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Am unrhyw ymholiad yn ymwneud â'r agenda hwn cysylltwch â Sharon Hughes
(Rhif Ffôn: 01443 864281 Ebst: hughesj@caerphilly.gov.uk)

Dyddiad: Dydd Mercher, 6 Tachwedd 2019

Annwyl Syr/Fadam,

Bydd cyfarfod **Pwyllgor Craffu Polisi ac Adnoddau** yn cael ei gynnal yn **Ystafell Sirhywi - Tŷ Penallta, Tredomen, Ystrad Mynach** ar **Dydd Mawrth, 12fed Tachwedd, 2019** am **5.30 pm** i ystyried materion a gynhwysir yn yr agenda canlynol. Gall cynghorwyr a'r cyhoedd sy'n dymuno siarad am unrhyw eitem wneud hynny drwy wneud cais i'r Cadeirydd. Mae croeso i chi hefyd ddefnyddio'r Gymraeg yn y cyfarfod. Mae'r ddau gais hyn yn gofyn am gyfnod rhybudd o 3 diwrnod gwaith, a bydd cyfieithu ar y pryd yn cael ei ddarparu os gofynnir amdano.

Mae pob cyfarfod Pwyllgor yn agored i'r Wasg a'r Cyhoedd. Gofynnir i arsylwyr a chyfranogwyr ymddwyn gyda pharch ac ystyriaeth at eraill. Sylwer y bydd methu â gwneud hynny yn golygu y gofynnir i chi adael y cyfarfodydd ac efallai y cewch eich hebrwng o'r safle.

Yr eiddoch yn gywir,

A handwritten signature in black ink, appearing to read 'Christina Harrhy'.

Christina Harrhy
PRIF WEITHREDWR DROS DRO

AGENDA

Tudalennau

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

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

A greener place Man gwyrddach

Correspondence may be in any language or format | Gallwch ohebu mewn unrhyw iaith neu fformat



I gymeradwyo a llofnodi'r cofnodion canlynol:-

- | | | |
|---|--|--------|
| 3 | Cynhaliwyd y Pwyllgor Craffu Polisi ac Adnoddau ar 1af Hydref 2019. | 1 - 6 |
| 4 | Ystyried unrhyw fater a gyfeiriwyd at y Pwyllgor hwn yn unol â'r drefn galw i mewn. | |
| 5 | Rhaglen Waith y Dyfodol Pwyllgor Craffu Polisi ac Adnoddau. | 7 - 14 |
| 6 | I dderbyn ac ystyried yr adroddiadau* Cabinet canlynol:- 1. Cod Llywodraethu Corfforaethol a Chylch Gorchwyl ar gyfer Panel Adolygu Llywodraethu Corfforaethol wedi'u diweddarau – 2ail Hydref 2019; 2. Adroddiad Gwella Blynyddol 2018/19 – 16eg Hydref 2019; 3. Adroddiad Perfformiad Blynyddol 2018/19 – 16eg Hydref 2019. | |

** Os oes aelod o'r Pwyllgor Craffu yn dymuno i unrhyw un o'r adroddiadau Cabinet uchod i gael eu dwyn ymlaen ar gyfer adolygiad yn y cyfarfod, cysylltwch â Sharon Hughes 01443 864281, erbyn 10.00 a.m. ar ddydd Llun, 11eg Tachwedd 2019.*

I dderbyn ac ystyried yr adroddiadau Craffu canlynol:-

- | | | |
|---|--|---------|
| 7 | #TîmCaerffili – Strategaeth Trawsnewid 'Yn Well Gyda'n Gilydd' – Diweddariad 6 mis. | 15 - 28 |
| 8 | Absenoldeb oherwydd salwch o fewn y Cyngor. | 29 - 34 |
| 9 | Adroddiad Monitro Rheoli'r Trysorlys a Dangosyddion Darbodus Cyllido Cyfalaf Chwarter 1 a Chwarter 2 (1 Ebrill 2019 i 30 Medi 2019). | 35 - 44 |

Cylchrediad:

Cynghorwyr M.A. Adams, Mrs E.M. Aldworth, K. Etheridge, Mrs C. Forehead, Miss E. Forehead, L. Harding, G. Johnston, G. Kirby (Is Gadeirydd), C.P. Mann, B. Miles, J. Pritchard (Cadeirydd), J. Ridgewell, R. Saralis, Mrs M.E. Sargent, J. Taylor a L.G. Whittle

A Swyddogion Priodol

SUT FYDDWN YN DEFNYDDIO EICH GWYBODAETH

Bydd yr unigolion hynny sy'n mynychu cyfarfodydd pwyllgor i siarad/roi tystiolaeth yn cael eu henwi yng nghofnodion y cyfarfod hynny, weithiau bydd hyn yn cynnwys eu man gweithio neu fusnes a'r barnau a fynegir. Bydd cofnodion o'r cyfarfod gan gynnwys manylion y siaradwyr ar gael i'r cyhoedd ar wefan y Cyngor ar www.caerffili.gov.uk. ac eithrio am drafodaethau sy'n ymwneud ag eitemau cyfrinachol neu eithriedig.

Mae gennych nifer o hawliau mewn perthynas â'r wybodaeth, gan gynnwys yr hawl i gael mynediad at wybodaeth sydd gennym amdanoch a'r hawl i gwyno os ydych yn anhapus gyda'r modd y mae eich gwybodaeth yn cael ei brosesu.

Am wybodaeth bellach ar sut rydym yn prosesu eich gwybodaeth a'ch hawliau, ewch i'r Hysbysiad Preifatrwydd Cyfarfodydd Pwyllgor Llawn ar ein gwefan <http://www.caerffili.gov.uk/Pwyllgor/Preifatrwydd> neu cysylltwch â Gwasanaethau Cyfreithiol drwy e-bostio griffd2@caerffili.gov.uk neu ffoniwch 01443 863028.



POLICY AND RESOURCES SCRUTINY COMMITTEE

**MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH ON
TUESDAY, 1ST OCTOBER 2019 AT 5.30 P.M.**

PRESENT:

Councillor J. Pritchard - Chair
Councillor G. Kirby - Vice-Chair

Councillors:

M. Adams, Mrs E.M. Aldworth, Mrs C. Forehead, L. Harding, G. Johnston, C.P. Mann, Mrs B. Miles, J. Ridgewell, L. Whittle

Cabinet Members:

Mrs B. Jones (Interim Leader of Council), C. Gordon (Corporate Services)

Together with:

R. Edmunds (Corporate Director for Education and Corporate Services), S. Harris (Interim Head of Business Improvement Services and Acting S151 Officer), L. Lucas (Head of Customer and Digital Services), N. Akhtar (Group Accountant), I. Evans (Procurement and Information Manager), J. Jones (Corporate Information Governance Manager), M. Jacques (Scrutiny Officer), R. Barrett (Committee Services Officer), S. Hughes (Committee Services Officer)

1. WELCOME

Members gave a warm welcome to Sharon Hughes (Committee Services Officer) who was attending her first meeting of the Policy and Resources Scrutiny Committee.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors K. Etheridge, Miss E. Forehead, R. Saralis, Mrs M.E. Sargent and J. Taylor.

3. DECLARATIONS OF INTEREST

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

4. MINUTES – 9TH JULY 2019

RESOLVED that the minutes of the Policy and Resources Scrutiny Committee held on 9th July 2019 (minute nos. 1 - 7) be approved as a correct record and signed by the Chair.

5. CALL-IN PROCEDURE

There had been no matters referred to the Scrutiny Committee in accordance with the call-in procedure.

6. POLICY AND RESOURCES SCRUTINY COMMITTEE FORWARD WORK PROGRAMME

Mark Jacques (Scrutiny Officer) presented the report, which outlined details of the Policy and Resources Scrutiny Committee Forward Work Programme (FWP) for the period October 2019 to April 2020, and included all reports that were identified at the Scrutiny Committee meeting on 9th July 2019.

Members considered the forward work programme and agreed that the Performance Management – 6 month update report previously scheduled on the main FWP for 14th January 2020 be moved to the list of information items to accommodate a report on the Council's Strategic Equality Plan 2020-2024.

The Scrutiny Officer highlighted the Discretionary Rate Relief Application reports that are periodically circulated to the Committee as information items and the Committee were asked if they wished to continue to receive these reports, given that such applications are considered by the Interim Head of Business Improvement Services & Acting Section 151 Officer under delegated powers. Following discussion, Members were of the view that current practice should continue and unanimously agreed that these reports should continue to be scheduled on the Forward Work Programme as information items.

Members were also in agreement that the Update on Reserves report already on the Forward Work Programme be brought forward to the next meeting on 12th November 2019 and that the Treasury Management half year report 2019/20 already scheduled be moved to the list of information items.

Subject to the foregoing amendments, it was unanimously agreed that the Policy and Resources Scrutiny Committee Forward Work Programme be published on the Council's website.

7. CABINET REPORTS

None of the Cabinet reports listed on the agenda had been called forward for discussion at the meeting.

REPORTS OF OFFICERS

Consideration was given to the following reports.

8. CAPITAL OUTTURN 2018/19

Councillor Mrs B. Jones (Interim Leader) presented the report, which provided information relating to the capital outturn for the 2018/19 financial year and presented details of actual capital expenditure for 2018/19 and slippage that has been requested to be carried forward into 2019/20.

Members were advised that 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). During the year specific grants, slippage and contributions were received for various service areas taking the total available capital resources for 2018/19 to £120.74m. A summary of the 2018/19 outturn against each service area was included in the report.

It was noted that the 2018/19 Housing Revenue Account underspend of £3.95m will be carried forward into the 2019/20 financial year to support the ongoing programme of works to meet the Welsh Housing Quality Standard (WHQS). The General Fund variance of £38.16m can be split into £14.56m for schemes that are ongoing or have been delayed into 2019/210 (slippage), unspent sums on ring-fenced budgets totalling £23.62m, and overspends against schemes to the value of £17.3k. Further information on each of these areas were contained in the in the report appendices.

During the course of the ensuing debate, concerns were expressed regarding the level of underspends across several areas and their reoccurrence over a number of years. The Scrutiny Committee were given assurances that finance staff regularly meet with Heads of Service and other Managers to ensure that unspent sums in the Capital Programme are required moving forward. Furthermore, a commitment was given to review the balances again as part of the process of preparing the annual Use of Reserves report being reported to the Scrutiny Committee and Cabinet later in the year.

Discussion took place surrounding the reasons for the underspends detailed in the report. Officers explained that it can take time to prepare the business case detailing the rationale for budget spending, which can lead to a delay in the spend, and that some underspends can occur if future schemes/projects are delayed. It was emphasised that all money allocated to capital spend is held for an intended purpose. Assurances were given that if the Acting Section 151 Officer is not satisfied with the rationale for the funding being reserved for future years, then the monies will be released for other purposes.

