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Date: 28th June 2017

Dear Sir/Madam,

A meeting of the **Cabinet** will be held in the **Sirhowy Room, Penallta House, Tredomen, Ystrad Mynach** on **Wednesday, 5th July, 2017** at **2.00 pm** to consider the matters contained in the following agenda.

Yours faithfully,

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

Chris Burns
INTERIM CHIEF EXECUTIVE

AGENDA

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

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

To approve and sign the following minutes: -

- | | |
|-----------------------------------|--|
| 3 Cabinet held on 21st June 2017. | |
|-----------------------------------|--|

1 - 4

A greener place Man gwyrddach



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

- | | | |
|---|--|---------|
| 4 | WAO Good Governance When Determining Significant Service Changes - Caerphilly County Borough Council. | 5 - 20 |
| 5 | WAO Report - Savings Planning (Caerphilly County Borough Council). | 21 - 40 |
| 6 | Provisional Outturn for 2016/17. | 41 - 52 |
| 7 | Rhymney 3-18 School: Outcome of the Statutory Notice. | 53 - 58 |
| 8 | Closure of the Key Stage 3 Specialist Resource Base for Children with Behavioural, Emotional and Social Difficulties (BESD) at Newbridge School: Outcome of the Formal Consultation Process. | 59 - 62 |

Circulation:

Councillors C.J. Cuss, N. George, C.J. Gordon, Mrs B. A. Jones, P.A. Marsden, S. Morgan, L. Phipps, D.V. Poole and Mrs E. Stenner,

And Appropriate Officers.

Agenda Item 3



CABINET

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, TREDOMEN ON WEDNESDAY, 21ST JUNE 2017 AT 2.00 P.M.

PRESENT

Councillor D.V. Poole – Chair

Councillors:

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

Together with:

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

Also in Attendance:

D. Hartevelde (EAS), K. Bevan (EAS), K. Cole (Chief Education Officer), J. Carpenter (Council Tax and NNDR Manager), R. Hartshorn (Head of Public Protection), A. Rees (Senior Policy Officer), C. Edwards (Environmental Health Manager) and C. Evans (Committee Services Officer).

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. DECLARATIONS OF INTEREST

Councillor S. Morgan declared an interest in Agenda Item 5 (National Non-Domestic Rate Relief Grant Funding – WG 'High Street Rate Relief' Scheme 2017/18). Details are minuted with the respective item.

3. CABINET – 7TH JUNE 2017

RESOLVED that the minutes of the meeting held on 7th June 2017 (minute nos. 1 - 7) be approved and signed as a correct record.

MATTERS ON WHICH EXECUTIVE DECISIONS WERE REQUIRED

4. EDUCATION ACHIEVEMENT SERVICE (EAS) BUSINESS PLAN 2017-2020

The report, which was presented to Education for Life Scrutiny Committee on the 7th June 2017, provided Cabinet with an update on the Education Achievement Service (EAS) Business Plan 2017-2020 and the Caerphilly specific Annex (April 1st 2017 – March 31st 2018). EAS are required to submit their Business Plan to Welsh Government and Cabinet are required to endorse it.

The report outlined the South East Wales EAS Business Plan 2017-2020, which sets out the priorities, programmes and outcomes to be achieved by the EAS on behalf of the South East Wales Consortium. The report also focuses upon the expected outcomes in Caerphilly and the specific programmes that will be implemented during 2017-2018, contained in the Local Authority (LA) Annex, appended to the report.

Cabinet thanked the Officers for the report and discussion ensued. In noting the tables within the Business Plan, a Member sought clarification on the targets, with some being reduced from previous years and requested that future drafts provide detail around this process. Officers accepted the recommendation and highlighted that, a simplified version of the plan was made available. In addition, it was noted that some targets are set on a regional basis, others, for example targets for Key Stage 2 and 3 are set following teacher assessment. Discussion ensued around the target setting process and Cabinet noted that, whilst the Governing Bodies of schools sign off the targets, Cabinet have powers to impose new targets, should they feel necessary.

A Member sought additional information on the support offered to the Schools and take up. It was noted that there are a number of approaches taken, dependent on need. The Sutton Toolkit is one approach, which provides support materials and key engagement to learners from disadvantaged backgrounds. In addition, it was noted that there are variances when considering Free School Meals, with particular differences at Key Stage 4. Officers agreed that this an area of challenge and that the gap needs to be closed, work with schools and Governing Bodies is to be conducted in order to consider the way in which school funding is allocated to close the gap.

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

RESOLVED that for the reasons contained in the Officers report:-

- (i) the priorities contained within the Business Plan and its Annex and the impact of the plan for communities within its local authority area, be noted;
- (ii) the content of the EAS Business Plan be endorsed and submitted to Welsh Government.

5. NATIONAL NON-DOMESTIC RATE RELIEF GRANT FUNDING – WG ‘HIGH STREET RATE RELIEF’ SCHEME 2017/18

Councillor S. Morgan declared an interest in this item as a premises owner and left the meeting during its consideration.

The Welsh Government (WG) Cabinet Secretary for Finance and Local Government has announced a new temporary national non-domestic rate (NNDR), also known as business

rate, 'High Street Rate Relief Scheme' for the financial year 2017-2018 only. Relief granted by the Authority under this new scheme is to be reimbursed by WG by way of a specific cash-limited grant but, before any relief is awarded, the Authority must consider and adopt the new scheme.

Cabinet noted that, in order to qualify for this rate relief, the guidance states that it will be for the local authorities to determine how they wish to administer the Scheme. WG believes this rate relief could be applied directly to eligible ratepayers' bills; however, if this path were to be followed, the guidance sets out a substantial amount of text which it recommends should be incorporated into an award letter/form setting out the State Aid implications. Furthermore, if an eligible ratepayer believes he or she is not entitled to receive this relief, a declaration within the letter/form must be signed and returned to the authority. As a result, an application based scheme would ensure that the actual use of the property would be confirmed in writing by the ratepayer (point 16 of the WG guidance refers to 'a test on use rather than occupation'); secondly, a declaration regarding State Aid could be incorporated into the application form and thirdly, relying on applications rather than directly awarding relief should minimise the chances of potentially eligible ratepayers missing out on the scheme.

Members thanked the Officer for the report and discussion ensued, it was noted that the application form was not provided with the report. Officers explained that the form will replicate that of the Retail Rate Relief Scheme in order to streamline the forms available and make it as user friendly as possible.

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

RESOLVED that for the reasons contained in the Officers report:-

- (i) subject to the final grant funding offer being received, the 'High Street Rate Relief Scheme' 2017-2018 be adopted with immediate effect in accordance with the guidance set out at Appendix 1 of the report and the provisions of section 47(1)(a) and section 47 (3) of the Local Government Finance Act 1988. The Interim Head of Corporate Finance will use his delegated powers to award the relief;
- (ii) the proposal to require an application form to be properly completed by each eligible ratepayer for each qualifying property be adopted.

6. WELSH LANGUAGE STANDARDS ANNUAL REPORT 2016-2017

The report informed Cabinet of the progress made during the financial year 2016-2017 against four specific areas of Welsh language work, as required under the regulatory framework for implementing the Welsh Language Standards.

Cabinet noted that the Council has a Statutory Duty to produce an annual monitoring report on implementing the Welsh Language issued under current legislation, which is to be published online by the deadline date of 30 June 2017, as required by Welsh Language Standard 158.

Members noted that the annual report highlights that the number of complaints received has reduced. However, 5 formal Welsh Language Commissioner investigations have been received. The report detailed the complaints and it was noted that 2 have not been upheld, 2 have been upheld and 1 has been partially upheld. A total of 304 vacancies have been categories as Welsh desirable, 4 of which have been deemed Welsh essential and training figures remain consistent, with 59 learners.

Cabinet expressed their deepest gratitude to officers for the exemplary work that has been input in order to implement and maintain the standards and provide the positive report.

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

RESOLVED that for the reasons contained in the Officers report, the report be noted and the publication of the Annual Report 2016-2017 as a record of progress towards, and compliance with, the relevant Welsh Language Standards be endorsed.

7. FOOD STANDARDS AGENCY REPORT ON THE CAERPHILLY FOOD LAW ENFORCEMENT SERVICES

The report, which was considered by Health, Social Care and Wellbeing Scrutiny Committee on 21st March 2017, presented Members with the finding of an audit conducted by the Food Standards Agency (FSA), in relation to Caerphilly County Borough Council's food law enforcement services. These include the food safety, food standards and communicable disease control functions in Public Protection.

The audit, which took place in January 2016, examined Caerphilly County Borough Council's arrangements for the delivery of official food controls. The final report was received on 21st February 2017.

Cabinet noted the six key strengths, which included Food Hygiene Interventions/ Inspection Reports, Food and Food Establishments Complaints, Advice to Business, Food Establishments' Database, Food Hygiene Sampling and Liaison. Officers provided details of the areas for improvement, which included Officer Authorisations, Food Hygiene and Food Standards Intervention Frequencies, Food Standards Establishment Interventions and Inspections and Food Standards Intervention/ Inspection Reports.

In addition, Cabinet noted that, in relation to the Food Hygiene and Food Standards Intervention Frequencies, this referred to the authority not conducting lower risk food hygiene and medium and low risk food standards interventions at the minimum frequencies required by the Food Law Code of Practice. Officers explained that lower risk establishments included Chemists or non-food serving Public Houses etc., and whilst these are carried out, there have been some priority, high level cases that have taken president. However, Members were assured that, since the Audit, a number of establishments have since been assessed and it is anticipated that all low risk establishments will have been visited by the end of the year.

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

RESOLVED that, in being satisfied that the service is being properly resourced, for the reasons contained in the Officer's report, the findings of the Food Standards Agency Audit be noted and the proposed Action Plan be approved.

The meeting closed at 3.10 p.m.

Approved and signed as a correct record subject to any corrections made at the meeting held on 5th July 2017.

CHAIR



CABINET – 5TH JULY 2017

SUBJECT: WAO GOOD GOVERNANCE WHEN DETERMINING SIGNIFICANT SERVICE CHANGES – CAERPHILLY COUNTY BOROUGH COUNCIL

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES & S151 OFFICER

1. PURPOSE OF REPORT

- 1.1 To present Cabinet with the Wales Audit Office (WAO) report on Good Governance when determining significant service changes.

2. SUMMARY

- 2.1 In February 2017 the Authority received a report from the WAO in respect of good governance when determining significant service changes. This report focused on a review of the effectiveness of Caerphilly County Borough Council's (the Council) governance arrangements for determining significant service changes. WAO define this as any significant change in delivering services and/or any significant change in how services are experienced by external service users.
- 2.2 The review concluded that the Council's approach to service change has been proportionate to the scale of changes it has made to date and it is strengthening its arrangements to prepare for potentially more significant future changes.

3. LINKS TO STRATEGY

- 3.1 Good governance is essential for the effective stewardship of public money and the continued delivery of efficient and trusted public services.
- 3.2 This report and its recommendations contribute to the following Well-being Goal within the Well-being of Future Generations Act (Wales) 2015:
- *A resilient Wales*
- 3.3 Good governance leads to sound and robust decision making that makes a public body more resilient.

