

Pecyn Dogfennau Cyhoeddus

Penallta House,
Tredomen Park,
Ystrad Mynach,
Hengoed CF82 7PG

Ty Penallta,
Parc Tredomen,
Ystrad Mynach,
Hengoed CF82 7PG



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Am unrhyw ymholiad yn ymwneud â'r agenda hwn cysylltwch â Charlotte Evans
(Rhif Ffôn: 01443 864210 Ebst: evansca1@caerphilly.gov.uk)

Dyddiad: Dydd Mercher, 8 Chwefror 2017

Annwyl Syr/Fadam,

Bydd cyfarfod **Cabinet** yn cael ei gynnal yn **Ystafell Sirhywi, Tŷ Penallta, Tredomen, Ystrad Mynach** ar **Dydd Mercher, 15fed Chwefror, 2017** am **2.00 pm**. i ystyried materion a gynhwysir yn yr agenda canlynol.

Yr eiddoch yn gywir,

Chris Burns
PRIF WEITHREDWR DROS DRO

A G E N D A

Tudalennau

- 1 I dderbyn ymddiheuriadau am absenoldeb
- 2 Datganiadau o Ddiddordeb.

Atgoffi'r Cyngorwyr a Swyddogion o'u cyfrifoldeb personol i ddatgan unrhyw fuddiannau personol a/neu niweidiol mewn perthynas ag unrhyw eitem o fusnes ar yr agenda hwn yn unol â Deddf Llywodraeth Leol 2000, Cyfansoddiad y Cyngor a'r Cod Ymddygiad ar gyfer Cyngorwyr a Swyddogion..

I gymeradwyo a llofnodi'r cofnodion canlynol:-

- 3 Cynhaliwyd y Cabinet ar 1af Chwefror 2017.

1 - 4

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

A greener place Man gwyrddach



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5	Mentrau Lleihau Carbon - Dyranriad Cyfalaf.	39 - 44
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7	Prosiect "Arloesi a Menter Busnes" - Cais Rhanbarthol ar gyfer Cronfeydd Strwythurol a Buddsoddi UE, ERDF Blaenoriaeth 4 Amcan 4.	49 - 56

Cylchrediad:

Cynghorwyr

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 a R. Woodyatt,

A Swyddogion Priodol.



CABINET

COFNODION Y CYFARFOD A GYNHALIWDYD YN NHŶ PENALLTA, TREDOMEN AR DDYDD MERCHER, 1AF CHWEFROR 2017 AM 2.00 P.M.

YN BRESENNOL

Y Cyngorydd K. V. Reynolds – Cadeirydd

Cynghorwyr:

Mrs C. Forehead (Adnoddau Dynol a Llywodraethu/Rheoli Busnes), N. George (Gwasanaethau Hamdden a'r Gymuned), D.T. Hardacre (Perfformiad a Rheoli Asedau), D. Havard (Addysg a Dysgu Gydol Oes), K. James (Adnewyddu, Cynllunio a Datblygiad Cynaliadwy), Mrs B. Jones (Gwasanaethau Corfforaethol), D.V. Poole (Tai), a T.J. Williams (Priffyrdd, Cludiant a Pheirianeg).

Ar y cyd gyda:

C. Burns (Prif Weithredwr Dros Dro), C. Harrhy (Cyfarwyddwraig Corfforaethol - Cymunedau) ac N. Scammell (Cyfarwyddwraig Dros Dro Gwasanaethau Corfforaethol a Swyddog Adran 151).

Hefyd yn Bresennol:

S. Couzens (Prif Swyddog Tai), M. Headington (Rheolwr Parciau Dros Dro), L. Allen (Prif Gyfrifydd) a R. Barrett (Swyddog Gwasanaethau Pwyllgor).

1. YMDDIHEURIADAU DROS ABSENOLDEB

Derbyniwyd ymddiheuriadau am absenoldeb oddi wrth y Cyngorydd R. Woodyatt (Gwasanaethau Cymdeithasol) a D. Street (Cyfarwyddwr Corfforaethol - Gwasanaethau Cymdeithasol).

2. DATGANIADAU O DDIDDORDEB

Datganodd y Cyngorydd Mrs B.A. Jones ddiddordeb yn Eitem 4 ar yr Agenda (Taliadau y Cyfrif Refeniw Tai - 2017/2018). Mae manylion wedi eu cofnodi gyda'r eitem berthnasol.

3. CABINET - 18FED IONAWR 2017

PENDERFYNWYD, yn amodol ar nodi y dylai'r penderfyniad a gynhwysir yng Nghofnod Rhif 5 (Canlyniad Ymgynghoriad Anffurfiol ar y Darpariaethau sydd i'w cynnwys mewn Gorchymyn Amddiffyn Mannau Cyhoeddus yn ymwneud â Rheoli Cŵn) gyfeirio at y Pwyllgor Craffu Iechyd Arbennig, Gofal Cymdeithasol a Lles, y dylid cymeradwyo cofnodion y cyfarfod a gynhaliwyd ar 18fed Ionawr 2017 (rhifau cofnod 1

-. 7) a'u llofnodi fel cofnod cywir.

MATERION SYDD ANGEN PENDERFYNIADAU GWEITHREDOL

4. TALIADAU'R CYFRIF REFENIW TAI - 2017-2018

Datganodd y Cynghorydd Mrs B.A. Jones ddiddordeb personol a rhagfarnol (fel Tenant Cyngor) a gadawodd y cyfarfod yn ystod y drafodaeth ar yr eitem hon.

Roedd yr adroddiad, a gafodd ei ystyried gan y Pwyllgor Craffu Polisi ac Adnoddau ar 17 Ionawr 2017, yn ceisio cymeradwyaeth y Cabinet ar gyfer taliadau uwch arfaethedig y bwriedir iddynt fod yn effeithiol ar gyfer y Cyfrif Refeniw Tai (CRT) am y flwyddyn ariannol 2017/18.

Roedd yr adroddiad yn crynhoi'r broses o baratoi cyllideb y Cyfrif Refeniw Tai. Nododd y Cabinet fod Polisi newydd Llywodraeth Cymru ar gyfer Rhenti Tai Cymdeithasol yn gosod band rhent targed ar gyfer pob Awdurdod lle mae'n rhaid i gynghorau addasu rhenti cyfartalog ar gyfer eu heiddo yn unol â'r bandiau hyn. Mae'r cynnydd ar y polisi rhent newydd yn sefydlog am bum mlynedd yn defnyddio ffigwr chwyddiant Mynegai Prisiau Defnyddwyr (CPI) y mis Medi blaenorol (yn hytrach na ffigwr chwyddiant RPI) ac mae hefyd yn cynnwys cynnydd gwirioneddol o 1.5% at rent awdurdod lleol cyfartalog. Ffigwr CPI y mis Medi blaenorol oedd 1%. Cyhoeddodd LIC y byddai'r cynnydd mewn rhenti ar gyfer 2017/18 yn o leiaf 2.5%, sef CPI o 1% a 1.5%. Mae'r cynnydd hwn wedi ei ychwanegu at y rhent cyfartalog yn golygu bod Cyngor Caerffili o fewn pen isaf y rhent targed. Oherwydd bod trefniant diogelu pontio mewn lle, y cynnydd uchaf mewn rhent y gellir ei weithredu gan yr Awdurdod yw 4.39%.

Cynigwyd felly i gynyddu rhent o leiafswm o 3% pob eiddo o Ebrill 2017 er mwyn sicrhau cydymffurfiaeth â'r polisi rhent newydd ac i gynnal hyfywdra cynllun busnes cyfredol y Cyngor. Amlygwyd yr holl daliadau perthnasol yn yr adroddiad, a oedd hefyd yn cynnwys cynigion ar gyfer cynyddu rhenti ar garejys sy'n eiddo i'r Cyngor. Ni fu unrhyw gynnydd arfaethedig ar draws nifer o gostau eraill gan fod y rhain wrthi'n cael eu hadolygu.

Yn dilyn ystyriaeth a thrafodaeth, cynigiwyd ac eiliwyd bod yr argymhellion yn yr adroddiad yn cael eu cymeradwyo. Cytunwyd ar hyn yn unfrydol drwy godi dwylo.

PENDERFYNWYD am y rhesymau a gynhwysir yn Adroddiad y Swyddog: -

- (i) er mwyn sicrhau cydymffurfiad â'r polisi rhent newydd ac i gynnal hyfywedd y cynllun busnes cyfredol, i weithredu cynnydd yn y rhent o leiafswm o 3% yr eiddo o Ebrill 2017;
- (ii) ni fydd y tâl gwasanaeth amrywiol mewn cyfadeiladau lloches yn cael ei gynyddu yn ddibynnol ar gwblhau adolygiad tâl am wasanaeth;
- (iii) ni fydd pris pryd yn Tredegar Court yn cael ei gynyddu yn ddibynnol ar gwblhau adolygiad tâl am wasanaeth;
- (iv) ni fydd y tâl am ystafell gwadd ar gyfer cyfadeiladau tai lloches yn cael ei gynyddu o Ebrill 2017;
- (v) bydd y taliadau garej ar gyfer tenantiaid Cyngor a thenantiaid nad ydynt yn denantiaid Cyngor yn cael eu cynyddu i £8.11 yr wythnos yn seiliedig ar sail 48-wythnos o fis Ebrill 2017.

5. TALIADAU CLADDU AR GYFER PLANT (HYD AT AC YN CYNNWYS OED 16 OED)

Roedd yr adroddiad yn ceisio barn y Cabinet ar y polisi prisio presennol ar gyfer claddu plant o fewn mynwentydd dinesig y Cyngor ac yn darparu opsiynau i'r Aelodau eu hystyried. Cyfeiriwyd at yr ymgyrch ddiweddar a arweiniwyd gan Carolyn Harris (AS Dwyrain Abertawe) i ddileu taliadau a osodir gan Awdurdodau Lleol ar gyfer claddu plant. Eglurwyd bod y trefniadau statudol ar gyfer rheoli mynwentydd dinesig wedi'i cynnwys yn y Gorchymyn Mynwentydd Awdurdodau Lleol 1977, sydd yn caniatáu i Awdurdodau Lleol i "i godi ffioedd fel y maent yn eu hystyried yn briodol ar gyfer neu mewn cysylltiad â chladdedigaethau mewn mynwent".

Amlinellodd swyddogion y polisi prisio presennol ar gyfer claddu plant a chyfeiriodd at restr gymharol o ffioedd ar draws awdurdodau lleol eraill yng Nghymru fel atodiad i'r adroddiad. Nododd y Cabinet nad oedd nifer o'r awdurdodau hyn yn codi unrhyw daliadau ar gyfer claddu plant, nac yn cynllunio i gael gwared ar y taliadau hyn yn y dyfodol agos. Eglurwyd y byddai colli'r incwm yn deillio o ddiddymu'r taliadau hyn o fewn bwrdeistref sirol Caerffili yn ddibwys yng nghyd-destun yr incwm cyffredinol a gyflawnir gan y gwasanaeth. Cynghorwyd y Cabinet os byddent yn diddymu'r ffi hon am gladdedigaeth, byddai costau sy'n gysylltiedig â phrynu Hawl Unigryw i Gladdu Mewn Bedd (£605 ar hyn o bryd) os byddai'r teulu mewn profedigaeth yn dewis gwneud hyn.

Yn dilyn ystyriaeth a thrafodaeth, cynigiwyd ac eiliwyd bod yr argymhellion yn yr adroddiad yn cael eu cymeradwyo. Cytunwyd ar hyn yn unfrydol drwy godi dwylo.

PENDERFYNWYD, yn amodol ar nodi y byddai costau yn parhau mewn perthynas â phrynu Hawl Unigryw i Gladdu Mewn Bedd os dewisir hyn gan y teulu mewn profedigaeth, am y rhesymau a gynhwysir yn adroddiad y Swyddog, i ddiddymu'r ffioedd claddu ar gyfer plant hyd at ac yn cynnwys 16 oed.

Terfynwyd y cyfarfod am 2.18 p.m.

Cymeradwywyd a llofnodwyd eu bod yn gofnod cywir yn amodol ar unrhyw gywiriadau a wnaed yn y cyfarfod a gynhaliwyd ar 15fed Chwefror, 2017.

CADEIRYDD

Gadewir y dudalen hon yn wag yn fwriadol



CABINET – 15TH FEBRUARY 2017

SUBJECT: BUDGET PROPOSALS 2017/18 AND MEDIUM-TERM FINANCIAL STRATEGY 2017/2022

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

1. PURPOSE OF REPORT

- 1.1 To seek Cabinet endorsement of the 2017/18 budget proposals contained within this report prior to final determination at Council on the 22nd February 2017.

2. SUMMARY

- 2.1 On the 30th November 2016 Cabinet received a report providing details of draft revenue budget proposals for the 2017/18 financial year based on the Provisional Local Government Financial Settlement announced by the Welsh Government (WG) on the 19th October 2016. Following consideration of the report Cabinet: -
- endorsed the draft 2017/18 budget proposals including proposed savings totalling £8.653m;
 - supported a 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); and
 - agreed that the draft budget proposals should be subject to consultation prior to final 2017/18 budget proposals being presented to Cabinet and Council in February 2017.
- 2.2 This report provides an updated position based on the Final 2017/18 Local Government Financial Settlement announced by WG on the 21st December 2016. The report seeks Cabinet endorsement of the final 2017/18 budget proposals prior to consideration by Council on the 22nd February 2017.
- 2.3 The net 2017/18 revenue budget for the Council, if approved, would be £325.431m (as shown in Appendix 1).