Officers responded to general queries regarding individual schemes detailed in the report appendices, together with clarification on the spend deadline across certain grant-funded schemes. Further detail was sought on the slippage against highways reconstruction (£1.475m) and Officers confirmed that they would arrange for this information to be provided to Members following the meeting. A Member also asked if there had been any clawbacks in relation to grant funding over the last two years and sought further information on the circumstances where money had been reclaimed. Officers confirmed that there had been monies set aside in relation to land reclamation and confirmed that they would arrange to provide the specifics to Members following the meeting.

It was suggested that in relation to the outturn table in Section 5.2 of the report, it could be useful to include information on outturn against each service area, which would show any underspend as a percentage of the original target spend. Officers confirmed that they would include this information in future reports.

Following consideration of the report, the Scrutiny Committee noted its contents and the details of the outturn position for the 2018/19 Capital Programme.

9. CORPORATE SERVICES & MISCELLANEOUS FINANCE 2019/20 BUDGET MONITORING REPORT (PERIOD 4)

Consideration was given to the report, which outlined the projected expenditure for the Directorate of Corporate Services and Miscellaneous Finance for the 2019/20 financial year. Members were advised that the Directorate of Corporate Services is currently forecasting an underspend of £1.515m for the 2019/20 financial year. The projected outturn for Education & Lifelong Learning is a net overspend of £162k, and consequently overall the projected outturn position for Education and Corporate Services is an underspend of £1.353m, with the details for the Education & Lifelong Learning position being reported to the Education Scrutiny Committee.

The report set out details of overspends and underspends across each service area within Corporate Services and outlined the reasons for these variances. Members were asked in particular to note the details of the anticipated underspend within Digital Services (£703k) which relate in the main to vacancies still to be filled pending a revised restructure. Once the various restructures have been finalised, the outturn forecast will be reviewed and updates will be provided in future budget monitoring reports. The Scrutiny Committee also noted the overall projected underspend of £465k in Miscellaneous Finance, which includes a £460k underspend across Capital Financing budgets due in the main to assumed General Fund borrowing being deferred to 2020/21.

The Scrutiny Committee discussed the report and raised a number of queries in relation to the Digital Services underspend and restructure. Officers explained that this service area has seen the merging of four separate departments and a review of the structure has been carried out to ensure that the service area is fit for purpose and that posts are filled by staff with the correct skillsets. In addition, a number of staff have left the organisation which has meant vacancies being carried forward pending the review of the service area.

Discussion also took place around recruitment mechanisms for the vacancies across Digital Services and it was emphasised that work is ongoing to select the right people to fill these positions. Members were advised that once the Digital Services restructure is complete, it is not expected that this underspend will reoccur in future years. Officers also responded to general queries in regards to underspends across other service areas.

Following consideration of the report, the Scrutiny Committee noted its contents and the projected financial position for the Directorate of Corporate Services and Miscellaneous Finance for the 2019/20 financial year.

10. PROGRAMME FOR PROCUREMENT (2018-2023) AND INFORMATION GOVERNANCE UPDATE

The Cabinet Member for Corporate Services presented the report, which provided Members with an update and assurance in relation to the Council's Programme for Procurement and effective information governance, and informed Members about requests for information received under the Freedom of Information Act 2000 (FOI) and associated legislation during 2018-2019.

Members were reminded of the successful amalgamation of the Council's Corporate Procurement and Information Governance divisions in February 2019 as part of the new structure within Customer and Digital Services. As part of the ongoing monitoring of performance, a decision was made to submit a joint update report to Members in relation to the Programme for Procurement, Information Governance and FOI requests.

It was explained that the Council is committed to ensuring it achieves value for money from its third party procurement expenditure (currently circa £220 million per annum). It also recognises the value of using Procurement to support its wider cultural, social, economic and environmental objectives in a way that offers real long-term benefits to the community we serve and the people of Wales whilst balancing the issues of Value for Money. Members were referred to a copy of the Programme for Procurement as appended to the report, which is a living strategy and will evolve over time in order to adapt to the ever-changing environment and the developing Procurement landscape as a result of Brexit and the Welsh Government's re-positioning of the National Procurement Service.

Freedom of information and other information access rights continue to be served by the Council, and data on the volumes and handling of requests was set out in the report and its appendices.

The Scrutiny Committee discussed the report and in relation to a query on Information Governance and data breaches, Officers reported that the majority of breaches were low risk and did not meet the statutory threshold for reporting to the Information Commissioner's Office. One recent breach did meet the criteria for reporting to the Information Commissioner's Office, who were satisfied that sufficient steps were taken by the Council to address the breach. It was noted that the Council is not required to report every breach; however all instances are logged internally to minimise a repeat occurrence.

A Member asked why the percentage of compliance in the report for response rates to FOI requests within the statutory 20 day period (84%) differed from those reported to the Performance Management Unit. It was explained that the PMU calculate performance cumulatively across quarters whereas this report calculates the average of each quarter in a calendar year, and it is hoped to eventually merge the two reporting mechanisms together.

Clarification was sought on the reasons for the increased number of FOI appeals during 2019 and it was explained that this may be due to heightened awareness around the new General Data Protection Regulations.

In relation to Procurement, a Member asked about the Council's intention to monitor contractor commitment to social clauses. Officers explained that further detail is set out in the Programme for Procurement, but will include monitoring mechanisms such as the Community Benefits model and the National Themes, Outcomes and Measurers (TOMs) framework. It is anticipated that this monitoring action will be implemented within the next 2 years and is being discussed collaboratively with Welsh Government and WLGA Heads of Procurement Network. In response to Members' queries, Officers also provided an overview of the TOMs Framework, explaining that this is a toolkit that has been developed by local government to provide a minimum reporting standard to allow organisations to measure social value.

A Member referred to the challenges around expanding the use of electronic invoicing by the Authority, and asked if this would be achieved by the April 2020 deadline when new regulations come into effect. Officers explained that work to develop this area would be a high priority over the next few months, but will face challenges from factors such as Brexit. A query was received regarding the lack of variation across performance indicators over the past two years in respect of electronic contracts and e-invoicing. Officers explained that this is due to a number of factors, including third party contract spend, the ability to use other pre-established arrangements, and WG's repositioning of the National Procurement Service.

The Cabinet Member reminded the Scrutiny Committee of the award-winning work carried out by Procurement Services, and expressed his thanks to Officers for the comprehensive detail and joint working involved in the preparation of the report. Members were also advised of the positive work being carried out with local suppliers and the increase in local spend across small and medium enterprises in recent years. It was noted that the Procurement Service

continues to support the Council's WHQS programme and has successfully met challenges in procuring new contractors via the Dynamic Purchasing System (DPS) for the provision of General Builders, which has effectively been very successful in bringing the programme back on track.

The Scrutiny Committee were extremely pleased to learn that Liz Lucas (Head of Customer and Digital Services) recently delivered a presentation on the WHQS programme to senior industry experts at a meeting of the prestigious International Research Study of Public Procurement (IRSP) in Cardiff. It was also noted that Mrs Lucas has been invited to the National Assembly for Wales later in October 2019 in order to speak on Public Procurement in the Foundational Economy. Members congratulated Mrs Lucas on representing the Authority at a national level.

Following consideration of the report, the Scrutiny Committee noted its contents and the progress made in respect of the Council's Programme for Procurement (2018-2023), Information Governance and security of Council information.

The Scrutiny Committee thanked the Officers in attendance for responding to queries raised through the course of the meeting.

The meeting closed at 6.50 p.m.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 12th November 2019, they were signed by the Chair.

CHAIR



POLICY AND RESOURCES SCRUTINY COMMITTEE – 12TH NOVEMBER 2019

SUBJECT: POLICY AND RESOURCES SCRUTINY COMMITTEE FORWARD WORK PROGRAMME

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES

1. PURPOSE OF REPORT

1.1 To report the Policy and Resources Scrutiny Committee Forward Work Programme.

2. SUMMARY

2.1 Forward Work Programmes are essential to ensure that Scrutiny Committee agendas reflect the strategic issues facing the Council and other priorities raised by Members, the public or stakeholders.

3. RECOMMENDATIONS

3.1 That Members consider any changes and agree the final forward work programme prior to publication.

4. REASONS FOR THE RECOMMENDATIONS

4.1 To improve the operation of scrutiny.

5. THE REPORT

5.1 The Policy and Resources Scrutiny Committee forward work programme includes all reports that were identified at the scrutiny committee meeting on Tuesday 1st October, 2019. The work programme outlines the reports planned for the period November 2019 to April 2020.

5.2 The forward work programme is made up of reports identified by officers and members. Members are asked to consider the work programme alongside the Cabinet Work Programme and suggest any changes before it is published on the Council website. Scrutiny committee will review this work programme at every meeting going forward alongside any changes to the Cabinet Work Programme or report requests.

5.3 The Policy and Resources Scrutiny Committee Forward Work Programme is attached at Appendix 1, which presents the current status as at 4th November, 2019. The Cabinet Work Programme is attached at Appendix 2. A copy of the prioritisation flowchart is attached at Appendix 3 to assist the scrutiny committee to determine what items should be added to the

forward work programme.

5.4 **Conclusion**

The work programme is for consideration and amendment by the scrutiny committee prior to publication on the council website.

6. **ASSUMPTIONS**

6.1 No assumptions are necessary.

7. **LINKS TO RELEVANT COUNCIL POLICIES**

7.1 The operation of scrutiny is required by the Local Government Act 2000. The Local Government Wales Measure 2011 and subsequent Statutory Guidance include requirements to publicise the work of scrutiny committees. The operation of scrutiny committee forward work programmes was agreed following decisions by Council in October 2013 and October 2015.