4. THE REPORT

- 4.1 The WAO report on 'Good governance when determining significant service changes' was issued February 2017 and is attached as Appendix 1. Due to the pre-election period, local elections and establishment of a new Cabinet the report was deferred until early July.

4.2 This WAO report and the assessment was based on a review undertaken during the period September to November 2016, WAO looked at aspects of decision-making arrangements in relation to a range of significant service change proposals. The examples of service changes WAO looked at included:

- Ceasing the mobile customer service centre;
- Independent sector domiciliary care – elderly - review of shopping service;
- Parks and playing fields – cessation of pitch marking and handing over responsibilities to the clubs;
- Closure of Bedwas swimming pool on Sundays;
- Closure of civic amenity sites for one day a week;
- Review of library opening hours; and
- Review of day centre provision.

WAO did not look in detail at each of the individual service change decisions, but rather used them as examples to draw from and inform how the Council goes about making decisions in relation to service changes.

4.3 The review concluded that the Council's approach to service change has been proportionate to the scale of changes it has made to date and it is strengthening its arrangements to prepare for potentially more significant future changes.

4.4 The WAO review concluded that there were a number of proposals for improvement.

| Proposal(s) for improvement | |
|---|---|
| The Council's governance arrangements could be strengthened by: | |
| P1 | Introducing a more systematic and transparent arrangement for monitoring the impact of service changes. |
| P2 | More clearly setting out in reports how feedback from engagement and consultation has been taken account of in developing proposals for service change. |

4.5 The officer response to the above proposals for improvement are as follows:-

P1 – As part of the Council Report in February each year to establish a balanced budget for the next financial year an Appendix will be attached to this report listing all the service changes due to take place in the next financial year. This Appendix will include a description of the service, estimated date for implementation of changes and the relevant responsible Senior Officer and Cabinet Member. This list will be reviewed half yearly in the first instance by Corporate Management Team, followed by a report to Cabinet during the Autumn of each year as part of the mid-year budget monitoring report. This report will provide a commentary on any adverse impacts not originally envisaged/reported with actions where possible to address or mitigate these variations.

P2 – Final reports to Cabinet/Council in respect of proposals for service change will describe in the relevant section titled "Consultations" how any consultation or engagement has influenced/changed the final proposal.

5. WELL-BEING OF FUTURE GENERATIONS

5.1 This report 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 as detailed below:-

- Long Term – Good governance and decision making will take account of long term consequences/benefits of service changes.
- Prevention – Good governance and decision making should consider how service changes stop a problem worsening.

- Collaboration – Opportunities to collaborate should be considered where appropriate when service changes are determined, where there is a viable business case.
- Involvement – Proposed service changes should be subject to consultation and engagement. There should be evidence that the feedback has been considered prior to the decision being made.
- Integration – not applicable.

6. EQUALITIES IMPLICATIONS

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

7. FINANCIAL IMPLICATIONS

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

8. PERSONNEL IMPLICATIONS

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

9. CONSULTATIONS

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

10. RECOMMENDATIONS

- 10.1 Cabinet is asked to:-

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

10.1.2 Note the officer response to the WAO proposals for improvement as detailed in paragraph 4.5.

11. REASONS FOR THE RECOMMENDATIONS

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

12. STATUTORY POWER

- 12.1 Local Government Acts 1972 and 2003.

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Consultees: Corporate Management Team
Gail Williams, Interim Head of Legal Services/Monitoring Officer
Cllr Barbara Jones, Deputy Leader & Cabinet Member for Finance, Performance and Governance
Rob Hartshorn, Head of Public Protection
Stephen Harris, Interim Head of Corporate Finance
Stephen Pugh, Corporate Communications Manager

Background Papers:
WAO File – Reviews 2016/17

Appendices:
Appendix 1 WAO Report – Good governance when determining significant service changes –
Caerphilly County Borough Council – February 2017



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Good governance when determining significant service changes – **Caerphilly County Borough Council**

Audit year: 2016-17

Date issued: February 2017

Document reference: 118A2017

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

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at info.officer@audit.wales.

The team who delivered the work comprised Sara-Jane Byrne, Tim Buckle and Non Jenkins under the direction of Jane Holownia.

Contents

The Council's approach to service change has been proportionate to the scale of changes it has made to date and it is strengthening its arrangements to prepare for potentially more significant future service changes.

Summary report

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Detailed report

| | |
|--|----|
| The Council has a clear set of principles for determining service change that support its current vision, but it recognises the need to review its strategic vision and the principles | 6 |
| The Council continues to strengthen its governance and accountability arrangements and these have the potential to assist it to deliver future service change effectively | 7 |
| Options appraisals are generally sound and improving but there is a need for more consistency in the quality of information included | 8 |
| The Council's arrangements to engage stakeholders in service changes have been effective | 9 |
| The Council monitors the impact of service changes but arrangements are not systematic or transparent | 10 |
| In recent years, the Council has strengthened its governance and decision-making arrangements, and has responded positively to our audit reports | 10 |

Summary report

Summary

- 1 Governance is about how public bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which public bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.¹
- 2 Good governance is essential for the effective stewardship of public money and the continued delivery of efficient and trusted public services. The current financial climate and reduced settlements for local government as well as rising demand for some services mean that all councils are likely to continue to need to make decisions regarding the future configuration and level of service delivery. It is appropriate that public bodies continuously seek to improve. Small, incremental changes to service delivery are made at a managerial and operational level as part of normal, operational decision-making. However, good governance supported by effective planning and rigorous processes is critical when determining significant service changes. Such decisions are often controversial, generate considerable local interest and can have significant impacts on the individuals and groups affected.
- 3 From April 2016, councils are required to comply with the Well-being of Future Generations (Wales) Act and associated Statutory Guidance. The Statutory Guidance states that: 'Together, the seven wellbeing goals and five ways of working provided by the Act are designed to support and deliver a public service that meets the needs of the present without compromising the ability of future generations to meet their own needs.'² This legislation emphasises the importance of effective governance in achieving wellbeing goals.
- 4 The focus of this review is on the effectiveness of Caerphilly County Borough Council's (the Council) governance arrangements for determining significant service changes. We define this as any significant change in delivering services and/or any significant change in how services are experienced by external service users. This could include, for example, significant changes to the way the service is delivered, the level of service provided, the availability of the service or the cost of the service.
- 5 Taking the Chartered Institute of Public Finance and Accountancy's (CIPFA) revised framework for 'Delivering good governance in local government' as an appropriate standard, this review provides the Council with a baseline, from which to plan further improvement. In this assessment, undertaken during the period

¹ **CIPFA/SOLACE Delivering Good Governance in Local Government: Framework 2007**

² **Welsh Government, Shared Purpose: Shared Future, Statutory guidance on the Well-being of Future Generations (Wales) Act 2015**

September to November 2016, we looked at aspects of decision-making arrangements in relation to a range of significant service change proposals. The examples of service changes we looked at included:

- ceasing the mobile customer service centre;
- independent sector domiciliary care – elderly – review of shopping service;
- parks and playing fields – cessation of pitch marking and handing over responsibilities to the clubs;
- closure of Bedwas swimming pool on Sundays;
- closure of civic amenity sites for one day a week;
- review of library opening hours; and
- review of day centre provision.

We did not look in detail at each of the individual service change decisions, but rather used them as examples to draw from and inform how the Council goes about making decisions in relation to service changes.

- 6 In this review, we concluded that **the Council’s approach to service change has been proportionate to the scale of changes it has made to date and it is strengthening its arrangements to prepare for potentially more significant future service changes.**

Proposals for improvement

Exhibit 1: proposals for improvement

The table below sets out the areas of improvement identified through our review.

| Proposal(s) for improvement | |
|---|---|
| The Council’s governance arrangements could be strengthened by: | |
| P1 | Introducing a more systematic and transparent arrangement for monitoring the impact of service changes. |
| P2 | More clearly setting out in reports how feedback from engagement and consultation has been taken account of in developing proposals for service change. |

Detailed report

The Council has a clear set of principles for determining service change that support its current vision, but it recognises the need to review its strategic vision and principles

- 7 To date, like most councils, the primary driver for service changes has been the need to deliver financial savings. In 2014, the Council agreed a set of principles that would underpin its budget and service change proposals and it has used these principles to drive service changes to date. These principles are:
- protecting front-line services where the Council can;
 - reducing expenditure on management and administrative costs;
 - increasing fees and charges where appropriate;
 - reducing, rather than removing services where possible; and
 - focussing on priorities and looking at alternative ways of delivering services.
- 8 We found evidence of the Council applying these principles to service change decisions, in particular, where Members have opted to reduce rather than remove a service. Examples of this include decisions to reduce the opening times of customer care centres and civic amenity sites rather than close some centres/sites altogether.
- 9 The Council has consulted stakeholders on the principles for service changes via a number of channels. Officers have recognised that the Council will need a new vision from 2017 and have begun to develop this for the newly elected Council to consider following the local government elections in May 2017. The Council is aware that it has not yet had to make some of the relatively significant or controversial decisions on service changes that other councils have made. The Council has not yet had to take such steps because it has had a prudent approach to its finances in the past. However, now that the financial climate has become more difficult, the Council accepts that more significant changes will be required. The Council set up a Business Improvement Board in June 2016 to monitor the progress with its key strategic projects, and it is now considering a number of work streams for more significant service change, such as for its leisure and waste services.

The Council continues to strengthen its governance and accountability arrangements and these have the potential to assist it to deliver future service change effectively

- 10 Roles and responsibilities in relation to developing and determining service changes are generally clear and understood by officers and members. Governance roles and responsibilities are set out in the Council's Constitution. As part of its improving governance programme, the Council undertook a number of training and awareness sessions to reinforce the understanding of these roles and responsibilities. Guidance relating to decision making is also available on the Council's intranet.
- 11 The Council has not had to make significant service changes to date, and has not needed to set up any specific governance or programme management arrangements to manage its service change programme as some other councils have done. However, in June 2016, the Council established a Business Improvement Board, and consolidated its policy team to strengthen corporate capacity and oversight of its key service change programmes.
- 12 The Council has reinforced the role and status of the Monitoring Officer and the Section 151 Officer. The Council's Corporate Management Team reviews the draft Council, Cabinet and Scrutiny reports, including those relating to service change. Other officers, with expertise in areas such as equalities and procurement, also review such reports where appropriate.
- 13 The Council has also undertaken significant work with officers and members to strengthen governance more generally and develop capacity and capability, for example in relation to transparency and report writing.
- 14 The Council is taking action to respond to the Well-being of Future Generations (Wales) Act (the WFG Act). The Council's report template and savings proforma both now include reference to the sustainable development principle. Senior officers have received presentations on the WFG Act and the Council has produced a guide for staff on the Act. We also heard from a number of members and officers during our interviews that the Council is actively trying to embed the sustainable development principle into its governance arrangements, and that the Council's Constitution was also due to be updated to reflect this.