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 the 2017/18 Financial Settlement**

4.1.1 Published on the 19th October 2016, the key points of the WG Provisional 2017/18 Local Government Financial Settlement were 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 varied by Authority due to the funding formula and ranged from minus 0.5% to plus 0.9%.
- For Caerphilly CBC there was a reduction of 0.3% in the Aggregate External Finance i.e. a cash decrease of £0.608m.
- There was £0.262m funding in the Provisional Settlement for Caerphilly CBC for new responsibilities in Social Services. This funding was 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 were four transfers into the Provisional Settlement totalling £0.185m and one transfer out of £0.062m.
- Changes to other passported grants in the provisional settlement resulted in a net reduction of £0.283m.
- The capital allocations available to Caerphilly CBC in the Revenue Support Grant (RSG) and from the General Capital Grant increased by £19k from the previous year.

4.1.2 The Final 2017/18 Local Government Financial Settlement announced on the 21st December 2016 showed a confirmed increase in the Aggregate External Finance (AEF) of £0.326m (0.12%) for Caerphilly CBC. In cash terms this represents an increase of £0.934m on the cash reduction of £0.608m included in the Provisional Financial Settlement. The main reasons for the increase from the Provisional Settlement are a change in the Council Tax Base and additional funding of £0.283m in the Final Settlement for new responsibilities in relation to homelessness prevention.

4.1.3 The confirmed 2017/18 Council Tax Base for Caerphilly CBC was reported to Cabinet on the 14th December 2016. This was lower than the projected Council Tax base figure that was used for the Draft 2017/18 Budget Proposals Report presented to Cabinet on the 30th November 2016 (which would have been based on the Council Tax base approved in December 2015). Whilst this has resulted in a cash increase in the Final Settlement, the Council Tax income arising from a proposed increase of 1% for 2017/18 will be £0.172m lower than assumed in the 2017/18 Draft Budget Proposals Report.

4.1.4 Cabinet should note that whilst the Final Settlement results in a cash increase for Caerphilly CBC, after adjusting for new responsibilities and grants transferred into and out of the settlement the net position is an effective cash reduction of £0.342m as shown in Table 1: -

Table 1 – Adjusted Cash Position for Caerphilly CBC

	£m
Cash Increase in Final Settlement	0.326
Funding in Settlement for New Responsibilities	(0.545)
Transfers In/Out of the Settlement	(0.123)
EFFECTIVE CASH REDUCTION	(0.342)

- 4.1.5 The net impact of the changes from the Provisional to Final Settlement is an improvement of £0.479m as summarised in Table 2: -

Table 2 – Net Impact of Changes from Provisional to Final Settlement

	£m
Increase in Aggregate External Finance (AEF)	0.934
Additional Funding in Settlement for New Responsibilities	(0.283)
Reduction in Council Tax Income (Paragraph 4.1.3)	(0.172)
NET IMPACT	0.479

- 4.1.6 There are a number of emerging issues that require consideration in determining the Final 2017/18 Budget Proposals. These will need to be funded from the £0.479m headroom in the Final Settlement along with further savings of £0.393m which will be in addition to the savings of £8.653m identified in the 2017/18 Draft Budget Proposals.

4.2 Updated 2017/18 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 of 2017/18 Budget Proposals

Paragraph	Description	£m	£m
4.2.2	Transfers In/Out of Settlement	0.123	
4.2.3	Other Passported Grants		0.283
4.2.4	New Responsibilities	0.545	
4.2.6	Whole-Authority Cost Pressures	3.576	
4.2.10	Inescapable Service Pressures	6.125	
4.1.2	Increase in WG Funding		0.326
4.3.1	Savings Proposals 2017/18		9.046
4.6.1	Council Tax Uplift (1%)		0.714
	TOTAL	10.369	10.369

- 4.2.2 Table 4 provides details of the transfers in and out of the Final Settlement: -

Table 4 – Transfers In/Out 2017/18

	£m
Transfers In: -	
Delivering Transformation Grant	0.171
Deprivation of Liberty Safeguards	0.010
Blue Badge Scheme Additional Funding	0.001

Food Hygiene Rating Scheme	0.003
Transfers Out: -	
Education Workforce Council Teacher Registration Fees	(0.062)
TOTAL	0.123

4.2.3 Table 5 provides details of changes to other passported grants included in the Final Settlement: -

Table 5 – Other Passported Grants 2017/18

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

4.2.4 Table 6 provides details of funding in the Final Settlement for new responsibilities: -

Table 6 – New Responsibilities 2017/18

	£m
Increasing Capital Limits for Residential Care	0.244
War Disablement Pension Disregard	0.018
Homelessness Prevention	0.283
TOTAL	0.545

4.2.5 As in previous years, the adjustments in Tables 4, 5 and 6 (both the increases and decreases in funding) will be passed directly to those services that they relate to.

4.2.6 The Whole-Authority cost pressures totalling £3.576m are set out in Table 7 (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 7 – Whole-Authority Cost Pressures

	£m
Pay – Weighted average increase of 1.2%	1.367
Living Wage (assumed increase of 20p per hour)	0.148
Non-pay inflation at 1.6%	2.061
TOTAL	3.576

4.2.7 The Draft 2017/18 Budget Proposals presented to Cabinet on the 30th November 2016 assumed a 1% increase in non-pay inflation. However, the Consumer Prices Index (CPI) inflation rate rose to 1.6% in December and this is the rate that is now reflected in the updated 2017/18 Budget Proposals.

4.2.8 The report presented to Cabinet in November also assumed a generic increase of 1% in fees and charges across the Authority. However, budget monitoring reports for the 2016/17 financial year are showing shortfalls against income targets in a number of service areas. To increase charges further at this point would exacerbate these shortfalls so the updated 2017/18 budget proposals do not include any provision for additional income from fees and charges.

4.2.9 Income generation will be subject to review during the 2017/18 financial year and a report will be prepared for Cabinet in due course.

4.2.10 Table 8 provides details of the 2017/18 inescapable service commitments/pressures that have been identified and require consideration in respect of funding: -

Table 8 – Inescapable Service Pressures and Other Service Commitments

	£m
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
City Deal Partnership Revenue Contribution	0.060
Coroners Service	0.027
TOTAL	6.125

- 4.2.11 **Apprenticeship Levy** – Cabinet will be aware that the apprenticeship 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 still not clear how this will operate in Wales and how the funding will be allocated. The estimated cost of the levy for Caerphilly CBC is £454k per annum.
- 4.2.12 **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 annual 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. In addition to the need to establish a revenue budget to meet future commitments, there will also be a requirement to set aside funding from the General Fund to meet the cost of one-off back-dated payments to staff.
- 4.2.13 **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. This budget will be held corporately in the first instance.
- 4.2.14 **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).
- 4.2.15 **Increase in funding for schools** – An increase of 1.25% is proposed for schools totalling £1.334m. Cabinet is advised that there is no requirement in the Financial Settlement to protect schools in 2017/18.
- 4.2.16 **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. This funding will be held corporately in the first instance.

4.2.17 **City Deal Partnership Revenue Contribution** – At its meeting on the 31st January 2017, Council agreed an annual revenue contribution of £120k towards the support structure for the City Deal Regional Cabinet. For 2017/18 the contribution is only likely to be £60k as underspends from 2016/17 will be carried forward. From 2018/19 onwards there will need to be provision in the base budget to meet the full £120k annual commitment.

4.2.18 **Coroners Service** – Ongoing cost pressures in this service requires an additional contribution from partners for 2017/18.

4.3 2017/18 Savings Proposals

4.3.1 Although the Final 2017/18 Financial Settlement is marginally better than the Provisional Settlement, the additional emerging cost pressures identified in this report result in a net savings requirement of £9.046m. Table 9 provides details of savings proposals that, alongside a proposed increase of 1% in Council Tax, will enable a balanced budget to be achieved.

Table 9 – Savings Proposals 2017/18

Description	£m	£m
Draft Savings Proposals Presented to Cabinet (30/11/16): -		
- Savings in advance brought forward from 2016/17	1.815	
- Full-Year impact of approved 2016/17 savings	0.146	
- '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	8.653
Additional Proposed Savings to Balance Budget: -		
- Fire Service Levy	0.033	
- Reduction in Council Tax Reduction Scheme Budget	0.360	0.393
TOTAL		9.046

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 have since been fully implemented and have delivered savings of £113k to support the 2017/18 budget. The approved changes included 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** – At its meeting on the 24th January 2017, Council approved changes to the Council’s Minimum Revenue Provision (MRP) policy. The agreed changes are as follows: -

- MRP on historic debt liability as at the 31st March 2007 and subsequent capital expenditure funded from supported borrowings will be charged to revenue over 50 years.
- The MRP charge for individual assets funded through unsupported borrowing will be based on the estimated life of each asset or 25 years where this cannot be determined.
- The MRP charge for supported borrowing will be based on an assumed annuity rate of 2%.
- The MRP charge for unsupported borrowing will be based on the average Public Works Loan Board (PWLB) interest rate for new annuity loans in the year that an asset becomes operational.

4.3.7 The agreed changes will deliver a revenue budget saving of £3.5m from 2017/18 onwards. Furthermore, Council agreed that the changes should be back-dated to the 1st April 2016 which results in a one-off saving of £5.540m in the 2016/17 financial year. It is proposed that this one-off sum should be transferred to a capital earmarked reserve.

4.3.8 The change in the MRP policy will also result in additional one-off sums being available in future years albeit that the amounts will reduce over time. For 2017/18 a further £1.929m will be available and it is proposed that this should also be transferred into a capital earmarked reserve.

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

4.3.10 **Fire Service Levy** – The confirmed increase in the levy for 2017/18 is 1.2% which is lower than the budgeted increase of 1.6%. This results in a saving of £33k.

4.3.11 **Council Tax Reduction Scheme (CTRS)** – Cabinet will recall that Council Tax Benefit was abolished in April 2013 and replaced by the Council Tax Reduction Scheme. Since that time there has been a steady reduction in the number of claimants and this trend has continued during the 2016/17 financial year. There is therefore no requirement to increase the 2017/18 CTRS budget in line with the proposed increase in Council Tax. Furthermore, it is proposed that a budget reduction of £360k is achievable for 2017/18 without having any impact on claimants. The proposed reduction is 2.43% of the total 2016/17 CTRS budget.

4.3.12 Cabinet is asked to endorse the proposed package of savings totalling £9.046m.

4.4 **Capital Programme 2017/18 to 2019/20**

4.4.1 The proposed Capital Programme for the three-year period 2017/18 to 2019/20 is detailed in Appendix 2 of this report and is summarised in Table 10: -

Table 10 – Summary of Capital Programme 2017/18 to 2019/20

	2017/18 £m	2018/19 £m	2019/20 £m
Capital Programme proposals	16.456	8.500	8.500
WG funding available	8.046	8.046	8.046
Capital funding gap	(8.410)	(0.454)	(0.454)
Funded by: -			
Surplus/(Deficit) b/fwd	0.971	0.158	0.000
2016/17 One-Off funding from MRP Policy Review	5.540		
2017/18 One-Off funding from MRP Policy Review	1.929		
RCCO budget (Miscellaneous Finance)	0.128	0.128	0.128
Capital underspends from previous years		0.168	0.326
Total Additional Funding	8.568	0.454	0.454
Surplus/(Deficit) carried forward	0.158	0.000	0.000

4.4.2 Appendix 2 includes the proposed transfer into a capital earmarked reserve of £7.469m arising from the review of the Minimum Revenue Provision (MRP) policy. This consists of one-off funding of £5.540m for 2016/17 and £1.929m for 2017/18 as referred to in paragraphs 4.3.7 and 4.3.8 of this report. It is proposed that capital bids should be invited from service areas to utilise the available funding of £7.469m. Cabinet will need to be presented with the details of specific projects, along with a business case where appropriate, prior to approving the release of these funds.

4.5 General Fund Balances

4.5.1 Details of the projected movement on General Fund balances are provided in Appendix 3.

4.5.2 As already mentioned in paragraph 4.2.12, there is a need to create a provision in respect of one-off back-dated additional holiday pay requirements. Current estimates indicate that £500k should be sufficient, which will enable Officers to make the appropriate arrangements to settle this matter.

4.5.3 The Authority has determined at Council, in recent years, to keep the General Fund reserves at a level of circa £10m, which is 3% of the net revenue budget. The funding outlook for Local Government remains uncertain for future years for both core funding and specific grants. With this in mind it is recommended that the balance on the General Fund should be held at a higher level than would normally be the case. The proposals in this report, if approved, would result in a projected General Fund balance of £13.910m as at the 31st March 2017.

