

Public Document Pack



The following reports are Information Items for the Policy and Resources Scrutiny Committee.

- 1. WHQS - Acceptable Fails Update.**
- 2. Corporate Services and Miscellaneous Finance 2018/19 Budget Monitoring Report (Period 4).**
- 3. Housing Revenue Account Budget Monitoring - Period 4 2018/19.**
- 4. Treasury Management and Capital Financing Prudential Indicators Outturn Report for 2017/18.**
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POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION

SUBJECT: WHQS – ACCEPTABLE FAILS UPDATE

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES

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- 1.1 The attached report is presented to the Policy and Resources Scrutiny Committee as an information item having been previously discussed at Caerphilly Homes Task Group on 20th September 2018.
 - 1.2 The report sought the views of Members on the application and volume of Welsh Housing Quality Standard (WHQS) elements classified as “Acceptable Fails” and the process for managing incidences of No Access on the programme for the surveying of properties and the completion of works on site. It will subsequently be considered by the Audit Committee on 16th October 2018.
 - 1.3 Officers provided Members with a definition of an ‘Acceptable Fail’ as set out in the Welsh Government’s WHQS revised guidance document (2008) which recognises that it may not be possible to bring all elements within a property up to the required standard offering one or a combination of the following criteria for an ‘Acceptable Fail’ – cost of remedy, timing of remedy, residents choice and physical constraints.
 - 1.4 Members were advised that in addition to the ‘Acceptable Fail’ criteria there are properties which may have elements categorised ‘Previously Achieved’ where improvements were undertaken prior to the commencement of WHQS which were to the WHQS standard, and ‘No Access’ where every attempt is made to gain access to the property if the tenant opts out of the improvement programme. It was explained to Members that the ‘opt out’ option is not available when the upgrade was an electrical installation improvement on the basis of health and safety and an Electrical No Access procedure is followed in those cases.
 - 1.5 Officer’s highlighted to Members that the total expenditure on the WHQS capital programme for 2017/18 was £42.m, of which £18m related to internal works and £17.5m related to external works. The remainder of the spend was in relation to fees, large scale voids, adaptations and garages and to date there had not been any borrowing for WHQS.
 - 1.6 Members sought clarification from Officers on the difference between the ‘Acceptable Fail’ criteria ‘cost and timing of remedy’, in circumstances where the cost effectiveness of some works such as undertaking structural changes to a property may result in a delay, with the criteria ‘physical constraint’ where the age, layout or location of some properties means the standard cannot be met due to physical constraints. Officers explained that the criteria are very similar in that there are some circumstances where the ‘Acceptable Fail’ could be a combination of both and in most cases it would be classed as a ‘physical constraint’.
 - 1.7 Discussion took place regarding circumstances when access is refused by a tenant on the grounds of ill health and the rescheduling of works. Concerns were raised that other than in circumstances where the work is of an immediate electrical nature, those unable to allow for work to be done during the usual schedule of works would be missed out. Officers explained

that it is a challenge to reschedule missed works. However new Housing Repair Response Teams are in the process of being established and a 'mop-up' programme formed for these teams to go into individual properties to carry out elements of the WHQS improvements.

- 1.8 Members asked whether data was collected on the reasons for refusing access on external works, particularly when refusing specific improvements. Following this, a lengthy discussion took place in regards to replacement fencing types. Members raised issues with the installation of chain link fencing to replace deteriorated fencing over the installation of bow-top fencing. Officers explained that although data on the reasons for refusing external works was not held, they had received complaints both in regards to chain link fencing and bow-top fencing. Officers clarified that the replacement fencing used, was according to the street scene and the type of fencing used would be replaced 'like for like'. It was felt by the Task Group that tenants should be given a choice as to the fencing type used.
- 1.9 Following consideration of the report and in noting the details of the WHQS – Acceptable Fails Update, Caerphilly Homes Task Group unanimously recommended that the Policy and Resources Scrutiny Committee note its contents.
- 1.10 The Scrutiny Committee are asked to note the report as an information item.

Author: K. Houghton, Committee Services Officer, Ext. 4267

Appendices:

Appendix Report to the Caerphilly Homes Task Group on 20th September 2018 – Agenda Item 5



CAERPHILLY HOMES TASK GROUP – 20TH SEPTEMBER 2018

SUBJECT: WHQS – ACCEPTABLE FAILS UPDATE

REPORT BY: INTERIM CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 To provide members with information on the application and volume of Welsh Housing Quality Standard (WHQS) elements classified as “Acceptable Fails”, and
- 1.2 To also explain the process for managing incidences of No Access on the programme for the surveying of properties and the completion of works on site, prior to presentation to the Policy and Resources Scrutiny Committee and Audit Committee.

2. SUMMARY

- 2.1 The WHQS is intended to ensure that all local authority and housing association homes are improved and maintained to achieve specified standards.
- 2.2 The WHQS guidance document also recognises that it may not be possible to bring all elements within a property up to the required standard. Such elements can be recorded as “acceptable fails”. This report provides details on the individual classification of acceptable fails and volumes of those for both internal and external elements.
- 2.3 Whilst the Council’s main WHQS programme commenced following the ballot on housing stock transfer in 2012, a number of properties benefitted from improvements prior to this date which met the standard. In addition, elements have also been renewed outside of the main WHQS programme by our Housing Repairs Operations team, either as a response repair or when a property became void. Any elements which met the standard separately to the main programme, therefore will be reassessed and if still in a satisfactory condition, are classed as “previously achieved”, and recorded as being compliant.
- 2.4 This report provides members with clarification on the Council’s application of previously achieved and acceptable fail elements and the impact they are having on the programme, the report also confirms the process followed where access cannot be obtained into properties.

3. LINKS TO STRATEGY

- 3.1 The delivery of the Welsh Housing Quality Standard (WHQS) programme is coterminous with the aims of the Wellbeing of Future Generations (Wales) Act 2015 which requires public bodies to work towards a shared vision comprising 7 goals and adopt 5 “Ways of Working”. The 7 goals and the 5 Ways of Working will underpin the delivery of the programme and include planning and acting for the long term, integration, involvement, collaboration and prevention.

- 3.2 The Welsh Housing Quality Standard (WHQS) is intended to ensure that all local authority and housing association homes are improved and maintained to achieve specified standards. It is a Welsh Government requirement that the WHQS is achieved by 2020. The WHQS identifies 7 specific aims (Welsh Assembly) Government – Revised Guidance for Social Landlords – July 2008.
- 3.3 The Caerphilly Delivers - Single Integrated Plan 2013-2017 had a priority to “improve standards of housing and communities, giving appropriate access to services across the County Borough”.
- 3.4 Caerphilly County Borough Council 2013/17 Corporate Priorities included: CP7 - Invest in our Council homes and their communities to transform lives.
- 3.5 Caerphilly County Borough Council’s Well-being Objectives in 2017/18 included: WBO5 – Investment in Council homes to transform lives and communities.

4. THE REPORT

- 4.1 The Council has a housing stock of 10,775 properties and is investing approximately £220m in bringing homes up to the Welsh Housing Quality Standard by 2020. At the end of July 2018 77% of properties were compliant in relation to internal works and 53% compliant for external works. Overall 41% of properties are WHQS compliant.
- 4.2 The delivery of the programme is following the WHQS revised guidance document (2008) issued by Welsh Government. Whilst the aim of WG is to bring all social homes in Wales up to the specified standard, the guidance document recognises that this may not be possible for all elements of work in all properties.

Acceptable Fails

- 4.3 Section 8 assessment of the guidance document sets out the use of “acceptable fail” criteria for individual elements of work within the standard. Furthermore, it states that an “acceptable fail” is only possible on individual elements and not the dwelling as a whole. In reality it is extremely unlikely that a whole property would be classed as an acceptable fail, as each property would be expected to receive an element of internal or external work.
- 4.4 An acceptable fail may only be used in one or a combination of the following:-
 - a) Cost of remedy
 - b) Timing of remedy
 - c) Residents choice
 - d) Physical constraint

Cost and Timing of Remedy

- 4.5 The landlord may deem it necessary to consider the cost effectiveness of some works such as undertaking structural changes to the property in order to enlarge living spaces/kitchen, or major civil engineering works to create the required level access areas to gardens. Due to the extent of work required, consideration may also be given to delaying the work for a more suitable time to undertake major improvements, e.g. when the property becomes void. The tenant’s circumstances will also be taken into account, e.g. where a tenant has significant health issues, the work may be delayed by mutual agreement.

Residents Choice

- 4.6 From the outset of the programme, tenant’s choice was a key factor for its successful delivery. Therefore, as part of this choice, if a tenant did not wish to have an element of work undertaken which did not compromise their health and safety, this would be recorded as an acceptable fail. In line with the guidance document, any element of work not carried out due to resident’s choice, would be addressed if/when the property became void.

Physical Constraint

- 4.7 Due to the age, layout and location of some of the Council's housing stock, the standard may be unable to be fully met due to physical constraints e.g. the kitchen may be too small to achieve the required storage capacity, a garden may not lend itself to providing the required level amenity area due to its topography.
- 4.8 The Council is required to report on acceptable fails to WG on an annual basis and also submit its WHQS Compliance Policy which is reviewed on an annual basis. The Compliance Policy sets out how Caerphilly Homes is interpreting and applying the WHQS standard to ensure the principles of the guidance document are being adhered to.
- 4.9 It needs to be acknowledged, however, that whilst an element may be classified as an acceptable fail, a property may still have benefitted from other component improvements which were completed to the required standard. Also, even though an element may be classified as an acceptable fail, partial works or a complete renewal may have been carried out, but the standard may not have been achievable, e.g. a property may have benefitted from a complete new kitchen, but it may not achieve the required storage capacity.
- 4.10 Appendix 1 provides a detailed breakdown of the number of acceptable fails, recorded since the commencement of the programme. The information and process for recording acceptable fails will also be reviewed independently by our Internal Audit Service this financial year as a means of validating the data. Clearly the situation is constantly changing as we progress with the delivery of the programme and also as a result of tenants' circumstances and properties becoming void. The number of acceptable fails recorded for external works is lower than internals due to less properties having been completed and also as a result of such works not being affected by the 'resident choice' classification.

Previously Achieved

- 4.11 Prior to the commencement of the main WHQS programme in 2014 a significant number of improvements were undertaken to properties which were to the WHQS standard by the Planned Maintenance scheme. Such works included bathrooms, kitchens, heating, electrical rewires, roofing, doors and windows, etc. In addition, individual elements/components are being renewed outside of the main programme by HRO either as a response repair or when the property becomes void.
- 4.12 These individual elements/components are being reassessed as part of our main programme, and this has determined that some meet the standard with no work being required. These elements are recorded as previously achieved and contribute to our overall compliance reports.
- 4.13 There are also instances where an element/component is in good condition, but may fall short of meeting the standard. This can be rectified by carrying out partial works, e.g. rather than fit a full heating system, a boiler only may be required. Also a kitchen may be in good condition but may fall short of meeting the standard due to the lack of storage capacity. This may be overcome by fitting the required number of additional kitchen units. Where such works are undertaken, these are recorded as physically completed properties and not "previously achieved" and also contribute towards our overall compliance.
- 4.14 Appendix 2 provides information on the numbers and types of work items which have been classed as "previously achieved", which is based on properties surveyed to date and information currently recorded within our asset management database.

No Access

- 4.15 It is important that all attempts at gaining access to properties is undertaken to ensure the required works are completed in order that the maximum amount of properties meet the requirements of the WHQS. In the process of arranging for the WHQS works, tenants will receive a combination of various officer visits, e.g. TLO, Building Surveyor, Heating Surveyor, Electrical Surveyor, as well as letters and text messages.

- 4.16 Tenants have the choice to opt out of the improvement programme in relation to improvements to their kitchens, bathroom and heating system where these elements will be treated as an acceptable fail. However there is no option of refusing to upgrade the electrical installation within the property on the basis of health and safety. Access to every property is therefore essential to undertake a survey to establish if electrical works are required even though it is recognised that the majority of tenants allow access.
- 4.17 There are two stages of the Electrical No Access procedure, the first stage is for the surveying of the property and the second stage is for the completion of works on site. Both stages were initially reviewed in March 2018, were implemented in July 2018, and now incorporate a recharge for a missed appointment along with the issuing of a Notice Seeking Possession (NOSP) for any non compliance (See Appendix 3 No Access Procedure). At the time of writing this report there are approximately 390 properties being dealt with through the Electrical No Access procedure which equates to approximately four percent of the housing stock.

5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 The delivery of the WHQS improvement programme is coterminous with the aims of the Wellbeing of Future Generations (Wales) act 2015, in particular the 5 ways of working:-
- **Long Term:** the report includes continued investment and performance to achieve WHQS by 2020. This investment provides long term improvements to the property, community and to the tenants' health and wellbeing.
 - **Integration:** The programme looks to integrate property and environmental improvements that will benefit and transform lives and communities throughout the county borough. It further brings together a variety of stakeholders to deliver long term sustainable benefits for lives and communities.
 - **Involvement:** Tenants and local residents are being consulted on the proposed property improvements and environmental works along with various initiatives that are part of the WHQS programme delivery.
 - **Collaboration:** The programme delivery is focused on internal collaboration, wider partnership arrangements with suppliers and contractors, joint working with the community and various other groups. The delivery of community benefits and tenant engagement by all involved with the WHQS programme is a key focus and is clearly demonstrable within its delivery.
 - **Prevention:** The works to improve lives and communities will help tackle local unemployment. It will further improve the look and feel of the environment and help prevent anti-social behaviour. Improving standards and quality, will aid future programmed maintenance and potentially reduce reactive maintenance schedules.

6. EQUALITIES IMPLICATIONS

- 6.1 An Equalities Impact Assessment is not required as the report is for information.

7. FINANCIAL IMPLICATIONS

- 7.1 The total expenditure on the WHQS capital programme for 2017/18 was £42.2m, of which £18m related to internal works and £17.5m related to external works, the remainder of the spend was in relation to fees, large scale voids, adaptations and garages. £32.1m of this spend was funded from the HRA as a revenue contribution. A further £7.3m was funded from Welsh Government in the annual Major Repairs Allowance (MRA), and £2.7m was received in environmental grants from Arbed and VVP.

- 7.2 Whilst forecasting future costs, historical information on previously achieved, partial works, and refusals are incorporated within the average cost for each internal element. These costs are fed into the business plan that is submitted to WG annually.
- 7.3 There has been no borrowing undertaken for the WHQS programme to date.
- 7.4 The 2017/18 HRA business plan was approved by WG in May 2017 as part of the annual MRA application, which evidences that the WHQS programme is financially viable and borrowing will not be required until 2018/19. As an update the 2018/19 business plan has also been submitted and approved by WG in July 2018 with a proposed programme of some £55.8m

8. PERSONNEL IMPLICATIONS

- 8.1 The timetable pressure is increasing and there has to be the capacity within the staff resources to cope with the volume of work. Staff movement and recruitment difficulties remain a risk to the programme and have continued to be an issue during 2017/18.
- 8.2 Continued close management and monitoring of performance of the programme is essential to ensure that its delivery is not compromised in any way. The workload for the in-house team is increasing due to the sheltered housing schemes commencing and there is the possibility of them undertaking some of the work previously planned for Contract Services. Additional resources will be required to ensure performance in achieving the objective is maintained.