Options appraisals are generally sound and improving but there is a need for more consistency in the quality of information included

- 15 We reviewed a number of service changes that the Council determined during 2015-16 and 2016-17 to date. We found that officers generally provide Members with a range of options in formal reports when service changes are proposed. We found one example where the Council considered only one option in relation to a reduction in opening hours of a swimming pool. However, the Council provided a reasonable rationale as to why it only considered one option.
- 16 We found that the Council did not always clearly articulate the criteria against which it assessed options for service change in reports, although we recognise that the approach the Council has taken has been proportionate to the scale of service changes considered to date. The Council has more recently developed a business case template for future service changes, which requires the inclusion of key criteria for assessing options.
- 17 Generally, we found that the level of information provided to Members in relation to options appraisals is appropriate and comprehensive. However, our review of the changes to the shopping service for the elderly found that officers were required to review the accuracy of some information provided to a scrutiny meeting, which resulted in significantly reducing the value of the potential saving. In future, as the significance of the service changes the Council considers potentially increases, it will be important for the Council to assure itself that it consistently provides accurate information to Members.
- 18 There is extensive and well-established use of pre-decision scrutiny in the Council and examples of early engagement of scrutiny in proposed service changes. This has enabled both the Cabinet and scrutiny committees to challenge and scrutinise options and proposals. There are examples where the Council has considered additional options for service changes following feedback from scrutiny committees.
- 19 The creation of its Business Improvement Board also provides the Council with an opportunity for better corporate oversight of significant service change programmes and additional challenge to proposals and options. However, the Business Improvement Board is relatively new and it is, therefore, too early to evaluate its effectiveness.

The Council's arrangements to engage stakeholders in service changes have been effective

- 20 The Council has effective mechanisms for engaging and informing stakeholders of service changes. We found that the Council actively feeds back the outcome of consultation to service users as well as signposting changes due to take place in affected services. The Council also provided the public with an opportunity to prioritise discretionary services as part of the 2015-16 budget setting process, and sought views on the future shape of its services for its 2016-17 budget process. Every two years, the Council also undertakes a residents' survey to determine levels of satisfaction with Council services.
- 21 During our on-site interviews, we found that there is active consideration of stakeholder views in decision making, for example about changes to its customer service centres. However, we also found that the Council does not always clearly set out in reports how it has used the feedback from consultation and engagement to inform subsequent proposals or decisions.
- 22 There are opportunities for stakeholders to find out about forthcoming Council business and to get involved in the decision-making process, particularly in relation to the Council's Scrutiny function. The Council's website has a [Get Involved in Scrutiny](#) webpage that clearly sets out the different ways in which the public can engage with scrutiny including suggesting items, giving views on items and attending to speak at scrutiny committee meetings. Scrutiny work programmes are accessible on the Council's website, and are regularly updated and relatively easy to find. They provide details of the issues to be discussed including the purpose of items and key issues associated with them.
- 23 However, when we examined the Council's webpages as part of the review, we found that the version of the Cabinet Forward Work Programme on the Council's website had not been updated. It is important that the Council ensures that the Cabinet work programme is accessible to the public and kept up to date on its website so that members of the public can see forthcoming agenda items. Cabinet decision notices are relatively easy to access on the website and these were up to date at the time we reviewed it.
- 24 As the Council begins to consider potentially more significant service changes, it will be important that it continues to assure itself that arrangements for engaging, consulting and communicating with stakeholders remain commensurate with the scale of any planned service changes.

The Council monitors the impact of service changes but arrangements are not systematic or transparent

- 25 The Council does not have a systematic process for monitoring the subsequent impact of its service change decisions. We found that officers are responsible for initially monitoring the impact of decisions and would then escalate any issues or concerns to Cabinet members and scrutiny committees. We found evidence of the escalation of issues to scrutiny committees where concerns had been raised. For instance, the Regeneration and Environment Scrutiny Committee raised concerns about charging for replacement waste bins and officers subsequently provided a report setting out the implications of re-introducing free replacement bins. We are also aware that the Regeneration and Environment Committee is due to consider the impact of the introduction of LED street lighting following concerns raised by Members. However, arrangements and criteria for monitoring the impact of decisions are not set out in business cases or reports relating to service changes. There is scope for the Council to formalise the process for monitoring the impact of service changes to help improve the transparency and effectiveness of current arrangements.
- 26 The Council has introduced a number of processes to ensure that the potential impact of service changes on groups with protected characteristics are taken into account in decision-making on service change. The Council produces equality impact assessments (EIAs) as part of its annual budget exercise. It has also produced guidance setting out when officers need to produce EIAs, including for service change, budgets and projects. In addition, equalities is a section in the Council's formal report template. The Council's equalities officer reviews all EIAs attached to reports and the Council's monitoring officer checks that applicable statements around equalities are included in reports to ensure that the Council has considered EIAs. The Council has also provided equalities training for Members.

In recent years, the Council has strengthened its governance and decision-making arrangements and has responded positively to our audit reports

- 27 We have undertaken a significant amount of work focusing on the Council's governance arrangements in recent years and the Council has responded positively to our findings, proposals for improvement and recommendations.
- 28 The Council has continued to review and strengthen its arrangements through its Improving Governance Programme and its Corporate Governance Board. The Council has also developed its governance arrangements in relation to service change. Developments include the introduction of the set of guiding principles referred to in paragraph 7 above, the establishment of the Business Improvement

Board, and taking account of the requirements of the WFG Act in its formal report template. The Council also has a scrutiny improvement programme and as part of this is about to launch a further peer observation programme with two neighbouring councils. The Council is able to demonstrate a willingness to learn from experience and consequently, implement changes to governance arrangements.

- 29 As the Council recognises that it has not yet had to make the more significant service changes that some other councils have made, there is an opportunity for the Council to learn from other councils' experiences in delivering more significant and potentially controversial service changes. This would help the Council to prepare for possible future challenges and the likelihood that more significant service changes will be necessary in the medium and long term.

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CABINET – 5TH JULY 2017

SUBJECT: WAO REPORT – SAVINGS PLANNING (CAERPHILLY COUNTY BOROUGH COUNCIL)

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES & S151 OFFICER

1. PURPOSE OF REPORT

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

2. SUMMARY

- 2.1 During the 2015/16 financial year the WAO undertook work at all Councils to assess the adequacy of their financial planning, control and governance arrangements. Local reports were issued and a national summary report was also produced.

- 2.2 The report on the findings of the review for Caerphilly CBC was presented to Cabinet on the 27th July 2016 and concluded that: -

The Council had effective financial control arrangements and a track record of achieving savings in advance but its Medium-Term Financial Plan (MTFP) and supporting savings plans for future years were not yet fully developed and links between the MTFP and corporate priorities could be strengthened.

- 2.3 The WAO has now undertaken a further review between June and December 2016 focussing on work to identify, plan for and deliver savings. The WAO examined the extent to which the Council achieved its 2015/16 savings plans, the quality of the MTFP and the robustness of savings plans for 2016/17.

- 2.4 The WAO report detailing the findings of this latest review was issued in March 2017 and is attached as Appendix 1.

3. LINKS TO STRATEGY

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

- 3.2 Effective financial planning and maintaining expenditure within approved budgets 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 The WAO report on the outcome of the savings planning review was issued in March 2017 and is attached as Appendix 1. The main conclusions of the report are as follows: -

- The Council has an effective and improving savings planning approach, which is supporting future financial resilience.
- The Council has reported achievement of 96% of its planned 2015/16 savings in year and can demonstrate that individual savings have been delivered.
- The Council has an effective corporate framework for financial planning and whilst the Council has well considered savings plans, some savings proposals are insufficiently developed when the budget is agreed.
- The Council has detailed savings plans and is forecasting that 96% of its 2016/17 savings plan will be achieved in year.

4.2 The WAO report acknowledges that this is an improving picture, that the Council has developed a more comprehensive MTFP covering a five year period and that the Council has identified indicative high level savings plans to fill the gap for the earlier years of the MTFP.

4.3 The WAO report contains one proposal for improvement: -

Strengthen financial planning arrangements by ensuring that savings plans are underpinned by robust business cases.

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

A new template has been developed to capture detailed information on future savings proposals. This will ensure that all relevant information is available to assess the robustness of proposals and to aid the decision-making process. The template is structured under the following headings: -

- General information.
- Public impact analysis.
- Organisational impact analysis.
- Consultation.
- Risks and sensitivities.
- Options analysis.
- Links to policy and strategy (including WFG Act 2015).
- Other relevant information.

A guidance note has also been prepared to assist Managers in completing the template.

4.5 The new template will be used as part of the process for developing savings proposals for 2018/19 to 2021/22.

5. WELL-BEING OF FUTURE GENERATIONS

5.1 Effective financial planning and the management of expenditure within approved budgets are key elements in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met.

6. EQUALITIES IMPLICATIONS

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

7. FINANCIAL IMPLICATIONS

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

8. PERSONNEL IMPLICATIONS

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

9. CONSULTATIONS

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

10. RECOMMENDATIONS

- 10.1 Cabinet is asked to: -

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

10.1.2 Note the officer response to the WAO proposal for improvement as detailed in paragraph 4.4 of this report.

11. REASONS FOR THE RECOMMENDATIONS

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

12. STATUTORY POWER

- 12.1 Local Government Acts 1972 and 2003.

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Consultees: Corporate Management Team
Gail Williams, Interim Head of Legal Services/Monitoring Officer
Cllr David Poole, Leader
Cllr Barbara Jones, Deputy Leader & Cabinet Member for Finance, Performance and Governance

Background Papers:
Cabinet (27/7/16) – WAO Financial Resilience Assessment, Caerphilly CBC, April 2016.

Appendices:
Appendix 1 – WAO Report - Savings Planning, Caerphilly CBC, March 2017



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Savings Planning – **Caerphilly County Borough Council**

Audit year: 2016-17

Date issued: March 2017

Document reference: 654A2016

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

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disclosure or re-use of this document should be sent to the Wales Audit Office at

info.officer@audit.wales.

The team who delivered the work comprised Alison Rees, Janet Smith, Sara-Jane Byrne and Jeremy Evans, under the direction of Alan Morris

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Savings Plan 2016-17

The Council has detailed savings plans and is forecasting that 96% of its 2016-17 savings plan will be achieved in year 12

Summary report

Summary

- 1 Good financial management is essential for the effective stewardship of public money and the continual delivery of efficient public services. The current financial climate and the reduced settlements for local government mean that good financial planning, with well-considered savings plans, is critical to financial resilience.
- 2 This review focuses on answering the following question: **Do the council's financial savings planning arrangements support financial resilience?**
- 3 Good financial planning:
 - helps councils take the right decisions for the short, medium and long term;
 - helps councils deliver services to meet statutory obligations and the needs of local communities;
 - is essential for good corporate governance;
 - is about managing performance and achieving strategic objectives as much as it is about managing money;
 - underpins service quality and improvement;
 - is the basis of accountability to stakeholders for the stewardship and use of resources; and
 - is a key management discipline.
- 4 Financial planning for the medium to long term involves understanding future demand, assessing the impact of probable changes, reviewing the gaps between funding needs and possible income and, where necessary, developing appropriate savings strategies.
- 5 A council's strategic priorities and its financial health should be the basis for deciding what is practicable. Well-considered and detailed long-term financial strategies and Medium-Term Financial Plans can ensure the delivery of strategic priorities by enabling appropriate financial choices. Conversely, short-term annual budget planning encourages an incremental and process-driven approach that is too inflexible in a period of rapid external change.
- 6 Councils receive about 80% of their net income from Welsh Government, the exact amount is only known 4-5 months before the start of the financial year. Whilst this has an impact on financial planning councils can use a range of information to anticipate changing circumstances, set priorities, make choices and manage service delivery. They can calculate how much they would need to deliver services (at current or future prices) and review alternative income and spending scenarios to identify gaps and prepare for the future by investigating different approaches.

