 only this excess sum should be set aside in an earmarked reserve to meet cost pressures in dry recyclable waste and to provide one-off match-funding to support carbon management initiatives. The £1.815m savings will now be required to help balance the budget for 2017/18.

4.3.3 **Full-Year impact of approved 2016/17 savings** - Some of the approved savings for 2016/17 only had a part-year impact and the full-year effect of these savings will now provide an additional £146k to support the 2017/18 budget.

4.3.4 **2017/18 'Nil Impact' savings** - As part of the extensive work previously undertaken to prepare for anticipated savings in future years, savings totalling £3.037m were identified for 2017/18 that do not have a direct impact on services users or the public. These proposals consist in the main of vacancy management, budget realignment and minor changes to service provision.

4.3.5 **Bowling Green rationalisation** - At its meeting on the 2nd March 2016, Cabinet agreed proposals on the rationalisation of Bowling Greens which will deliver savings of £113k to support the 2017/18 budget. The approved changes include the following: -

- The closure of Abertridwr Bowling Green and subsequent release of one post.
- Removal of the Park Ranger service.
- The operation of 20 bowling greens at a reduced maintenance specification with the subsequent release of three members of staff.
- Bowling Clubs to undertake non-specialist green maintenance tasks.
- Payment of a grant to Bowling Clubs.
- Clubs to retain income from fees and charges.

4.3.6 **Treasury Management - Review of MRP policy** - A saving of £3.5m is proposed through undertaking a review of the Authority's Minimum Revenue Provision (MRP) policy. MRP is a very technical concept but its core purpose is to charge revenue accounts over a period of time with the cost of assets financed through debt. There are a number of different ways that this charge can be calculated but in simple terms the current approach adopted within Caerphilly CBC essentially charges the revenue account annually over a period of 25 years. The revised approach being undertaken by a number of Local Authorities links the annual MRP charge to a more realistic assessment of the lives of assets funded through debt. For example, it would not be unreasonable to assume that a school would have a useful life of up to 70 years.

Staff in Corporate Finance have been working with our Treasury Advisors, Arlingclose, and a report on proposed changes to the MRP policy is being prepared for the Special Policy & Resources Scrutiny Committee on the 7th December 2016. The main thrust of this report will be to change the policy to reflect average asset lives of 50 years. This effectively spreads the MRP charge over 50 years instead of 25, thus reducing the annual charge to the revenue account and realising significant savings to support the MTFP.

MRP is an element of the Treasury Management Strategy which is approved annually by full Council. The proposed change to the MRP policy is therefore of interest to all Members. With this in mind a Members' Seminar has been scheduled for the 12th January 2017. This will provide an opportunity for all Members to be fully briefed on the proposed changes and Arlingclose will be in attendance to assist with dealing with questions that Members may raise. A report on the proposed changes will subsequently be presented to Cabinet on the 18<sup>th</sup> January 2017 and then Council on the 24th January 2017.

4.3.7 **Pension contribution for former Authorities** – Commitments against this budget are reducing over time and a budget reduction of £42k is achievable for 2017/18.

4.3.8 Cabinet is asked to endorse the proposed package of savings totalling £8.653m and to agree that the draft budget proposals contained in this report should now be subject to a period of consultation prior to final 2017/18 budget proposals being presented to Cabinet and Council in February 2017.

#### 4.4 **Council Tax Implications 2017/18**

4.4.1 The draft budget proposals within this report include a proposed increase of 1% in Council Tax for the 2017/18 financial year. This will increase the Caerphilly CBC Band D precept from £1,001.94 to £1,011.96 i.e. an annual increase of £10.02 or weekly increase of £0.19.

### 5. **WELL-BEING OF FUTURE GENERATIONS**

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

## **6. EQUALITIES IMPLICATIONS**

- 6.1 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.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 As detailed throughout the report.

## **8. PERSONNEL IMPLICATIONS**

- 8.1 Where staff reductions are required the Council will firstly try to achieve this through 'natural wastage' and not filling vacancies. However, where this is not possible then every opportunity will be taken to find alternative employment through the Council's redeployment policy. The Council will also utilise other policies as appropriate e.g. voluntary severance.

## **9. CONSULTATIONS**

- 9.1 The draft savings proposals for 2017/18 continue to follow the principles previously agreed by Council which in essence seek to limit the impact of savings on front-line services. The proposed savings for 2017/18 will have limited (if any) impact on the public so the extensive consultation process that has been followed in recent years will not be necessary. Steps will be taken to consult and engage with key stakeholders but this will be a more general approach than last year as we do not have long lists of saving proposals to consult upon.
- 9.2 Special Scrutiny Committee meetings have been scheduled throughout December 2016 to provide Members with the opportunity to comment upon the draft 2017/18 budget proposals.