7.2 **Corporate Plan 2018-2023.**

Scrutiny Committee forward work programmes contributes towards and impacts upon the Corporate Well-being Objectives by ensuring that the Executive is held to account for its Corporate Objectives, which are:

Objective 1 - Improve education opportunities for all

Objective 2 - Enabling employment

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

Objective 4 - Promote a modern, integrated and sustainable transport system that increases opportunity, promotes prosperity and minimises the adverse impacts on the environment

Objective 5 - Creating a county borough that supports a healthy lifestyle in accordance with the sustainable Development Principle within the Wellbeing of Future Generations (Wales) Act 2015

Objective 6 - Support citizens to remain independent and improve their well-being

8. **WELL-BEING OF FUTURE GENERATIONS**

8.1 The Forward Work Programmes contribute to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2016 by ensuring there is an effective scrutiny function and that council policies are scrutinised against the following goals:

- 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

9. EQUALITIES IMPLICATIONS

9.1 There are no specific equalities implications arising as a result of this report.

10. FINANCIAL IMPLICATIONS

10.1 There are no specific financial implications arising as a result of this report.

11. PERSONNEL IMPLICATIONS

11.1 There are no specific personnel implications arising as a result of this report.

12. CONSULTATIONS

12.1 There are no consultation responses that have not been included in this report.

13. STATUTORY POWER

13.1 The Local Government Act 2000, The Local Government (Wales) Measure 2011.

Author: Mark Jacques, Scrutiny Officer

Consultees: Richard Edmunds, Corporate Director for Education and Corporate Services
Robert Tranter, Head of Legal Services/Monitoring Officer
Lisa Lane, Head of Democratic Services and Deputy Monitoring Officer, Legal Services
Councillor James Pritchard, Chair Policy and Resources Scrutiny Committee
Councillor Gez Kirby, Vice Chair Policy and Resources Scrutiny Committee

Appendices:

Appendix 1 Policy and Resources Scrutiny Committee Forward Work Programme
Appendix 2 Cabinet Forward Work Programme
Appendix 3 Forward Work Programme Prioritisation Flowchart

Forward Work Programme - Policy & Resources

| Date | Title | Key Issues | Author | Cabinet Member |
|------------|--|--|-------------------|-----------------------|
| 12/11/2019 | Treasury management half year report 2019/20 | Ensuring level of investment income on target to budget for 2019/20 and advise of borrowing for 2019/20. | Harris, Stephen R | Cllr. Jones, Barbara |
| 12/11/2019 | #Team Caerphilly/ Better Together (Transformation Strategy) – 6th month update | To provide a 6 monthly update | Harris, Stephen R | Cllr. Jones, Barbara |
| 12/11/2019 | Sickness /Absence | Effectiveness of the Wellbeing Strategy | Donovan, Lynne | Cllr. Gordon, Colin J |
| 11/12/2019 | Draft Savings proposals | To ensure members are given the opportunity to scrutinise the Cabinet's Draft Budget proposals for 2020/21. | Harris, Stephen R | Cllr. Jones, Barbara |
| 14/01/2020 | Commercial & Investment Strategy | | Harris, Stephen R | Cllr. Jones, Barbara |
| 14/01/2020 | Use of Reserves | Ensuring Authority is open and transparent about what reserves are held for and why. | Harris, Stephen R | Cllr. Jones, Barbara |
| 14/01/2020 | Treasury Management Strategy | To ensure members have the opportunity to ask questions and propose changes for Full Council to consider in respect of the TM Strategy. | Harris, Stephen R | Cllr. Jones, Barbara |
| 14/01/2020 | Caerphilly County Borough Council's Strategic Equality Plan 2020-2024 | To seek approval of the Strategic Equality Plan 2020-2024 to be formally adopted as Council Policy. | Cullinane, Anwen | Cllr. Jones, Barbara |
| 14/01/2020 | Information Item - Whole Authority Budget Monitoring | Ensuring budget monitoring reports are presented and members are given the opportunity to see how spend is progressing against budget to ensure services spend within Council approved limits. | Harris, Stephen R | Cllr. Jones, Barbara |
| 14/01/2020 | Information Item: Performance Management – 6 month update | | | |

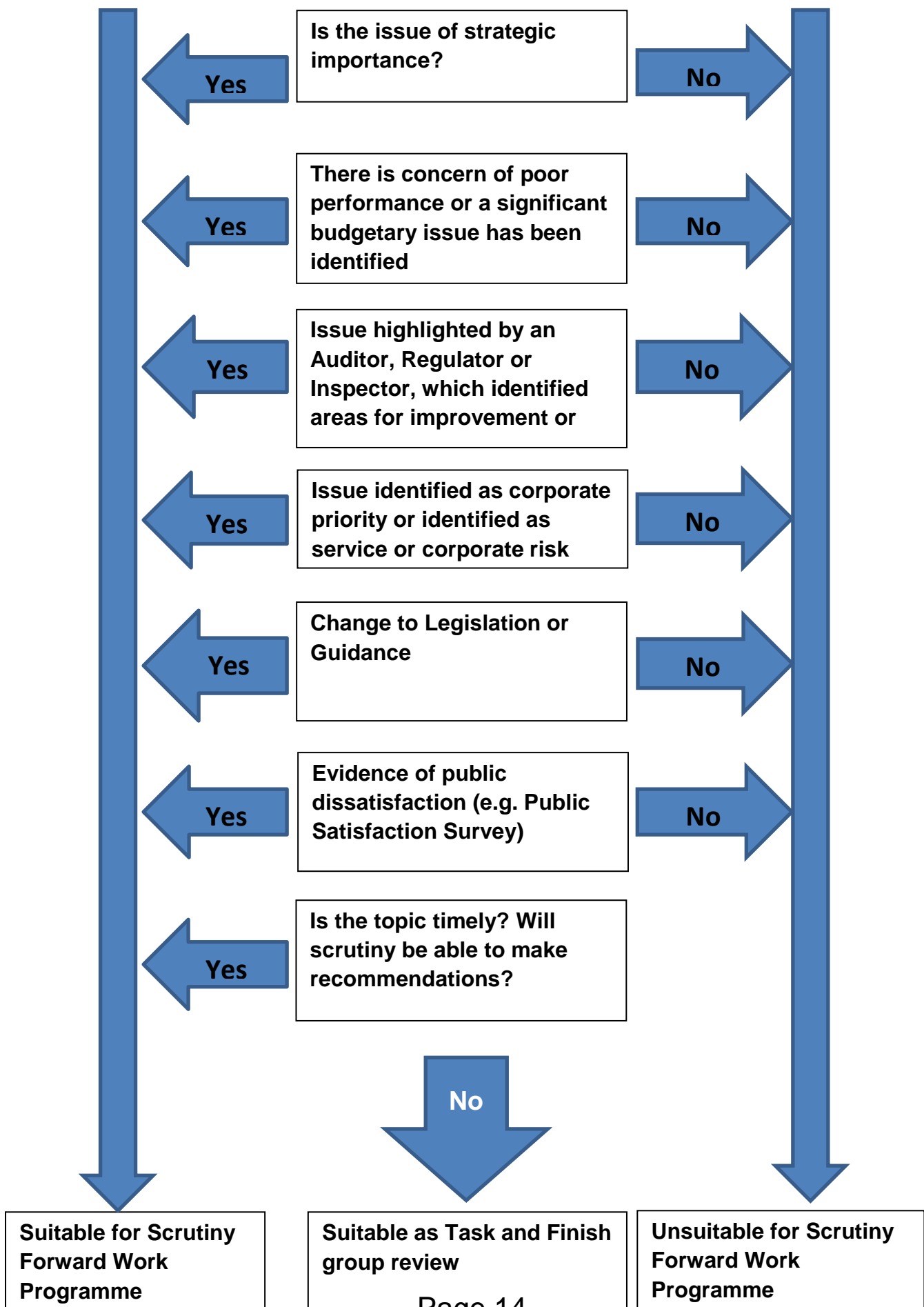
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|------------|--|---|-------------------|----------------------|
| 14/01/2020 | Information Item - Write off Debts | To comply with Financial Regulations | Harris, Stephen R | Cllr. Jones, Barbara |
| 14/01/2020 | Information Item - Capital budget monitoring 2019/20 -Period 7 | To ensure members are aware of any issues in respect of capital expenditure. | Harris, Stephen R | Cllr. Jones, Barbara |
| 14/01/2020 | Information Item - Capital Strategy 2020/21 | To ensure members have an opportunity to call this report to the Agenda if they wish to ask questions and raise comments /or changes prior to Council approval. | Harris, Stephen R | Cllr. Jones, Barbara |
| 14/01/2020 | Information Item - Corporate Services & Miscellaneous Finance - Budget Monitoring - Period 7 | To ensure members are aware of any issues in respect of services overspending. | Harris, Stephen R | Cllr. Jones, Barbara |
| 25/02/2020 | Treasury management – Period 9 | Ensuring level of investment income on target to budget for 2019/20 and advise of borrowing for 2019/20. | Harris, Stephen R | Cllr. Jones, Barbara |

Forward Work Programme - Cabinet

| Date | Title | Key Issues | Author | Cabinet Member |
|------------|--|---|--------------------------------|-------------------------|
| 13/11/2019 | 20/21 Draft Budget Proposals | To discuss the draft budget proposals | Harris, Stephen R | Cllr. Jones, Barbara |
| 13/11/2019 | Acquisition of Virginia Park Golf Club | To seek in principle Cabinet approval to acquire the former Virginia Park Golf Club premises in Caerphilly. | Edmunds, Richard (Ed) | Cllr. Marsden, Philippa |
| 13/11/2019 | Specialist Resource Base (SRB) Funding Review | Approval for a revised staffing model and associated resourcing taking into account the needs of the children and ensuring equity across the provisions. | Ellis, Sarah | Cllr. Marsden, Philippa |
| 13/11/2019 | Funding Formula for Cwm Rhymni | To consider proposals to change the current funding arrangements for YGG Cwm Rhymni and the possible funding sources. | Richards, Sue | Cllr. Marsden, Philippa |
| 13/11/2019 | European Social Fund Operation - Inspire to Achieve (ISA) | To seek approval from CMT to deliver Inspire to achieve as part of a regional operation lead by Blaenau Gwent CBC | Richards, Sue | Cllr. Marsden, Philippa |
| 27/11/2019 | #Team Caerphilly/ Better Together (Transformation Strategy) – 6th month update | to provide a 6 monthly update | Harris, Stephen R | Cllr. Jones, Barbara |
| 27/11/2019 | Regeneration Board - Project Proposals | To recommend the allocation of £370k Regeneration Project Board Development Funds towards two previously endorsed and re-evaluated projects, namely Llanbradach and Ystrad Mynach Park & Ride schemes | Kyte, Rhian | Cllr. Morgan, Sean |
| 27/11/2019 | Making of a Compulsory Purchase Order - Land and buildings at Woodside Terrace, Hafod-yr-ynys | For Cabinet to authorise the making of a Compulsory purchase Order to acquire land and buildings known as 1-20 Woodside Terrace, 1 & 2 Woodside Shops and Yr Adfa at Hafod-yr-ynys Road together with ancillary rights to achieve compliance with the Air Quality Direction 2019 and the EU Ambient Air Quality Directive (2008/50/EC) in the shortest possible time. | Godfrey, Maria | Cllr. Stenner, Eluned |
| 27/11/2019 | Cabinet Forward Work Programme | For discussion and update | Tranter, Robert J. | Cllr. Jones, Barbara |
| 15/01/2020 | Affordable Housing New Build | For Cabinet to note the progress on a number of new builds and refurbishment projects, and to seek Cabinet approval to appropriate the land at Ty Darren, Risca and the transfer of associated funds to Caerphilly Homes. | Couzens, Shaun; Williams, Mark | Cllr. Phipps, Lisa |
| 15/01/2020 | Renewable Energy Generation - Tredomen Campus | To present a basket of options to Cabinet for achieving carbon neutrality at the Tredomen Campus | Rossiter, Paul | Cllr. Morgan, Sean |
| 15/01/2020 | Community Asset Transfer Policy to be finalised and approved by Cabinet (16- #Team Caerphilly Strategic Action Plan) | Approval by Cabinet of Community Asset Transfer Policy | Harris, Stephen R | Cllr. Phipps, Lisa |

