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Date: 24th June 2020

Dear Sir/Madam,

A digital meeting of the **Cabinet** will be held via Microsoft Teams on **Wednesday, 1st July, 2020** at **10.30 am** to consider the matters contained in the following agenda. You are welcome to use Welsh at the meeting, a minimum notice period of 3 working days is required should you wish to do so..

This meeting will be recorded and made available to view via the Council's website, except for discussions involving confidential or exempt items. Therefore the images/audio of those individuals present and/or speaking at Cabinet will be publicly available to all via the recording on the Council website at www.caerphilly.gov.uk

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Chrissy', enclosed in a large, loopy oval shape.

Christina Harrhy
CHIEF EXECUTIVE

AGENDA

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

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

A greener place Man gwyrddach



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

To note the Cabinet Forward Work Programme.

- 3 Cabinet Forward Work Programme. 1 - 2

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

- 4 Mutual Investment Model 21st Century Schools Welsh Education Partnership - Strategic Partnership Agreement. 3 - 16

- 5 Provisional Outturn for 2019/20. 17 - 32

- 6 To receive and consider the following report which, in the opinion of the Proper Officer may be discussed when the meeting is not open to the public and first to consider whether the public interest requires that the meeting should be closed to the public for consideration of this item: - 33 - 34

- 7 Extension To Flexible Retirement Due To Exceptional Circumstances - Caerphilly Homes. 35 - 40

Circulation:

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

And Appropriate Officers

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Cabinet Date	Title	Key Issues	Author	Cabinet Member
01/07/20 10:30	MIM 21st Century Schools Welsh Education Partnership – Strategic Partnering Agreement	To agree the principles of the agreement between WG and the Council.	West, Andrea;	Cllr. Jones, Barbara;
01/07/20 10:30	Flexible Retirement	To request member support to extend the existing flexible retirement arrangement beyond the two years as original agreed in line with the flexible retirement policy. This is to ensure we retain the required level of resource and expertise to complete the external works of the WHQS programme in line with WG deadlines due to delays incurred in continuing works as a consequence of the ongoing Covid pandemic.	Couzens, Shaun;	Cllr. Phipps, Lisa;
01/07/20 10:30	19/20 Provisional Outturn Report	To provide Cabinet with details of the provisional outturn for the 2019/20 financial year prior to the conclusion of the annual audit by the Authority's External Auditor, Grant Thornton.	Harris, Stephen R;	Cllr. Stenner, Eluned;
22/07/20 10:30	Public Spaces Protection Order: Dogs on sport pitches	To seek Cabinet approval to undertake a consultation on a draft Public Spaces Protection Order to ban dogs from Council sports pitches.	Hartshorn, Robert;	Cllr. George, Nigel;
22/07/20 11:00	Team Caerphilly Corporate Reviews	To seek approval for 10 corporate reviews set within th Team Caerphilly Tranformation Framework	Harrhy, Christina;	Cllr. Marsden, Philippa;

22/07/20 11:30 21st Century Schools and Education Band B programme - update	To provide an update to members on the progress of the 21st Century schools and education Band B programme and seek Members approval to proceed to consultation in respect of the phase 1 projects which includes Trinity Fields Special School and Ysgol Gymraeg Cwm Gwyddon.	Richards, Sue;	Cllr. Jones, Barbara;
30/07/20 10:30 Place Shaping	To share with Cabinet a series of Place Shaping proposals for Caerphilly County Borough Council	Harrhy, Christina;	Cllr. Marsden, Philippa;
30/07/20 11:00 Agile/Flexible Working	To propose a flexible working model for the council	Edmunds, Richard (Ed);	Cllr. Gordon, Colin J;
30/07/20 11:30 Community Connection Scheme	To provide members with an update on the COVID Community Connection scheme and proposals to move to a mixed model of support in partnership with our communities.	Street, Dave; Richards, Sue; Cllr. Stenner, Eluned;	



CABINET - 1ST JULY 2020

**SUBJECT: MUTUAL INVESTMENT MODEL 21ST CENTURY SCHOOLS
WELSH EDUCATION PARTNERSHIP – STRATEGIC
PARTNERING AGREEMENT**

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

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to update members on a Welsh Government scheme linked to the Mutual Investment Model (MIM) 21st Century Schools and Colleges Band B programme.
- 1.2 The report seeks approval from Cabinet for the Council to enter into a Strategic Partnering Agreement with the Welsh Education Partnership Co (WEPCo) to enable us to use the Strategic Partnering Framework in the future if required, in order to facilitate the delivery of education and community facilities.

2. SUMMARY

- 2.1 Welsh Government has been procuring a Private Sector Delivery Partner to work with it on the delivery of education and community facilities throughout Wales, under a strategic partnering framework.
- 2.2 The successful private sector partner and a subsidiary of the Development Bank of Wales (known as WGCo) will be required to form WEPCo, which will deliver infrastructure services to the Participants in Wales. The Participants to the arrangements will be a number of Local Authorities and Further Education Institutions. The Participants and WEPCo will enter into a Strategic Partnering Agreement.
- 2.3 The aim of the Strategic Partnering Agreement is to provide a process for efficient and effective planning, procurement, design, build and/or finance and maintenance of education and community-based facilities in Wales. The Strategic Partnering Agreement is the mechanism by which this can be achieved and will be signed by the Council in September 2020.
- 2.4 As part of the Council's 21st Century Schools and Colleges Band B programme, Welsh Government has agreed in principle to a Municipal Investment Model (MIM) delivered within Caerphilly Borough with an equivalent build value in the range £28m – £32m. The size and nature of this project is yet to be determined and would be subject to business case approval by the Welsh Government.

- 2.5 The purpose of this report is to explain the process and seek approval to enter into a Strategic Partnering Agreement with Welsh Education Partnership Co to facilitate the delivery of education and community facilities. Members should note that there will be a nominated 'Participant Representative' who will be Sue Richards, Head of Education Planning and Strategy who will sit on the Strategic Partnering Board on behalf of the Council.
- 2.6 By signing into this agreement this will ensure the Council has the option to access this framework should this be required in line with the 21st Century Schools Strategic Planning.

3. RECOMMENDATIONS

3.1.1 Cabinet are asked to:

- a) Note the information contained in the report
- b) Approve the execution, delivery and performance of the Strategic Partnering Agreement with the Welsh Education Partnership Co in September 2020 to facilitate the delivery of a range of infrastructure services and the delivery of education and community facilities.
- c) Approve the Strategic Partnering Agreement at Appendix 1 of this report and summarised in Appendix 2 of this report so as to give effect to recommendation (b), subject to recommendation (d) below
- d) Gives delegated authority to the Director of Corporate Services and Education, after consultation with the Monitoring Officer and the Cabinet:
 - (i) approve the final terms of the Strategic Partnering Agreement
 - (ii) approve any further deeds and documents which are ancillary to the Strategic Partnering Agreement approved here
- e) Approve the nomination of Sue Richards, Head of Education Planning and Strategy, and Andrea West, 21st Century Schools Manager, to be the Council's 'Participant Representative' to sit on the Strategic Partnering Board (SPB);
- f) Note that in agreeing to enter into the Strategic Partnering Agreement, the Council is not being asked to decide to proceed with any Project, and that nothing within the Strategic Partnering Agreement commits the Council to make any such commitment. Any decision to proceed with a Project will be reported back to Members in future report(s) for decision as there will be funding implications for the Council.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure the Council is able to access the Strategic Partnering Agreement should it decide to progress with a MIM project, at any point during the lifecycle of the Band B 21st Century Schools and Colleges Programme. A further report to Council will be necessary before the Council commits to a project.

5. THE REPORT

- 5.1 The "Mutual Investment Model", or MIM, was formally launched by the Welsh Government on 28th February, 2017 and is a platform for delivery of the "Taking Wales Forward" agenda. The MIM has been designed to finance major capital projects due to a scarcity of capital funding.

- 5.2 The MIM is intended to support additional investment in social and economic infrastructure projects and help to improve public services in Wales. Under the MIM, the private sector partners will build and maintain public assets, and in return the Council supported by funding from the Welsh Government will pay a fee to the private partner, which will cover the cost of construction, maintenance and financing the project. At the end of the contract the asset reverts to the Council.
- 5.3 The MIM model is a form of Public, Private Partnership but it differs from the previous PFI model insofar as long term community benefits are secured, government influence on the model is increased, transparency is embedded in the contract and soft services, which were often a bone of contention in PFI contracts, are omitted.
- 5.4 The Welsh Government has been procuring a private sector partner to work with it on the delivery of education and community facilities in Wales, under the MIM 21st Century Schools Programme. It will be the only means of delivering revenue funded Band B projects. The Welsh Government is expected to select and appoint a preferred bidder during the summer of 2020. The successful private sector partner and a subsidiary of the Development Bank of Wales (known as WGCo) will be required to form WEPCo, which will deliver infrastructure services to the Participants in Wales.

