

# Public Document Pack



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

- 1. Capital Strategy Report 2019-20.**
- 2. 2018/19 Capital Expenditure Monitoring Report (Period 7).**
- 3. Corporate Services and Miscellaneous Finance 2018-19 Budget Monitoring Report (Period 7).**
- 4. Discretionary Rate Relief Application - Homestart.**
- 5. Discretionary Rate Relief Application - Pop 'N' Grow.**
- 6. Discretionary Rate Relief Application - RecRock Ltd.**
- 7. Housing Revenue Account Budget Monitoring - Period 7 2018/19.**
- 8. Well-being Objective 3 Mid-Year Update (April - October 2018).**
- 9. Whole Authority Revenue Budget Monitoring Report 2018/19.**
- 10. Write-Off of Debts - 01/04/18 - 30/09/18.**



## **POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION**

**SUBJECT: CAPITAL STRATEGY REPORT 2019/20**

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

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

- 1.1 To submit for consideration prior to its presentation to Council the Capital Strategy report for 2019/20 financial year in accordance with the Prudential Code that was introduced by the Local Government Act 2003.
- 1.2 The report cross-references to the report by the Corporate Director of Education and Corporate Services on Revenue and Capital Budgets ["the budget report"]; and the Treasury Management Annual Strategy, Capital Finance Prudential Indicators and Minimum Revenue Provision Policy for 2019/2020, also considered in this meeting.

### **2. SUMMARY**

- 2.1 The Capital Strategy report is a new requirement for 2019/20 and outlines the principles and framework at the very high level that shape the Authority's capital investment proposals. The principal aim is to deliver an affordable programme of capital programme consistent with the financial strategy and that contributes to the achievement of the Council's priorities and objectives as set out in the Authority's Corporate Plan; consider associated risks; recognise financial constraints over the longer term; and represent value for money.
- 2.2 The Strategy defines at the highest level how the capital programme decision making identifies the issues and options that influence capital spending, and sets out how the resources and capital programme will be managed. In addition the Capital Strategy should comply with the Prudential Code for local authority capital investment introduced through the Local Government Act 2003. The key objectives of the Code are to ensure that capital investment plans are affordable, prudent and sustainable.
- 2.3 The Capital Strategy sets out the framework for capital investment decisions. The strategy for funding this investment is underpinned by the Prudential Code for Local Authority investment, which was introduced by The Local Government Act 2003. The Prudential Code has the following key objectives:
  - That capital investment plans are affordable, prudent and sustainable;
  - That treasury management decisions are taken in accordance with good professional practice;
  - That local strategic planning, asset management and proper option appraisal are supported.

### 3. LINKS TO STRATEGY

3.1 The report has links to the strategic themes of the Authority, taking into account cross-cutting issues where relevant. It has specific links to the following documents:

#### a) **Medium Term Financial Plan**

The Capital Strategy is closely linked to the Medium Term Financial Plan (MTFP), primarily with respect to the affordability of the capital programme.

#### b) **Treasury Management Strategy**

The Treasury Management Strategy links to the Capital Strategy in determining the Authority's approach to borrowing and investments, including borrowing to fund capital expenditure. The Treasury Management Strategy is closely related to the Prudential Code and Prudential Indicators.

The Authority has an integrated Treasury Management Strategy, and has adopted the CIPFA Code of Practice for Treasury Management in Public Services. The Treasury Management Strategy deals with borrowing and investment arising as a consequence of all the financial transactions of the authority, not exclusively those arising from capital spending.

#### c) **Statement of Accounts**

Capital expenditure incurred during the year is reflected in the Balance Sheet of the Statement of Accounts ensuring stewardship of assets is demonstrated. The accurate monitoring and recording of capital expenditure ensures that this document is free from material error. The Statement of Accounts is externally audited at the end of each financial year to certify that it presents a true and fair view of the financial position of the Authority.

#### d) **Regulatory Framework of Capital Spend**

The Procurement Strategy, along with the Contract Standing Orders and Financial Regulations, looks at who can be used to supply goods and services to the Authority, and how these goods and services should best be obtained to secure value for money.

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 **Corporate Priorities**

4.1.1 Underlying the capital strategy is the recognition that the financial resources available to meet corporate and departmental priorities are constrained in the current economic climate. Therefore the Authority must rely more on internal resources and seek ways in which investment decisions can be no less than self-sustaining or generate positive returns both in terms of meeting corporate objectives and producing revenue savings.

4.1.2 The Authority's corporate priorities and well-being objectives are set out in its Corporate Plan, which is published on the Council's website:

[https://www.caerphilly.gov.uk/CaerphillyDocs/Council-and-democracy/Corporate\\_Plan\\_2018-2023.aspx](https://www.caerphilly.gov.uk/CaerphillyDocs/Council-and-democracy/Corporate_Plan_2018-2023.aspx)

## 4.2 **Capital Expenditure and Financing**

4.2.1 Capital expenditure is defined as costs incurred by the Authority in acquiring new property, plant and equipment (PPE); or costs incurred by enhancing existing PPE asset base. Capital expenditure can also be incurred in instances where the asset is owned by a third party but the Authority has provided the third party with a loan or grant. In such instances the expenditure is recorded as if incurred directly by the Authority.

4.2.2 In accordance accounting definitions, expenditure can be capitalised when it relates to:

- The acquisition or creation of a new fixed asset- capitalisation will depend on the creation of rights to future economic benefits controlled by the Authority;
- The enhancement of an existing fixed asset- capitalisation will depend on the works substantially increasing the value of the asset, extending its useful life or increasing its use in service provision.

4.2.3 The Authority has a de-minimus limit for capital expenditure of £10,000. Capital expenditure that is below this de-minimus limit, irrespective of meeting the definition set out in paragraph 4.2.2, is charged to a revenue budget.

4.2.4 The Authority's core capital programme is approved by Council annually as part of the Budget Report, and is funded from the General Capital Grant and Supported Borrowing Approvals. Both of these funding streams are confirmed annually by Welsh government as part of the Local Government Finance Settlement.

4.2.5 The Authority's three year core capital programme from 2019/20 is summarised below:

	<b>2018/19 Approved Budget</b>	<b>2019/20 budget</b>	<b>2020/21 budget</b>	<b>2021/22 budget</b>
	£000s	£000s	£000s	£000s
Council Fund	13,652	10,075	9,995	9,995
Housing Revenue Account	55,801	46,972	20,000	10,000
<b>TOTAL</b>	<b>69,453</b>	<b>57,047</b>	<b>29,995</b>	<b>19,995</b>

Table 1: Prudential Indicator: Estimates of Capital Expenditure

4.2.6 Further details of the 2019/20 – 2021/22 core capital programme and the funding of the programme can be found in the Budget Report.

4.2.7 In addition to the core capital budget that is approved by Full Council, the Authority's capital programme is also funded from slippage (previous years unspent capital budget that is carried forward); external grants and contributions; section 106 funding; and virement of revenue budgets (revenue contribution to capital outlay {RCCO}).

4.2.8 The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not get subsidised, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately, and includes the renovation of existing council stock to a Welsh Housing Quality Standard by 2020.

4.2.9 **Governance:** the core capital budget is approved annually by Full Council as part of the revenue budget setting process. All other capital projects / capital works that do not form part of the core capital programme will require a cabinet report prior to commencement of the capital scheme. Capital projects / works that require to be funded by prudential borrowing will need a decision by full Council. The Cabinet report will need to include the following:

- A link to Corporate Priorities and how the capital project would seek to fulfil such priorities;
- Full option appraisal of the project to demonstrate value for money;
- That capital investment plans are affordable, prudent and sustainable;
- Where prudential borrowing is considered that treasury management decisions are taken in accordance with good professional practice;
- That local strategic planning and asset management plans are supported.

4.2.10 All capital expenditure must be financed, either from external sources (government grants and other contributions); the Authority's own resources (revenue contribution, reserves and capital receipts); or debt (borrowing {supported and unsupported}; leasing; and Private Finance Initiative).

4.2.11 Debt (including leases) is source of finance that is used to fund a capital scheme. However, debt is repayable over time. The Authority sets aside a Minimum Revenue Provision (MRP) every year for the repayment of existing debt. MRP forms part of the debt management budget and is monitored by Corporate Finance. As part of the annual Treasury Management Strategy, which is approved by Full Council in February (along with the Revenue Budget and the Capital Programme), a MRP statement is presented as an appendix to the Strategy annually, and sets out the MRP Policy that is to be adopted by the Authority at the start of the new financial year. The full MRP statement is set out in Appendix 8 of the Treasury Management Annual Strategy.

4.2.12 The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The Authority's estimated CFR is set out in Appendix 6 of Treasury Management Annual Strategy.

### 4.3 **Asset management**

4.3.1 Asset management is about using assets (property, plant & equipment) to deliver value and achieve the organisation's business objectives. To ensure that capital assets continue to be of long-term use, the Authority has an asset management strategy in place.

4.3.2 The Authority's asset management strategy can be found on its website:

<https://www.caerphilly.gov.uk/My-Council/Strategies,-plans-and-policies/Corporate-strategies,-plans-and-policies/Corporate-Asset-Management-Strategy>

4.3.3 As at 31st March 2018 the Authority's fixed assets (property, plant and equipment) had a net book value of £1,317m. The net book valuation is an accounting valuation and which does not translate to market value. Further details can be found in Note 23 to the Authority's 2017/18 Statement of Accounts:

<https://www.caerphilly.gov.uk/CaerphillyDocs/Council-and-democracy/StatementofAccounts-31-03-18.aspx>

4.3.4 **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on acquiring new assets; enhancing the existing asset base; or to repay debt.

4.3.5 Whilst the Authority is intending to dispose of land and building in the future, a change in the law means that any future sale proceeds will need to take in to affect a drainage assessment.

This has arisen as a result of the Welsh Minister for Environment signing off a Commencement Order that brings Schedule 3 of the Flood and Water Management Act 2010 into force in Wales.

4.3.6 From 7th January 2019, all proposed new developments in Wales must include Sustainable Drainage Systems (SuDS). These must comply with the Welsh Ministers' Standards and signed off by the SuDS Approving Body (SAB). The current voluntary standards will become mandatory at the same time. SuDS aim to manage rainfall in a way similar to natural processes, making use of the landscape and natural vegetation to control the flow and volume of surface water. SuDS can deliver multiple benefits including:

- flood risk reduction;
- improved water quality;
- opportunities for habitat creation;
- enhanced biodiversity;
- Supporting well-being through bringing people closer to green and blue community spaces.

4.3.7 Each site could have a different SuDS solution, which depends on the site specifics and topography. Each scheme would need to be considered by the authority at the planning stage and for the SuDS to be approved and adopted. Since the SuDS are site specific it is not possible to forecast a receipt with any degree of accuracy.

4.3.8 **Capital receipts:** As of 1<sup>st</sup> April 2018, Welsh Government issued a capitalisation directive that allows Welsh Authorities to use capital receipts to fund revenue expenditure incurred as a result of transforming service delivery; cutting back services to generate savings; or investing in economic growth projects that are designed to reduce revenue costs or pressures over time. The use of capital receipts to fund such expenditure is permitted until 31 March 2022.

4.3.9 A summary of the Capitalisation Directive issued by the Welsh Government that the Authority can adopt for the Flexible Use of Capital Receipts is detailed in Appendix 1. At present there are no plans to utilise the current capital receipts reserve to fund transformation expenditure.

4.3.10 **Governance:** If in the future the Authority decided to utilise the Capital Receipts Directive to fund revenue expenditure a Cabinet decision will be required. The cabinet report will need to demonstrate:

- A robust business case with a full option appraisal;
- Identification of actual capital receipts received that are uncommitted;
- An analysis of what the capital receipt could have been used for;
- Value for money.

#### **4.4 Treasury Management**

4.4.1 The Chartered Institute of Public Finance & Accountancy defines treasury management as "The management of the organisation's borrowing; investments and cash flows; its banking; money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

4.4.2 Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. Investment balances tend to be high at the start of the financial year as revenue income is received before it is spent, but reduce in the long-term as capital expenditure is incurred before being financed.

4.4.3 Due to decisions taken in the past, the Authority currently has £284.5m nominal debt outstanding as at 31 March 2018, at an average interest rate of 4.61% and £104.5m nominal treasury investments at an average rate of 0.75%.

4.4.4 The Annual Treasury Management Strategy is approved by Full Council every February, and sets out the Authority's Borrowing Strategy; Investment Strategy; and respective prudential indicators.

#### **4.5 Investments for Service Purposes**

4.5.1 The Authority provides capital grants to local businesses for the purpose of economic regeneration (Commercial and Industrial Grant- 2018/19 capital budget of £50k). Such grants are awarded on application and criteria basis. On a separate basis, Community Regeneration Fund (CRF) capital grants are also awarded to the voluntary sector (2018/19 capital budget of £99k). The CRF grants are awarded by a grants panel that meets at least three times a year.

4.5.2 **Governance:** Decisions to award local businesses and the voluntary sector capital grants are undertaken by the relevant service manager in consultation with the Head of Service. The Community Regeneration Fund grant applications are assessed by the Community Regeneration Fund Panel that includes the Cabinet Member for Regeneration. The final decision to award is undertaken by the Head of Regeneration and Planning. In either case the award decision is posted on the intranet.

4.5.3 The decision to make a loan or to purchase share capital will be referred to the Head of Finance, who will in turn make a recommendation to Cabinet and Full Council once an appraisal exercise has been undertaken. The decision to award will need to be funded from the capital programme and will be subject to a robust business case in the first instance.

#### **4.6 Commercial Activities**

4.6.1 A number of local authorities in England are investing in commercial property, either via a fund manager or direct purchase of property in order to generate enhanced treasury returns above the rate of inflation. The returns generated from this type of investments are supporting revenue budgets in an environment when central government revenue support funding is declining year on year.

4.6.2 At present the Authority does not invest in commercial property either directly (through property acquisitions) or indirectly (through a fund manager). Due to the uncertainty around austerity and Brexit, this type of investment is considered to be significantly risky. However, the Authority would like to keep its options open for future investment in property and other commercial investments.

4.6.3 In the event of the Authority purchasing a commercial investment, the Authority may seek to finance the purchase through prudential borrowing. In any such case the Authority will prepare a detail report for Council that includes a full option appraisal and risk assessment of the investment. The report will highlight the rationale for the commercial investment.

4.6.4 With financial return being the main objective, the Authority accepts higher risk on commercial investment than with treasury investments. The principal risk exposures include a decline in the property market; volatility in the capital value of property; capital being tied up in the medium/ long-term horizon and active management of properties when purchased directly rather than purchasing the property through a fund manager. In order that commercial investments remain proportionate to the size of the authority, these are subject to an overall maximum investment limit of £20m.

4.6.5 In recognition of the risks stipulated in the above paragraph, the Authority will adopt a policy whereby 50% of the annual income generated will be ring fenced in an earmarked reserve to offset in any fall in capital values or capital income; or fund any other associated cost. The remaining 50% of the annual income generated will be made available to the Authority to support frontline services and enabling the Authority to achieve a balanced budget. Periodic reviews will take place at least once a year to review this policy. The Head of Corporate Finance would recommend changes to the policy, if appropriate, at any time by way of a report to Cabinet.

4.6.6 **Governance:** Treasury management decisions on commercial investments are made in accordance with the approved Treasury management Strategy. Non treasury investments will be referred to the Head of Finance and the Corporate Management Team to undertake, with further referral to Cabinet and Full Council for the final decision. Monitoring of the commercial investment will be included within the treasury management monitoring reports (or other Council reports) that are presented to the Policy and Resources Committee.

4.6.7 The Authority will seek expert independent and external advice whenever a commercial investment opportunity arises prior to investing. Legal advice will also be sought from within the Authority, and where necessary externally.

#### 4.7 **Revenue Budget Implications**

4.7.1 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP repayments are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

4.7.2 Further details on the revenue implications of capital expenditure are set in Appendix 6 of the Treasury Management Annual Strategy, Capital Finance Prudential Indicators and Minimum Revenue Provision Policy for 2019/2020 report.

#### 4.8 **Knowledge and Skills**

4.8.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions.

4.8.2 Where Council staff does not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Authority currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly, and ensures that the Authority has access to knowledge and skills commensurate with its risk appetite.

4.8.3 **Training:** Key relevant staff will undertake training as and when opportunities arise or whenever there are changes in regulations. The contract for Treasury Consultancy Services includes requirements for Member and Officer training to be provided during any year. Officers will look to schedule treasury management training for Members for autumn 2019. Further Member training will be undertaken as and when required.

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

5.1 The establishment of a capital strategy is a key element of effective financial management and risk management of the Authority's resources, which assists the achievement of the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015.

### 6. **EQUALITIES IMPLICATIONS**

6.1 An Equality Impact Assessment has been undertaken with respect to 2019/20 borrowing requirement. A one off budgetary saving of £500k will be generated from the debt management budget by way of deferring 2019/20 borrowing requirement to 2020/21 financial year. The budget is held by Corporate Finance and used to service new planned debt.



## **7. FINANCIAL IMPLICATIONS**

7.1 There are no financial implications arising from this report.

## **8. PERSONNEL IMPLICATIONS**

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

## **9. CONSULTATIONS**

9.1 No external consultation is required for the purposes of the report. However, advice has been sought from the Authority's current Treasury Management Adviser.

## **10. RECOMMENDATIONS**

10.1 That the annual Capital Strategy Report be considered and noted by the Policy and Resources Scrutiny Committee prior to Council approval.

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

11.1 The Annual Capital Strategy report is a requirement of the CIPFA's Prudential Code (2017 edition).

11.2 The Prudential Code was first introduced through the Local Government Act 2003. Authorities are required by regulation to have regard to the Prudential Code when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003.

## **12. STATUTORY POWER**

12.1 Local Government Act 1972.

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Corporate Management Team (CMT)  
Cllr Barbara Jones- Deputy Leader and Cabinet Member for Finance, Performance and Governance

Background Papers:  
Treasury Management Strategy 2019/20

Appendices:  
Appendix 1: Flexible Use of Capital Receipts Policy

## Appendix 1: Flexible Use of Capital Receipts Policy

### Legislation

- The Local Government Act 2003 (“the Act”), section 15(1) requires a local authority “...to have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify...”. and section 24 of the Act states “In its application to Wales, ...for any reference to the Secretary of State there were substituted a reference to the Welsh Ministers.”
- In December 2017, the Secretary of State announced, the continuation of the capital receipts flexibility programme for a further three years, to give local authorities in England the continued freedom to use capital receipts from the sale of their own asset (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects and release savings. These powers have been exercised under sections 16(2)(b) and 20 of the Local Government Act 2003 (the Act). This will cover expenditure incurred from 1<sup>st</sup> April 2016 up to 31 March 2022, and relates to expenditure incurred as a result of service transformation that reduces costs and generate savings.
- In Further exercise of Welsh Minister’s powers under section 20 of the Act, the continuation of the capital receipts flexibility programme will also be extended to Welsh local authorities within the meaning of section 9 of the Act and regulations made under that section (part 3 SI 2003/3239{W319}).

### Application

- The direction makes it clear that local authorities cannot borrow to finance the revenue costs of service reform. Local authorities can only use capital receipts from the disposal of property plant and equipment assets received in the years in which this flexibility is offered.
- Capital receipts generated from the sale of Council houses Right to Buy scheme are excluded.
- Welsh Ministers believe that individual authorities and groups of authorities are best placed to decide which projects will be most effective for their areas. The key criterion to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate ongoing savings or reduce revenue costs or pressures over the longer term to an authority, or several authorities, and/or to another public body.
- The Capitalisation Directive for the Flexible Use of Capital receipts applies from 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2022.

### Accountability & Transparency

- A disclosure note will be included in the Statement of Accounts in the relevant year detailing the individual projects that have been funded or part funded through capital receipts flexibility.
- As a minimum, the disclosure note should list each project that made use of the capital receipts flexibility, ensuring that it details the split of up-front funding for each project between capital receipts and other sources, and that on a project-by-project basis, setting out the expected savings and/or benefits of investment.

### Qualifying Expenditure

- Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery in a way that reduces costs or demand for services in future years for the Authority or any of the delivery partners. This includes investment which supports economic growth projects which are also designed to reduce revenue costs or pressures over the longer term.

- The set up and implementation costs of any new processes or arrangements can be classified as qualifying expenditure. The ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure.

### **Examples of Qualifying Expenditure**

- There are a wide range of projects that could generate qualifying expenditure and the list below is not prescriptive. Examples of projects include:
  - Preparatory work necessary to support local authority mergers as part of the programme to reform local government in Wales;
  - Sharing back-office and administrative services with one or more other council or public sector body;
  - Investment in service reform feasibility work, e.g. setting up pilot schemes;
  - Collaboration between local authorities and central government to free up land for economic use;
  - Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation;
  - Sharing Chief Executives, management teams or staffing structures;
  - Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;
  - Aggregating procurement on common goods and services where possible, either as part of local arrangements or using the National Procurement Service, Crown Commercial Services or other central purchasing bodies which operate in accordance with the Wales Procurement Policy Statement;
  - Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training;
  - Setting up alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others); and
  - Integrating public facing services across two or more public sector bodies (for example children’s social care, trading standards) to generate savings or to transform service delivery.
  - Investment which supports economic growth projects which are also designed to reduce revenue costs or pressures over the longer term, across one or more local authorities and/or other public sector bodies.



## **POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION**

**SUBJECT: 2018/19 CAPITAL EXPENDITURE MONITORING REPORT (PERIOD 7)**

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

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

1.1 To inform Members of projected capital expenditure for the 2018/19 financial year.

### **2. SUMMARY**

2.1 The report provides details of actual and projected capital expenditure based on information available as at month 7 of the 2018/19 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 22<sup>nd</sup> February 2018.

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 2018/19 financial year totalled £69.45m, consisting of £13.65m for the General Fund and £55.80m for the Housing Revenue Account (HRA). Appendix 1 provides details of the 2018/19 approved budget, the 2017/18 slippage carried forward and additional in-year funding for 2018/19 as at period 7.

4.2 Actual expenditure as at period 7 has been reviewed and budget holders have provided updates on anticipated spend for the remainder of the financial year. Schemes totalling £39.10m have been identified that are unlikely to be delivered in 2018/19. Consequently, these schemes will be carried forward as slippage into the 2019/20 financial year. Members will note from the table below that the majority of the slippage relates to Corporate Projects; Infrastructure schemes; Social Services and the HRA WHQS programme.