| | | | | |
|------------|--|--|------------------------------------|-------------------------|
| 15/01/2020 | Community Sport - Regional agenda | To consider future delivery options for community sport on a regional (pan "Gwent") basis. | Lougher, Jared | Cllr. George, Nigel |
| 15/01/2020 | Waste and Recycling Collection Systems | To advise Cabinet of the findings of the Regeneration and Environment Scrutiny Waste Review Working Group and to seek Cabinet approval for recommendations relating to the Authority's waste and recycling services. | Hartshorn, Robert | Cllr. George, Nigel |
| 15/01/2020 | Develop a Consultation and Engagement Framework to support empowered communities to come on this journey with us. - (17- #Team Caerphilly Strategic Action Plan) | To approve the consultation and engagement framework | Harrhy, Christina; Peters, Kathryn | Cllr. Jones, Barbara |
| 15/01/2020 | Corporate Volunteering | To consider our options for the establishment of a Corporate Volunteering Scheme on a Directorate or Whole Organisation basis. | Peters, Kathryn; Street, Dave | Cllr. Cuss, Carl J. |
| 15/01/2020 | Integrated Wellbeing Hubs | To provide an update to Cabinet | Street, Dave | Cllr. Cuss, Carl J. |
| 29/01/2020 | (11) Commercial and Investment Strategy to be drafted and approved by Cabinet | To consider the draft Strategic Plan | Camp, Victoria; Harrhy, Christina | Cllr. Jones, Barbara |
| 29/01/2020 | Proposed Use of Reserves | To consider proposals for the use of reserves. | Harris, Stephen R | Cllr. Jones, Barbara |
| 12/02/2020 | Heads of the Valleys Masterplan | The report is seeking the view of members prior to its presentation to Cabinet, where Cabinet will be asked to endorse the Draft Masterplan as the basis for a public consultation exercise. | Kyte, Rhian | Cllr. Stenner, Eluned |
| 12/02/2020 | (9) Structured programme of service reviews to be agreed | Strategic Action Plan - item to be agreed. | Harris, Stephen R | Cllr. Jones, Barbara |
| 11/03/2020 | EAS Business Plan | | Cole, Keri | Cllr. Marsden, Philippa |
| 11/03/2020 | Caerphilly County Borough Council's Strategic Equality Plan 2020-2024 | To seek approval of the Strategic Equality Plan 2020-2024 to be formally adopted as Council Policy. | Cullinane, Anwen | Cllr. Jones, Barbara |
| 10/06/2020 | #Team Caerphilly -Transformation Strategy - 6 Monthly Update | | Peters, Kathryn | Cllr. Jones, Barbara |
| | Hafodyrynys Air Quality Direction - Compulsory Purchase Order Process | To obtain Cabinet agreement on the Compulsory Purchase process on Hafodyrynys Road. | Godfrey, Maria | Cllr. Stenner, Eluned |

Scrutiny Committee Forward Work Programme Prioritisation





POLICY AND RESOURCES SCRUTINY COMMITTEE – 12TH NOVEMBER 2019

SUBJECT: #TEAM CAERPHILLY - BETTER TOGETHER TRANSFORMATION STRATEGY- 6-MONTH UPDATE

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 This report is to update Members of Committee on progress under the *#Team Caerphilly – Better Together* Transformation Strategy. The strategy was introduced to Committee at its meeting of the 28th May 2019. The programme management arrangements stipulate that a six-monthly update is provided to Members for comment prior to its presentation to Cabinet.

2. SUMMARY

- 2.1 The Council's *#Team Caerphilly – Better Together* Transformation Strategy was adopted by Cabinet on the 12th of June 2019, subsequent to its consideration by Policy and Resources Scrutiny Committee on the 28th May 2019. This report provides an update on actions to deliver the strategy to date. It includes a summary of progress against the strategic action plan and the place shaping programmes.
- 2.2 The report updates on the appointment of the additional staffing capacity to deliver the strategy.

3. RECOMMENDATIONS

- 3.1 That Members note the content of this report and make any comment on the progress against the strategy prior to the update being provided to Cabinet.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To allow Policy and Resources Scrutiny Committee Members the opportunity to scrutinise progress and provide comments.

5. THE REPORT

- 5.1 Committee were introduced to the *#Team Caerphilly – Better Together* Transformation Strategy earlier this year. The strategy itself is hyperlinked at Background Papers for ease of reference. The programme management arrangements require that six-monthly progress reports are provided to Policy and Resources Scrutiny Committee, prior to presentation to

Cabinet. The strategy has been active since its adoption by Cabinet on the 12th of June this year. In order to provide an update to Committee this report is grouped into headings that categorise the activity over the past five months.

5.2 **Governance**

The Interim Chief Executive acts as the Programme Sponsor, with Leadership Team (Corporate Management Team with Heads of Service) as the Sponsoring Group. The Head of Business Improvement Services takes day to day responsibility for overseeing the implementation of the programme.

A #Team Caerphilly Programme Board has been established comprising: -

Interim Leader and Cabinet Member for Finance, Performance and Governance
Chief Executive and Corporate Management Team
Head of Business Improvement Services
Corporate Policy Manager
Senior Communications Officer
Policy Officer

Co-opted as required:

Section 151 Officer
Head of Legal Services and Monitoring Officer

Terms of Reference are at Appendix 1

A #Team Caerphilly Programme Coordination Group has also been convened to coordinate delivery of the strategy and make recommendations to the Programme Board. This group comprises: -

Head of Business Improvement Services
Corporate Policy Manager
Transformation Manager – Innovation
Transformation Manager- Commercial Investment
Digital Services Manager
Principal Officer – Workforce Development
Senior Communications Officer
Policy Officer

Draft Terms of Reference are at Appendix 2

5.3 **Appointments**

The Transformation Manager - Innovation and the Transformation Manager - Commercial Investment have been appointed. Both commenced in post on the 1st October for a fixed-term period of 2 years. Initial work programme tasks are linked to the delivery of the strategy and its action plan. The Transformation Manager - Innovation has been revising the process for undertaking service reviews, considering the output of ongoing service reviews and delivering opportunities for efficiencies. The Transformation Manager – Commercial Investment has been finalising the Commercial and Investment Strategy and considering the commercial options that are being established through the service review process.

Communication and engagement capacity has been added to the overall Transformation Team with the Senior Communications Officer recently seconded to deliver the staff, manager and community engagement strands of the strategy.

The Principal Officer - Workforce Development has also recently been appointed for a fixed-term period of 2 years with a start date to be confirmed.

5.4 **Strategic Action Plan**

There are 26 action areas in the strategic action plan, grouped in themes: -

- **Creating the Right Organisational Culture** - Work has begun on staff engagement materials including a #Team Caerphilly resource that establishes the expectation of staff and what they, in turn, can expect as an employee of Caerphilly. In development known as a 'culture book', we expect this to be part of staff induction and used to train existing employees on the new operating model. This will be rolled out to staff in the New Year.
- **Encouraging and Supporting Innovation** - Staff will be encouraged to make suggestions for innovation, either in terms of efficiency or commercialisation, and managers will be expected to support staff in developing the suggestions that meet certain criteria. The 'Licence to Innovate' scheme is in development and will be communicated to staff in the New Year. In addition, a new staff recognition scheme is being developed to recognise the individuals and teams that have delivered more than is expected of them in providing services to communities.
- **Embracing New Technologies** - The Customer and Digital Strategy was approved by Cabinet on the 12th of June alongside the #Team Caerphilly strategy. Digital services will be an important component of transforming the way in which we interact with our customers and the two strategies run alongside and complement each other.
- **Establishing a Structured Programme of Service Reviews** - Pilot reviews have been undertaken in Catering and Building Cleaning with priority workstreams established to deliver efficiency and increased income generation, these are currently being worked through. Reviews are also underway in Waste Services and Fleet Management. The learning from the initial reviews is being used to develop a consistent methodology for the authority with the expectation that all services will either self-review or be assisted by the transformation capacity over the next few years. The selection of services for review may be made due to identified opportunities for efficiency, as a result of required savings, or for any other reason. It is important that staff understand the reason for the review and are part of the process. To assist the central understanding of services and so that decisions can be made from a level playing field a service directory is being finalised that acts a central information repository of all service provided, including financial, staffing, demand and output data etc.
- **A More Commercial Approach** - Cllr Sean Morgan, Deputy Leader and Cabinet Member for Economy, Infrastructure and Sustainability has been appointed as the nominated Commercial Champion. A Commercial and Investment Strategy is in the process of being drafted, with the initial draft under consideration by the #Team Caerphilly Programme Board. The strategy will be presented to the Policy & Resources Scrutiny Committee and Cabinet in January 2020. The aim of the strategy is to provide 'profit with a purpose' to reinvest in services and the Council's portfolio of investments is also being reviewed to explore options to secure greater returns. The creation of potential trading vehicles will develop alongside the Commercial and Investment Strategy and the commercialisation options that are emerging from service reviews.
- **Engaging and Working with Our Communities** - A Corporate Volunteering Policy is in draft and is listed within the forward work programme for Cabinet in the New Year. Similarly, a draft Community Asset Transfer Policy and Protocol is listed for Cabinet consideration. A Consultation and Engagement Framework is also being developed and is itself subject to consultation with focus groups over the next few months.
- **Actively Seeking Opportunities for Collaboration** - Collaborative opportunities with the Council as 'partner of choice' are developing. The Council is currently formally involved in 56 partnerships and collaborations with external partners across all

Directorates. Community Hubs have been or are being developed with Aneurin Bevan University Health Board as the primary partner. A hub exists at the Bryntirion Surgery site in Bargoed, at the Northern Resource Centre in Rhymney and work is ongoing to develop a shared hub in the Aber Valley and Ystrad Mynach.