- 7 During 2015-16 the Wales Audit Office undertook work at all councils to assess the adequacy of their financial planning, control and governance arrangements. Local reports were issued and a national summary report published in August 2016. The national summary report concluded that **strategic planning arrangements are improving but councils have difficulty in developing and delivering the savings and changes to services at the pace required to ensure future financial resilience.**
- 8 In this assessment, undertaken during the period June to September 2016, we have focused on work to identify, plan for and deliver savings. We examined the extent to which Caerphilly County Borough Council (the Council) achieved its 2015-16 savings plans, the quality of its medium term financial plans and the robustness of its 2016-17 savings plans.
- 9 We sampled three savings proposals for 2016-17 and looked at the underlying assumptions and whether there are adequate mechanisms to ensure they can be delivered in the planned timescale.
- 10 We followed up our 2015-16 work to determine what the Council did as a consequence of what it learnt and how it has responded to our proposals for improvement in relation to financial planning if we made any.
- 11 In this report we have described some key characteristics of effective financial planning – **What good looks like**. Auditors have used these and other factors to reach a balanced view on the effectiveness of a council's financial planning arrangements and to evaluate the ability of a council to deliver its Medium-Term Financial Plan (MTFP) and planned savings.
- 12 In our 2015-16 review we concluded that **the Council had effective financial control arrangements and a track record of achieving savings in advance but its medium term financial plan and supporting savings plans for future years were not yet fully developed and links between its MTFP and corporate priorities could be strengthened.**
- 13 In this review we concluded that **the Council has an effective and improving savings planning approach which is supporting future financial resilience.**
- 14 This is an **improved position from 2015-16**. The Council has developed a more comprehensive MTFP which covers a five year period and identified indicative high level savings plans to fill the gap for the earlier years of the MTFP.

Proposals for improvement

Exhibit 1: proposals for improvement

It would be unusual if we did not find things that can be improved and, where we do, The Auditor General can take a variety of steps. In this case a proposal for improvement has been made and we would expect the Council to do something about it.

| Proposals for improvement | |
|---------------------------|--|
| P1 | Strengthen financial planning arrangements by: <ul style="list-style-type: none">ensuring that savings plans are underpinned by robust business cases. |

Detailed report

The Council has an effective and improving savings planning approach which is supporting future financial resilience

Context

- 15 Since 2010, the UK government has reduced spending on public services as part of its plan to reduce the deficit. With cuts to its budget, the Welsh Government has had to make difficult choices as to how to allocate those funding cuts across devolved public services. As a result, the amount of core funding made available by the Welsh Government to local councils has reduced each year. So far, most local councils have managed to reduce expenditure and balance budgets, but the scale of annual reductions is likely to continue. Our analysis shows that between 2013-14 and 2016-17, there is a real-terms reduction of £483 million (10.9%) in this core funding¹.
- 16 The impact of the decision to leave the European Union may represent a threat to local councils and the wider public sector in Wales. In the immediate aftermath of the decision there was reaction across financial markets resulting in volatility in, for example, share prices, currency exchange rates, oil prices and bond yields, and the UK continues to face a great deal of uncertainty on top of significant questions regarding future economic and trading relationships with Europe. The Welsh Local Government Association (WLGA) has expressed concerns over the implications of the European Union referendum outcome, calling it a 'seismic change in UK public policy'² especially as local councils are collectively the largest employer in Wales and the deliverer of many important public services.

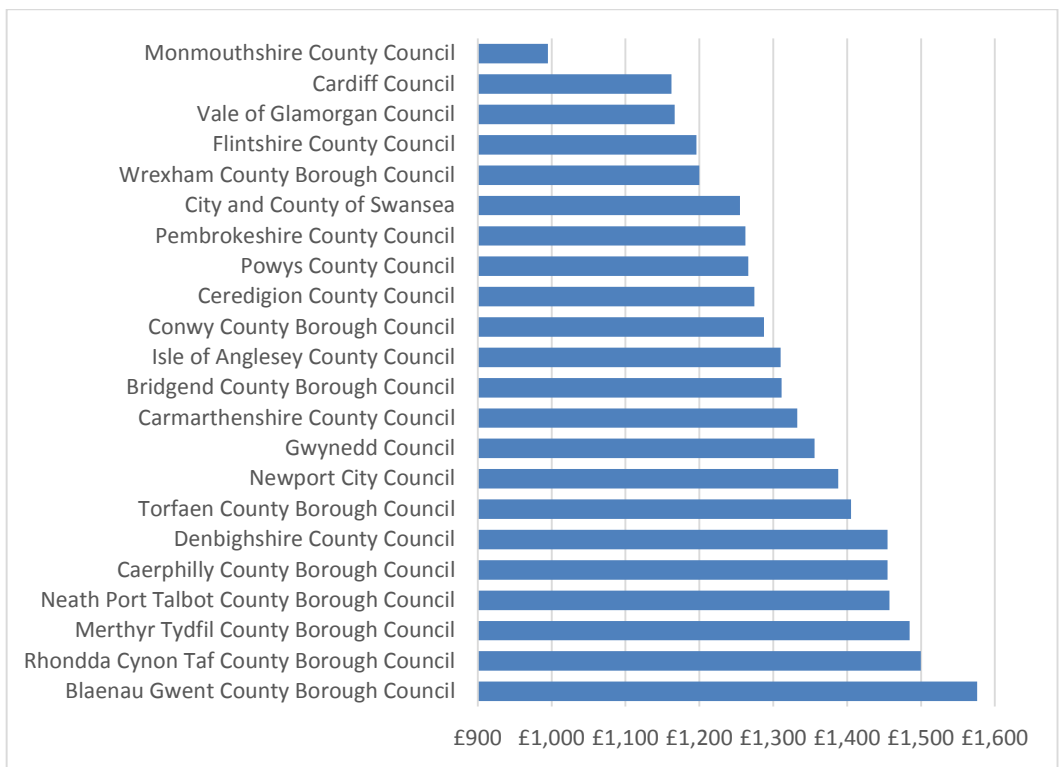
¹ Comparing core funding (Aggregate External Finance (AEF)) across the period 2013-14 to 2016-17 is complicated for two main reasons. Firstly, the Welsh Government has incorporated into core funding grants that were previously provided separately. While this 'de-hypothecation' of grants results in an increase in core funding, it is not necessarily a net increase in funding. The net value of grants incorporated into core funding since 2013-14 is around £76 million in real terms (adjusted for inflation).

² Welsh Local Government Association, **Councils voice concern over service impacts of EU referendum**, 24 June 2016

- 17 Whilst the overall Welsh Government funding has reduced, councils have been expected to protect schools and social care from the bulk of the pressures. Social care in particular has struggled even with this protection as, for example, demographic changes have led to increased demand. However, this does mean that other services have borne the majority of the cuts and have seen reductions in budgets of 30% or more in real terms since 2013-14.
- 18 The Council received £263.3 million in support from Welsh Government in 2016-17. This represents £1,455 per person in the county, above the average for Wales but a real-terms reduction of 8.68%³ per head since 2013-14. There are other key issues that impact on any councils overall financial position, for example the overall Council tax base, the ability to generate income locally and the levels of deprivation.

Exhibit 2: Welsh Government support in 2016-17

The graph below illustrates the amount of money each council gets per head of population from the Welsh Government.



Source: Stats Wales (www.statswales.gov.wales)

³ The percentage reduction per head figure varies from the 2013-14 core funding reduction due to population variation over the same period.

Savings achievement 2015-16

The Council has reported achievement of 96% of its planned 2015-16 savings in year and can demonstrate that individual savings have been delivered

What good looks like

- 19 Councils that have a good track record of delivering the majority of planned in-year savings should have well developed savings and delivery plans in place which are underpinned by robust monitoring processes. These councils do not have to continually bridge the gap year on year, by identifying alternative savings, using unplanned one-off funding from earmarked reserves, general reserves, contingency funds or fortuitous unplanned income received during the year.

What we found

- 20 The Council achieved 96% of its 2015-16 planned savings. Unachieved savings were either met from underspends elsewhere in 2015-16 service budgets or from savings achieved in advance of the following year's budget.
- 21 The Council's 2015-16 outturn report shows that the Council achieved a surplus of £10.1 million on its revenue budget. The surplus included a £6.1 million underspend on directorate budgets, £2.6 million on capital financing budgets and additional council tax income of £1.4 million. The underspend on directorate budgets was partially due to services curtailing expenditure and achieving some savings in advance to contribute to future years savings plans. In line with the Council's policy for carrying forward underspends on directorate budgets, it transferred £3.5 million to specific directorate reserves and the remaining £6.6 million to the general reserve.
- 22 The Council splits its saving plans into those which impact the public and those which do not. Savings plans which do not impact the public amount to approximately 55% of the total savings plans value. These are efficiency type savings plans which mainly comprise changes to staff structures, budget realignment and minor changes to service provision. These are included as a single amalgamated savings figure for each directorate. Service specific savings which have a public impact are identified individually.
- 23 The Council identifies and achieves a proportion of the efficiency type savings plans in advance of setting the following year's annual budget. Problems with achieving savings proposals are identified in the quarterly service budget monitoring reports. Directorates are expected to achieve all savings plans and to meet any unachieved savings from elsewhere in their base budgets.

Financial planning arrangements

The Council has an effective corporate framework for financial planning and whilst the Council has well considered savings plans, some savings proposals are insufficiently developed when the budget is agreed

What good looks like

- 24 The MTFP is a key component of an effective, integrated corporate planning framework. Good medium-term financial planning and annual budgeting should reflect the council's strategic objectives and priorities for the year, and over the longer term. MTFPs typically span a three-to-five year period and should identify how resources will be allocated to both the delivery of services and the council's priorities. The impact on citizens and other stakeholders should also be considered.
- 25 Good MTFPs include consideration of key financial risks together with their mitigation. Councils have to make assumptions around inflation, income levels, demographics, future demand for services and the costs of delivering services, and these need to be based on reasonable predictions. The council should also use financial modelling to assess the likely impacts on financial plans and required savings for a range of different scenarios and risks. The MTFP should be frequently reviewed and updated to reflect changes in assumptions and risks.
- 26 Councils should operate within a level of reserves and balances (including earmarked reserves and the general fund balance), approved by Members, and appropriate to the strategic, operational and financial risks it faces. Councils should include details on how reserves will be used over the period of the MTFP.
- 27 The Council must demonstrate that it understands its sources of income and the risks arising from these, and that it has reviewed its approach to fees and charges, for its services, to achieve value for money.

What we found

- 28 In our 2015-16 Financial Resilience Assessment, we made a proposal for improvement that the Council should strengthen its financial resilience by developing more explicit links between its MTFP and corporate priorities.
- 29 The Council's Corporate Plan covers the period 2013-17 and was refreshed in June 2016 to reflect the transition from improvement priorities to well-being objectives in preparation of the Well Being of Future Generations (Wales) Act 2015. This is the final year of the 2013-17 corporate priorities and during the next twelve months, the Council will set and define well-being objectives, which will be informed by the well-being assessment being carried out by the newly established Caerphilly Public Services Board.