<b>Service Area</b>	<b>Scheme</b>	<b>£'000</b>
Corporate Services	Corporate Projects	8,251
Corporate Services	Various Corporate Services	123
Corporate Finance	2019/20 Capital Programme	326
Education	Asset Management	745
Education	Various Education Schemes	455
Environment - Community & Leisure Services	Cemeteries	946
Environment - Community & Leisure Services	Playground Reinstatement	294
Environment - Community & Leisure Services	Ty Duffryn WTS	769
Environment - Community & Leisure Services	Various CLS Schemes	180
Environment -Economic Development & Regeneration	Cwmcarn Forest	159
Environment -Economic Development & Regeneration	Voluntary Sector Grants	40
Environment- Infrastructure	Infrastructure Retaining Walls	141
Environment- Infrastructure	Bridge Strengthening	307
Environment- Infrastructure	A472 Drainage Nelson	569
Environment- Infrastructure	Land Drainage- Corporate	100
Environment- Infrastructure	Land Drainage- Non Corporate	184
Environment- Infrastructure	Corporate Maintenance Tips Mines & Spoils	393
Environment- Infrastructure	Engineer's Former Liabilities	993
Environment- Infrastructure	Monmouth & Brecon Canal	334
Environment- Infrastructure	Various Infrastructure Schemes	74
Environment- Infrastructure	Various Highways Grants	372
Environment- Infrastructure	Various Highways S106 Schemes	752
Environment- Land Reclamation/ Engineers	Bedwas Colliery	237
Environment- Land Reclamation/ Engineers	Unfunded Liabilities Former Land Reclamation Sites	1,907
Environment - Urban Renewal	Bargoed Cinema Development – Under Review	411
Environment - Urban Renewal	Risca S106	475
Environment - Urban Renewal	Various Urban Renewal	194
Environment - Urban Renewal	ERDF Ty Du Nelson	360
Environment - Urban Renewal	ERDF Lawns Industrial Estate Rhymney	665
HRA	WHQS	9,938
Private Housing	Disabled Facility Grants	200
Private Housing	Various Private Housing	285
Private Housing	Home Repair Grant	722
Private Housing	Home Improvement Loans	1,400
Property Services	Demolition Pontllanfraith & Oakdale School	641
Property Services	Various Property Services Schemes	284
Property Services	Penallta House Car Park Extension- Under Review	255
Property Services	Frmr Meals On Wheels Pengam- Under Review	227

Property Services	Longbridge Baths Risca- Under Review	999
Public Protection	Carbon Reduction Schemes	124
Public Protection	Ty Llwyd Landfill Site	200
Social Services	Children's Centre For Complex Needs	3,072
<b>Total: -</b>		<b>39,103</b>

- 4.3 The slippage of £8.25m on Corporate Projects to is yet to be allocated to a specific scheme. A report will be presented to Members later in the year that will identify new capital schemes that require funding from this budget allocation.
- 4.4 The slippage of £0.769m held against Ty Duffryn relates to funding that was initially set aside for the potential Waste Transfer Station. The funding is to remain ring-fenced pending the outcome of the ongoing waste strategy review.
- 4.5 The slippage on the WHQS programme could potentially be greater at the end of the financial year due to ongoing issues relating to procurement, condition surveys and asbestos. This slippage will be ring-fenced to the WHQS.
- 4.6 The Children's Centre for Complex Needs is currently at design phase. The capital budget has been requested to be carried forward as slippage into 2019/20 financial year when construction works is likely to commence.
- 4.7 The table below summarises identified projected underspends totalling £980k: -

Service Area	Scheme	£'000
Corporate Finance	Unallocated underspends	980
<b>Total: -</b>		<b>980</b>

- 4.8 The underspends identified in the table above will be monitored throughout the year and will be made available to support the Capital Programme in future years.
- 4.9 As at 31<sup>st</sup> October 2018 overspends against schemes to the value of £33k were identified: -

Service Area	Scheme	£'000	Comments
Education	School Boiler Replacement Programme	12	Emergency repairs. Overspend to be carried forward and funded from 2019/20 programme.
Environment-Infrastructure	Traffic Calming	20	Pedestrian crossing to encompass other works. Overspend to be funded from in year underspends.
Environment-Infrastructure	River Bridge Newbridge Tc	2	Works complete. Overspend to be funded from in year underspends.
<b>Total: -</b>		<b>34</b>	

- 4.10 As indicated above, the projected overspends totalling £34k will be met from within existing capital budgets or other identified funding.

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

- 5.1 The establishment of budget monitoring is a key element of effective financial management which assists the achievement of the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015.

## **6. EQUALITIES IMPLICATIONS**

- 6.1 This report is for information purposes only. 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 advised of projected spend for the 2018/19 Capital Programme.

## **12. STATUTORY POWER**

- 12.1 Local Government Act 1972.

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Appendices:  
Appendix 1 Capital Monitoring 2018/19 – Period 7

Service Area	B/f Funding 2017.18	B/f Funding Adjustments	Revised B/f Funding 2017.18	Approved Budget 2018-19	Virements	Additional In Year Funding 2018-19	Total Available Funding 2018-19	Expenditure to 31.10.2018	Projected Expenditure to 31 March 2019	Slippage (committed & non-committed)	Projected Outturn Variance Underspend (+); Overspend (-)
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Corporate Finance- Unallocated Balances	1,474	0	1,474	0	0	0	1,474	0	168	326	980
Corporate Services	3,458	0	3,458	5,437	-162	0	8,733	59	359	8,373	0
Education	1,832	0	1,832	1,434	0	3,611	6,877	3,019	5,689	1,200	-12
Environment- Community and Leisure Services	2,559	0	2,559	260	162	124	3,105	600	917	2,188	0
Environment- Economic Regeneration	-39	0	-39	99	0	264	324	-51	125	199	0
Environment- Infrastructure	5,173	0	5,173	2,599	0	7,394	15,166	3,735	10,968	4,220	-22
Environment- Land Reclamation	2,145	0	2,145	0	0	0	2,145	0	0	2,145	0
Environment- Urban Renewal	1,689	0	1,689	89	0	518	2,296	12	191	2,105	-0
Private Housing	1,530	0	1,530	2,183	0	1,135	4,848	1,159	2,241	2,608	0
Property Services	4,025	0	4,025	708	0	403	5,136	1,321	2,731	2,405	0
Public Protection	332	0	332	496	0	160	988	303	665	324	0
Social Services	3,226	0	3,226	347	0	170	3,743	275	671	3,072	0
<b>General Fund Total</b>	<b>27,404</b>	<b>0</b>	<b>27,404</b>	<b>13,652</b>	<b>0</b>	<b>13,779</b>	<b>54,835</b>	<b>10,432</b>	<b>24,725</b>	<b>29,165</b>	<b>946</b>
HRA	0	0	0	55,801	0	364	56,164	24,461	46,227	9,938	0
<b>Total</b>	<b>27,404</b>	<b>0</b>	<b>27,404</b>	<b>69,453</b>	<b>0</b>	<b>14,143</b>	<b>110,999</b>	<b>34,893</b>	<b>70,952</b>	<b>39,103</b>	<b>946</b>





## **POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION**

**SUBJECT: CORPORATE SERVICES AND MISCELLANEOUS FINANCE 2018/19  
BUDGET MONITORING REPORT (PERIOD 7)**

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

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### **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 seven 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 £1,091k 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 a net overspend of £518k, consequently overall the projected outturn position for Education and Corporate Services is an underspend of £573k. The net in year overspend for Education &

Lifelong Learning of £518k does not include an increase in the projected deficit position at closure for Cwmcarn High School. The full details with regards to the Education & Lifelong Learning position will be reported to Education for Life scrutiny committee in January.

4.1.3 The anticipated underspend of £103k 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 additional income.

4.1.4 The anticipated net overspend of £7k in Customer & Digital Services consists of:-

- A projected underspend of £143k 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 - £58k 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 - £217k 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 - £75k underspend due in main to vacancies being held to support the Medium-Term Financial Plan savings requirement for 2019/20.
- Agreement by Cabinet on 31<sup>st</sup> October 2018 requires a transfer from underspends to a earmarked reserve of £500k to cover the investment in Digital Technology.

4.1.5 Legal & Governance is projecting a net underspend of £199k after allowing for the following to be ring-fenced and transferred to earmarked reserves: -

- Projected underspend on Members related expenditure of £10k. 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 £73k on Electoral Services. The Electoral Service underspends in non-election years are ring-fenced to fund overspends in election years.
- Agreed one-off funding from reserves to fund staff for a fixed term.

The net underspend of £199k 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 £176k in Business Improvement Services consisting of the following:-

- Management - £41k due to a delay in appointing to the vacant post of Interim Head of Business Improvement Services.
- Projected underspend of £44k in the Policy Team due in the main to staff reducing their working hours.
- Projected underspend of £72k in the Equalities and Welsh Language Team due in the main to delays in appointing to Translator posts.
- Projected small overspend in the Performance Management Unit.
- Projected underspend of £19k on the Community Safety budget due to a delay in filling a post.

4.1.7 There is a projected net underspend of £324k for Peoples Services mainly consisting of:-

- Human Resources projected net underspend of £182k due in the main to vacancies being held to support the Medium-Term Financial Plan savings requirement for 2019/20, after taking into account the agreed use of reserves for staff.
- CMT Support overspend of £6k due in the main to budget transferred not being sufficient to cover the new staffing structure. This is being monitored closely during the year.

- Trade Union Facilities project a small net underspend of £2k after taking into account the agreed one-off use of reserves to fund staff.
- Communications Unit - £10k underspend due in the main to an increased income on design and print work. This will be closely monitored in year.
- A projected underspend of £136k 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.

4.1.8 For Corporate Property (which forms part of the Communities Directorate) there is a net projected underspend of £263k, consisting of the following: -

- Management - £15k underspend due to various non salary related underspends.
- Energy - £12k underspend due mainly to a temporary reduction in hours of a member of staff.
- Estates - £48k overspend due mainly to a reduction in the anticipated level of fee income, which has been partially offset by staff vacancies. These will be monitored closely in year to try to mitigate the anticipated overspend.
- Non – operational Properties - £17k underspend mainly due to reduced utility costs being incurred.
- Corporate Facilities - £367k underspend mainly due to anticipated savings on various corporate properties. This also includes an anticipated £279k on Ty Duffryn which includes £197k of lease income for 2018-19, this aims to support the Medium Term Financial Plan savings requirement for 2019-20.
- Maintenance – Projected £185k 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 £85k underspend due in the main to anticipated increased workload and associated fee income. These will be monitored closely in year.

4.1.9 There is a projected overspend of £38k on Housing Services which consists of the following:-

- General Fund Housing is expected to show a £5k overspend 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.
- This service area includes a statutory duty for Temporary Accommodation which is demand led and difficult to predict but trends are showing an annual increase in the need for this service. 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.
- The service, however, 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 being identified to meet our statutory duty, to include support for increased house sharing options for young homeless care leavers. 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.
- The projected overspend can be funded from service balances.

- Private Sector Housing is expected to show a £32k overspend 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, but this is only received on completion of the works, and is unlikely to be sustainable once the WHQS has been achieved in 2020. Furthermore, a recent review of Home Repair Grants and the newly introduced loan scheme has shown a slow take up this year meaning the fee income has had to be reduced accordingly by some £70k. Again this is an area that is difficult to predict, although it is anticipated that access to the scheme will increase as it becomes more widely known. There is a projected underspend in salaries which will offset this overspend due to a restructure from the previous managers retirement. The projected overspend can be funded from service balances.

4.1.10 The following table provides a summary of progress in delivering agreed 2018/19 savings, all of these will be achieved in the current financial year: -

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
<b>Grand Total</b>	<b>1,150.00</b>	<b>1,150.00</b>	<b>0.00</b>

## 4.2 Miscellaneous Finance

4.2.1 There is an overall projected underspend of £1,008k in Miscellaneous Finance.

4.2.2 There is a projected net underspend of £486k on Capital Financing budgets which is due to the following:-

- Temporary loans raised in 2018-19 to cover cashflow, offset by assumed borrowing in 2018/19 being deferred to 2019/20, this includes the 21<sup>st</sup> Century Schools and HRA, partly offset by a reduced contribution from HRA for the debt costs due to the deferred borrowing.
- Provision of £242k to fund the ongoing liability of the Senior Officer, as agreed by Council on 13<sup>th</sup> December 2018.

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

4.2.5 The projected overspend on the “Counsel fees” budget will be met from its earmarked reserve. The overspend is primarily due to costs incurred on childcare cases.

## **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.

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M. Eedy – Finance Manager.  
R Tranter – Head of Legal Services  
L Donovan – Head of Peoples Services  
L Lucas – Head of Customer & Digital Services  
C Harrhy, 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 7).

CORPORATE SERVICES DIRECTORATE	Original Estimate 2018/19	Revised Estimate 2018/19	Anticipated Outturn 2018/19	Anticipated Variance 2018/19
<b>SUMMARY</b>				
<b>CHIEF EXECUTIVE &amp; DIRECTOR OF EDUCATION &amp; CORPORATE SERVICES</b>	460,085	367,177	296,243	70,934
<b>CORPORATE FINANCE</b>				
Financial services & Internal Audit	2,124,090	2,124,090	2,021,369	102,721
	2,124,090	2,124,090	2,021,369	102,721
<b>BUSINESS IMPROVEMENT SERVICES</b>				
Management		124,160	83,215	40,945
Policy	648,395	691,472	647,052	44,420
Equalities	384,562	384,562	312,319	72,243
PMU	223,534	226,888	227,185	(297)
Community Safety Partnership	82,093	82,093	63,215	18,878
	1,338,584	1,509,175	1,332,986	176,189
<b>LEGAL &amp; GOVERNANCE SUPPORT</b>				
Legal & Democratic Services	1,090,282	1,090,282	882,066	208,216
Agreed Use of One Off Reserves for Legal Services	(29,514)	(29,514)	(20,218)	(9,296)
Member Services	1,681,273	1,683,880	1,673,685	10,195
Ringfenced to Earmarked Reserves		0	10,195	(10,195)
Electoral Services	323,524	323,524	250,123	73,401
Ringfenced to Earmarked Reserves			73,401	(73,401)
	3,065,565	3,068,172	2,869,252	198,920
<b>CUSTOMER &amp; DIGITAL SERVICES</b>				
IT Services	4,085,463	4,042,386	3,825,289	217,097
Central Services	403,398	400,791	326,184	74,607
Procurement	314,726	314,726	171,375	143,351
Customer First	1,187,491	1,187,491	1,129,560	57,931
Earmarked Transfer to Reserves (Cabinet 31/10/18)			500,000	(500,000)
	5,991,078	5,945,394	5,952,408	(7,014)
<b>PEOPLES SERVICES</b>				
Human Resources	1,505,946	1,505,946	1,294,356	211,590
Agreed Use of One Off Reserves for Human Resources	(30,045)	(30,045)	0	(30,045)
CMT Support	0	108,135	114,158	(6,023)
Trade Union Facilities	88,151	88,151	87,115	1,036
Agreed Use of One Off Reserves for Trade Union Facilities	(61,447)	(61,447)	(62,497)	1,050
Communications Unit	308,953	308,953	298,567	10,386
Health & Safety	902,518	902,518	766,584	135,934
	2,714,076	2,822,211	2,498,283	323,928
<b>TOTAL CORPORATE SERVICES</b>	15,693,478	15,836,219	14,970,541	865,678
<b>CORPORATE PROPERTY SERVICES</b>				
Management	312,809	312,809	298,136	14,673
Energy	135,870	135,870	123,480	12,390
Estates	57,357	100,434	148,401	(47,967)
Non Operational Properties	130,051	130,051	112,627	17,424
Facilities	2,746,018	2,772,722	2,405,235	367,487
Maintenance	2,176,038	2,176,038	2,361,570	(185,532)
Building Consultancy	(201,931)	(201,931)	(286,788)	84,857
	5,356,212	5,425,993	5,162,661	263,332
<b>HOUSING SERVICES</b>				
General Fund Housing	1,317,617	1,317,617	1,323,006	(5,389)
Private Housing	326,020	326,020	358,470	(32,450)
Building Maintenance	0	0	0	0
	1,643,637	1,643,637	1,681,476	(37,839)
<b>TOTAL NON- CORPORATE SERVICES</b>	6,999,849	7,069,630	6,844,137	225,493
<b>TOTAL SERVICES</b>	22,693,327	22,905,849	21,814,678	1,091,171

FALSE

<i>MISCELLANEOUS FINANCE</i>	Original Estimate 2018/19	Revised Estimate 2018/19	Anticipated Outturn 2018/19	Anticipated Variance 2018/19
<b>MISCELLANEOUS FINANCE</b>				
<b>Staff Related Costs</b>				
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
	<b>1,026,060</b>	<b>1,026,060</b>	<b>1,026,060</b>	<b>0</b>
<b>Statutory Benefit Schemes</b>				
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
	<b>13,823,308</b>	<b>13,823,308</b>	<b>13,813,308</b>	<b>10,000</b>
<b>Levies Upon the Council</b>				
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
	<b>8,885,744</b>	<b>8,885,744</b>	<b>8,885,744</b>	<b>0</b>
<b>Capital Financing</b>				
Debt Charges (Principal Repaid)	2,383,236	2,383,236	2,437,379	(54,143)
Debt Charges (Interest Payments)	8,977,172	8,977,172	8,194,817	782,355
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
Earmarked additional Provision Snr Officer (Council 13/12/18)			242,000	(242,000)
CERA (Capital Expenditure funded from Revenue Account)	2,604,319	2,604,319	2,604,319	0
	<b>14,143,141</b>	<b>14,143,141</b>	<b>13,656,929</b>	<b>486,212</b>
<b>Corporate and Democratic Core Costs</b>				
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
	<b>622,806</b>	<b>622,806</b>	<b>552,790</b>	<b>70,016</b>
<b>Grants to Voluntary sector</b>				
Assistance to Voluntary sector	179,333	179,333	179,333	0
	<b>179,333</b>	<b>179,333</b>	<b>179,333</b>	<b>0</b>
<b>Private Finance Initiative</b>				
PFI Schools	2,340,304	2,340,304	2,340,304	0
PFI SEW	3,960,234	3,960,234	3,960,234	0
	<b>6,300,538</b>	<b>6,300,538</b>	<b>6,300,538</b>	<b>0</b>
<b>Other</b>				
NNDR - Authority Empty Properties	130,608	130,608	0	130,608
Counsel Fees	330,720	330,720	500,000	(169,280)
Ringfenced from Earmarked Reserves			(169,208)	169,208
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
	<b>719,909</b>	<b>719,908</b>	<b>278,476</b>	<b>441,432</b>
<b>TOTAL MISCELLANEOUS FINANCE</b>	<b>45,700,839</b>	<b>45,700,838</b>	<b>44,693,178</b>	<b>1,007,660</b>
<b>EXPENDITURE TO DIRECTORATE SUMMARY</b>	<b>68,394,166</b>	<b>68,606,687</b>	<b>66,507,856</b>	<b>2,098,831</b>





## **POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION**

**SUBJECT: DISCRETIONARY RATE RELIEF APPLICATION**

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

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### **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**

##### **Home-Start Caerphilly Borough**

- 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 A, Charter House, 45 Cardiff Road, Bargoed from the 9<sup>th</sup> July 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 Home-Start Caerphilly Borough are:
- To safeguard, protect and preserve the good health, both mental and physical of children and parents of children;
  - To prevent cruelty to or maltreatment of children;
  - To relieve sickness, poverty and need amongst children and parents of children;
  - To promote the education of the public in better standards of child care.
- 4.2.6 The organisation's Articles of Association state that the income and property of the charity must be used only for the promotion of the charity's objects.
- 4.2.7 The Articles of Association further states that on the dissolution of the charity, any assets remaining would be used firstly to meet any liabilities and then transferred to one or more neighbouring Home-Start schemes in England and Wales as nominated by Home-Start UK. This satisfies the discretionary rate relief requirement for remaining assets to be used for charitable or non-profit making purposes.
- 4.2.8 Home-Start Caerphilly provides support to vulnerable parents who are going through a difficult time and have a child under 5, offering friendship and informal support for as long as the parent needs it.
- 4.2.9 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.
- 4.2.10 The business rate liability of the organisation's premises in Bargoed from 9<sup>th</sup> July 2018 to 31<sup>st</sup> March 2019 is £1,517.07. 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 £227.56 with the Welsh Government pool bearing the remainder of £75.85.

4.2.11 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.

4.2.12 Taking the above matters into consideration, it appears that Home-Start Caerphilly and its use of the premises with a rateable value of £4,050 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.

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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 20<sup>th</sup> 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**

##### **Pop 'N' Grow**

- 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 Suite 4 St Margaret's Park, Pengam Road, Aberbargoed, from the 1<sup>st</sup> April 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 main objects of Pop 'N' Grow are:
- A not-for-profit organisation based on the Isle of Wight, whose goal is to give every Neonatal Intensive Care Unit (NICU)/Special Care Baby Unit (SCBU) nationwide a stock of their own unique baby-grows completely free of charge.
  - To aid nursing and care of babies in NICUs/SCBUs. The baby-grows are created with poppers to the arms to allow ease of access for tubing/cannulas, whilst giving baby warmth and comfort.
  - To provide each unit with 5 premature and 5 new-born grows every 6 months, so each unit will receive 20 grows a year, unless more are requested.
  - To use regional representatives to assist in fundraising the cost of the baby-grows for their local unit.
  - To provide, on an ad hoc basis, adapted baby-grows to the general public, free of charge, on a requested basis.
- 4.2.6 The organisation's Constitution states that the income and property of the charity must be used only for the promotion of the charity's objects.
- 4.2.7 The Constitution further states 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 Pop 'N' Grow provide specially-designed clothing which is unique and allows NICU/SCBU babies to be dressed around the wires, tubes or lines they may need during their stay in hospital. Their concept is based on the principle that a parent can feel the emotional and physical attachment to their unique and wonderful baby with the simple action of dressing.

- 4.2.9 All their clothing is made with previous neonatal experiences in mind, along with the knowledge and co-operation of NHS staff, who regularly advise of equipment updates and changes to needs.
- 4.2.10 Pop 'N' Grow also modify clothing for children up to the age of 16 years undergoing chemo treatment, dialysis and transplants.
- 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 Aberbargoed from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2019 is £1,164.95. 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 £174.74 with the Welsh Government pool bearing the remainder of £58.25.
- 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 Pop 'N' Grow and its use of the premises with a rateable value of £1,150 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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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**

##### **RecRock Ltd**

- 4.2.1 An application for discretionary rate relief has been received from the above social enterprise company in respect of their premises at Suite B3 and Suite B4 Britannia Lodge, 3 Caerphilly Business Park and Suite C8 Britannia House, Caerphilly for periods of occupied liability covering 01<sup>st</sup> April 2017 to 31<sup>st</sup> July 2018.

- 4.2.2 The organisation is a Caerphilly-based social enterprise. A simple definition of a social enterprise is one of a business that ploughs the majority of its profits back in to a strong social or environmental mission.
- 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 object of RecRock Ltd is:
- To provide opportunities and access for people to engage with music as a co-operative company.
- 4.2.6 The organisation's Memorandum and Articles of Association state that the income and property of the company must be applied solely towards the promotion of its objects.
- 4.2.7 The Articles further state that on the dissolution of the company, 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 organisation 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 RecRock Ltd is a Caerphilly-based social enterprise that provides music-related projects in the community. They work with groups of people whose interest is in music, helping them to put on an event, gain a qualification, play instruments and, most of all, have fun.
- 4.2.9 Some of the projects they have run in the past include:
- Music workshops in the community
  - Providing entertainment at public events
  - Creating videos
  - Volunteering, work experience and employability projects
  - Working with Welsh Baccalaureate students to deliver the community challenge part of their qualification
  - Providing a community choir for a housing association
- 4.2.10 The organisation works with primary and secondary schools, mental health projects, housing associations, youth projects, learning and physical disabled, young offenders, pupil referral units, Job Centre Plus among others. Its workshops and approach to working with people are proven to improve people's confidence, self-esteem and communication skills.
- 4.2.11 The social enterprise company has been set up specifically to carry out the object given in point 4.2.5 above and is not established or conducted for profit. In addition, the organisation's

main object is 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 Suite B3 and B4 Britannia Lodge for the period 1<sup>st</sup> April 2017 – 31<sup>st</sup> October 2017 inclusive was £2,651.13 and in Suite C8 Britannia House for the period 10<sup>th</sup> October 2017 to 31<sup>st</sup> July 2018 inclusive was £1,531.18. If the Authority were to grant 100% discretionary rate relief, the cost to the Authority of awarding the relief at current levels would be £418.23 with the Welsh Government pool bearing the remainder of £3,764.08.

4.2.13 The Authority's policy for a not-for-profit social enterprise organisation occupying one or more rating assessments within the Authority's area with a cumulative rateable value not exceeding £75,000 is to award 100% discretionary rate relief.

4.2.14 Taking the above matters into consideration, it appears that RecRock Ltd and its use of the premises with rateable values of £2,700, £7,400 and £3,750 respectively, 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.

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Background Papers:

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

Rate Relief Application Form, contact ext. 3421



## **POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION**

**SUBJECT: HOUSING REVENUE ACCOUNT BUDGET MONITORING - PERIOD 7  
2018/19**

**REPORT BY: CORPORATE DIRECTOR – SOCIAL SERVICES AND HOUSING**

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### **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 seven 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 7 is projected to be £600k 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 31<sup>st</sup> 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

3.4 Whilst Housing services contribute towards the Act, this is a financial report for information only and therefore does not directly contribute towards the above wellbeing goals.

## 4. THE REPORT

### 4.1 Introduction

4.1.1 The following paragraphs highlight the major budget variances.

### 4.2 HRA (£600k underspend)

4.2.1 The HRA is currently projecting a £600k 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 (£400k underspend)

4.3.1 Salaries and associated costs within the HRA are currently expected to underspend by some £400k 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 (£165k overspend)

4.4.1 The main area of activity relates to a projected increase in spend in sub-contractors, materials, and the need for additional transport for the HRO team, as a result of increased works associated with supporting 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 delivery of 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 has been 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 (£620k 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 (£245k 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 (£30k) and damp proofing (£86k) 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 £82k. 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 £24k. The contingency budget of £500k is prudently assumed to be fully committed at this stage, but may release further savings if not fully utilised by year end.