## **10. RECOMMENDATIONS**

- 10.1 Cabinet is asked to: -
- 10.1.1 Endorse the draft 2017/18 budget proposals including the proposed savings totalling £8.653m.
- 10.1.2 Support the proposal to increase Council Tax by 1% for the 2017/18 financial year to ensure that a balanced budget is achieved (Council Tax Band D being set at £1,011.96).
- 10.1.3 Agree that the draft budget proposals should now be subject to consultation prior to final 2017/18 budget proposals being presented to Cabinet and Council in February 2017.

## **11. REASONS FOR THE RECOMMENDATIONS**

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

## **12. STATUTORY POWER**

12.1 The Local Government Acts 1998 and 2003.

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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:

Provisional Local Government Financial Settlement (19th October 2016)

Council (24/02/16) - Budget Proposals 2016/17 and Medium-Term Financial Strategy 2016/2021

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## CABINET – 30TH NOVEMBER 2016

**SUBJECT: CAPITAL BIDS**

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

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### 1. PURPOSE OF REPORT

- 1.1 This report seeks Cabinet approval of proposals to utilise the capital earmarked reserve of £7.9m that was agreed as part of the Capital Programme approved by Council at its meeting on the 24th February 2016.

### 2. SUMMARY

- 2.1 The report provides details of bids that have been prioritised for utilising the £7.9m capital earmarked reserve approved by Council at its meeting on the 24th February 2016.
- 2.2 The total value of the prioritised bids is £8.763m which exceeds the capital earmarked reserve by £863k. It is proposed that the additional £863k is funded from a one-off insurance rebate received from the contractor for the Sirhowy Enterprise Way (SEW) PFI scheme.

### 3. LINKS TO STRATEGY

- 3.1 The capital earmarked reserve of £7.9m was approved as part of the agreed budget strategy for the 2016/17 financial year.
- 3.2 The prudent management of capital resources is an important element of effective financial planning and supports the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015: -
- A prosperous Wales.
  - A resilient Wales.
  - A healthier Wales.
  - A more equal Wales.
  - A Wales of cohesive communities.
  - A Wales of vibrant culture and thriving Welsh Language.
  - A globally responsible Wales.

### 4. THE REPORT

- 4.1 Following Council approval of the £7.9m capital earmarked reserve, Heads of Service were asked to prepare bids to utilise the funding. Inevitably, the bids received significantly exceeded the available funding and a process of prioritising the bids has since been

undertaken in consultation with Cabinet Members. The following bids are those which have been identified as the highest priority: -

Description	Cost £m
Purchase of 9 Twin Pack Refuse Collection Vehicles	1.553
Longbridge Baths, Risca (Phase 1)	0.300
Longbridge Baths, Risca (Phase 2)	1.000
Former Meals on Wheels Centre, Pengam	0.300
Children's Centre for Children with Complex Needs	3.100
Closed Landfill Site at Ty Llwyd	0.200
21 <sup>st</sup> Century Schools, Match-funding for Newbridge/Cwmcarn	1.500
A472 Drainage Scheme, Nelson	0.600
Caerphilly Leisure Centre, Essential Works	0.200
Caerphilly Leisure Centre, Options Appraisal	0.010
<b>TOTAL: -</b>	<b>8.763</b>

- 4.2 **Purchase of 9 Twin Pack Refuse Collection Vehicles** – At its meeting on the 21<sup>st</sup> September 2016 Cabinet approved the purchase of 9 narrow chassis twin pack refuse collection vehicles to enable the separation of food and garden waste. Cabinet agreed that the total cost of these vehicles would be met from the £7.9m capital earmarked reserve. A procurement process has since been undertaken and the vehicles have been ordered at a total cost of £1.553m.
- 4.3 **Longbridge Baths, Risca (Phase 1)** - The former baths is currently utilised by Pontymister AFC as changing rooms. The structure is in poor condition, is an eyesore and requires demolition. The proposed funding of £300k will allow the changing rooms to be replaced by alternative facilities either on a temporary or permanent basis.
- 4.4 **Longbridge Baths, Risca (Phase 2)** - This proposal is to construct a new community facility/changing facilities (for 4 teams) to cater for mixed community use and both rugby and football. This will enable a move away from providing changing rooms that are used for a few hours a week to a facility that offers extensive community facilities and office hub facilities as well as the traditional sporting facilities. Extending hub facilities will aid a move towards agile working across the county borough. This facility can either be constructed on the site of the former baths (if the result of the flood consequence assessment prevents residential development) or on available land adjacent to the existing playing fields.
- 4.5 **Former Meals on Wheels Centre, Pengam** – This proposal is to convert this currently surplus building into office space to aid future office rationalisation. A potential service user request has already been received.
- 4.6 **Children's Centre for Children with Complex Needs** – The existing Children's Centre building and facilities are no longer fit-for-purpose and will become more unsuitable as time progresses. The needs of the children accessing this service are becoming more complex and the numbers of children requiring services of this nature are rising due to advances in medical interventions leading to an increase in life expectancy. It is therefore vital that plans are progressed to upgrade services before they become completely unsustainable.