4.6 Council Tax Implications 2017/18

4.6.1 The 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.

4.7 Medium-Term Financial Strategy 2017/2022

4.7.1 At its meeting on the 24th February 2016 Council was presented with a Medium-Term Financial Plan (MTFP) which showed an indicative savings requirement of £36.252m for the five-year period 2016/17 to 2020/21. This was based on a number of assumptions, the most significant of which are the following: -

- A 0.9% reduction in WG funding for 2016/17.
- An assumed reduction of 1.4% in WG funding for the three-year period 2017/18 to 2019/20.
- A cash flat position for WG funding in 2020/21.
- A Council Tax increase of 1% for 2016/17 and 2017/18 with an indicative increase of 2.35% for the following three years.
- The schools “pledge” to be met throughout the five-year period covered by the Plan (i.e. schools funded at 1% above the UK Government block grant to WG).

4.7.2 An updated MTFP is attached as Appendix 4 of this report covering the five-year period 2017/18 to 2021/22. The update is based on the following assumptions: -

- No indicative Financial Settlement figures have been provided by WG for future years so for the purposes of the MTFP it is assumed that there will be no increase or decrease in WG funding for the four-year period 2018/19 to 2021/22. In reality this is unlikely to be the case but by taking this approach the updated MTFP will demonstrate the extent of financial pressures facing the Council before even considering the impact of any reductions in WG funding.
- Increases in Council Tax for the period 2018/19 to 2021/22 are linked to projected increases in non-pay inflation i.e. 2% for 2018/19, 2.5% for 2019/20, and 3% for 2020/21 and 2021/22.
- A 1.2% weighted average pay award each year.
- An assumed annual increase of 20p per hour for the Living Wage.
- Non-pay inflation and increases in fees and charges at 2% for 2018/19, 2.5% for 2019/20, and 3% for 2020/21 and 2021/22.
- The Council Tax Reduction Scheme budget to be increased each year between 2018/19 to 2021/22 in line with the proposed increase in the Council Tax.
- For planning purposes an annual uplift in funding of 1.25% is assumed for schools but this will be subject to review as savings requirements are firmed up. There is no requirement in the 2017/18 Financial Settlement to protect schools and no indication at this point that this will be a requirement in subsequent years.
- Additional funding of £1.5m per annum is assumed for Social Services cost pressures for the period 2018/19 to 2021/22. Cabinet will recall that additional funding of £2.5m was agreed for Social Services in 2016/17 and further growth of £3.5m is proposed for 2017/18. This additional funding ensures that the Social Services budget is sufficient to meet current commitments but future pressures will need to be managed within the indicative allocation of additional funding of £1.5m per annum.
- The updated MTFP includes debt charges for Caerphilly CBC’s share of the cost of borrowing that will be undertaken for the City Deal between 2018/19 and 2021/22.
- The latest triennial actuarial valuation of the LG Pension Fund has recently been completed and the outcome requires an additional 1% increase per annum in the employer’s contribution for the period 2018/19 to 2020/21. An increase of 1% is also assumed for 2021/22 in the updated MTFP.

4.7.3 Cabinet will note from Appendix 4 that the indicative savings requirement for the five-year period 2017/18 to 2021/22 is £37.835m as summarised in Table 11: -

Table 11 – Updated Cash Savings Targets

Year	Annual Cash Savings Target £m	Cumulative Cash Savings Target £m
2017/18	9.046	9.046
2018/19	6.628	15.674
2019/20	7.037	22.711
2020/21	7.511	30.222
2021/22	7.613	37.835

4.7.4 It is important to reiterate that in the absence of any indicative WG Financial Settlement figures for future years, the updated MTFP assumes no increase or decrease in WG funding for the period 2018/19 to 2021/22. This is unlikely to be the case and for illustration purposes even an annual reduction of 0.5% in WG funding will add circa £5.3m to the indicative savings requirement of £37.835m.

4.7.5 Detailed work will be undertaken by Officers during the coming months to review savings proposals that have previously been considered but not yet implemented, and to identify new savings proposals for consideration.

4.8 Schools Medium-Term Financial Plan

4.8.1 An updated MTFP for schools is attached as Appendix 5. This update assumes that schools will receive an annual uplift in funding of 1.25% but this position will be subject to review as savings requirements are firmed up. Cabinet will note that there is a shortfall of 0.28% for 2017/18, 0.35% for 2018/19, 0.48% for 2019/20, 0.35% for 2020/21 and 0.47% for 2021/22.

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 2017/18 savings proposals presented to Cabinet on the 30th November 2016 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 has not been necessary.

9.2 The Council has consulted and engaged with key stakeholders but this has been a more general approach than last year as we do not have long lists of saving proposals to consult upon. The budget consultation took place over a six week period from the 5th December 2016 until the 14th January 2017. A short questionnaire was developed to seek views on the draft budget proposals and was made available on the Council's website and promoted via social

media. The survey was also distributed to a wide range of key stakeholders and groups via e-mail and in printed format.

- 9.3 In total, 41 completed surveys were returned and whilst this figure may seem low, it was expected given the nature of the proposed savings. A more detailed report on the outcome of the consultation is available on the Council's website through the following link: -

<http://www.caerphilly.gov.uk/involved/Consultations/Budget-consultation-report>

- 9.4 In general, there was a positive response to the proposals set out and an acceptance that the Council is doing the best it can in difficult circumstances. There were a number of general themes in the responses: -

- There was general agreement that self-management of bowling greens was an acceptable solution.
- There were mixed views on the 1% increase in Council Tax.
- Questions were raised over "nil impact" savings. It was noted that cutting back-office staff may not have a direct public impact, but it can ultimately have an impact on the services delivered on the front-line.
- There was disagreement with removal of the park ranger service.
- There were a number of responses received in objection to increasing car parking charges at country parks by a number of residents who are members of a walking group.

- 9.5 A number of suggestions were made to lessen the impact of savings proposals although it was noted that few proposals have a direct impact on residents: -

- The Council should focus on increasing income and reviewing expenditure on non-essential items.
- Working in partnership with others where necessary, the Council should capitalise on the assets available e.g. working with Cadw to increase visitors to Caerphilly Castle and the Town Centre.
- Streamline senior management and decision-making processes.
- Provide a good quality service therefore reducing complaints.

- 9.6 Special Scrutiny Committee meetings were held throughout December 2016 to provide Members with the opportunity to comment upon the draft 2017/18 budget proposals. The minutes of these meetings are attached as Appendices 6 to 9. The minutes of the Special Education for Life Scrutiny Committee are draft and subject to approval at this stage.

10. RECOMMENDATIONS

- 10.1 Prior to consideration and determination at Council on the 22nd February 2017, Cabinet is asked to endorse the following: -

10.1.1 That the grants passported into/out of the Financial Settlement and the funding for new responsibilities are passed directly to those services that they relate to (paragraphs 4.2.2, 4.2.3 and 4.2.4).

10.1.2 The proposed savings for 2017/18 totalling £9.046m as set out in paragraph 4.3.1 of this report.

10.1.3 The Revenue Budget proposals for 2017/18 of £325.431m as set out in this report and summarised in Appendix 1.

10.1.4 The proposed Capital Programme for the period 2017/18 to 2019/20 as set out in Appendix 2.

10.1.5 The proposed use of General Fund balances as detailed in Appendix 3.

10.2 Cabinet is also asked to note the updated MTFP detailed in Appendix 4 of this report and the indicative savings requirement of £37.835m for the five-year period 2017/18 to 2021/22.

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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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
Cllr David Poole, Deputy Leader & Cabinet Member for Housing

Background Papers: -

- Council (24/02/16) - Budget Proposals 2016/17 and Medium-Term Financial Strategy 2016/2021
- Council (19/07/16) – Cardiff Capital Region City Deal
- Provisional 2017/18 Local Government Financial Settlement (19/10/16)
- Council (22/11/16) – Internal Investigation of Senior Officers – Additional Financial Provision for Legal Costs
- Cabinet (30/11/16) – Draft Budget Proposals for 2017/18
- Final 2017/18 Local Government Financial Settlement (21/12/16)
- Council (24/01/17) – Review of Minimum Revenue Provision Policy
- Council (31/01/17) – Cardiff Capital Region – City Deal (CCR City Deal)

Appendices: -

- Appendix 1 Net Revenue Budget 2017/18
- Appendix 2 Capital Programme 2017/18 to 2019/20
- Appendix 3 Movements on General Fund
- Appendix 4 Updated Medium-Term Financial Plan 2017/18 to 2021/22
- Appendix 5 Schools Medium-Term Financial Plan 2017/18 to 2021/22
- Appendix 6 Approved Minutes – Special Policy & Resources Scrutiny Committee (07/12/16)
- Appendix 7 Draft Minutes – Special Education for Life Scrutiny Committee (15/12/16)
- Appendix 8 Approved Minutes – Special Regen & Environment Scrutiny Committee (19/12/16)
- Appendix 9 Approved Minutes – Special HSC&WB Scrutiny Committee (21/12/16)

NET REVENUE BUDGET 2017/18

	£m	£m
Base Budget 2016/17		324.391
2017/18 Transfers In		
Delivering Transformation Grant	0.171	
Deprivation of Liberty Safeguards	0.010	
Blue Badge Scheme Additional Funding	0.001	
Food Hygiene Rating Scheme	0.003	0.185
2017/18 Transfers Out		
Education Workforce Council Teacher Registration Fees		(0.062)
Other passported grants		
Integrated Family Support Service	(0.173)	
Private Finance Initiative (PFI)	(0.201)	
Council Tax Reduction Scheme	0.091	(0.283)
New Responsibilities		
Increasing Capital Limits for Residential Care	0.244	
War Disablement Pension Disregard	0.018	
Homelessness Prevention	0.283	0.545
Whole Authority Cost Pressures		
Pay – Weighted average increase of 1.2%	1.367	
Living Wage (assumed increase of 20p per hour)	0.148	
Non-pay inflation at 1.6%	2.061	3.576
Inescapable Service Pressures		
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	
City Deal Partnership Revenue Contribution	0.060	
Coroners Service	0.027	6.125
Savings Proposals 2017/18		(9.046)
Proposed Expenditure		325.431
Funding		
WG Support		(263.627)
Council Tax (1.0%)		(60.404)
Council Tax Surplus		(1.400)
Total Funding		(325.431)

CAPITAL PROGRAMME 2017/18 – 2019/20

Scheme	Indicative		
	2017/18 £000s	2018/19 £000s	2019/20 £000s
<u>Education & Lifelong Learning</u>			
Health & Safety Reg Works	300	300	300
Basic Needs Accommodation	225	225	225
School Security	100	100	100
Asset Management	600	600	600
School Boiler Replacement Programme	220	220	220
Total Education & Lifelong Learning	1,445	1,445	1,445
<u>Communities</u>			
Cemeteries	409	0	0
Sports Pitches (Drainage)	30	30	30
Total Community & Leisure Services	439	30	30
Environmental Schemes	230	232	232
Total Countryside	230	232	232
Voluntary Sector Capital Grants	100	100	100
Total Economic Development	100	100	100
Infrastructure Retaining Walls, Culverts etc.	317	317	317
Forward Programme Advance Design/Land	42	42	42
Major Highway Reconstruction	750	750	750
Bridge Strengthening	447	447	447
Land Drainage - Corporate	125	125	125
Land Drainage – Non-Corporate	125	125	125
Vehicle Restraint Systems	150	150	150
Corporate Maintenance - Tips/Mines/Spoils	250	250	250
Street Lighting	50	50	50
Monmouth & Brecon Canal	212	212	212
Footway Reconstruction	150	150	150
Total Engineers	2,618	2,618	2,618
Disabled Facility Grants	1,150	1,150	1,150
Home Improvement Grants/Misc	250	250	250
Minor Works	800	800	800
Total Private Housing	2,200	2,200	2,200

Scheme	Indicative		
	2017/18 £000s	2018/19 £000s	2019/20 £000s
Commercial and Industrial Grants	50	50	50
Town Centres	40	20	20
Navigation Colliery Site Regeneration	20	20	20
Total Urban Renewal	110	90	90
Total Communities	5,697	5,270	5,270
<u>Social Services/Public Protection</u>			
CCTV Replacement	75	75	75
Kitchen Refurbishments	425	425	425
Total Public Protection	500	500	500
Condition Surveys	350	350	350
Total Social Services	350	350	350
Total Social Services/Public Protection	850	850	850
<u>Corporate Services</u>			
IT Hardware & Software	295	235	235
Total ICT & Customer Services	295	235	235
Corporate Asset Management	700	700	700
Total Property	700	700	700
Total Corporate Services	995	935	935
Capital Earmarked Reserve	7,469	0	0
Total General Fund Capital Programme: -	16,456	8,500	8,500

MOVEMENTS ON GENERAL FUND

	£000's	£000's
Opening Balance 01/04/2016		12,615
2015/16 Council Tax Surplus to Support 2016/17 Budget		(1,400)
Take from General Fund agreed by Council		
Additional provision for senior pay investigation legal costs	(150)	
2016/17 City Deal Partnership revenue contribution	<u>(60)</u>	(210)
Projected Take to General Fund from 2016/17 Underspends: -		
Education and Lifelong Learning	9	
Environment	213	
Corporate Services	635	
Miscellaneous Finance	<u>1,967</u>	2,824
Estimated 2016/17 Council Tax Surplus		1,400
Approved Transfers to General Fund from Earmarked Reserves: -		
Corporate Services - Policy	32	
Corporate Services - Recruitment Advertising & Legal Costs	133	
Corporate Services - Housing Benefits	100	
Corporate Services – Miscellaneous	288	
Education & Lifelong Learning - Service Initiatives Reserve	<u>28</u>	581
2016/17 Council Tax Surplus to Support 2017/18 Budget		(1,400)
Provision for back-dated additional holiday pay		(500)
Projected Balance 31/03/17		<u>13,910</u>