The Strategic Partnering Agreement (SPA)

- 5.5 The Participants to the arrangements will be a number of Local Authorities and Further Education Institutions. The Participants and WEPCo will enter into a Strategic Partnering Agreement (SPA). The SPA provides for how the parties act together over the long term in a collaborative partnering, non-adversarial and open manner to support the effective planning, procurement and delivery of education and community facilities in Wales and the delivery of infrastructure services. The SPA is due to be signed in September 2020.
- 5.6 The initial term of the SPA is 10 years. This may be extended by 5 years by any one or more Participants. Under the SPA, WEPCo is required to provide partnering services to the Participants. These services include (i) project development and delivery; (ii) supply chain assembly and management and (iii) other professional services necessary to fund and deliver education and community facilities.
- 5.7 If a Participant receives funding for a 21st Century Schools and Colleges Band B MIM Programme project, WEPCo has the exclusive right to develop proposals for the delivery of that project (Project Development Partnering Services) within the first 10 years of the SPA.
- 5.8 To reiterate in entering into the SPA does not bind the Council in any way. However, the Council will be required to appoint a representative to act on its behalf in relation to the SPA. The identity of the representative may change at any time following written notice to WEPCo and all other Participants. Each representative may also at any time, by written notice to WEPCo, authorise others to exercise the functions and powers of the Council. Appendix 2 provides a more detailed summary of the SPA.

The Strategic Partnering Board (SPB)

- 5.9 The SPB will act as the primary mechanism for managing WEPCo's performance. The SPB will be the central forum in which the Participants can work together with WEPCo, Welsh Government and Stakeholder Representatives to ensure that the key principles of the SPA are met. Participant representation will be required on the SPB.

- 5.10 The SPB's role will be to approve the Strategic Delivery Plan (SDP); ensure any new project proposals are consistent with the SDP; monitor WEPCo's performance against agreed Key Performance Indicators; approve any extension to the SPA term; and approve any proposed disposal of interest in share capital resulting in a loss of control by WEPCo (or subsidiary).
- 5.11 The Council's Representative(s) will be expected to be a senior representative of the Council, with the appropriate authority to make decisions on behalf of the Council, hence it is proposed that Sue Richards, Head of Education Planning and Strategy, and Andrea West, 21st Century Schools Manager, are recommended to be the Council's representatives.
- 5.12 The Council's Representative will attend the SPB meetings at least once every three months, together with representatives of each Participant, WEPCo, Welsh Government and other stakeholder representatives as agreed by the Participants.
- 5.13 As part of the Council's 21st Century Schools and Colleges Band B programme, Welsh Government has agreed in principle to a Municipal Investment Model (MIM) delivered within Caerphilly Borough with an equivalent build value in the range £28m – £32m. The size and nature of this project is yet to be determined and would be subject to business case approval by the Welsh Government.

6. ASSUMPTIONS

- 6.1 It is assumed that once the Authority has signed up to the Strategic Partnering Agreement, the Authority may access the framework should it identify the need to do so.

7. LINKS TO RELEVANT COUNCIL POLICIES

- 7.1 Caerphilly's Shared Ambitions Strategy: To raise standards and ensure our learners are healthy, confident, proud and ambitious and can access high quality educational opportunities, settings and experience.
- 7.2 Caerphilly's Wellbeing Objectives 2018 to 2023. This proposal will assist the Authority in meeting these objectives in particular the following:
Well-being Objective 1 – Improve Education opportunities for all.

8. WELL-BEING OF FUTURE GENERATIONS

- 8.1 The Well-Being of Future Generation (Wales) Act 2015 is about improving the social, economic, environmental and cultural wellbeing of Wales. It requires public bodies to think more about the long-term, working with people and communities, looking to prevent problems and take a more joined up approach. This will create a Wales that we all want to live in, now and in the future. The Act puts in place seven 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 The Act sets out the sustainable development principle against which all public bodies in Wales should assess their decision-making. The aim of the legislation is to ensure the well-being of future generations through maximising the contribution public bodies make towards the well-being goals. In using the sustainable development principle, it is incumbent that the authority considers the whole of the population it serves and considers the effect of its actions on future generations. The principle, also known as the five ways of working is assessed below:

- **Long Term** – This is an opportunity to access a service over a 10-year period should this be identified locally.
- **Prevention** – Ensuring that the Authority is not missing out on the opportunity to maximise transparency and economies of scale.
- **Integration** – To improve the efficiency of delivery for education and community-based facilities across the region of Wales, as a whole
- **Collaboration** – Working in partnership on a National Level on the delivery of the 21st Century Schools MIM programme.
- **Involvement** – Ensuring that the Authority is party to the framework and meets the necessary deadlines for engagement.

9. EQUALITIES IMPLICATIONS

- 9.1 At this stage there are no Equality implications identified and arising from the report.
- 9.2 Should a project be identified, equalities consideration will be taken pursuant to s. 149 Equality Act 2010, to include a full Equalities Impact Assessment.

10. FINANCIAL IMPLICATIONS

- 10.1 Welsh Government has agreed in principle to a Municipal Investment Model (MIM) delivered within Caerphilly Borough with an equivalent build value in the range £28m – £32m. Whilst the Authority would not make a capital contribution a monthly Unitary Charge would be payable for 25 years following handover. The quantum of the Unitary Charge is not yet known but it has been confirmed that 75% of the charge would be funded by WG.
- 10.2 All funding is subject to a full business case approval by Welsh Government and full consultation and will require a decision of Council.
- 10.3 To confirm MIM is a way to invest in public infrastructure in Wales. It has been designed by the Welsh Government to finance major capital projects due to a scarcity of capital funding.

11. PERSONNEL IMPLICATIONS

- 11.1 There is no specific Personnel implication directly resulting from the report.

12. CONSULTATIONS

- 12.1 The draft report was distributed as detailed below. All comments received have been reflected in this version of the report.

13. STATUTORY POWER

Local Government Act 2000,
Education Acts 1996 and 2002, and
Local Government Act 1972.

Author: Andrea West, 21st Century Schools Manager

Consultees: Sue Richards, Head of Education Planning and Strategy
Christina Harrhy, Chief Executive
Richard Edmunds, Corporate Director of Education and Corporate Services
Keri Cole, Chief Education Officer
Dave Street, Corporate Director, Social Services & Housing
Mark S. Williams, Corporate Director Communities
Councillor Barbara Jones, Deputy Leader and Cabinet Member for Education and Achievement
Councillor Teresa Parry, Chair of Education for Life Scrutiny Committee
Councillor Carol Andrews, Vice Chair of Education for Life Scrutiny Committee
Steve Harris, Interim Head of Business Improvement and Acting Section 151 Officer
Lynne Donovan, Head of People Services
Anwen Cullinane, Senior Policy Officer, Equalities, Welsh Language & Consultation
Rob Tranter, Head of Legal Service and Monitoring Officer
Ros Roberts, Business Improvement Manager
Jane Southcombe, Education Finance Manager
Mark Williams, Interim Head of Property Services
Steve Pugh, Corporate Communications Manager.

Background Papers:

Education for Life Scrutiny Committee – 19/04/2018

Subject: 21st Century Schools and Education Band B Proposals

Appendices:

Appendix 1: WEP Strategic Partnering Delivery Model – Governance Advice to Local Government for Entering into the Strategic Partnering Agreement.

Appendix 2: Update on the WEP Strategic Partner Procurement 7th April 2020.

WEP STRATEGIC PARTNERING DELIVERY MODEL

GOVERNANCE ADVICE TO LOCAL GOVERNMENT FOR ENTERING INTO THE STRATEGIC PARTNERING AGREEMENT

1 INTRODUCTION

- 1.1 The Welsh Government has been procuring a private sector partner for the MIM 21st Century Schools Programme that is expected to select and appoint a preferred bidder by September 2020. In order to give effect to this procurement key contracts need to be entered into and approvals obtained. The purpose of this advice note, directed to Local Authorities, is to explain the process and advise on the steps that need to be taken for September.
- 1.2 The WEP Strategic Partnering Agreement (**SPA**) is the agreement to be entered into between the Local Authorities and Further Education Institutions (**Participants**)¹ and WEPCo (being the joint venture company established between the Private Sector Delivery Partner (**PSDP**) and a subsidiary of the Development Bank of Wales). This is due to be executed in September 2020.
- 1.3 The SPA provides for how the parties act together over the long term in a collaborative partnering, non-adversarial and open manner to support the effective planning, procurement and delivery of education and community facilities in Wales and the delivery of infrastructure services.
- 1.4 The initial term of the SPA is 10 years. This may be extended by 5 years by any one or more Participants. Under the SPA, WEPCo is required to provide partnering services to the Participants. These services include (i) project development and delivery; (ii) supply chain assembly and management and (iii) other professional services necessary to fund and deliver education and community facilities.
- 1.5 The most likely outcome for a Participant that becomes a party to the SPA is that they proceed to develop a project or projects using the Approval Process in the SPA resulting in the execution of a Project Agreement which will govern the design, build, finance and maintenance of schools. In order to benefit from that process Participants need to execute and be a party to the SPA.
- 1.6 The purpose of this advice note is to explain what is required for Local Authority Participants to enter into the SPA in September 2020.