- 4.5.3 Planned Cyclical (£375k 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 (£72k), Fire safety doors (£50k). Other savings are anticipated due to works being completed under the WHQS Programme and revised contractual arrangements, such as Gas & Electric Servicing Contracts & testing (£156k), Gas & Electric Remedial Works (£38k), Water Treatment (£9k), and Lift Contracts (£47k). Expenditure is however expected to increase in this area as we roll out a new electrical periodic inspection programme.
- 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 £500k 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 Capital Financing Requirement (CFR) (£65k under spend)**
- 4.6.1 Interest rates have reduced slightly which has resulted in a lower interest charge on our current debt. The current CFR position is made up of historical debt and debt which was taken up in 2015 as part of the Buy Out of the Housing Revenue Account Subsidy (HRAS) system. The opening debt as at 1/4/18 is some £110m which is approximately £40m historical debt and £70m buy out debt. Members will note in 4.8.4 that we have yet to borrow to assist in funding the WHQS Programme.
- 4.6.2 Legislation that was introduced as part of the HRAS buy out imposed a borrowing cap for Caerphilly Homes of some £180m. This gave us headroom of around £70m borrowing before the cap was breached. The borrowing requirement to complete the WHQS programme, based on the 2018/19 plan, is £43m thus allowing some flexibility within the programme for any unforeseen costs.
- 4.6.3 Members may be aware that the Chancellor of the Exchequer recently announced in his UK budget statement, the removal of the borrowing cap for all local housing authorities in England. Welsh Government have since confirmed this will also apply to Wales. This is a positive move that will allow Local Authorities more freedom to borrow, in particular to increase homes, as long as it remains affordable within the terms of The Prudential Borrowing Code of Conduct.
- 4.7 Income (£720k under-recovery)**
- 4.7.1 Based on our half year income projections it has been necessary to reduce the income budget accordingly. The adjustment is some 1.4% of the total income budget of £49.5m.
- 4.8 Revenue Contribution to Capital (RCCO) (£405k underspend)**
- 4.8.1 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 £405k underspend as a result of staff turnover.
- 4.8.2 The total expenditure on the WHQS capital programme as at period 7 is some £28.4m against a budget of £55.8m. This year has seen the highest spend compared to previous years and evidences the increased momentum as the WHQS programme enters its final years.

- 4.8.3 The HRA RCCO allocation 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.
- 4.8.4 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. Based on the spend to date it is likely we will require borrowing in January 2019.
- 4.8.5 WHQS Internal works at week 31 (2/11/18) have achieved 80.38% compliance.
- 4.8.6 WHQS External works at week 30 (26/10/18) have achieved 59.17% compliance (excluding leaseholders) and 60.91% compliance including leaseholders.
- 4.8.7 Total WHQS compliance as at October is 52%.

#### **4.9 HRA Working Balances**

- 4.9.1 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.
- 4.9.2 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 required Housing services are delivered to contribute towards the well-being goals within the Well-being of Future Generations Act (Wales) 2015.

### **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. Any underspends that are generated will currently assist the WHQS programme.

### **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.

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(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 p7 2018/19

## APPENDIX 1

<b>HOUSING</b>	Page	<b>Estimate</b>	<b>Projected</b>	<b>Variance</b>
	No	<b>2018/2019</b>	<b>2018/2019</b>	<b>2018/2019</b>
<b>HOUSING REVENUE ACCOUNT</b>		£	£	£
<b>SUMMARY</b>				
<b>GENERAL MANAGEMENT</b>		1,158,825	1,123,642	35,183
<b>CAPITAL FINANCING</b>		7,912,895	7,847,499	65,396
<b>CENTRAL RECHARGES</b>		2,259,418	2,259,418	-
<b>STRATEGY AND PERFORMANCE</b>		1,718,597	1,525,361	193,236
<b>PUBLIC SECTOR HOUSING</b>		5,278,250	5,172,942	105,308
<b>SUPPORTED HOUSING</b>		-	-	-
<b>BUILDING MAINTENANCE SERVICES</b>		31,193,205	30,270,720	922,485
<b>GROSS EXPENDITURE</b>		49,521,190	48,199,582	1,321,608
<b>INCOME</b>		(49,521,190)	(48,802,563)	(718,627)
<b>(SURPLUS)/DEFICIT CONTRIBUTION (TO)/FROM WORKING BALANCES</b>		-	(602,981)	602,981
<b>HOUSING REVENUE ACCOUNT</b>		£	£	£
<b>GENERAL MANAGEMENT</b>		1,158,825	1,123,642	35,183
<b>CAPITAL FINANCING COSTS</b>				
Interest Charge		5,717,323	5,651,927	65,396
Principal		2,193,725	2,193,725	-
Debt Management		29,439	29,439	-
Resheduling Discount		(27,592)	(27,592)	-
<b>EXPENDITURE TO HRA SUMMARY</b>		7,912,895	7,847,499	65,396
<b>CENTRAL RECHARGES</b>				
Central Recharges		1,786,332	1,786,332	-
Grounds Maintenance recharge to HRA		473,086	473,086	-
<b>EXPENDITURE TO HRA SUMMARY</b>		2,259,418	2,259,418	-

<b><u>HOUSING REVENUE ACCOUNT</u></b>		£	£	£
STRATEGY & PERFORMANCE		90,291	23,023	67,268
PERFORMANCE DEVELOPMENT		668,579	649,004	19,575
COMMUNICATIONS & ENGAGEMENT		114,907	114,198	709
TRANSFORMING LIVES & COMMUNITIES		844,820	739,136	105,684
<b>EXPENDITURE TO HRA SUMMARY</b>		<b>1,718,597</b>	<b>1,525,361</b>	<b>193,236</b>
<b><u>HOUSING REVENUE ACCOUNT</u></b>		£	£	£
<b><u>PUBLIC SECTOR HOUSING</u></b>				
Landlord General		167,788	171,948	(4,160)
Sheltered Accommodation		1,385,952	1,305,484	80,468
Holly Road Community support		3,317	3,812	(495)
Eastern Valley AHO		666,520	667,194	(675)
Upper Rhymney AHO		784,838	784,808	30
Lower Rhymney Valley AHO		9,135	36,182	(27,047)
Gilfach NHO		-	-	-
Lansbury Park NHO		348,286	318,956	29,330
Graig Y Rhacca NHO		281,091	271,801	9,290
Housing Allocations Cont.		120,426	120,426	-
Tenants & Communities Involment		504,858	441,758	63,100
Leaseholders Management		61,935	72,651	(10,716)
Tenancy Enforcement		274,774	253,925	20,849
Rents		714,099	761,780	(47,681)
Community Wardens		(44,768)	(37,783)	(6,985)
<b>EXPENDITURE TO HRA SUMMARY</b>		<b>5,278,250</b>	<b>5,172,942</b>	<b>105,308</b>

<b><u>HOUSING REVENUE ACCOUNT</u></b>		<b>£</b>	<b>£</b>	<b>£</b>
<b><u>RESPONSE REPAIRS &amp; MAINTENANCE</u></b>				
<b>Employee Expenses net of recharges</b>		<b>1,470,944</b>	<b>1,346,718</b>	<b>124,226</b>
<b>Repairs &amp; Maintenance on Housing Stock</b>				
Responsive Repairs		8,771,794	8,985,784	(213,990)
Revenue Contribution to Capital - WHQS Programme		17,493,093	17,087,738	405,355
Group/Planned Repairs (priorities 5 & 8)		-	-	-
Void Repairs (priority 6)		-	-	-
Revenue Projects		1,474,000	1,230,250	243,750
Planned Cyclical		1,747,336	1,373,851	373,485
Planned Programme		-	-	-
		<b>29,486,223</b>	<b>28,677,623</b>	<b>808,600</b>
<b>Transport Related</b>		<b>8,950</b>	<b>9,538</b>	<b>(588)</b>
<b>Supplies &amp; Services</b>		<b>227,088</b>	<b>236,841</b>	<b>(9,753)</b>
<b>EXPENDITURE TO HRA SUMMARY</b>		<b>31,193,205</b>	<b>30,270,720</b>	<b>922,485</b>

<b><u>HOUSING REVENUE ACCOUNT</u></b>		<b>£</b>	<b>£</b>	<b>£</b>
<b><u>INCOME</u></b>				
<b><u>Rents - Dwelling</u></b>				
Gross Rent - Dwellings	(43,130,482)	(43,365,066)	234,584	
Gross rent - Sheltered	(4,792,276)	(4,008,435)	(783,841)	
Gross Rent - Hostel	-	(61)	61	
Voids - General Needs Dwelling/Sheltered	815,000	802,256	12,744	
Voids - Hostel	-	-	-	
Net Rent	<b>(47,107,758)</b>	<b>(46,571,306)</b>	<b>(536,452)</b>	
<b><u>Rents - Other</u></b>				
Garages	(362,477)	(358,770)	(3,707)	
Garage Voids	181,238	192,142	(10,904)	
Shop Rental	(59,872)	(54,672)	(5,200)	
	<b>(241,111)</b>	<b>(221,300)</b>	<b>(19,811)</b>	
<b><u>Service Charges</u></b>				
Sheltered - Service Charges	(1,461,393)	(1,335,226)	(126,167)	
Sheltered - Heating & Lighting	(137,073)	(123,086)	(13,987)	
Sheltered & Dispersed- Alarms	-	-	-	
Catering Recharge - Sheltered Accommodation	(35,420)	(33,438)	(1,982)	
Voids Schedule Water	65,452	69,702	(4,250)	
Non Scheduled Water Rates	(41,780)	(45,802)	4,022	
Welsh Water Commission	(511,407)	(511,407)	-	
Leaseholder - Service Charges	(10,000)	(10,000)	-	
	<b>(2,131,621)</b>	<b>(1,989,257)</b>	<b>(142,364)</b>	
<b><u>Government Subsidies</u></b>				
Housing Subsidy	-	-	-	
	<b>0</b>	<b>0</b>	<b>0</b>	
<b><u>Interest Receivable</u></b>				
Mortgage Interest	(700)	(700)	-	
Investment Income	(10,000)	(10,000)	-	
	<b>(10,700)</b>	<b>(10,700)</b>	<b>0</b>	
<b><u>Miscellaneous</u></b>				
Miscellaneous	-	-	-	
Private Alarms	-	-	-	
Ground Rent	(30,000)	(10,000)	(20,000)	
	<b>(30,000)</b>	<b>(10,000)</b>	<b>(20,000)</b>	
<b><u>INCOME TO HRA SUMMARY</u></b>				
	<b>(49,521,190)</b>	<b>(48,802,563)</b>	<b>(718,627)</b>	



## **POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION**

**SUBJECT: WELL-BEING OBJECTIVE 3 MID-YEAR UPDATE (APRIL - OCTOBER 2018)**

**REPORT BY: CORPORATE DIRECTOR - SOCIAL SERVICES AND HOUSING**

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

- 1.1 To provide members with an update on progress made against Well-Being Objective 3 – Address the availability, condition and sustainability of homes throughout the County Borough and provide advice, assistance or support to help improve people's well-being.
- 1.2 To advise members of a minor change to the objective.

### **2. SUMMARY**

- 2.1 The objective seeks to improve people's well-being through the provision of good quality housing and related support services. It is underpinned by 8 priority aims.
- 2.2 This is the mid-year update for year 1. Performance is on track and there are no emerging risks at this time
- 2.3 A change in operational priorities has resulted in a slight change of emphasis to the priority aims which underpin this objective.

### **3. LINKS TO STRATEGY**

- 3.1 The underlying principles of this objective link clearly to 5 of the 7 well-being goals in the Well Being of Future Generations (Wales) Act 2015: A prosperous Wales; A globally responsible Wales; A healthier Wales; A more Equal Wales and A Wales of Cohesive Communities.
- 3.2 Improving Lives and Communities: Homes in Wales (Welsh Government, 2010), which sets out the national context for housing by improving homes and communities, including the energy efficiency of existing homes, homelessness, and housing-related support services.
- 3.3 The Caerphilly We Want (CCBC, 2018-2023) - Well-Being Plan Objective 4: Positive Places - Enabling our communities to be resilient and sustainable.
- 3.4 Corporate Plan (CCBC, 2018-2023).
- 3.5 Caerphilly Homes Service Plan (2018-2023).
- 3.6 Housing Asset Management Strategy (Sept 2018).

#### 4. THE REPORT

- 4.1 Well-Being Objective 3 has been designed to address the availability, condition and sustainability of homes throughout the county borough and provide advice, assistance or support to help improve people's well-being. It is underpinned by a series of priority aims:
- 1a. All council housing is improved to meet the Welsh Housing Quality Standard by 2020.
  - 1b. Implement an asset management strategy to maintain the condition of the housing stock following WHQS attainment (December 2020).
  2. Increase the provision of new, affordable homes to meet identified needs, promoting 'Lifetime Homes' principles for grant funded delivery, and, where appropriate, supporting Welsh Government's innovative housing programme.
  3. Deliver adaptations to support the health and well-being of people in their homes and maximise the delivery and appropriate use of accessible homes.
  4. Increase the supply of housing by supporting opportunities to bring long-term, empty homes in the private sector back into use.
  5. Tackle the determinants of poor health and wellbeing by improving housing conditions in the private sector.
  6. Prevent homelessness and tackle rough sleeping.
  7. Sustaining tenancies by providing a range of housing related services.
  8. Help reduce fuel poverty by making homes more energy efficient and providing people with advice on how best to heat their homes.
- 4.2 Some minor amendments have been made to this objective since it was first published by the Council. The effects of the amendments have no material change on what we are attempting to achieve. They have been made to reflect a change in operational priorities, which have arisen since publication of the corporate plan. The changes include splitting aim one into two parts to reflect service priorities pre and post WHQS attainment, merging the two private sector housing related aims to form one more cohesive aim, revising some of the actions to achieve the 8 aims and amending the performance indicator framework as a result of the changes.
- 4.3 The objective is set within a 5 year timeframe and this is the mid-year update for year 1. Whilst some of the actions that we intend to carry out are either in their infancy and other actions are not due to commence until later in the timeframe performance is on track with no emerging risks at this time. There are no indications at this stage that the objective will not be successfully completed.
- 4.4 A number of actions have been successfully completed within this period including:
- a) Following consultation with tenants and consideration of any equality issues, an Asset Management Strategy was developed and approved by Cabinet in September 2018.
  - b) Cabinet approval was received in September 2018 on the preferred option for the remodelling of a small number of sheltered housing schemes.
  - c) Cabinet approval was received in September 2018 for proposals to increase the supply of Council Housing.

- d) A comprehensive assessment of the housing market was completed. The information from the assessment will be used to underpin the affordable housing delivery programme and the development of a Local Housing Strategy for the whole of Caerphilly Homes services.
- e) Cabinet approval was received in September 2018 to re-designate properties specifically identified for older people to general needs. This decision will allow the Council to address the lack of provision of 1 and 2 bed general needs accommodation throughout the borough.
- f) The Council worked in partnership with a housing association to bid for funding from the Welsh Government Innovative Housing Programme for planned new 'low carbon' housing association developments. Unfortunately we were unsuccessful on this occasion.
- g) Used Council Tax information to produce an up-to-date database of long-term empty properties in the private sector in the borough. This information will be used to facilitate targeting of the return to use of such properties.
- h) Reviewed and updated the information the Council provides to its tenants on Universal Credit to help mitigate the impact of the benefit, tackle poverty and to increase tenancy sustainability.
- i) In order to improve the energy efficiency of properties and reduce fuel poverty a bid was submitted to Welsh Government for funding through the Arbed programme to complete the remaining 98 private sector properties requiring external wall insulation on the Lansbury Park estate, Caerphilly. Feedback from Welsh Government is awaited.
- j) Completion of 188 major works of adaptation in public and private sector homes to increase residents' independence and safety at home.
- k) Worked with the other four local authorities in Gwent to undertake a review of homelessness services and produce a draft four year homelessness strategy to address the issues identified.
- l) CCBC is in the top quartile in Wales for the successful prevention of homelessness as a percentage of presentations.
- m) Housing staff have provided advice and supported 991 tenants with income maximisation and budgeting resulting in additional income of £226k.
- n) The majority of tenants/residents on the Lansbury Park estate have benefitted from energy efficiency works which have not only transformed the appearance of the estate, but will also contribute towards addressing poverty, reducing carbon emissions, thereby improving the environment and the community's wellbeing.
- o) In addition to the above, good progress has also been made in the delivery of the WHQS programme which is on track to be completed by the WG deadline of December 2020.
- p) The improved progress in the delivery of the WHQS programme has resulted in improved living conditions for tenants, positively impacting on their health, safety and wellbeing as well as enhancing the environment within communities, supporting the local economy and the creation of training and jobs.



## 5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 The report outlines the contribution made towards the Well-being Goals as set out in the Links to Strategy section above. It is consistent with the five ways of working as defined within the sustainable development principle in the Act:-
- 5.2 **Long-term** - Since the Housing Ballot (2012) we continue to make substantial investments and improvements to both the internal and external environments of our social housing stock (Public Sector), including specialised adaptations in accordance with the needs of some of our tenants. Adaptations are also supported and implemented in the Private Sector (often referred to as Disability Facilities Grants).
- 5.3 These fundamental changes and improvements are being achieved through; the implementation of the Welsh Housing Quality Standards; housing adaptations in accordance with tenants and homeowners needs; enhancing the quality of product installations and repairs; improving environments around homes; all aiding the well-being of our communities, its infrastructure and citizens alike, providing homes and communities for now and the future.
- 5.4 **Prevention** - The works undertaken through Housing Services helps to improve lives and communities, by securing local employment either in-house or through supplier, contractor and partnership arrangements.
- 5.5 Works undertaken by our services make significant visual improvements to housing stocks and their surroundings environments (improved the look and feel) helping to prevent anti-social behaviour and enviro-crime.
- 5.6 By raising standards and conditions with improved quality materials and appropriate service response, should aide and ease future maintenance schedules and requirements, better controlling costs, levels of deterioration/depreciation, improve safety and accessibility, while also reducing disruption to our tenants in the future, and aiding quality of life in both Private and Public Sectors, through intervention and support actions that are fit-for-purpose.
- 5.7 **Involvement** - Through established governance and performance frameworks, tenants and local residents are consulted on proposed property and environment improvements works along with various initiatives, and they are periodically informed of progress as part of for example, the WHQS delivery programme.
- 5.8 Numerous working groups are established and well embedded with periodic reporting and feedback opportunities exploited. Welsh Government, Environment Standards, Regulatory Controls and Checks, Tenant Engagement are all part of our daily business.
- 5.9 **Collaboration** - The programme delivery focused on internal collaboration, wider partnership arrangements with suppliers and contractors, joint working with the community and various other interested parties/groups. The delivery of community benefits and tenant engagement by all involved with the WHQS programme is a key focus for the success and delivery of this objective.
- 5.10 **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 including Social Services & Health.
- 5.11 Housing Services and our outlined priorities, contributes to a minimum of 6 out of the 7 well-being goals within the *Well-being of Future Generations Act (Wales) 2015*, including:-
- A prosperous Wales
  - A resilient Wales
  - A healthier Wales
  - A more equal Wales
  - A Wales of cohesive communities
  - A globally responsible Wales

## **6. EQUALITIES IMPLICATIONS**

- 6.1 There are no equality implications at present. Caerphilly Homes carries out equality impact assessments in accordance with corporate guidelines.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 There are no financial implications at present. The actions contained within the objective will be undertaken through a range of funding streams including Housing Revenue Account, General Fund and various Welsh Government grants. Several of the actions underpinning the successful achievement of this objective are wholly dependent on the continuing availability of Welsh Government funding.

## **8. PERSONNEL IMPLICATIONS**

- 8.1 There are no personnel implications at present. A reduction in the level of resources to satisfy medium term financial arrangements could potentially affect the success of this outcome.

## **9. CONSULTATIONS**

- 9.1 All consultation responses have been reflected in this report.

## **10. RECOMMENDATIONS**

- 10.1 That members note progress to date made by Caerphilly Homes against this objective.

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

- 11.1 To inform members of the progress to date made by Caerphilly Homes against this objective.

## **12. STATUTORY POWER**

- 12.1 Housing Acts 1985, 1996, 2004, Housing (Wales) Act 2014, Local Government Measures 2009 and the Well-being of Future Generations (Wales) Act 2015.

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Consultees:

Cllr. L. Phipps	- Cabinet Member for Homes & Places
David Street	- Corporate Director of Social Services & Housing
Shaun Couzens	- Chief Housing Officer
Paul Smythe	- Housing Technical Manager
Fiona Wilkins	- Housing Services Manager
Jane Roberts-Waite	- Strategic Coordination Manager
Lesley Allen	- Principal Accountant (Housing)
Claire Davies	- Private Sector Housing Manager
Sue Cousins	- Housing Solutions Manager
Ros Roberts	- Performance Manager
Ian Raymond	- Performance Management Officer

Background Papers:

Corporate Plan 2018-2023 (can be downloaded from CCBC website)

Appendices:

Appendix 1 Well Being Objective 3 Performance Report

## CORPORATE PLAN PERFORMANCE REPORT

## Well-being Objective 3

## Reporting Period - Mid-Year 2018/19 (April to September)

Performance Against Adopted Tracking Measures	Period	Priority	Actual	Target	Last Result
No. of homes compliant with WHQS (fully, external and internal elements)	2018/19	1a	5,568	5,800	4,259
No. of homes compliant with WHQS in respect of internal elements.	2018/19	1a	8,534	9,136	8,218
No. of homes compliant with WHQS in respect of external elements.	2018/19	1a	6,505	8,618	4,259
Percentage private sector dwellings returned to occupation that had been unoccupied for more than 6 months due to direct action from CCBC. (Quarterly accumulative)	2018/19	4	1.40%	4.30%	4.69%
Cases who have had homelessness prevented. (Section 66)	2018/19	6	72.3%	N/a	76%
Cases who have had their risk of homelessness relieved by providing alternative accommodation. (Section 73)	2018/19	6	38.5%	N/a	33%
The number of people determined as unintentionally homeless, in priority need and eligible for assistance (Section 75)	2018/19	6	69.1%	N/a	71%
Value of financial savings (£) generated for council tenants as a direct result of support	2018/19	7	226,323	250,000	903,508

**1a. All council housing is improved to meet the Welsh Housing Quality Standard by 2020.**

Key Actions / Tasks	Owner & Completion Date	Additional resource required?	Success Criteria	Progress update
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 51</p> <p>1.</p>	<p>Delivery of the annual capital investment programme in respect of internal and external repairs and improvements.</p> <p>WHQS senior management</p> <p>March 2020</p>	<p>See progress update.</p>	<p>Annual targets up until the end of 2020 are successfully met.</p>	<p>Up to 2020 has been costed in the 30-year housing business plan, which remains affordable throughout delivery. No borrowing has been undertaken to date but the first tranche of borrowing is anticipated in Q3 2018/19 of some £20m.</p> <p>Additional resource in relation to sheltered schemes has been approved and will be utilised as and when required during the year.</p> <p>£24.9m (45%) has been spent in the first 6 months of the year; against an annual spend of target £55.8m. Projected spend for this year is £48.7m.</p> <p>Projections indicate that 100% compliance remains achievable prior to the deadline of December 2020.</p> <p>Due to retirement and long-term sickness, addition resources are required to</p>

					<p>ensure programme milestones are met, e.g. quantity surveyors.</p> <p>To ensure that sufficient resources are in place, foremen in HRO team will be providing assistance with mopping up contracts.</p>
2.	To meet the requirements of Part 7 of WHQS by undertaking adaptations where these are identified.	<p>Project managers advised by Occupational Therapists (OT)</p> <p>Mar 2020</p>	A temporary increase in OT resource will be required to address additional OT assessments identified.	Improved quality of life for tenants, ensuring that they are able to remain in their homes, independently for longer.	OT assessments continue to be made in relation to both internal and external work in order to meet the specific needs of our tenants. Sickness absence has resulted in resources being utilised from private sector housing and an element of overtime working.
3.	Implement the environmental improvements to meet Part 6 of the standard of attractive and safe communities.	<p>J Roberts-Waite &amp; environmental officers.</p> <p>Mar 2020</p>	Resources in place. Additional consultancy support may be required for detailed scheme design.	The local environment within which tenants live is improved aesthetically and provides a safer community in which to live.	Resources to undertake engagement are fully deployed across the borough. However, additional resources have been made available to Parks and Engineering in order to expedite delivery of outstanding projects by the March 2020 deadline. To date, 36 projects have been completed, 23 are ongoing and 23 are outstanding.

