

Pecyn Dogfennau Cyhoeddus

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Tredomen Park,
Ystrad Mynach,
Hengoed CF82 7PG

Ty Penallta,
Parc Tredomen,
Ystrad Mynach,
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Am unrhyw ymholiad yn ymwneud â'r agenda hwn cysylltwch â Emma Sullivan
(Rhif Ffôn: 01443 864420 Ebst: sullie@caerphilly.gov.uk)

Dyddiad: Dydd Llun, 7 Ionawr 2021

Annwyl Syr/Fadam,

Bydd cyfarfod o'r **Cyd-bwyllgor Craffu** yn cael ei gynnal trwy Microsoft Teams ar **Dydd Iau, 14eg Ionawr, 2021** am **5.00 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 ddefnyddio'r iaith Gymraeg yn y cyfarfod, a dylid rhoi cyfnod rhybudd o 3 diwrnod gwaith os ydych yn dymuno gwneud hynny.

Bydd y cyfarfod hwn yn cael ei recordio a bydd ar gael i'w weld trwy wefan y Cyngor, ac eithrio trafodaethau sy'n ymwneud ag eitemau cyfrinachol neu eithriedig. Felly, bydd delweddau/sain yr unigolion sy'n bresennol ac/neu sy'n siarad yn ystod ar gael i'r cyhoedd trwy'r recordiad ar wefan y Cyngor yn www.caerffili.gov.uk

Yr eiddoch yn gywir,

Christina Harrhy
PRIF WEITHREDWR

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



I dderbyn ac ystyried yr adroddiad(au) canlynol:-

3 Cynigion Cyllideb Drafft ar gyfer 2021/22

1 - 16

Cylchrediad:

Cynghorwyr M.A. Adams, Mrs E.M. Aldworth, C. Andrews, A. Angel, J. Bevan, P.J. Bevan, C. Bezzina, L.J. Binding, A. Collis, S. Cook, D. Cushing, C.J. Cuss, W. David, D.T. Davies, M. Davies, K. Dawson, N. Dix, C. Elsbury, K. Etheridge, M. Evans, A. Farina-Childs, Mrs C. Forehead, Miss E. Forehead, J.E. Fussell, A. Gair, Ms J. Gale, N. George, C.J. Gordon, R.W. Gough, D.T. Hardacre, L. Harding, D.C. Harse, D. Havard, A.G. Higgs, A. Hussey, M.P. James, V. James, L. Jeremiah, G. Johnston, Mrs B. A. Jones, S. Kent, G. Kirby (Is Gadeirydd), Mrs A. Leonard, Ms P. Leonard, C.P. Mann, P.A. Marsden, B. Miles, S. Morgan, Mrs G.D. Oliver, B. Owen, Mrs T. Parry, L. Phipps, D.V. Poole, D.W.R. Preece, Mrs D. Price, J. Pritchard (Cadeirydd), J. Ridgewell, J.E. Roberts, R. Saralis, Mrs M.E. Sargent, J. Scriven, G. Simmonds, J. Simmonds, S. Skivens, Mrs E. Stenner, J. Taylor, C. Thomas, A. Whitcombe, R. Whiting, L.G. Whittle, T.J. Williams, W. Williams a B. Zaplatynski

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 neu cysylltwch â Gwasanaethau Cyfreithiol drwy e-bostio griffd2@caerffili.gov.uk neu ffoniwch 01443 863028.



JOINT SCRUTINY COMMITTEE – 14TH JANUARY 2021

SUBJECT: DRAFT BUDGET PROPOSALS FOR 2021/22

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES

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- 1.1 The attached report, details the Draft Budget Proposals for 2021/22 and will be considered by Cabinet at its meeting on the 13th January 2021.
 - 1.2 The Joint Scrutiny Committee are asked to consider and comment upon the content of the report prior to Final Budget Proposals being presented to Cabinet and Council in February.