The current Children's Centre in Caerphilly is based in Energlyn. This location is not ideal for families, with those living further afield having to either travel or be transported at a cost to the Council. The location is also not on any public transport routes further limiting the opportunities.

The size of the rooms available in the existing building and their layout are not conducive to the integrated model of service delivery and partnership working. Furthermore, the treatment rooms and facilities are limited in size and number. There are a number of other professionals who would benefit from being co-located or from holding clinics at the centre should more space be available. This would be of great benefit to families to prevent them needing to visit several different appointments in several different locations.

A secondary but important issue is the access families in Caerphilly have to leisure activities in comparison to those families living in neighbouring council areas. The current Children's Centre does not open to families on the weekend or in the evenings. Any leisure services that are provided face the same limitations as outlined for core services. The building is not in an ideal location within the Council area for families to easily access and is no longer fit-for-purpose.

The bid for £3.1m is to build a new facility that would reinforce and enhance the current integrated service model which is working well in Caerphilly but needs to be developed further. This proposal will be subject to consultation with key stakeholders and Cabinet will receive a further report in due course outlining firm project proposals along with details of feedback from the consultation process.

4.7 **Closed Landfill Site at Ty Llwyd** - £200k is required for a drainage scheme proposed by Engineers to deal with leachate issues at this site.

4.8 **21<sup>st</sup> Century Schools, Match-funding for Newbridge/Cwmcarn** – Cabinet will be aware of the decision of the Governing Body of Cwmcarn High School to seek to close the school. In order to plan for potential closure, the Council submitted a £3m business case to Welsh Government on the 21<sup>st</sup> July 2016. The business case was agreed by the School Strategy Board and proposed the following: -

- Additional classrooms at Newbridge School to manage the initial pupil bulge and to accommodate any Cwmcarn High School pupils at date of decision to discontinue who wish to transfer to Newbridge School.
- Undertaking demolition works at both Cwmcarn High school and Newbridge School.

The business case has been considered by the 21<sup>st</sup> Century Schools Team in the Welsh Government and the Cabinet Secretary for Education subsequently gave in principle approval of the business case on the 14th September 2016. This decision was without prejudice to the decision regarding the Governing Body's request under section 80 of the School Standards & Organisation (Wales) Act 2013 to discontinue Cwmcarn High School. The decision is also subject to the Council agreeing the business case proposal and meeting its 50% contribution towards the costs of the works outlined in the business case in the sum of £1.5 million.

4.9 **A472 Drainage Scheme, Nelson** - The A472 main road south east of Nelson is the main east west road across the valleys and has for many years suffered from road flooding when heavy periods of rainfall are experienced. Existing streams and their culverts are inadequate and require replacement with larger culverts. The existing highway drainage is insufficient to deal with reasonable flows and again does not perform when heavy periods of rainfall are experienced. This will need renewal and supplementing with additional gullies. Over the years the water has affected the structural integrity and profile of the road and this will need attention also. The cost of the required works is estimated to be £600k.

4.10 **Caerphilly Leisure Centre, Essential Works** – The proposed funding of £200k will enable urgent works to be undertaken in the sports hall including a replacement roof, upgrading of lighting and overlaying the flooring. The funding will also cover additional unforeseen works necessary to complete the Health Suite refurbishment project. These include replacement of the undersized drainage connections and replacement of the floor slab which was found to be lacking a continuous damp proof membrane.

- 4.11 **Caerphilly Leisure Centre, Options Appraisal** – It is proposed that £10k be allocated for an options appraisal previously undertaken by Alliance to be updated.

## **5. WELL-BEING OF FUTURE GENERATIONS**

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

## **6. EQUALITIES IMPLICATIONS**

- 6.1 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.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 The prioritised bids presented in this report total £8.763m, which exceeds the approved £7.9m capital earmarked reserve by £863k.
- 7.2 It is proposed that the additional £863k is funded from a one-off insurance rebate of £919k received from the contractor for the Sirhowy Enterprise Way (SEW) PFI scheme.

## **8. PERSONNEL IMPLICATIONS**

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

## **9. CONSULTATIONS**

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

## **10. RECOMMENDATIONS**

- 10.1 Cabinet is asked to: -

10.1.1 Approve the prioritised bids presented in this report totaling £8.763m.

10.1.2 Agree that the £863k additional cost in excess of the £7.9m approved capital earmarked reserve should be funded from the one-off insurance rebate of £919k received from the contractor for the Sirhowy Enterprise Way (SEW) PFI scheme.

## **11. REASONS FOR THE RECOMMENDATIONS**

- 11.1 To ensure that available capital resources are deployed effectively.

## **12. STATUTORY POWER**

- 12.1 The Local Government Acts 1998 and 2003.

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