**1b. Implement an asset management strategy to maintain the condition of the housing stock following WHQS attainment (December 2020.)**

Key Actions / Tasks		Owner & Completion Date	Additional resource required?	Success Criteria	Progress update
1	Develop a draft Asset Management Strategy.	S Couzens	No.	Draft strategy developed.	Strategy prepared in readiness for consultation exercise.
		Sept 2018			Action completed. Strategy report completed and approved by Cabinet.
2	Carry out a EIA screening exercise on draft Asset Management Strategy.	S Couzens	No.	Establish whether a full equality impact assessment is required.	Action completed. An EIA will be considered for the individual elements of the Strategy.
		Aug 2018			
Page 53	Consult tenants on the draft Asset Management Strategy.	S Couzens	No.	Consultation exercise completed. Feedback considered and, where appropriate, incorporated into the final report.	Consultation documentation prepared and in the process of being issued in Aug 2018.
		Aug 2018			Action completed. Consultation exercise undertaken via tenant' newsletter. The consultation responses were supportive of the strategy proposals.
4	Present finalised Asset Management Strategy to Cabinet for approval.	S Couzens	No.	Cabinet approval provided.	Strategy and report prepared in readiness for meeting in Sept 2018.
		Sept 2018			Action completed. Strategy and report approved by Cabinet in September 2018.
5	Ensure that our asset management systems inform the delivery plan by identifying key component replacement needs based on life cycle estimates.	P Smythe	No.	The systems produce accurate information to inform the delivery plan.	Following completion of B3.
		Dec 2019			Validation process ongoing to ensure Keystone database accurately informs the delivery plan.

6	Produce a delivery plan detailing future planned maintenance programmes and the development of new council housing.	P Smythe / S. Couzens  Mar 2020	No.	The plan details the economic and efficient delivery of the following services: <ul style="list-style-type: none"> <li>• Void properties;</li> <li>• Asset management programme;</li> <li>• Remodelling of sheltered housing schemes;</li> <li>• Accessible housing;</li> <li>• Energy improvements; and</li> <li>• New council housing.</li> </ul>	Surveys to inform the delivery of the planned maintenance programme will commence in 2019. Options being considered for increasing council house supply, which includes purchasing empty properties, via section 106 agreements and new build. Resources also being reviewed.
Page 54	Undertake a review of the existing WHQS procurement strategy.	P Smythe  Mar 2019	No.	Review completed and the revised strategy supports the delivery plan, ensures value for money and maximises community benefits.	Dynamic Purchasing System (DPS) arrangement now implemented in the North area following loss of main contractor (Vinci). Consideration also being given for the remaining contractor Engie (East area) to move into the North area to support the DPS arrangement.
8	Options for remodelling of sheltered schemes to be determined.	F Wilkins  Sept 2018	No.	Cabinet decision made to enable projects to progress post 2020.	Approval of remodelling report awaited Cabinet meeting September 2018.  Action completed. Cabinet approval obtained in September 2018 to enable proposed projects to proceed. 1 scheme to be brought back into main programme for completion in 2020.

8	Ensure that the HRA business plan remains financially viable.	L Allen & S Couzens  Quarterly (ongoing)	No.	The business plan demonstrates financial viability of the service as identified by the delivery plan.	Monitoring of business plan ongoing. New model recommended by WG has recently been procured. New model has been tested in year and will be submitted as part of the 2019/20 MRA application (March 2019).
9	Review resource and contract arrangements for delivery of asset management strategy.	Housing Management Team  Dec 2019	Yes.	Adequate resources in place to deliver all aspects of the strategy	Review of resources to be undertaken following approval of the strategy. Action commenced. Process on-going.



**2. Increase the provision of new, affordable homes to meet identified needs, promoting ‘Lifetime Homes’ principles for grant funded delivery, and, where appropriate, supporting Welsh Government’s innovative housing programme.**

Key Actions / Tasks		Owner & Completion Date	Additional resource required?	Success Criteria	Progress update
1.	Complete the local housing market assessment, which will identify the number, type and location of homes, required and will help look at solutions.	M Jennings 2018/19 then every 2 years	No.	Production of approved Local Housing Market Assessments, within 2 yearly set timeframes.	Action completed. A comprehensive and robust assessment was completed in 2018/19, approved by the head of service, and will be proactively used to inform key decisions over the next 2 years.
Page 26	Produce a local housing strategy (LHS), which provides a framework in the borough for the provision of housing and related support.	M Jennings Sept 2019	No.	Strategy implemented within timescale following a stakeholder and public consultation exercise and approval from council.	Work on development of the LHS is not due to start until 2019.
3.	Produce and submit quarterly to Welsh Government a Programme Delivery Plan (PDP), which is based on accurate assessment of housing need.	K Fortey Quarterly recurring	No.	A PDP, based on accurate assessment of housing need, is produced and submitted within specified deadlines.	PDP (Q2 18/19) produced and submitted within timeframe. All available funding for next three years allocated.
4.	Review designation of council accommodation for smaller households in light of changing demands.	F Wilkins December	No.	Cabinet decision made to support re-designation of properties identified	Approval of re-designation report awaited - Cabinet meeting September 2018.

		2018		following an initial review and to delegate decisions on further re-designations to officers. Re- designation of properties identified in Cabinet report completed.	Action completed. Cabinet approval obtained in September 2018 to re-designate specific identified older people's properties for general needs, and approval given for officers to re-designate additional older persons accommodation to general needs in future, in consultation with the Cabinet Member.
Page 57	Housing associations complete bid for innovative housing programme (year 2 programme).	K Fortey July 2018	Yes. Welsh Government IHP funding.	The bid is produced and submitted within specified deadlines, an award of funding is received from Welsh Government, the planning applications have been submitted and Phase 1 has commenced on site.	Action completed. Pobl submitted a bid for Coronation Road, Blackwood and St Mary's Church, Pontllanfraith but unfortunately were unsuccessful in both cases.
	6. Start on site for innovative housing programme (year 1 programme): <ul style="list-style-type: none"> <li>Develop 38 units to Passivhaus standard at the former Caerphilly Magistrate's Court (Linc Cymru).</li> </ul>	K Fortey 2019/20	Yes. Welsh Government IHP funding.	The developments progress in accordance with the individual project management plans.	The demolition of the former Court building was completed in June. Piling works also completed and the laying of ground beams in progress. The programme is currently on track to deliver the units in early December 2019.

	<ul style="list-style-type: none"> <li>Develop 19 units to Passivhaus standard at the former Cwm Ifor primary school (United Welsh)</li> </ul>				The project is behind target due to a number of challenges around risk, requiring a tender process to be undertaken to ensure best value. Tenders are due to be returned early in the new year, with exchange of contracts before the end of the financial year.
7.	Complete an evaluation of the Passivhaus and Beattie Passive schemes.	K Fortey 2022/23	TBC.	Evaluation completed, providing detailed information to inform future provision.	This action is not due to commence until 2022.
8.	Commencement of the Local Authority Build Programme:  Yr. 1 acquisition of empty properties; and Yr. 2 acquisition of empty properties and new build programme.	K Fortey  Mar 2020	Yes. WG Grant allocation.	Grant funding has been accessed to acquire empty properties and to develop new build properties.	Year 1 is 2018/19. The aim this year is to complete between 4-8 acquisitions that will be refurbished to WHQS. Applications for funding to be made by the end of Dec 2018.

### 3. Deliver adaptations to support the health and well-being of people in their homes and maximise the delivery and appropriate use of accessible homes.

Key Actions / Tasks		Owner & Completion Date	Additional resource required?	Success Criteria	Progress update
1.	Provision of appropriate minor works of adaptation across all tenures by expenditure of the available Social Services budget.	C Davies Annually recurring	Dependent on Social Services funding.	People are able to live independently as a result of the adaptations to their home, thereby contributing to the health and wellbeing agenda.	Total spend in this period of £80,216, consisting of 487 individual adaptations, which included handrails, grab rails, small ramps, steps, shower seats etc.
Page 159	Provision of appropriate major works of adaptation in public and private sector housing via the spending of available capital funding and Welsh Government ENABLE funding.	C Davies Annually recurring	No however some adaptations are dependent on ENABLE funding.	People are able to live independently as a result of the adaptations to their home, thereby contributing to the health and wellbeing agenda.	Total spend in this period of £766,563 (£458,754 - private, £307,809 public), consisting of 188 individual adaptations, which included showers, ramps, stair-lifts etc.
3.	The provision of discretionary relocation grants in cases where the existing property is not suitable to adapt to meet the needs of the disabled resident.	C Davies Annually recurring	No.	People are able to live independently as a result of relocating to a more appropriate property, thereby contributing to the health and wellbeing agenda.	Total spend in this period of £34,000, which included an extensive major works of adaptations.
4.	Continued partnership working with Care & Repair enabling the elderly and infirm to receive additional assistance via a range of initiatives including the Rapid Response Adaptations Programme and Independent Living Grant.	C Davies Annually recurring	Dependent on ENABLE funding.	People are able to live independently as a result of the adaptations to their home, thereby contributing to the health and wellbeing agenda.	Total spend in this period of £64,449, consisting of 201 individual adaptations (194 RRAP and 7 ILGs), which included those adaptations listed in B1 and B2 above.

<p>5. Page 60</p>	<p>Complete the ongoing categorisation exercise to identify accessibility levels of the social housing stock owned by the council and its partner landlords:</p> <ul style="list-style-type: none"> <li>• Establish a baseline by landlord;</li> <li>• Agree reasonable proportionment and timescales for each landlord; and</li> <li>• Monitor landlord performance.</li> </ul>	<p>S Cooper  Annually recurring</p>	<p>No.</p>	<p>Exercise completed and detailed information available on accessibility levels within the social housing stock.</p>	<p>6,112 Council properties (10,772) are medically categorised and being updated via the mandatory void process through Abritas.</p> <p>Housing Occupational Therapist (HOT) is actively working with Housing IT in order to develop a central repository that will update stock and medical categories for all social housing stock. Proactive involvement from the housing partners is required to assist with the current stock profile; partners will update their stock profile list with the medical codings.</p> <p>HOT to contact all partners by January 2019. Updated profiles to be provided by landlords quarterly. Housing OT to monitor ongoing progress. Currently the percentage of partner landlord properties that are coded is not known.</p>
<p>6.</p>	<p>Improve accessibility of current stock that lends itself to meeting demand for accessible housing (categorised as either A1 or A2).</p>	<p>C Davies  Annually recurring</p>	<p>Dependent on ENABLE funding.</p>	<p>Demand for accessible housing is met, partially or fully, by improvements made to the existing stock.</p>	<p>One bungalow in Caerphilly will change to a category A from category B by improving outside access and some internal modifications.</p>

7.	Work with housing association partners and the occupational therapist (housing) to meet the high supports needs of identified clients through the delivery of bespoke adapted housing.	K Fortey  Annually recurring	WG grant funding.	Bespoke adapted housing needs are considered as part of the Programme Delivery Plan.	One property has been purchased by First Choice Housing Association to meet an identified accessible housing need. Total funding for acquisition and works of £321,212 (Recycled Capital Grant and Social Housing Grant). Date of completion expected December 2018.
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#### 4. Increase the supply of housing by supporting opportunities to bring long-term, empty homes in the private sector back into use.

Key Actions / Tasks		Owner & Completion Date	Additional resource required?	Success Criteria	Progress update
1.	Providing financial assistance to support bringing long-term empty homes in the private sector back into beneficial use, including loans.	C Davies & I Burgess Annually recurring	WG recyclable funding.	Long-term empty homes in the private sector brought back into beneficial use as a result of the support provided.	1 House into Homes loan has been awarded to date totalling £25k (3-bed end of terrace property).
2.	Targeting the owners of empty homes with two ad hoc initiatives.	C Davies	No.	Targeting the owners of empty homes with two ad hoc initiatives.	This action is not due to commence until 2019/20.
3.	Update the empty homes database using information from Council Tax.	C Davies & I Burgess Annually recurring	No.	The database will contain up-to-date information, which will assist in the undertaking of a baseline analysis.	Annual update of database for 18/19 completed - 1,575 properties recorded.
4.	Undertake a baseline analysis of the empty homes database.	C Davies & I Burgess Mar 2019	No.	The baseline analysis provides update-to-date and accurate information to inform operational activities.	Risk assessment of all empty properties ongoing with assistance from 2 additional staff resources. 520 out of the 1,575 risk assessment completed.

5.	Set up and maintain a corporate empty homes working group.	C Davies & I Burgess  Annually recurring	No.	The group meets regularly on a quarterly basis with appropriate actions to address empty homes arising out of the meetings.	Corporate working group established. First meeting held.
6.	Use the information from the empty homes database to produce a GIS layer of empty homes in the borough, thereby informing strategic action.	C Davies & I Burgess  Mar 2020	IT support.	Information on empty properties in the borough is displayed on a GIS.	This action is not due to commence until 2019/20



## 5. Tackle the determinants of poor health and wellbeing by improving housing conditions in the private sector.

Key Actions / Tasks		Owner & Completion Date	Additional resource required?	Success Criteria	Progress update
1.	Undertake a publicity exercise to increase awareness of NEST scheme to private sector landlords.	K Rivers Mar 2020	Subject to the availability of external funding.	Completion of action within timeframe.	This action is not due to commence until 2019/20.
Page 64	Administering financial assistance to landlords via loans.	C Davies Annually recurring	No.	Funding is accessed by landlords to remedy disrepair in the private rented sector.	No landlord loans awarded to date. 5 enquiries for assistance outstanding.
3.	Enforcement of housing legislation to ensure minimum standards are met in the private rented sector both in properties in single and multiple occupations, including repair, prohibition and demolition, where appropriate.	C Davies Annually recurring	No.	Disrepair in the private rented sector is addressed and remedied.	5 enforcement notices have been served in relation to the PRS to remove category 1 and 2 hazards including damp, mould and excess cold.  10 HMOs inspected in Q1 &2.

4.	Working in partnership with Rent Smart Wales to drive up standards in the private rented sector.	C Davies  Annually recurring	No.	Standards of management in the private rented sector are improved.	We are continuing to work closely with RSW to improve housing conditions. Approximately 98% of rented properties in the borough are now registered. Records show that complaints about the PRS have reduced this year, although, it is too soon to attribute this to RSW yet.
5.  Page 65	Help vulnerable people, living in properties in an EPC band E, F or G, get funding towards heating and insulation upgrades in their homes, under the Flexibility Eligibility ECO3 fund, by issuing declarations qualifying households.	K Rivers  Mar 2022	No.	Alleviation of fuel poverty for those people accessing this funding stream and an improvement in health and wellbeing as a result of the condition of housing in the sector being improved.	Work in progress. Awaiting a procurement exercise. It is anticipated that the <i>Statement of Intent</i> will be in place by March 2019.
6.	Following receipt of a referral from British Gas, as part of the Welsh Government Nest scheme, carry out inspections of properties to assess whether they meet the requirements of the housing health and safety rating system (HHSRS) to be able to access a package of free energy efficiency improvements.	K Rivers  Mar 2023	No.	Alleviation of fuel poverty for those people accessing this funding stream and an improvement in health and wellbeing as a result of the condition of housing in the sector being improved.	To date we have received 6 Nest referrals. All properties have been assessed as satisfactory in terms of hazards and Nest has been notified.

## 6. Prevent homelessness and tackle rough sleeping.

Key Actions / Tasks		Owner & Completion Date	Additional resource required?	Success Criteria	Progress update
1.	Work in partnership with local authorities in the region to produce a regional homelessness strategy and local action plan.	S Cousins Dec 2018	No. The region has jointly funded a resource to facilitate the development of the strategy.	A regional homelessness strategy and local action plan prepared and introduced within timescales, which provides a strategic framework for the provision of homelessness services both regionally and locally.	The homeless review has been completed and the strategy and action plan documents have been prepared and submitted to member for formal approval.
2.	Pilot a shared housing project for single people under 35 and evaluate its success.	S Cousins Dec 2018	No	The pilot has been in place for a sufficient period of time to allow for a robust evaluation of its operation.	The pilot house share project has been reviewed and will continue subject to various amendments to the partnership agreement, including more definition on partner roles.

3.	Work in partnership with Cornerstone to provide the Church's night shelter project between each year (typically December to March) to provide relief for street homeless.	S Cousins  Annually recurring	No.	Street homeless are supported to access a range of health, well-being and housing services.	Preparations are in place to complete the annual rough sleeper count (Nov 2018).  Continued partnership arrangements are in place with Cornerstone Support Services and the Church partnership to provide winter night shelter provisions.
4. Page 67	Work in partnership with other LAs to examine the need for a Gwent 'Housing First' model to reduce the level of homelessness for people who are unable to maintain tenancies due to mental health, substance misuse or chaotic lifestyles.	S Cousins  Apr 2018	Yes - WG funding (via bidding process)	The partnership receives funding from Welsh Government to pilot the model.	This action links to an action contained in the Gwent Homelessness Strategy 2018-22 - objective 4.  This action is identified in the Homelessness Strategy: to develop and deliver models in partnership with RSL partners to deliver Housing First projects. A regional working group will be established with a target date of Feb 2019.

## 7. Sustaining tenancies by providing a range of housing related services.

Key Actions / Tasks		Owner & Completion Date	Additional resource required?	Success Criteria	Progress update
1	Provide mental health training for key housing staff.	F Wilkins April 2020	No.	Training completed. Staff awareness of mental health issues and how they can relate to their service area are increased and staff are well equipped to support tenants who have mental health problems.	Meeting held with Workforce Development to scope training requirements and obtain their agreement to facilitate the training. WD to identify training provider.  Consideration given to identifying key staff that would most benefit from the training.
2	Undertake a review of housing management policies and procedures to ensure that they take into consideration mental health issues.	F Wilkins Ongoing to 2021/22	No.	The relevant policies have been reviewed and, where applicable, take into consideration mental health issues.	Ongoing. 12 procedures reviewed to date.
3	Work with disability organisations to review signposting arrangements.	F Wilkins April 2019	No.	Signposting arrangements reviewed and, where necessary, updated.	Identified DEWIS Cymru as primary source of local information or advice about well-being or how to help somebody else. Representative of organisation to attend Managers Briefing in Q3 to raise awareness amongst staff.

4	Review the financial advice and welfare benefit information provide on the council's website to ensure it is up-to-date.	S Isaacs & K Watkins  March 2019	No.	The information has been reviewed and, where necessary, updated.	Action successfully completed. Universal Credit links and information has been added and this will be continuously reviewed and where necessary updated.
5	Provide help to tenants to enable them to budget effectively, to claim the correct welfare benefits and to mitigate the impact of welfare reforms.	S Isaacs  Annually recurring	No.	Tenants are able to budget effectively and, where applicable, are in receipt of the correct benefits.	All tenants moving to Universal Credit are offered a visit to provide assistance to enable them to budget effectively. The numbers will be monitored and reviewed to ensure resources are effectively distributed.
Page 69 6	Refer council tenants in need of money and debt advice to the right agencies.	S Isaacs & S Cousins  Annually recurring	No.	A clear process is in place to ensure that tenants are referred to the right agencies for money and debt advice.	38 council tenants referred to Citizens' Advice.  A referral process is in place which responds to the threat of homelessness in council held tenancies where a Debt Relief Order or bankruptcy order could be considered. This project is only aimed at tenants at specific threat of homelessness, i.e. in breach of a current possession order.
7	Provide advice to tenants on energy usage and other measures to help save money.	S Isaacs  Annually recurring	No.	Tenants' income is maximised through the receipt of energy usage and money saving advice.	The tenancy support officers continue to provide energy advice supporting 132 tenants in the first 6 months.

## 8. Help reduce fuel poverty by making homes more energy efficient and providing people with advice on how best to heat their homes.

Key Actions / Tasks		Owner & Completion Date	Additional resource required?	Success Criteria	Progress update
1	Submit bids to the Welsh Government under Arbed or other energy efficiency initiative funding to carry out energy efficiency improvements in the private and public sector.	S Martin & K Rivers  Subject to funding opportunities	Yes. This action is dependent on the availability of external funding.	Energy efficiency improvements are carried out to homes in the private and public sectors.	A bid has been submitted to WG to complete the remaining 97 private properties in Lansbury Park. We are awaiting the outcome of the submission.
2	Provide advice to council tenants on energy saving measures and energy usage and installations.	S Martin  Annually recurring	No.	Tenants receive advice on energy saving measures and energy usage and installations.	Ongoing. Type of advice given is to sign post residents to appropriate grant agencies that could assist the resident that may qualify for energy grant funding (e.g. Nest).
3	Roll out EPC surveys to the councils housing stock to establish level of existing energy ratings.	S Martin  Annually recurring	No.	Use information to compare energy efficiency of CCBC against WG targets.	Contract in place and commenced to establish EPC to all Council properties following completion of WHQS works.
4	Roll out contract for upgrading loft insulation to all council owned properties.	S Martin  Apr 2020	No.	Improved insulation is completed resulting in lower energy bills for our tenants.	Progress relatively slow to date due to access issues. New arrangements now being put in place to continue via an appointment system.
5	Publish a 'statement of intent' for ECO (Energy Company Obligation) Flexible Eligibility funding to direct assistance towards private sector homes at risk of fuel poverty.	C Davies & K Rivers  Mar 2019	No.	Energy efficiency improvements are carried out private sector homes at risk of fuel poverty.	The Statement of Intent will be published once the procurement exercise has been finalised (anticipated Mar 2019).



## **POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION**

**SUBJECT:      WHOLE AUTHORITY REVENUE BUDGET MONITORING REPORT  
                  2018/19**

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

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### **1.      PURPOSE OF REPORT**

- 1.1      To provide the Scrutiny Committee with details of projected whole-authority revenue budget expenditure for the 2018/19 financial year.

### **2.      SUMMARY**

- 2.1      This report provides information on the position of the whole-authority in respect of revenue budget monitoring for 2018/19. Detailed budget monitoring reports are prepared for Scrutiny Committees throughout the financial year. Consideration has been given to actual expenditure and income trends and projections have been made of the likely year-end outturn position. Where variations from budget have been identified these are commented upon throughout the report.

### **3.      LINKS TO STRATEGY**

- 3.1      The Council has a number of corporate strategies and this report deals with the use of resources in the achievement of those strategies.
- 3.2      Effective financial planning and financial control contribute 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      Members will be aware of the ongoing challenging financial outlook for Local Government and the need to identify significant savings to support the Council's Medium-Term Financial Plan (MFTP). Officers have been mindful of this and consequently expenditure has been curtailed



in a number of areas in recent years with the aim of identifying savings in advance to support the MTFP. This prudent approach has resulted in a trend of reported year-end underspends for some Directorates.

- 4.2 The table below provides a comparison between the original 2018/19 budget, a revised budget (where approved changes have been made in year), and the projected outturn. The detail in respect of each service area is covered in the Appendices 2 to 5 attached. The total projected revenue budget underspend for the Authority for 2018/19 is £1,899k.

<b>Service Area</b>	<b>Original Budget 2018/19 £000's</b>	<b>Revised Budget 2018/19 £000's</b>	<b>Projected Outturn 2018/18 £000's</b>	<b>Projected (Overspend)/ Underspend £000's</b>
Education & Lifelong Learning	124,564	124,564	125,376	<b>(813)</b>
Social Services, Public Protection and Corporate Policy	89,456	89,440	88,452	<b>989</b>
Communities	51,273	51,076	51,490	<b>(414)</b>
Corporate Services	21,050	21,262	20,133	<b>1,129</b>
Miscellaneous Finance	45,701	45,701	44,693	<b>1,008</b>
<b>Totals: -</b>	<b>332,043</b>	<b>332,043</b>	<b>330,144</b>	<b>1,899</b>

## **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 (EqLA) process does not need to be applied.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 As detailed throughout the report.

## **8. PERSONNEL IMPLICATIONS**

- 8.1 The personnel implications of agreed savings are carefully managed and staff are fully supported to identify redeployment opportunities wherever possible.