MEDIUM-TERM FINANCIAL PLAN 2017/18 TO 2021/22

Description	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
WG Funding (+0.12% for 2017/18 then cash flat)	0.326	0.000	0.000	0.000	0.000
Council Tax (1%, 2%, 2.5%, 3%, 3%)	0.714	1.393	1.735	2.102	2.172
Total Funding	1.040	1.393	1.735	2.102	2.172

Pay (weighted average increase of 1.2% per annum)	1.367	1.383	1.400	1.417	1.434
Living Wage (assumes pledge funds schools)	0.148	0.148	0.148	0.148	0.148
Non-Pay Inflation (1.6%, 2%, 2.5%, 3%, 3%)	2.061	2.628	3.367	4.161	4.286
Fees and Charges (0%, 2%, 2.5%, 3%, 3%)	0.000	(0.326)	(0.418)	(0.517)	(0.532)
New Responsibilities	0.545	0.000	0.000	0.000	0.000
Transfers In/Out and Other Passported Grants	(0.160)	0.000	0.000	0.000	0.000
Sub-Total	3.961	3.833	4.497	5.209	5.336
Service Pressures/Additional Funding					
CTRS Additional Liability (0%, 2%, 2.5%, 3%, 3%)	0.000	0.299	0.381	0.468	0.482
Apprenticeship Levy	0.454	0.000	0.000	0.000	0.000
Additional holiday pay (staff working variable hours)	0.425	0.000	0.000	0.000	0.000
Welsh Language Standards	0.250	0.000	0.000	0.000	0.000
Tir-yr-Berth Depot – Running costs	0.075	0.000	0.000	0.000	0.000
Increase in funding for schools (1.25% per annum)	1.334	1.351	1.367	1.385	1.402
Social Services cost pressures	3.500	1.500	1.500	1.500	1.500
City Deal Partnership Revenue Contribution	0.060	0.060	0.000	0.000	0.000
City Deal Debt Charges	0.000	0.050	0.091	0.104	0.109
Coroners Service	0.027	0.000	0.000	0.000	0.000
Employer Pension Contributions	0.000	0.928	0.937	0.947	0.956
Sub-Total	6.125	4.188	4.275	4.404	4.449
Annual Shortfall	9.046	6.628	7.037	7.511	7.613
Cumulative Shortfall	9.046	15.674	22.711	30.222	37.835

SCHOOLS MEDIUM-TERM FINANCIAL PLAN 2017/18 TO 2021/22

	<u>2017/18</u> <u>£m</u>	<u>2018/19</u> <u>£m</u>	<u>2019/20</u> <u>£m</u>	<u>2020/21</u> <u>£m</u>	<u>2021/22</u> <u>£m</u>
Indicative Increase in funding (1.25%)	1.334	1.351	1.367	1.385	1.402
Inflationary pressures					
Pay award – Teachers (EST 1%, 1%, 1%, 1%, 1%)	0.683	0.690	0.697	0.704	0.711
Pay award - APT&C (Weighted average of 1.2%)	0.144	0.146	0.148	0.150	0.152
Non-pay inflation (1.6%, 2%, 2.5%, 3%, 3%)	0.297	0.374	0.474	0.582	0.599
Apprenticeship Levy (0.5%)	0.383	0.000	0.000	0.000	0.000
Service pressures					
Formula related changes (i.e. floor area, FSM)	0.150	0.150	0.150	0.150	0.150
Projected demographic increase/(decrease)	(0.057)	0.322	0.361	0.145	0.260
TOTAL PRESSURES	1.600	1.682	1.830	1.731	1.872
Less indicative increase in funding	1.334	1.351	1.367	1.385	1.402
Projected (shortfall)/growth	(0.266)	(0.331)	(0.463)	(0.346)	(0.470)
Percentage shortfall	(0.28%)	(0.35%)	(0.48%)	(0.35%)	(0.47%)

POLICY AND RESOURCES SCRUTINY COMMITTEE

**MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH ON
WEDNESDAY, 7TH DECEMBER 2016 AT 5.30 P.M.**

PRESENT:

Councillor S. Morgan - Chair
Councillor G. Kirby - Vice Chair

Councillors:

Councillors L. Binding, C.J. Cuss, Miss E. Forehead, C. Hawker, Ms J.G. Jones, A. Lewis, C.P. Mann, Mrs G.D. Oliver, D. Rees, J. Simmonds and J. Taylor.

Cabinet Members:

Councillors Mrs C. Forehead (HR & Governance/Business Manager), D.V. Poole (Housing), Mrs B. Jones (Corporate Services).

Together with:

N. Scammell (Acting Director of Corporate Services and S151), S. Harris (Interim Head of Corporate Finance), C. Forbes-Thompson (Interim Head of Democratic Services) and C. Evans (Committee Services Officer).

Also Present:

M. Swallow (Arlingclose).

1. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Mrs P. Cook, J.E. Fussell, D.T. Hardacre (Cabinet Member for Performance and Asset Management) and R. Saralis.

2. DECLARATIONS OF INTEREST

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

REPORTS OF OFFICERS

Consideration was given to the following reports.

3. REVIEW OF MINIMUM REVENUE PROVISION POLICY

The report provided Members with details of options for proposed changes to the Council's Minimum Revenue Provision (MRP) policy, along with an opportunity to comment upon the options presented prior to subsequent consideration by Cabinet and Council in January 2017.

Members noted that the MRP is the method by which Local Authorities charge their revenue accounts over time with the cost of their capital expenditure that was originally funded by debt. From 2007/8 onwards, Local Authorities have been free to set their own policy on calculating MRP, with the sole legislative proviso being that the amount calculated must be one that the Council considers to be "prudent".

The 2017/18 Draft Budget Proposals presented to Cabinet on 30th November 2016 included a savings proposal of £3.5m to be achieved through a review of the Council's MRP policy.

The Council's current policy for capital expenditure funded from supported borrowings is for MRP to be charged to revenue at 4% in accordance with the Capital Financing Requirement (CFR) Method on a reducing balance basis. Based on an opening supported borrowing CFR of £175.746m as at the 1st April 2016, the 2016/17 MRP charge for supported borrowings is £7.030m.

The Council currently adopts the Asset Life approach using the Equal Instalment Method for capital expenditure funded by unsupported (prudential) borrowing. This allows a charge to revenue over a 25 year period, which is deemed to be the estimated useful life. The charge is applied on a straight-line basis. Based on an opening unsupported borrowing CFR of £16.073m as at the 1st April 2016, the 2016/17 MRP charge for unsupported borrowings is £0.831m.

Members were asked to consider two alternative options available for charging the MRP on supported and unsupported borrowings i.e. the Straight Line Method and Annuity Method, based on the following: -

- Historic debt liability as at the 31st March 2007 and subsequent capital expenditure funded from supported borrowings to be charged to revenue over 50 years.
- The MRP charge for individual assets funded through unsupported borrowing to be based on the estimated life of each asset or 25 years where this cannot be determined.
- An assumed annuity rate of 2% for supported borrowing.
- The annuity rate for unsupported borrowing to be based on the average PWLB interest rate for new annuity loans in the year that an asset becomes operational.

An immediate recurring saving of circa £3.5m is available to support the 2017/18 revenue budget through adopting either of the proposed options. In addition to the revenue budget saving the straight-line approach will generate additional one-off sums of circa £3.8m in 2016/17 and £0.232m in 2017/18 to support the Capital Programme. The annuity approach will generate an additional one-off sum of circa £5.5m in 2016/17 and additional annual one-off sums to support the Capital Programme for a number of years as detailed in paragraph 4.6.8 of the report. The total MRP charge required to fully extinguish the CFR is the same under both the straight-line and annuity methods.

The Committee thanked the Officers for the detailed report and explanation and were asked to note that consultation has been conducted with Trade Unions, who were in agreement with the proposed changes.

Members expressed concerns regarding the impact of the proposed changes on future generations. Members were assured that this has been considered and that the proposals in the report essentially seek to charge MRP to the revenue account over a period which is commensurate with the estimated lives of assets. This approach ensures that the charge is applied over the period that benefit is being gained from the use of assets.

Following discussion on the content of the report, it was moved and seconded that the principles of the report be agreed, in favour of annuity being applied to both supported and unsupported borrowing. By a show of hands (and in noting that there were 4 against) this was agreed by the majority present.

RESOLVED that: -

- (i) It be noted that a Member Seminar has been scheduled for the 12th January 2017 to enable all Members to be fully briefed on the proposed changes and to provide a further opportunity for views to be expressed and for questions to be raised.
- (ii) It be noted that a further report on proposed changes to the MRP policy be subsequently presented to Cabinet on the 18th January 2017 and then Council on the 24th January 2017.

4. DRAFT BUDGET PROPOSALS FOR 2017/18

The report, which was presented to Cabinet on 30th November 2016, provided Members with details of draft budget proposals and draft savings proposals for the 2017/18 financial year, to allow for a period of consultation prior to a final decision in February 2017.

Members noted the headline issues in the Provisional Financial Settlement, which was published on 19th October 2016 and the 2017/18 Draft Proposals including a proposal that Council Tax is increased by 1%. The report provided details of Whole Authority Cost Pressures (totalling £2.745m), Inescapable Service Pressures (totalling £6.186m), and the Reduction in Welsh Government Funding (totalling £0.608m). In addition, the report outlined the Draft Savings Proposals for 2017/18 (totalling £8.653m) and Council Tax Uplift ((1%) totalling £0.886m), which will ensure that a balanced budget is deliverable for 2017/18.

The report provided details of significant pressures being experienced in Social Services due to the implementation of the National Living Wage from April 2016 and increasing demand on services. As a consequence of this, the Draft Budget Proposals for 2017/18 include an additional £3.5m for Social Services.

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

A Member sought clarification on the proposals for Additional Holiday Pay for staff working variable hours and concerns were raised that the estimated £425k was too low and sought further information on the anticipated impact. Officers assured Members that at present, these figures are all based on assumptions. In addition, Members were asked to note that this applies to part-time staff that may be working additional hours and ensuring that the correct holidays have been applied to the number of hours worked.

Members sought further information on the Apprenticeship Levy. Officers explained that there is still no clear guidance from Welsh Government in reference to the Apprenticeship Levy, but it is hoped that further updates could be provided in due course.

A Member sought further information on the Bowling Green Rationalisation, as outlined in the report. Officers explained that there have been staff changes, as agreed at meetings earlier in the year, however, further information would be sought from the responsible Officer and provided to the Committee.

Following consideration and discussion, it was moved and seconded that the principles in the report be agreed. By a show of hands (and in noting there were 4 abstentions) this was agreed by the majority present.

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

- (i) the draft 2017/18 budget proposals including the proposed savings totalling £8.653m be endorsed;
- (ii) 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) be agreed;
- (iii) the draft budget proposals be subject to consultation prior to final 2017/18 budget proposals being presented to Cabinet and Council in February 2017.

The meeting closed at 6:31 p.m.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 17th January 2017, they were signed by the Chair.

CHAIR



SPECIAL EDUCATION FOR LIFE SCRUTINY COMMITTEE

**DRAFT MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH
ON THURSDAY, 15TH DECEMBER 2016 AT 5.30PM.**

PRESENT:

Councillor W. David - Chair
Councillor J. Pritchard - Vice-Chair

Councillors:

P.J. Bevan, H.R. Davies, M.P. James, Mrs. P. Marsden, D.W.R. Preece, D. Rees,
J.E. Roberts, R. Saralis, Mrs M.E. Sargent, J. Simmonds.

Together with:

K. Cole (Chief Education Officer), N. Scammell (Acting Director of Corporate Services and S151 Officer), S. Richards (Principal Finance Officer), S. Ead (Solicitor), A. Dredge (Committee Services Officer).

Also Present:

Co-opted Members: Mr D. Davies (Caerphilly Governors Association), Mr M. Barry and Mr R. Morgan (Parent Governors), Mr. M. Western (Cardiff Archdiocesan Commission for Education Representative).

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors J. Bevan, C. Gordon, G. Johnston, Mrs G.D. Oliver and Mrs P.J. Ireland and Mrs J. Havard (NUT).

2. DECLARATIONS OF INTEREST

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

3. DRAFT BUDGET PROPOSALS FOR 2017/18

The Acting Director of Corporate Services and S151 Officer introduced the report that provided Members with the draft budget proposals for the 2017/18 financial year that had been presented to Cabinet on the 30th November 2016. As part of the consultation process on the draft budget proposals the Scrutiny Committee was asked to consider and comment upon the content of the report prior to a final decision being made in February 2017.