- **Resources and Capacity** - As set out above appointment processes have increased capacity to deliver the strategy. The necessary Directorate resources are now considered as part of quarterly Directorate Performance Assessments (DPA's).
- **Workforce Fit for the Future** - The performance review process has been redesigned to have better conversations with staff more often. Work will commence on a Workforce Development Strategy when the new Principal Officer- Workforce Development is in post.
- **Programme Management Arrangements** - Internal governance is as described above with terms of reference now agreed by the #Team Caerphilly Programme Board. Progress reports will be provided to Scrutiny and Cabinet on a six-monthly basis.

Some slippage has occurred in the timeline of the strategic action plan as summarised below. Delays are primarily due to the appointment process to increase capacity.

| Action | Timescale | Update and Comment |
|---|-------------|--|
| 'Culture Book' | 30/11/19 | In development. To be launched in New Year. |
| Licence to Innovate | Autumn 2019 | In development. To be launched in New Year. |
| Staff Recognition Scheme | Autumn 2019 | In development. To be launched in New Year. |
| Customer and Digital Strategy | 12/6/19 | Complete |
| Customer and Digital Strategy reporting | Ongoing | In train |
| Service Review Pilots | 31/7/19 | Complete |
| Service Directory | 30/9/19 | To be reviewed by #Team Caerphilly Programme Board 5/12/19 |
| Methodology for Service Reviews | 30/9/19 | To be reviewed by #Team Caerphilly Programme Board 5/12/19 |
| Structured Programme of Service Reviews | 31/10/19 | To be reviewed by #Team Caerphilly Programme Board 5/12/19 |
| Commercial Champion identified | 12/6/19 | Complete |
| Commercial and Investment Strategy | 31/10/19 | Drafted and being reviewed by #Team Caerphilly Programme Board |
| Commercial Panel | 30/11/19 | Details being considered as part of the draft Commercial & Investment Strategy |
| Review of investments | 31/12/19 | In train |
| Explore Trading Vehicles | 31/12/19 | Not yet started |
| Corporate Volunteering Policy | 31/12/19 | In development. To be launched in the New Year. |
| Community Asset Transfer | 31/12/19 | In development. Cabinet consideration in the New Year |

| | | |
|---------------------------------------|------------------|--|
| Consultation and Engagement Framework | 31/12/19 | In draft and due to be consulted upon |
| Partner of Choice | 30/12/19 | Ongoing |
| Development of Community Hubs | 31/2/19 | 2 Hubs in place |
| Transformation Manager appointments | Approval 12/6/19 | Appointments completed |
| Performance Development Reviews | 30/9/19 | Redesigned as "My Time" (regular) and "My Time Extra" (annual) |
| Workforce Development Strategy | 31/1/20 | In train |
| Directorate Performance Assessments | From June 2019 | 2 nd quarter reporting underway |
| Programme Governance | From July 2019 | In train |

5.5 Place Shaping Programmes

The Council's strategic place shaping programmes, being delivered over the next 3 years are listed within the *#Team Caerphilly - Better Together* Transformation Strategy. These programmes are subject to Member Scrutiny and associated reporting: -

- The completion of £261m physical improvements to housing stock through the WHQS programme by 2020. Further enhanced by a new build programme.
- Implementing the 'Shared Ambitions Strategy' to raise standards and improve opportunities for learners.
- The commencement of the second phase of the 21st Century Schools programme.
- Delivering the Customer and Digital Strategy.
- The provision of a new Children's Centre.
- Continuing the delivery of the Sports and Active Recreation Strategy.
- The introduction of Community Hubs.
- Economic, social and environmental investment linked to the City Deal and maximising our green energy credentials.
- Making the best use of financial resources through risk-based investment.

5.6 Conclusion

Significant progress has been made in the five months since the *#Team Caerphilly – Better Together* was adopted by Cabinet on the 12th June 2019. However, this is the start of the transformation journey for the local authority. Activity will continue under the Strategic Action Plan and Place Shaping Programmes. Other workstreams will be generated as work progresses. Performance measures are being developed alongside the workstreams.

Updates will continue to be provided to Committee and Cabinet on a six-monthly basis.

6. ASSUMPTIONS

- 6.1 It is a reasonable assumption that the financial and demand challenges facing the authority will continue. The financial outlook is as challenging as it has been since austerity began, demand levels will continue to increase with changing demographics and increased expectations placed on the local authority. Political uncertainty in Central Government is also making it less easy to plan services. The approach to managing these challenges, and ensuring the resilience of the Council, is underpinned by the delivery of the *#Team Caerphilly - Better Together* Transformation Strategy.

7. LINKS TO RELEVANT COUNCIL POLICIES

7.1 The *#Team Caerphilly – Better Together* Transformation Strategy supports the new operating model for the authority and therefore it supports whole authority delivery.

7.2 Corporate Plan 2018-2023

The *#Team Caerphilly- Better Together* Transformation Strategy supports the delivery of the Corporate Well-being Objectives in the Corporate Plan 2018-2023: -

Objective 1 – Improve education opportunities for all

Objective 2 – Enabling employment

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

Objective 4 – Promote a modern, integrated and sustainable transport system that increases opportunity, promotes prosperity and minimises the adverse impacts on the environment

Objective 5 – Creating a County Borough that supports a healthy lifestyle in accordance with the sustainable development principle within the Well-being of Future Generations (Wales) Act 2015

Objective 6 – Support citizens to remain independent and improve their well-being.

8. WELL-BEING OF FUTURE GENERATIONS

8.1 The *#Team Caerphilly – Better Together* Transformation Strategy will assist the authority in its duties as a public body under the Well-being of Future Generations (Wales) Act 2015 to contribute to the national well-being goals: -

- 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

8.2 Delivery of the *#Team Caerphilly – Better Together* Transformation Strategy is dependent on using the sustainable development principle within the new operating models: -

- **Long Term** – The strategy enables the authority to meet its long-term aim to secure sustainable services. Elements of the strategy have been designed to ensure ongoing service resilience.
- **Prevention** - Taking a commercial approach will allow 'profit with a purpose' to secure reinvestment in services that have been subject to cuts in budget.
- **Integration** – Working with communities will support a shared understanding of community well-being; releasing our staff capacity and considering the use of our assets for community purposes are part of our contribution to *#Team Caerphilly – Better Together*, in which we expect communities to play their part.
- **Collaboration** – The strategy sets out a strategic approach to collaboration and the wish to be seen as a partner of choice where there are opportunities to improve services or reduce costs.

- **Involvement** – #Team Caerphilly- Better Together supports the involvement of engaged communities and supports our staff in finding innovative solutions to problems.

9. EQUALITIES IMPLICATIONS

- 9.1 An EIA screening has been completed in accordance with the Council's Strategic Equality Plan and supplementary guidance. No potential unlawful discrimination and/or low level or minor negative impact has been identified; therefore, a full EIA has not been carried out.

10. FINANCIAL IMPLICATIONS

- 10.1 The *#Team Caerphilly- Better Together* transformation strategy aligns with the Cabinet's Medium-Term Financial Plan (MTFP) savings principles. The aim of the strategy is partly to ensure that the Council remains financially resilient into the future.
- 10.2 Additional capacity has been created to support existing staff. Without this additional capacity it would not have been possible to deliver the changes required, the additional 3 posts have been appointed on fixed term contracts over two-years. As reported to Scrutiny Committee in May this year the additional funding of £425k, has come from earmarked reserves.
- 10.3 As the strategy develops there will be a need for significant one-off investments to pump prime the changes that will be needed. Investments will be supported by robust business cases that demonstrate service efficiency and savings. Significant additional investments will be subject to further Cabinet reports as they arise.

11. PERSONNEL IMPLICATIONS

- 11.1 There are no direct personnel implications in this report. The two Transformation Managers for Innovation and Commercial Investment are in post, the third Transformation Manager for Workforce Planning has also been recruited with a start date to be confirmed.

12. CONSULTATIONS

- 12.1 All consultation response have been reflected in this report.

13. STATUTORY POWER

- 13.1 The Local Government Acts 1998 and 2003.

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Consultees: Corporate Management Team
S. Harris, Interim Head of Business Improvement Services & Acting S151 Officer
Cllr J Pritchard, Chair of Policy and Resources Scrutiny Committee
Cllr G Kirby, Vice-chair Policy and Resources Scrutiny Committee

Background Papers:

#Team Caerphilly – Better Together Transformation Strategy
<https://www.caerphilly.gov.uk/tc-eng/>

Appendices:

- Appendix 1 Terms of Reference for the #Team Caerphilly Programme Board
- Appendix 2 Draft Terms of Reference for the #Team Caerphilly Programme Coordination Group



#TeamCaerphilly Programme Board

Terms of Reference

THE ROLE OF THE BOARD

The role of the #TeamCaerphilly Programme Board is to provide executive leadership to the delivery of the #TeamCaerphilly – Better Together Transformation Strategy.

The Programme Board will fulfil this role by:

- Providing oversight to the delivery of the key strategic Place Shaping programmes and actions set out in the Strategy and associated Strategic Action Plan.
- Sustainably securing improvement, value for money and a return on investment to improve outcomes for citizens through the delivery of the Strategy.
- Championing the Strategy to secure engagement and ownership in supporting sustainable and resilient communities through the delivery of effective, efficient and economical Council services; upholding our Social Heart: Commercial Head principle.
- Holding to account Lead officers with responsibility for delivering elements of the Strategy.
- Considering the recommendations of the #TeamCaerphilly Programme Coordination Group.
- Setting the strategic parameters of a structured programme of Service Reviews.
- Considering the output of Service Reviews and determining how any recommendations will be supported.
- Considering the recommendations of the Commercial Panel in delivering the Commercial and Investment Strategy.
- Considering any recommendations made in relation to strategic business cases.
- Considering opportunities for collaboration with external partners to deliver improved outcomes in the context of decreasing resources.
- Ensuring that each element of the Place Shaping programmes and Strategic Action Plan have set appropriate measures to establish effectiveness.
- Ensuring the capability and capacity to deliver the Strategy.

- Keeping under review the content of the Strategy and the work of the Programme Board and updating and refreshing programmes, initiatives, actions and intended outcomes as necessary.

MEMBERSHIP

The #TeamCaerphilly Programme Board comprises:-

Deputy Leader and Cabinet Member for Finance, Performance and Governance

Chief Executive – Programme Sponsor

Members of Corporate Management Team

Head of Business Improvement – Senior Responsible Officer

Supported by:-

Corporate Policy Manager

Senior Communications Officer

Policy Officer

Statutory Officers co-opted as required:-

Section 151 Officer

Head of Legal Services and Monitoring Officer

ORGANISATION AND MEETINGS

The #TeamCaerphilly Programme Board will meet regularly, and at least quarterly.