## **9. CONSULTATIONS**

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

## **10. RECOMMENDATIONS**

- 10.1 It is recommended that Members continue to request Directors and Heads of Service to review expenditure and income levels in order to ensure that annual budgets and in-year savings are achieved.

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

- 11.1 The Council budget is based upon the achievement of both expenditure targets and income targets. In order to ensure these are met and that the Council's financial integrity is maintained, Members are required to review expenditure and income trends included in budget monitoring reports.

## **12. STATUTORY POWER**

- 12.1 Local Government Act 1972 and 2000.

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Dave Roberts, Principal Group Accountant, Corporate Services  
Mike Eedy, Finance Manager, Environment  
Jane Southcombe, Finance Manager, Education & Lifelong Learning  
Mike Jones, Interim Financial Services Manager, Social Services  
Rob Tranter, Head of Legal services & Monitoring Officer  
Steve Harris, Interim Head of Business Improvement services  
Cllr Barbara Jones, Deputy Leader & Cabinet Member for Finance, Performance and Governance.

Appendices:

- Appendix 1 Whole Authority Revenue Budget Monitoring Report 2018/19 – Summary by Directorate/Service Area.  
Appendix 2 Education & Lifelong Learning  
Appendix 3 Social Services  
Appendix 4 Communities  
Appendix 5 Corporate Services and Miscellaneous Finance

Background Papers:

Council (22/02/18) - Budget Proposals 2018/19 and Medium-Term Financial Strategy 2018/2023

## Whole Authority Revenue Budget Monitoring Report 2018-19

## Summary by Directorate/Service Division

Directorate/Service Division	Original Budget 2018/19	Revised Budget 2018/19	Projected Outturn 2018/19	Projected (Overspend)/ Underspend
	£	£	£	£
<b>Education &amp; Lifelong Learning</b>				
- Planning and Strategy	104,976,523	104,976,523	105,506,126	(529,603)
- Learning, Education and Inclusion	15,237,131	15,237,131	15,807,931	(570,800)
- Lifelong Learning	4,350,049	4,350,049	4,062,407	287,642
<b>Sub-Total: -</b>	<b>124,563,703</b>	<b>124,563,703</b>	<b>125,376,464</b>	<b>(812,761)</b>
<b>Social Services &amp; Housing</b>				
- Children's Services	23,341,970	23,341,970	22,245,220	1,096,750
- Adult Services	62,387,484	62,387,484	62,522,881	(135,397)
- Service Strategy and Business Support	2,082,425	2,067,198	2,002,208	64,990
- Housing Services	1,643,637	1,643,637	1,681,476	(37,839)
<b>Sub-Total: -</b>	<b>89,455,516</b>	<b>89,440,289</b>	<b>88,451,785</b>	<b>988,504</b>
<b>Communities</b>				
- Regeneration and Planning	2,559,514	2,489,733	2,605,531	(115,798)
- Engineering	19,819,265	19,818,706	19,906,260	(87,554)
- Community and Leisure Services	21,491,782	21,365,386	21,751,651	(386,265)
- Public Protection	7,235,186	7,234,627	7,065,415	169,212
- Directorate General	167,738	167,738	161,000	6,738
<b>Sub-Total: -</b>	<b>51,273,485</b>	<b>51,076,190</b>	<b>51,489,857</b>	<b>(413,667)</b>
<b>Corporate Services</b>				
- Interim Chief Executive/Acting Director	460,085	367,177	296,243	70,934
- Corporate Finance	2,124,090	2,124,090	2,021,369	102,721
- Procurement and Customer Services	1,502,217	1,502,217	1,800,935	(298,718)
- Legal and Governance	3,065,565	3,068,172	2,869,252	198,920
- Information Technology/Central Services	4,488,861	4,443,177	4,151,473	291,704
- Corporate Property	5,356,212	5,425,993	5,162,661	263,332
- Corporate Policy	1,338,584	1,509,175	1,332,986	176,189
- Human Resources and Communications	1,811,558	1,919,693	1,731,699	187,994
- Health and Safety	902,518	902,518	766,584	135,934
<b>Sub-Total: -</b>	<b>21,049,690</b>	<b>21,262,212</b>	<b>20,133,202</b>	<b>1,129,010</b>
<b>Miscellaneous Finance</b>	<b>45,700,839</b>	<b>45,700,839</b>	<b>44,693,178</b>	<b>1,007,661</b>
<b>Grand Total: -</b>	<b>332,043,233</b>	<b>332,043,233</b>	<b>330,144,486</b>	<b>1,898,747</b>

## FOR INFORMATION



## EDUCATION FOR LIFE SCRUTINY COMMITTEE - 8TH JANUARY 2019

**SUBJECT: BUDGET MONITORING 2018/19**

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

### 1. PURPOSE OF REPORT

- 1.1 To outline the projected 2018-19 outturn position for the Directorate of Education and Lifelong Learning (LL), based on the most recent information available.

### 2. SUMMARY

- 2.1 The report identifies projected under / overspends currently forecast for 2018-19 (full details attached in Appendix 1), together with an update with regards to any issues relating to the progress of the 2018/19 savings targets.

### 3. LINKS TO STRATEGY

- 3.1 The report considers the use of resources within the Directorate to ensure that key strategies are achieved.
- 3.2 Effective financial planning and financial controls contribute to the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015. In particular as follows:

A healthier Wales, supporting vulnerable learners can improve their well-being and educational achievement.

A more equal Wales, a society that enables people to fulfil their potential no matter what their background is; and

A Wales of cohesive communities, improving quality of life with attractive, viable, safe and well connected communities.

### 4. THE REPORT

- 4.1 The report deals with the budget monitoring information for Education and Lifelong Learning (LL). The revenue position for the Directorate is summarised in Appendix 1, with a breakdown for the 3 service areas of Planning & Strategy; Learning, Education and Inclusion (LEI); and LL respectively.
- 4.2 The projected outturn position is based on actual income and expenditure details to the end of October 2018, together with data used to forecast income and expenditure. Account is also taken of the outturn position for 2017-18 and information available following discussions with Managers.

4.3 A net overspend of £813k is currently forecast, details with regards to each of the service areas are outlined below. To advise, £518k relates to the in year variance position and £295k relates to the projected deficit on closure of Cwmcarn High School.

4.4 Members are advised that the projected outturn position for Corporate Services is an underspend of £1.091m, consequently overall the projected outturn position for Education and Corporate Services (excluding the Cwmcarn High position which will be treated separately) is an underspend of £573k. The details with regards to the Corporate Services position will be reported to Policy & Resources Committee in January 2019.

4.5 **Planning & Strategy (Including Home to School Transport) – (Overspend £530k)**

4.5.1 The main variances in this service area relate to the following:

	£'000 (Under / (Over))
<b><i>Cwmcarn High School (On-Closure)</i></b>	<b>(295)</b>
Relief Supply Cover (SRB's & Maternity)	(221)
Retirement / Severance School Based Staff	(53)
Rationalisation / Vacant Properties	(39)
Management & Support Service Costs	68
Net Other	10

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Total	(530)
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4.5.2 In February 2018, as part of the 2018/19 budget process, Members will recall that agreement was made to set aside £1.4m from the General Fund to meet the then projected deficit on closure of Cwmcarn High School. This projected deficit position is now updated to a figure of £1.7m. Since the financial position is not concluded (low value invoices are still being received), a final update on the deficit at closure will be included as part of the outturn report for 2018/19. The variance of £295k represents an additional cost in excess of the £1.4m. Consequently an update will be provided to Cabinet which will include funding options. The options could include the following:

- General Fund Reserves
- Education & Lifelong Learning (General) Reserves
- LMS Contingency Reserves

4.5.3 Due to the unpredictability of sickness in our Special Resource Bases and maternity absences across all school sectors, the relief supply cover spend on school based staff is always very closely monitored. Whilst it is very difficult to be able to forecast an outturn position, current data identifies an increase in maternity absences in our schools and previous trends suggest there will be an increased sickness pressure in the winter months. Monitoring is on-going due to the volatility and uncertain nature of the spend. The level of projected overspend has increased by circa £100k since the previous update, however due to the uncertain nature of this spend the budget position could improve or deteriorate further by the end of the financial year. This projected in year overspend has already been reduced on the assumption that the Directorate will need to access funding of £39k in balances (Relief Supply Equalisation Account – this is the full balance currently held in balances for this purpose).

4.5.4 The projected overspend of circa £53k, on the early retirement pension costs budget for school based staff, is impacted by staff losses resulting from the closure of Cwmcarn High School. In addition there are £39k of costs linked to the rationalisation of the Oakdale, Pontllanfraith and Cwmcarn sites, these are unavoidable costs linked primarily to short term security of the Pontllanfraith and Cwmcarn sites.

- 4.5.5 The underspend in relation to Management & Support costs relates predominantly to in year savings on staff costs. This variance is due largely to in year vacancies that are not on-going as posts are linked to delivering support through SLA Agreements with our Schools.
- 4.5.6 Members will recall that in September we reported a potential budget pressure (circa £18k) relating to the Home to School College Transport Budget. As Members are aware this area of the service is managed by the Engineering Division (with any variances ring fenced to Education). The update is currently a breakeven position.
- 4.5.7 In summary the net projected variance for Planning & Strategy is an overspend of £530k, this includes £295k relating to the closure of Cwmcarn High.

#### 4.6 Learning, Education & Inclusion – (Overspend £571k)

- 4.6.1 The most significant variances within LEI are as follows:

	£'000 (Under / (Over))
Psychological Service	38
14 – 19 Initiative Transport	24
EOTAS / Adn. Support / Out of County	(879)
Early Years – Rising 3's	75
Early Years Central Team	94
Support Services & Resources	49
Music Service	(30)
Education Achievement Contract	28
Education Improvement Grant (Match)	27
Net Other	3
<hr/>	
Total	(571)

- 4.6.2 The underspend in the Psychological Service is linked to in year staff savings. This is largely attributable to delays in recruitment due to a shortage of appropriately qualified staff.
- 4.6.3 The projected underspend on 14-19 transport (which allows pupils wider course access between Schools), is a trend that continues into 2018-19. This spend will continue to be monitored and is part of the Directorates savings proposals moving forwards.
- 4.6.4 The significant cost pressure within the Directorate continues to be in relation to the EOTAS (Education Other Than at School) provision. The provision accommodates learners who are unable to attend and learn in a mainstream school setting. In reviewing the continuum of additional support provided to pupils, our alternative EOTAS provision and Out of County Placements, the projected overspend against this budget heading is currently estimated at £879k (this is an increase of £49k on the previously reported projection). A review of demand, costs and structures is on-going. In recent years, savings in other areas of the Directorate have contributed towards funding this pressure, with the Directorate underspending as a whole. Based on projections for 2018/19 this will not be possible in the current financial year and going forwards. This pressure has been recognised in the Budget Proposals 2019/20 for the Authority.
- 4.6.5 The spend on Early Years – Rising 3's is very much demand led, as it is driven by the number of age 3 pupils who access nursery provision in the term following their 3<sup>rd</sup> birthday. This can vary from year to year, with spend based on the birth rate and parental choice with regards to accessing this “early” provision. Current projections do not indicate a significant increase in uptake, consequently based on recent trends the current projection is a saving of £75k. The Budget proposals 2019/20 include a budget reduction of £50k based on realignment to trend.

- 4.6.6 The projected underspend against the Early Years Central Team is consistent with the position in 2017/18 and is largely due to successfully accessing grant funding to contribute towards supporting specific posts within the Team. This update is an improved position and again a £20k budget reduction is part of the Proposals for 2019/20.
- 4.6.7 The variance against Support Services & Resources relates predominantly to in year vacancy gaps. The position in the Music Service relates to a mix of additional expenditure and reduced income to the original predication.
- 4.6.8 In 2018-19, the charge on the main contract with the Education Achievement Service is less than current budget provision. Similarly the budget for the Authority's match funding requirement against the Education Achievement Grant is greater than required. These variances are part of savings proposals for future years.
- 4.6.9 In summary, the net projected variance for Learning, Education & Inclusion is an overspend of £571k. Overall this is a marginal variance to the £586k reported in September.

#### 4.7 Life Long Learning – (Underspend £288k)

- 4.7.1 In 2018-19 the main budget variances are as follows:

	£'000 (Under / (Over))
Community Education (Adult & Youth)	107
Library Service	181
Net Other	Nil
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Total	288

- 4.7.2 The projected underspend within Community Education is a mix of both the Adult Education and Youth Services. In adult education an underspend of £41k is attributable to a vacant management post following a retirement and a further in year vacancy gap. The Youth service underspend of circa £65k relates largely to in year gaps in the part time youth service. These vacancies form part of the MTFP budget proposals in 2019/20.
- 4.7.3 The Libraries variance relates primarily to a one off rebate for NNDR (National Non Domestic Rate) charges of £130k. This refund relates to 4 libraries covering financial year 2010/11 through to 2017/18. A further projected net saving of £51k relates largely to in year vacancies and supply cover arrangements.

#### 4.8 Progress Made Against the 2018/19 Revenue Budget Savings Targets

- 4.8.1 The 2018/19 revenue budget settlement for Education and Lifelong Learning included a specific savings target of £1,221k. Managers have progressed implementation of the targets set and there are currently no significant issues causing concern. The impact has been referenced in the narrative of this report and the projected outturn position for 2018-19.
- 4.8.2 Members will be aware that the revenue budget of £333k for Maintenance of School Buildings (50/50 Funding with Schools) formed part of the £1,221k savings target for 2018-19. In 2018-19, the Authority has continued to support building maintenance projects on a 50/50 basis with our Schools by accessing funds from LMS Contingency balances. The details of planned expenditure are contained in the Education Capital Report 2018/19, which went to Education for Life Scrutiny on 26<sup>th</sup> February 2018.

## **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 Equality Impact Assessments (EIA's) have been completed for all the savings proposals in 2018/19 that are anticipated to have a public impact.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 In summary, based on information currently available there is a projected revenue overspend for Education & Lifelong Learning of £813k. This includes £295k linked directly to the deficit on closure of Cwmcarn High School. The net balance is £518k is significantly impacted by the current spend position on our most vulnerable learners and this has been recognised in the Budget Proposals for 2019/20.
- 7.2 In 2018/19 there are a number of one off savings which have assisted with regards to reducing the projected overspend position, most notably an NNDR net refund of £130k within the Library Service. In addition current projections assume that circa £39k is utilised from an earmarked equalisation account. However it's important to be clear that the pressures relating to Relief Supply & Maternity costs is not linked to a mismatch with regards to the number of school days that fall in the 2018/19 financial year.
- 7.3 Overall the current projected outturn position for Education & Corporate Services is an underspend of £573k.

## **8. PERSONNEL IMPLICATIONS**

- 8.1 In 2018-19 the Directorate will continue with the strategy of prudent vacancy management.
- 8.2 The budget proposals include provision to pay the living wage, as agreed by Council.
- 8.3 In striving to achieve these budget proposals the service area will have regard to the Council's Workforce Flexibilities Policies. However, should employees still be placed at risk, either through the achievement of any agreed budget savings or grant funding reductions, they will be supported via the Council's agreed HR policies to address any issues.

## **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 this report and the detailed budget monitoring information contained in Appendix 1.

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

- 11.1 The Council Budget is based on the achievement of both expenditure and income targets. In order to ensure that these are met and the Council's financial integrity maintained Directors are required to review income and expenditure trends.



## 12. STATUTORY POWER

### 12.1 Local Government Act 1972.

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Sarah Mutch, Early Years Manager  
Paul Warren, Strategic Lead for School Improvement  
Councillor Philippa Marsden, Cabinet Member for Education and Achievement  
Nicole Scammell, Head of Corporate Finance & Section 151  
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Julie Baker, Principal Finance Officer (Schools)  
Mike Lewis, Principal Accountant Education  
Lynne Donovan, Head of People Services  
Dave Roberts, Principal Group Accountant (Financial Advice & Support)
- Appendices:  
Appendix 1: Projected Revenue Outturn Figures 2018-19

<b>EDUCATION &amp; LIFELONG LEARNING</b>	<b>Original Estimate 2018-19 £</b>	<b>Estimated Outturn 2018/19 £</b>	<b>Variance Under (Over) 2018/19 £</b>
<b><u>SUMMARY</u></b>			
<b>PLANNING and STRATEGY</b>	<b>104,976,523</b>	<b>105,506,126</b>	<b>(529,603)</b>
<b>LEARNING, EDUCATION and INCLUSION</b>	<b>15,237,131</b>	<b>15,807,931</b>	<b>(570,800)</b>
<b>LIFELONG LEARNING</b>	<b>4,350,049</b>	<b>4,062,407</b>	<b>287,642</b>
<b>TOTAL SERVICE EXPENDITURE (Revenue)</b>	<b>124,563,703</b>	<b>125,376,464</b>	<b>(812,761)</b>

<b>EDUCATION &amp; LIFELONG LEARNING</b>	<b>Original Estimate 2018-19 £</b>	<b>Estimated Outturn 2018/19 £</b>	<b>Variance Under (Over) 2018/19 £</b>
<b><u>PLANNING and STRATEGY</u></b>			
<b>Individual Schools Budget</b>	<b>102,404,172</b>	<b>102,404,172</b>	<b>0</b>
<b>Cwmcarn High School (On-Closure)</b>		<b>294,741</b>	<b>(294,741)</b>
<b>Post 16 Initiative (Grant Income)</b>	<b>(4,003,381)</b>	<b>(4,003,381)</b>	<b>0</b>
<b>Earmarked Formula Funding (inc. Joint Use Sites)</b>	<b>214,064</b>	<b>214,115</b>	<b>(51)</b>
<b>Schools LMS Contingencies</b>	<b>192,687</b>	<b>192,687</b>	<b>0</b>
<b>Other Direct School Related</b>			
Learning Support Staff Registration Fee	19,690	19,690	0
PFI Funding Gap	322,117	322,117	0
PFI Building Maintenance	48,230	48,230	0
Former Key Stage 2 Grant	1,370,822	1,370,822	0
Secondary Additional Funding	1,059,471	1,059,471	0
School Meal Admin. Utility & Telephone	423,893	413,893	10,000
Relief Supply Cover (SRB's & Maternity)	467,077	688,360	(221,283)
Copyright and Licensing (Schools)	69,461	68,623	838
	<b>3,780,761</b>	<b>3,991,206</b>	<b>(210,445)</b>
<b>Home to School/College Transport (Environment)</b>		<b>(31)</b>	<b>31</b>
<b>Early Retirement Pension Costs of School Based Staff</b>	<b>1,815,907</b>	<b>1,868,831</b>	<b>(52,924)</b>
<b>School Rationalisation &amp; Vacant Properties</b>	<b>-</b>	<b>39,124</b>	<b>(39,124)</b>
<b>Management &amp; Support Costs</b>	<b>572,313</b>	<b>504,662</b>	<b>67,651</b>
<b><u>EXPENDITURE TO DIRECTORATE SUMMARY</u></b>	<b>104,976,523</b>	<b>105,506,126</b>	<b>(529,603)</b>

<b>EDUCATION &amp; LIFELONG LEARNING</b>	<b>Original Estimate 2018-19 £</b>	<b>Estimated Outturn 2018/19 £</b>	<b>Variance Under (Over) 2018/19 £</b>
<b><u>LEARNING, EDUCATION and INCLUSION</u></b>			
<b>Social Inclusion</b>			
Psychological Service	476,492	438,716	37,776
Behaviour Support	174,704	155,971	18,733
Education Welfare Service	404,597	408,661	(4,064)
Youth Offending Team	52,292	51,666	626
School Based Counselling	278,243	270,452	7,791
	<b>1,386,328</b>	<b>1,325,466</b>	<b>60,862</b>
<b>Additional Learning Needs</b>			
ALN Advisory Support Service	218,572	223,319	(4,747)
Learning Support	10,693	4,691	6,002
Professional/Statementing	63,760	85,123	(21,363)
Language Support Primary	428,848	420,756	8,092
Specialist Resources	42,239	42,205	34
ALN Improvement Initiative	349,478	349,478	0
Childrens Centre	46,900	41,250	5,650
SNAP Cymru	37,744	39,606	(1,862)
Outreach Trinity Fields	49,657	49,657	0
Speech Therapy	50,406	56,384	(5,978)
<b>SENCOM (Sensory Service)</b>	<b>715,647</b>	<b>723,992</b>	<b>(8,345)</b>
Autism	198,962	198,962	0
	<b>2,212,906</b>	<b>2,235,423</b>	<b>(22,517)</b>
<b>Learning Pathways Partnership</b>			
14 - 19 Initiative (Transport Costs)	166,967	142,944	24,023
	<b>166,967</b>	<b>142,944</b>	<b>24,023</b>
<b>EOTAS, Additional Support &amp; Out of County Provision</b>			
	<b>7,277,092</b>	<b>8,156,468</b>	<b>(879,376)</b>
<b>Early Years Provision &amp; Support</b>			
Early Years (Rising 3's)	865,868	791,248	74,620
Early Years Central Team	373,198	279,433	93,765
	<b>1,239,066</b>	<b>1,070,681</b>	<b>168,385</b>
<b>LEI Service Provision</b>			
Service Support & Resources	312,802	263,860	48,942
SACRE	2,490	2,490	0
Outdoor Education Advisor SLA	29,568	29,568	0
School Improvement	344,858	338,586	6,272
Music Service	499,949	530,005	(30,056)
WJEC & Subscriptions	35,704	38,618	(2,914)
	<b>1,225,371</b>	<b>1,203,127</b>	<b>22,244</b>

<b>EDUCATION &amp; LIFELONG LEARNING</b>	<b>Original Estimate 2018-19 £</b>	<b>Estimated Outturn 2018/19 £</b>	<b>Variance Under (Over) 2018/19 £</b>
<b>Education Achievement Service (EAS) &amp; Regional Grant Match Funding</b>			
Contribution to EAS Joint Working	1,070,012	1,041,858	28,154
Education Improvement Grant - Match Funding	659,389	631,964	27,425
	1,729,401	1,673,822	55,579
<b>EXPENDITURE TO DIRECTORATE SUMMARY</b>	<b>15,237,131</b>	<b>15,807,931</b>	<b>(570,800)</b>
<b><u>LIFELONG LEARNING</u></b>			
<b>Community Education</b>	<b>1,663,832</b>	<b>1,557,221</b>	<b>106,611</b>
<b>Library Service</b>	<b>2,595,826</b>	<b>2,415,259</b>	<b>180,567</b>
<b>LLL Insurance &amp; Non Operational Property/Land</b>	<b>90,391</b>	<b>89,927</b>	<b>464</b>
<b><u>EXPENDITURE TO SERVICE SUMMARY</u></b>	<b>4,350,049</b>	<b>4,062,407</b>	<b>287,642</b>



## **HEALTH, SOCIAL CARE AND WELL BEING SCRUTINY COMMITTEE 23RD OCTOBER 2018**

**SUBJECT: BUDGET MONITORING REPORT (MONTH 5)**

**REPORT BY: CORPORATE DIRECTOR SOCIAL SERVICES**

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

- 1.1 To inform Members of projected revenue expenditure for the Social Services Directorate for the 2018/19 financial year.
- 1.2 To update Members on the progress made against the savings targets built in to the 2018/19 revenue budget for the Directorate.

### **2. SUMMARY**

- 2.1 The report summarises the projected financial position for the Social Services Directorate for the 2018/19 financial year based on information available as at month 5 (August 2018). It identifies budget pressures relating to services for adults with learning disabilities and highlights the financial successes achieved by the Children's Services division despite an increase in the numbers of looked after children. Full details are attached at Appendix 1.
- 2.2 The report also identifies the savings targets that have been factored into the Directorate's budget for 2018/19 and highlights the good progress made towards achieving those targets.

### **3. LINKS TO STRATEGY**

- 3.1 The expenditure of the Directorate is linked directly to its ability to shape and deliver its strategic objectives, which in turn assists the achievement of the Authority's stated aims and well-being goals.
- 3.2 Effective financial planning and financial control contribute 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 Based on known commitments as at the end of August 2018, the Social Services revised budget of £87.797m for 2018/19 is forecast to be underspent by around £1,027k. However, this does not account for the costs of transport of Social Services service users which is funded through a budget held by the Integrated Transport Unit within the Directorate of Communities. This budget for transport costs amounts to £1.465m and is forecast to be overspent by around £130k giving a forecasted net underspend of £897k when offset against the £1,027k underspend within the Social Services Directorate.