Members noted the headline issues in the Welsh Government Provisional 2017/18 Local Government Financial Settlement (that was published on 19th October 2016) and details of the draft budget proposals for 2017/18 were set out. The report detailed Whole Authority Cost Pressures (£2.745m), Inescapable Service Pressures (£6.186m), and the Reduction in Welsh Government Funding (£0.608m). Additionally, the report outlined draft savings proposals for 2017/18 (£8.653m) and a proposed Council Tax Uplift of 1% (£0.886) which will ensure that a balanced budget is deliverable for 2017/18.

The report outlined the pressures placed on service areas, with significant pressure on Social Services for essential payments in relation to the National Living Wage that had an impact on supplier's contract prices to Caerphilly County Borough Council and the ever-increasing demand for services in both Adult and Children's Services. As a result, the report proposed that £3.5m be allocated in the 2017/18 budget to meet ongoing financial pressures within Social Services. It was explained that cost pressures for schools are excluded as these will be funded through a proposed increase of 1.25% that will fund pay and non-pay inflationary increases and will also fund the majority of the cost of the impact of the Apprenticeship Levy in relation to Schools. Members were advised that although the Levy will be introduced by the UK Government from April 2017 and will be applicable in Wales, it is currently unknown how this will operate in Wales and how funding will be made available in Wales.

The Scrutiny Committee were informed that although the provisional 2017/18 financial settlement is much better than originally anticipated, the emerging cost pressures identified have resulted in a net savings requirement of £8.653m. Included in the proposals are £3.037m of savings identified for 2017/18 that do not have a direct impact on service users or the public. A saving of £3.5m has also been proposed through undertaking a review of the Authority's Minimum Revenue Provision Policy, which was recently reported to the Policy and Resources Scrutiny Committee. A Members' Seminar has been scheduled for 12th January 2017, which will allow Members to be fully briefed on the proposed changes, ahead of the proposals being presented to Cabinet and thereafter Council for consideration.

During the course of the ensuing debate, a Member queried the matter of bowling green rationalisation (agreed by Cabinet in March 2016). Officers confirmed that a consultation was undertaken as part of the process and details of the approved changes were set out. Another Member queried the figure set aside for Welsh Language Standards and was advised that significant financial pressures are being experienced in this area due to the new Welsh Language Standards and the Local Authority must comply with the legislation or the Council could receive significant fines from the Welsh Language Commissioner.

Clarification was sought in relation to the 'nil impact' vacancy management savings detailed in the report, with Members expressing concerns in relation to the impact that staffing reductions and subsequent service pressures could have on individuals. Officers outlined the context of these proposals and confirmed they were not aware of any compulsory redundancies as a result of savings and enquiries would be made following the meeting and the information distributed. A Member requested statistics of stress related sickness levels of staff within schools and was assured that the Council is committed to promoting employee wellbeing and reducing work-related stress as much as possible. These figures would also be provided following the meeting. Officers also explained that appropriate consultation with staff and trade unions will be undertaken prior to any restructuring arrangements being implemented.

Following consideration and discussion and subject to there being no compulsory redundancies, it was moved and seconded that the recommendations in paragraph 10 of the report be supported. Paragraph 10.1. and 10.2. was supported by the majority present with 1 abstention and paragraph 10.1.3. was unanimously agreed.

RESOLVED that subject to the foregoing, the Education for Life Scrutiny Committee supported:

- (i) subject to there being no compulsory redundancies, the draft 2017/18 budget proposals including the proposed savings totalling £8.653m be endorsed;
- (ii) subject to there being no compulsory redundancies, 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) be supported;
- (iii) the draft budget proposals be subject to consultation prior to final 2017/18 budget proposals being presented to Cabinet and Council in February 2017.

The meeting closed at 6.30pm.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 27th February 2017. they were signed by the Chair.

CHAIR

SPECIAL REGENERATION AND ENVIRONMENT SCRUTINY COMMITTEE

**MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH ON
MONDAY 19TH DECEMBER 2016 AT 5.30 P.M.**

PRESENT:

Councillor D.T. Davies - Chair
Councillor Mrs E.M. Aldworth – Vice-Chair

Councillors:

M. Adams, L. Harding, R.W. Gough, S. Kent, P. Marsden, M.J. Prew

Cabinet Member:

T.J. Williams (Highways, Transportation and Engineering)

Together with:

N. Scammell (Acting Director of Corporate Services and Section 151 Officer), S. Harris (Interim Head of Corporate Finance), M. Eedy (Finance Manager - Environment Directorate), L. Dallimore (Medium Term Financial Plan Programme Coordinator), B. Davies (Solicitor) and R. Barrett (Committee Services Officer)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors C.J. Cuss, C. Elsbury, Mrs A. Leonard and Mrs E. Stenner, together with Cabinet Members N. George (Community and Leisure Services) and K. James (Regeneration, Planning and Sustainable Development).

2. DECLARATIONS OF INTEREST

Councillor D.T. Davies declared an interest in Agenda Item 3 (Draft Budget Proposals for 2017/18) in respect of Bowling Green rationalisation. Details are minuted with the respective item.

REPORTS OF OFFICERS

Consideration was given to the following report.

3. DRAFT BUDGET PROPOSALS FOR 2017/18

Councillor D.T. Davies declared an interest in this item as he is a member of Bargoed Bowls Club. In that the interest was deemed to be personal and not prejudicial, he remained in the meeting room during consideration of the item.

The report, which was presented to Cabinet on 30th November 2016, provided Members with details of draft budget proposals and draft savings proposals for the 2017/18 financial year, to allow for a period of consultation prior to a final decision in February 2017.

Members noted the headline issues in the WG Provisional 2017/18 Local Government Financial Settlement (which was published on 19th October 2016) and the details of the draft budget proposals for 2017/18. The report detailed Whole Authority Cost Pressures (£2.745m), Inescapable Service Pressures (£6.186m), and the Reduction in Welsh Government Funding (£0.608m). Additionally, the report outlined draft savings proposals for 2017/18 (£8.653m) and a proposed Council Tax Uplift of 1% (£0.886m) which will ensure that a balanced budget is deliverable for 2017/18.

The report outlined the financial pressures placed on service areas, with significant pressure on Social Services for essential payments in relation to the National Living Wage that had an impact on suppliers' contract prices to CCBC, and the ever-increasing demand for services in both Adult and Children's Services. As a result, the report proposed that £3.5m be allocated in the 2017/18 budget to meet the ongoing financial pressures within Social Services. It was explained that cost pressures for schools are excluded as these will be funded through a proposed increase of 1.25% in the funding provided to schools.

Members were advised that although the provisional 2017/18 financial settlement is better than originally anticipated, the emerging cost pressures identified have resulted in a net savings requirement of £8.653m. Members were referred to Table 6 of the report, which provided details of the draft savings proposals that, alongside the proposed increase of 1% in Council Tax, will enable a balanced budget to be achieved. Included in the proposals are £3.037m of savings identified for 2017/18 that do not have a direct impact on service users or the public. A saving of £3.5m has also been proposed through undertaking a review of the Authority's Minimum Revenue Provision Policy, details of which were reported to the Policy and Resources Scrutiny Committee on the 7th December 2016. A Members' Seminar has been scheduled for the 12th January 2017 which will allow Members to be fully briefed on the proposed changes, ahead of the proposals being presented to Cabinet and thereafter Council for consideration.

During the course of the ensuing debate, reference was made to 'nil impact' savings (such as vacancy management, budget realignment and service provision). Members expressed a need for the Council to be mindful of staff wellbeing when applying these savings, and raised concerns regarding staffing reductions (especially in smaller teams) and the impact that subsequent service pressures could have on individuals. Officers gave examples of how these reductions could be spread out (such as a loss of a 0.5fte post in a team of 30 staff) and agreed to circulate further information to the Scrutiny Committee for sickness data related to work-related stress.

Members were assured that the Council is committed to promoting employee wellbeing and reducing work-related stress for all its employees as much as possible. Officers also explained that appropriate consultation will take place with staff and trade unions before any restructuring arrangements are implemented. Moving forward, Members were reminded of the difficult times faced by the Authority and the continued need to examine potential savings across all service areas. Officers advised that 'nil' impact savings would present a much smaller proportion of savings moving forward.

Discussion took place regarding the details of Bowling Green rationalisation (agreed by Cabinet in March 2016) and Officers confirmed that this process had entailed a number of voluntary redundancy severance arrangements. Members sought further information on the Apprenticeship Levy, and Officers explained that there is currently no clear guidance from Welsh Government on this matter. Reference was also made to a shortfall in income generation for car parking charges at country parks during 2016/17 and Officers confirmed that measures were being looked at to ensure the income target was achieved.

Following consideration and discussion of the report, it was moved and seconded that the following recommendations be supported. By a show of hands (and in noting there was 1 abstention), this was agreed by the majority present.

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

- (i) the draft 2017/18 budget proposals, including the proposed savings totalling £8.653m, be endorsed;
- (ii) 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) be supported;
- (iii) the consultation process for the draft budget proposals be endorsed, prior to final 2017/18 budget proposals being presented to Cabinet and Council in February 2017.

The meeting closed at 5.56 p.m.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 14th February 2017, they were signed by the Chair.

CHAIR

SPECIAL HEALTH, SOCIAL CARE AND WELLBEING SCRUTINY COMMITTEE

**MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH ON
WEDNESDAY 21ST DECEMBER 2016 AT 5.30 P.M.**

PRESENT:

Councillor L. Ackerman - Chair

Councillors:

Mrs E.M. Aldworth, Mrs A. Blackman, M. Evans, Ms J. Gale, D.C. Harse, A. Lewis,
J.A. Pritchard

Together with:

D. Street (Corporate Director - Social Services), S. Harris (Interim Head of Corporate Finance), L. Dallimore (Medium Term Financial Plan Programme Coordinator), E. Sullivan (Scrutiny Officer) and R. Barrett (Committee Services Officer)

1. MISS LOUISE PRICE

The Chair announced that Miss Louise Price had recently resigned as a co-opted member of the Scrutiny Committee. Members placed on record their appreciation to Miss Price for her valued contribution to the work of the Committee and wished her well in her future endeavours. It was agreed that a letter be sent to Miss Price on behalf of the Committee to thank her for her diligence in carrying out her role as an advocate for other service users across the county borough.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors L. Gardiner, G.J. Hughes, Miss L. Jones and Mrs A. Leonard, together with Cabinet Members N. George (Community and Leisure Services) and R. Woodyatt (Social Services).

3. DECLARATIONS OF INTEREST

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

REPORTS OF OFFICERS

- Consideration was given to the following report.
- ### **4. DRAFT BUDGET PROPOSALS FOR 2017/18**

The report, which was presented to Cabinet on 30th November 2016, provided Members with details of draft budget proposals and draft savings proposals for the 2017/18 financial year, to allow for a period of consultation prior to a final decision in February 2017.

Members noted the headline issues in the WG Provisional 2017/18 Local Government Financial Settlement (which was published on 19th October 2016) and the details of the draft budget proposals for 2017/18. The report detailed Whole Authority Cost Pressures (£2.745m), Inescapable Service Pressures (£6.186m), and the Reduction in Welsh Government Funding (£0.608m). Additionally, the report outlined draft savings proposals for 2017/18 (£8.653m) and a proposed Council Tax Uplift of 1% (£0.886m) which will ensure that a balanced budget is deliverable for 2017/18.

The report outlined the financial pressures placed on service areas, with significant pressure on Social Services for essential payments in relation to the National Living Wage that had an impact on suppliers' contract prices to CCBC, and the ever-increasing demand for services in both Adult and Children's Services. Members were reminded that the 2016/17 revenue budget approved by Council in February 2016 included a contingency of £2.5m which has now been permanently transferred into the Social Services base budget to meet these cost pressures. The report proposed that a further sum of £3.5m be allocated in the 2017/18 budget to meet the ongoing financial pressures within Social Services. It was explained that cost pressures for schools are excluded as these will be funded through a proposed increase of 1.25% in the funding provided to schools.

Members were advised that although the provisional 2017/18 financial settlement is better than originally anticipated, the emerging cost pressures identified have resulted in a net savings requirement of £8.653m. Members were referred to Table 6 of the report, which provided details of the draft savings proposals that, alongside the proposed increase of 1% in Council Tax, will enable a balanced budget to be achieved. Included in the proposals are £3.037m of savings identified for 2017/18 that do not have a direct impact on service users or the public. A saving of £3.5m has also been proposed through undertaking a review of the Authority's Minimum Revenue Provision (MRP) policy, details of which were reported to the Policy and Resources Scrutiny Committee on the 7th December 2016. A Members' Seminar has been scheduled for the 12th January 2017 which will allow Members to be fully briefed on the proposed changes to the MRP policy, ahead of the proposals being presented to Cabinet and thereafter Council for consideration.

During the course of the ensuing debate, a Member queried whether the non-pay inflation at 1% (£1.128m) contained within Whole Authority Cost Pressures was a realistic calculation, given the uncertainty of the current economic climate. Officers explained that appropriate consideration had been given to the Consumer Price Index (CPI) in making this calculation and that inflation over the longer term would be considered as part of the Medium Term Financial Plan going forward over the next 4 years.