The #TeamCaerphilly Programme Board will be chaired by the Chief Executive. The Cabinet Member for Finance, Performance and Governance will be the representative of Cabinet.

Programme co-ordination and administration will be facilitated by Service Improvement and Partnerships (Corporate Policy Unit).

The Board will manage its work through relevant digital systems with appropriate permissions.

Papers, reports and business cases will be considered by the Programme Board. These will be circulated in advance of meetings, giving the Board sufficient time to prepare.

Lead Officers will be expected to attend to give account of progress on their areas of responsibility.

GOVERNANCE AND MEASUREMENT OF PROGRESS

The #TeamCaerphilly Programme Board will review the delivery of the Strategy, Place Shaping programmes and Strategic Action Plan at each of its meetings.

Cabinet Policy Development Meeting will receive relevant reports.

Progress updates on the delivery of the Strategy will be presented to Policy and Resources Scrutiny Committee, thereafter to Cabinet, on a 6-monthly basis.

Relevant Scrutiny Committees and Cabinet will receive reports related to specific aspects of the Strategy in accordance with the Council Constitution.

The primary measure of progress will be against the milestone dates set out in the Place Shaping programmes and Strategic Action Plan. However, the effectiveness of programmes, activities, actions and initiatives will also be assessed; specific measures will be dependent on the nature of each action. The #TeamCaerphilly Programme Board will ensure appropriate measures are recorded and reported to ensure progress and effectiveness. Measures may be financial, outcome related, output measures, qualitative measure, customer satisfaction measures etc.

#TeamCaerphilly
BETTER TOGETHER



#TeamCaerphilly Programme Coordination Group

Terms of Reference **DRAFT**

THE ROLE OF THE GROUP

The role of the #TeamCaerphilly Programme Coordination Group is to oversee the day to day management of the delivery of the #TeamCaerphilly – Better Together Transformation Strategy.

The Programme Coordination Group will fulfil this role by:

- Providing the coordination of the delivery of the key strategic Place Shaping programmes and actions set out in the Strategy and associated Strategic Action Plan.
- Sustainably securing improvement, value for money and a return on investment to improve outcomes for citizens through the delivery of the Strategy.
- Championing the Strategy to secure engagement and ownership in supporting sustainable and resilient communities through the delivery of effective, efficient and economical Council services; upholding our Social Heart: Commercial Head principle.
- Receiving regular reports from Lead Officers with responsibility for delivering elements of the Strategy and feeding information to the #TeamCaerphilly Programme Board on progress to date and where decisions are required.
- Members of the Group will be involved in Service Reviews and work with Lead Officers to develop appropriate work streams that will emerge from the reviews.
- Working closely with the Commercial Panel to ensure that the Transformation Strategy and the Commercial and Investment Strategy help to deliver effective, efficient and economical Council services; feeding information to the #TeamCaerphilly Programme Board on progress to date and where decisions are required.
- Considering opportunities for collaboration with external partners to deliver improved outcomes in the context of decreasing resources.
- Ensuring that each element of the Place Shaping programmes and Strategic Action Plan report on progress against appropriate measures and/or outcomes.

MEMBERSHIP

Head of Business Improvement – Senior Responsible Officer

Corporate Policy Manager

Transformation Managers – Commercial Investment, Innovation and Workforce Development

Senior Communications Officer

Digital Services Manager

Policy Officer

Other Officers will be co-opted onto the Group as and when required.

ORGANISATION AND MEETINGS

The #TeamCaerphilly Programme Coordination Group will meet monthly.

The Group will be chaired the Head of Business Improvement. The Vice Chair is the Corporate Policy Manager.

Group co-ordination and administration will be facilitated by Service Improvement and Partnerships (Corporate Policy Unit).

The Group will manage its work through relevant digital systems with appropriate permissions.

Papers, reports, service review outcomes and business cases will be considered by the Group in advance of the Programme Board. These will be circulated in advance of meetings.

Lead Officers will be expected to attend Group meetings to give account of progress on their areas of responsibility as appropriate.

GOVERNANCE AND MEASUREMENT OF PROGRESS

The #TeamCaerphilly Programme Coordination Group will review progress on the delivery of the Strategy, Place Shaping programmes and Strategic Action Plan at each of its meetings. Any matters requiring a decision will be brought to the #TeamCaerphilly Programme Board for consideration.

Progress updates on the delivery of the Strategy will be presented to Policy and Resources Scrutiny Committee, thereafter to Cabinet, on a 6-monthly basis.

Relevant Scrutiny Committees and Cabinet will receive reports related to specific aspects of the Strategy in accordance with the Council Constitution.

The primary measure of progress will be against the milestone dates set out in the Place Shaping programmes and Strategic Action Plan. However, the effectiveness of programmes, activities, actions and initiatives will also be assessed; specific measures will be dependent on the nature of each action. The #TeamCaerphilly Programme Coordination Group will ensure appropriate measures are recorded and reported to ensure progress and effectiveness. Measures may be financial, outcome related, output measures, qualitative measures, customer satisfaction measures etc.



POLICY AND RESOURCES SCRUTINY COMMITTEE – 12TH NOVEMBER 2019

SUBJECT: SICKNESS ABSENCE WITHIN THE COUNCIL

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

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to provide Policy and Resources Scrutiny Committee with an update of the position with regard to sickness absence within the Council.

2. SUMMARY

- 2.1 The report provides Members with an update on the steps that have been taken and the progress made in reducing the Council's levels of sickness absence over the last financial year and the actions being taken to support a continued improvement.
- 2.2 To support this, the report provides an overview of levels of absence within the Council for the previous 2 years. For Members information, the tables and graphs reflect the structural changes in Directorates.

3. RECOMMENDATIONS

- 3.1 Policy and Resources Scrutiny Members are asked to note the sickness absence information contained within this report and the improvements made in 2018/19.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 The recommendations are designed to inform Scrutiny Members of levels of sickness absence within the Authority during the previous 2 years and what is being done in an attempt to reduce these.

5. THE REPORT

- 5.1 The Council's Managing Sickness Absence Procedure provides a structured framework to allow Managers to effectively manage sickness absence. The

Procedure has also been adopted by all Schools. The purpose of the Procedure is to:

- Maximise employee attendance at work.
- Support employees in returning to work in a timely manner.
- Have a clear and agreed process for managing the sickness absence of all the Council's employees, which is applicable to all.

5.2 In 2018/19 the Council ranked 16th in Wales for the number of days lost per full-time equivalent (FTE) Local Authority employee due to sickness absence including schools. Performance was 11.3 days per FTE, a move up of 4 positions from 2017/18, when CCBC was 20th in Wales with 12.3 days.

5.3 Both short-term and long-term sickness in the Council has improved over the last year. Sickness has decreased from 23,975 days lost in 2017/18 to 21,609 in 2018/19, a difference of 2,366 days. Long-term sickness also saw a decrease from 54,142 to 49,237 days lost between 2017/18 and 2018/19, a difference of 4,905 days.

5.4 The tables below provides Members with the % absence levels for 2017 / 18 and 2018 / 19 for the Council and each Directorate. For Members information, the table reflects the changes in the organisation's structure.

| 2017 / 18 | | | |
|--|-----------------------------|----------------------------|------------------------|
| Directorate | % short term absence | % long term absence | Total % absence |
| Communities | 1.40 | 3.84 | 5.24 |
| Corporate Services | 1.37 | 3.00 | 4.37 |
| Education & Lifelong Learning | 1.37 | 2.50 | 3.86 |
| Social Services | 1.80 | 4.65 | 6.45 |
| Total | 1.47 | 3.31 | 4.78 |

| 2018 / 19 | | | |
|---|-----------------------------|----------------------------|------------------------|
| Directorate | % short term absence | % long term absence | Total % absence |
| Communities | 1.33 | 3.53 | 4.86 |
| Education & Corporate Services | 1.28 | 2.34 | 3.62 |
| Social Services & Housing | 1.47 | 4.42 | 5.89 |
| Total | 1.34 | 3.04 | 4.38 |

The tables below provides the percentage number of employees per Directorate that have reported sick for the number of days stated for 2017 / 18 and 2018 / 19.

| 2017 / 18 | | | | | |
|--|------------------------|--------------------------|-----------------------------|----------------------------|--------------------------|
| Directorate | 0 days sickness | 1-5 days sickness | 6 - 11 days sickness | 12-19 days sickness | 20+ days sickness |
| Communities | 49.43% | 19.78% | 8.38% | 6.15% | 16.26% |
| Corporate Services | 45.97% | 28.14% | 8.44% | 4.50% | 12.95% |
| Education & Lifelong Learning | 46.70% | 28.86% | 9.01% | 4.23% | 11.20% |
| Social Services | 39.18% | 25.72% | 11.13% | 7.18% | 16.79% |
| Total | 44.38% | 26.35% | 9.40% | 5.61% | 14.26% |

| 2018 / 19 | | | | | |
|--------------------------------|-----------------|-------------------|----------------------|---------------------|-------------------|
| Directorate | 0 days sickness | 1-5 days sickness | 6 - 11 days sickness | 12-19 days sickness | 20+ days sickness |
| Communities | 54.11% | 18.04% | 7.65% | 4.66% | 15.54% |
| Education & Corporate Services | 46.37% | 27.88% | 9.04% | 4.42% | 12.29% |
| Social Services & Housing | 41.90% | 26.19% | 9.39% | 5.67% | 16.85% |
| Total | 46.17% | 26.25% | 8.93% | 4.81% | 13.84% |

5.4.1 Members will note that during both financial years that almost 50% of employees did not report absent due to sickness and over 70% of employees reported absent between 0 and 5 days

5.5 The table below provides the top ten reasons for absence across the Authority, as generalised categories, for the periods April 2017 – March 2018 and April 2018 to March 2019.

| Top 10 Reasons of Absence for the Authority | Ranking | |
|---|---------------------|---------------------|
| | April 17 - March 18 | April 18 - March 19 |
| Stress; depression; anxiety; neurasthenia; mental health; fatigue | 1 | 1 |
| Other musculo-skeletal problems | 2 | 2 |
| Stomach; liver; kidney and digestion inc. gastroenteritis | 3 | 3 |
| Infections inc. colds & flu | 4 | 4 |
| Injury | 5 | 6 |
| Back and neck problems | 6 | 5 |
| Chest and respiratory inc. chest infections | 7 | 7 |
| Neurological including headaches & migraines | 8 | 9 |
| Work related stress | 9 | 8 |
| Eye; ear; nose & mouth/dental to inc. sinusitis | 10 | N/A |
| Heart, blood pressure and circulation | N/A | 10 |

5.5.1 Members will note that the rank order of reasons remains fairly consistent across the 2 years.

5.6 Within People Services, the HR team support Managers with all aspects of people management, but there is also a dedicated Managing Attendance Team to support Managers to manage absence effectively and consistently across the Authority.