- 30 Whilst links between the Council's MTFP and corporate priorities are not clearly defined, the Council has established a set of principles for formulating its savings plans, which are influenced by corporate priorities. The principles are: protecting front-line services where the Council can; reducing expenditure on management and administrative costs; increasing fees and charges where appropriate; reducing, rather than removing services where possible; focusing on priorities and looking at alternative ways of delivering services.
- 31 The Council has also recently developed a medium term financial plan savings template, which it will use for its 2017-18 savings proposals. In this template, there is a section for officers to set out links to policy and strategy including the Council's corporate priorities and improvement objectives. This requirement will help to strengthen the links between the Council's MTFP and its priorities.
- 32 In our 2015-16 Financial Resilience Assessment, we made a proposal for improvement that the Council should strengthen its financial resilience by developing a longer-term MTFP with comprehensive multi-year savings plans to cover the period.
- 33 The Council reviews its MTFP twice a year, normally in July and February but this timetable is not aligned with the review of its Corporate Plan. The Council reviewed its MTFP in February 2016 and extended its MTFP forecast from a three to a five year period. The MTFP 2016-17 to 2020-21 identifies a budget gap of £36 million. The Council has identified indicative savings over the period of £29 million, leaving a budget gap of £7 million.
- 34 The Council's MTFP forecasts are comprehensive, include sensitivity analysis, and are modelled on best, most likely and least optimistic scenarios. The MTFP is also underpinned by reasonable and appropriate assumptions for key variables such as pay awards, price inflation, and funding and council tax levels. The impact of demographic changes, demand changes and inescapable pressures is also assessed.
- 35 The Council rolls forward its MTFP annually and normally reports to Cabinet in July each year. In addition, Corporate Management Team receives regular updates on MTFP assumptions to take account of changes in key variables and any other emerging issues.
- 36 The Council holds approximately £10 million as a working balance in its general reserve. The general reserve level is reviewed when setting the annual budget and producing its statement of accounts. Whilst the annual budget includes a report on the projected use of the general reserve and proposals for the use of earmarked reserves, neither the annual budget report nor MTFP include a comprehensive statement on the reserves position or planned use of reserves. The Council outlined details of its useable reserves and proposals for the use of its reserves in reports to the Policy and Resources scrutiny committee in April 2015 and November 2016, and to Cabinet in December 2016,
- 37 The Council's planned budget strategy includes the use of the previous year's actual council tax surplus income to fund its base budget. For example, the surplus council tax income achieved in 2014-15 of £1.2 million was used to fund the 2015-

16 budget. The surplus council tax income is transferred into the Council's general reserve at year end. Whilst this is additional income, as it would normally be put into reserves, the Council is in effect using reserves to fund its base budget.

- 38 The Council has a reserves strategy, which Cabinet approved in July 2016. The strategy consolidates its existing arrangements for the establishment and management of the use of its reserves. The Council's reserve strategy places a 3% cap on the amount of general reserves directorates can hold from accumulated revenue budget underspends. The Council also proposes to carry out annual reviews of useable reserves, which it intends to report to its Policy and Resources Committee six months before the financial year end.
- 39 In our 2015-16 Financial Resilience Assessment, we made a proposal for improvement that the Council should strengthen its financial resilience by developing an income generation/charging policy.
- 40 During our 2016-17 Financial Resilience Assessment, we found that whilst the Council does not yet have an income generation/charging policy, it has a corporate fees and charges register. It has also identified income generation as one of the work streams of its Business Improvement Board to consider the opportunities around income generation for the Council.
- 41 The Council has set income generation targets for some discretionary service areas for 2016-17. However, the Council's mid-year budget monitoring report suggests that the Council is not meeting some of these targets and increased charges are not necessarily resulting in increased income levels. Therefore, the Council is looking to shift the focus of the income generation work stream to review current income levels against the targets set. It plans to establish what needs to be done to achieve these targets or whether alternative savings need to be identified. As part of this approach, the Council plans to review its strategy around fees, charging and income generation learning from its approach to date.

Savings Plan 2016-17

The Council has detailed savings plans and is forecasting that 96% of its 2016-17 savings plan will be achieved in year

What good looks like

- 42 Councils that deliver savings effectively have well-considered savings plans that sit within longer-term savings strategies which are underpinned by well-developed fully costed individual savings and delivery plans aligned with the MTFP. Savings proposals should be specific and risk assessed in terms of likelihood of achievement.

What we found

- 43 The Council has identified savings plans of £11.1 million to meet its 2016-17 budget strategy, which includes savings achieved in advance of £1.9 million. The Council's quarter one financial monitoring report forecasts that it will achieve 96% of all savings plans for 2016-17. The Council plans to mitigate unachieved savings from other directorate budgets or from directorate reserves. Any unachieved savings plans will have to be found from elsewhere in directorate budgets or directorate reserves.
- 44 The Council classified its 2016-17 savings plans into those which have no impact on the public and service users (efficiency type savings) and those which do have an impact. The Council consults on those savings plans which have a public impact and in 2016-17 these amounted to approximately £500,000. The savings that are considered to have a public impact were also subject to an Equalities Impact Assessment.
- 45 The Council's 2016-17 savings proposals are not formally risk assessed in terms of achievability. However, prior to being included in the Council's budget, finance officers work with service managers to challenge proposals before presenting them to Members. The Council only includes savings in its annual budget if they are deemed to be fully achievable.
- 46 General efficiency type savings plans are included as a global target sum but no specific detail is made available in the public domain, because these proposals are deemed to have no impact on service users or stakeholders. However, the Council maintains and monitors a comprehensive schedule of the proposals that are included in the Council's budget.
- 47 The Council lists savings which have a public impact individually and monitors them on a line by line basis, with reports being considered by Scrutiny Committees. The Council has told us that as at the 30 September 2016 that some proposals of this type will not be achieved and will be rolled into the following year.
- 48 Previously, the Council has not regularly reported the 'Whole-Council' financial position and progress on savings plans to Cabinet during the year as on the whole, savings have been on schedule. However, the Council has now instigated 'Whole-Council' mid-year budget monitoring reports to Cabinet. These reports outline projected expenditure for the year and progress on achieving savings plans. The Council has taken this step as it recognises that the risk of non-delivery of savings has increased. Cabinet considered the first such report on 30 November 2016.
- 49 The Council's scrutiny committees consider quarterly service budget monitoring reports up to the third quarter of the year, but in 2015-16, the Council did not report the year end position on savings plans to its Scrutiny Committees or Cabinet.
- 50 The three savings proposals for 2016-17 we sampled, to test the underlying assumptions and whether there are adequate mechanisms to ensure they can be delivered in the planned timescale, were:
- reduce operational breakfast clubs by 1 hour of staffing per day;
 - countryside maintenance income; and

- customer services. Further reduction in opening hours.

51 We found that the information to support each of the 2016-17 savings we reviewed was fragmented and of variable quality. The Council recognises that as budgets reduce, the nature of the savings it will need to make will shift from base budget efficiency type savings to service change savings. These will need to be supported by more robust business cases. Therefore, the Council has developed a business case template, which it intends to introduce to support the development of future savings plans.

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CABINET – 5TH JULY 2017

SUBJECT: PROVISIONAL OUTTURN FOR 2016/17

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES & S151 OFFICER

1. PURPOSE OF REPORT

- 1.1 To provide Cabinet with details of the provisional outturn for the 2016/17 financial year prior to the annual audit by the Authority's External Auditor, Grant Thornton.

2. SUMMARY

- 2.1 In advance of the Statement of Accounts being audited and presented to Council on the 31st July 2017, this report provides an overview of the Council's performance against the budget for the 2016/17 financial year. Members receive detailed budget monitoring reports as part of the Scrutiny process throughout the financial year.

3. LINKS TO STRATEGY

- 3.1 The Provisional Outturn Report encompasses all the resources used by the Council to achieve its strategies.
- 3.2 Effective financial planning and maintaining expenditure within approved budgets 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 The provisional outturn position is attached as Appendix A and is summarised below:-

| | £m |
|--|---------------|
| Service Directorate Underspends | 3.808 |
| Miscellaneous Finance Underspends | 3.474 |
| Council Tax Surplus | 1.642 |
| Housing Revenue Account (HRA) Underspend | 3.977 |
| Schools Overspend | (0.555) |
| | |
| Total: - | 12.346 |

- 4.2 The Service Directorate underspend of £3.808m represents 2.18% of net Directorate budgets. During the year Officers have continued to be mindful of the continuing programme of austerity and expenditure has been curtailed in a number of areas to support the Medium-Term Financial Plan (MTFP). This prudent approach has resulted in a number of savings being achieved in advance and underspends being higher than would normally be the case.
- 4.3 After adjusting for earmarked reserves, 50% of underspends are carried forward by Directorates and are available to meet the requirements of these service areas. The remaining balance is transferred to the General Fund. Overspends are normally funded from future Directorate budgets or balances brought forward from previous years. Service reserves held by Directorates can be used to fund one-off cost pressures or to pump-prime service reconfiguration but they cannot be relied upon to deliver balanced budgets on a recurring basis.
- 4.4 The table in Appendix B shows the movements on the General Fund balance from the 1st April 2016 to the 31st March 2017 along with agreed commitments for 2017/18. The forecast General Fund balance as reported to Council on 22nd February 2017 was £13.910m. The updated position is a projected balance £15.964m, an increase of £2.054m. The variations to the forecast are as follows: -

| | £m |
|---|--------------|
| Increased Contribution from Service Areas (including Miscellaneous Finance) | 2.469 |
| 2016/17 Council Tax Surplus | 0.242 |
| Reduced Contribution to Back-Dated Additional Holiday Pay | 0.075 |
| Additional Provision for Senior Officer Investigation (Council 07/03/17) | (0.263) |
| Additional Provision for Senior Officer Investigation (Council 13/06/17) | (0.469) |
| Net Increase: - | 2.054 |

- 4.5 The Acting Director of Corporate Services & Section 151 Officer normally recommends a minimum General Fund balance of £10m (circa 3% of the net revenue budget). However, the funding outlook for Local Government remains uncertain for future years for both core funding and specific grants and with this in mind it is recommended that the balance on the General Fund should be held at £13.910m as agreed by Council on the 22nd February 2017. This will mean that the additional take to the General Fund of £2.054m is available for other purposes and it is recommended that this should be transferred to a Capital Earmarked Reserve. Proposals on the use of available Capital Earmarked Reserves will be presented to Cabinet for consideration later this year.
- 4.6 The following paragraphs comment on the 2016/17 underspends as detailed in Appendix A.