A query was received as to why the potential saving of £3.5m proposed through a review of the Council's MRP policy had not been examined in previous years. Officers explained that although legislation surrounding the calculation of MRP changed in 2007/08 to allow local authorities to set their own policy, authorities have only examined this in recent years in response to ongoing austerity measures. Furthermore, audit guidance on this matter was only issued by the Wales Audit Office in January 2016.

Concerns were raised that a change to the MRP policy could lead to an extended period of repayments by the Council, and of the implications of allocating funds to revenue rather than capital accounts. Officers clarified the processes relating to the MRP policy and explained that at a special meeting on 7th December 2016, the Policy and Resources Scrutiny Committee were in favour of annuity being applied to both supported and unsupported borrowing. Members were advised that further details on these matters would be provided at the Members' Seminar arranged for 12th January 2017.

Further information was sought regarding the ongoing cost pressures faced by Social Services and the need for further funding in this regard. Officers explained that although the £2.5m transferred into the base budget has helped to meet cost pressures within Social Services for 2016/17, there is a need for additional funding moving forward to meet further cost pressures in relation to incremental increases in the National Living Wage and additional demand for services.

Officers outlined the need to appropriately balance staffing levels with service requirements during a period of reduced funding. Members were advised that there is increased demand within Children's Services arising from more complex behaviours being experienced, and that longer life expectancies have resulted in increased demands on Adult Services. It was explained that the proposed £3.5m additional funding will allow services to be maintained at their current level for 2017/18, but that in future years, if such funds cannot be secured, there may be a need to deliver resources in an alternative way or to those in the greatest need.

A Member enquired as to whether consideration had been given to increasing Council Tax over the proposed level of 1%. Officers explained that the Scrutiny Committee is able to put forward a view on this proposal if it wishes to do so. Members were also informed of the disparity between social care funding and healthcare funding and of the challenges this presents to local authorities across Wales.

Clarification was sought on the 'nil impact' vacancy management savings detailed in the report, with Members expressing concerns in relation to the impact that staffing reductions and subsequent service pressures could have on individuals. Officers outlined the context of these proposals, explaining that of the 11 posts identified for vacancy management across the service, 10 of these are currently vacant. It was explained that changing legislation has placed additional demands on Social Services and limited the resources available, and Members were also reminded of the difficult times faced by the Authority and the continued need to examine potential savings across all service areas.

A Member raised a query regarding contrasting information as to the total number of staff employed by the Authority. It was confirmed that arrangements would be made to circulate accurate figures to the Scrutiny Committee. In response to a query regarding running costs at Tiryberth Depot (as part of Inescapable Service Pressures and Other Service Commitments) it was explained that the shortfall of £75k is due to a loss of income from the Housing Revenue Account (as staff from that service area have moved to other locations).

Following consideration and discussion, it was unanimously agreed that the contents of the report be noted and that the recommendations contained therein be supported.

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

- (i) the draft 2017/18 budget proposals, including the proposed savings totalling £8.653m, be endorsed;
- (ii) 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) be supported;
- (iii) the consultation process for the draft budget proposals be endorsed, prior to final 2017/18 budget proposals being presented to Cabinet and Council in February 2017.

The meeting closed at 6.07 p.m.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 7th February 2017, they were signed by the Chair.

CHAIR

Gadewir y dudalen hon yn wag yn fwriadol



CABINET – 15TH FEBRUARY 2017

SUBJECT: CARBON REDUCTION INITIATIVES CAPITAL ALLOCATION

REPORT BY: CORPORATE DIRECTOR, SOCIAL SERVICES

1. PURPOSE OF REPORT

- 1.1 To seek Cabinet approval for capital budget allocation for carbon reduction initiatives to increase the provision of solar panels at schools and to pilot the use of electric vehicles for Council business.

2. SUMMARY

- 2.1 The Budget Proposals 2016/17 and Medium Term Financial Strategy 2016/2021 report which was considered by Full Council on the 24th February 2016 recommended an allocation of £215,000 for carbon reduction initiatives. This report seeks approval to allocate £100,000 to install solar photo voltaic (PV) systems on 20 schools in the county borough in 2017/18 and to allocate a further £4,000 to install electric vehicle charging points at Penallta House and at Tir-y-Berth Depot. It is proposed that electric vehicles would be trialled in Countryside and also in the Meals Direct meals on wheels service, together with the provision of an electric pool vehicle.

3. LINKS TO STRATEGY

- 3.1 Green and renewable energy supports the Greener, Healthier, Prosperous, and Learning Caerphilly themes within the single integrated plan, Caerphilly Delivers and also contributes to 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 globally responsible Wales

4. THE REPORT

- 4.1 The Budget Proposals 2016/17 and Medium Term Financial Strategy 2016/2021 report which was considered by Full Council on the 24th February 2016 recommended a one-off match funding allocation of £215,000 to be set aside and held Corporately for carbon reduction initiatives.

4.2 Install Solar Panels - Photo Voltaic (PV) systems on schools

The Authority has implemented a number of photo voltaic PV schemes across its corporate buildings. This includes corporate offices and most recently care homes. Since 2009 there has been a programme of installing small (4kW) PV systems on schools linked to education and awareness work promoting renewable energy and energy efficiency. To date systems have been installed on 21 schools.

4.2.2 The proposal for 2017/18 is to install solar PV systems on 20 schools in the county borough. It is anticipated, based on a recent tender that the systems would cost around £5,000 per school, giving a total cost of £100,000. £12,000 of these costs would be internal fees for CDM regulations. When installed, the systems will save around £8,000 per year in school electricity costs which can be reflected in a change to the energy formula used in the funding to schools.

4.2.3 This cost does not include any asbestos surveys (if required), or additional costs due to different types of school roofs. Based on our current installation prices, flat roofs cost approximately £4,500 and pitched roofs approximately £5,000. The proposed costs have been calculated using the higher figure for pitched roofs. As a result of the recent reduction in the Feed in Tariff (FIT) this would not be claimed and so there would not be a requirement for schools or school roofs to have a 25 year life span. The solar PV systems could be moved onto new school buildings if necessary.

4.2.4 The most suitable schools will be chosen having regard to the following criteria:

- The life of the building (although we do have the opportunity to relocate the system to another school)
- The suitability of the school (roof structure, orientation of building, shading)
- Asbestos issues
- Listed Buildings

4.2.5 Each school would generate approximately 3,196KWh of electricity per year and save approximately £400 a year on electricity costs. This would be a total saving of approximately £8,000 per year for the 20 school installations from the schools' electricity bills. The payback period for the PV systems would be 12.5 years:

	PV System Cost	Energy Savings per year	Payback
Cost per school	£5,000	£400	12.5 years
Cost of 20 schools	£100,000	£8,000	12.5 years

4.2.6 Each school has a CO2 saving of approximately 1.9 tonnes per year. Installing PV systems on 20 schools would save approximately 38.0 tonnes of CO2 per year. The solar PV systems would raise awareness and understanding of renewable technology and energy efficiency. Each school would be linked up to the Orsis portal (a web based monitoring system for solar PV systems). The schools could use the Orsis portal to incorporate renewable energy data from the panels into their curriculum work. The systems would support the schools Eco School work under the Eco School Energy topic area. The project would make a statement about the authority's commitment to sustainable development, renewable technology and energy efficiency as part of our work for the Well-being of Future Generations Act.

4.3 Electric Vehicles

4.3.1 For an annual mileage of around 10,000 miles, switching from a conventional vehicle to an electric vehicle would save around £800 in fuel costs alone. It is proposed to install electric vehicle charging points at Penallta House and Tir-y-Berth Depot and to lease 2 electric

vehicles within each of Meals on Wheels and Countryside together with an electric Pool car for staff use. The vehicles would be leased on a 3 year basis allowing the authority to take advantage of ongoing improvements to electric vehicle technology in a few years time.

- 4.3.2 A charging box will be installed at the rear of Penallta house and at Tir-y-Berth Depot, they could charge up to 4 or 5 vehicles at any time, on a slow charge, best suited to 6-8 hours overnight providing for approximately 100 miles on one charge, according to the manufacturers. The cost to install a charging box unit is approximately £1,000 to £2,000. Service areas will continue to meet the lease costs as they will simply be replacing existing vehicles. The lease cost for the pool vehicle (£11,010 over 3 years) has been included in the total cost of the proposal. Charging costs per vehicle is approximately 2p per mile. Based on figures provided by the 2 service areas annual fuel cost savings on existing diesel usage are approximately £800 per vehicle. In addition there is a total annual saving of £580 on Road Tax. There is a total projected saving of £3,780 per year on the 4 vehicles.
- 4.3.3 It is also proposed to lease an electric vehicle for pool car use to allow other service areas the opportunity to participate in this project. The annual lease cost is £3,670 which is £11,010 over 3 years. There will also be maintenance/tyre replacement costs and any damage repair costs, plus a Fleet Management Charge (FMC) for twice yearly safety inspections. Based on the pool vehicle undertaking 50 miles a day, 5 days a week, 52 weeks of the year, the annual costs would be:

Fuel £260
Annual lease £3,670
FMC Safety Inspection costs £800
Maintenance/Tyre costs £800
Total cost £5,530 per year

The mileage payment for the same journeys made by staff using their own vehicles would equate to £5,850 per year, resulting in a saving of approximately £320 per year. The saving will be less if the pool vehicle is not fully utilised, but this proposal will also allow the Authority to trial the pool car concept as well as enabling a wider range of services to consider the suitability of electric vehicles for their own use.

- 4.3.4 It should be noted that using electric vehicles charged at our buildings will effectively transfer vehicle fuel carbon emissions onto corporate buildings emissions and to the resulting bills and Carbon Reduction Commitment costs. Penallta House uses approximately 1.9GW of energy per year. Charging an electric vehicle 5 times a week, 52 weeks a year, would use approximately 5,200kW of energy (0.0052GW). This is 0.27% of the total energy usage of Penallta House. This does not have a significant impact on our energy usage, so should not have a significant impact on where we are in the DEC energy use league table. Although small, the cumulative effect will need to be considered. At 0.27% based on the savings identified from fuel costs, the savings more than pay for the small amount of carbon emissions.
- 4.3.5 The project would make a statement about the Authority's commitment to sustainable development and electric vehicles as part of our work for the Well-being of Future Generations Act. The one-off cost of installing 2 charging points is up to £4000 and therefore the payback period is less than 9 months. The total net annual saving on this proposed 5 vehicle project is £3,872.50:

	Additional Lease & FMC Cost/ Year	Electric Fuel Cost	Standard Fuel Cost/ mileage payment	Annual Road Tax saving	Saving on Payments per year	Annual Carbon Emission Cost	Total Annual Saving
Meals on Wheels & Countryside (Total 4 vehicles)	N/A	£800	£4,000	£580	£3,780	£182*	£3,598
Pool Vehicle (1 vehicle, at 50 miles a day)	£5,270	£260	£5,850	N/A	£320	£45.50*	£274.50
Total	£5,270	£1,060	£9,850	£580	£4,100	£227.50*	£3,872.50

* Carbon Emission Cost £45.50 per year (2,740kg per year) for Authority based on 260 full charges per vehicle (5 full charges per week for 52 weeks of the year) and 26,000 miles (100 miles for each full charge). Total of £227.50 (13,700kg) for 5 vehicles.

- 4.3.6 The project will involve more than one model of vehicle allowing the merits of different vehicle types to be assessed. Additional electric vehicles and charging points can be considered if it is clear that there are benefits in doing so as the project progresses.
- 4.3.7 Should the capital budget allocation be approved the detailed proposals in relation to taking forward both projects will be presented to the Future Generations Advisory Panel for their comment.

5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 Renewable energy initiatives contribute to the Well-being Goals as set out in Links to Strategy above and contribute to a number of the Council's objectives. In particular they contribute to a Globally Responsible Wales reducing the activities that promote climate change and noting that climate change itself has been identified as a risk within the Corporate Risk Register. Similarly they support a resilient Wales and offer a long term source of energy when other non-renewable sources have become depleted. Renewable energy schemes reduce or remove emissions to air arising from carbon based energy sources and therefore promotes a Healthier Wales. They can also support a Prosperous Wales by reducing the financial cost of energy and longer term offer opportunities for employment through the growth of the renewable energy sector within the county borough.
- 5.2 Renewable energy schemes are consistent with the five ways of working as defined within the sustainable development principle in the Act in that they are a long term measure capable of providing energy that will sustain into future generations. The projects under consideration will support the development of an infrastructure which will prevent the on-going reliance on carbon based fuels in the future. They also provide opportunities to involve our communities in the development and use of renewable energy, and to collaborate with schools and other sectors.

6. EQUALITIES IMPLICATIONS

- 6.1 No Equalities Impact Assessment has been undertaken in relation to this report, however Sustainable Development and Equalities interact on many levels and work carried out in one area often supports the other. Creating sustainable communities, employment and transport for example, is of benefit to all the residents of Caerphilly county borough, regardless of their individual circumstances or backgrounds.

7. FINANCIAL IMPLICATIONS

- 7.1 The Budget Proposals 2016/17 and Medium Term Financial Strategy 2016/2021 report that was considered by Full Council on the 24th February 2016 recommended a one-off match funding allocation of £215,000 to be set aside and held Corporately for carbon reduction initiatives. This report proposes to seek Cabinet approval for an initial £104,000 allocation to fund the solar PV installations and electric vehicle charging points. A Revenue Contribution to Capital Outlay (RCCO) for £104,000 is therefore required to be transferred from the Miscellaneous Finance budget to Capital to fund the carbon reduction initiative scheme.