Division	Revised Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)
Children's Services	23,342	22,245	(1,097)
Adult Services	62,388	62,523	135
Service Strategy & Business Support	2,067	2,002	(65)
<b>Sub Total Directorate of Social Services</b>	<b>87,797</b>	<b>86,770</b>	<b>(1,027)</b>
Transport Costs	1,465	1,595	130
<b>Grand Total</b>	<b>89,262</b>	<b>88,365</b>	<b>(997)</b>

#### 4.2 Children's Services

- 4.2.1 The Children's Services Division is currently projected to underspend its budget by £1,097k as summarised in the following table: -

	Revised Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)
Management, Fieldwork & Administration	8,067	7,740	(327)
Residential Care Including Secure Accommodation	5,420	4,775	(645)
Fostering & Adoption	7,724	7,791	67
Youth Offending	395	395	0
Families First	64	26	(38)
After Care Support	786	633	(153)
Other Costs	886	885	(1)
<b>Totals: -</b>	<b>23,342</b>	<b>22,245</b>	<b>(1,097)</b>

##### *Management, Fieldwork and Administration*

- 4.2.2 A prudent approach to recruitment to back office posts and difficulties in recruiting to social work posts has resulted in a potential staffing underspend of £327k across the division.

##### *Residential Care Including Secure Accommodation*

- 4.2.3 There has been a reduction of 2 expensive secure accommodation placements since the 2018/19 budget was set. This has been partially offset by an increase of 1 less expensive residential placement resulting in a net underspend of £443k. One-off slippage against staff costs during recruitment to posts within our second in-house residential home has added a further underspend of £202k bringing the total projected underspend for residential care to £645k. However, it is important to acknowledge that the situation is volatile and just one additional standard residential placement could cost up to £250K per year.

##### *Fostering and Adoption*

- 4.2.4 Since the beginning of the financial year, the division has seen an increase of 8 Special Guardianship places and a net increase of 11 foster placements. However, the division has experienced some recent success in recruiting in-house foster carers, while support received through the MIST Therapeutic Fostering Service has enabled more challenging children to be supported by in-house carers. This has enabled a reduction of 5 independent foster care placements, thereby mitigating a large part of the financial impact of the overall increase in demand and restricting the potential overspend to around £67k. Again, it is important to acknowledge that the situation is volatile.
- 4.2.5 The introduction of the MIST Therapeutic Fostering Service and a revised fee structure for in-house foster carers has achieved early successes in mitigating the cost of increasing numbers of looked after children. However, both of these initiatives will be funded from reserves throughout 2018/19 so it should be noted that additional funding may be required to fund these arrangements beyond 31<sup>st</sup> March 2019 unless further reductions in residential placements and independent fostering placements can be achieved. These 2 initiatives are likely to cost in the order of £900k in 2019/20.

#### *Families First*

- 4.2.6 The £38k underspend in respect of Families First is largely due to vacancies within the core staff team.

#### *Aftercare*

- 4.2.7 An overspend of £153k is projected in respect of Aftercare Services and reflects the numbers of 16 to 18 year olds currently in receipt of leaving care services.

#### *Other*

- 4.2.8 There has been no inflationary increase in the costs of supporting the 2 unaccompanied asylum seeking children placed with foster care agencies since 2017/18, resulting in a small underspend of £1k in respect of other children's services costs.

### 4.3 **Adult Services**

- 4.3.1 The Adult Services Division is currently projected to overspend its budget by £226k as summarised in the following table: -

	<b>Revised Budget (£000's)</b>	<b>Projection/ Commitment (£000's)</b>	<b>Over/(Under) Spend (£000's)</b>
Management, Fieldwork & Administration	8,199	8,003	(196)
Own Residential Care and Supported Living	6,017	5,900	(117)
Own Day Care	4,211	4,094	(117)
Supported Employment	68	68	0
Aid and Adaptations	789	737	(52)
Gwent Frailty Programme	2,252	2,239	(13)
Supporting People (net of grant funding)	0	0	0
External Residential Care	14,503	14,970	467
External Day Care	1,327	1,438	111
Home Care (In-House and Independent Sector)	10,835	10,990	155
Other Domiciliary Care	11,861	12,593	732
Resettlement	(1,020)	(1,020)	0
Services for Children with Disabilities	1,480	1,296	(184)
Other Costs	1,866	1,215	(651)
<b>Totals: -</b>	<b>62,388</b>	<b>62,523</b>	<b>135</b>



#### *Management, Fieldwork and Administration*

- 4.3.2 An underspend of £196k is currently projected in respect of Management, Fieldwork and Administration costs. However, this assumes around £256k of vacancy savings can be achieved in the remaining 7 months of the financial year.

#### *Own Residential Care and Supported Living*

- 4.3.3 A combination of reduced vacancy levels and increasing costs of staff cover in July and August has reduced the projected underspend within in our residential homes and supported living homes to £117k, a reduction of £117k when compared with the £234k underspend reported in month 3.

#### *Own Day Care*

- 4.3.4 Vacancy levels in our own day care services have increased over the last 2 months thereby increasing the projected underspend in this area to £117k from the £66k underspend reported in month 3.

#### *Aids and Adaptations*

- 4.3.5 The £52k underspend is due to a repayment from the Gwent Wide Integrated Community Equipment Service (GWICES) in respect of unspent funding from 2017/18.

#### *External Residential Care*

- 4.3.6 An overspend of £418k was forecast in month 3 in respect of external residential care which was largely due to the 7 additional placements for people with learning disabilities. This potential overspend has now increased to £467k mainly as a result of increased demand for placements for older people.

#### *External Day Care*

- 4.3.7 The projected overspend of £111k in respect of external day care can be attributed to an increase in service users with learning disabilities since the start of the financial year.

#### *Home Care (In-House and Independent Sector)*

- 4.3.8 Actual costs incurred in recent months suggest the number of hours paid to in-house carers has returned to budgeted levels after a recent recruitment campaign, resulting in a reduction in the projected underspend in respect of the in-house service to £106k. This has been partially offset by a reduction in the over commitment in respect of domiciliary care commissioned through the independent sector to £261k. This leaves a net over commitment of £155k which is due to the inclusion of a £264k savings target within the 2018/19 budget. This would suggest that £109k of the savings target has been achieved to date.

#### *Other Domiciliary Care*

- 4.3.9 An overspend of £732k is projected in respect of other domiciliary care costs. However, around £680k of this can be attributed to the cost of care packages that were previously funded through the Welsh Independent Living Grant. This grant funding transferred into the Revenue Support Grant in April 2018 and a core budget of £872k was earmarked within the Social Services Other Costs budget to fund the ongoing cost of this care. Many of the service users that were previously receiving care funded through this grant have been reviewed in line with Welsh Government requirements and the care has been absorbed in to wider packages of support including supported living, direct payments and shared lives arrangements. This has caused a shift in costs of £680k from Other Costs to Other Domiciliary Care. Once all the necessary reviews have been completed budgets will need to be transferred to reflect these

changes.

- 4.3.10 After adjusting for the impact of the Welsh Independent Living Grant changes the projected net overspend in respect of Other Domiciliary Care amounts to around £52k which can be attributed to the replacement of flat rate supporting people tariff funding with individual needs assessments. This has led to a reduction in supporting people grant contributions towards many care packages without the corresponding reduction in the total cost of the packages that had been anticipated. The overspend in this area would have been higher had it not been for the projected additional £186k in service user contributions based on current income levels.

#### *Other Costs*

- 4.3.11 An underspend of £651k has been forecast in respect of Other Costs but after adjusting for the Welsh Independent Living grant changes highlighted above, this becomes an overspend of £29k. This is largely attributable to staffing cover within the Telecare Service.

#### *Children with Disabilities*

- 4.3.12 With effect from 1<sup>st</sup> April 2018, the budget for services for Children with Disabilities transferred from the Children's Services budget to the Adult Services budget to reflect a change in management reporting lines. These services now fall within the portfolio of the service manager with responsibility for services for adults with disabilities in order to minimise the impact on service users of transitioning from childhood in to adulthood. An underspend of £184k is currently forecast against this budget, largely as a result of a reduction in foster care placements.

### 4.4 **Service Strategy & Business Support**

- 4.4.1 The service area is currently projected to underspend by £65k as summarised in the following table: -

	Revised Budget (£000's)	Projection/ Commitment (£000's)	Over/(Under) Spend (£000's)
Management and Administration	861	829	(32)
Office Accommodation	224	213	(11)
Office Expenses	172	178	6
Other Costs	810	782	(28)
<b>Totals: -</b>	<b>2,067</b>	<b>2,002</b>	<b>(65)</b>

- 4.4.3 The underspend of £65k in respect of Business Support is largely attributable to vacancies and spinal point savings within Financial Services and savings delivered in advance of the Medium Term Financial Plan requirements.

### 4.5 **Transport Costs**

- 4.5.1 In addition to the £87.797m budget managed within the Directorate of Social Services, the Directorate of Communities manages a budget of £1.465m for the purposes of transporting Social Services service users. An overspend of £130k is currently forecast against this budget including £80k which is reflective of the increasing numbers of children in foster care placements and £50k largely due to increased taxi journeys commissioned on behalf of Adult Services service users.

### 4.6 **Progress Made Against the 2018/19 Revenue Budget Savings Targets**

4.6.1 The 2018/19 budget for Social Services included a savings target of £1,328k. The following table provides a summary of how this saving was to be achieved:-

Paragraph Number	Targeted Area of Service	Savings Target (£000s)
4.6.2	Children's Services staffing	335
4.6.3	Children's Services voluntary sector contracts	50
4.6.4	Adult Services voluntary sector contracts	202
4.6.5	Implications of the Social Services & Wellbeing (Wales) Act	264
4.6.6	Contract for extra care services	26
4.6.7	Domiciliary care service user contributions	75
4.6.8	In-House day services	200
4.6.9	Vacant posts within residential homes	96
4.6.10	Respite care	30
4.6.11	Office accommodation	10
4.6.12	Business Support Services staffing	40
<b>4.6.1</b>	<b>TOTAL SOCIAL SERVICES SAVINGS TARGET 2018/19</b>	<b>1,328</b>

- 4.6.2 The potential underspend of £327k identified in paragraph 4.2.2 would suggest that the £335k savings target from reviewing Children's Services staffing structures has been exceeded. However, this underspend is partially due to temporary vacancies, secondments and career breaks so further work is required to identify further posts that can be permanently deleted from the structure to achieve a recurring saving.
- 4.6.3 The £50k savings target in respect of Children's Services voluntary sector contracts has been achieved in full through a combination of realigning budgets with contract values and reviewing contracts that were approaching their end dates.
- 4.6.4 Of the £202k savings target in respect of Adults Services voluntary sector contracts, £56k has been achieved through a review of existing contracts and £134k has been achieved through decommissioning. The remaining £12k was to be achieved through the decommissioning of 2 luncheon club contracts from April 2018 however it has become necessary to extend funding into 2018/19 while alternative funding is sourced. As a result, there is likely to be a £6k shortfall against this target in 2018/19 but the full target will be achieved for future years.
- 4.6.5 An amount of £264k was deducted from the Adult Services budget for 2018/19 as it was felt that savings could be achieved through signposting potential service users to other agencies or other low cost services. The Home Care budget is currently overcommitted by around £155k which would suggest that around £109k of this target has been achieved at this point. However, demographic changes are likely to have increased costs in this area so it could be argued that this target has been fully achieved and the over-commitment is due to demographic changes.
- 4.6.6 The £26k savings target in respect of extra care services has been achieved in full through realigning budgets with contract values.
- 4.6.7 The £75k savings target in respect of domiciliary care service user contributions was to be achieved by realigning the budget to reflect the additional levels of service user contributions that were experienced throughout 2017/18. The levels of contributions experienced in the first quarter of 2018/19 would suggest that this target will be exceeded.
- 4.6.8 Some of the contractual changes required to achieve the £200k savings target for in-house day services have taken a little longer to achieve than anticipated but a number of temporary vacancies within the service have more than compensated for this in 2018/19 and a full year effect of the contractual changes can be expected in 2019/20.

- 4.6.9 A small number of posts within our homes for older people have remained vacant for some time and have therefore been removed from the structure on a permanent basis in order to deliver the savings target of £96k with no impact on residents.
- 4.6.10 The £30k savings target in respect of respite care has been achieved in full through realigning budgets to reflect actual expenditure levels in recent years.
- 4.6.11 The budget for I.T. and telephony costs at the North Resource Centre has been realigned to reflect the actual level of recharges from the Aneurin Bevan University Health Board experienced over the last two financial years. This has enabled the £10k savings target in respect of office accommodation to be achieved in full.
- 4.6.12 The termination of the South East Wales IT Shared Service has meant that the savings target of £40k in respect of Business Support Services staffing has been exceeded and an additional £23k saving has been earmarked as a saving in advance of the Medium Term Financial Plan requirements. The support previously received from this shared service will in future be received from the regional WCCIS support service which will be funded through Integrated Care Fund grant.

## **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 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 projected underspend of £1,027k against the Directorate's budget for 2018/19 and the projected overspend of £124k against the Directorate of Communities' transport budget for 2018/19.
- 10.2 Members are asked to note the progress made towards delivering the savings target of £1.328m that was included in the Directorate's budget for 2018/19.

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

11.1 To ensure Members are apprised of the latest financial position of the Directorate.

## **12. STATUTORY POWER**

12.1 Local Government Act 1972 and 2000.

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Nicole Scammell (Head of Corporate Finance)  
Stephen Harris (Interim Head of Business Improvement Services)

Appendices: Appendix 1 - Social Services 2018/19 Budget Monitoring Report (Month 5)

## APPENDIX 1 – Social Services 2018/19 Budget Monitoring Report (Month 5)

	Revised Budget 2018/19	Projection	Over/ (Under) Spend
	£	£	£
<b>SUMMARY</b>			
CHILDREN'S SERVICES	£23,341,970	£22,245,220	(£1,096,750)
ADULT SERVICES	£62,387,484	£62,522,881	£135,397
RESOURCING AND PERFORMANCE	£2,067,198	£2,002,208	(£64,990)
<b>SOCIAL SERVICES TOTAL</b>	<b>£87,796,652</b>	<b>£86,770,310</b>	<b>(£1,026,342)</b>
<b>CHILDREN'S SERVICES</b>			
<b>Management, Fieldwork and Administration</b>			
Children's Management, Fieldwork and Administration	£8,805,904	£8,416,849	(£389,055)
Appropriation from Specific Reserve	(£588,604)	(£543,259)	£45,345
Intermediate Care Fund Contribution	(£150,842)	(£133,342)	£17,500
<b>Sub Total</b>	<b>£8,066,458</b>	<b>£7,740,248</b>	<b>(£326,210)</b>
<b>Residential Care Including Secure Accommodation</b>			
Own Residential Homes	£1,190,608	£988,635	(£201,973)
Gross Cost of Placements	£4,315,171	£3,860,474	(£454,697)
Contributions from Education	(£85,912)	(£74,388)	£11,524
Contributions from Health	£0	£0	£0
<b>Sub Total</b>	<b>£5,419,867</b>	<b>£4,774,722</b>	<b>(£645,145)</b>
<b>Fostering and Adoption</b>			
Gross Cost of Placements	£7,322,369	£7,533,068	£210,699
Appropriation from Specific Reserve	(£613,933)	(£764,992)	(£151,059)
Other Fostering Costs	£122,086	£140,086	£18,000
Adoption Allowances	£110,616	£100,180	(£10,436)
Other Adoption Costs	£354,519	£354,519	£0
Professional Fees Inc. Legal Fees	£428,749	£428,749	£0
<b>Sub Total</b>	<b>£7,724,406</b>	<b>£7,791,609</b>	<b>£67,203</b>
<b>Youth Offending</b>			
Youth Offending Team	£395,152	£395,152	£0
<b>Sub Total</b>	<b>£395,152</b>	<b>£395,152</b>	<b>£0</b>
<b>Families First</b>			
Families First Team	£214,017	£181,479	(£32,538)
Other Families First Contracts	£2,547,484	£2,542,022	(£5,462)
Grant Income	(£2,697,747)	(£2,697,747)	£0
<b>Sub Total</b>	<b>£63,754</b>	<b>£25,754</b>	<b>(£38,000)</b>
<b>Other Costs</b>			
Preventative and Support - (Section 17 & Childminding)	£64,736	£64,736	£0
Aftercare	£785,768	£632,799	(£152,969)
Agreements with Voluntary Organisations	£670,962	£670,960	(£2)
Other	£150,867	£149,240	(£1,627)
<b>Sub Total</b>	<b>£1,672,333</b>	<b>£1,517,735</b>	<b>(£154,598)</b>
<b>TOTAL CHILDREN'S SERVICES</b>	<b>£23,341,970</b>	<b>£22,245,220</b>	<b>(£1,096,750)</b>

	Revised Budget 2018/19	Projection	Over/ (Under) Spend
	£	£	£
<b>ADULT SERVICES</b>			
<b>Management, Fieldwork and Administration</b>			
Management	£124,883	£132,425	£7,542
Protection of Vulnerable Adults	£268,983	£272,145	£3,162
OLA and Client Income from Client Finances	(£269,645)	(£295,590)	(£25,945)
Commissioning	£641,369	£655,546	£14,177
Section 28a Income Joint Commissioning Post	(£17,175)	(£17,175)	£0
Older People	£2,425,718	£2,460,343	£34,625
Less Wanless Income	(£44,747)	(£44,747)	£0
Physical Disabilities	£2,224,696	£2,261,421	£36,725
Provider Services	£383,986	£401,989	£18,003
ICF Funding	(£132,275)	(£134,435)	(£2,160)
Learning Disabilities	£778,793	£757,710	(£21,083)
Contribution from Health and Other Partners	(£44,253)	(£44,253)	£0
Mental Health	£1,331,381	£1,366,297	£34,916
Section 28a Income Assertive Outreach	(£94,769)	(£94,769)	£0
Drug & Alcohol Services	£367,897	£330,713	(£37,184)
Emergency Duty Team	£254,536	£251,758	(£2,778)
Further Vacancy Savings	£0	(£256,293)	(£256,293)
<b>Sub Total</b>	<b>£8,199,378</b>	<b>£8,003,084</b>	<b>(£196,294)</b>
<b>Own Residential Care</b>			
Residential Homes for the Elderly	£6,452,046	£6,424,720	(£27,326)
Intermediate Care Fund Contribution	(£97,387)	(£101,136)	(£3,749)
-Less Client Contributions	(£2,251,840)	(£2,228,959)	£22,881
-Less Section 28a Income (Ty Iscoed)	(£115,350)	(£115,350)	£0
-Less Inter-Authority Income	(£38,297)	(£21,184)	£17,113
Net Cost	£3,949,172	£3,958,091	£8,919
Accommodation for People with Learning Disabilities	£2,463,760	£2,312,113	(£151,647)
-Less Client Contributions	(£63,437)	(£63,437)	£0
-Less Contribution from Supporting People	(£25,985)	(£41,206)	(£15,221)
-Less Inter-Authority Income	(£306,801)	(£266,016)	£40,785
Net Cost	£2,067,537	£1,941,455	(£126,082)
<b>Sub Total</b>	<b>£6,016,709</b>	<b>£5,899,545</b>	<b>(£117,164)</b>
<b>External Residential Care</b>			
Long Term Placements			
Older People	£10,147,329	£10,192,004	£44,675
Less Wanless Income	(£303,428)	(£303,428)	£0
Less Section 28a Income - Allt yr yn	(£151,063)	(£151,063)	£0
Physically Disabled	£428,951	£492,008	£63,057
Learning Disabilities	£3,042,534	£3,317,579	£275,045
Mental Health	£893,783	£941,555	£47,772
Substance Misuse Placements	£58,902	£95,902	£37,000
Net Cost	£14,117,008	£14,584,557	£467,549

	Revised Budget 2018/19	Projection	Over/ (Under) Spend
	£	£	£
<b>Short Term Placements</b>			
Older People	£248,822	£248,822	£0
Carers Respite Arrangements	£39,330	£39,330	£0
Physical Disabilities	£41,149	£41,149	£0
Learning Disabilities	£16,264	£16,264	£0
Mental Health	£40,353	£40,353	£0
Net Cost	£385,918	£385,918	£0
<b>Sub Total</b>	<b>£14,502,926</b>	<b>£14,970,475</b>	<b>£467,549</b>
<b>Own Day Care</b>			
Older People	£848,144	£778,646	(£69,498)
-Less Attendance Contributions	(£16,869)	(£16,869)	£0
Learning Disabilities	£2,860,936	£2,868,017	£7,081
-Less Attendance Contributions	(£20,691)	(£20,691)	£0
-Less Inter-Authority Income	(£24,986)	(£29,846)	(£4,860)
Mental Health	£731,515	£673,474	(£58,041)
ICF Funding	(£85,682)	(£77,628)	£8,054
-Less Section 28a Income (Pentrebane Street)	(£81,366)	(£81,366)	£0
<b>Sub Total</b>	<b>£4,211,001</b>	<b>£4,093,737</b>	<b>(£117,264)</b>
<b>External Day Care</b>			
Elderly	£3,005	£8,816	£5,811
Physically Disabled	£162,676	£126,474	(£36,202)
Learning Disabilities	£1,189,119	£1,350,128	£161,009
Section 28a Income	(£72,659)	(£72,659)	£0
Mental Health	£44,900	£25,868	(£19,032)
<b>Sub Total</b>	<b>£1,327,041</b>	<b>£1,438,627</b>	<b>£111,586</b>
<b>Supported Employment</b>			
Mental Health	£68,088	£68,088	£0
<b>Sub Total</b>	<b>£68,088</b>	<b>£68,088</b>	<b>£0</b>
<b>Aids and Adaptations</b>			
Disability Living Equipment	£535,638	£484,495	(£51,143)
Adaptations	£246,169	£246,169	£0
Chronically Sick and Disabled Telephones	£7,000	£6,432	(£568)
<b>Sub Total</b>	<b>£788,807</b>	<b>£737,096</b>	<b>(£51,711)</b>
<b>Home Assistance and Reablement</b>			
Home Assistance and Reablement Team			
Home Assistance and Reablement Team (H.A.R.T.)	£3,968,343	£3,878,973	(£89,370)
Wanless Funding	(£67,959)	(£67,959)	£0
ICF Funding	(£29,504)	(£46,043)	(£16,539)
Independent Sector Domiciliary Care			
Elderly	£5,545,788	£5,879,689	£333,901
Physical Disabilities	£772,024	£733,348	(£38,676)
Learning Disabilities (excluding Resettlement)	£360,725	£328,399	(£32,326)
Mental Health	£285,169	£283,319	(£1,850)
Gwent Frailty Programme	£2,320,293	£2,307,363	(£12,930)
Appropriation from Specific Reserve	(£68,226)	(£68,226)	£0
<b>Sub Total</b>	<b>£13,086,653</b>	<b>£13,228,863</b>	<b>£142,210</b>



	Revised Budget 2018/19	Projection	Over/ (Under) Spend
	£	£	£
<b>Other Domiciliary Care</b>			
Shared Lives			
Shared Lives Scheme	£916,695	£987,479	£70,784
-Less Contribution from Supporting People	(£138,698)	(£125,378)	£13,320
Net Cost	£777,997	£862,101	£84,104
Supported Living			
Older People	£50,029	£50,029	(£0)
-Less Contribution from Supporting People	£0	£0	£0
Physical Disabilities	£1,360,081	£1,427,882	£67,801
-Less Contribution from Supporting People	(£15,737)	(£22,116)	(£6,379)
Learning Disabilities	£7,547,846	£8,105,858	£558,012
Less Section 28a Income Joint Tenancy	(£28,987)	(£28,987)	£0
-Less Contribution from Supporting People	(£397,099)	(£263,247)	£133,852
Mental Health	£2,135,574	£2,027,920	(£107,654)
-Less Contribution from Supporting People	(£15,326)	(£10,018)	£5,308
Net Cost	£10,636,381	£11,287,319	£650,938
Direct Payment			
Elderly People	£187,100	£87,538	(£99,562)
Physical Disabilities	£574,901	£698,082	£123,181
Learning Disabilities	£536,344	£729,242	£192,898
Section 28a Income Learning Disabilities	(£20,808)	(£20,808)	£0
Mental Health	£3,594	£3,456	(£138)
Net Cost	£1,281,131	£1,497,510	£216,379
Other			
Sitting Service	£289,802	£277,513	(£12,289)
Extra Care Sheltered Housing	£540,689	£518,875	(£21,814)
-Less Contribution from Supporting People	(£13,635)	(£13,635)	£0
Net Cost	£816,856	£782,754	(£34,102)
Total Home Care Client Contributions	(£1,650,816)	(£1,836,462)	(£185,646)
<b>Sub Total</b>	<b>£11,861,549</b>	<b>£12,593,222</b>	<b>£731,673</b>
<b>Resettlement</b>			
External Funding			
Section 28a Income	(£1,020,410)	(£1,020,410)	£0
<b>Sub Total</b>	<b>(£1,020,410)</b>	<b>(£1,020,410)</b>	<b>£0</b>