Author: E Sullivan, Senior Committee Services Officer

Appendices:
Appendix Report to Cabinet 13th January 2021.

Gadewir y dudalen hon yn wag yn fwriadol



CABINET – 13TH JANUARY 2021

SUBJECT: DRAFT BUDGET PROPOSALS FOR 2021/22

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION & CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 To present Cabinet with details of draft budget proposals for the 2021/22 financial year to allow for a period of consultation prior to a final decision by Council on the 24th February 2021.

2. SUMMARY

- 2.1 The report provides details of draft budget proposals based on the Welsh Government (WG) Provisional Local Government Financial Settlement for 2021/22.
- 2.2 The report also provides details of a range of cost and service pressures that require funding, along with a proposed increase of 3.9% in Council Tax to enable the Authority to set a balanced budget for the 2021/22 financial year.
- 2.3 An updated indicative Medium-Term Financial Plan (MTFP) is also appended to the report showing a potential savings requirement of circa £20.7m for the four-year period 2022/23 to 2025/26.

3. RECOMMENDATIONS

- 3.1 Cabinet is asked to: -
- 3.1.1 Endorse the draft 2021/22 budget proposals.
- 3.1.2 Support the proposal to increase Council Tax by 3.9% for the 2021/22 financial year to ensure that a balanced budget is achieved (Council Tax Band D being set at £1,230.57).
- 3.1.3 Endorse the proposal to appoint four fixed-term project managers for an initial period of 2 years to support the delivery of the Council's Transformation Programme and "Place Shaping" agenda, with the total cost of £368k being funded from a £1.8m reserve previously approved by Council to support the delivery of the MTFP.
- 3.1.4 Agree that the draft budget proposals should now be subject to consultation prior to final 2021/22 budget proposals being presented to Cabinet/Council in February 2021.
- 3.1.5 Note the indicative potential savings requirement of £20.7m for the four-year period 2022/23 to 2025/26.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 Council is required annually to approve proposals to set a balanced budget and agree a Council Tax rate.

4.2 Council is required to put in place a sound and prudent financial framework to support service delivery.

5. THE REPORT

5.1 Welsh Government (WG) Provisional Local Government Financial Settlement for 2021/22

5.1.1 The Local Government Financial Settlement received from WG on an annual basis is referred to as Aggregate External Finance (AEF). This consists of a Revenue Support Grant (RSG) and Redistributed Non-Domestic Rates (business rates). Details of the Provisional Local Government Financial Settlement are normally announced by WG in early October each year. However, due to the impact of the Covid-19 pandemic and the delay in undertaking the UK Government spending review, details of the Provisional Local Government Financial Settlement for 2021/22 were not released until the 22nd December 2020.

5.1.2 The key points of the WG Provisional 2021/22 Local Government Financial Settlement are the following: -

- An overall net cash increase of 4% in the Aggregate External Finance (Revenue Support Grant (RSG) and Redistributed Non-Domestic Rates) on an all-Wales basis. This cash increase includes specific grants totalling circa ££5.13m that have been transferred into the RSG in respect of the 2020/21 teachers' pay award and coastal risk management.
- For Caerphilly CBC there is a cash uplift of 3.1% in the Aggregate External Finance which equates to £9m after adjusting for changes in the Council Tax base.
- Caerphilly CBC's element of the £5.13m specific grants transferred into the Settlement is £247k relating to the 2020/21 teachers' pay award.
- Changes to other pass-ported grants in the Provisional Settlement result in a net reduction of £202k in relation to the tapering of WG funding for PFI Schemes.
- The capital allocations available to Caerphilly CBC in the RSG and from the General Capital Grant have decreased by £45k from the 2020/21 financial year.

5.1.3 The UK Government has allocated £766m to WG in respect of the ongoing financial impact of Covid-19 for the 2021/22 financial year. This is far below the levels of funding that have been allocated in 2020/21 and the distribution of this funding will continue to be dealt with outside of the core Financial Settlement.