8. PERSONNEL IMPLICATIONS

- 8.1 A Policy Officer within the Corporate Policy Team currently oversees a programme of activity in relation to Education for Sustainable Development and the proposal to install additional PV systems on schools will be accommodated within this existing staffing resource. Likewise, the electric vehicles pilot will be administered within existing staffing resources in the Corporate Policy Team.

9. CONSULTATIONS

- 9.1 This report has been sent to the Consultees listed below and all comments received are reflected in this report.

10. RECOMMENDATIONS

- 10.1 That Cabinet:
- (i) Approve a Revenue Contribution to Capital Outlay (RCCO) from the Miscellaneous Finance budget to fund capital works of £100,000 to install Photo Voltaic (PV) systems of up to 4Kw on 20 schools in the Caerphilly County Borough.
 - (ii) Approve a Revenue Contribution to Capital Outlay (RCCO) from the Miscellaneous Finance budget to fund capital works of £4,000 to install electric vehicle charging points at Penallta House and Tir-y-Berth Depot.

11. REASONS FOR THE RECOMMENDATIONS

- 11.1 To reduce carbon emissions.
- 11.2 To assess the use of electric vehicles.
- 11.3 To develop further the Council's commitment to renewable energy, sustainable development and the well-being of future generations.

Author: Rob Hartshorn, Head of Public Protection
Consultees: Cllr Ken James Cabinet Member for Regeneration, Planning & Sustainable
Development
Cllr Nigel George, Cabinet Member for Community & Leisure
Cllr Derek Havard, Cabinet Member for Education
Dave Street, Corporate Director, Social Services
Gail Williams, Interim Head of Legal & Democratic Services
Colin Jones, Head of Performance and Property
Steve Harris, Interim Head of Corporate Finance
Paul Cooke, Senior Policy Officer
Paul Rossiter, Energy & Water Officer
Tracy Evans, Policy Officer
Kath Peters, Corporate Policy Manager
Bleddyn Hopkins, Assistant Director, Education
Mark S. Williams, Head of Communities & Leisure
Mary Powell, Fleet Manager
Marcia Lewis, Catering Manager
Sue Richards, Principal Finance Officer, Education
Phil Griffiths, Principal Planning Officer
Nadeem Akhtar, Group Accountant, Corporate Services
Anwen Rees, Senior Policy Officer (Equalities and Welsh Language)
Shaun Watkins, HR Manager

Background Papers: Report to Full Council on the 24th February 2016 'Budget Proposals 2016/17 and Medium Term Financial Strategy 2016/2021'



CABINET –15TH FEBRUARY 2017

SUBJECT: SCRAP METAL DEALERS AND DOG BREEDERS LICENSING FEES 2017/18

REPORT BY: CORPORATE DIRECTOR SOCIAL SERVICES

1. PURPOSE OF REPORT

- 1.1 To note the review of fees for Scrap Metal Dealers and Dog Breeders licences and to seek approval for a revised fee structure for 2017/18.

2. SUMMARY

- 2.1 The Scrap Metal Dealers Act 2013 was enacted on the 1st of October 2013 and introduced a new licensing system to control site operators and itinerant collectors. Animal Welfare (Breeding of Dogs) (Wales) Regulations 2014 replaced the Breeding of Dogs Act 1973 and came into force on the 30 April 2015.
- 2.2 Both Acts and supporting Regulations are silent upon the issue of the responsibility for exercising the function under the Act. Consequently the provisions of S 9 (D) of the Local Government Act 2000 are triggered and by default the function is exercised by the Executive.
- 2.3 Fees for Scrap Metal Dealer licences were set by Cabinet on the 18th of September 2013 and Dog Breeders on the 25th of January 2016 and have been reviewed with all other Licensing fees for 2017/18.

3. LINKS TO STRATEGY

- 3.1 The annual review of Licensing fees contributes to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2016:
- A prosperous Wales
 - A resilient Wales
 - A more equal Wales

4. THE REPORT

- 4.1 The authority has a statutory duty to administer certain licences, registrations and permits. The review of fees charged, involves consideration of the cost to the Authority in providing the service. Some fees are set centrally by government, some are free of charge and the remaining are determined locally in order to recover the cost of providing that particular service.

- 4.2 There have been a number of important cases before the High Court regarding the setting of licensing fees and the Local Government Association (LGA) have issued guidance to local authorities, the latest in November 2015. The underlying principle in setting fees is that Councils must not use fees to make a profit or act as an economic deterrent to deter certain business types from operating in an area. Charges must be reasonable and proportionate to the cost of the processes associated with the licensing regime.
- 4.3 The all Wales Licensing Expert Panel devised a fee calculator toolkit that has been approved by the Directors of Public Protection in Wales. In principle the toolkit calculates two elements, which cover the costs to the authority for the provision of the service and the cost of processing and producing a licence. The cost of provision of the service increases proportionally dependant on the period of the licence, whereas the licence processing cost is not affected by the period of the licence. A separate toolkit has been developed for the majority of licences issued and these have been used to establish the fees for 2017/18.
- 4.4 The process indicated that some current fee levels would not meet the cost of providing the service and should be increased, and that in other areas reductions are required. In relation to this report it is recommended that fees for Scrap Metal collectors and Site operators be increased as set out in the table below. It is also proposed that the current Change of Licence fee from Collector to Site be increased from £53 to £112 to reflect the true costs of the process. These licences are issued for a three year period.

Scrap Metal Licences	Current Fee	Proposed Fee
Site Operator 3yr licence	389.00	£436.00
Collector 3yr licence	277.00	£311.00
Variation -		
Change of name, site details	32.00	32.00
Change of site manager	53.00	53.00
Change of type of licence	53.00/32.00	112.00/32.00

- 4.5 The assessment process indicated that fees for Home and Commercial Dog Breeders should be changed as follows.

Dog Breeding Licences	Current Fee	Proposed Fee
Commercial Dog Breeding Establishments	£231.00	£226.00
Home Dog Breeding Establishments	£138.00	£144.00

5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 The Authority has a duty to improve the social, economic, environmental and cultural well-being of Wales. The proposals in this report contribute to the Well-being Goals as set out in Links to Strategy above. They are consistent with the five ways of working as defined within the sustainable development principle in the Act. Prudent management of our resources enables the Authority to sustain these preventative services over the long term. The Authority has a responsibility to our communities to recover true costs and to manage its services efficiently. Any delay in implementing increases in the short term would increase the current

gap between the cost of providing the service and income generated from Licensing Fees and result in even larger increases in future years.

6. EQUALITIES IMPLICATIONS

- 6.1 There are no potential equalities implications of this report and its recommendations on groups or individuals who fall under the category identified in Section 8 of the Council's Strategic Equality Plan . There is no requirement for an Equalities Impact Assessment Questionnaire to be completed for this report. The Council ensures that it treats all individuals who are renewing or making new applications for licenses, with equal respect in line with the Council's Strategic Equality Plan 2016.

7. FINANCIAL IMPLICATIONS

- 7.1 The impact on income from any changes to these two individual functions is low but will contribute to the overall Licensing budget. There is currently only one dog breeder in the borough so the slight reduction in fee will be negligible. The increase in income from the proposed scrap metal fees is estimated at £2,188 but as this relates to three year licences it will be apportioned across the three year period. Additionally as the value of scrap metal has reduced in recent years the number of renewal applications for collectors is also likely to drop.

8. PERSONNEL IMPLICATIONS

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

9. CONSULTATIONS

- 9.1 All responses from consultations have been incorporated in the report

10. RECOMMENDATIONS

- 10.1 That the fee structure set out at paragraphs 4.4 and 4.5 of the Report is approved for implementation from 1/4/2017.

11. REASONS FOR THE RECOMMENDATIONS

- 11.1 In order to comply with statutory guidance and to recover a reasonable level of costs incurred by the Council in administering the licensing functions.

12. STATUTORY POWER

- 12.1 The Animal Welfare (Breeding of Dogs) (Wales) Regulations 2014. Animal Welfare Act 2006. The Scrap Metal Dealers Act 2013. This is an Executive Function.

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Morgaj4@caerphilly.gov.uk

Consultees: Councillor Nigel George, Cabinet Member for Community and Leisure Services
Rob Hartshorn, Head of Public Protection
Dave Street, Corporate Director, Social Services
Gail Williams, Interim Head of Legal Services/Monitoring Officer
Mike Eedy, Finance Manager
Sue Ead, Legal Services

Shaun Watkins, Human Resources Manager
Anwen Rees, Senior Policy Officer (Equalities and Welsh Language)
Myra McSherry, Licensing Manager

Background Papers: None

Appendices: None



CABINET – 15TH FEBRUARY 2017

SUBJECT: “BUSINESS ENTERPRISE & INNOVATION” PROJECT - REGIONAL APPLICATION FOR EU STRUCTURAL & INVESTMENT FUNDS ERDF PRIORITY 4 OBJECTIVE 4

REPORT BY: CORPORATE DIRECTOR - COMMUNITIES

1. PURPOSE OF REPORT

- 1.1 To seek Cabinet approval for the Council to engage in a collaborative regional project that seeks grant funding under the European Regional Development Fund (ERDF) Priority 4, Strategic Objective 4 for expansion of the Lawns Industrial Estate, Rhymney.

2. SUMMARY

- 2.1 In September 2016, following a meeting of the South East Wales Directors of Environment & Regeneration (SEWDER), the Council was requested to work with five neighbouring Authorities to develop a regional project proposal for European Regional Development Fund (ERDF) Priority 4 funding. The project aims to unlock the development of business sites and premises to support economic growth and urban development.
- 2.2 With an estimated overall project budget of £12m, the ERDF funding available for the regional undertaking is expected to be circa £8m. The indicative budget allocation for each local authority project proposal is £2m (based on £1.3m ERDF grant and £0.7m match funding). The first stage of the ERDF bid process has been completed, with the submission of an initial Expression of Interest, the “Operation Logic Table” (OLT) by the regional partners to the Welsh European Funding Office (WEFO) in September 2016. If approved, the regional project will be invited by WEFO to progress to detailed Business Planning stage in 2017. An initial scoping and prioritisation exercise has been carried out to establish the suitability of sites for inclusion in the regional project.
- 2.3 Based on the potential of the site to meet critical deliverability timescales and contribute to the relevant ERDF and other key strategic priorities it is considered that the most appropriate site within the County Borough to take forward is the Lawns Industrial Estate, Rhymney.
- 2.4 The report seeks Cabinet approval for the Lawns Industrial Estate to be identified as the Council’s preferred option in the regional project.

3. LINKS TO STRATEGY

- 3.1 The regional employment driven collaborative project will actively contribute to the objectives for sustainable development as set out in the Well-Being of Future Generations (Wales) Act 2015 in that it aligns with:-

- A prosperous Wales – Providing local jobs in the community that create prosperity for the local population.
- A Resilient Wales – Providing additional and more diverse employment opportunities will make the area more resilient to external economic factors.
- A Wales of Cohesive Communities – providing local employment opportunities will help to stabilise and develop local communities and prevent outmigration as people seek work opportunities

3.2 The project aligns with the relevant priorities identified for the European Structural & Investment Funds Operational Programme, namely:

- Jobs and growth;
- SME competitiveness and enterprise;
- Energy efficiency and renewables;
- ‘Smart’ infrastructure.

3.3 Regeneration of key urban settlements and employment sites has been a priority in the Council’s regeneration strategy, the “Single Integrated Plan” and Welsh Assembly Government’s regeneration framework “Vibrant and Viable Places”.

4. THE REPORT

4.1 On 16th September 2016, the South East Wales Directors for Environment & Regeneration Group (SEWDER) identified an opportunity to develop a collaborative regional project for funding under the European Structural Investment Funds West Wales and the Valleys ERDF Priority 4 “Connectivity & Urban Development” Strategic Objective 4 (P4SO4). The aim of this funding objective is *“to increase employment through investments in prioritised local or regional infrastructure supporting a regional or urban economic strategy”*.

4.2 A regional project proposal, “Business Enterprise & Innovation” (BEI) is being led by Blaenau Gwent County Borough Council and will focus on:

- Business sites and premises including property development & land reclamation;
- Investments in physical infrastructure such as tourism, culture or heritage assets; and
- Enabling infrastructure such as local road investment to improve access where it is an essential component of an integrated scheme.

4.3 A “Task & Finish Group” consisting of officers from the Council and the five neighbouring local authorities, has been convened to further develop the project proposals for submission to the Welsh European Funding Office (WEFO). The five regional partners are:

- Blaenau Gwent County Borough Council (Lead Authority & Project Co-ordination)
- Bridgend County Borough Council;
- Merthyr Tydfil County Borough Council;
- Rhondda Cynon Taff County Borough Council; and
- Torfaen County Borough Council.

4.4 The total cost of the overall regional project is anticipated to be circa £12m, with an expected contribution of up to £8m ERDF to be allocated between the six participating project partners. The project’s requirement for £4m of match funding is to be met from other sources. Each regional partner is currently working to an indicative budget of up to £2m for their individual projects, based on £1.3m ERDF and £0.7m match funding. The expected duration of the overall project is up to five years.