2 APPROVAL PROCESS, THE FORWARD PLAN AND CALL-IN

Member approval

- 2.1 Approval to enter into the SPA is likely to require a member decision. As an executive function, this responsibility lies with the Cabinet. For the reasons set out below, we would advise Local Authorities to take this decision **no later than July 2020**. If the decision is not taken at this time the Local Authority is likely to miss the deadline for execution of the SPA in September 2020.
- 2.2 This note assumes that Cabinet meetings will resume in the coming months. As a result of the Covid-19 pandemic, and following the Prime Minister's announcement on 23 March 2020 introducing strict measures to prevent all non-essential contact, we recognise that future physical meetings may not be possible. In that case, Local Authorities should be reassured that the Leader may personally discharge any executive functions or arrange for them to be discharged by another member of the Cabinet under s.15 Local Government Act 2000, avoiding the need for meetings of the Cabinet altogether. For further information please see **COVID-19 Emergency: Welsh local authority governance and decision making**.

¹ Note those named as a "Contracting Authority" in the OJEU notice will be entitled to sign and enter into the SPA.

Lead-in times

- 2.3 Local Authorities tend to have extended lead-in times in the run up to Cabinet decisions, requiring the matter to be considered by the senior management team of officers; undertaking wider group engagement and sometimes taking matters first through the Scrutiny or other committee(s). All of this should be factored into the lead-in times for Cabinet decision, which can bring forward the decision-making timetable by 6-8 weeks.

Forward plan

- 2.4 Additionally, Local Authorities should look to have this on their forward plans a month in advance of the Cabinet decision. We would advise the report title and description should be sufficiently high level to permit ongoing development of the Cabinet report and recommendations between listing of the decision on the plan in May/June and the taking of the decision. We suggest something along the following lines:
- 2.4.1 A simple report title such as, "*MIM 21st Century Schools Welsh Education Partnership – Strategic Partnering Agreement*"; and
- 2.4.2 A high level description such as, "*Approval to enter into a Strategic Partnering Agreement with Welsh Education Partnership Co to facilitate the delivery of education and community facilities*".
- 2.5 A forward plan entry such as this provides a degree of latitude to expand the scope of the decision to be taken. Taking the decision in June or July means that Local Authorities will be seeking Cabinet approval to enter into the SPA before the document is in its final form, and perhaps before a preferred bidder has been selected (anticipated July 2020). Whilst we do not envisage many changes to the documentation at preferred bidder stage of the procurement, it is nevertheless prudent to allow a degree of flexibility in the final form of the Cabinet report that still accords with the forward plan. For instance, an entry such as this provides scope to include a delegation(s) to an officer to approve the final terms of the SPA and/or a recommendation for approval to use the Approval Process under the SPA for any Pathfinder projects that a Local Authority may be seeking to pursue in the coming months (please see **Approval process for Pathfinder Projects** for further information).

Scrutiny and call-in

- 2.6 Local Authorities will also need to build in time for scrutiny and call-in, once the Cabinet decision has been taken. Typically, the period for call-in lasts for 5 working days following publication of the minutes of the Cabinet's decision. It is not unusual for a call-in not to be received until the last day of the call-in period.
- 2.7 If a valid call-in is received from councillors during the period for call-in, a meeting of the Overview and Scrutiny Committee will need to be held to consider the decision and determine whether to refer it back to the Cabinet for further consideration. Ordinarily, the Overview and Scrutiny Committee should meet within 10 working days of the end of the call-in period, and the Cabinet within 10 working days of the Overview and Scrutiny Committee meeting. Local constitutional arrangements may require meetings are to be held sooner than this.
- 2.8 During the call-in process, the Cabinet's decision may not be implemented. It may only be implemented after the Cabinet has met to consider the Overview and Scrutiny Committee recommendations, or after the Overview and Scrutiny Committee has met if it decides to take no further action. A full call-in process, with both an Overview and Scrutiny Committee meeting and a second meeting of the Cabinet, can delay implementation by 3-6 weeks depending how quickly the meetings can be arranged. By taking the decision in June or July this will provide sufficient time for any call-in.

- 2.9 If no valid call-in is received during the period for call-in, the decision can be implemented upon expiry of the period for call-in – usually around a week to ten days after the Cabinet meeting has taken place.
- 2.10 This note assumes that Overview and Scrutiny Committee meetings will resume in the coming months. The Coronavirus Act 2020 provides, at section 78, for the passing of secondary legislation by Welsh ministers to permit remote meetings for non-executive committees. This power may be used to extend the provisions made by the Welsh Government regarding remote attendance at full council and non-executive committee meetings in section 4 of the Local Government (Wales) Measure 2011, to remove the requirement for 30% of members to be present in the room. For further information please see **COVID-19 Emergency: Welsh local authority governance and decision making**.
- 2.11 It is recognised that the timing of a Cabinet decision in July 2020 poses some practical difficulties - owing to the summer recess, the Cabinet will not ordinarily meet during the month of August and all councillors will generally be less available. This could impact upon the call-in process, should a valid call-in be received. For this reason, Local Authorities may wish to bring the decision forward to June 2020, to allow for any call-in to be managed during July.
- 2.12 Figure 1 below provides a sample timetable based on a Cabinet decision on 15 June 2020 and a call-in period of 5 days during which a valid call-in is received. This is indicative only and will vary according to local governance requirements within Local Authorities' individual constitutions.

Fig.1 Illustrative timetable based on a decision on 15 June 2020 and a call-in period of 5 days

DATE	ACTION
April/May 2020	Engagement with senior management team of officers Undertaking wider group engagement Engaging with Scrutiny or other committee(s) as necessary
Early May 2020	Include proposed decision of 15 June 2020 in latest version of forward plan
5 June 2020	Cabinet report published (5 clear working days advance publication)
15 June 2020	Meeting of the Cabinet
17 June 2020	Minutes of Cabinet meeting published, triggering call-in period. Decision cannot be implemented until the call-in process is complete
18 – 24 June 2020	5 day call-in period Valid call-in received
1 July 2020	Officer's report published, responding to call-in (5 clear working days advance publication)
8 July 2020	Meeting of Overview and Scrutiny Committee to consider the call-in This meeting takes place within 10 working days

	of the conclusion of the call-in period
22 July 2020	Meeting of the Cabinet to consider the recommendations of the Overview and Scrutiny Committee This meeting takes place within 10 working days of the Overview and Scrutiny meeting to consider the call-in
22/23 July 2020	Minutes of Cabinet meeting published, decision implemented immediately
August 2020	Delegated officer decision on final terms of the SPA / documents for Pathfinder Projects (if necessary, see section 3 and 4 below)
September 2020	Execution of SPA

3 CABINET REPORT

- 3.1 Local Authorities will be seeking Cabinet approval to enter into the SPA before the document is in its final form, and perhaps before a preferred bidder has been selected (anticipated July 2020). The report will need to include sufficient detail to enable members to make an informed decision at a stage slightly earlier than may have otherwise occurred if it were not for the need to execute the SPA by September 2020.
- 3.2 The Cabinet report will need to adhere to the requirements of the Local Authorities (Executive Arrangements) (Decisions, Documents and Meetings) (Wales) Regulations 2001 (SI 2001/2290) (“**the 2001 Regulations**”) and will need to provide sufficient detail to ensure that the Cabinet are able to demonstrate that they have taken into consideration all relevant factors and have disregarded all irrelevant factors. The report should describe the reasons for the decision; what the SPA does and what signing the SPA means for the Local Authority including any potential liabilities and risks as well as benefits. We will be providing a draft Cabinet report to assist Local Authorities, which will explain the SPA in the context of these points. We will be including recommendations in the following terms:

3.2.1 *It is recommended that Cabinet:*

- (a) *Notes the outcome of the Preferred Bidder Stage of the Competitive Dialogue Procedure under the Public Contracts Regulations 2015 as outlined in this report;*

OR

- (a) *Notes the progress of the Preferred Bidder Stage of the Competitive Dialogue Procedure under the Public Contracts Regulations 2015 as outlined in this report;*
- (b) *Approves the entering into of the Strategic Partnering Agreement with the Welsh Education Partnership Co to facilitate the delivery of education and community facilities, in [September] [Autumn] 2020;*
- (c) *Approves the Strategic Partnering Agreement [and associated legal document(s)] at Appendix XX of this report and summarised in paragraphs XX of this report so as to give effect to recommendation (b), subject to recommendation (d) below;*
- (d) *Gives delegated authority to the [Director for Children’s Services], after consultation with the monitoring officer:*