9. CONSULTATIONS

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

10. RECOMMENDATIONS

- 10.1 Members are asked to note the content of the report, prior to presentation to the Policy and Resources Scrutiny Committee.

11. REASONS FOR THE RECOMMENDATIONS

- 11.1 To advise Members of the application and volume of WHQS elements classified as “acceptable fails” or “previously achieved” along with explaining the process for managing No Access on the programme.

12. STATUTORY POWER

- 12.1 Housing Acts 1985, 1996, 2004, Local Government Measures 2009 and the Well-being of Future Generations (Wales) Act 2015.

Author: Paul Smythe, Housing Technical Manager
 Email: smythp@caerphilly.gov.uk Tel: 01443 866754

Consultees:

Cllr L Phipps	- Cabinet Member for Homes and Places
Dave Street	- Director of Social Services and Housing
Shaun Couzens	- Chief Housing Officer
Robert Tranter	- Head of Legal Services & Monitoring Officer
Jane Roberts-Waite	- Strategic Co-ordination Manager
Fiona Wilkins	- Public Sector Housing Manager
Lesley Allen	- Principal Accountant, Caerphilly Homes

Rhys Lewis	- Performance and Systems Manager
Ros Roberts	- Performance Manager
Ian Raymond	- Performance Management Officer
Alan Edmunds	- WHQS Project Manager
Steve Greedy	- WHQS Project Manager
Colin Roden	- WHQS Project Manager

Background Papers:

Welsh Housing Quality Standard (WHQS)

WHQS Compliance Policy

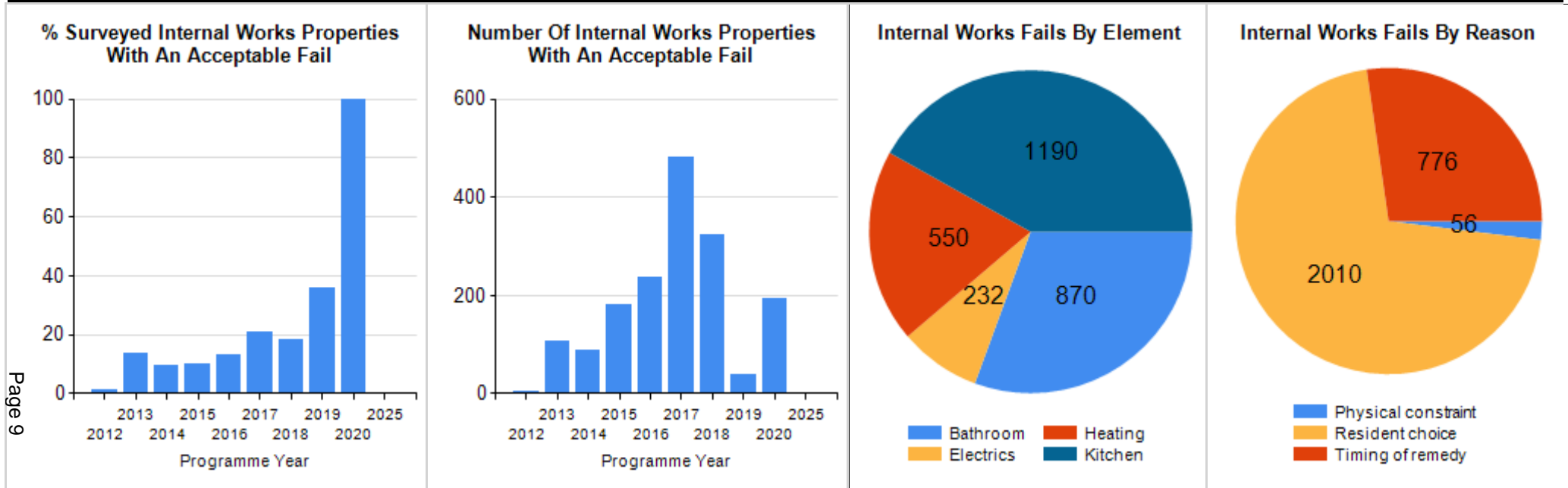
Appendices:

Appendix 1 – Acceptable Fails Data

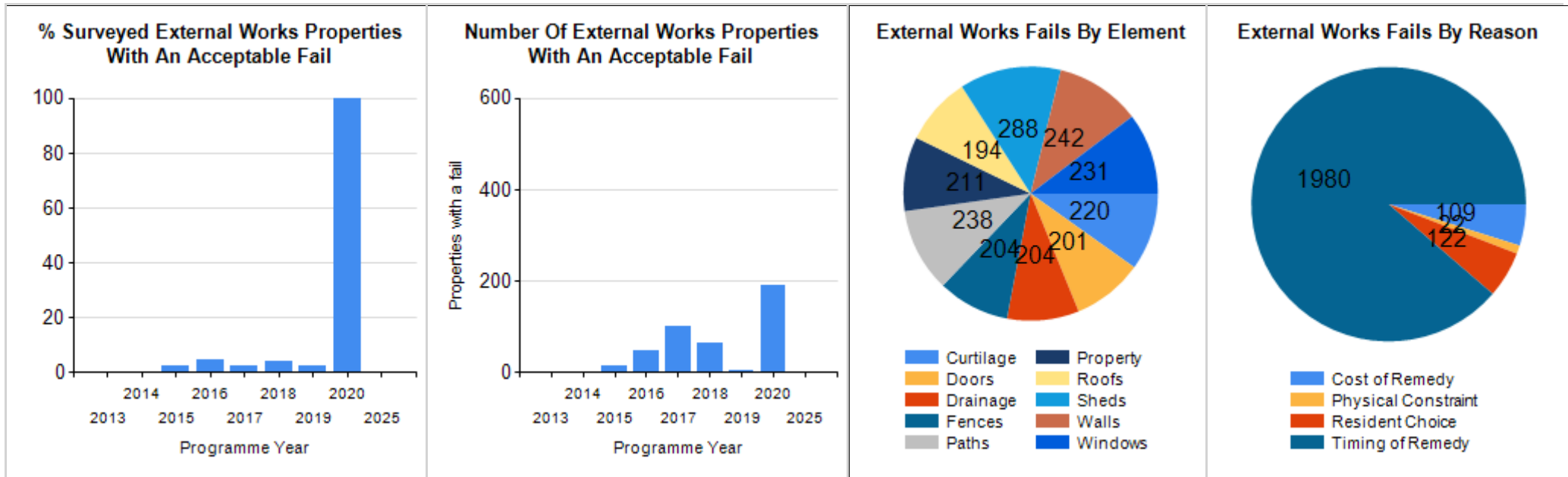
Appendix 2 – Previously Achieved Data

Appendix 3 - Electrical No Access Procedure

Internal Works Fails for whole stock (10,775 properties)



External Works Fails for whole stock (10,775 properties)



Appendix 2

Internal Works Achieved Previously for Properties Surveyed to date									
External Elements	Financial year								Grand Total
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
Internal – Bathroom	8	161	98	113	296	460	315		1451
Internal – Electrics		309	361	192	27	48	37		974
Internal – Heating	7	545	648	1379	1378	1630	1475	349	7411
Internal – Kitchen	9	161	175	320	398	637	339		2039
Grand Total	24	1176	1282	2004	2099	2775	2166	349	11875

External Works Achieved Previously for Properties Surveyed to date						
External Elements	Financial Year					Grand Total
	2014/15	2015/16	2016/17	2017/18	2018/19	
External – Boundary walls	2	631	889	967	430	2919
External – Doors	50	404	464	343	327	1588
External – Drainage works	52	858	1208	1273	446	3837
External – Fences Railings Gates		163	136	93	49	441
External – Misc works within curtilage	50	791	879	976	306	3002
External – Paths Hardstandings Drives	18	386	347	255	106	1112
External – Roofs and associated components		85	19	222	4	330
External – Stores (sheds and outbuildings)	52	216	460	121	90	939
External – Windows		494	522	735	226	1977
External – Works to property		334	348	538	136	1356
Grand Total	224	4362	5272	5523	2120	17501



Caerphilly Homes

Electrical No Access Procedure for Staff

Version: 3	Date: July 2018	Review Date: July 2020
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Lead Officer:	Debbie Bishop/Alan Edmunds/Steve Greedy/Gareth Harris
Approved By:	Shaun Couzens/Fiona Wilkins
Responsible Staff:	Planned Maintenance Planner Area/Neighbourhood Housing Office

Purpose:

- To ensure a consistent approach across all areas in relation to managing the process when dealing with 'No Access' to a property to undertake an electrical survey as part of planned maintenance works or to gain access to undertake the works once the survey has been completed.
- To ensure a joined up approach between Planned Maintenance and Area/Neighbourhood Housing Offices

Also refer to:

Recharge Procedure
 Non-Occupation Procedure
 No Access Procedure
 Abandoned Property Procedure
 Asbestos No Access Procedure

The Welsh Government (WG) has introduced the Welsh Housing Quality Standard (WHQS), which requires all Councils to bring its homes up to a required standard. The WHQS means that all Council homes need to be:

- In a good state of repair
- Safe & secure
- Adequately heated, fuel efficient & well insulated
- Contain up-to-date kitchens & bathrooms
- Well managed
- Located in attractive & safe environments
- Suit the specific needs of the household

It is important that Caerphilly Homes make all attempts at gaining access to properties to ensure the required works are completed so the maximum amount of properties meet the requirements of the Welsh Housing Quality Standard (WHQS).

However tenants can opt out of the improvement programme in relation to improvements to their kitchens, bathroom and heating system but there is no option of refusing to allow Caerphilly Homes to upgrade the electrical installations, due to the health and safety implications. Therefore access to every property is essential to undertake a survey to establish what electrical work is required.

It is recognised that the majority of tenants do allow access. However in cases where either the tenant has refused access or where the tenant fails to contact us in relation to making an appointment, the following procedure must be followed.

1. PROCEDURE – SURVEY

1.1 The Planner is responsible for arranging the initial appointment by sending **ELEC APP 1** letter which informs the tenant of the date of the appointment and giving either an AM or PM time slot. The tenant has 10 days to contact the Planner if the date or time is not suitable in order for other arrangements to be made.

1.2 At the same time that the letter is sent out to the tenant an appointment for the Surveyor is made in Total. This will automatically create a text message if a mobile phone number is logged into the system, and will again repeat the message the day before the appointment.

1.3 If the tenant contacts the Planner to make alternative arrangements **ELEC APP2** letter must be sent to confirm the new agreed appointment time.

1.4 If the tenant is not at home at the appointed time Planner to **consult with the Asbestos Team** to establish if access is required for an asbestos survey. If so any further legal action must include both surveys.

1.5 Planner to send **ELEC APP 3** letter and an email to the Area/Neighbourhood Housing Office (Housing office inbox) requesting that a **NOTICE OF SEEKING POSSESSION (NOSP)** be issued. A/NHO to also raise recharge for the no access appointment – refer to Recharge Procedure.

It is important that if at any time the tenant provides access that the A/NHO is advised so that any action can be suspended or cancelled.

1.6 On receipt of the e-mail from the Planner, A/NHO to make all appropriate checks on the housing system i.e. tenancy basic notepad, rents diary pages, with Social Services etc. to establish any vulnerability or disability which must be taken into account prior to any action being taken. Where there are concerns or a Support Worker involved all attempts must be made to engage the tenant to allow access. Where there appears no other involvement with support services a **NOSP** is to be prepared which is to be served by hand to the property.

- 1.7 No legal action can take place until the 28 days notice expires. Therefore if the tenant makes contact an appointment is to be made which **must** be within the 28 day notice period. Providing access is given on the appointment date no further action is required and the NOSP becomes redundant. It is important that the Planner notify the A/NHO of the appointment details confirming if the appointment has been kept or not.
- 1.8 In the event that access remains unavailable following the [ELEC APP3](#) letter and expiry of the 28 days [NOSP](#) being served Planner to email the Area/Neighbourhood Housing Office to advise and must provide copies of all letters sent, together with any notes of other attempts to contact the tenant i.e. telephone calls, visits to property etc.
- 1.9 A/NHO to send all correspondence to Legal to proceed to court for no access.
- 1.10 It is normal for the Court to award a 28 day postponed possession order to allow the tenant a further opportunity to make an appointment and allow access. If the tenant does not attend Court a copy of the Court Order is sent to the Tenant giving clear instructions on how to prevent further legal action. Following the Court Hearing the planner will be responsible for arranging an appointment by sending [ELEC APP4](#) letter. If the tenant allows access no further action is taken, and the possession order is redundant.
- 1.11 If the tenant fails to allow access during the postponed period, the Planner to advise the A/NHO who will present the case to the Tenancy Review Panel for permission to seek an eviction notice from the Court.
- 1.12 When the tenancy ends the electrical survey and works will be undertaken during the void period.

2. PROCEDURE – WORKS

- 2.1 TLO issues Pre-Commencement letter to tenants
- 2.2 Foreman/Site Supervisor visits tenant, approximately 10 days prior to works starting. An agreed start date is discussed with tenant
- 2.3 If No Access on agreed date, and where electrical work is required,, TLO/Foreman to update No Access information in Keystone
- 2.4 Admin Support Officer to run a weekly Keystone report to identify all No Access relating to Electrical Work
- 2.5 The Admin Support Officer (ASO) is responsible for arranging an appointment with the tenant, and will issue [ELEC WORKS 1](#) letter which informs the tenant of the date of the appointment. The tenant has 10 days to contact ASO if the date or time is not suitable in order for other arrangements to be made.
- 2.6 If the tenant contacts ASO to make alternative arrangements [ELEC WORKS 2](#) letter must be sent to confirm the new agreed appointment time.
- 2.7 If access is not available at the appointed time ASO to send [ELEC WORKS 3](#) letter and an email to the Area/Neighbourhood Housing Office (Housing office inbox) requesting that a

NOTICE OF SEEKING POSSESSION (NOSP) be issued. A/NHO to also raise recharge for the no access appointment – refer to Recharge Procedure.

It is important that if at any time the tenant provides access that the A/NHO is advised so that any action can be suspended or cancelled.

- 2.8 On receipt of the e-mail from ASO, A/NHO to make all appropriate checks on the housing system i.e. tenancy basic notepad, rents diary pages, with Social Services etc. to establish any vulnerability or disability which must be taken into account prior to any action being taken. Where there are concerns or a Support Worker involved all attempts must be made to engage the tenant to allow access. Where there appears no other involvement with support services a NOSP is to be prepared which is to be served by hand to the property.
- 2.9 No legal action can take place until the 28 days notice expires. Therefore if the tenant makes contact an appointment is to be made which **must** be within the 28 day notice period. Providing access is given on the appointment date no further action is required and the NOSP becomes redundant. It is important that the ASO notify the A/NHO of the appointment details confirming if the appointment has been kept or not.
- 2.10 In the event that access remains unavailable following the [ELEC WORKS 3](#) letter and expiry of the 28 days [NOSP](#) being served ASO to email the Area/Neighbourhood Housing Office to advise and **must** provide copies of all letters sent, together with any notes of other attempts to contact the tenant i.e. telephone calls, visits to property etc.
- 2.11 A/NHO to send all correspondence to Legal to proceed to court for no access.
- 2.12 ASO to advise the Contracts Manager that Legal action is being taken, and that the property is to remain on the contract for the works to be completed on conclusion of the legal action.
- 2.13 It is normal for the Court to award a 28 day postponed possession order to allow the tenant a further opportunity to make an appointment and allow access. If the tenant does not attend Court a copy of the Court Order is sent to the Tenant giving clear instructions on how to prevent further legal action. Following the Court Hearing the Planner will be responsible for arranging an appointment by sending ELEC APP4 letter. If the tenant allows access no further action is taken, and the possession order is redundant.
- 2.14 If the tenant fails to allow access during the postponed possession period, ASO to advise the A/NHO who will present the case to the Tenancy Review Panel for permission to seek an eviction notice from the Court.
- 2.15 When the tenancy ends the electrical survey and works will be undertaken during the void period.



POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION

**SUBJECT: CORPORATE SERVICES & MISCELLANEOUS FINANCE 2018/19
BUDGET MONITORING REPORT (PERIOD 4)**

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE
SERVICES**

1. PURPOSE OF REPORT

1.1 To inform Members of projected revenue expenditure for the Directorate of Corporate Services and Miscellaneous Finance for the 2018/19 financial year.

2. SUMMARY

2.1 The report projects the anticipated final outturn for the Directorate of Corporate Services and Miscellaneous Finance based upon expenditure and income trends for the first four months of the financial year.

3. LINKS TO STRATEGY

3.1 The contents of this report are in accordance with the Budget Strategy agreed by Council at its meeting on 22nd February 2018.

3.2 Effective financial planning and financial control contribute to the following Well-being Goals within the Well-being of Future Generations (Wales) Act 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 Corporate Services

4.1.1 The Directorate of Corporate Services is currently forecasting an underspend of £1,475k for the 2018/19 financial year, full details of which are provided in Appendix 1.

4.1.2 Members are advised that the projected outturn for Education & Lifelong Learning is an overspend of £438k, consequently overall the projected outturn position for Education and Corporate Services is an underspend of £1,037k. The details with regards to the Education & Lifelong Learning will be reported to Education for Life scrutiny committee in September.

- 4.1.3 The anticipated underspend of £143k in Corporate Finance relates in the main to delays in appointing to vacant posts together with vacancies which are being held to support the Medium-Term Financial Plan (MTFP) savings requirements for 2019/20 and some one-off additional income.
- 4.1.4 The anticipated underspend of £497k in Customer & Digital Services consists of:-
- A projected underspend of £146k on Procurement which relates in the main to vacancies still to be filled pending a revised structure being developed offset by reduced levels of income and a one-off refund.
 - Customer First - £93k underspend which is due in the main to vacancies being held to support the Medium-Term Financial Plan savings requirement for 2019/20 offset by increased printing costs.
 - IT Services - £187k underspend which is due in the main to vacancies being held to support the Medium-Term Financial Plan savings requirement for 2019/20.
 - Central Services - £71k underspend due in main to vacancies being held to support the Medium-Term Financial Plan savings requirement for 2019/20.

- 4.1.5 Legal & Governance is projecting a net underspend of £191k after allowing for the following to be ring-fenced and transferred to earmarked reserves: -
- Projected underspend on Members related expenditure of £2k. This is due in the main to underspend on Members Allowances which is partly off-set by costs on new equipment for the Members to facilitate a reduction in printing/photocopying costs.
 - Projected underspend of £59k on Electoral Services. The Electoral Service underspends in non-election years are ring-fenced to fund overspends in election years.

The net underspend of £191k for Legal & Governance is due in the main to vacant posts being held pending a review of the structure after the appointment of a new Head of Service

- 4.1.6 There is an anticipated underspend of £168k in Business Improvement Services consisting of the following:-
- Management - £63k due to a delay in appointing to the vacant post of Interim Head of Business Improvement Services.
 - Projected underspend of £41k in the Policy Team due in the main to staff reducing their working hours.
 - Projected underspend of £61k in the Equalities and Welsh Language Team due in the main to delays in appointing to translator posts to cope with the additional workload arising from the new Welsh Language Standards, together with more translation being able to be achieved in house with increased staffing.
 - Projected small underspend in the Performance Management Unit of £1k
 - Projected underspend of £2k on the Community Safety budget.

- 4.1.7 For Corporate Property (which forms part of the Communities Directorate) there is a net projected underspend of £165k, consisting of the following: -
- Management - £4k underspend.
 - Energy - £11k underspend due mainly to a temporary reduction in hours of a member of staff.
 - Estates - £18k overspend due mainly to a reduction in the anticipated level of fee income. These will be monitored closely in year to try to mitigate the anticipated overspend.
 - Non – operational Properties - £12k underspend mainly due to reduced utility costs being incurred.
 - Corporate Facilities - £337k underspend mainly due to anticipated savings on various corporate properties. This also includes an anticipated £207k on Ty Duffryn which includes £120k of lease income for 2018-19.

- Maintenance – Projected £285k overspend mainly due to the cost of clearing backlog statutory maintenance remedials. These will be monitored closely in year to try to mitigate the anticipated overspend. Many of these costs are one offs and once the backlog is cleared the rate of expenditure should reduce significantly.
- Building Consultancy – Projected £104k underspend due in the main to anticipated increased workload and associated fee income. These will be monitored closely in year.

4.1.8 There is a projected underspend of £193k for Peoples Services mainly consisting of:-

- Human Resources projected underspend of £142k due in the main to vacancies being held to support the Medium-Term Financial Plan savings requirement for 2019/20.
- Communications Unit - £44k overspend due in the main to reduced printing works. This will be closely monitored in year.
- A projected underspend of £105k for Health & Safety, due in the main to salary savings due to delays in recruitment pending a revised structure being implemented to support the Medium Term Financial Plan savings requirement for 2019-20.
- CMT Support overspend of £10k due in the main to budget transferred not being sufficient to cover the new staffing structure. This is being monitoring closely during the year.

4.1.9 There is a projected underspend of £22k on Housing services which consists of the following:-

- General Fund Housing is expected to show a £6k underspend at this stage, although there are some offsetting over and underspends contributing to this position which includes an increase in spend for the Allocations Team as a result of managing the new Common Housing Register, additional spend for preventing homeless for the newly acquired short term accommodation at Clos Ceirw, against a projected underspend in Housing Advice due to a pension opt out and reduced hours for a member of staff. This service area includes a statutory duty for Temporary Accommodation which is demand led and difficult to predict. This year the budget has had to rely on the income received for leasing out Ty Croeso which has normally been set aside as a renewal fund for future building maintenance works. However, the service has received growth in the RSG settlement of a further £282k this year for homeless prevention of which about £160k is committed for the management fee recently deducted from the Local Housing Allowance formula but is still claimed via Housing Benefits. The remaining allocation is assumed to be utilised throughout the year as resources are identified to meet our statutory duty. Therefore this budget is currently anticipating a full spend at this stage pending commitments being identified in year. Any underspend will be requested to be carried forward. The temporary accommodation for families at Ty Fesen is assumed to be fully financed but this includes a £20k renewal fund that will be transferred to earmarked balances at year end.
- Private Sector Housing is expected to show a £16k underspend at this stage. The main concern for this budget is the Agency Income Fee which has under-recovered in previous years. Budget reductions to assist with the MTFP programme have increased the concern. The fee income has historically been generated from the private housing capital programme which has reduced substantially over the years. This has recently been supplemented by additional fee income expected from the allocation of WHQS works to leasehold properties, which if achieved should manage any potential shortfall, but will not be sustainable once the WHQS has been achieved in 2020. There is a projected underspend in salaries due to a restructure from the previous managers retirement.

4.1.10 The following table provides a summary of progress in delivering agreed 2018/19 savings: -

Section	Agreed MTFP Savings £'000	Progress against Savings £'000	Variance £'000
Corporate Finance	80.00	80.00	0.00
Corporate Property	197.00	197.00	0.00
Human Resources, Communication & Health & Safety	210.00	210.00	0.00
Information Technology	340.00	340.00	0.00
Policy	93.00	93.00	0.00
Private Housing	65.00	65.00	0.00
Procurement & Customer Services	165.00	165.00	0.00
Grand Total	1,150.00	1,150.00	0.00

4.2 Miscellaneous Finance

4.2.1 There is an overall projected underspend of £521k in Miscellaneous Finance.

4.2.2 There is no projected underspend on Capital Financing budgets at present but this will be reviewed prior to the next monitoring report.

4.2.3 There is a projected underspend of £216k on Miscellaneous Items due to a one off rebate from the "Cremation Services Joint Committee".

4.2.4 The remaining projected underspend for Miscellaneous Finance consists of the following: -

- War Widows Concessions - £10k
- Audit Fees - £60k net of recharges
- Subscriptions - £9k
- NNDR Authority Empty Properties - £131k.
- Class 1A NI - £42k
- Welsh Language - £53k.

5. WELL-BEING OF FUTURE GENERATIONS

5.1 Effective financial management including the effective utilisation of external grant funding is a key element in ensuring that the Well-being Goals within the Well-Being of Future Generations (Wales) Act 2015 are met.

6. EQUALITIES IMPLICATIONS

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

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 Members are requested to note the contents of the report.

11. REASONS FOR THE RECOMMENDATIONS

11.1 To ensure that Members are informed of the projected financial position for the Directorate of Corporate Services and Miscellaneous Finance.

12. STATUTORY POWER.

12.1 Local Government Acts 1972 and 2003 and the Council's Financial Regulations.

Author: D. Roberts, Principal Group Accountant, Financial Advice & Support
roberda@caerphilly.gov.uk Tel: 01443 863342

Consultees: Corporate Services Senior Management Team.
R. Edmunds – Corporate Director for Education & Corporate Services.
N. Scammell – Head of Corporate Finance & S151 Officer.
S. Harris – Interim Head of Business Improvement Services & Deputy S151 Officer.
M. Eedy – Finance Manager.
C Harry, Interim Chief Executive
Lesley Allen, Principal Accountant, Housing.
Shaun Couzens, Chief Housing Officer.
D Street, Corporate Director Social Services
Mark S Williams, Interim Corporate Director Communities
Mark Williams, Interim Head of Property
A. Southcombe, Finance Manager Corporate Services.
Jane Southcombe, Finance Manager, Education, Lifelong Learning and Schools
Cllr B. Jones, Deputy Leader/Cabinet Member for Finance, Performance & Governance.
Cllr C. Gordon, Cabinet Member for Corporate Services.
Cllr L. Phipps, Cabinet Member for Homes & Places.

Appendices:
Appendix 1 Corporate Services & Miscellaneous Finance 2018/19 Budget Monitoring Report (Period 4).

CORPORATE SERVICES DIRECTORATE	Original Estimate 2018/19	Revised Estimate 2018/19	Anticipated Outturn 2018/19	Anticipated Variance 2018/19
SUMMARY				
CHIEF EXECUTIVE & DIRECTOR OF EDUCATION & CORPORATE SERVICES	460,085	367,177	282,912	84,265
CORPORATE FINANCE				
Financial services & Internal Audit	2,124,090	2,124,090	1,980,741	143,349
	2,124,090	2,124,090	1,980,741	143,349
BUSINESS IMPROVEMENT SERVICES				
Management		124,160	60,816	63,344
Policy	648,395	648,395	606,974	41,421
Equalities	384,562	384,562	323,821	60,741
PMU	223,534	226,888	226,082	806
Community Safety Partnership	82,093	82,093	80,231	1,862
	1,338,584	1,466,098	1,297,924	168,174
LEGAL & GOVERNANCE SUPPORT				
Legal & Democratic Services	1,090,282	1,090,282	898,674	191,608
Member Services	1,681,273	1,683,880	1,681,738	2,142
Ringfenced to Earmarked Reserves		0	2,142	(2,142)
Electoral Services	323,524	323,524	264,891	58,633
Ringfenced to Earmarked Reserves			58,633	(58,633)
	3,095,079	3,097,686	2,906,078	191,608
CUSTOMER & DIGITAL SERVICES				
IT Services	4,085,463	4,042,386	3,855,809	186,577
Central Services	403,398	400,791	329,975	70,816
Procurement	314,726	314,726	168,290	146,436
Customer First	1,187,491	1,187,491	1,094,640	92,851
	5,991,078	5,945,394	5,448,714	496,680
PEOPLES SERVICES				
Human Resources	1,505,946	1,505,946	1,364,329	141,617
CMT Support	0	108,135	117,999	(9,864)
Trade Union Facilities	88,151	88,151	88,151	0
Communications Unit	308,953	352,030	396,112	(44,082)
Health & Safety	902,518	902,518	797,291	105,227
	2,805,568	2,956,780	2,763,882	192,898
TOTAL CORPORATE SERVICES	15,814,484	15,957,225	14,680,251	1,276,974
CORPORATE PROPERTY SERVICES				
Management	312,809	312,809	308,862	3,947
Energy	135,870	135,870	125,101	10,769
Estates	57,357	100,434	119,032	(18,598)
Non Operational Properties	130,051	130,051	117,780	12,271
Facilities	2,746,018	2,772,722	2,435,715	337,007
Maintenance	2,176,038	2,176,038	2,460,915	(284,877)
Building Consultancy	(201,931)	(201,931)	(306,455)	104,524
	5,356,212	5,425,993	5,260,950	165,043
HOUSING SERVICES				
General Fund Housing	1,317,617	1,317,617	1,311,258	6,359
Private Housing	326,020	326,020	309,385	16,635
Building Maintenance	0	0	0	0
	1,643,637	1,643,637	1,620,643	22,994
TOTAL NON-CORPORATE SERVICES	6,999,849	7,069,630	6,881,593	188,037
RESERVES				
Social Services	(29,514)	(29,514)	(20,218)	9,296
Corporate Services	(91,492)	(91,492)	(91,180)	312
TOTAL RESERVES	(121,006)	(121,006)	(111,398)	9,608
TOTAL SERVICES	22,693,327	22,905,849	21,450,446	1,474,619