	Revised Budget 2018/19	Projection	Over/ (Under) Spend
	£	£	£
<b>Supporting People (including transfers to Housing)</b>			
People Over 55 Years of Age	£842,157	£753,418	(£88,739)
People with Physical and/or Sensory Disabilities	£60,000	£50,351	(£9,649)
People with Learning Disabilities	£161,846	£153,197	(£8,649)
People with Mental Health issues	£915,651	£892,631	(£23,020)
Families Supported People	£499,171	£491,158	(£8,013)
Generic Floating support to prevent homelessness	£881,334	£999,998	£118,664
Young People with support needs (16-24)	£968,966	£1,117,667	£148,701
Single people with Support Needs (25-54)	£414,170	£387,840	(£26,330)
Women experiencing Domestic Abuse	£448,444	£435,253	(£13,191)
People with Substance Misuse Issues	£298,466	£304,094	£5,628
Alarm Services (including in sheltered/extra care)	£19,210	£14,853	(£4,357)
People with Criminal Offending History	£43,419	£65,678	£22,259
Contribution to Social Services Schemes	£749,956	£636,651	(£113,305)
Newport CC funding transfer	(£70,000)	(£70,000)	£0
Less supporting people grant	(£6,232,790)	(£6,232,790)	£0
<b>Sub Total</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>Services for Children with Disabilities</b>			
Blackwood Resource Centre	£319,996	£319,996	£0
Residential Care	£283,152	£310,254	£27,102
Foster Care	£619,834	£411,908	(£207,926)
Preventative and Support - (Section 17 & Childminding)	£9,248	£9,248	£0
Respite Care	£68,031	£68,031	£0
Direct Payments	£179,480	£176,304	(£3,176)
<b>Sub Total</b>	<b>£1,479,741</b>	<b>£1,295,740</b>	<b>(£184,001)</b>
<b>Other Costs</b>			
Telecare Gross Cost	£589,788	£613,722	£23,934
Less Client and Agency Income	(£353,985)	(£353,985)	£0
-Less Contribution from Supporting People	(£83,476)	(£83,476)	(£0)
Agreements with Voluntary Organisations			
Children with Disabilities	£391,442	£391,442	£0
Elderly	£148,410	£154,013	£5,603
Learning Difficulties	£60,904	£60,904	£0
Section 28a Income	(£52,020)	(£52,020)	£0
Mental Health & Substance Misuse	£102,444	£102,444	(£0)
MH Capacity Act / Deprivation of Libert Safeguards	£95,176	£93,378	(£1,798)
Other	£95,304	£95,304	£0
Wales Independent Living Expenditure	£872,014	£192,274	(£679,740)
Gwent Enhanced Dementia Care Expenditure	£279,692	£279,692	£0
Gwent Enhanced Dementia Care Grant	(£209,692)	(£209,692)	£0
Intermediate Care Fund Contribution	(£70,000)	(£69,186)	£814
<b>Sub Total</b>	<b>£1,866,001</b>	<b>£1,214,813</b>	<b>(£651,188)</b>
<b>TOTAL ADULT SERVICES</b>	<b>£62,387,484</b>	<b>£62,522,881</b>	<b>£135,397</b>

	Revised Budget 2018/19	Projection	Over/ (Under) Spend
	£	£	£
<b><u>SERVICE STRATEGY AND BUSINESS SUPPORT</u></b>			
<b>Management and Administration</b>			
Policy Development and Strategy	£167,448	£165,904	(£1,544)
Business Support	£693,879	£663,013	(£30,866)
<b>Sub Total</b>	<b>£861,327</b>	<b>£828,917</b>	<b>(£32,410)</b>
<b>Office Accommodation</b>			
All Offices	£283,079	£272,206	(£10,873)
Less Office Accommodation Recharge to HRA	(£59,430)	(£59,430)	£0
<b>Sub Total</b>	<b>£223,649</b>	<b>£212,776</b>	<b>(£10,873)</b>
<b>Office Expenses</b>			
All Offices	£171,750	£177,673	£5,923
<b>Sub Total</b>	<b>£171,750</b>	<b>£177,673</b>	<b>£5,923</b>
<b>Other Costs</b>			
Training	£314,448	£314,448	£0
Staff Support/Protection	£9,800	£9,800	£0
Information Technology	£11,186	£11,186	£0
Management Fees for Consortia	(£55,558)	(£55,558)	£0
Insurances	£252,763	£248,254	(£4,509)
Other Costs	£277,833	£254,712	(£23,121)
<b>Sub Total</b>	<b>£810,472</b>	<b>£782,842</b>	<b>(£27,630)</b>
<b>TOTAL RESOURCING AND PERFORMANCE</b>	<b>£2,067,198</b>	<b>£2,002,208</b>	<b>(£64,990)</b>



## REGENERATION AND ENVIRONMENT SCRUTINY COMMITTEE – FOR INFORMATION

**SUBJECT: BUDGET MONITORING REPORT 2018/2019**

**REPORT BY: INTERIM CORPORATE DIRECTOR OF COMMUNITIES**

### 1. PURPOSE OF REPORT

- 1.1 To inform Members of the most recent budget monitoring position for 2018/2019 for Communities Directorate Service Divisions, including Regeneration & Planning Division, Infrastructure Services Division, Public Protection Division and Community & Leisure Services Division.

### 2. SUMMARY

- 2.1 The report summarises the most recent budget monitoring projections for 2018/2019 based on the latest available financial information.
- 2.2 It attaches, as appendices the more detailed budget monitoring figures for each of the Council Fund Services outlined in paragraph 1.1 above.

### 3. LINKS TO STRATEGY

- 3.1 The content of the report is in accordance with the budget strategy considered by the Council at its meeting of 22nd February 2018.
- 3.2 The budget figures outlined in this report assist in meeting the ambition of the Authority to build better communities by building better public services, building better lifestyles, building a vibrant economy and building Futures Changing Lives.
- 3.3 Budget monitoring and management information itself is in accordance with the corporate theme of delivering the Strategies.
- 3.4 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 INTRODUCTION

4.1.1 The report outlines the revenue budget position for each of the service Divisions that form part of the Communities Directorate based on the most current financial information available. Projected outturn figures for the financial year are compared with the budget to show the anticipated under/overspends. More detailed budget monitoring figures are shown in the appendices' 1a to 1d.

4.1.2 It should be noted that the budget report to Council on 22nd February 2018 detailed the need to apply further budget efficiency savings in 2018/2019 to meet medium term financial plan (MTFP) targets and achieve budget strategy aims. Environment Directorate services were targeted to achieve new budget efficiency savings of £2.219million.

4.1.3 The table 1 below summarises the present budget monitoring position, with an overall Directorate over spend of £412k, but **exclusive** of ring fenced budgets this over spend is reduced to £377k. Appendices 1a to 1d provide more detail on the budget variation projections for each Service Division.

4.1.4

TABLE 1	ORIGINAL ESTIMATE 2018/2019	REVISED ESTIMATE 2018/2019	ANTICIPATED OUTTURN 2018/2019	ANTICIPATED VARIANCE 2018/2019 Under (Over)
	£000	£000	£000	£000
Regeneration & Planning Division	2,560	2,490	2,605	(115)
Infrastructure Services Division	19,819	19,819	19,906	(87)
Public Protection Division	7,235	7,235	7,065	170
Community & Leisure Services Division	21,492	21,365	21,752	(387)
Directorate General	168	168	161	7
<b>NET DIRECTORATE</b>	<b>51,274</b>	<b>51,077</b>	<b>51,489</b>	<b>(412)</b>
Home to School Transport - ring fenced over spend				(40)
Social Services Transport – ring fenced over spend				(124)
Cemeteries Task & Finish – ring fenced under spend				129
<b>NET DIRECTORATE over spend (excluding ring fenced budgets)</b>				<b>(377)</b>

### 4.2 REGENERATION & PLANNING DIVISION

4.2.1 Overall, the service division presently has a projected over spend of £115k. Planning services are reporting over spend of £100k and Regeneration over spend of £15k.

4.2.2 Development Control is reporting an under spend of £78k due to staff vacant posts, one of which is being held vacant as part of MTFP savings for 2019/2020. Fee income is presently projected to be close to the budget of £537k and pre-application advice fee income is projected at £30k again close to the budget for the year. Building Control is however reporting

overspend of £122k where income is presently projected to be £109k below the £295k budget and there is also a £10k debtor write off in relation to dangerous structures linked to the Pound-stretcher building in Blackwood. Planning application fee and building control fee income is dependent on the number of applications received and applications and fee levels can vary significantly so will continue to be monitored closely.

- 4.2.3 Strategic Planning budgets are presently projected to be £42k over spent due a shortfall in rechargeable fee income, partly offset by staffing under spend due to staff on reduced working hour contracts and a temporary vacant principal planner post.
- 4.2.4 Land charge service is reporting overspend of £20k due to a shortfall in search fee income.
- 4.2.5 Overall Regeneration is presently projecting over spend of £15k. Business Support has underspend of £46k which is due to a vacant post which is being held in support of the MTFP for 2019/2020 and a reduction in some operational costs such as marketing, subscriptions etc.
- 4.2.6 Business Urban Renewal is reporting an over spend of £19k, this includes a projected over spend of £45k in relation to the Bargued retail shop units due to anticipated under occupancy of the units and reduced rental income in 2018/2019 partly offset by underspend in the Urban Renewal and Town Centre management teams from a vacant post and reduced operational costs.
- 4.2.7 There is a projected £10k over spend in relation to industrial properties primarily due to a shortfall in industrial property rent income resulting from a number of units becoming unoccupied because the companies have gone into liquidation. This underachievement in income is partly offset by under spend from staff vacant post and other operational costs. There will be further review of this service and initiatives identified to sustain and increase Industrial Property rent income in order to ensure budget targets are achieved in the future.
- 4.2.8 Overall Tourism Events and Tourism Venues are reporting a combined small overspend of £8k, this is primarily due to additional costs of security and health & safety in relation to the Big Cheese event and an underachievement in income at the tourism venues, offset by staffing underspends at the tourism venues. It is likely that income generation at some of the tourism venues such as Llancaich Fawr have been influenced by the unusually warm weather over the summer months and income at Cwmcarn VC has been affected by the summer mountain fires which had a negative impact on visitor numbers and on the bike trails.
- 4.2.9 Community Regeneration has an under spend of £3k, mainly due to additional staff recharge income from support provided to the grant funded Community First programme.
- 4.2.10 There is over spend of £27k in senior management support primarily due to one off payment in lieu of notice costs associated with the Interim Head of Service retiring.
- 4.2.11 The Head of Regeneration and Planning is currently reviewing the structure of the division with a view to achieving greater flexibility, clarity of roles and increasing the ability of the division to contribute to the MTFP for 2019/20 and beyond.

### **4.3 INFRASTRUCTURE SERVICES**

- 4.3.1 Infrastructure is reporting a net over spend of £87k on a £19.819million budget, but after excluding budget variations in relation to Home to School Transport (£40k overspend) and Social Services Transport (£124k over spend) which will be ring fenced and appropriated back to the Service Directorates, there is an under spend of £77k.
- 4.3.2 Highway Operations is reporting overspend of £82k, of which £100k relates to street lighting energy due to an increase in prices. The general highway maintenance and winter

maintenance budgets of £5.4million are presently projected to break-even but much will depend on the severity of winter weather and general wear and tear on the highway network. The expected amount of reactive maintenance required is difficult to predict, but every effort will be made to manage the maintenance programme within the budget available. Winter maintenance is assumed for now to be within the £1.1million budget, but it will depend on the severity of the winter. There is a winter maintenance reserve of £500k available to help fund costs associated with a very severe winter. There is also a £21k shortfall in fixed penalty income associated with New Roads Street Works (NRSWA). Overspends are partly offset by underspend in staffing of £34k some of which is MTFP in advance for 2019/2020.

- 4.3.3 EPG (Engineering Projects Group) is reporting underspend of £27k mainly due to delayed filling of posts.
- 4.3.4 Transport Engineering overall is projecting a £30k under spend, with a shortfall in car park income of £85k (on £736k budget), being more than offset by staffing underspend of £86k, of which £42k relates to school crossing patrol which is mostly MTFP in advance for 2019/2020. There is also underspend traffic signal maintenance (£11k) and road accident and road conditions surveys (£9k) both of which are planned MTFP savings for 2019/2020.
- 4.3.5 Public Transport is reporting an under spend of £23k, mainly due to the Connect 2 lead driver being recovered via grant.
- 4.3.6 At this stage Network Contracting Services (NCS) is anticipating surplus of £53k primarily in relation to the SEW contract. The financial position of NCS is heavily dependent on the volume and value of work secured during the year and this is monitored closely along with productivity levels within the workforce.
- 4.3.7 Engineering general support costs are underspent by £25k due to a vacant post which is MTFP in advance for 2019/20.
- 4.3.8 Home to School Transport is projected to overspend by £40k at present, due to increased operator costs (buses and taxis) resulting from increased demand, the financial position will be monitored closely as it is subject to variation during the year.
- 4.3.9 Social Services Transport is projecting over spend of £124k again due to increased operator costs resulting from increased demand in adult services (£50k) and children services (£76k). This budget will be monitored closely as it is also subject to variation in demand and costs during the year.
- 4.3.10 The Head of Infrastructure is currently reviewing the structure of the division with a view to achieving greater flexibility, clarity of roles and increasing the ability of the division to contribute to the MTFP for 2019/20 and beyond.

#### **4.4 PUBLIC PROTECTION**

- 4.4.1 Public Protection is presently projecting an under spend of £170k on an overall revenue budget of £7.235million.
- 4.4.2 Environmental Health is currently projecting a net underspend of £127k this is primarily due to underspend in salaries from a combination of vacant posts some being held to support the Medium-Term Financial Plan savings requirement for 2019/20, maternity, reduced hour contracts and reduced overtime. There are a number of ongoing issues in respect of pollution and contaminated land sites that are unpredictable and difficult to assess in terms of financial cost, but it is assumed the existing provisions and budget will cover this at present. Pollution and contaminated land sites are being closely monitored as any increases in this area would impact on the overall financial position.

- 4.4.3 Trading Standards, Licensing, Community Safety and CCTV has a projected net underspend of £35k. This is primarily in relation to staffing costs (£48k) from career break savings, vacancy management, associated costs in relation to car allowances and staff not currently top of the incremental scale. These underspends are partly offset by a shortfall in licensing fee income of £20k. Licensing fee income can be subject to variation so this will be monitored closely.
- 4.4.4 Catering Services are projecting a small overall underspend of £8k on a £3.483million budget, this includes underspend in relation to Comprehensive schools (£33k) this is mainly due to over achievement in income, this has been assisted by an increase in the number of schools implementing a policy of school children not leaving the premises at lunch time. There is projected overspend in Primary schools however of £113k due to an underachievement in income targets of £91k and overspend in staffing of £65k partly offset by underspend in other operational costs. Income generation will be monitored closely as it can vary depending on pupil take up, school disruptions due to poor weather etc. There is underspend in HQ costs of £29k and underspend in relation to staff restaurants of £53k due to increased income and reduced staffing costs and overspend in meals direct of £24k due to a shortfall in income partly offset by reduced operating costs.

## **4.5 COMMUNITY & LEISURE SERVICES**

- 4.5.1 The Community & Leisure Division is presently projecting overall net overspend of £387k on a budget of £21.365 million.
- 4.5.2 Waste Management & Cleaning Services is reporting over spend of £531k. There is anticipated overspend in dry recycling treatment (£753k), due to inadequate budget to fund the service, there is however a corporate contingency reserve of £800k available to finance any overspend during 2018/2019. The dry recycling contract with Newport Paper Company is being monitored closely as future contract rates will depend on factors such as the quality of waste/level of contamination in the waste streams collected and also resale markets for recycling materials. There is overspend in relation to CA sites (£49k) due to increased tonnage of waste being deposited at the CA sites and the associated increase in running costs. Initiatives are being considered to help reduce some of these cost pressures including introducing restrictions and better controls on the waste deposited at the CA sites. Vehicle running costs are showing £263k overspend primarily in relation to unscheduled repairs, cover vehicles due to downtime on the fleet and fuel costs. It is anticipated that the new Fleet Services contract will generate savings in vehicle running costs in the future. These overspends are partly offset by an anticipated reduction in vehicle purchases this financial year from deferring acquisitions and therefore reduced RCCO (£391k), albeit vehicles will still need replacing in subsequent years and adequate budget provision will be required to fund replacements. There is also a net staffing under spend of £198k primarily due to vacant posts in street cleansing services some of which are being held to support the Medium-Term Financial Plan savings requirement for 2019/20 partly offset by a £114k overspend in agency costs. HQ staffing also shows underspend of £79k due to vacant posts.
- 4.5.3 An underspend of £169k is projected for Parks & Countryside, Outdoor Facilities and Cemeteries. Cemeteries is reporting a £129k under spend due to income in excess of budget and reductions in maintenance expenditure. Any underspend in relation to cemeteries is ring fenced for future investment in cemetery infrastructure. Parks & Countryside combined is reporting underspend of £40k primarily due to staff vacant posts in outdoor facilities and HQ support, some of which is held vacant in support of the MTFP for 2019/2020. The tree maintenance budget is being monitored closely as there is a requirement to undertake essential tree works on a number of road by- passes.
- 4.5.4 Leisure Centres are reporting a net overspend of £50k, with a £250k shortfall in income targets being mostly offset by underspend in staffing & tutors and other operating costs. Income generation at the Leisure centres can vary depending on consumer demand, operational closures due to adverse weather (which was significant in the 2018 winter),



closures due to maintenance and refurbishments (Centre of Sporting Excellence this year due to renovation to the football pitch) and other factors, including this year, an apparent reduction in consumer demand due to the exceptionally hot summer. The recent Cabinet decision to apply a VAT exemption on the supply of sporting services following a legal challenge and a decision by the Court of Justice of the European Union (subsequently accepted by HMRC) to allow public bodies including local authorities to apply an exemption to VAT on sporting services, will result in additional leisure related income, which will assist in ensuring Leisure Centres can achieve their income budget targets. The overspend in Leisure centres is more than offset by underspend in Leisure HQ costs of £64k including customer services, marketing & training and uniforms.

4.5.5 Community Centres are at present projecting underspend of £46k on a £360k budget due to reductions in general maintenance and other operating costs and Caerphilly Adventures is reporting overspend of £27k as the service has suffered an element of disruption in its provision due to the move to Cwmcarn forest drive in the summer of 2018.

4.5.6 Vehicle Maintenance & Fleet Management is currently projecting overspend of £57k. The outturn position will be dependent on the value of work through the workshop over the next few months and the ability to finance fixed overheads.

4.5.7 Building Cleaning is at present reporting a break even budget this is due to income greater than budgeted offset by staff additional hours to cover sickness and holidays. The service is continually seeking to secure additional cleaning contract work to sustain employments levels and finance fixed overheads.

#### 4.6 MEDIUM TERM FINANCIAL PLANS (MTFP) SAVINGS 2018/2019

4.6.1 The 2018/19 revenue budget for Environment Directorate included targeted MTFP savings of £2.219million as summarised in table 2 below. The projected overspends and under spends discussed in the above paragraphs take account of these savings targets.

TABLE 2

<b>Service Division</b>	<b>Approved Savings 2018/2019 £000</b>
<b>Regeneration &amp; Planning Division</b>	<b>575</b>
<b>Infrastructure Services Division</b>	<b>732</b>
<b>Public Protection Division</b>	<b>295</b>
<b>Community &amp; Leisure Services Division</b>	<b>617</b>
<b>TOTAL</b>	<b>2,219</b>

4.6.2 Most of the £2.219million MTFP savings applied in 2018/2019 are being achieved or are expected to be achieved. However at present a number of MTFP savings are not being fully achieved and the position on these will be monitored closely, the under achieved MTFP savings include:

- Increased rental income industrial properties (£10k MTFP) not achieved due to shortfall in income as noted in paragraph 4.2.7
- Urban Renewal rental income from town centre events spaces (£10k MTFP) not achieved due to lower demand for events space
- Tourism Venues, increased income and expenditure realignment from Caerphilly Visitor Centre (£15k MTFP) not achieved due to reduced income as a result of disruption from refurbishment works to the public toilets and suspected impact of hot summer weather on

consumer demand.

- Tourism Llancaich Fawr staffing rotas and administration roles (£34k MTFP), £16k underspend in staffing, so not fully achieved. Also review of events at Llancaich Fawr (£10k MTFP), due to general shortfall in income generation as noted in paragraph 4.2.8.
- Infrastructure, New Roads Street Works Act fee increases (£2.5k MTFP) not achieved as noted in paragraph 4.3.2 above
- Infrastructure, bus shelter maintenance (£10k MTFP) not achieved due to overspend on bus station maintenance
- Public Protection Catering, increased income from increasing prices at Primary schools (£54k MTFP) not being achieved due to present projected shortfall in primary school catering income as noted in paragraph 4.4.4
- Public Protection Catering, increased charge for meals on wheels (£11k MTFP) not achieved due to due shortfall in income as noted in paragraph 4.4.4
- Community & Leisure Countryside, leasing of buildings (£11.5k MTFP) not achieved as lease agreements not negotiated
- Community & Leisure Waste Management & Cleaning, early retirement of two supervisors (£67k MTFP) not achieved as yet due to the late decision of both staff members not to retire, but offset by greater increased savings in other operational posts.
- Community & Leisure, Caerphilly Adventures, increased income (£20k MTFP) not fully achieved as yet as noted in paragraph 4.5.5

4.6.3 Most of the unachieved MTFP savings are associated with additional income generation, which does have a greater risk of non-achievement, often due to the volatility in customer demand for services and factors outside the control of the service that can impact on usage and income levels (general economic climate, weather, consumer trends etc.)

## 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 (Wales) Act 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 As noted in the table in paragraph 4.1.3 above some service under/over spends will be appropriated to ring fenced reserves including Social Services Transport (£140k overspend), Home To School Transport (£40k overspend) and Cemeteries (£129k underspend). In line with the Council's reserves protocol, general revenue underspends not subject to specific ring fencing are appropriated to Directorate strategic reserves and Council working balances on a 50/50 basis, however any Directorate over spends will be appropriated to Service Directorate reserves in full and will require funding from previous years reserve balances where they exist

or future years revenue budgets.

- 7.2 Based on current projections, combined general revenue overspend for the Directorate of £377k in relation to Regeneration & Planning, Infrastructure, Community & Leisure services and Public Protection would be appropriated to Communities Strategic reserve (this excludes ring fenced under/overspends noted in paragraph 7.1). If as noted in paragraph 4.5.2 overspend of £753k in relation to dry recycling treatment is funded from Council Corporate contingency reserves, the net general underspend for these Divisions will be £376k of which £188k would be appropriated to the Communities Strategic reserve and £188k to Council working balances. Consideration will be given to possible use of the contingency reserve at outturn when further updates of the financial position are reported.

## **8. PERSONNEL IMPLICATIONS**

- 8.1 Members will be aware that when setting the budget, MTFP savings were identified for the Communities Directorate in relation to vacancy management savings, these are reflected in the financial figures reported.

## **9. CONSULTATIONS**

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

## **10. RECOMMENDATIONS**

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

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

- 11.1 The Council Budget is based on the achievement of both expenditure and income targets. In order to ensure that these are met and the Council's financial integrity is maintained Directors are required to review income and expenditure trends.