5.7 To support the management of sickness absence, the Council has its own Occupational Health Unit, with Occupational Health Physician, Physiotherapist and Nurse expertise provided.

5.8 The Council also provides a confidential counselling service via Care First that can be accessed by all employees.

5.9 As a result of concerns regarding increasing sickness absence levels during 2017 / 18, the following activity has taken place:

- i) The Cabinet Member for Corporate Services:
 - discusses sickness absence as a regular agenda item in his meetings with the Head of People Services.
 - has regular meetings with the Managing Attendance team to discuss progress and areas of concern.
 - has met with all Heads of Service to discuss sickness within their services and is following up on any actions agreed.
 - discusses sickness absence as a regular agenda item in his meetings with the Trade Unions.
- ii) Sickness absence is a regular agenda item on Leadership and Management Network meetings.
- iii) Sickness absence is a regular agenda item on SMTs and HR attend to support the discussions.
- iv) Sickness information is included in the Directorate Performance Assessments
- v) Additional training continues to be provided by HR and is tailored to suit service area needs.
- vi) Daily advice, guidance and support continues to be provided by HR to Managers.
- vii) Additional appointments are arranged if required for the Occupational Health Physician, the Physiotherapist and the Nurse.
- viii) People Services have developed a digital 'Health Wall' featuring some of the links to organisations that provide expert information and advice for a number of health related issues.

5.10 In addition, the following are being actioned to support the continued improvement in sickness absence levels:

- i) The Council's Managing Sickness Absence Procedure is being reviewed.
- ii) The Council's Wellbeing group is now chaired by the Head of People Services and has refocused to bring together all the support the Council can provide to employees to be fit and well and attend work, including what they can do to support themselves.
- iii) The Head of People Services is developing a Wellbeing Strategy with a view to supporting employees to be well and at work. This will include what employees can do to support their own health and attendance at work.
- iv) HR have produced and will continue to produce guidance notes in relation to specific health areas.
- v) HR and Health and Safety are looking at proactive and preventative measures to address the top reported reasons for absence.
- vi) People Services are developing an employee reward and recognition scheme that will acknowledge employees who do not report absent due to sickness.

5.11 Sickness absence will continue to be monitored by Corporate Management Team, HR and the Cabinet Member for Corporate Services with the aim of reducing sickness absence levels.

5.12 Some of the work described in 5.10 is just a small part of a wider transition from an Authority that focuses on sickness absence to one that supports attendance and it is hoped that staff will find this of benefit in supporting their own health and attendance at work.

5.13 Conclusion

The improved focus on managing sickness absence appears to have been beneficial as sickness absence within the Council led to a ranking of 16th in Wales in 2018/19 for the number of days lost per full-time equivalent (FTE) Local Authority employee due to sickness absence including schools. This reflected a performance of 11.3 days per FTE, a move up of 4 positions from 2017/18, when CCBC was 20th in Wales with 12.3 days. However, this position has to continue to improve and cannot remain at this level and the Council must continue to assess the impact of the move away from managing sickness to promoting wellness at work with the introduction of the new procedure and strategy.

6. ASSUMPTIONS

6.1 There are no assumptions made within this report.

7. LINKS TO RELEVANT COUNCIL POLICIES

7.1 The Council's Managing Sickness Absence Procedure acknowledges that employees are our most valuable resource and as a result high attendance at work plays a key role in providing efficient and effective services. The reduction in sickness absence levels will improve service delivery, increase employee morale, ensure that the Council is more competitive and increase job security.

7.2 Corporate Plan 2018-2023.

The contents of this report contribute towards 'Objective 2 - Enabling employment' of the Corporate Well-being Objectives, by supporting employees to be well and at work.

8. WELL-BEING OF FUTURE GENERATIONS

8.1 The information set out in this report contributes to the following Well-being goals within the Well-being of Future Generations Act (Wales) 2015 in that supporting employees to be well and at work, including the effective management of sickness absence, should reduce the levels of sickness in line with the Council's Managing Sickness Absence Procedure:

- *A healthier Wales*
- *A more equal Wales*

9. EQUALITIES IMPLICATIONS

9.1 The Managing Sickness Absence Procedure was assessed in 2012 and takes Equalities related issues into account when dealing with sickness issues. This was done in order to ensure that any individual falling under one or more of the protected characteristics or wider issues covered by the Council's Strategic Equality Plan, is not adversely affected by that procedure.

10. FINANCIAL IMPLICATIONS

- 10.1 There are direct financial implications for sickness absence where replacement labour is required to cover lost time by the absent employee. This clearly does not happen with all periods of absence.
- 10.2 Where no replacement cover is being provided there may be no direct financial costs, however there may be hidden costs in terms of the delivery of the service or the impact on other members of staff.

11. PERSONNEL IMPLICATIONS

- 11.1 The regular monitoring and review of the long term and short term absences will continue to be a core responsibility of HR with managers to reduce absence levels in their service areas.
- 11.2 Managers have been and will continue to be provided with support from HR to manage attendance within their service areas, and also any employee relations issues that may arise.

12. CONSULTATIONS

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

13. STATUTORY POWER

- 13.1 The Equality Act 2010
Employment Relations Act 2004

Author: Lynne Donovan, Head of People Services

Consultees: Corporate Management Team
Cllr Colin Gordon, Cabinet Member for Corporate Services
Stephen Harris, Interim Head of Business Improvement & Acting S151 Officer
Geraldine Burns, HR Manager



POLICY AND RESOURCES SCRUTINY COMMITTEE – 12TH NOVEMBER 2019

SUBJECT: TREASURY MANAGEMENT & CAPITAL FINANCING PRUDENTIAL INDICATORS QUARTER 1 AND QUARTER 2 MONITORING REPORT (1ST APRIL 2019 TO 30TH SEPTEMBER 2019)

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 To present Members with details of Treasury Management activities and Capital Financing, together with the related Prudential Indicators for the period 1st April 2019 to 30th September 2019.
- 1.2 To review the Treasury Management Strategy for 2019/20 as set out in the Annual Investment Strategy and Capital Financing Prudential Indicators Report.

2. SUMMARY

- 2.1 The Code of Practice on Treasury Management in the Public Services 2009, which was adopted by the Council on 12th October 2010, sets out a framework of operating procedures, which is encompassed in the Treasury Management Practices (TMPs). TMP6 (Reporting Requirements and Management Information Arrangements) provides for the submission of monitoring reports to the appropriate Committee on a quarterly basis.
- 2.2 Under the provisions of the Local Government Act 2003, The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 [The Capital Regulations], and the CIPFA's "The Prudential Code for Capital Finance in Local Authorities" [the Code], the Authority is obliged to approve and publish a number of indicators relevant to Capital Finance and Treasury Management.
- 2.3 The updated Prudential Code includes a new requirement for local authorities to provide a Capital Strategy, which is to be a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The capital strategy will be submitted to Full Council later in the year along with the Revenue Budget Report and the 2020/21 Treasury Management Strategy.
- 2.4 The Authority's Annual Investment Strategy and Capital Financing Prudential Indicators for 2019/20 were approved by Council on 21st February 2019.

3. RECOMMENDATIONS

- 3.1 Members are asked to note the contents of this report.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 Compliance with the CIPFA “Code of Practice for Treasury Management in the Public Services”.

5. THE REPORT

5.1 Treasury Management

5.1.1 Borrowing Activity

The current policy of internal borrowing is not sustainable in the long-term, but where prudent the policy of internal borrowing will be utilised. As at the 31st March 2019 the internal borrowing position was £56m.

The Annual Treasury Management Strategy was approved by Council in February 2019 and indicated that there would be a need to borrow £27.4m in 2019/20 to part fund the General Fund capital programme. A further £44.2m is planned to be raised for the HRA to fund the WHQS capital programme. As at the 30th September 2019 a £23m 20 year PWLB loan was raised to fund the WHQS capital programme. £1.3m was drawn down from the approved £4.14m Salix loan facility to fund in year capital expenditure relating to the LED street lighting changeover programme that Cabinet approved on 28th November 2018. Total Salix drawn down to date is £3.3m.

During the period covered by this report, PWLB loans to the value of £2.2m were repaid on maturity. Such loans had an average interest rate of 5.56%. £30k of the WRU Loan was also repaid. Temporary loans of £24m were repaid during the reported period. The loans were raised during the year for the purpose of cashflow requirements as investments were tied in. Total debt outstanding as at 30th September 2019 was £302m and comprised of £258.6m PWLB loans; £30m market loans (LOBOs); £10m Bank loan; £120k WRU loan; and a £3.3m Salix Energy Finance loan.

With respect to LOBO loans the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. A LOBO loan with a total value of £10m had a rate option reviewed during quarter one and the lender chose not to exercise the option. LOBO loans will be further reviewed again later in 2019/20 by lenders, with a total value of £10m that is exposed to variable interest rate movement. This represents 3.3% of the Authority's debt portfolio, which is exposed to interest rate risk. The Authority acknowledges there is an element of refinancing risk even though in the current interest rate environment lenders are unlikely to exercise their options.

5.1.2 Rescheduling

The Annual Strategy allows for the utilisation of debt rescheduling providing for both in year and future year savings and additional revenue resources. No rescheduling opportunities presented themselves during the period covered by this report.

5.1.3 Investments

During the reported period the Authority was holding £33m of long-term investments where the maturity date is greater than 365 days. These investments are in accordance with the approved Investment Strategy. The long-term investments comprise of covered bonds with UK and international banks and have an AAA rating; UK Gilts and local authority deposits. The covered bonds are secured investments and collateralised against the counterparty's

pool of assets. The value of short-term deposits as at 30th September 2019 was £78.6m.

The total investments held as at 30th September 2019 was £111.6m, and had an average rate of return equating to 1.03% which is a significant improvement over placing deposits with the Debt Management Office (DMO) who continue to pay a rate of 0.50%. The rate of return is above the target rate, as detailed in the Annual Treasury Management Strategy report to Council, of 0.25%. The improvement in returns reflect the Authority's change in investment strategy and lending to high creditworthy counterparties that consist of banks; building societies; supranational institutions; the DMO, local authorities; money market fund and corporates using a range of investment products such as corporate bonds; covered bonds; cash deposits and treasury bills. Whilst the returns have improved, the riskiness of the investment portfolio has been quantified with a weighted average credit score equivalent to an AA rating. The UK government is currently rated by two credit rating agencies at AA. Therefore the Authority's portfolio is on par with the UK Government rating.