MISCELLANEOUS FINANCE	Original Estimate 2018/19	Revised Estimate 2018/19	Anticipated Outturn 2018/19	Anticipated Variance 2018/19
MISCELLANEOUS FINANCE				
Staff Related Costs				
Pension Contribution - Former Authorities Ongoing	1,215,689	1,215,689	1,215,689	0
Recharge to Education - Former Authorities	(189,629)	(189,629)	(189,629)	0
	1,026,060	1,026,060	1,026,060	0
Statutory Benefit Schemes				
Council Tax RS	13,788,308	13,788,308	13,600,000	188,308
Ringfenced to Earmarked Reserves			188,308	(188,308)
DHP Rent allowances	56,808	56,808	56,808	0
DHP Rent Rebates	511,276	511,276	511,276	0
DHP Income	(568,084)	(568,084)	(568,084)	0
General Rent Allowances	28,543,432	28,543,432	28,543,432	0
Rent Rebates	27,456,591	27,456,591	27,456,591	0
Rent Allowance War Widow Concessions	35,000	35,000	25,000	10,000
Housing Benefit Subsidy	(56,000,023)	(56,000,023)	(56,000,023)	0
	13,823,308	13,823,308	13,813,308	10,000
Levies Upon the Council				
Coroner	200,946	200,946	200,946	0
Archives	209,092	209,092	209,092	0
Fire Service Authority	8,475,706	8,475,706	8,475,706	0
	8,885,744	8,885,744	8,885,744	0
Capital Financing				
Debt Charges (Principal Repaid)	2,383,236	2,383,236	2,383,236	0
Debt Charges (Interest Payments)	8,977,172	8,977,172	8,977,172	0
Debt Charges (Debt Management Exp's)	42,285	42,285	42,285	0
Income from External Investments:	(600,000)	(600,000)	(600,000)	0
Rescheduling Discounts	(110,369)	(110,369)	(110,369)	0
Earmarked for specific funds/balances	846,498	846,498	846,498	0
CERA (Capital Expenditure funded from Revenue Account)	2,604,319	2,604,319	2,604,319	0
	14,143,141	14,143,141	14,143,141	0
Corporate and Democratic Core Costs				
Bank Charges	189,698	189,698	189,698	0
Income from HRA	(31,907)	(31,907)	(31,907)	0
Income from DLO/DSO	(13,620)	(13,620)	(13,620)	0
External Audit Fees	484,076	484,076	404,076	80,000
Income from HRA	(81,422)	(81,422)	(67,966)	(13,456)
Income from DLO/DSO	(34,755)	(34,755)	(29,011)	(5,744)
Subscriptions	110,736	110,736	101,520	9,216
	622,806	622,806	552,790	70,016
Grants to Voluntary sector				
Assistance to Voluntary sector	179,333	179,333	179,333	0
	179,333	179,333	179,333	0
Private Finance Initiative				
PFI Schools	2,340,304	2,340,304	2,340,304	0
PFI SEW	3,960,234	3,960,234	3,960,234	0
	6,300,538	6,300,538	6,300,538	0
Other				
NNDR - Authority Empty Properties	130,608	130,608	0	130,608
Counsel Fees	330,720	330,720	330,720	0
Careline	35,900	35,900	35,900	0
Carbon Management Scheme	28,170	28,170	28,170	0
Carbon Energy Tax	229,884	229,884	229,884	0
IT Replacement Strategy	131,842	131,842	131,842	0
PV Panel Maintenance		2,000	2,000	0
PV Panels Income	(40,600)	(42,600)	(42,600)	0
Risk Management Contribution	(456,511)	(456,511)	(456,505)	(6)
Class 1A NI	(60,000)	(60,000)	(102,000)	42,000
Welsh Language	53,157	53,157	0	53,157
City Deal	239,200	239,200	239,200	0
Matched Funding for Community Schemes	15,908	15,908	15,908	0
Targeted Rate Relief Scheme	77,000	77,000	77,000	0
Miscellaneous Items	4,631	4,630	(211,115)	215,745
	719,909	719,908	278,404	441,504
TOTAL MISCELLANEOUS FINANCE	45,700,839	45,700,838	45,179,318	521,520
EXPENDITURE TO DIRECTORATE SUMMARY	68,394,166	68,606,687	66,629,764	1,996,139



POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION

**SUBJECT: HOUSING REVENUE ACCOUNT BUDGET MONITORING - PERIOD 4
2018/19**

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE
SERVICES**

1. PURPOSE OF REPORT

- 1.1 To inform members of the projected expenditure for the Housing Revenue Account (HRA) for the 2018/19 financial year. The HRA capital programme which is predominantly funded by the HRA is also included within this report.

2. SUMMARY

- 2.1 Members will be aware of the distinction between the HRA, which is funded by rental income received from council tenants, and General Fund Housing activities, which fall under the General Fund and are funded via the Council taxpayer. Although there is a clear separation of these funds, the majority of council tenants rent is funded from housing benefits which are derived from the tax payers purse and therefore value for money must always be sought.
- 2.2 The report outlines the projected outturn for the HRA based upon the expenditure and income for the first four months of the year
- 2.3 The HRA budget for 2018/19 is £49.5m with its main components consisting of £11m of salaries (net of WHQS funding), £7.9m of capital financing charges, £8.7m of response repairs, and £17.5m of revenue contributions to fund the WHQS programme. The underspend at period 4 is projected to be £700k and the main reason for this is detailed below.

3. LINKS TO STRATEGY

- 3.1 The content of the report is in accordance with the budget strategy agreed by Council at its meeting of 22nd February 2018. Cabinet approved the 2018/19 Housing Revenue Account on the 31st January 2018.
- 3.2 Budget management itself is in accordance with the corporate theme of Delivering the Strategies.
- 3.3 The Wellbeing of Future Generations (Wales) Act 2015 sets out the following wellbeing goals which link with the aims of this report:-

- A sustainable Wales
- A prosperous Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A globally responsible Wales

4. THE REPORT

4.1 Introduction

4.1.1 The following paragraphs highlight the major budget variances.

4.2 HRA (£700k underspend)

4.2.1 The HRA is currently projecting a £700k under-spend, which represents about 1% of the total HRA budget. The main variances are summarised below and full details are provided in Appendix 1.

4.3 Salaries & Mileage (£138k underspend)

4.3.1 Salaries and associated costs within the HRA are currently expected to underspend by some £138k against a £11m salary budget. There are some offsetting over and under spends in this area given the volume of staff which includes sickness cover, request for reduced hours, and timing for filling vacant posts.

4.4 Service Specific Related and Office Related (£172k overspend)

4.4.1 The main area of activity relates to a projected increase in spend in sub-contractors, materials, and transport for the HRO team, as a result of increased works associated with the WHQS programme. Since the new appointment of the Housing Technical Manager there has also been further integration with the HRO and WHQS team with the HRO workforce further supporting the WHQS programme on areas such as mopping up type works also electrical works where gaining access to properties has been an issue. However, this will be offset by recharges to the WHQS Programme which will generate additional income to the HRO service, together with potential savings on tipping charges and renewal of vehicles. There has also been previous efficiencies made on the Non-DLO budget where HRO have absorbed these costs within its core budget. Typically there are some budget areas within this category that tend to be quite volatile and therefore could generate further savings throughout the year, such as bad debt provisions, utility charges, various housing projects and other office costs.

4.5 Building Maintenance (£413k underspend)

4.5.1 This area includes all building revenue works to fund the maintenance of the public housing stock which is undertaken in the main by the Housing Repair Operations team and/or Contractors.

4.5.2 Revenue Projects (£135k under-spend) – this category mainly includes budgets that fall outside of the other budgets remits (i.e. not planned, cyclical or in house responsive). The under-spend mainly relates to asbestos surveys (£20k) and damp proofing (£50k) which is an offset related to the extra work mentioned in 4.4.1 above. Projects for the infrastructure works budget has not been fully utilised as yet this year, as a consequence of work being picked up in the WHQS Programme so a pro rata underspend is projected at £50k. Recent training on door entry systems has allowed the in-house HRO team to install these on more favourable terms than a subcontractor and this has projected savings of £12k. The contingency budget of £500k is prudently assumed to be fully committed at this stage, but will release further savings if not utilised by year end.

- 4.5.3 Planned Cyclical (£280k under-spend) – this relates to costs associated with our statutory servicing and maintenance obligations, e.g. heating, electrical, and legionella testing. Under-spends in this area relates to Alarm & Light Servicing (£46k), Fire safety doors (£28k). Other savings are anticipated due to works being completed under the WHQS Programme and revised contractual arrangements, such as Gas & Electric Servicing Contracts & testing (£123k), Gas & Electric Remedial Works (£23k), Water Treatment (£8k), and Lift Contracts (£32k).
- 4.5.4 As a result of incorporating the costs of delivering the Building Maintenance service within the HRA, the WHQS holding account was set up to monitor the in house workforce costs that would be recharged to the WHQS capital programme. A budget of £10.4m has been allocated in 2018/19 along with an income recharge to the capital programme so that the HRA has a nil cost.
- 4.5.5 The In House Workforce had increased its budget by some £1.3m in 2018/19 to account for the work committed in the WHQS programme. The projected spend is still an increase on the previous year but this spend is anticipated to be £600k less than originally planned at the start of the year, due to a pro rata projection on current spend against materials and transport costs. Any overspends are funded by the capital programme.

4.6 **Revenue Contribution to Capital (RCCO) (£317k underspend)**

- 4.6.1 The HRA allows for some £17.5m of revenue contributions towards the WHQS programme and this includes an element for the WHQS management team responsible for the delivery of the WHQS Programme which is anticipating a £317k underspend as a result of staff turnover.
- 4.6.2 The total expenditure on the WHQS capital programme as at period 4 is some £17.1m against a budget of £55.8m. This is the highest quarter spend compared to previous years and evidences the increased momentum as the WHQS programme enters its final years.
- 4.6.3 The HRA RCCO will fund this budgeted spend in addition to the £7.3m Major Repairs Allowance (MRA) from Welsh Government with the remaining balance being funded from HRA working balances and borrowing if required.
- 4.6.4 No borrowing has been required to date to support the delivery of the WHQS programme and borrowing will only be actioned this year if/when the WHQS programme exceeds some £31m.
- 4.6.5 WHQS Internal works at Quarter 1 have achieved 76% compliance.
- 4.6.6 WHQS External works at Quarter 1 have achieved 52% compliance.
- 4.6.7 Total WHQS compliance as at Quarter 1 is 41%.

4.7 **HRA Working Balances**

- 4.7.1 Working balances at the beginning of the 2018/19 financial year are £4.3m. This is expected to be fully utilised this year against the WHQS Programme. To date no borrowing has been undertaken to fund the WHQS programme but based on expenditure levels noted in 4.6.2 and the reduced level of HRA balances it is anticipated that borrowing will be necessary towards the later part of the year to support delivery of the programme.
- 4.7.2 Whilst priority will be given to the delivery and achievement of WHQS, borrowing may also be required to increase the supply of council housing following the recent report that was approved by Cabinet. However a separate report will be submitted later in the year if borrowing is required for increasing council house supply.

5. WELL-BEING OF FUTURE GENERATIONS

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

6. EQUALITIES IMPLICATIONS

- 6.1 There are no potential equalities implications of this report and its recommendations on groups or individuals who fall under the categories identified in Section 6 of the Council's Strategic Equality Plan. There is no requirement for an Equalities Impact Assessment Questionnaire to be completed for this report.

7. FINANCIAL IMPLICATIONS

- 7.1 The overall underspend is relatively small compared to the total budget and whilst close monitoring is regularly carried out throughout the year, the scale of the HRA budget inevitably leads to variances throughout the year due to the large volume of staffing required to manage and operate the service, the reactive nature of the response repairs service, fluctuation in void properties and changes to interest rates to name but a few.

8. PERSONNEL IMPLICATIONS

- 8.1 There are no personnel implications.

9. CONSULTATION

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

10. RECOMMENDATIONS

- 10.1 Members are requested to note the contents of this report.

11. REASONS FOR THE RECOMMENDATIONS

- 11.1 To inform Members of the financial position of the Housing Revenue Account.

12. STATUTORY POWER

- 12.1 Local Government Acts 1972 and 2003 and the Councils Financial Regulations.

Author: Lesley Allen - Group Accountant, Housing.
(E-mail: allenl@caerphilly.gov.uk)

Consultees: Cllr L Phipps – Cabinet Member Homes & Places
Nicole Scammell - Head of Corporate Finance & Section 151 Officer
Dave Street – Director of Social Services & Housing
Shaun Couzens – Chief Housing Officer
Fiona Wilkins - Public Sector Housing Manager
Paul Smythe – Housing Technical Manager

Appendices:
Appendix 1 HRA financial plan p4 2018/19

APPENDIX 1

HOUSING	Page	Estimate	Projected	Variance
	No	2018/2019	2018/2019	2018/2019
<u>HOUSING REVENUE ACCOUNT</u>		£	£	£
<u>SUMMARY</u>				
GENERAL MANAGEMENT		1,158,825	1,138,729	20,096
CAPITAL FINANCING		7,912,895	7,912,895	0
CENTRAL RECHARGES		2,259,418	2,259,418	0
STRATEGY AND PERFORMANCE		1,718,597	1,622,556	96,041
PUBLIC SECTOR HOUSING		5,278,250	5,210,585	67,665
SUPPORTED HOUSING		0	0	0
BUILDING MAINTENANCE SERVICES		31,193,205	30,680,650	512,555
GROSS EXPENDITURE		49,521,190	48,824,833	696,357
INCOME		(49,521,190)	(49,521,190)	0
(SURPLUS)/DEFICIT CONTRIBUTION (TO)/FROM WORKING BALANCES		0	(696,357)	696,357
<u>HOUSING REVENUE ACCOUNT</u>		£	£	£
<u>GENERAL MANAGEMENT</u>		1,158,825	1,138,729	20,096
<u>CAPITAL FINANCING COSTS</u>				
Interest Charge		5,717,323	5,717,323	0
Principal		2,193,725	2,193,725	0
Debt Management		29,439	29,439	0
Resheduling Discount		(27,592)	(27,592)	0
EXPENDITURE TO HRA SUMMARY		7,912,895	7,912,895	0
<u>CENTRAL RECHARGES</u>				
Central Recharges		1,786,332	1,786,332	0
Grounds Maintenance recharge to HRA		473,086	473,086	0
EXPENDITURE TO HRA SUMMARY		2,259,418	2,259,418	0

<u>HOUSING REVENUE ACCOUNT</u>		£	£	£
STRATEGY & PERFORMANCE		90,291	66,445	23,846
PERFORMANCE DEVELOPMENT		668,579	670,648	-2,069
COMMUNICATIONS & ENGAGEMENT		114,907	114,907	0
TRANSFORMING LIVES & COMMUNITIES		844,820	770,555	74,265
EXPENDITURE TO HRA SUMMARY		1,718,597	1,622,556	96,041
<u>HOUSING REVENUE ACCOUNT</u>		£	£	£
<u>PUBLIC SECTOR HOUSING</u>				
Landlord General		167,788	158,256	9,532
Sheltered Accommodation		1,385,952	1,366,942	19,010
Holly Road Community support		3,317	3,927	-610
Eastern Valley AHO		666,520	668,310	-1,791
Upper Rhymney AHO		784,838	777,851	6,987
Lower Rhymney Valley AHO		9,135	20,954	-11,819
Gilfach NHO		0	0	0
Lansbury Park NHO		348,286	345,883	2,403
Graig Y Rhacca NHO		281,091	276,740	4,351
Housing Allocations Cont.		120,426	120,426	0
Tenants & Communities Involment		504,858	501,652	3,206
Leaseholders Management		61,935	61,400	535
Tenancy Enforcement		274,774	249,179	25,595
Rents		714,099	703,833	10,266
Community Wardens		(44,768)	(44,768)	0
EXPENDITURE TO HRA SUMMARY		5,278,250	5,210,585	67,665