EDUCATION AND LIFELONG LEARNING (£164K UNDERSPEND)

- 4.7 Overall the Directorate (including schools) is reporting an underspend of £164k. This includes an overspend of £555k for schools, which necessitated a take from earmarked school balances, and a net underspend for Central Education & Lifelong Learning of £719k.
- 4.8 The most significant variances (over £100k) against budgets are as follows: -

| | (Over)/ Under £000's |
|--|-------------------------------------|
| Prior-Year Accruals | 347 |
| Home to School/College Transport | (130) |
| Relief Supply Cover (Sickness SRB's & Maternity) | (123) |
| Planning & Strategy – Central Costs | 190 |
| Visually Impaired Service | 126 |
| EOTAS (Education Other Than At School) | (429) |
| Music Service | (146) |

| | |
|-------------------------------------|-----|
| Education Achievement Service (EAS) | 152 |
| Community Education (Adult & Youth) | 197 |
| Libraries | 179 |

- 4.9 The £347k release of prior-year accruals arises from a review of balances and the identification of sums that no longer need to be held to meet anticipated financial commitments. This is a one-off saving for 2016/17 only.
- 4.10 The Home to School/College Transport budget, which is managed by the Engineering Division in the Environment Directorate (with variances ring-fenced to Education), has reported an overspend of £130k. This variance relates in part to the 3 additional school days in the 2016/17 financial year due to the timing of the Easter Holidays. Other factors contributing to the overspend include increased demand arising from Additional & Special Educational Needs and EOTAS (Education Other Than At School).
- 4.11 Expenditure against the Relief Supply Cover budget for schools is unpredictable due to varying sickness levels in Special Resource Bases and maternity absences across all schools. An overspend of £123k has occurred for the 2016/17 financial year and due to the volatility and uncertain nature of this spend the position will need to be closely monitored during 2017/18.
- 4.12 The underspend of £190k in relation to Planning & Strategy – Central Costs relates to a vacant post that has now been removed as part of the approved savings for 2017/18, two lengthy in-year vacancies and some changes during the year to staff contracts.
- 4.13 In recent years the Visually Impaired Service has consistently reported an underspend and this has continued for 2016/17. The budget has now been adjusted as part of the approved savings for 2017/18.
- 4.14 EOTAS (Education Other Than At School) accommodates learners who are unable to attend and learn through mainstream school and the service continues to receive an increasing number of referrals for children with challenging behaviour. During 2016/17 the service has invested, as part of a 2 year pilot, in the development of three Learning Pathway Centres on three High School sites. This has resulted in some additional costs in year, but in the longer term the expectation is that this could reduce the number of pupils in placements with external providers. This pilot is being re-evaluated mid-term.
- 4.15 The approved budget for the 2016/17 financial year included a further reduction of £100k in the budget for the Authority's Music Service. A Working Group has been reviewing delivery options to achieve this saving and whilst the saving has not been achieved in 2016/17, savings have been identified to reduce this overspend in 2017/18.
- 4.16 In 2016/17 the main contract charge from the Education Achievement Service (EAS) was less than the current budget provision. In addition, a reduction in the Regional Education Improvement Grant (EIG) has led to a reduction of £60k in the match funding requirement from the Authority.
- 4.17 The underspend of £197k within the Community Education (Adult & Youth) budget relates to a number of variances across the service. The most notable relate to in-year staff savings, a saving on premises costs and additional income generation (including grant income). The approved budget for 2017/18 includes savings of £93k for this service area.
- 4.18 The Library Service underspend of £179k relates primarily to in-year staff savings, a one-off saving on energy costs and transport savings. The approved budget for 2017/18 includes savings of £120k for the Library Service.

Social Services (£265k Underspend)

- 4.19 The overall outturn position in respect of Social Services for 2016/17 is an underspend of £265k. £27k of this underspend relates to the Integrated Transport Unit (ITU) within the Environment Directorate and arises from more efficient practices in respect of the transport of Looked After Children. The remaining underspend of £238k relates to budgets managed solely within the Directorate of Social Services.
- 4.20 Budgetary growth of £2.5m was allocated to the Social Services budget in 2016/17 in response to demographic pressures and the impact of the National Living Wage. However, demand for services grew significantly throughout the financial year, resulting in an overspend on care packages of £1.072m for Children's Services, £708k for Adult Services and an overspend of £147k for Supporting People Services. This increasing demand due to demographics, coupled with further implications of the National Living Wage has prompted further budgetary growth of £3.5m for the Social Services budget in 2017/18.
- 4.21 The increasing demand for social care packages was identified at an early stage in the financial year. This enabled the Senior Management Team to take mitigating action against these rising costs by adopting a prudent approach to vacancy management across the Directorate. This approach contributed towards underspends of £971k against management, social work and administrative staff budgets and £620k against in-house residential and day care budgets.
- 4.22 Further examples of prudent budget management in response to increasing demands and other cost pressures resulted in underspends of £73k in respect of Children's Services contracts with third sector organisations and £109k in respect of Adult Services contracts with third sector organisations.
- 4.23 Reimbursements of £84k from the Gwent Frailty Partnership and £101k from the Gwent-Wide Integrated Community Equipment Service (GWICES) further mitigated the potential overspend caused by the increasing demand for social care packages. These services are provided in partnership with other stakeholders and the Directorate's financial contribution towards these services is strongly influenced by the actions of those stakeholders.
- 4.24 During 2016/17 the Directorate received £175k more than was budgeted in respect of service users' financial contributions towards the cost of their care provided within residential homes for older people owned by the Authority. These contributions are determined from an assessment of the income and assets of those service users and therefore the level of income received can fluctuate quite significantly, depending on the relative wealth of the cohort of service users that are resident at any time.
- 4.25 Other minor underspends totalling £32k further contributed to the net underspend for the Directorate of £238k.

Environment (£1.342m Underspend)

- 4.26 The overall outturn position for the Environment Directorate after the approved use of reserves is an underspend of £1.342m. This underspend does not include a ring-fenced under spend of £27k in relation to Social Services Transport and a ring-fenced overspend of £130k in relation to Home to School Transport. These variations are included in the Social Services and Education & Lifelong Learning Directorates outturn positions respectively.
- 4.27 The Regeneration & Planning Division is reporting an overall underspend of £419k. Regeneration has reported an underspend of £513k where some of the more significant variations relate to vacant posts (£179k), reductions in marketing, promotion and subscription costs in Business Support and Tourism (£50k), increased income and reduced running costs for industrial properties (£90k), increased income at tourism events (£33k) and additional income in relation to Town Centre Management (£18k). Community Regeneration generated additional staff recharge income of £66k through supporting the grant funded Communities

First programme. The Community Regeneration Fund underspent by £115k due to the number and value of bids received being less than the budget and there was also an underspend in other community project based budgets within Community Regeneration of £18k. These underspends were partly offset by an overspend of £125k in relation to Bargoed Unit Shops due to a shortfall in income arising from under occupancy. Planning has reported an overspend of £94k, primarily due to a shortfall in Building Control fees and Planning Application fees, partly offset by underspends in staffing due to vacant posts.

- 4.28 The Engineering Division is reporting a net underspend of £261k (excluding the underspend noted above in relation to Social Services Transport (£27k) and overspend in relation to Home to School Transport (£130k)). An overspend of £132k in relation to Highway Operations general road maintenance and associated I.T and consultancy costs is partly offset by underspends in relation to Winter Maintenance (£38k) and Street Lighting (£33k). In addition, there are underspends in Transport Engineering (£28k) and Engineering Projects Group (£135k) due to a combination of vacant posts and additional fee income. There is a small overspend of £21k in relation to passenger transport and Network Contract Services (NCS) has reported a net surplus of £180k.
- 4.29 The Public Protection Division is reporting an overall underspend of £497k. The most significant underspends are in Trading Standards, Licensing and Community Safety (£93k), Environmental Health (£148k) and Catering (£256k). The underspends in Trading Standards, Licensing and Community Safety and Environmental Health were primarily due to vacant posts and maternity leave. The underspend in Catering was mainly due to higher than budgeted income from schools as a result of the high take-up of school meals, no school closures for severe winter weather and some reductions in operational costs.
- 4.30 The Community & Leisure Division has reported a net overall underspend of £165k. Waste Management and Street Cleansing has overspent by £207k. This includes an overspend of £285k in relation to dry recycling treatment due to a combination of increased treatment costs per tonne, increased waste tonnages and additional costs of treating materials that cannot be recycled. It should be noted that the Community & Leisure Division's budget received additional one-off funding of £800k for 2016/17 from a corporately held waste management contingency to assist in the funding of increased dry recycling treatment costs. The reported overspend of £285k is inclusive of this additional funding. There were also overspends in relation to Civic Amenity Site waste treatment (£297k) and residual waste treatment (£68k) due to increased tonnage of waste being processed, an overspend on vehicle running costs (£485k) and a shortfall in commercial waste income (£127k). These overspends were partly offset by underspends in relation to organics waste treatment (£97k) due to revised contract prices associated with the source separating of food and green waste, waste management and street cleansing staffing costs (£302k) due to vacant posts, reduced/delayed vehicle and plant acquisitions (£475k) and reduced spend on replacement waste bins (£90k).
- 4.31 Parks & Cemeteries services reported an underspend of £123k and Leisure & Sports Development Services underspent by £220k. The frontline trading operations of Building Cleaning and Vehicle Maintenance & Fleet Management reported a net surplus of £29k.

Corporate Services – (£1.482m Underspend)

- 4.32 The final outturn position for the Directorate of Corporate Services is an underspend of £1.482m, the most significant elements of which are the following: -
- Corporate Finance is reporting an overall underspend of £421k. This relates in the main to delays in appointing to vacant posts, vacancies that have been held to support MTFP savings requirements and additional one-off grant funding.
 - Procurement & Customer Services are reporting an underspend of £169k which is due in the main to vacancies that have been held to support MTFP savings requirements.
 - Legal & Governance is reporting an underspend of £144k due to delays in filling posts and withholding vacancies.

- Corporate Policy is reporting an underspend of £51k due in the main to a £50k underspend in the Voluntary Sector Budget, an underspend of £28k in Community Safety and an underspend of £27k in the Performance Management Unit. These underspends have been partially offset by increased costs in respect of complying with the Welsh Language Standards.
- Housing Services is reporting a £59k underspend. This consists of an underspend of £24k for General Fund Housing and an underspend of £35k in Private Housing.
- Information Technology is reporting an underspend of £400k due in the main to vacancies being held to support MTFP savings requirements moving forward.
- Performance & Property is reporting a net overspend of £39k. The main variances are overspends of £35k on Corporate Buildings and £23k on Corporate Property which are partially offset by additional fee income in Asset Management and Building Consultancy.
- For Human Resources, Communications and Health & Safety there is a combined underspend of £239k. This consists of a £198k underspend in Human Resources due in the main to vacancies being held to support the MTFP, an overspend in Communications of £27k largely due to reduced income levels and a £68k underspend in the Health & Safety budget due to additional income from the Service Level Agreement with Cardiff City Council and delays in filling vacant posts.
- Other budgets within Corporate Services are showing a net underspend of £38k.

Miscellaneous Finance - (£3.474m Underspend)

4.33 Budgets in Miscellaneous Finance underspent by £3.474m, the most significant elements of which are:-

- An underspend of £2.458m on Capital Financing budgets mainly due to the following: -
 - 2015/16 and 2016/17 supported borrowing has been deferred to future years as there are cash balances that can be utilised in the short term.
 - Improved returns on investments in accordance with the revised Treasury Management Strategy.
- Prudential Borrowing for Islwyn West being delayed - £188k underspend.
- Pension Contributions for former Authorities - £91k underspend.
- External Audit fees - £86k underspend.
- Additional one-off income of £375k.
- Net underspend on other budgets in Miscellaneous Finance of £276k.