## **12. STATUTORY POWER**

- 12.1 Local Government Act 1972 and 2000.

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### **Consultees**

Councillor D.T Davies Chair Regeneration & Environment Scrutiny Committee  
Mark S Williams Interim Corporate Director of Communities  
Robert Hartshorn, Head of Community & Leisure, Policy and Public Protection  
Rhian Kyte, Head of Regeneration and Planning  
Marcus Lloyd, Head of Infrastructure  
Nicole Scammell Head of Corporate Finance and Section 151 Officer  
Steve Harris, Deputy Section 151 Officer  
Rose Shears, Finance Officer  
Jane Southcombe, Education Financial Services Manager  
Dave Roberts, Principal Group Accountant

Paul Adams, Senior Assistant Accountant  
Mike Jones, Interim Financial Services Manager Social Services

Background Papers:

Divisional budget monitoring working papers 2018/2019

Appendices:

Appendix 1A Budget Monitoring Report - Regeneration and Planning

Appendix 1B Budget Monitoring Report - Infrastructure Services Division

Appendix 1C Budget Monitoring Report - Public Protection Division

Appendix 1D Budget Monitoring Report - Community and Leisure Services

Links to other Documents:

Council Meeting 22/2/2018: Budget Proposals 2018/19 and Medium- Term Financial Strategy  
2018/2023 - Item No. 4

<http://www.democracy.caerphilly.gov.uk/ieListDocuments.aspx?CId=127&MId=11179>

<b>DIRECTORATE OF THE ENVIRONMENT</b>	<b>Page No</b>	<b>Estimate 2018/19</b>	<b>Revised Estimate 2018/2019</b>	<b>Projected Outturn 2018/2019</b>	<b>Variance 2018/2019</b>
<b><u>REGENERATION &amp; PLANNING</u></b>					
<b>REGENERATION</b>					
<b>Senior Management Support</b>		<b>77,982</b>	<b>77,982</b>	<b>105,383</b>	<b>(27,401)</b>
<b>Business Support -</b>					
Business Support & Funding		433,213	433,213	386,554	46,659
Commercial Properties		(1,063,437)	(1,133,218)	(1,123,381)	(9,837)
		<b>(630,224)</b>	<b>(700,005)</b>	<b>(736,827)</b>	<b>36,822</b>
<b>Business Urban Renewal</b>		<b>297,045</b>	<b>297,045</b>	<b>316,465</b>	<b>(19,420)</b>
<b>Destination &amp; Events</b>					
Management, Marketing & Events		372,691	372,691	377,445	(4,754)
Tourism Venues		894,754	894,754	906,441	(11,687)
Blackwood Miners Institute		324,362	324,362	315,643	8,719
Arts Development		152,997	152,997	152,997	0
		<b>1,744,804</b>	<b>1,744,804</b>	<b>1,752,526</b>	<b>(7,722)</b>
<b>Community Regeneration</b>		<b>168,576</b>	<b>168,576</b>	<b>165,959</b>	<b>2,617</b>
<b>Legacy/C4W Grant Programmes</b>					
Expenditure		2,001,161	2,015,293	1,595,675	419,618
Grant Funding		(2,001,161)	(2,015,293)	(1,595,675)	(419,618)
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
		<b>1,658,183</b>	<b>1,588,402</b>	<b>1,603,506</b>	<b>(15,104)</b>
<b>PLANNING</b>					
Strategic Planning		404,256	404,256	446,821	(42,565)
Development		332,384	332,384	253,729	78,655
Building Control		(30,845)	(30,845)	91,295	(122,140)
Land Charges		(9,849)	(9,849)	10,848	(20,697)
HQ, Corporate and Democratic Core		205,385	205,385	199,332	6,053
		<b>901,331</b>	<b>901,331</b>	<b>1,002,025</b>	<b>(100,694)</b>
<b>TOTAL NET BUDGET</b>		<b>2,559,514</b>	<b>2,489,733</b>	<b>2,605,531</b>	<b>(115,798)</b>

<i>ENVIRONMENT DIRECTORATE</i>	Page No	Estimate 2018/19	Revised Estimate 2018/19	Projected Outturn 2018/2019	Variance 2018/2019
<b><i>INFRASTRUCTURE SERVICES DIVISION</i></b>					
<i>HIGHWAY OPERATIONS</i>		9,394,216	9,393,657	9,475,912	(82,255)
<i>ENGINEERING PROJECTS GROUP</i>		(99,873)	(99,873)	(127,264)	27,391
<i>TRANSPORTATION ENGINEERING</i>		567,051	567,051	537,512	29,539
<i>PASSENGER TRANSPORT</i>		1,751,908	1,751,908	1,728,875	23,033
<i>HOME TO SCHOOL TRANSPORT</i>		6,831,258	6,831,258	6,871,560	(40,302)
<i>SOCIAL SERVICES TRANSPORT</i>		1,465,319	1,465,319	1,589,321	(124,002)
<i>NETWORK CONTRACTING SERVICES</i>		(146,017)	(146,017)	(200,000)	53,983
<i>ENGINEERING - GENERAL</i>		55,403	55,403	30,344	25,059
<b><i>TOTAL NET EXPENDITURE</i></b>		<b>19,819,265</b>	<b>19,818,706</b>	<b>19,906,260</b>	<b>(87,554)</b>

<i>DIRECTORATE OF THE ENVIRONMENT</i>	<b>Page No</b>	<b>Estimate 2018/2019</b>	<b>Revised Estimate 2018/2019</b>	<b>Projected Outturn 2018/2019</b>	<b>Variance 2018/2019</b>
<b><u>PUBLIC PROTECTION DIVISION</u></b>					
<i>TRADING STANDARDS</i>		794,619	794,619	746,499	48,120
<i>LICENSING</i>		51,183	51,183	79,880	(28,697)
<i>REGISTRARS</i>		67,848	67,848	54,506	13,342
<i>CCTV</i>		466,777	466,777	470,124	(3,347)
<i>COMMUNITY WARDENS</i>		355,019	355,019	322,332	32,687
<i>CORPORATE AND DEMOCRATIC COSTS (CDC)</i>		54,643	54,643	48,618	6,025
<i>HEALTH DIVISIONAL BUDGET</i>		244,869	244,869	251,169	(6,300)
<i>ENFORCEMENT</i>		641,124	641,124	591,149	49,975
<i>POLLUTION</i>		410,366	410,366	379,708	30,658
<i>FOOD TEAM</i>		571,716	571,716	541,392	30,324
<i>EMERGENCY PLANNING</i>		93,185	93,185	103,737	(10,552)
<i>CATERING</i>		3,483,837	3,483,278	3,476,301	6,977
<b><i>TOTAL NET EXPENDITURE</i></b>		<b>7,235,186</b>	<b>7,234,627</b>	<b>7,065,415</b>	<b>169,212</b>

<i>DIRECTORATE OF THE ENVIRONMENT</i>	Page No	Estimate 2018/2019	Revised Estimate 2018/2019	Projected Outturn 2018/2019	Variance 2018/2019
<b><u>COMMUNITY &amp; LEISURE SERVICES</u></b>					
<b>WASTE MANAGEMENT</b>					
<i>Residual Waste</i>		2,331,900	2,331,900	2,646,054	(314,154)
<i>Organics recycling</i>		1,330,439	1,330,439	1,307,913	22,526
<i>Civic Amenity Sites</i>		2,989,173	2,989,173	3,037,773	(48,600)
<i>Waste Transfer Station</i>		108,839	108,839	160,910	(52,071)
<i>Dry Recycling</i>		2,175,012	2,175,012	3,107,712	(932,700)
<i>RCCO</i>		391,000	391,000	0	391,000
<i>Bulky Waste</i>		149,892	149,892	153,442	(3,550)
<i>Commercial Waste</i>		(538,660)	(538,660)	(396,185)	(142,475)
<i>Other Waste</i>		71,055	71,055	62,788	8,267
<i>Treher</i>		126,224	126,224	125,612	612
<i>Sustainable Waste Management Grant</i>		(942,804)	(942,804)	(942,804)	0
<i>HQ Staff</i>		1,280,201	1,155,482	1,075,099	80,383
<b>CLEANSING</b>					
<i>Public Conveniences</i>		93,146	93,146	94,868	(1,722)
<i>Street Cleansing</i>		4,235,188	4,235,188	3,773,856	461,332
<b>GROUND MAINTENANCE AND PARKS</b>					
<i>Cemeteries</i>		(140,856)	(140,856)	(270,135)	129,279
<i>Allotments</i>		39,231	39,231	26,094	13,137
<i>Parks and Playing Fields</i>		1,705,503	1,705,503	1,790,421	(84,918)
<i>Playgrounds</i>		284,223	284,223	284,964	(741)
<i>Outdoor facilities</i>		274,003	274,003	220,892	53,111
<i>Community Assets Funding</i>		54,160	54,160	54,160	0
<i>Countryside</i>		1,092,071	1,092,071	1,092,624	(553)
<i>HQ Staffing</i>		1,009,471	1,009,471	949,184	60,287
<b>LEISURE SERVICES</b>					
<i>Leisure Centres</i>		2,594,077	2,593,518	2,579,753	13,765
<i>Sports &amp; Health Development</i>		20,024	20,024	20,699	(675)
<i>Outdoor Education</i>		143,091	143,091	170,282	(27,191)
<i>Community Centres</i>		359,855	359,855	313,287	46,568
		<b>21,235,458</b>	<b>21,110,180</b>	<b>21,439,263</b>	<b>(329,083)</b>
<i>Building Cleaning</i>		517,207	516,648	516,705	(57)
<i>Vehicle Maintenance &amp; Fleet Management</i>		(260,883)	(261,442)	(204,317)	(57,125)
<b>Total net expenditure Community &amp; Leisure Services</b>		<b>21,491,782</b>	<b>21,365,386</b>	<b>21,751,651</b>	<b>(386,265)</b>





## POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION

**SUBJECT: CORPORATE SERVICES AND MISCELLANEOUS FINANCE 2018/19  
BUDGET MONITORING REPORT (PERIOD 7)**

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION & 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 seven 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 £1,091k 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 a net overspend of £518k, consequently overall the projected outturn position for Education and Corporate Services is an underspend of £573k. The net in year overspend for Education &

Lifelong Learning of £518k does not include an increase in the projected deficit position at closure for Cwmcarn High School. The full details with regards to the Education & Lifelong Learning position will be reported to Education for Life scrutiny committee in January.

4.1.3 The anticipated underspend of £103k 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 additional income.

4.1.4 The anticipated net overspend of £7k in Customer & Digital Services consists of:-

- A projected underspend of £143k 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 - £58k 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 - £217k 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 - £75k underspend due in main to vacancies being held to support the Medium-Term Financial Plan savings requirement for 2019/20.
- Agreement by Cabinet on 31<sup>st</sup> October 2018 requires a transfer from underspends to a earmarked reserve of £500k to cover the investment in Digital Technology.

4.1.5 Legal & Governance is projecting a net underspend of £199k after allowing for the following to be ring-fenced and transferred to earmarked reserves: -

- Projected underspend on Members related expenditure of £10k. 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 £73k on Electoral Services. The Electoral Service underspends in non-election years are ring-fenced to fund overspends in election years.
- Agreed one-off funding from reserves to fund staff for a fixed term.

The net underspend of £199k 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 £176k in Business Improvement Services consisting of the following:-

- Management - £41k due to a delay in appointing to the vacant post of Interim Head of Business Improvement Services.
- Projected underspend of £44k in the Policy Team due in the main to staff reducing their working hours.
- Projected underspend of £72k in the Equalities and Welsh Language Team due in the main to delays in appointing to Translator posts.
- Projected small overspend in the Performance Management Unit.
- Projected underspend of £19k on the Community Safety budget due to a delay in filling a post.

4.1.7 There is a projected net underspend of £324k for Peoples Services mainly consisting of:-

- Human Resources projected net underspend of £182k due in the main to vacancies being held to support the Medium-Term Financial Plan savings requirement for 2019/20, after taking into account the agreed use of reserves for staff.
- CMT Support overspend of £6k due in the main to budget transferred not being sufficient to cover the new staffing structure. This is being monitored closely during the year.

- Trade Union Facilities project a small net underspend of £2k after taking into account the agreed one-off use of reserves to fund staff.
- Communications Unit - £10k underspend due in the main to an increased income on design and print work. This will be closely monitored in year.
- A projected underspend of £136k 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.

4.1.8 For Corporate Property (which forms part of the Communities Directorate) there is a net projected underspend of £263k, consisting of the following: -

- Management - £15k underspend due to various non salary related underspends.
- Energy - £12k underspend due mainly to a temporary reduction in hours of a member of staff.
- Estates - £48k overspend due mainly to a reduction in the anticipated level of fee income, which has been partially offset by staff vacancies. These will be monitored closely in year to try to mitigate the anticipated overspend.
- Non – operational Properties - £17k underspend mainly due to reduced utility costs being incurred.
- Corporate Facilities - £367k underspend mainly due to anticipated savings on various corporate properties. This also includes an anticipated £279k on Ty Duffryn which includes £197k of lease income for 2018-19, this aims to support the Medium Term Financial Plan savings requirement for 2019-20.
- Maintenance – Projected £185k 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 £85k underspend due in the main to anticipated increased workload and associated fee income. These will be monitored closely in year.

4.1.9 There is a projected overspend of £38k on Housing Services which consists of the following:-

- General Fund Housing is expected to show a £5k overspend 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.
- This service area includes a statutory duty for Temporary Accommodation which is demand led and difficult to predict but trends are showing an annual increase in the need for this service. 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.
- The service, however, 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 being identified to meet our statutory duty, to include support for increased house sharing options for young homeless care leavers. 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.
- The projected overspend can be funded from service balances.

- Private Sector Housing is expected to show a £32k overspend 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, but this is only received on completion of the works, and is unlikely to be sustainable once the WHQS has been achieved in 2020. Furthermore, a recent review of Home Repair Grants and the newly introduced loan scheme has shown a slow take up this year meaning the fee income has had to be reduced accordingly by some £70k. Again this is an area that is difficult to predict, although it is anticipated that access to the scheme will increase as it becomes more widely known. There is a projected underspend in salaries which will offset this overspend due to a restructure from the previous managers retirement. The projected overspend can be funded from service balances.

4.1.10 The following table provides a summary of progress in delivering agreed 2018/19 savings, all of these will be achieved in the current financial year: -

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 £1,008k in Miscellaneous Finance.

4.2.2 There is a projected net underspend of £486k on Capital Financing budgets which is due to the following:-

- Temporary loans raised in 2018-19 to cover cashflow, offset by assumed borrowing in 2018/19 being deferred to 2019/20, this includes the 21<sup>st</sup> Century Schools and HRA, partly offset by a reduced contribution from HRA for the debt costs due to the deferred borrowing.
- Provision of £242k to fund the ongoing liability of the Senior Officer, as agreed by Council on 13<sup>th</sup> December 2018.

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

4.2.5 The projected overspend on the “Counsel fees” budget will be met from its earmarked reserve. The overspend is primarily due to costs incurred on childcare cases.

## **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.

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Consultees: R. Edmunds – Corporate Director for Education & Corporate Services.  
N. Scammell – Head of Corporate Finance & S151 Officer.  
S. Harris – Interim Head of Business Improvement Services.  
M. Eedy – Finance Manager.  
R Tranter – Head of Legal Services  
L Donovan – Head of Peoples Services  
L Lucas – Head of Customer & Digital Services  
C Harrhy, 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 7).

CORPORATE SERVICES DIRECTORATE	Original Estimate 2018/19	Revised Estimate 2018/19	Anticipated Outturn 2018/19	Anticipated Variance 2018/19
<b>SUMMARY</b>				
<b>CHIEF EXECUTIVE &amp; DIRECTOR OF EDUCATION &amp; CORPORATE SERVICES</b>	460,085	367,177	296,243	70,934
<b>CORPORATE FINANCE</b>				
Financial services & Internal Audit	2,124,090	2,124,090	2,021,369	102,721
	2,124,090	2,124,090	2,021,369	102,721
<b>BUSINESS IMPROVEMENT SERVICES</b>				
Management		124,160	83,215	40,945
Policy	648,395	691,472	647,052	44,420
Equalities	384,562	384,562	312,319	72,243
PMU	223,534	226,888	227,185	(297)
Community Safety Partnership	82,093	82,093	63,215	18,878
	1,338,584	1,509,175	1,332,986	176,189
<b>LEGAL &amp; GOVERNANCE SUPPORT</b>				
Legal & Democratic Services	1,090,282	1,090,282	882,066	208,216
Agreed Use of One Off Reserves for Legal Services	(29,514)	(29,514)	(20,218)	(9,296)
Member Services	1,681,273	1,683,880	1,673,685	10,195
Ringfenced to Earmarked Reserves		0	10,195	(10,195)
Electoral Services	323,524	323,524	250,123	73,401
Ringfenced to Earmarked Reserves			73,401	(73,401)
	3,065,565	3,068,172	2,869,252	198,920
<b>CUSTOMER &amp; DIGITAL SERVICES</b>				
IT Services	4,085,463	4,042,386	3,825,289	217,097
Central Services	403,398	400,791	326,184	74,607
Procurement	314,726	314,726	171,375	143,351
Customer First	1,187,491	1,187,491	1,129,560	57,931
Earmarked Transfer to Reserves (Cabinet 31/10/18)			500,000	(500,000)
	5,991,078	5,945,394	5,952,408	(7,014)
<b>PEOPLES SERVICES</b>				
Human Resources	1,505,946	1,505,946	1,294,356	211,590
Agreed Use of One Off Reserves for Human Resources	(30,045)	(30,045)	0	(30,045)
CMT Support	0	108,135	114,158	(6,023)
Trade Union Facilities	88,151	88,151	87,115	1,036
Agreed Use of One Off Reserves for Trade Union Facilities	(61,447)	(61,447)	(62,497)	1,050
Communications Unit	308,953	308,953	298,567	10,386
Health & Safety	902,518	902,518	766,584	135,934
	2,714,076	2,822,211	2,498,283	323,928
<b>TOTAL CORPORATE SERVICES</b>	15,693,478	15,836,219	14,970,541	865,678
<b>CORPORATE PROPERTY SERVICES</b>				
Management	312,809	312,809	298,136	14,673
Energy	135,870	135,870	123,480	12,390
Estates	57,357	100,434	148,401	(47,967)
Non Operational Properties	130,051	130,051	112,627	17,424
Facilities	2,746,018	2,772,722	2,405,235	367,487
Maintenance	2,176,038	2,176,038	2,361,570	(185,532)
Building Consultancy	(201,931)	(201,931)	(286,788)	84,857
	5,356,212	5,425,993	5,162,661	263,332
<b>HOUSING SERVICES</b>				
General Fund Housing	1,317,617	1,317,617	1,323,006	(5,389)
Private Housing	326,020	326,020	358,470	(32,450)
Building Maintenance	0	0	0	0
	1,643,637	1,643,637	1,681,476	(37,839)
<b>TOTAL NON- CORPORATE SERVICES</b>	6,999,849	7,069,630	6,844,137	225,493
<b>TOTAL SERVICES</b>	22,693,327	22,905,849	21,814,678	1,091,171

FALSE

<i>MISCELLANEOUS FINANCE</i>	Original Estimate 2018/19	Revised Estimate 2018/19	Anticipated Outturn 2018/19	Anticipated Variance 2018/19
<b>MISCELLANEOUS FINANCE</b>				
<b>Staff Related Costs</b>				
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
	<b>1,026,060</b>	<b>1,026,060</b>	<b>1,026,060</b>	<b>0</b>
<b>Statutory Benefit Schemes</b>				
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
	<b>13,823,308</b>	<b>13,823,308</b>	<b>13,813,308</b>	<b>10,000</b>
<b>Levies Upon the Council</b>				
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
	<b>8,885,744</b>	<b>8,885,744</b>	<b>8,885,744</b>	<b>0</b>
<b>Capital Financing</b>				
Debt Charges (Principal Repaid)	2,383,236	2,383,236	2,437,379	(54,143)
Debt Charges (Interest Payments)	8,977,172	8,977,172	8,194,817	782,355
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
Earmarked additional Provision Snr Officer (Council 13/12/18)			242,000	(242,000)
CERA (Capital Expenditure funded from Revenue Account)	2,604,319	2,604,319	2,604,319	0
	<b>14,143,141</b>	<b>14,143,141</b>	<b>13,656,929</b>	<b>486,212</b>
<b>Corporate and Democratic Core Costs</b>				
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
	<b>622,806</b>	<b>622,806</b>	<b>552,790</b>	<b>70,016</b>
<b>Grants to Voluntary sector</b>				
Assistance to Voluntary sector	179,333	179,333	179,333	0
	<b>179,333</b>	<b>179,333</b>	<b>179,333</b>	<b>0</b>
<b>Private Finance Initiative</b>				
PFI Schools	2,340,304	2,340,304	2,340,304	0
PFI SEW	3,960,234	3,960,234	3,960,234	0
	<b>6,300,538</b>	<b>6,300,538</b>	<b>6,300,538</b>	<b>0</b>
<b>Other</b>				
NNDR - Authority Empty Properties	130,608	130,608	0	130,608
Counsel Fees	330,720	330,720	500,000	(169,280)
Ringfenced from Earmarked Reserves			(169,208)	169,208
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
	<b>719,909</b>	<b>719,908</b>	<b>278,476</b>	<b>441,432</b>
<b>TOTAL MISCELLANEOUS FINANCE</b>	<b>45,700,839</b>	<b>45,700,838</b>	<b>44,693,178</b>	<b>1,007,660</b>
<b>EXPENDITURE TO DIRECTORATE SUMMARY</b>	<b>68,394,166</b>	<b>68,606,687</b>	<b>66,507,856</b>	<b>2,098,831</b>





## **POLICY AND RESOURCES SCRUTINY COMMITTEE – FOR INFORMATION**

**SUBJECT: WRITE-OFF OF DEBTS – 01/04/18 – 30/09/18**

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

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

- 1.1 To provide Members with a summary of outstanding debts which have been written-off in accordance with the policy previously agreed by Cabinet.

### **2. SUMMARY**

- 2.1 The report provides details of debts written-off for Council Tax, Business Rates, Council House Rents, Sundry Debtors and Housing Benefits overpayments.

### **3. LINKS TO STRATEGY**

- 3.1 To comply with Financial Regulations.
- 3.2 The writing-off of unrecoverable debts is an important element of prudent financial management. Effective 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 Council collects very large sums of money from residents and local businesses each year and inevitably there are instances of non-payment. A 'firm but fair' approach has always been adopted and all legal means are pursued to recover monies owed.
- 4.2 The regular writing-off of uncollectable debts is an important financial discipline. The Council would be criticised by External Audit if debts remained in the accounts when there is little likelihood of recovery. The table below provides a summary of debts written-off for the period 01/04/18 to 30/09/18.

	Total Amounts Written Off Half year 2018/19 (£)	Total Budgeted Income/Grant 2018/19 (£m)	% of Total Income/Grant Written-off 2018/19 (%)	% of Total Income/Grant Written-off 2017/18 (%)
Council Tax	114,174	70.3	0.16	0.26
Business Rates	109,551	39.1	0.28	0.93
Council House Rents	142,789	53.8	0.20	0.52
Sundry Debtors	108,517	29.2	0.37	0.73

4.3 Whilst the sums shown above are significant it is important to put them into context. The column entitled "% of Total Income/Grant Written-off 2018/19" shows the write-offs expressed as a percentage of the "Total Budgeted Income/Grant 2018/19", i.e. monies due to the Council. For comparison purposes the Full-Year percentages for 2017/18 are also included in the table.

4.4 In addition to the table in paragraph 4.2, £9,081 has also been written-off in the period 01.04.18 to 30.09.18 in relation to the invoices raised for overpayments of Housing Benefits (total invoices raised during the period £786,650).

## 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. The process of writing-off unrecoverable debts ensures that financial liabilities are recognised as they occur and are not deferred as potential future liabilities.

## 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 in the report.

## 8. PERSONNEL IMPLICATIONS

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

## 9. CONSULTATIONS

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

## 10. RECOMMENDATIONS

10.1 Members are asked to note the contents of this report.

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

11.1 To ensure that Members are informed of sums written-off during the 2016/17 financial year.

## **12. STATUTORY POWER**

12.1 Local Government Act 1972 and 2000.

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