- (i) *To approve the final terms of the Strategic Partnering Agreement, including any amendments to the Strategic Partnering Agreement [and associated legal document(s)] approved here as may be necessary, for reasons including but not limited to [ensuring consistency between them and] finalising any outstanding areas; [and*
- (ii) *To approve any further deeds and documents which are ancillary to the Strategic Partnering Agreement [and associated legal document(s)] approved here, as described in paragraph XX of the Strategic Partnering Agreement]*
- (e) *Notes that in agreeing to the Strategic Partnering Agreement [and associated legal documents], it is not being asked to decide to proceed with any Pathfinder Project, and that nothing within [the Strategic Partnering Agreement] [any of them] commits the Council to make any such commitment. Any decision to proceed with a Pathfinder Project will be reported back to Cabinet in future report(s) for decision;*

OR

- (e) *Approves the use of the Approval Process as set out in paragraph XX of the Strategic Partnering Agreement to enter into Pathfinder projects as described in paragraphs XX of this report subject to recommendation (f) below;*
- (f) *Gives delegated authority to the [Director for Children's Services], after consultation with the monitoring officer to approve [the final terms of XX] to proceed with the Pathfinder projects as referred to above at recommendation (e) above.*

4 DELEGATED DECISION MAKING

- 4.1 Whilst it is not envisaged that the draft SPA will change substantially once a preferred bidder is approved, we would advise that the Cabinet recommendations should include a delegation to the Council's relevant Director to agree the final terms of the SPA and make any necessary minor amendments to it, should these be required. This will cover the Local Authority in the event that the SPA is not in a final form that can be agreed by the Cabinet, either because a preferred bidder is yet to be appointed or for any other reason. We suggest that the delegated authority requires the relevant Director to exercise their authority in consultation with the Council's monitoring officer, to enable the Council's senior governance advisor to have consultative input.
- 4.2 A delegation to the relevant Director to agree the final terms of the SPA will require a further decision report to be prepared for that Director, setting out any amendments to the SPA to be approved. Like the Cabinet report, this delegated authority report will need to include all financial and legal considerations and address in full the reasons for the decision(s) and alternative options considered. We will provide a draft delegated authority report for Local Authorities.
- 4.3 The process for approving delegated decisions by officers is relatively straightforward. Once the report is prepared, the relevant Director will need to consult any required consultees, such as the Council's monitoring officer. There should be formal written record of this consultation which, subject to any additional local constitutional requirements, can be documented simply within the delegated authority report.
- 4.4 It is important to note that a decision with consultation is not a collective decision – it remains a decision for the individual named officer. The officer should:
 - 4.4.1 exercise their discretion through taking into account all relevant matters;
 - 4.4.2 ignore irrelevant matters;

4.4.3 apply their mind to the question by giving due weight to those matters; and

4.4.4 come to an independent judgment by making the decision themselves.

5 WHAT HAPPENS IF CABINET APPROVAL IS NOT IN PLACE BY SEPTEMBER 2020

5.1 The purpose of the SPA is to enable Participants to proceed to develop a project or projects using the Approval Process within the SPA, resulting in the execution of a Project Agreement. In order to benefit from that process Participants need to execute and be a party to the SPA.

5.2 Whilst there is a mechanism within the SPA that will allow for those Participants (named in the OJEU) to sign up after September 2020 by way of a deed of adherence (**DoA**), this will create several complexities:

5.2.1 Where any Participant is to sign the DoA this will require all existing parties to re-execute the SPA. This will require all Participants to take further decisions to re-enter the SPA, creating delays in the delivery of Pathfinder Projects

5.2.2 Where any Participant is not signed up to the SPA by the September 2020 deadline, it is unlikely that they will have a Pathfinder Project or be included in the first Annual Business Plan of WEPCo. This will cause delays in the delivery of any education project.

6 NEXT STEPS

6.1 Local Authorities should now be looking at setting the decision-making process in motion:

6.1.1 Firstly, identify the internal approvals process to be followed in order to take the decision to Cabinet. This will be determined by local arrangements and may include some or all of the following: consideration by the senior management team of officers; undertaking wider group engagement; consulting the Scrutiny or other committee(s);

6.1.2 Secondly; the decision should be put on the forward plan for a June or July meeting – preferably June. This needs to be done a month before the decision is due;

6.1.3 Prepare the draft Cabinet report. This should be an ongoing, iterative process informed by the stages of consultation as set out above at 6.1.1 and the ongoing progression of the project. Bevan Brittan will provide a draft report and will work with and support Local Authorities to refine the report as required to fit individual circumstances and needs.

BEVAN BRITTAN LLP

April 2020

Update on the WEP Strategic Partner Procurement 7th April 2020

You will recall my communication dated 22 November 2019. I am writing to give you the latest update on our WEP Strategic Partner Procurement.

Please note below our timetable that was published in our ITPDSB. Since the last update we have continued in dialogue with our three bidders:

- **BAM PPP PGGM and Robertsons Capital Projects**
- **Equitix Holdings Limited**
- **Meridiam Investments II SAS**

On 14th February we received Draft Bids. We reviewed and sent comments back on the Draft Bid submissions to inform the next stage of dialogue. On 20th February we held a “meet the Bidders” event at the Yr Hafod facilities in CP2 it was well attended by Participants and other Stakeholders.

The final intensive stage of Dialogue known as Boot camp was due to commence at the Principality Stadium on Monday 16th March 2020. On 14th March a member of the core team and one of the advisers both took ill with corona virus symptoms. Due to the ensuing events with the COVID-19 pandemic we decided to delay the start of boot camp to make arrangements for it to be conducted remotely via Microsoft Teams or other remote methods where required. All legal derogations were signed off by SROs to enable dialogue to be concluded. I am pleased to inform you that after two weeks of very intensive remote engagement separately with the three bidders (which included involvement from bid team members based across Europe) at 18.30 hrs on 3rd April we successfully Closed Dialogue and invited Final Bids on our Strategic Partner Procurement which is in line with our original procurement programme.

Bidders are required to submit their Bids by 12 noon on 27th April 2020. We have a detailed programme for the evaluation in place and we have organised for the consensus scoring meetings to take place remotely if necessary. We are hopeful that we will still be able to appoint our Selected Bidder in accordance with our timetable as set out below.

Matter	Date(s)
Issue of ITPDSB to Bidders	21 October 2019
Commencement of Dialogue with Bidders	28 October 2019
Christmas Break	18 December 2019 - 5 January 2020
Continuation of Dialogue with Bidders	6 January 2020
Return of Draft Bid	17:00 hours 14 February 2020
Recess	17 February 2020 - 13 March 2020

Boot Camp	16 March 2020 - 3 April 2020
Close of Dialogue	3 April 2020
Return of Bids	12:00 noon 27 April 2020
Evaluation of Bids and approvals	27 April 2020 - 3 July 2020
Appointment of Selected Bidder	3 July 2020
Standstill	4 July 2020 - 14 July 2020
Following formation of WEPCo, signature of WEPCo Shareholders' Agreement	September 2020
Signature of Strategic Partnering Agreement	September 2020

Update on Stakeholder Engagement

- Bevan Brittan is acting as legal adviser to the collective LAs and FEIs presentations successfully took place on 16th and 17th December in Llandudno (16th) Bedwas (17th am) and Llanelli (17th pm) to introduce the Bevans team and give an update on the procurement and next steps to signing the Strategic Partnering Agreement.
- Bevan Brittan has set up a portal for all Stakeholders to access to assist them with getting to a point where they have the appropriate approvals to sign the Strategic Partnering Agreement with WEPCo in September.
- We are still assisting Local Authorities and FEIs with development of their Pathfinder MIM Schemes so that they can be ready to be taken to WEPCo once it has been established.
- We urge all Local Authorities and FEIs to sign up to the arrangements with WEPCo regardless of whether they have a MIM Scheme as WEPCo also offers Strategic Support Partnering Services which can assist Stakeholders with estates planning or associated activities.



CABINET – 1ST JULY 2020

SUBJECT: PROVISIONAL OUTTURN FOR 2019/20

REPORT BY: ACTING SECTION 151 OFFICER

1. PURPOSE OF REPORT

- 1.1 To provide Cabinet with details of the provisional outturn for the 2019/20 financial year prior to the annual audit by the Authority's External Auditor, Grant Thornton.

2. SUMMARY

- 2.1 In advance of the 2019/20 Financial Statements being audited and presented to Council on the 10th September 2020, this report provides an overview of the Council's performance against the budget for the 2019/20 financial year. Members receive detailed budget monitoring reports as part of the Scrutiny process throughout the financial year.