4.5 The £0.7m match funding for CCBC has not been identified at this point and will be considered further as part of the detailed Business Planning stage.

- 4.6 Officers were tasked with identifying suitable sites by the end of 2016 as it was a priority for the regional partners to submit indicative project proposals to WEFO in order to maximise the likelihood of the guarantee by the UK Treasury of potential EU funding post “Brexit” at that time. This deadline was achieved.
- 4.7 The funding application process set out by WEFO is a multi- staged procedure. The first stage of the process is the submission of the “Operation Logic Table” (OLT), which sets out the overall principles and objectives for the regional project. Subsequent stages are Business Planning, Individual Project Mobilisation and Project Implementation Phase.
- 4.8 The regional OLT was submitted to WEFO for consideration on 30th September and is currently being assessed. Subject to approval of the OLT by WEFO, the project will be invited to Business Planning stage. The current anticipated timetable for the project’s development and implementation is summarised below:

Anticipated Timetable	Project Milestone
September – December 2016	Submission of Expression of Interest /Operation Logic Table (OLT) and supporting information to WEFO for assessment (COMPLETED) ✓
Jan - March 2017	Subject to approval of the OLT, project is invited to “Business Planning” Stage. Regional partners required to submit formal confirmation of proposed sites.
April / May 2017	Submission of first draft of regional Business Plan to WEFO for consideration
Summer 2017	If approved, the regional project enters a “Mobilisation Phase” (up to 12 months) to allow each local authority to develop their detailed individual Business Cases
Summer 2018	If WEFO confirm, regional Project Implementation Phase commences (up to 5 years for delivery)

- 4.9 Once WEFO confirm their support for the regional project, each local authority will be required to submit a detailed individual Business Case (BC) for their proposal. The BC must include detailed cost estimates, project plans and information on procurement routes. The expertise of various Council services, including Engineering Project Group, Building Consultancy, Finance, Legal and Procurement Services will be required to develop the Business Case in sufficient detail to meet WEFO’s requirements and ensure a robust project proposal. It is therefore anticipated that a budget of up to £50k will be required for project development. The Communities Directorate is currently projecting a revenue budget underspend of £228k for the 2016/17 financial year and it is recommended that £50k of this underspend should be transferred to an earmarked reserve to support the project development.
- 4.10 Subject to WEFO’s approval of the regional OLT, a further Cabinet Report will be provided during 2017, when the Council’s project proposal is at Business Planning stage and the match funding requirement has been fully determined.

Overview of Caerphilly proposals

- 4.11 The Council has an extensive industrial property portfolio and there are a number of sites with development potential that would benefit from investment. The project provides an opportunity to secure external funding to provide additional modern employment floor space with associated infrastructure.
- 4.12 An initial scoping and prioritisation exercise has identified the most appropriate employment site for inclusion in the project Business Plan, based on the following rationale and criteria:
- *The site is under CCBC ownership (no apparent land ownership issues to resolve)*
 - *The site will contribute to the relevant ERDF priority targets (including land developed; premises created and jobs accommodated)*
 - *Site has been previously identified for investment /development with strong evidence for demand and can be brought to development stage in a realistic timeframe*

- *The site fits within the wider economic context and will contribute to emerging strategic programmes; particularly the Cardiff Capital Region and Valleys Metro proposals*
- *The proposals and outputs are achievable with the anticipated funding available*

4.13 Initial, indicative project cost estimates have been prepared based on the potential floor area of the industrial units and standard industry construction build rates per square metre. Advice has also been sought from the Council's Engineering Project Group on the potential cost of associated highway infrastructure costs.

4.14 In order to maximise the benefits of the potential EU funding available, it is proposed to focus development of the Business Plan on one prioritised area, namely the **Lawns Industrial Estate, Rhymney**. It is considered that the Lawn Industrial Estate has the greatest potential to achieve more tangible outputs from EU funding within the available budget and timeframe when compared to other sites that have been assessed. The site also benefits from a strong strategic location and connectivity links within the HOV area.

4.15 The proposed "Lawns" project is located in close proximity to key transport routes and will help unlock approximately 1.3 hectares of underutilised land to develop the southern end of the site. The site could potentially accommodate 20plus modern new build, small industrial units, which are in high demand in the area, as evidenced by the current client waiting list for the Lawns Estate and the nearby New Tredegar Business Park set out below:

Lawns Industrial Estate

no. clients on waiting list for 500 sq ft. units = 26

no clients on waiting list for 1000 sq ft units = 1

New Tredegar Business Park:

no. clients on waiting list for 532 sq ft units =24

no. clients on waiting list for 823 sq ft units =12

no. clients on waiting list for 1070 sq ft units =3

4.16 Indicative cost estimates for the full development of the estate, including associated infrastructure and hard/soft landscaping works, are in the region of £3.3m. As outlined in paragraph 4.4, the initial funding allocation for the Caerphilly proposal is likely to be circa £2.0m (based on an initial indicative ERDF grant request of £1.3m with £0.7m required from other sources). It is currently anticipated the project will be delivered over two phases. The level of funding available for Phase 1 will be determined during the detailed Business Planning stage.

4.17 Phase 1 would enable delivery of the majority of the proposals with site preparation, groundworks, infrastructure and a number of the starter industrial units being achieved. Additional funding will be sought from WEFO to deliver the remainder of the units during the programme period under a Phase 2 scheme. It should be emphasised that Phase 1 will stand alone as a project in the event that CCBC do not progress to stage 2 in the future

5. WELL-BEING OF FUTURE GENERATIONS

5.1 This proposal contributes to the Well-being Goals as set out in Links to Strategy above. It is consistent with the five ways of working as defined within the sustainable development principle in the Act and it is aimed at improving the economic well being of the area.

5.2 As such it aligns with the following of well being goals:

- A prosperous Wales – Providing more jobs in the area will create more wealth for the local population
- A Resilient Wales – Providing additional and more diverse employment opportunities will make the area more resilient to external economic factors

- A Wales of Cohesive Communities – providing local employment opportunities will help to stabilise and develop local communities and prevent outmigration as people seek work.

5.3 A long term approach to the economic well being of the area will be taken to ensure that the programme of measures are targeted in a way that allows for long term growth through collaborative working with other South East Wales local authorities and the private sector. The project aims to integrate with other public bodies' goals and aspirations including those of the Welsh Government through the Cardiff Capital Region and Valleys Metro.

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, therefore a full EIA has not been carried out.

7. FINANCIAL IMPLICATIONS

7.1 There are a number of key financial considerations to be highlighted at this early stage of the project's development.

7.2 It is anticipated that the overall total project costs across the regional operation will be circa £12m, with a potential ERDF funding available of up to £8m. The remaining £4m of match funding is to be met from other sources. (The ERDF grant rate is expected to be around 65.66%).

7.3 The precise allocation of ERDF grant monies for each partner remains to be determined during the Business Planning stage. Currently it is expected that the anticipated ERDF allocation of £8m will be equally distributed between the six participating partners. This would result in a potential initial ERDF allocation for the Caerphilly proposal of up to £1.3 million, with an additional match of £0.7m.

7.4 There may also be opportunities for "virement" of ERDF between partners depending on how individual projects progress. However it is likely that any approved virements would increase the match funding requirement for the Authority receiving the additional grant.

7.5 The proposals for The Lawns Industrial Estate are at an early conceptual stage with indicative costs of the capital project currently estimated to be in excess of £3m. An initial budget allocation of circa £2m would enable delivery of the majority of the proposals through Phase 1, with groundworks, infrastructure and a number of industrial units. Additional funding will be sought from WEFO to deliver the remainder of the units during the programme period (Phase 2).

7.6 The indicative £0.7m of match funding required will be initially a bid to the City Deal Investment Fund. If this is not forthcoming the Authority can consider utilising the capital reserve set aside as a consequence of the change in the MRP Policy.

7.7 WEFO will require proposals to be developed to an advanced design stage during the 12 month "mobilisation phase" before they will consider formal approval and allocation of ERDF grant to the individual partner projects. This requirement will place an upfront financial burden on each local authority in respect of costs incurred associated with the commissioning of engineering, architectural services and other divisional professional services. There is currently no budget allocation within Regeneration & Planning to fund any upfront design costs required during the mobilisation phase. It is therefore recommended that a project development budget of up to £50,000 is established to allow Officers to progress the proposals through 2017. As mentioned in paragraph 4.9 the Communities Directorate is currently projecting a revenue budget underspend of £228k for

the 2016/17 financial year and it is recommended that £50k of this underspend should be transferred to an earmarked reserve to support the project development.

- 7.8 There is the potential to recover these upfront preliminary design fees retrospectively from ERDF should the project be approved. However WEFO has specific financial requirements regarding defrayment of project expenditure that has previously resulted in **internal service providers** being unable to fully recover their fee charges. Therefore, even if retrospection is granted, this requirement would result in approximately 40% of any design fees incurred by an internal service provider being irrecoverable from ERDF grant.
- 7.9 Members should note that the regional project may be subject to detailed and technical European Commission regulations in relation to State Aid and Net Revenue Generation (see 7.10 below). However, there are established mechanisms in place to comply with these regulations and any issues will be fully assessed during the Business Planning stage by WEFO and the Lead Partner.
- 7.10 There are specific EC regulations in relation to Net Revenue Income Generation which will need to be fully risk-assessed during the Business Planning stage by all regional partners. As project activities are likely to generate net revenues (e.g. from the lease of new build industrial units), the level of income generated will need to be recorded and will need to be reported to WEFO following completion of the project. Activities that generate substantial levels of net revenue may incur the risk of a reduction or repayment of EU grant monies.
- 7.11 Generally, EC regulations state that any net revenues or surplus generated by activities should be “re-invested” back into the project. Therefore, to comply with EC grant conditions, the income generated from rental of these new units should be ring-fenced for the maintenance of the Council’s existing employment sites.
- 7.12 The project will require the input of various technical and support staff across the Authority, including Engineering and Building Consultancy, Corporate Finance, Procurement, Legal Services and Urban Renewal during both development and delivery stages. The associated staff time charges of the relevant officers will be included in the project financial profile, with detailed cost estimates to be determined during the Business Planning stage.
- 7.13 The Lead Partner and WEFO have given an early indication that project costs are expected to be largely Capital in nature and consequently there may be a limited amount of revenue funding available. If revenue staffing costs cannot be fully met from external funding, either (i) the shortfall will have to be met from internal Council revenue budgets or (ii) revenue costs will need to be reduced in line with available funding. This will be considered further during the detailed business planning stage.

8. PERSONNEL IMPLICATIONS

- 8.1 Officers from Regeneration and Planning’s Urban Renewal Team will co-ordinate and develop the project Business Plan for submission to the Lead Partner Authority and WEFO. Should the project progress, technical advice and expertise from other Service Areas including the Council’s Engineering Projects Group, Building Consultancy, Corporate Finance, Procurement and Legal Service will be required as outlined in 7.12 above.
- 8.2 The Lead Partner Blaenau Gwent CBC has indicated there is an expectation for each partner authority to dedicate at least 50% of a Full Time Project Officer to the operation for the duration of the project. This resource allocation can be achieved from the existing staffing structure of the Urban Renewal Team at no additional cost.

9. CONSULTATIONS

- 9.1 The views of consultees have been reflected in this report.

10. RECOMMENDATIONS

10.1 It is recommended that Cabinet:

- (i) approves the Council's participation in the regional collaborative project "Business Enterprise & Innovation"
- (ii) approves the selection of the Lawns Industrial Estate Expansion as the preferred project within the regional submission
- (iii) agrees that a project development budget of £50k should be established to allow the detailed project proposals to be progressed to the required standard by WEFO through the 12 month mobilisation stage to secure £1.3m ERDF funding.
- (iv) agrees that the project development budget should be funded through the transfer of £50k of the anticipated 2016/17 revenue budget underspend for the Communities Directorate into an earmarked reserve.

11. REASONS FOR THE RECOMMENDATIONS

11.1 To allow CCBC to bid for EU investment to deliver the expansion & enhancement of the Lawns Industrial Estate, that aims to assist in the delivery of an integrated regional approach to targeted investment to help support SME growth and overall increase employment opportunities in the Upper Rhymney Valley.

12. STATUTORY POWER

12.1 Local Government Act 2000

Author: Dave Whetter - Principal Engineer, Communities
Consultees: Cllr Ken James – Cabinet Member for Regeneration, Planning & Sustainable Development
Christina HARRY – Corporate Director, Communities
Colin Jones – Head of Performance and Property Services
Stephen Harris – Interim Head of Corporate Finance
Gail Williams – Interim Head of Legal Services and Monitoring
Allan Dallimore – Urban Renewal Manager
Rhian Kyte - Team Leader, Strategic and Development planning
Antony Bolter - Business Support and Funding Manager
Dave Roberts - Principal Group Accountant, Corporate Services
Glenn Cooper – Project Officer, Urban Renewal
Ryland Llewellyn – Snr Urban Renewal Project Officer

Background Papers: None

Appendices: None

Gadewir y dudalen hon yn wag yn fwriadol