Council Tax Collection – (£1.642m Surplus)

4.34 This represents an increase of £242k above the assumed level of £1.4m for the 2016/17 financial year.

Housing Revenue Account (£3.977m Underspend)

- 4.35 £1.9m of the Housing Revenue Account (HRA) underspend is in the Building Maintenance budget, in particular the non-DLO budget, which was not fully utilised due to the in-house response team undertaking more work directly rather than needing support from external contractors. A further underspend of £1.6m is reported on non-pay budgets including Housing Response, Bad Debt Provision and various departmental projects.
- 4.36 £360k of the HRA underspend is in Capital Financing Recharges and a further £180k of the underspend is due to salary savings, mainly from the turnover of staff.
- 4.37 The HRA allowed for some £15.7m of revenue contributions towards the Welsh Housing Quality Standard (WHQS) Programme during the 2016/17 financial year and this was fully allocated. A further £8.4m was required from HRA working balances.
- 4.38 HRA Working Balances stand at £15.6m at the end of 2016/17 (subject to external audit). The majority of this funding is earmarked for the WHQS Programme.

Housing Revenue Account (HRA) Capital

- 4.39 Total expenditure on the WHQS Capital Programme for 2016/17 was £31.4m. This expenditure was funded from the £7.4m Major Repairs Allowance (MRA) received from the Welsh Government (WG) and revenue contributions from the HRA of £24m. No borrowing has been undertaken as yet for the WHQS Programme. A further £914k of capital expenditure was incurred on the WG Vibrant and Viable Places programme that encompassed both HRA and Non-HRA capital works. This expenditure was funded from a WG grant.
- 4.40 There were 23 Right to Buy sales during the year resulting in a useable capital receipt of £520k.

General Fund Capital Programme

- 4.41 The General Fund Capital Programme for 2016/17 resulted in targeted spend available of £55.5m after including all in-year grant allocations and Section 106 monies. An amount of £20.5m remains unspent at the financial year-end, the majority of which represents slippage that will be carried forward into the 2017/18 financial year. The most significant areas of slippage relate to the Engineering Division (£4.3m, of which £1.9m is Section 106 monies); Social Services (£3.2m); Education (£2.7m, of which £1.5m is related to the 21st Century Schools Programme); Community & Leisure Services related schemes (£2.1m); Land Reclamation (£2.1m); Property Services (£2.1m) and Private Housing (£1.8m).
- 4.42 The 2016/17 Capital Outturn Report will be presented to the Policy & Resources Scrutiny Committee on the 3rd October 2017.

General Usable Service Reserves

- 4.43 As outlined in paragraph 4.3, after adjusting for earmarked reserves 50% of underspends are carried forward by Directorates and are available to meet the requirements of these service areas in subsequent financial years. The table below provides a summary of the reserves arising from cumulative Directorate underspends along with projected balances after taking account of the approved use of reserves in 2016/17 and the current approved use of reserves for 2017/18: -

| Service Area | Opening Balance (01/04/16) £m | In-Year Movement 2016/17 £m | Closing Balance (31/03/17) £m | Approved Use Of Reserves £m | Projected Balance (31/03/18) £m |
|---------------------------|--|--|--|--|--|
| Education & LL | 2.459 | (1.090) | 1.369 | 0 | 1.369 |
| Social Services | 3.129 | (0.256) | 2.873 | 0 | 2.873 |
| Environment | 0.480 | (0.092) | 0.388 | (0.073) | 0.315 |
| Corporate Services | 2.197 | (0.560) | 1.637 | 0 | 1.637 |
| Totals: - | 8.265 | (1.998) | 6.267 | (0.073) | 6.194 |

- 4.44 The Policy & Resources Scrutiny Committee receives an annual report on usable reserves and the next report has been scheduled for the 14th November 2017.

5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 Effective financial planning and the management of expenditure within approved budgets are key elements in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met.

6. EQUALITIES IMPLICATIONS

- 6.1 There are no direct equalities implications to this report in terms of the financial information being presented for 2016/2017.

7. FINANCIAL IMPLICATIONS

- 7.1 As detailed throughout the report.

8. PERSONNEL IMPLICATIONS

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

9. CONSULTATIONS

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

10. RECOMMENDATIONS

- 10.1 It is recommended that Cabinet: -

10.1.1 Notes the provisional 2016/17 outturn position.

10.1.2 Approves the transfer of £2.054m into a Capital Earmarked Reserve as outlined in paragraph 4.5 of this report.

11. REASONS FOR THE RECOMMENDATIONS

- 11.1 To ensure that Cabinet Members are aware of the provisional outturn for the 2016/17 financial year.

12. STATUTORY POWER

- 12.1 Local Government Act 1972.

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

Background Papers: -
Stephen Harris Ext. 3022 – Final Accounts working papers for 2016/17.

Appendices: -
Appendix A - Provisional Outturn Summary 2016/17
Appendix B - Movement on General Fund

PROVISIONAL OUTTURN 2016-17

SUMMARY

| SERVICE AREA | UNDERSPEND (OVERSPEND) £m | TAKE TO GENERAL FUND £m |
|-------------------------------|---------------------------------|-------------------------------|
| Education & Lifelong Learning | 0.719 | 0.359 |
| Social Services | 0.265 | 0.133 |
| Environment | 1.342 | 0.586 |
| Corporate Services | 1.482 | 0.741 |
| Miscellaneous Finance | 3.474 | 3.474 |
| Council Tax Surplus | 1.642 | 1.642 |
| TOTALS | 8.924 | 6.935 |

| OTHER | UNDERSPEND (OVERSPEND) £m | TAKE TO GENERAL FUND £m |
|-------------------------------|---------------------------------|-------------------------------|
| Housing Revenue Account (HRA) | 3.977 | N/A |
| Schools | (0.555) | N/A |
| OVERALL TOTAL SURPLUS | 12.346 | 6.935 |

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

School and HRA balances must be ringfenced to those service areas.

MOVEMENT ON GENERAL FUND

| | £m | £m |
|--|---------|----------------|
| Opening Balance 01/04/2016 | | 12.615 |
| | | |
| Use of Funds as Previously Agreed by Cabinet/Council: - | | |
| 2015/16 Council Tax surplus to support 2016/17 budget | (1.400) | |
| Back-dated additional holiday pay | (0.425) | |
| Senior officer investigation additional financial provisions | (0.413) | |
| 2016/17 City Deal Partnership revenue contribution. | (0.060) | |
| | | |
| Total Funds Taken In-Year | | (2.298) |
| | | |
| Funds Transferred into General Fund: - | | |
| Education & Lifelong Learning – 50% of 2016/17 underspend | 0.359 | |
| Social Services – 50% of 2016/17 underspend | 0.133 | |
| Environment – 50% of 2016/17 underspend | 0.586 | |
| Corporate Services – 50% of 2016/17 underspend | 0.741 | |
| Miscellaneous Finance – 100% of 2016/17 underspend | 3.474 | |
| Council Tax surplus 2016/17 | 1.642 | |
| | | |
| Total General Fund Contribution 2016/17 | | 6.935 |
| | | |
| Earmarked Reserves Transferred into Working Balances | | 0.581 |
| | | |
| Total In-Year Movement | | 5.218 |
| | | |
| Closing Balance 31/03/2017 | | 17.833 |
| | | |
| 2017/18 Commitments Previously Agreed by Council :- | | |
| 2016/17 Council Tax surplus to support 2017/18 budget | (1.400) | |
| Senior officer investigation additional financial provisions | (0.469) | |
| | | (1.869) |
| | | |
| Anticipated Closing Balance 31/03/2018 | | 15.964 |

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CABINET – 5TH JULY 2017

SUBJECT: RHYMNEY 3-18 SCHOOL: OUTCOME OF THE STATUTORY NOTICE

REPORT BY: INTERIM CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 To update Cabinet on the outcome of the Statutory Notice and to determine whether to proceed with the proposal to establish Rhymney 3-18 school.

2. SUMMARY

- 2.1 The Local Authority has followed procedures outlined in the School Organisation Code (2013) to create a 3-18 School on the Rhymney Comprehensive site.
- 2.2 As no objections were received during the Statutory Notice period, the final stage in the process is for Cabinet to make a decision on the proposal.

3. LINKS TO STRATEGY

- 3.1 The report contributes to the Well-being Goals within the Well-being of Future Generations Act (Wales) 2016. In particular, as follows:
- A healthier Wales, supporting learners can improve their well-being and add educational achievement.
 - A more equal Wales, a society that enables people to fulfil their potential no matter what their background is; and.
 - A Wales of cohesive communities (in the context of improving quality of life with attractive, viable, safe and well connected communities).

4. THE REPORT

- 4.1 Cabinet, at its meeting on 15th March 2017 agreed to proceed to the publication of a Statutory Notice on the above proposal
- 4.2 The Statutory Notice was subsequently published on 8th May 2017 and a copy is attached as Appendix 1. As indicated in the School Organisation Code 2013, all consultees were notified and were given an opportunity to object to the proposals. The Statutory Notice provided a 28 day notice period for objections and the Notice period ended on 5th June 2017.
- 4.3 There were no objections received in relation to the proposal.
- 4.4 In the event Cabinet approves the proposal it is recommended to proceed with the establishment of Rhymney 3-18 school from 1st January 2018, as outlined in the notice.

5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 The content of the report contribute to the wellbeing goals (as noted in 3.1) and in particular in the context of
- Involvement/Collaboration – this report is the result of a detailed and thorough consultation process.
 - Long Term – this proposal as evidenced above produces long term benefits for the school learners and the community in general.
 - Prevention – the proposal supports a smooth transition from Primary to Secondary School.

6. EQUALITIES IMPLICATIONS

- 6.1 An Equalities Impact Assessment screening has been completed, in accordance with the Council's Strategic Equality Plan, and no discrimination was found.

7. FINANCIAL IMPLICATIONS

- 7.1 There are no financial implications directly arising from this proposal.

8. PERSONNEL IMPLICATIONS

- 8.1 This will be dependent upon the staffing structure recommended by the Governing Body.

9. CONSULTATIONS

- 9.1 A detailed consultation process was undertaken and reported to Cabinet. The relevant consultees, as per the School Organisation Code, have been updated at the various stages of the process.

10. RECOMMENDATIONS

- 10.1 Cabinet are recommended to determine whether to establish the Rhymney 3-18 school with effect from January 2018.

11. REASONS FOR THE RECOMMENDATIONS

- 11.1 To determine the proposal in accordance with the School Standards & Organisation (Wales) Act 2013 and subsequent School Organisation Code 2013.

12. STATUTORY POWER

- 12.1 School Standards & Organisation (Wales) Act 2013.
The School Organisation Code. Welsh Government (2013).
- 12.2 This is a Cabinet function.