3. RECOMMENDATIONS

- 3.1 It is recommended that Cabinet: -

3.1.1 Notes the provisional 2019/20 outturn position.

3.1.2 Supports the recommendation of the Acting S151 Officer to maintain the General Fund balance at £10.684m as previously agreed by Council on the 20th February 2020.

3.1.3 Supports the recommendation of the Acting S151 Officer that the surplus General Fund balance of £3.288m be allocated as follows: -

- £575k to fund the current deficit on the Communities Directorate Reserve (see paragraph 5.5).
- £2.713m to be transferred into an earmarked reserve to meet potential unfunded additional costs arising from the Covid-19 pandemic.

3.1.4 Approves the following proposed use of service reserves from the projected balance of £1.742m for Corporate Services: -

- £236k for the rollout of cashless catering in primary schools.
- £110k for Secondary Schools (excluding PFI and new builds) to create "the perfect" learning environment to support pupil achievement and attainment.
- £100k for the expansion of a Leadership Development Programme across Caerphilly schools.

3.1.5 Approves the proposed use of service reserves totalling £2.788m for the Directorate of Social Services as detailed in Appendix C.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that Cabinet Members are aware of the provisional outturn for the 2019/20 financial year and proposals for the use of reserves in specific areas.

5. THE REPORT

- 5.1 The provisional outturn position is attached as Appendix A and is summarised below: -

	£m
Net Service Directorate Underspends	4.153
Miscellaneous Finance Underspend	2.315
Council Tax Surplus	1.305
Housing Revenue Account (HRA) Underspend	6.701
Schools Overspend	(1.251)
Total: -	13.223

- 5.2 The 2019/20 Service Directorate underspend of £4.153m represents 1.77% of net Directorate budgets. During the year Officers have continued to be mindful of the continuing programme of austerity and expenditure has been curtailed in several areas to support the Medium-Term Financial Plan (MTFP). This prudent approach has resulted in several savings being achieved in advance and underspends being higher than would normally be the case.

- 5.3 After adjusting for earmarked reserves, 50% of underspends are carried forward by Directorates and are available to meet the requirements of these service areas. The remaining balance is transferred to the General Fund. Overspends are normally funded from future Directorate budgets or balances brought forward from previous years. Service reserves held by Directorates can be used to fund one-off cost pressures or to pump-prime service reconfiguration, but they cannot be relied upon to deliver balanced budgets on a recurring basis.

- 5.4 The table in Appendix B shows the movements on the General Fund balance from the 1st April 2019 to the 31st March 2020, along with agreed commitments for 2020/21. The forecast General Fund balance as reported to Council on 20th February 2020 was £13.261m. This reduced to £10.684m following Council approval to transfer £2.577m into Capital Earmarked Reserves to support investments in the 'place shaping' agenda. The updated position is a projected balance £13.972m, an increase of £3.288m. The variations to the forecast are as follows: -

	£m
Increased Contribution from Service Areas (including Miscellaneous Finance)	3.033
Additional 2019/20 Council Tax Surplus	0.255
Net Increase: -	3.288

- 5.5 It is recommended to Cabinet that the General Fund balance be maintained at £10.684m as approved by Council on the 20th February 2020. It is further recommended that the updated surplus balance of £3.288m be allocated as follows: -

- £575k to fund the current deficit on the Communities Directorate Reserve (see paragraph 5.49).
- £2.713m to be transferred into an earmarked reserve to meet potential unfunded additional costs arising from the Covid-19 pandemic.

- 5.6 The following paragraphs comment on the 2019/20 underspends as detailed in Appendix A.

Education and Lifelong Learning (£1.911m Overspend)

5.7 Overall the Directorate including Schools is reporting an overspend of £1.911m. This includes an overspend of £1.251m for Schools, which necessitated a take from earmarked school balances. Consequently, the revised position for Central Education & Lifelong Learning (including Home to School/College Transport) is an overspend of £660k.

5.8 In summary the most significant variances in arriving at the £660k overspend are as follows: -

	(Over)/ Under £000's
Split Site In-Year Agreed Funding YG Cwm Rhymni	(228)
Relief Supply Cover (Sickness SRB's & Maternity)	(187)
Psychological Service	52
Education Welfare Service	67
EOTAS, Additional Support and Out-of-County	(1,059)
Early Years Central Team	247
Music Service	70
Youth Service	194

5.9 As reported to the Education Scrutiny Committee in January 2020, on the 13th November 2019 Cabinet agreed to support the funding of £228k in relation to split site formula funding arrangements for YG Cwm Rhymni. It was agreed that this cost would be met from the projected in-year underspend in Corporate Services.

5.10 Due to the unpredictability of sickness absence in our Special Resource Bases and the maternity absences across all school sectors, expenditure on Relief Supply Cover for school-based staff is very difficult to predict. This position is predominantly linked to maternity absence costs.

5.11 The underspend on the Psychological Service has originated due to slight delays in the recruitment of appropriately qualified staff, together with an opportunity to maximise the use of grant funding by the 31st March 2020. Similarly, the underspend in the Education Welfare Service is the consequence of maximising the use of a grant, together with savings in advance for the 2020/21 financial year.

5.12 The significant cost pressure within the Directorate continues to be in relation to our most vulnerable learners, in particular in relation to our EOTAS (Education Other Than at School) provision. The provision accommodates learners who are unable to attend and learn in a mainstream setting. In reviewing the continuum of additional support provided to pupils, our alternative EOTAS provision and Out-of-County placements, the outturn is an overspend of £1.059m. Despite budgetary growth that was agreed as part of the approved budget for 2019/20 this area of provision continues to be a significant financial pressure. To advise Members, a review of demand, costs and structures is ongoing, and a report will follow in due course.

5.13 The underspend for the Early Years Central Team is due to the success of the Team in accessing specific grant funding to support staff related costs. This grant funding relates to a number of Welsh Government grants (Flying Start/Early Implementer Childcare/Childcare & Healthy Schools), and is contributing towards the costs of staff that are covering specific vacancies. At this point the continuation of some of this grant funding remains uncertain for future years.

5.14 The £194k underspend in the Youth Service relates primarily to a one-off opportunity to maximise the use of grant funding in year. In addition, in-year savings were made in relation to savings in advance for 2020/21.

Social Services (£3.996m Underspend)

- 5.15 The overall outturn position in respect of Social Services for 2019/20 was an underspend of £3.996m. This includes an underspend of £118k relating to transport costs which is largely due to reduced usage of taxis following a review of procedures. The remaining underspend of £3.878m includes underspends relating to Adult Services and Business Support Services of £3.937m and £199k respectively, partially offset by an overspend of £258k in respect of Children's Services.
- 5.16 The Children's Services Division experienced a significant increase in demand for residential placements early in the financial year which led to an overspend of £1.486m but a number of non-recurring savings were experienced within the Division during 2019/20 which reduced the net overspend for the Division to £258k. These non-recurring savings were achieved through a combination of staff vacancies, maximisation of grant funding and temporary reductions in demand for some services.
- 5.17 The underspend of £3.937m in Adult Services includes around £1.666m of additional income from service users. £364k of this relates to an adjustment in bad debt provision following a reduction in the value of uncollected income that has been outstanding for more than 3 months. A further £713k of the additional income relates to service user contributions that become collectable when the service user sells their own home. The remaining £589k of additional service user contributions relates to the weekly assessed charges for home care, day care and residential care. This income from service users can fluctuate significantly over time as it is dependent upon the relative wealth of service users receiving care at any point in time and whether they are home owners.
- 5.18 A further £1.279m of the underspend for Adult Services can be attributed to non-recurring savings including £476k through maximisation of grant funding, £292k in staffing vacancies, £186k through additional income from places in our own care facilities purchased by other local authorities and the Health Board, and £325k through temporary fluctuations in demand for some services.
- 5.19 The remaining underspend of £992k for Adult Services can largely be attributed to a reduction in demand for residential care provision during 2019/20. However, any recurring underspend in respect of residential care is likely to be offset in future years by the full-year impact of price increases for domiciliary care provision following the re-tendering of services from October 2019.
- 5.20 The £199k underspend within Business Support Services includes £27k of vacancy savings within the Financial Services Team, £21k through grant maximisation, £58k in respect of reimbursement of contributions from the Joint Workforce Development Team managed by Blaenau Gwent CBC and £10k in respect of DBS checks. The remainder of the underspend is largely attributable to non-recurring underspends in respect of office related costs.

Communities (£643k Overspend)

- 5.21 The overall outturn position for the Communities Directorate after the approved use of reserves is an overspend of £643k. The overspend excludes ring-fenced underspend of £118k in relation to Social Services Transport and ring-fenced overspend of £13k in relation to Home to School Transport. These variations are included in the Social Services and Education & Lifelong Learning Directorates' outturn positions respectively.
- 5.22 The Regeneration & Planning Division is reporting an overall net overspend of £290k.
- 5.23 Regeneration has reported an overspend of £238k, including: -
- Overspend of £331k for Industrial Properties due to a shortfall in income from vacant properties and increases in building maintenance spend.