The portfolio as at 30th September 2019 comprised of the following types of investments:

| Counterparty | Investment Product | Sector | £m |
|---|---------------------------|--|---------------|
| Banks | Certificate of Deposits | Financial | 12.98 |
| Banks & building societies | Fixed-term cash deposits | Financial | 15.00 |
| Banks & building societies | Covered bonds | Financial | 15.00 |
| Banks & building societies | Notice accounts | Financial | 5.00 |
| Corporates | Bonds | Automobile/ Transport Infrastructure/ Financial/ Consumer/ Natural Resources | 28.25 |
| Money Market Fund | Cash Pooled Fund | Financial | 8.40 |
| Supranational Institutions | Bonds | Sovereign/ Financial | 2.00 |
| UK Government | Gilts/ T Bills | UK Government | 10.00 |
| Local Authorities | Fixed-term cash deposits | Local Government | 15.00 |
| | | | |
| Total Investments as at 30th September 2019 | | | 111.63 |

5.1.4 Economic Outlook

UK Consumer Price Inflation (CPIH) remained at 1.7% year on year in September 2019. The most recent labour market data for the three months to August 2019 showed the unemployment rate edged back up to 3.9% while the employment rate fell to 75.9. The Quarterly National Accounts for Q2 GDP confirmed the UK economy contracted by 0.2% following the 0.5% gain in Q1 which was distorted by stockpiling ahead of Brexit. Business investment fell by 0.4% (revised from -0.5% in the first estimate) as Brexit uncertainties impacted on business planning and decision-making.

The Bank of England maintained Bank Rate at 0.75% and in its August Inflation Report noted the deterioration in global activity and sentiment. The Monetary Policy Committee confirmed that monetary policy decisions related to Brexit could be in either direction depending on whether or not a deal is ultimately reached by 31st October. Gilt yields remained volatile over the period on the back of ongoing economic and political uncertainty.

Tensions continued between the US and China with no trade agreement in sight and both

countries imposing further tariffs on each other's goods. The US Federal Reserve cut its target Federal Funds rates by 0.25% in September, a pre-emptive move to maintain economic growth amid escalating concerns over the trade war and a weaker economic environment leading to more pronounced global slowdown. The European Central Bank reduced its deposit rate to -0.5% and announced the recommencement of quantitative easing from 1st November to address concerns of an economic slowdown in the Eurozone.

The UK economy has displayed a marked slowdown in growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased dramatically. Central bank actions and geopolitical risks will continue to produce significant volatility in financial markets, including bond markets.

Our treasury advisor Arlingclose expects Bank Rate to remain at 0.75% for the foreseeable future but there remain substantial risks to this forecast, dependant on Brexit outcomes and the evolution of the global economy. Arlingclose also expects gilt yields to remain at low levels for the foreseeable future.

| | Dec-19 | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 | Jun-22 | Sep-22 | Dec-22 |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Official Bank Rate | | | | | | | | | | | | | |
| Upside risk | 0.00 | 0.00 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| Arlingclose Central Cas | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 |
| Downside risk | 0.50 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 |

5.1.5 Counterparty Update

Credit Default Swap (CDS) spreads rose and then fell again during the quarter, continuing to remain low in historical terms. There were minimal credit rating changes during the period.

5.1.6 Non-Treasury Investments

The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. Such investments can comprise of property; shared ownership housing; loans to local businesses/ subsidiaries; and shareholdings. During the reported period the Authority did not hold any non-treasury related investments.

5.1.7 Regulatory Changes

The Welsh Government is consulting on proposed changes to its Statutory Guidance on Local Government Investments to be effective from the 2020/21 financial year. This involves a complete re-write along the lines of the guidance issued last year by the Ministry of Housing, Communities and Local Government (MHCLG) for local authorities in England.

The definition of investments is widened to include "all of the financial and non-financial assets a local authority has invested money into primarily or partially for the purpose of generating a surplus including investment property" providing it has been made using the power to invest contained in the Local Government Act 2003. In addition, loans to wholly-owned companies or associates, to a joint venture, or to a third party count as investments, irrespective of the purpose or legal power used.

5.1.8 Readiness for Brexit

The scheduled leave date for the UK to leave the EU is now 31st October 2019 and there remains little political clarity as to whether a deal will be agreed by this date and there is the

possibility that the exit date is pushed back yet again. As 31st October approaches the Authority will ensure there are enough accounts open at UK domiciled banks and Money Market Funds to hold sufficient liquidity required in the near term, and that its account with the Debt Management Account Deposit Facility (DMADF) remains available for use in an emergency.

5.2 Prudential Indicators

5.2.1 Capital Financing Requirement

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

Appendix 1 shows a projected CFR value of £382.66m as at 31st March 2020. The actual CFR as at 31st March 2019 was £367.18m.

5.2.2 Prudential Indicators – “Prudence”

The Prudential Indicators for Treasury Management are shown in Appendix 1, and the Authority is currently operating within the approved limits.

5.2.3 Prudential Indicators – “Affordability”

There is a requirement to analyse and report the capital financing costs, and express those costs as a percentage of the net revenue streams of the Authority. These are identified in Appendix 2 and currently show a projected reduction from the original budget as a consequence of deferred borrowing for the General Fund.

5.2.4 Capital Expenditure and Funding

A summary of capital expenditure and funding is attached at Appendix 3 and shows no change against the planned position.

6. ASSUMPTIONS

6.1 The details set out in the report are based on actuals that have occurred between 1st April 2019 and 30th September 2019.

7. LINKS TO STRATEGY

7.1 Treasury Management Strategy 2019/20 as agreed by Council on 21st February 2019.

7.2 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.

8. WELL-BEING OF FUTURE GENERATIONS

- 8.1 The effective management of the Authority's borrowing and investments are key in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met.

9. EQUALITIES IMPLICATIONS

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

10. FINANCIAL IMPLICATIONS

- 10.1 As detailed throughout the report.

11. PERSONNEL IMPLICATIONS

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

12. CONSULTATIONS

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

13. STATUTORY POWER

- 13.1 Local Government Acts 1972 and 2003.

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A. Southcombe – Finance Manager, Corporate Finance
Cllr B. Jones – Deputy Leader and Cabinet Member for Finance, Performance and Governance

Appendices:

Appendix 1 – Treasury Management Prudential Indicators – Prudence

Appendix 2 – Capital Finance Prudential Indicators – Affordability

Appendix 3 – Capital Expenditure and Funding

Appendix 1 Treasury Management Prudential Indicators- Mid Year report (Quarters 1 & 2)

| | Budget 2019-20 | Estimated 2019-20 |
|---|---------------------------|------------------------------|
| | £000 | £000 |
| Authorised limit for external debt - | | |
| Borrowing | 432,771 | 432,771 |
| Other long term liabilities | 30,653 | 30,649 |
| Total | 463,424 | 463,420 |
| Operational boundary for external debt - | | |
| Borrowing | 346,217 | 331,530 |
| Other long term liabilities | 30,653 | 30,649 |
| Total | 376,870 | 362,179 |
| Capital Financing Requirement | 401,438 | 382,663 |
| Upper limits for interest rate exposure | | |
| Principal outstanding on borrowing | 346,217 | 331,530 |
| Principal outstanding on investments | 75,000 | 111,629 |
| Net principal outstanding | 271,217 | 219,901 |
| Fixed rate limit – 100% | 271,217 | 219,901 |
| Variable rate limit – 30% | 81,365 | 65,970 |
| Upper limit for total invested for over 364 days | 50,000 | 33,000 |

| Maturity structure of fixed rate borrowing | Upper Limit | Lower Limit |
|---|------------------------|--------------------|
| Under 12 months | 35% | 0% |
| Over 12 months and within 24 months | 40% | 0% |
| Over 2 years and within 5 years | 50% | 0% |
| Over 5 years and within 10 years | 75% | 0% |
| Over 10 years | 100% | 0% |

| Gross Debt and Net Debt | Budget 2019-20 | Estimated 2019-20 |
|------------------------------------|---------------------------|------------------------------|
| | £000 | £000 |
| Outstanding Borrowing | 346,217 | 331,530 |
| Other long term liabilities | 30,653 | 30,649 |
| Gross Debt | 376,870 | 362,179 |
| Less investments | 75,000 | 111,629 |
| Net Debt | 301,870 | 250,550 |

Appendix 2 Treasury Management Prudential Indicators- Mid Year report (Quarters 1 & 2)

| Ratio of Financing costs to net revenue stream | Budget 2019-20 | Estimated 2019-20 |
|---|---------------------------|------------------------------|
| General Fund | £000 | £000 |
| Principal repayments | 2,492 | 2,492 |
| Interest costs | 8,842 | 7,942 |
| Debt Management costs | 46 | 46 |
| Investment income | -950 | -800 |
| Interest applied to internal balances | 735 | 735 |
| Total General Fund | 11,165 | 10,414 |
| Net revenue stream | 336,695 | 336,695 |
| Total as percentage of net revenue stream | 3.32% | 3.09% |
| Housing Revenue Account | | |
| Principal repayments | 2,555 | 2,555 |
| Interest costs | 6,563 | 6,563 |
| Debt Management costs | 43 | 43 |
| Total HRA | 9,161 | 9,161 |
| Net revenue stream | 49,100 | 49,100 |
| Total as percentage of net revenue stream | 18.66% | 18.66% |

| Capital financing requirement [end of year position] | Budget 2019-20 | Estimated 2019-20 |
|---|---------------------------|------------------------------|
| | £000 | £000 |
| Council Fund | 254,436 | 258,186 |
| Housing Revenue Account | 147,003 | 124,477 |
| Total Authority | 401,438 | 382,663 |

Appendix 3 Treasury Management Prudential Indicators- Mid Year report (Quarters 1 & 2)

| | Budget 2019-20 | Estimated 2019-20 |
|---|---------------------------|------------------------------|
| Expenditure | £000 | £000 |
| Council Fund | 10,074 | 10,074 |
| Housing Revenue Account | 56,618 | 56,618 |
| Total | 66,692 | 66,692 |
| Funding | | |
| Surplus/ (Deficit) Balance b/f | | |
| Borrowings - Supported (GF) | 4,923 | 4,923 |
| General Capital Grant - WG | 2,997 | 2,997 |
| RCCO Budget | 128 | 128 |
| Capital underspends from previous years | 326 | 326 |
| One off funding- MRP Review | 1,700 | 1,700 |
| RCCO- (HRA) | 17,086 | 17,086 |
| Borrowings - Unsupported (HRA) | 32,181 | 32,181 |
| Major Repairs Allowance (HRA) | 7,351 | 7,351 |
| Total | 66,692 | 66,692 |
| Surplus C/f | - | - |

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