<u>HOUSING REVENUE ACCOUNT</u>		£	£	£
<u>SUPPORTED HOUSING</u>				
Dispersed Alarms		0	0	0
Telecare Centre		0	0	0
Ty Croeso Hostel		0	0	0
EXPENDITURE TO HRA SUMMARY		0	0	0
<u>HOUSING REVENUE ACCOUNT</u>		£	£	£
<u>RESPONSE REPAIRS & MAINTENANCE</u>				
Employee Expenses net of recharges		1,470,944	1,414,204	56,740
Repairs & Maintenance on Housing Stock				
Responsive Repairs		8,771,794	9,052,011	-280,217
Revenue Contribution to Capital - WHQS Programme		17,493,093	17,175,922	317,172
Group/Planned Repairs (priorities 5 & 8)		0	0	0
Void Repairs (priority 6)		0	0	0
Revenue Projects		1,474,000	1,341,061	132,939
Planned Cyclical		1,747,336	1,467,289	280,047
Planned Programme		0	0	0
		29,486,223	29,036,282	449,941
Transport Related		8,950	9,419	-469
Supplies & Services		227,088	220,745	6,343
EXPENDITURE TO HRA SUMMARY		31,193,205	30,680,650	512,555

<u>HOUSING REVENUE ACCOUNT</u>			
	£	£	£
<u>INCOME</u>			
<u>Rents - Dwelling</u>			
Gross Rent - Dwellings	(43,130,482)	(43,130,482)	0
Gross rent - Sheltered	(4,792,276)	(4,792,276)	0
Gross Rent - Hostel	0	0	0
Voids - General Needs Dwelling/Sheltered	815,000	815,000	0
Voids - Hostel	0	0	0
Net Rent	(47,107,758)	(47,107,758)	0
<u>Rents - Other</u>			
Garages	(362,477)	(362,477)	0
Garage Voids	181,238	181,238	0
Shop Rental	(59,872)	(59,872)	0
	(241,111)	(241,111)	0
<u>Service Charges</u>			
Sheltered - Service Charges	(1,461,393)	(1,461,393)	0
Sheltered - Heating & Lighting	(137,073)	(137,073)	0
Sheltered & Dispersed- Alarms	0	0	0
Catering Recharge - Sheltered Accommodation	(35,420)	(35,420)	0
Voids Schedule Water	65,452	65,452	0
Non Scheduled Water Rates	(41,780)	(41,780)	0
Welsh Water Commission	(511,407)	(511,407)	0
Leaseholder - Service Charges	(10,000)	(10,000)	0
	(2,131,621)	(2,131,621)	0
<u>Government Subsidies</u>			
Housing Subsidy	0	0	0
	0	0	0
<u>Interest Receivable</u>			
Mortgage Interest	(700)	(700)	0
Investment Income	(10,000)	(10,000)	0
	(10,700)	(10,700)	0
<u>Miscellaneous</u>			
Miscellaneous	0	0	0
Private Alarms	0	0	0
Ground Rent	(30,000)	(30,000)	0
	(30,000)	(30,000)	0
<u>INCOME TO HRA SUMMARY</u>			
	(49,521,190)	(49,521,190)	0



POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION

SUBJECT: TREASURY MANAGEMENT AND CAPITAL FINANCING PRUDENTIAL INDICATORS OUTTURN REPORT FOR 2017/18

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 To present Members with details of Treasury Management activities and Capital Financing, together with the related Prudential Indicators for 2017/18.

2. SUMMARY

- 2.1 The Code of Practice on Treasury Management in the Public Services 2017, which was adopted by the Council on 12th October 2010, sets out a framework of operating procedures, which is encompassed in the Treasury Management Practices (TMPs). TMP6 (Reporting Requirements and Management Information Arrangements) provides for the submission of monitoring reports to the appropriate Committee on a quarterly basis.
- 2.2 Under the provisions of the Local Government Act 2003, The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 [The Capital Regulations], and the CIPFA's "The Prudential Code for Capital Finance in Local Authorities" [the Code], the Authority is obliged to approve and publish a number of indicators relevant to Capital Finance and Treasury Management.
- 2.3 The Authority's Annual Investment Strategy and Capital Financing Prudential Indicators for 2017/18 were approved by Council on 22nd February 2017.

3. LINKS TO STRATEGY

- 3.1 Treasury Management Strategy 2017/18 as agreed by Council on 22nd February 2017.
- 3.2 Prudent financial management contributes to 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 Background – Interest Rates

4.1.1 The Monetary Policy Committee (MPC) increased Bank Rate during November 2017 by 0.25% to 0.50%, making it the first increase in interest rate by the Bank of England since July 2007. The increase in Bank Rate reflects the MPC's growing concern that rising inflation had finally outweighed the risks to growth. The Bank has reiterated that it expects any future increases in Bank Rate to be at a gradual pace and limited in extent. As at the date of this report Bank Rate has further increased to 0.75%.

4.2 Treasury Management Advice

4.2.1 The Authority receives treasury management advice from Arlingclose Limited.

4.3 Borrowing Activity

4.3.1 Borrowing rates were volatile throughout 2017/18 with the 25-year maturity loan rate reached a high of 3.13% and a low of 2.72% and an overall average rate of 2.89%. The average rate for a 25 year annuity loan was 2.57%.

4.3.2 No long-term loans were raised during 2017/18 other than five temporary loans totalling £31.0m. Temporary loans were raised for the purpose of cashflow requirements as investments were tied in.

4.3.3 During the period covered by this report, PWLB loans to the value of £4.32m were repaid on maturity. Such loans had an average interest rate of 5.62%. A loan repayment of £30k was also made to the WRU in accordance with the loan agreement as agreed at the Cabinet meeting held on 30th October 2013. Furthermore temporary loans of £32.0m were repaid during the year.

4.3.4 As at 31 March 2018, the Authority held £30m in LOBO loans and a £10m long-term bank loan.

4.3.5 As at 31st March 2018 the nominal value of the Council's treasury management debt portfolio was £284.5m and comprised of £30m LOBO loans, £10m long-term bank loan; £239.3m of PWLB loans; £5m local authority temporary loan and a £180k WRU loan in respect of the Ystrad Mynach Centre of Sporting Excellence.

4.4 Rescheduling

4.4.1 No loans were rescheduled during 2017/18.

4.5 Investments

4.5.1 Short-term Investments – up to 365 Days - The return on investments, for 2017/18 was 0.75%. Investments ranged from overnight deposits and deposits with average duration of 2 years. The return on investments is a considerable achievement when compared to the target rate of 0.25%. The improvement in returns reflect the Authority's change in investment strategy and lending to high creditworthy counterparties that consist of banks; building societies; supranational institutions; the DMO, local authorities; and Corporates using a range of investment instruments such as corporate bonds; covered bonds; cash deposits; Gilts; treasury bills and moneymarket fund. Whilst the returns have improved, the riskiness of the investment portfolio has been quantified with a weighted average credit score equivalent to an AA rating. As at 31st March 2018 the UK government was rated by two credit rating agencies at AA. Therefore the Authority's portfolio is on par with the UK Government rating.

4.5.2 The total nominal value of investments as at 31st March 2018 (short-term and long-term) was £104.5m. The nominal value of short-term investments as at 31st March 2018 (excluding accrued interest and accounting charges) was £76.5m and comprised of £13.6m deposited with banks; £49.9m invested in bonds; and £13m deposited in the DMADF.

4.5.3 Long-term Investments - The value of long-term investments as at 31st March 2018 was £28m and £13m was invested in AAA rated bonds with an average duration of 4 years, with an average rate of return of 1.0%.

4.6 Prudential Indicators

4.6.1 Capital Financing Requirement

4.6.1.1 The capital financing requirement measures the Authority's underlying need to borrow for a capital purpose. In accordance with best professional practice, the Authority does not associate borrowing with particular items or types of expenditure. In practice, the raising and repaying of loans is determined primarily by professional / expert advice, and may not necessarily take place in the relevant year. In order to create an operating environment within which the Treasury Manager can legitimately react to, the various authorised limits, as identified in *Appendix 1*, are set at a level in excess of the capital financing requirement. During the year, the Authority operated within the approved limits.

4.6.1.2 *Appendix 2* shows the value of the Capital Financing Requirement as at 31 March 2018 based on the audited Balance Sheet position. This is calculated to be £345.1m.

4.6.2 Prudential Indicators – “Prudence”

4.6.2.1 The Prudential Indicators for Treasury Management are shown in ***Appendix 1***. Whilst the Authorised Limit has remained unchanged when compared to the original Council approved figure, the Operational Boundary limit has decreased as a result of new planned debt being deferred.

4.6.3 Prudential Indicators – “Affordability”

4.6.3.1 There is a requirement to analyse and report the capital financing costs, and express those costs as a percentage of the net revenue streams of the Authority. These are identified in ***Appendix 2***.

4.6.3.2 Financing Costs to Net Revenue Stream- General Fund - the audited outturn shows a decrease on the budgeted position. This is mainly attributable to reduced interest costs as a result of deferred borrowing for the capital programme. The income generated from investments was higher than anticipated as the Authority locked into interest rates higher than the DMADF rate and the Base Rate.

4.6.3.3 Financing Costs to Net Revenue Stream- General Fund and Housing Revenue Account (HRA) - The ratio is lower due the General Fund and the HRA not borrowing to fund the capital programme.

4.6.4 Capital Expenditure and Funding

4.6.4.1 Capital Expenditure is reported in ***Appendix 3***, for information purposes. The table indicates the audited position as at 31st March 2018.

5. WELL-BEING OF FUTURE GENERATIONS

5.1 The effective management of the Authority's borrowing and investments are key 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 (EqIA) process does not need to be applied.

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 Members are asked to note the contents of this report.

11. REASONS FOR THE RECOMMENDATIONS

- 11.1 Compliance with the CIPFA "Code of Practice for Treasury Management in the Public Services".

12. STATUTORY POWER

- 12.1 Local Government Acts 1972 and 2003.

Author: N. Akhtar – Group Accountant Treasury Management & Capital
E-mail: akhtar@caerphilly.gov.uk Tel: 01443 863313

Consultees: N. Scammell – Head of Corporate Finance and Section 151 Officer
S. Harris - Interim Head of Business Improvement Services
A. Southcombe – Finance Manager, Corporate Finance
Cllr B. Jones- Deputy Leader and Cabinet Member for Finance, Performance and Governance

Appendices:

Appendix 1 – Treasury Management Prudential Indicators – Prudence
Appendix 2 – Capital Finance Prudential Indicators – Affordability
Appendix 3 – Capital Expenditure and Funding

'Appendix 1 Treasury Management Prudential Indicators- Outturn Report

	Budget 2017-18	Actual 2017-18
	£000	£000
Authorised limit for external debt -		
Borrowing	403,699	355,622
Other long term liabilities	34,139	33,815
Total	437,838	389,437
Operational boundary for external debt -		
Borrowing	322,959	284,498
Other long term liabilities	34,139	33,815
Total	357,098	318,313
Capital Financing Requirement	359,522	345,137
Upper limits for interest rate exposure		
Principal outstanding on borrowing	322,959	284,498
Principal outstanding on investments	100,000	104,543
Net principal outstanding	222,959	179,955
Fixed rate limit – 100%	222,959	179,955
Variable rate limit – 30%	66,888	-
Upper limit for total invested for over 364 days	50,000	28,000

Maturity structure of fixed rate borrowing	Upper Limit	Lower Limit	ACTUAL 2017/18	
			£000	
Under 12 months	35%	0%	7,100	2%
Over 12 months and within 24 months	40%	0%	2,828	1%
Over 2 years and within 5 years	50%	0%	4,963	2%
Over 5 years and within 10 years	75%	0%	15,944	6%
Over 10 years	100%	0%	253,663	89%
			284,498	100%

Gross Debt and Net Debt	Budget 2017-18	Actual 2017-18
	£000	£000
Outstanding Borrowing	322,959	284,498
Other long term liabilities	34,139	33,815
Gross Debt	357,098	318,313
Less investments	100,000	104,543
Net Debt	257,098	213,770

Gross and The CFR	Budget 2017-18	Actual 2017-18
	£000	£000
Gross Debt	357,098	318,313
CFR	359,522	345,137
CFR Breached?	No	No

'Appendix 2 - Prudential Indicators - Capital Finances- Outturn Report

Ratio of Financing costs to net revenue stream	Budget 2017-18	Actual 2017-18
General Fund	£000	£000
Principal repayments	2,373	2,328
Interest costs	8,709	8,095
Debt Management costs	45	40
Rescheduling discount	-153	-153
Investment income	-400	-942
Interest applied to internal balances	813	842
Total General Fund	11,386	10,210
Net revenue stream	324,031	325,651
Total as percentage of net revenue stream	3.51%	3.14%
Housing Revenue Account		
Principal repayments	2,267	2,260
Interest costs	6,083	5,148
Rescheduling discount	-39	-39
Debt Management costs	39	25
Total HRA	8,352	7,395
Net revenue stream	46,400	45,743
Total as percentage of net revenue stream	18.00%	16.17%

Capital financing requirement [end of year position]	Budget 2017-18	Actual 2017-18
	£000	£000
Council Fund	223,337	235,451
Housing Revenue Account	136,185	109,686
Total Authority	359,522	345,137

'Appendix 3 - Capital Expenditure and Funding- Outturn Report

	Budget 2017-18	Actual 2017-18
Expenditure	£000	£000
Council Fund	16,456	28,121
Housing Revenue Account	50,200	42,210
Total	66,656	70,331
Funding		
Surplus/ (Deficit) Balance b/f	971	-
Borrowings - Supported (GF)	5,002	-
General Capital Grant - WG	3,044	3,044
Internal Borrowing	-	11,962
RCCO Budget	128	-
One off funding- MRP Review 16.17	5,540	-
One off funding- MRP Review 17.18	1,929	-
RCCO (GF)	-	4,825
Capital Receipts Reserve- Specific	-	61
Capital Receipts Reserve- 21st Century Schools	-	5,184
S106 Funding	-	1,175
Specific Grants & Contributions	-	1,869
RCCO- (HRA)	16,700	32,134
Capital Receipts (HRA)	300	-
Borrowings - Unsupported (HRA)	25,900	-
Major Repairs Allowance (HRA)	7,300	7,347
Other HRA Grant(s)	-	2,729
Total	66,814	70,331
Surplus C/f	158	



POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION

SUBJECT: CAPITAL OUTTURN 2017/18

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 To provide information to Members relating to the capital outturn for the 2017/18 financial year.

2. SUMMARY

- 2.1 The report provides details of actual capital expenditure for the 2017/18 financial year and slippage that has been requested to be carried forward into 2018/19.

3. LINKS TO STRATEGY

- 3.1 The contents of this report are in accordance with the Budget Strategy agreed by Council at its meeting on the 22nd February 2017.
- 3.2 Prudent financial management contributes to 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 approved Capital Programme for the 2017/18 financial year totalled £70.04m, consisting of £16.46m for the General Fund and £53.58m for the Housing Revenue Account (HRA). During the year specific grants, slippage and contributions were received for various service areas taking the total available capital resources for 2017/18 to £109.10m. This is summarised in the table below: -

	General Fund £000s	HRA £000s	Total £000s
Approved 2017/18 Budget	16,456	53,582	70,038
Slippage Brought Forward from 2016/17	20,512	0	20,512
In Year Grants, Contributions	2,460	(8)	2,452
S106 Funding	691	0	691
Revenue Contribution to Capital Outlay (RCCO)	3,021	0	3,021
Other Funding	12,384	0	12,384
Total:-	55,525	53,574	109,099

4.2 The following table provides a summary of the 2017/18 outturn against each service area: -

Capital Programme	Revised Estimated Target Spend £000s	Outturn Capital Spend £000s	Variance £000s
Community & Leisure Services	3,520	1,003	2,517
Corporate Finance	1,448	0	1,448
Corporate Services	6,574	3,116	3,458
Economic Development & Regeneration	241	214	26
Education	13,814	11,941	1,873
Infrastructure	11,399	6,226	5,173
Land Reclamation	2,145	0	2,145
Private Housing	3,955	2,425	1,530
Property Services	5,566	1,541	4,025
Public Protection	1,015	683	332
Social Services	3,507	281	3,226
Urban Renewal	2,341	691	1,650
General Fund Total: -	55,525	28,121	27,404
HRA Total: -	53,574	42,210	11,364
Total Capital Programme: -	109,099	70,331	38,768

4.3 The 2017/18 Housing Revenue Account (HRA) underspend of £11.36m will be carried forward into the 2018/19 financial year to support the ongoing programme of works to meet the Welsh Housing Quality Standard (WHQS).