- Overspend of £48k for Tourism Venues, with underspends in both Blackwood Miners' Institute and the Winding House due to staff vacancies, being more than offset by overspends in relation to Llanciach Fawr, Cwmcarn and Caerphilly Visitor Centre.
 - Overspend of £42k in Community Regeneration in relation to staffing and operational costs linked to the Community Hubs.
 - An underspend of £139k in Business Support, Urban Renewal and Town Centre Management primarily due to the delayed filling of vacant posts (£92k), some reductions in operational costs and additional income (£25k) generated by urban renewal from staff project fees working on various capital grant funded projects.
- 5.24 Planning has a net overall overspend of £52k, including overspends in Development Control of £85k, Building Control of £66k and Land Charges £25k; all primarily due to shortfalls in income in relation to planning applications, building control and search fees, partly offset by the delayed filling of vacant posts. These overspends have been further partly offset by underspends in relation to Strategic Planning £22k (delayed filling of posts) and planning administrative and technical support £100k (delayed filling of vacant posts) and additional fee income (£57k) from administering the Community Infrastructure Levy (CIL).
- 5.25 Overall the Infrastructure Division is reporting a net overspend of £127k. This excludes an underspend of £118k in relation to Social Services Transport and £13k overspend in relation to Home to School transport as noted above. Highway Operations is reporting an overspend of £306k, which is primarily in relation to flooding related issues totalling £456k (albeit funded to a great extent from WG flood grant assistance of £383k), increased vehicle costs and contractor costs for structures and drainage, street lighting (£60k), under recovery of costs in relation to sustainable drainage systems (£30k) and reduced penalty income from new roads and street works (£28k).
- 5.26 Transport Engineering shows a small overspend of £12k with overspends in relation to a shortfalls in car park income of £84k and overspend on traffic signals and road closures, being offset by underspends in staffing costs in relation to delayed filling of posts in highways development & strategy and also vacant school crossing patrol posts.
- 5.27 Passenger Transport has an underspend of £167k due to additional fee income of £54k linked to CCBC staff time involved in the setup of the Newport Transport ETM system (electronic ticket machine), delayed filling of vacant posts, 2020/21 savings in advance and additional grant income.
- 5.28 The Engineering Projects Group is reporting a £34k surplus of fees over operating costs and NCS a small deficit of £9k.
- 5.29 The Public Protection Division is reporting an overall underspend of £327k.
- 5.30 Trading Standards, Licensing, CCTV and Registrars show a £67k underspend mainly due to additional Registrars income in relation to marriages (£31k), reduced CCTV energy recharges (£35k of which £20k is a saving in advance for 2020/21) and delayed filling of vacant posts, partly offset by additional costs (£40k) associated with a cattle welfare case being managed by the Trading Standards Commercial Services team.
- 5.31 Environmental Health has reported an underspend of £181k which primarily relates to staff on unpaid leave, staff on reduced hours and delayed filling of vacant posts, vehicle cost reductions and the Enforcement Team additional income (£23k) from the final year of the pest control SLA agreement with Blaenau Gwent and from sewer baiting. There was also additional funding of £131k from WG to finance staff time associated with the Hafodyrynys air pollution issues.
- 5.32 On the 16th October 2019 Cabinet approved the ring-fencing of £268k of Environmental Health revenue budget underspend to support the anticipated shortfall in funding expected from

Welsh Government to finance the acquisition of properties at Hafodyrynys. £223k was utilised in-year leaving a balance of £45k.

- 5.33 Catering has an underspend of £79k, including £110k underspend in relation to comprehensive schools from a combination of increased income and reduced operating costs and overspend in primary schools catering of £79k due to reduced income partly offset by reduced operating costs. Meals Direct and the staff restaurant have reported an underspend of £50k, with increased income in relation to staff restaurants/function trade offsetting reduced income from Meals Direct and underspends in staffing and other operating costs for the combined function.
- 5.34 The Community & Leisure Division has reported an overall overspend of £526k, including: -
- Waste Strategy & Cleansing Operations underspend of £746k, which includes an overspend on frontline waste collection and treatment services of £108k, mainly due to additional staffing costs to cover staff not working due to sickness absence and investigatory issues. This is offset to a great extent by underspends in waste treatment costs due to reduced tonnages of waste particularly in relation to organics (£125k), dry recyclable waste (£78k) and also reduced waste at the CA Sites (£362k) due to the introduction of proof of residency and a reduction in Out-of-County waste being deposited at the CA sites. A further contributory factor to the overall net underspend is £137k of additional WG grant funding for waste recycling initiatives (circular economy). Street cleaning activities reported a large underspend of £713k which was due to a combination of vacant posts (some were planned savings in advance) and staff covering waste collection rounds as noted earlier and reductions in vehicle running costs.
 - Parks, Countryside & Cemeteries services reported an overall overspend of £340k. The overspend primarily related to the area parks teams (£334k) dealing with grass cutting, verge and tree maintenance, weed spraying, landscaping etc. linked to increased agency costs which were not fully offset by reduced direct staffing costs and additional rechargeable income. There was also increased investment in equipment funded by RCCO (Revenue Contribution to Capital Outlay). Playgrounds reported an underspend of £38k related to equipment spend and maintenance and Cemeteries Services had an underspend of £20k which is ring-fenced to an earmarked reserve to help support future capital investment in cemetery provision. Outdoor facilities reported an overspend of £59k primarily associated with pavilion operating costs including energy, water and maintenance and vehicle running costs.
 - Leisure & Sports Development Services overspent by £504k, including a £383k overspend in relation to Leisure Centre facilities primarily related to a shortfall in income (£348k) including loss of free swim grant of £53k. There were also increased energy costs (£143k) partly offset by underspends in staffing, equipment, clothing and marketing. The closure of the Leisure Centres for the latter part of March due to Covid 19 has also contributed to the shortfall in income. There was also a net overspend of £122k in relation to Caerphilly Adventures, primarily linked to increased staffing costs and operating costs involved in delivering courses, particularly those linked to Education based alternative curriculum. Community Centres underspent by £5k.
 - Building Cleaning generated an underspend of £78k due to additional services provided to client departments and Vehicle Maintenance & Fleet Management reported an overspend of £512k, due to a number of factors including throughput of work and productivity issues in the vehicle maintenance workshop and an under recovery of fleet hire costs mainly in relation to contract and spot hire. This area is currently subject to an ongoing Service Review under the Council's Transformation Programme.
- 5.35 There is overspend of £18k in relation to un-budgeted Directorate corporate costs linked to audit fees and bank charges.

Corporate Services – (£1.459m Underspend)

- 5.36 The final outturn position for the Directorate of Corporate Services is an underspend of £1.459m, prior to the offset of the Education overspend. This outturn position is after the appropriation to Earmarked Reserves of £628k for Digital Services (mainly for the EdTech HWB programme). The most significant elements of the underspend are the following: -
- Corporate Finance is reporting an overall underspend of £382k. This relates in the main to delays in appointing to vacant posts with savings from maternity leave after taking into account the funding from reserves for an apprentice.
 - Legal & Governance is reporting a net underspend of £185k due to delays in filling posts, some of which are now being used to support the 2020/21 budget. This net underspend position is after the agreed transfers to earmarked reserves for underspends in Members Services and Electoral Services.
 - Business Improvement Services is reporting an overall net underspend of £34k after taking into account the agreed use of reserves. This includes a £10k underspend on the Interim Head of Service post, an underspend in Equalities of £57k, a £4k overspend in the Policy budget, an overspend of £8k in the Performance Management Unit and an overspend of £20k in the Transformation Team.
 - There is a net underspend of £317k for Customer & Digital Services after taking into account the earmarking of £628k mainly for the EdTech (Hwb) programme. Information Technology is reporting an underspend of £750k (due in the main to vacancies pending a restructure and underspends in the contracts budget), and Procurement an overspend of £21k (due in the main to a restructure being implemented prior to 2020/21 budget movements). Central Services is reporting an underspend of £79k, also due to vacant posts and Customer Services is reporting a net underspend of £136k after adjusting for the agreed used of reserves for Thoughtonomy and Abavus.
 - For People Services there is a combined net underspend of £395k. The main elements of this are a £120k underspend in Human Resources due in the main to staff on maternity and career breaks offset by reduced income levels and the cost of the whole-authority DBS system license. There is also an underspend in Communications of £48k mainly due to delays in filling vacant posts and an increase in rechargeable income. There is an underspend of £14k in CMT support due in the main to staff not being top of scale and some temporary reduced hours and an underspend of £214k in the Health & Safety budget due to additional income from training and delays in filling vacant posts.
 - Corporate Property Services is reporting a net underspend of £132k. The main variances are an overspend of £76k on maintenance budgets (due in the main to additional maintenance offset by salary savings and additional income) and a £8k overspend on Management. These are offset by a net underspend of £58k on Estates (after the use of agreed reserves to fund an Asset Manager), £32k on Non-Operational Properties, £38k on Corporate Facilities, £10k on the Energy Team and £79k on Building Consultancy. The underspends are due in the main to salary savings, reduced NNDR, cleaning costs and additional income.
 - The CEO & Director costs show a net underspend of £26k. This is mainly due to savings on the budget held in respect of a Deputy CEO. The Deputy CEO budget has been removed for 2020/21 as agreed by council.
 - General Fund Housing Services is reporting a nil variance. Overspends in providing temporary accommodation, which have seen a marked increase this year, have been offset by salary savings in the Housing Advice & Allocations budget. The Renewal Fund set up for Ty Fesen has been utilised to fund the purchase of new cookers, internal decoration of the scheme and new IT equipment (£11k). Balances within the service only

allowed for £7.3k to be carried forward for Ty Croeso Renewal Fund, and £7.8k carry forward for homelessness prevention.