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Consultees: Chris Burns, Interim Chief Executive
Nicole Scammell, Acting Director of Corporate Services & S151
Dave Street, Corporate Director – Social Services
Christina HARRY, Corporate Director – Communities
Keri Cole, Chief Education Officer
Councillor Philippa Marsden, Cabinet Member for Education & Lifelong Learning
Lynne Donovan, Acting Head of Human Resources and Organisational Development
Gail Williams, Interim Head of Legal Services & Monitoring Officer
Jane Southcombe, Financial Services Manager
Anwen Rees, Senior Policy Officer (Equalities and Welsh Language)
Ros Roberts, Performance Manager
Mark Williams, Building Consultancy Manager
Headteachers of Rhymney Comprehensive, Abertysswg Primary and Pontllytyn Primary Schools
Kim Dufty, Chair of Governors Rhymney Comprehensive
Councillor Gaynor Oliver, Vice-Chair of Governors Rhymney Comprehensive and Chair of Governors Pontllytyn Primary School
Julie Richards, Vice-Chair of Governors Pontllytyn Primary School
Brian Hales, Chair of Governors Abertysswg Primary School
Councillor David Harse, Vice-Chair of Governors Abertysswg Primary School
Councillor John Bevan

Background Papers:

Education for Life Scrutiny 5th July 2016 (All Through Schools)
Cabinet 30th November 2016 (Proposed Rhymney 3-18 All Through School)
Education for Life Scrutiny 27th February 2017 (Consultation – Proposal to Establish Rhymney 3-18 School)
Cabinet 15th March 2017 (Consultation – Proposal to Establish Rhymney 3-18 School).

Appendices:

Appendix 1: Statutory Notice.

This Statutory Notice is published by Caerphilly County Borough Council

NOTICE is given in accordance with Section 42 and 43 of the School Standards and Organisation Act (Wales) 2013 and the School Organisation Code that Caerphilly County Borough Council having consulted such persons as required, propose to:

1. Extend the age range of Rhymney Comprehensive School, Mill Field, Abertysswg, Rhymney NP22 5XF from 11 – 18 to 3 – 18.
2. Discontinue the new Abertysswg/Pontlottyn Primary School, Mill Field, Abertysswg, Rhymney NP22 5XF.

The schools are currently maintained by Caerphilly County Borough Council.

Caerphilly County Borough Council undertook a period of consultation before deciding to publish this proposal. A consultation report containing a summary of the issues raised by consultees, the Council's response to these queries and the views of Estyn are available at <http://www.caerphilly.gov.uk/Services/Schools-and-learning/21st-Century-Schools>

It is proposed to implement the proposal on 1st January 2018.

Caerphilly County Borough Council will be the admission authority. It is not proposed that the admission arrangements to the school will make any provision for selection by aptitude or ability. The admission number for Reception to Year 6 when the proposal has been implemented will be 34 and for year 7 to 13 when the proposal has been implemented will be 209.

At primary phase, the school will have capacity for 240 full-time pupils plus nursery. At secondary phase the school will have capacity to provide for 1185 pupils.

Admission to the school will be via automatic transfer for full-time pupils on roll as at January 2018 at Rhymney Comprehensive and Abertysswg/Pontlottyn Primary (subject to parental preference). All other admissions will be via the Council's School Admission Policy.

The catchment areas for the Rhymney 3 -18 school will be the same catchment area as the current Rhymney Comprehensive and Abertysswg/Pontlottyn School.

Transport arrangements will be in line with Caerphilly County Borough Council's Home to School Travel Policy.

Within a period of 28 days after the date of publication of this proposal, that is to say by the **5th June, 2017**, any person may object to the proposal.

Objections should be sent to the The Chief Education Officer, Caerphilly County Borough Council, Ty Penallta, Tredomen Parc, Ystrad Mynach, CF82 7PG or email rhymney3-18school@caerphilly.gov.uk Support of the proposal can also be sent to the above address or email.

Signed: Keri Cole, Chief Education Officer, Dated 8th May, 2017.

Explanatory Notes:

(This note does not form part of the Notice but is intended to explain its general meaning)

(i) It is intended to establish a Rhymney 3-18 school by extending the age range of Rhymney Comprehensive School from 11-18 to 3-18. The new school will incorporate the new Abertysswg/Pontlottyn Primary School. All pupils on roll at the 2 schools (Rhymney Comprehensive and Abertysswg/Pontlottyn Primary) as at 1st January 2018 will be guaranteed a place at the school (subject to any parental preference).

(ii) Prospective pupils (including nursery pupils transferring to full-time education) will need to apply for a place at the new school in line with the Council's Admission Policy. The Council's most current School Admissions Policy can be viewed on the Council's website: <http://www.caerphilly.gov.uk/Services/Schools-and-learning/Admissions-and-appeals/Starting-school-booklet>

(iii) It is intended that the new school will open on 1st January 2018.

(iv) The reasons for the proposal are set out in the consultation document which is available on the Council's website: <http://www.caerphilly.gov.uk/involved/Consultations/Abertysswg-and-Pontlottyn-replacement-school-consu>

(v) The Authority's School Transport policy is available from the Council's website: <http://www.caerphilly.gov.uk/Services/Schools-and-learning/Admissions-and-appeals/Starting-school-booklet>

(vi) Hard copies or alternative versions of all documentation may be obtained upon request from School Admissions, Ty Penallta, Tredomen House, Ystrad Mynach CF82 7PG.

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CABINET – 5TH JULY 2017

SUBJECT: CLOSURE OF THE KEY STAGE 3 SPECIALIST RESOURCE BASE FOR CHILDREN WITH BEHAVIOURAL, EMOTIONAL AND SOCIAL DIFFICULTIES (BESD) AT NEWBRIDGE SCHOOL: OUTCOME OF THE FORMAL CONSULTATION PROCESS

REPORT BY: CHIEF EDUCATION OFFICER

1. PURPOSE OF REPORT

- 1.1 To update Cabinet on the response to the Statutory Notice period in relation to the proposal to close the key stage 3 specialist resource base (SRB) at Newbridge School and to seek a decision on the proposal.

2. SUMMARY

- 2.1 The Local Authority has followed procedures outlined in the School Organisation Code (2013) to close the key stage 3 SRB in Newbridge School. As no objections were received during the statutory notice period, the final stage in the process is for Cabinet to make a decision on the proposal.

3. LINKS TO STRATEGY

- 3.1 SEN Policy and Inclusion Strategy.
- 3.2 SEN Code of Practice for Wales (2002).
- 3.3 The report contributes towards the Well-being Goals within the Future Generations Act (Wales) 2015, specifically:
- A prosperous Wales as this is about developing a skilled and well educated population;
 - A healthier Wales as this is about maximising peoples physical and well-being;
 - A more equal Wales, as this is about enabling people to fulfil their potential no matter what their background or circumstances are.

4. THE REPORT

- 4.1 Cabinet, at its meeting on 18th January 2017, agreed to proceed to a formal consultation process in relation to the proposal to close the SRB at Newbridge School.
- 4.2 A formal consultation process took place between 23rd January 2017 and 15th March 2017. A report on the proposal was discussed at Scrutiny Committee on 14th March 2017.

- 4.3 On 12th April 2017 Cabinet agreed to proceed to Statutory Notice. A Statutory Notice was issued on 8th May 2017. As indicated in the School Organisation Code (2013), all consultees were notified and given an opportunity to object to the proposals. The 'objection period' finished on 12th June 2017. No objections to the proposals have been received by the Local Authority.
- 4.4 Cabinet are now required to make a decision on the proposal to close the SRB.

5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 The proposal in this report 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 more specifically for the principles noted below:
- Long Term – The report recognises the importance of balancing short-term needs with the needs to safeguard meeting long-term needs
 - Prevention – We are acting to prevent problems occurring by running a consultation with a view to alternative provision
 - Involvement – The consultation recognises the importance of involving people with an interest in achieving the outcome and those people reflect the diversity of the area which the report addresses.

Closure of the SRB will provide pupils with the opportunity to access provision more suited to their needs. These provisions will offer academic and vocational courses that will provide pupils with skills, which will enhance their chances for employment and promote their broader participation in public life.

6. EQUALITIES IMPLICATIONS

- 6.1 A Community and Equality Impact Assessment was completed in relation to the proposal. This was included in the report to Cabinet on 12th April 2017. This indicated that that the proposal would not have a negative impact on groups of children with protected characteristics.

7. FINANCIAL IMPLICATIONS

- 7.1 Where the LA maintains a SRB additional funding is allocated to the school. In the case of Newbridge School £255,237 is allocated for the Inclusion Centre provision. The current cost per pupil attending the Inclusion Centre is approximately £16,000 per annum. This is based on full capacity of 16 pupils. Alternative provision identified for the current cohort of pupils would range from approximately £13,000 - £18,000 per annum, depending on the individual needs of the pupils. Therefore there are no savings associated with this proposal.

Closure of the Inclusion Centre will mean that the funding will be retained and redirected to enhance alternative BESD provisions within the local authority or where necessary utilised to fund placements with external providers. The proposal does not involve any transfer or disposal of land and capital funding is not required to implement the proposal.

The proposed closure of the class will not impact on overall capacity of Newbridge School to deliver an appropriate curriculum.

8. PERSONNEL IMPLICATIONS

- 8.1 In Caerphilly Local Authority schools hosting specialist resource bases are allocated a sum of money to run and manage the provision. Staff for the SRBs are appointed and employed by

the school and paid for via this funding allocation. If the SRB provision is closed this results in the allocated SRB funding being withdrawn. Staff employed by the school within the SRB would then move onto the main school staffing structure. Should the proposal to close the SRB progress this would be the case for the permanent members of staff currently working there. This includes one full time teacher and three teaching assistants.

If the school's budgetary position requires the governing body to consider ways of reducing costs at a future date that may impact on employees; these staff would be considered alongside all other staff at Newbridge School in line with the Workforce Flexibilities Policy adopted by the school.

9. CONSULTATIONS

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

10. RECOMMENDATIONS

10.1 Cabinet are asked to make a decision to formally approve the proposal to close the Key Stage 3 Specialist Resource Base for children with BESD at Newbridge School.

11. REASONS FOR THE RECOMMENDATIONS

11.1 The provision at Newbridge School is no longer fit for purpose and needs to be revised in order to ensure that the additional learning needs of young people with BESD are fully met.

12. STATUTORY POWER

12.1 School Standards and Organisation (Wales) Act 2013, The School Organisation Code (section1.13) 2013.

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Consultees: Mr C. Burns, Interim Chief Executive
Mrs N. Scammell, Acting Director of Corporate Services & S151
Mr D. Street, Corporate Director – Social Services
Mrs C. Harrhy, Corporate Director - Communities
Cllr P. Marsden, Cabinet Member, Education
Mrs K. Cole, Chief Education Officer
Mrs S. Richards, Interim Head of Service: Planning Strategy and Resources
Mrs L. Donovan, Acting Head of Human Resources and Organisational Development
Mrs G. Williams, Interim Head of Legal Services & Monitoring Officer
Mrs J. Southcombe, Financial Services Manager
Mrs L Perry, Head Teacher, Newbridge School
Mr M. Gray, Chair of Governors, Newbridge School
Mrs K. Peters, Corporate Policy Manager
Cllr A. Hussey Newbridge Ward Member
Cllr L. Jeremiah Newbridge Ward Member
Cllr G. Johnston, Newbridge Ward Member

Background Papers:
Report to Cabinet 12th April 2017
Report to Scrutiny Committee 14th March 2017

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