4.4 The General Fund variance of £27.40m can be split between schemes that are ongoing or have been delayed in 2017/18 (slippage), ring-fenced budgets, schemes that were underspent as at 31 March 2018 and schemes that have resulted in overspends.

4.5 **Slippage:** Schemes to the value of £15.53m have been slipped into 2018/19 as a result of an ongoing program of works and delays in contractual arrangements. Appendix 1 sets out the schemes where slippage has occurred.

4.6 **Ring-fenced budgets:** As at 31 March 2018, a number of ring-fenced budgets remained unspent to the value of £11.96m. These budgets relate to specific grants, contributions and Section 106 monies or earmarked revenue funding transferred to a capital reserve. Appendix 2 provides a breakdown of the £11.96m.

4.7 **Underspends:** As at 31 March 2018, underspends totalling £26k were identified upon completion of the respective capital project. Budget holders have been consulted and agreed to return underspends to the Centre. Underspends will be used to fund the future capital programme. Details of the underspends are provided in Appendix 3.

4.8 **Overspends:** As at 31 March 2018, overspends of £106k were reported. £62k relates to the schools boiler replacement programme. The overspend was incurred due to emergency boiler replacement works that were not scheduled. A further £5k of overspend relates to Infrastructure highways barriers programme. An untimely submission of a grant claim for capital expenditure incurred at the Blackwood Miner's Institute had meant £39k of grant was not realised at 31 March 2018. Appendix 4 details the schemes and the proposed funding correction required as agreed with budget holders.

5. WELL-BEING OF FUTURE GENERATIONS

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

6. EQUALITIES IMPLICATIONS

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

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 Members are asked to note the contents of this report.

11. REASONS FOR THE RECOMMENDATIONS

11.1 To advise Members of the outturn of the 2017/18 Capital Programme.

12. STATUTORY POWER

12.1 Local Government Acts 1972 and 2003.

Author: N. Akhtar – Group Accountant Treasury Management & Capital
E-mail: akhtar@caerphilly.gov.uk Tel: 01443 863313

Consultees: N. Scammell – Head of Corporate Finance and Section 151 Officer
S. Harris - Interim Head of Business Improvement Services
A. Southcombe – Finance Manager, Corporate Finance
Cllr B. Jones- Deputy Leader and Cabinet Member for Finance, Performance and Governance

Background Papers:
Budget Monitoring Reports 2017/18
Capital Outturn Report 2016/17

Appendices:
Appendix 1 – 2017/18 Slippage
Appendix 2 – 2017/18 Ring-fenced Budgets
Appendix 3 – 2017/18 Underspends
Appendix 4 – 2017/18 Overspends

Appendix 1: 2017/18 Slippage

Service Area	Scheme	Outturn Position 31/03/2018 £000s	Comments
Community & Leisure Services	Cemeteries	1,117	Delays with discharging planning conditions at the new cemetery in Nantgarw
Community & Leisure Services	Centre of Sporting Excellence Sports Pitch	180	Delay in start of works
Community & Leisure Services	Various Capital Schemes	127	Ongoing delivery of programme
Corporate Services	IT Hardware & Software	189	Delay in tender process for new telephony system
Corporate Services	One Stop Shop Development	56	Scheme under review
Education	Health & Safety Regulatory Works	111	Works programmed for summer 2018
Education	Various Capital Schemes	147	Works programmed for summer 2018
Education	Asset Management	169	Works programmed for summer 2018
Education	21st Century School-Newbridge/Cwmcarn	939	Works progressing
Infrastructure	Infrastructure Retaining Walls	59	Ongoing delivery of programme
Infrastructure	Various Capital Schemes	216	Ongoing delivery of programme
Infrastructure	A472 Drainage Nelson	569	Delay due to works situated on a strategic diversion route
Infrastructure	Land Drainage-Corporate	152	Ongoing delivery of programme
Infrastructure	Land Drainage	193	Ongoing delivery of programme
Infrastructure	Corporate Maintenance Tips Mines Spoils	251	Late contract award- works to start in 2018/19
Infrastructure	Monmouth & Brecon Canal.	141	Works on hold until Autumn/ Winter 2018
Infrastructure	Carriageway Resurfacing	1,476	Displaced WG funding (awarded March 2018)- works to begin in 2018/19
Private Housing	Disabled Facility Grants	167	Ongoing delivery of programme
Private Housing	Home Imp Grants/Misc.	195	Ongoing delivery of programme
Private Housing	Home Repair Grant	341	Ongoing delivery of programme
Property Services	Demolition P/Fraith &Oakdale Schools	2,181	Works progressing
Property Services	Corporate Asset Management	253	Ongoing delivery of programme
Property Services	Civic Building P/Fraith	253	Works progressing
Property Services	Former Meals On Wheels Pengam	227	Scheme under review
Property Services	Caerphilly Leisure Centre	96	Ongoing delivery of programme

Property Services	Longbridge Baths Risca	999	Scheme under review
Property Services	Centre of Sporting Excellence Catering Kiosk	17	Ongoing delivery of programme
Public Protection	Ty Llwyd Landfill Site	200	Ongoing site monitoring, which will determine long- term drainage solution
Public Protection	Various Capital Schemes	132	Ongoing delivery of programme
Social Services	Children's Centre Complex Needs	3,096	Scheme at design stage
Social Services	Various Capital Schemes	130	Ongoing delivery of programme
Urban Renewal	ERDF Lawns Industrial Estate Rhymney	1,099	Ongoing delivery of programme
Urban Renewal	Various Capital Schemes	49	Ongoing delivery of programme
Total General Fund Slippage		15,527	
HRA	WHQS	11,364	Ongoing delivery of programme
Total Slippage 2017/18: -		26,891	

Appendix 2: 2017/18 Ring-fenced Budgets

Service Area	Scheme	Outturn Position 31/03/2018 £000s	Comments
Community & Leisure Services	Playground Reinstatement	325	S106 carried forward
Infrastructure	Various s106 Schemes	1,394	S106 carried forward
Urban Renewal	Risca s106	6	S106 carried forward
Community & Leisure Services	Ty Duffryn	769	Under review
Corporate Services	Corporate Projects	3,209	Funding to be carried forward to support new capital projects
Corporate Services	LIDW	5	Scheme has ended, residual grant remaining and subject to WG approval to utilise
Corporate Services	Unallocated Amounts (Underspends Given Up)	1,448	Cumulative underspends. 57% earmarked to fund 2018/19 and 2019/20 capital programme
Education	Health & Safety Regulatory Works	42	Period Poverty Grant received in March 2018 that is to be carried forward into 2018/2019 to progress scheme
Education	Asset Management	528	Fire safety upgrades that will be undertaken in 2018/19
Infrastructure	Various Schemes	726	Earmarked funding for historical liabilities & grant funded schemes
Infrastructure	Various- Land Reclamation Funding for liabilities	2,145	Earmarked funding for historical liabilities at land reclamation sites
Private Housing	Home Improvement Loans	210	WG loan funding
Private Housing	Houses Into Homes Loans	464	WG loan funding
Private Housing	Various Schemes	152	Various Grant Breaches Funding
Urban Renewal	Various Schemes	124	Funding to progress a number of capital schemes.
Urban Renewal	Bargoed Cinema Development	410	Scheme under review
Total Ring Fenced Budgets 2017/18: -		11,957	

Appendix 3: 2017/18 Underspends

Service Area	Scheme	Outturn Position 31/03/2018 £000s	Comments
Economic Development & Regeneration	Hlf Llancaiach Fawr	26	Scheme completed.
Total Underspends 2017/18: -		26	

Appendix 4: 2017/18 Overspends

Service Area	Scheme	Outturn Position 31/03/2018 £000s	Comments
Education	School Boiler Replacement Programme	-62	Overspend was incurred due to emergency boiler replacement works that were not scheduled. Overspend to be funded from 2018/19 capital budget allocation.
Infrastructure	Vehicle Restraint System	-5	Additional works undertaken. Overspend to be funded from 2018/19 capital budget allocation.
Economic Development & Regeneration	Blackwood Miners Institute	-39	Grant claim was not submitted before 31 March 2018. As a result capital expenditure of £39k remained unfunded at 31 March 2018. Grant funding will be now be received in 2018/19 financial year
Total Overspends 2017/18: -		-106	



POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION

SUBJECT: DISCRETIONARY RATE RELIEF APPLICATION

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE
SERVICES**

1. PURPOSE OF REPORT

1.1 This report sets out details of an application for discretionary rate relief and notes the decision proposed by the Head of Corporate Finance and Section 151 Officer under delegated powers.

2. SUMMARY

2.1 The Council is able to assist a wide range of voluntary and sporting organisations by granting rate relief. This report contains details of an application received for discretionary rate relief and the proposals for the determination of the application to be formally implemented after the third working day the delegated decision notice has been posted.

3. LINKS TO STRATEGY

3.1 The granting of rate relief is a very cost effective way in which the Council can pursue its 'Regeneration' objective by giving financial assistance to local organisations.

4. THE REPORT

4.1 Background

4.1.1 Under the Council's Scheme of Delegation applications for discretionary rate relief submitted to the Council are determined by the Council's Head of Corporate Finance and Section 151 Officer.

4.1.2 The determination is exercised following consideration of the Council's guidelines on discretionary rate relief supplemented by guidance from Welsh Government and Central Government.

4.2 The Application

Gwalia Care and Support

4.2.1 An application for top-up discretionary rate relief has been received from the above mutual society, registered with charitable rules, in respect of their premises at Ty Anwen, The Bryn, Trethomas, from 1st April 2016 onwards.

- 4.2.2 The organisation is considered to be a charity at law, registered on the Mutuels Public Register (number 27488R), and has therefore already been awarded 80% mandatory rate relief in accordance with rating legislation.
- 4.2.3 Members should be aware that currently the Authority would bear 75% of any top-up discretionary rate relief awarded, with the Welsh Government Pool bearing the remaining 25%.
- 4.2.4 To be eligible for discretionary rate relief, the organisation must satisfy the following conditions:
- a) the organisation or institution occupying the premises must not be established or conducted for profit;
 - b) each of the organisation's main objects must be charitable, or otherwise philanthropic or religious, or concerned with education, social welfare, science, literature, or fine arts;
 - c) the use of the premises must be wholly or mainly charitable, or the premises must be wholly or mainly used for recreational purposes;
 - d) where the premises is wholly or mainly used for recreational purposes, all or part of it must be occupied by an organisation not established or conducted for profit.
- 4.2.5 The main objects of Gwalia Care and Support are:
- The provision of social housing.
 - The provision of care and support to vulnerable groups within society.
- 4.2.6 The organisation is a non-profit registered provider of social housing.
- 4.2.7 Gwalia Care and Support offer a range of services specifically aimed at improving people's lives and their independence. The organisation works for a wide range of client groups of all ages, including families, ex-offenders; people with alcohol or substance misuse issues and people with learning or physical disabilities.
- 4.2.8 Ty Anwen is a residential mental health service where Gwalia Care and Support provide recovery-orientated rehabilitation within a person-centred framework. Support is available for up to 16 individuals with serious and enduring mental illness. The aim of the organisation at Ty Anwen is to ensure support for individuals to maximise their independence and identify appropriate move-on accommodation.
- 4.2.9 The organisation's main objects are given in point 4.2.5 above and it is not established or conducted for profit. In addition, the organisation's main objects are either wholly or mainly charitable, or concerned with religion, philanthropy, social welfare and education, as required under the regulations. It is also clear that the use of the premises is wholly or mainly charitable.
- 4.2.10 The business rate liability of the organisation's premises in Trethomas from 1st April 2016 to 31st March 2019 inclusive is £21,978.50. If the Authority were to grant 20% top-up discretionary rate relief, the cost to the Authority of awarding the relief at current levels would be £3,296.78 with the Welsh Government pool bearing the remainder of £1098.92.
- 4.2.11 The Authority's policy for an organisation with charitable purposes, registered on the Mutuels Public Register, and occupying one or more rating assessments within the Authority's area with a cumulative rateable value not exceeding £100,000 is to award 20% top-up discretionary relief

4.2.12 Taking the above matters into consideration, it appears that Gwalia Care and Support and its use of the premises with a rateable value of £14,500 satisfies all of the relevant qualifying criteria.

4.2.13 **Proposal (to be implemented after the third working day the delegated decision has been posted):**

20% top-up discretionary rate relief be awarded.

5. WELL-BEING OF FUTURE GENERATIONS

5.1 Effective financial management is a key element in ensuring that the Well-being Goals in the Well-being of Future Generations Act (Wales) 2015 are met. Maximising the take-up of business rate relief minimises the amount of rates payable by a wide range of voluntary and sporting organisations which enables them to use those funds directly in respect of their objectives.

6. EQUALITIES IMPLICATIONS

6.1 This report is to advise Members of the proposed determination of the application(s) for discretionary rate relief so the Council's full Equalities Impact Assessment process does not need to be applied.

7. FINANCIAL IMPLICATIONS

7.1 These are contained within the report.

8. PERSONNEL IMPLICATIONS

8.1 There are no personnel implications.

9. CONSULTATIONS

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

10. RECOMMENDATIONS

10.1 Members note the proposed determination of the application(s) for discretionary rate relief under delegated powers which will be implemented after the third working day the delegated decision notice has been posted.

11. REASONS FOR THE RECOMMENDATIONS

11.1 As set out throughout the report.

12. STATUTORY POWER

12.1 Section 47 of the Local Government Finance Act 1988.

Author: John Carpenter, Council Tax & NNDR Manager
Tel: 01443 863421 E-mail: carpewj@caerphilly.gov.uk
Consultees: Cllr B Jones, Deputy Leader & Cabinet Member for Finance, Performance and Governance
Richard Edmunds, Corporate Director for Education and Corporate Services
Nicole Scammell, Head of Corporate Finance & Section 151 Officer

Background Papers:

'Review of NNDR Discretionary Rate Relief Policy' report to Policy and Resources Scrutiny Committee on 20th January 2015

Rate Relief Application Form, contact ext 3421



POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION

SUBJECT: DISCRETIONARY RATE RELIEF APPLICATION

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE
SERVICES**

1. PURPOSE OF REPORT

1.1 This report sets out details of an application for discretionary rate relief and notes the decision proposed by the Head of Corporate Finance and Section 151 Officer under delegated powers.