- Private Housing is reporting a £13k overspend. The recovery of agency fee income has remained a concern throughout the year and there was a shortfall against budget of £95k. This was mainly offset by underspends against salary budgets, with the remaining overspend funded by balances.

Miscellaneous Finance - (£2.315m Underspend)

5.37 Budgets in Miscellaneous Finance underspent by £2.315m. The most significant elements of the underspend are: -

- An underspend of £506k on Capital Financing budgets mainly due to the following: -
 - Assumed borrowing in 2019/20 being deferred to 2020/21, this includes the 21st Century Schools and HRA, partly offset by a reduced contribution from HRA for the debt costs due to the deferred borrowing.
 - Improved returns on investments.
- Pension Contributions for former Authorities - £47k underspend.
- Levies – A £345k reduction in the Fire Service contribution budget due to additional funding being announced for increased pension costs.
- Bank Charges and External Audit Fees - £78k underspend.
- Additional one-off income of £221k.
- NNDR Authority Empty Properties - £294k underspend due in the main to one-off prior year reductions in valuations
- An underspend of £175k on the City Deal programme due to deferred borrowing requirements.
- HMRC VAT Rebate – additional income of £321k.
- Free School Meal Grant - £236k underspend.
- Carbon Energy Tax – £394k underspend. This Scheme finished in 2019/20 but notification was not received until April 2020.

The above are offset by the following overspends: -

- Trade Union Facilities Agreement - £61k overspend.
- Storm Dennis – Council approved the earmarking of £250k to support residents and businesses adversely impacted by flooding.

Council Tax Collection – (£1.305m Surplus)

5.38 This represents an increase of £255k above the assumed level of £1.050m for the 2019/20 financial year.

Housing Revenue Account (£6.7m Underspend)

5.39 £1.4m of the Housing Revenue Account (HRA) underspend is in the Building Maintenance budget, in particular the cyclical budget (£350k) and revenue projects (£1m). A further underspend of £1.3m is reported on non-pay budgets including Housing Response and various departmental projects. Bad debt provision and write-offs, however, have overspent by £12k and have increased overall by some 103% compared to the previous year. An increase in this area has been expected since the introduction of Universal Credit and further increases are expected as a result of the Covid-19 pandemic.

5.40 A further £2.3m of the HRA underspend is in Capital Financing Recharges due to lower interest rates than projected and the assumed level of borrowing in-year was not required until later in the year. A further £877k of the underspend is due to salary savings, mainly from the turnover of staff throughout the year. Income achieved was slightly higher than budgeted

(£30k) and the WHQS delivery team reported a £815k underspend due to vacant posts within the year which directly benefitted the WHQS Programme as it resulted in less fees being recharged to capital. The in-house team however spent £1.5m more than budgeted due to an increase in sub-contractors offset by some salary savings. This cost however is recharged to the WHQS Programme and are therefore not shown in the HRA.

- 5.41 The HRA allocated £16.3m as a contribution towards the WHQS Programme during the 2019/20 financial year.
- 5.42 HRA Working Balances stood at £5.4m at the start of 2019/20 all of which was utilised to fund the WHQS Programme. The in-year surplus of £6.7m was also partly used to fund the WHQS Programme (£8m in total from balances). Balances now stand at £4.1m. £99k has also been added to earmarked provisions to assist with Welfare Reform.

Housing Revenue Account (HRA) Capital

- 5.43 Total expenditure on the HRA Capital Programme for 2019/20 was £49.5m with a total spend to date of £254m. This year's expenditure was funded from the £7.3m Major Repairs Allowance (MRA) received from the Welsh Government (WG), revenue contributions from the HRA of £16.3m, HRA balances of £8m and the remaining funding of £17.9m from borrowing. This is the second year that borrowing has been required to fund the WHQS Programme with a total borrowing requirement of £40.9m to date.
- 5.44 97% of our housing stock has now received internal WHQS work and 94% has received external WHQS work. Full WHQS compliance has been achieved on 94% of our properties, with 100% full compliance originally on target to be achieved by the Welsh Government deadline of December 2020.
- 5.45 Unfortunately due to circumstances beyond our control from the coronavirus pandemic, the continuity of the Programme has been significantly delayed and the June 2020 deadline will no longer be achieved. Contracts and properties were closed as soon as lockdown was announced and no internal work has been undertaken within tenants' properties, with very limited external work. The re-opening of contracts will take some time and planning, and work within tenants' properties is expected to take longer than normal in the future, due to social distancing measures. Officers are in contact with Welsh Government to ensure a revised target date can be managed.
- 5.46 January 2019 saw The Right to Buy (Wales) Act abolished. During 2019/20 however, 67 council homes were sold resulting in a useable (25%) capital receipt of £1.4m. This will be earmarked for supporting the Welsh Government's agenda of increasing affordable housing supply.

General Fund Capital Programme

- 5.47 The General Fund Capital Programme for 2019/20 resulted in total targeted spend of £52.7m after including all in-year grant allocations and Section 106 monies. An amount of £27.2m remains unspent at the financial year-end, the majority of which represents slippage that will be carried forward into the 2020/21 financial year.
- 5.48 The 2019/20 Capital Outturn Report will be prepared for the Policy & Resources Scrutiny Committee during the autumn.

General Usable Service Reserves

- 5.49 As outlined in paragraph 5.3, after adjusting for earmarked reserves 50% of underspends are carried forward by Directorates and are available to meet the requirements of these service areas in subsequent financial years. The table below provides a summary of the reserves arising from cumulative Directorate underspends along with projected balances after taking

account of the approved use of reserves in 2019/20 and the current approved use of reserves for 2020/21: -

Service Area	Opening Balance (01/04/19) £m	In-Year Movement 2019/20 £m	Closing Balance (31/03/20) £m	Approved Use Of Reserves £m	Projected Balance (31/03/21) £m
Education & Lifelong Learning	0.570	(0.570)	0.00	0.00	0.00
Social Services	2.328	1.706	4.034	0.00	4.034
Communities	0.517	(1.092)	(0.575)	0.00	(0.575)
Corporate Services	1.828	0.041	1.869	(0.127)	1.742
Totals: -	5.243	0.085	5.328	(0.127)	5.201

- 5.50 Cabinet will note that there is a deficit balance on the service reserve for the Communities Directorate as at the 31st March 2020 due to the reported in-year overspend for 2019/20. As outlined in paragraph 5.5 it is proposed that this deficit is funded from the surplus balance on the General Fund.
- 5.51 Cabinet is asked to consider the following proposed use of reserves from the projected balance of £1.742m for Corporate Services: -
- £236k for the rollout of cashless catering in primary schools. This will result in service efficiencies and will address concerns around the handling of cash during the current pandemic.
 - £110k for Secondary Schools (excluding PFI and new builds) to create “the perfect” learning environment to support pupil achievement and attainment. The investment will create a model for future planning and aspiration.
 - £100k for the expansion of a Leadership Development Programme across Caerphilly schools. This further funding will enable wider access to leadership development training.
- 5.52 50% of the reported 2019/20 underspend for Social Services has been transferred into the Directorate’s general usable service reserves. After adjusting for the approved in-year use of reserves this leaves a year-end balance of £4.034m. This provides an opportunity for a number of one-off investments and Cabinet is therefore asked to approve the proposed use of service reserves totalling £2.788m as detailed in Appendix C. This will leave a balance of £1.246m which is prudent given the additional financial challenges that are being faced as a consequence of the ongoing Covid-19 pandemic.
- 5.53 The Policy & Resources Scrutiny Committee receives an annual report on usable reserves.

Conclusion

- 5.54 Despite the ongoing challenges faced by the Council the financial position has been well managed during 2019/20. The current pandemic is presenting significant new financial challenges for the 2020/21 financial year and beyond and this is being closely monitored. A report will be presented to Cabinet in September 2020 providing a detailed financial assessment for the short, medium and long-term.

6. ASSUMPTIONS

- 6.1 Some accounting assumptions have been made in respect of sums payable and receivable at year-end in accordance with best accounting practice and guidance.

7. LINKS TO RELEVANT COUNCIL POLICIES

- 7.1 The Provisional Outturn Report encompasses all the resources used by the Council to achieve its strategies.
- 7.2 Effective financial planning and maintaining expenditure within approved budgets supports 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 Effective financial planning and the management of expenditure within approved budgets are key elements in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met.

9. EQUALITIES IMPLICATIONS

- 9.1 There are no direct equalities implications to this report in terms of the financial information being presented for 2019/20.

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 Act 1972.

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Consultees: Corporate Management Team
Cllr Eluned Stenner, Cabinet Member for Finance, Performance and Planning
Mike Eedy, Finance Manager, Communities
Andrew Southcombe, Finance Manager, Corporate Finance
Jane Southcombe, Financial Services Manager, Education & Lifelong Learning

Mike Jones, Interim Financial Services Manager, Social Services
Lesley Allen, Principal Accountant, Housing
Rob Tranter, Head of Legal Services & Monitoring Officer

Background Papers: -

Stephen Harris (Ext. 3022) – Final Accounts working papers for 2019/20.

Appendices: -

Appendix A - Provisional Outturn Summary 2019-20

Appendix B - Movement on General Fund

Appendix C – Proposed use of Social Services Reserves

PROVISIONAL OUTTURN 2019-20**SUMMARY**

SERVICE AREA	UNDERSPEND (OVERSPEND) £m	TAKE TO GENERAL FUND £m
Education & Lifelong Learning	(0.660)	0.000
Social Services	3.996	1.978
Communities	(0.643)	0.000
Corporate Services	1.459	0.341
Miscellaneous Finance	2.315	2.315
Council Tax Surplus	1.305	1.305
TOTALS	7.772	5.939

OTHER	UNDERSPEND (OVERSPEND) £m	TAKE TO GENERAL FUND £m
Housing Revenue Account (HRA)	6.701	N/A
Schools	(1.251)	N/A
OVERALL TOTAL SURPLUS	13.222	5.939

Service area surpluses are subject to a 50% take to General Fund balances after specific agreed earmarking of funds.

Miscellaneous Finance has been subject to specific previously agreed earmarking of funds prior to transfer to working balances.

Council Tax surpluses are transferred in total to General Fund balances.

School and HRA balances must be ring-fenced to those service areas.

MOVEMENT ON GENERAL FUND

	£m	£m
Opening Balance 01/04/2019		15.090
Use of Funds as Previously Agreed by Council: -		
Outturn Contribution to Capital 2018-19	(2.380)	
Budget Strategy Contribution 2019-20	(1.050)	
Contribution to Capital – Place Shaping Agenda 2019-20	(2.577)	
Total Funds Taken In-Year		(6.007)
Funds Transferred into General Fund: -		
Social Services & Housing, - 50% of 2019-20 Underspend	1.978	
Corporate Services – 50% of 2019-20 Underspend	0.341	
Miscellaneous Finance – 2019-20 Underspend	2.315	
Council Tax Surplus 2019-20	1.305	
Total General Fund Contribution 2019-20		5.939
Total In-Year Movement		(0.068)
Closing Balance 31/03/2020		15.022
2020-21 Commitments Previously Agreed by Council: -		
2019-20 Council Tax Surplus to Support 2020-21 Budget Savings	(1.050)	
		(1.050)
Anticipated Closing Balance 31/03/2021		13.972

PROPOSED USE OF SOCIAL SERVICES RESERVES

Proposed Scheme	Potential Requirements	Potential Cost £000s	Details of Proposal
Expansion of MyST Intensive Fostering Service.	2 x Lead Therapeutic Practitioners and 1 Young Persons Practitioner for 1 year.	150	MyST capacity is constantly maximised and there are a number of children requiring the specialist support. This proposal would increase capacity by a further 6 children and based on previous service development principles, the longer-term costs should be able to funded through reduced use of out of area residential placements.
Development of the Safeguarding Hub.	1 x Senior Practitioner for 2 years.	120	The recruitment of a Senior Practitioner to support Police resources planned to be co-located with the Information, Advice & Assistance (IAA) Team. The post will assist the screening and decision making on all safeguarding referrals.
New Residential Home for Children.	Top-up Intermediate Care Fund (ICF) capital funding to widen the selection of potential properties.	300	Identifying suitable sized properties in suitable locations is proving challenging. Adding funding to the ICF Capital allocation opens a wider search criteria with additional properties.
Refurbishment of Caerphilly Family Centre.	Extension of car park.	100	As part of the overall Accommodation Strategy, the plan is to locate two Locality Teams in the Family Centre building on a site that is shared with Flying Start. This will place significant pressure on the limited existing parking and will mean staff parking on the street which will cause neighbourhood tension.
Creation of an Eden Gardening Project at Beatrice Webb to modernise day services.	Polytunnels, van & gardening equipment.	76	Covid 19 has provided us with an opportunity to review how services are delivered , this will enable us to develop alternative day opportunities for people , whilst supporting their informal carers via day respite.
Mitigate potential withdrawal of ICF grant funding from 2021/22.	Funding for a phased reduction/reshaping of services.	500	WG has indicated that ICF will cease on 31/03/21 and as a result we will need to review, decommission or reshape existing ICF funded projects in conjunction with partners . A transition period of up to 12 months will be required to ensure no impact on service users .
New Respite Care Facility.	Supplement corporate capital funding already earmarked.	1,212	Develop a respite home for adults and children which would be co-located on the same site facilitating transition. This provision is essential to support carers and families enabling them to continue in their caring roles. This proposal will be subject to a significant consultation exercise which will commence shortly.
Backfill for staff seconded to undertake Social Work qualification.	2 x Grade 8 posts to provide cover for 2 secondees for 2 years.	170	Adult Services is experiencing difficulty recruiting to the Mental Health and Children with Disabilities teams. Funding would enable us to second 2 staff to the Open University Course , who upon qualification will work for the respective teams.
Feasibility study in respect of delivering telecare options.	1 x Grade 5 post for 1 year.	40	This post will enable us to develop telecare options to support people to remain independent in their own homes .
Capital works at Residential Homes.	Modernisation/upgrade of in-house facilities.	70	Car park enhancements at Castle View and Brodawel, corridor upgrade at Brodawel and lightning protection at 3 homes.
Agile Working.	Additional IT kit.	50	Social Services staff have embraced agile working. Due to the speed of the lock down many key workers are using their own IT kit which has significant limitations and isn't supported by the IT help desk. Provision of appropriate laptops will enable staff to undertake their full roles when working remotely.
		2,788	

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CABINET – 1ST JULY 2020

**PUBLIC INTEREST TEST – EXEMPTION FROM DISCLOSURE OF DOCUMENTS
PARAGRAPHS 12 & 14 SCHEDULE 12A LOCAL GOVERNMENT ACT 1972**

**SUBJECT: EXTENSION TO FLEXIBLE RETIREMENT DUE TO EXCEPTIONAL
CIRCUMSTANCES – CAERPHILLY HOMES**

REPORT BY: HEAD OF LEGAL SERVICES & MONITORING OFFICER

I have considered grounds for exemption of information contained in the report referred to above and make the following recommendations to the Proper Officer: -

EXEMPTIONS APPLYING TO THE REPORT:

Paragraph 12 – information about an individual and paragraph 14 - Information relating to the financial or business affairs of any particular person.

FACTORS IN FAVOUR OF DISCLOSURE:

There is a public interest in the way in which the Council manages its workforce.

PREJUDICE WHICH WOULD RESULT IF THE INFORMATION WERE DISCLOSED:

The report contains details of an individual and their financial affairs.

MY VIEW ON THE PUBLIC INTEREST TEST IS AS FOLLOWS:

That paragraphs 12 and 14 should apply. I am mindful of the need to ensure the transparency and accountability of public authorities for decisions taken. However, disclosure of the information contained in the report could prejudice the individual, the subject of the report.

On that basis I feel that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members are asked to consider these factors when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting.

RECOMMENDED DECISION ON EXEMPTION FROM DISCLOSURE:

On the basis set out above I feel that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, and that the report should be exempt.

Signed:

Dated: 23 June 2020

Post: HEAD OF LEGAL SERVICES & MONITORING OFFICER

I accept/~~do not~~ the recommendation made above.

Signed:

Proper Officer

Date: 23 June 2020

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Agenda Item 7

By virtue of paragraph(s) 12, 14 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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