2. SUMMARY

2.1 The Council is able to assist a wide range of voluntary and sporting organisations by granting rate relief. This report contains details of an application received for discretionary rate relief and the proposal for the determination of the application to be formally implemented after the third working day the delegated decision notice has been posted.

3. LINKS TO STRATEGY

3.1 The granting of rate relief is a very cost effective way in which the Council can pursue its 'Regeneration' objective by giving financial assistance to local organisations.

4. THE REPORT

4.1 Background

4.1.1 Under the Council's Scheme of Delegation applications for discretionary rate relief submitted to the Council are determined by the Council's Head of Corporate Finance and Section 151 Officer.

4.1.2 The determination is exercised following consideration of the Council's guidelines on discretionary rate relief supplemented by guidance from Welsh Government and Central Government.

4.2 The Application

Growing Space Ltd

4.2.1 An application for top-up discretionary rate relief has been received from the above registered charity in respect of their premises at Unit 6 Islwyn Workshops, Pontymister Industrial Estate, Risca, from 28th September 2016 onwards.

- 4.2.2 The organisation is a registered charity and has therefore already been awarded 80% mandatory rate relief in accordance with rating legislation.
- 4.2.3 Members should be aware that currently the Authority would bear 75% of any top-up discretionary rate relief awarded, with the Welsh Government Pool bearing the remaining 25%.
- 4.2.4 To be eligible for discretionary rate relief, the organisation must satisfy the following conditions:
- a) the organisation or institution occupying the premises must not be established or conducted for profit;
 - b) each of the organisation's main objects must be charitable, or otherwise philanthropic or religious, or concerned with education, social welfare, science, literature, or fine arts;
 - c) the use of the premises must be wholly or mainly charitable, or the premises must be wholly or mainly used for recreational purposes;
 - d) where the premises is wholly or mainly used for recreational purposes, all or part of it must be occupied by an organisation not established or conducted for profit.
- 4.2.5 The objects of Growing Space Ltd are as follows:
- The provision of services to relieve sickness by the provision of therapeutic training and work experience for people who have suffered or are suffering mental illness.
- 4.2.6 The organisation's Articles of Association state that the property and funds of the charity must be used only for the promotion of the charity's objects.
- 4.2.7 The Articles further state that on the dissolution of the charity, any assets remaining would be used firstly to meet any liabilities and then directly for the organisation's objects and by transfer to any other charity for the same or similar purposes. This satisfies the discretionary rate relief requirement for remaining assets to be used for charitable or non-profit making purposes.
- 4.2.8 Growing Space Ltd was founded as a registered charity in 1992 as a response to the Welsh Office All-Wales strategy for Mental Illness, addressing an identified need for sheltered training and work experience within the community, with the long-term aim of providing quality support and training leading to employment or further education.
- 4.2.9 The Caerphilly New Start Programme is a new programme for Growing Space Ltd and has been developed in partnership with Caerphilly County Borough Council and the Communities First Mental Health Team. The programme is designed as a stepping-stone in to countryside management, horticulture or construction industries. Growing Space's experience from conservation training over many years is that the process of training, team-working and improved fitness levels makes people suitable for a range of employment. Employers are seeking general employability skills, like team-work and communication.
- 4.2.10 The project has developed its infrastructure with the sites at Risca and Hafod Deg (Rhymney) completed. These sites are being used to provide opportunities for a wide range of training tasks, and participants are outside the distractions of their everyday environment, making it easier to work as a team and focus on the training and work experience provided.
- 4.2.11 Membership is open to anyone and there are no admission fees.

- 4.2.12 The business rate liability of the organisation's premises in Risca from the 28th September 2016 to 31st March 2019 inclusive is £9,365.53. If the Authority were to grant 20% top-up discretionary rate relief, the cost to the Authority of awarding the relief at current levels would be £1,404.83 with the Welsh Government pool bearing the remainder of £468.28.
- 4.2.13 The Authority's policy for an organisation registered as a charity with the Charity Commission and occupying one or more rating assessments within the Authority's area with a cumulative rateable value not exceeding £100,000 is to award 20% top-up discretionary relief.
- 4.2.14 Taking the above matters into consideration, it appears that Growing Space Ltd and its use of the premises with a rateable value of £7,300 satisfies all of the relevant qualifying criteria.
- 4.2.15 **Proposal (to be implemented after the third working day the delegated decision has been posted):**
- 20% top-up discretionary rate relief be awarded.**

5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 Effective financial management is a key element in ensuring that the Well-being Goals in the Well-being of Future Generations Act (Wales) 2015 are met. Maximising the take-up of business rate relief minimises the amount of rates payable by a wide range of voluntary and sporting organisations which enables them to use those funds directly in respect of their objectives.

6. EQUALITIES IMPLICATIONS

- 6.1 This report is to advise Members of the proposed determination of the application(s) for discretionary rate relief so the Council's full Equalities Impact Assessment process does not need to be applied.

7. FINANCIAL IMPLICATIONS

- 7.1 These are contained within the report.

8. PERSONNEL IMPLICATIONS

- 8.1 There are no personnel implications.

9. CONSULTATIONS

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

10. RECOMMENDATIONS

- 10.1 Members note the proposed determination of the application(s) for discretionary rate relief under delegated powers which will be implemented after the third working day the delegated decision notice has been posted.

11. REASONS FOR THE RECOMMENDATIONS

- 11.1 As set out throughout the report.

12. STATUTORY POWER

12.1 Section 47 of the Local Government Finance Act 1988.

Author: John Carpenter, Council Tax & NNDR Manager

Tel: 01443 863421 E-mail: carpewj@caerphilly.gov.uk

Consultees: Cllr B Jones, Deputy Leader & Cabinet Member for Finance, Performance and Governance

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Background Papers:

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Rate Relief Application Form, contact ext 3421



POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION

SUBJECT: DISCRETIONARY RATE RELIEF APPLICATION

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE
SERVICES**

1. PURPOSE OF REPORT

1.1 This report sets out details of an application for discretionary rate relief and notes the decision proposed by the Head of Corporate Finance and Section 151 Officer under delegated powers.

2. SUMMARY

2.1 The Council is able to assist a wide range of voluntary and sporting organisations by granting rate relief. This report contains details of an application received for discretionary rate relief and the proposal for the determination of the application to be formally implemented after the third working day the delegated decision notice has been posted.

3. LINKS TO STRATEGY

3.1 The granting of rate relief is a very cost effective way in which the Council can pursue its 'Regeneration' objective by giving financial assistance to local organisations.

4. THE REPORT

4.1 Background

4.1.1 Under the Council's Scheme of Delegation applications for discretionary rate relief submitted to the Council are determined by the Council's Head of Corporate Finance and Section 151 Officer.

4.1.2 The determination is exercised following consideration of the Council's guidelines on discretionary rate relief supplemented by guidance from Welsh Government and Central Government.

4.2 The Application

Learn and Grow Community Interest Company (CIC)

4.2.1 An application for discretionary rate relief has been received from the above registered Community Interest Company (CIC) in respect of their premises at 11 Commercial Lane, Pontymister, from the 1st October 2016 onwards.

- 4.2.2 A CIC is a type of company for people wishing to establish a business that benefits the community (the population as a whole or a specific group), rather than just the owners, managers or employees. The CIC is a new legal form providing a flexible alternative to charities or industrial and provident societies, particularly suitable for those who wish to work within the relative freedom of a limited company framework without either the profit motive or charity status. To be eligible to be a CIC, an enterprise or business must pass the 'Community Interest Test'. This means that the Office of Regulator of CIC's based in Companies House, Cardiff must receive evidence that the activities of that enterprise or business are carried on for the benefit of the community to such an extent that a reasonable person would agree.
- 4.2.3 Members should be aware that currently the Authority would bear 10% of any discretionary rate relief awarded, with the Welsh Government Pool bearing the remaining 90%.
- 4.2.4 To be eligible for discretionary rate relief, the organisation must satisfy the following conditions:
- a) the organisation or institution occupying the premises must not be established or conducted for profit;
 - b) each of the organisation's main objects must be charitable, or otherwise philanthropic or religious, or concerned with education, social welfare, science, literature, or fine arts;
 - c) the use of the premises must be wholly or mainly charitable, or the premises must be wholly or mainly used for recreational purposes;
 - d) where the premises is wholly or mainly used for recreational purposes, all or part of it must be occupied by an organisation not established or conducted for profit.
- 4.2.5 The main objects of Learn and Grow Community Interest Company are:
- To carry on activities which benefit the community and in particular (without limitation) to support disadvantaged adults and young people through education, training, personal development and employability skills, particularly people with mental health problems, to help them enter employment.
- 4.2.6 The organisation's Memorandum and Articles of Association state that it is not established or conducted for private gain; any surplus or assets are used principally for the benefit of the community.
- 4.2.7 The Articles further state that if the company is wound up under the Insolvency Act 1986 and all of its liabilities have been satisfied, any residual assets shall be given or transferred to Growing Space Ltd, which is a similar not-for profit company. This satisfies the discretionary rate relief requirement for remaining assets to be used for charitable or non-profit making purposes.
- 4.2.8 Learn and Grow CIC serves the local community at its premises in Risca by providing various support to young people and adults through training and learning in creative arts. This includes IT, music, photography, art & design, fashion & textiles, printing, literacy, numeracy and employability skills. The service provided by the company can also be used by those with special needs and learning difficulties, mental health sufferers, both young people and adults.
- 4.2.9 Young people are able to access resources that are normally out of their reach, e.g. musical instruments, recording studio, Apple Mac computers, professional recording software and cameras. They receive free tuition that would normally cost in excess of £20 per hour.
- 4.2.10 The facilities are open to all residents of the Caerphilly County Borough and there is no fee payable for membership.

- 4.2.11 The company has been set up specifically to carry out the objects stated in point 4.2.5 above; it is not established or conducted for profit. In addition, the organisation's main objects are either wholly or mainly charitable, or concerned with religion, philanthropy, social welfare and education, as required under the regulations. It is also clear that the use of the premises is wholly or mainly charitable.
- 4.2.12 The business rate liability of the organisation's premises in Risca from the 1st October 2016 to 31st March 2019 inclusive is £11,682.96. If the Authority were to grant 100% discretionary rate relief, the cost to the Authority of awarding the relief at current levels would be £1,168.30 with the Welsh Government pool bearing the remainder of £10,514.66.
- 4.2.13 The Authority's policy in relation to Community Interest Companies allows for 100% discretionary rate relief to be awarded for premises with a rateable value up to £75,000 and 50% discretionary rate relief where the rateable value exceeds £75,000. As the rateable value of the property being used in this case is £9,900, 100% discretionary rate relief may be awarded.
- 4.2.14 Taking the above matters into consideration, it appears that Learn and Grow Community Interest Company and its use of the premises with a rateable value of £9,900 satisfies all of the relevant qualifying criteria.
- 4.2.15 **Proposal (to be implemented after the third working day the delegated decision has been posted):**
- 100% discretionary rate relief be awarded.**

5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 Effective financial management is a key element in ensuring that the Well-being Goals in the Well-being of Future Generations Act (Wales) 2015 are met. Maximising the take-up of business rate relief minimises the amount of rates payable by a wide range of voluntary and sporting organisations which enables them to use those funds directly in respect of their objectives.

6. EQUALITIES IMPLICATIONS

- 6.1 This report is to advise Members of the proposed determination of the application(s) for discretionary rate relief so the Council's full Equalities Impact Assessment process does not need to be applied.

7. FINANCIAL IMPLICATIONS

- 7.1 These are contained within the report.

8. PERSONNEL IMPLICATIONS

- 8.1 There are no personnel implications.

9. CONSULTATIONS

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

10. RECOMMENDATIONS

- 10.1 Members note the proposed determination of the application(s) for discretionary rate relief under delegated powers which will be implemented after the third working day the delegated decision notice has been posted.

11. REASONS FOR THE RECOMMENDATIONS

- 11.1 As set out throughout the report.

12. STATUTORY POWER

- 12.1 Section 47 of the Local Government Finance Act 1988.

Author: John Carpenter, Council Tax & NNDR Manager
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Consultees: Cllr B Jones, Deputy Leader & Cabinet Member for Finance, Performance and Governance
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Background Papers:

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Rate Relief Application Form, contact ext 3421



POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION

SUBJECT: DISCRETIONARY RATE RELIEF APPLICATION

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE
SERVICES**

1. PURPOSE OF REPORT

1.1 This report sets out details of an application for discretionary rate relief and notes the decision proposed by the Head of Corporate Finance and Section 151 Officer under delegated powers.

2. SUMMARY

2.1 The Council is able to assist a wide range of voluntary and sporting organisations by granting rate relief. This report contains details of an application received for discretionary rate relief and the proposals for the determination of the application to be formally implemented after the third working day the delegated decision notice has been posted.

3. LINKS TO STRATEGY

3.1 The granting of rate relief is a very cost effective way in which the Council can pursue its 'Regeneration' objective by giving financial assistance to local organisations.

4. THE REPORT

4.1 Background

4.1.1 Under the Council's Scheme of Delegation applications for discretionary rate relief submitted to the Council are determined by the Council's Head of Corporate Finance and Section 151 Officer.

4.1.2 The determination is exercised following consideration of the Council's guidelines on discretionary rate relief supplemented by guidance from Welsh Government and Central Government.

4.2 The Application

The Stroke Association

4.2.1 An application for top-up discretionary rate relief has been received from the above registered charity in respect of their offices at Unit A1 Ty Cenydd, 45 Castle Street, Caerphilly, from 2nd January 2018 onwards.

- 4.2.2 The organisation is a registered charity and has therefore already been awarded 80% mandatory rate relief in accordance with rating legislation.
- 4.2.3 Members should be aware that currently the Authority would bear 75% of any top-up discretionary rate relief awarded, with the Welsh Government Pool bearing the remaining 25%.
- 4.2.4 To be eligible for discretionary rate relief, the organisation must satisfy the following conditions:
- a) the organisation or institution occupying the premises must not be established or conducted for profit;
 - b) each of the organisation's main objects must be charitable, or otherwise philanthropic or religious, or concerned with education, social welfare, science, literature, or fine arts;
 - c) the use of the premises must be wholly or mainly charitable, or the premises must be wholly or mainly used for recreational purposes;
 - d) where the premises is wholly or mainly used for recreational purposes, all or part of it must be occupied by an organisation not established or conducted for profit.
- 4.2.5 The main objects of The Stroke Association are:
- Established for the relief of sickness and distress and for the advancement of health by:
 - a) working for the prevention of stroke;
 - b) educating the public in all matters concerning stroke;
 - c) carrying out, promoting or sponsoring research into the prevention or treatment of stroke or other conditions where the effects are similar to stroke; the rehabilitation and long-term care of stroke survivors and publishing the useful results of such research;
 - d) responding to the needs caused by the effects of stroke, or other conditions where the effects are similar to stroke, by providing advice and support to those affected, their families and carers.
- 4.2.6 The organisation's Articles of Association state that the property and funds of the charity must be used only for the promotion of the charity's objects.
- 4.2.7 The Articles further state that on the dissolution of the charity, any assets remaining would be used firstly to meet any liabilities and then directly for the organisation's objects and by transfer to any other charity for the same or similar purposes. This satisfies the discretionary rate relief requirement for remaining assets to be used for charitable or non-profit making purposes.
- 4.2.8 The organisation has a Caerphilly Stroke Recovery Service which provides high quality information, practical advice and emotional support following a stroke. Whether you are a stroke survivor, carer or family member, they will begin working with people after a stroke. They continue to provide the support needed both at home and in the wider community.
- 4.2.9 The service they offer provides:
- Co-ordinated support throughout a stroke journey
 - Home visits

- Leaflets, factsheets and information about Life-after-Stroke Grants and benefits
- Help with returning to work
- Assistance with accessing local leisure and social activities
- Support for carers, and links to other organisations and networks

4.2.10 The organisation provides a service for stroke survivors of any age, and families and carers of people affected by stroke within the Caerphilly County Borough area.

4.2.11 The charity has been set up specifically to carry out the objects given in point 4.2.5 above and is not established or conducted for profit. In addition, the organisation's main objects are either wholly or mainly charitable, or concerned with religion, philanthropy, social welfare and education, as required under the regulations. It is also clear that the use of the premises is wholly or mainly charitable.

4.2.12 The business rate liability of the organisation's premises in Caerphilly from the 2nd January 2018 to 31st March 2019 inclusive is £13,666.99. If the Authority were to grant 20% top-up discretionary rate relief, the cost to the Authority of awarding the relief at current levels would be £2,050.05 with the Welsh Government pool bearing the remainder of £683.35.

4.2.13 The Authority's policy for an organisation registered as a charity with the Charity Commission and occupying one or more rating assessments within the Authority's area with a cumulative rateable value not exceeding £100,000 is to award 20% top-up discretionary relief.

4.2.14 Taking the above matters into consideration, it appears that The Stroke Association and its use of the premises with a rateable value of £21,500 satisfies all of the relevant qualifying criteria.

4.2.15 **Proposal (to be implemented after the third working day the delegated decision has been posted):**

20% top-up discretionary rate relief be awarded.

5. WELL-BEING OF FUTURE GENERATIONS

5.1 Effective financial management is a key element in ensuring that the Well-being Goals in the Well-being of Future Generations Act (Wales) 2015 are met. Maximising the take-up of business rate relief minimises the amount of rates payable by a wide range of voluntary and sporting organisations which enables them to use those funds directly in respect of their objectives.

6. EQUALITIES IMPLICATIONS

6.1 This report is to advise Members of the proposed determination of the application(s) for discretionary rate relief so the Council's full Equalities Impact Assessment process does not need to be applied.

7. FINANCIAL IMPLICATIONS

7.1 These are contained within the report.

8. PERSONNEL IMPLICATIONS

8.1 There are no personnel implications.

9. CONSULTATIONS

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

10. RECOMMENDATIONS

10.1 Members note the proposed determination of the application(s) for discretionary rate relief under delegated powers which will be implemented after the third working day the delegated decision notice has been posted.

11. REASONS FOR THE RECOMMENDATIONS

11.1 As set out throughout the report.

12. STATUTORY POWER

12.1 Section 47 of the Local Government Finance Act 1988.

Author: John Carpenter, Council Tax & NNDR Manager
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Background Papers:

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Rate Relief Application Forms, contact ext 3421



POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION

SUBJECT: DISCRETIONARY RATE RELIEF APPLICATION

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE
SERVICES**

1. PURPOSE OF REPORT

1.1 This report sets out details of application for discretionary rate relief and notes the decision proposed by the Head of Corporate Finance and Section 151 Officer under delegated powers.

2. SUMMARY

2.1 The Council is able to assist a wide range of voluntary and sporting organisations by granting rate relief. This report contains details of an application received for discretionary rate relief and the proposals for the determination of the application to be formally implemented after the third working day the delegated decision notice has been posted.

3. LINKS TO STRATEGY

3.1 The granting of rate relief is a very cost effective way in which the Council can pursue its 'Regeneration' objective by giving financial assistance to local organisations.

4. THE REPORT

4.1 Background

4.1.1 Under the Council's Scheme of Delegation applications for discretionary rate relief submitted to the Council are determined by the Council's Head of Corporate Finance.

4.1.2 The determination is exercised following consideration of the Council's guidelines on discretionary rate relief supplemented by guidance from Welsh Government and Central Government.

4.2 The Application

Welsh Air Ambulance Charitable Trust

4.2.1 An application for top-up discretionary rate relief has been received from the above registered charity in respect of their charity shop at Unit 13-15 The Market Place, Blackwood from the 29th September 2017 onwards.

4.2.2 The organisation is a registered charity and has therefore already been awarded 80% mandatory rate relief in accordance with rating legislation.

- 4.2.3 Members should be aware that currently the Authority would bear 75% of any top-up discretionary rate relief awarded, with the Welsh Government Pool bearing the remaining 25%.
- 4.2.4 To be eligible for discretionary rate relief, the organisation must satisfy the following conditions:
- a) the organisation or institution occupying the premises must not be established or conducted for profit;
 - b) each of the organisation's main objects must be charitable, or otherwise philanthropic or religious, or concerned with education, social welfare, science, literature, or fine arts;
 - c) the use of the premises must be wholly or mainly charitable, or the premises must be wholly or mainly used for recreational purposes;
 - d) where the premises is wholly or mainly used for recreational purposes, all or part of it must be occupied by an organisation not established or conducted for profit.
- 4.2.5 The objects of The Welsh Air Ambulance Charitable Trust are specifically restricted to the following:
- To aid the relief of sickness and injury and the protection of human life by the provision and support of both road vehicles and air ambulances in Wales.
- 4.2.6 The organisation's Articles of Association state that the property and funds of the charity must be used only for the promotion of the charity's objects.
- 4.2.7 The Articles further state that on the dissolution of the charity, any assets remaining would be used firstly to meet any liabilities and then directly for the organisation's objects and by transfer to any other charity for the same or similar purposes. This satisfies the discretionary rate relief requirement for remaining assets to be used for charitable or non-profit making purposes.
- 4.2.8 The charity covers the whole of Wales every single day. Each year their helicopters attend around 2,500 missions, covering rural countryside, bustling towns and cities, along the Welsh coastline and across vast mountain ranges. Their four airbase operations in Caernarfon, Llanelli, Welshpool and Cardiff are ready to save lives wherever needed.
- 4.2.9 The charity can be there for anyone in Wales within 20 minutes. With their expertise they are able to offer Accident & Emergency facilities directly with some of the most pioneering equipment and skills in the world, including blood products and techniques developed in the army which means patients receive advanced care before they even reach the hospital.
- 4.2.10 Welsh Air Ambulance Charitable Trust is funded by the people of Wales; they rely entirely on the public's support to help keep the helicopters flying. The charity does not receive direct funding from the Government and also does not qualify for National Lottery funding. Helicopters are kept in the air through charitable donations and fundraising events.
- 4.2.11 The charity has been set up specifically to carry out the objects given in point 4.2.5 above and is not established or conducted for profit. In addition, the organisation's main objects are either wholly or mainly charitable, or concerned with religion, philanthropy, social welfare and education, as required under the regulations. It is also clear that the use of the premises is wholly or mainly charitable.
- 4.2.12 The business rate liability of the organisation's charity shop in Blackwood from the 29th September 2017 to 31st March 2019 inclusive is £15,311.01. If the Authority were to grant 20% top-up discretionary rate relief, the cost to the Authority of awarding the relief at current levels would be £2,296.65 with the Welsh Government pool bearing the remainder of £765.55.

4.2.13 The Authority's policy for an organisation registered as a charity with the Charity Commission and occupying one or more rating assessments within the Authority's area with a cumulative rateable value not exceeding £100,000 is to award 20% top-up discretionary relief.

4.2.14 Taking the above matters into consideration, it appears that Welsh Air Ambulance Charitable Trust and its use of the premises with a rateable value of £20,000 satisfies all of the relevant qualifying criteria.

4.2.15 **Proposal (to be implemented after the third working day the delegated decision has been posted):**

20% top-up discretionary rate relief be awarded.

5. WELL-BEING OF FUTURE GENERATIONS

5.1 Effective financial management is a key element in ensuring that the Well-being Goals in the Well-being of Future Generations Act (Wales) 2015 are met. Maximising the take-up of business rate relief minimises the amount of rates payable by a wide range of voluntary and sporting organisations which enables them to use those funds directly in respect of their objectives.

6. EQUALITIES IMPLICATIONS

6.1 This report is to advise Members of the proposed determination of the application(s) for discretionary rate relief so the Council's full Equalities Impact Assessment process does not need to be applied.

7. FINANCIAL IMPLICATIONS

7.1 These are contained within the report.

8. PERSONNEL IMPLICATIONS

8.1 There are no personnel implications.

9. CONSULTATIONS

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

10. RECOMMENDATIONS

10.1 Members note the proposed determination of the application(s) for discretionary rate relief under delegated powers which will be implemented after the third working day the delegated decision notice has been posted.

11. REASONS FOR THE RECOMMENDATIONS

11.1 As set out throughout the report.

12. STATUTORY POWER

12.1 Section 47 of the Local Government Finance Act 1988.

Author: John Carpenter, Council Tax & NNDR Manager

Tel: 01443 863421 E-mail: carpewj@caerphilly.gov.uk

Consultees: Cllr B Jones, Deputy Leader & Cabinet Member for Finance, Performance and Governance

Richard Edmunds, Corporate Director for Education and Corporate Services

Nicole Scammell, Head of Corporate Finance & Section 151 Officer

Background Papers:

'Review of NNDR Discretionary Rate Relief Policy' report to Policy and Resources Scrutiny Committee on 20th January 2015

Rate Relief Application Form, contact ext 3421



POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION

SUBJECT: DISCRETIONARY RATE RELIEF APPLICATION

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE
SERVICES**

1. PURPOSE OF REPORT

1.1 This report sets out details of an application for discretionary rate relief and notes the decision proposed by the Head of Corporate Finance and Section 151 Officer under delegated powers.

2. SUMMARY

2.1 The Council is able to assist a wide range of voluntary and sporting organisations by granting rate relief. This report contains details of an application received for discretionary rate relief and the proposals for the determination of the application to be formally implemented after the third working day the delegated decision notice has been posted.

3. LINKS TO STRATEGY

3.1 The granting of rate relief is a very cost effective way in which the Council can pursue its 'Regeneration' objective by giving financial assistance to local organisations.

4. THE REPORT

4.1 Background

4.1.1 Under the Council's Scheme of Delegation applications for discretionary rate relief submitted to the Council are determined by the Council's Head of Corporate Finance and Section 151 Officer.

4.1.2 The determination is exercised following consideration of the Council's guidelines on discretionary rate relief supplemented by guidance from Welsh Government and Central Government.

4.2 The Application

YMCA England

4.2.1 An application for top-up discretionary rate relief has been received from the above registered charity in respect of their charity shop at 87/89 High Street, Blackwood, from the 13th December 2016 to 31st March 2018 inclusive.

4.2.2 The organisation is a registered charity and has therefore already been awarded 80% mandatory rate relief in accordance with rating legislation.

- 4.2.3 Members should be aware that currently the Authority would bear 75% of any top-up discretionary rate relief awarded, with the Welsh Government Pool bearing the remaining 25%.
- 4.2.4 To be eligible for discretionary rate relief, the organisation must satisfy the following conditions:
- a) the organisation or institution occupying the premises must not be established or conducted for profit;
 - b) each of the organisation's main objects must be charitable, or otherwise philanthropic or religious, or concerned with education, social welfare, science, literature, or fine arts;
 - c) the use of the premises must be wholly or mainly charitable, or the premises must be wholly or mainly used for recreational purposes;
 - d) where the premises is wholly or mainly used for recreational purposes, all or part of it must be occupied by an organisation not established or conducted for profit.
- 4.2.5 The main objects of YMCA England are:
- To advance the Christian faith, including by;
- Promoting a Christian environment inspired and motivated by the life, example and teaching of Jesus Christ, where people can work together for the transformation of communities; and
 - Enabling people of all ages and, in particular, young people, to flourish through experiencing and responding to the love of God demonstrated by the life, example and teaching of Jesus Christ.
- 4.2.6 The organisation's Memorandum and Articles of Association state that the property and funds of the charity must be used only for the promotion of the charity's objects.
- 4.2.7 The Articles further state that on the dissolution of the charity, any assets remaining would be used firstly to meet any liabilities and then directly for the organisation's objects and by transfer to any other charity for the same or similar purposes. This satisfies the discretionary rate relief requirement for remaining assets to be used for charitable or non-profit making purposes.
- 4.2.8 YMCA England's focus is on young people and helping them play an active and fulfilling role within their communities. They actively look for opportunities to make a transformative impact on young lives in the communities where they work, and believe that every person is of equal value.
- 4.2.9 With regard to the shop premises in Blackwood, YMCA England provided opportunities for both paid staff and volunteers, with 2 paid local staff and over 10 volunteers. Support was also provided to the local probation service by helping people back in to the community. In addition recycling of clothing, electrical and furniture, bric-a-brac and other items were facilitated at the premises.
- 4.2.10 The recycled and reused goods that were sold were affordable for people on low incomes which benefitted the local community.
- 4.2.11 The charity has been set up specifically to carry out the objects given in point 4.2.5 above and is not established or conducted for profit. In addition, the organisation's main objects are either wholly or mainly charitable, or concerned with religion, philanthropy, social welfare and education, as required under the regulations. It is also clear that the use of the premises was wholly or mainly charitable.

- 4.2.12 The business rate liability of the organisation's premises in Blackwood for the period 13th December 2016 to 31st March 2018 inclusive was £41,451.26. If the Authority were to grant 20% top-up discretionary rate relief, the cost to the Authority of awarding the relief at current levels would be £6,217.69 with the Welsh Government pool bearing the remainder of £2,072.56.
- 4.2.13 The Authority's policy for an organisation registered as a charity with the Charity Commission and occupying one or more rating assessments within the Authority's area with a cumulative rateable value not exceeding £100,000 is to award 20% top-up discretionary relief.
- 4.2.14 Taking the above matters into consideration, it appears that YMCA England and its use of the premises with a rateable value of £63,000 satisfies all of the relevant qualifying criteria.
- 4.2.15 **Proposal (to be implemented after the third working day the delegated decision has been posted):**
- 20% top-up discretionary rate relief be awarded.**

5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 Effective financial management is a key element in ensuring that the Well-being Goals in the Well-being of Future Generations Act (Wales) 2015 are met. Maximising the take-up of business rate relief minimises the amount of rates payable by a wide range of voluntary and sporting organisations which enables them to use those funds directly in respect of their objectives.

6. EQUALITIES IMPLICATIONS

- 6.1 This report is to advise Members of the proposed determination of the application(s) for discretionary rate relief so the Council's full Equalities Impact Assessment process does not need to be applied.

7. FINANCIAL IMPLICATIONS

- 7.1 These are contained within the report.

8. PERSONNEL IMPLICATIONS

- 8.1 There are no personnel implications.

9. CONSULTATIONS

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

10. RECOMMENDATIONS

- 10.1 Members note the proposed determination of the application(s) for discretionary rate relief under delegated powers which will be implemented after the third working day the delegated decision notice has been posted.

11. REASONS FOR THE RECOMMENDATIONS

11.1 As set out throughout the report.

12. STATUTORY POWER

12.1 Section 47 of the Local Government Finance Act 1988.

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