5.1.4 The 2021/22 Draft Budget Proposals set out in this report do not include additional costs or income losses associated with Covid-19 on the assumption that these costs will continue to be funded through WG from April 2021. This does present a significant financial risk and the position will be closely monitored as we progress through the new financial year.

5.2 2021/22 Draft Budget Proposals

5.2.1 The proposals contained within this report will deliver a balanced budget for 2021/22 on the basis that Council Tax is increased by 3.9%. Table 1 provides a summary: -

Table 1 – Summary

Paragraph	Description	£m	£m
5.1.2	Aggregate External Finance (3.1% uplift)		9.000
5.2.3 – 5.2.11	Schools cost pressures	3.233	

5.2.12 – 5.2.17	General Fund Services inflationary cost pressures	2.787	
5.2.18 – 5.2.47	General Fund service pressures/proposed new investments	8.089	
5.2.48	Approved savings in advance from 2020/21		2.011
5.3.1 – 5.3.2	Proposed Council Tax increase (3.9%)		3.097
	TOTAL: -	14.109	14.109

5.2.2 It is pleasing to report that based on Council Tax being increased by 3.9% there will be no requirement for any new savings to be identified to balance the budget for the 2021/22 financial year. Furthermore, the proposals in this report will: -

- Maintain service provision across the Council.
- Fund increasing demand and service pressures in key areas such as Social Services and Education.
- Enable new community focussed investments in areas such as Caerphilly Cares and the proposed Community Empowerment Fund.
- Provide the capacity and resilience required to drive forward the Team Caerphilly Transformation Programme and 'Place Shaping' investments.
- Address legacy issues in respect of income shortfalls in a number of service areas.

5.2.3 The Schools cost pressures totalling £3.233m are set out in Table 2 below -

Table 2 – Schools Cost Pressures

	£m
Teachers Pay at 3.1% (Sept 2020) and 1% (Sept 2021)	2.042
Teachers Employer Pension Contributions	0.000
APT&C Pay at 1% (April 2021)	0.293
APT&C Employer Pension Contributions	0.000
Living Wage	0.016
Non-Pay Inflation at 0.75%	0.169
Other Service Pressures	0.713
TOTAL: -	3.233

5.2.4 **Teachers Pay** - Teachers pay increased across most of the scale ranges by 3.1% with effect from September 2020 and funding has been provided in the Provisional Settlement to reflect the 2021/22 impact of this. However, the Chancellor of the Exchequer has announced a pay freeze for the public sector for 2021/22 except for those earning £24k or less (these will receive a lump sum uplift of up to £250), and those working in certain sectors such as frontline NHS staff. Due to this announcement WG has not received funding for 2021/22 pay uplifts for those staff in local government (including teachers) who earn in excess of £24k.

5.2.5 Whilst the Chancellor's statements in relation to pay constraints are acknowledged there is a risk of resistance to such pay policy, particularly considering the demands on staff during the ongoing Covid-19 pandemic. With this in mind it is considered prudent to include some provision in the 2021/22 budget proposals for potential pay awards so a further uplift of 1% in teachers' pay is currently assumed from September 2021 (along with provision for those staff who will qualify for the £250 uplift). This will be held centrally in the first instance and reviewed once there is clarity around the agreed pay position for the 2021/22 financial year.

5.2.6 **Teachers Employers' Pension Contributions** – There was a significant uplift of 7.12% in employer pension contributions for teachers from September 2019. This increase has been fully funded in the budgets delegated to schools and there is currently no assumed further increase for the 2021/22 financial year.

5.2.7 **APT&C Pay at 1%** - As mentioned in paragraph 5.2.5, whilst the Chancellor's statements in relation to pay constraints are acknowledged it is considered prudent to include some provision in the 2021/22 budget proposals for potential pay awards so a 1% uplift for APT&C staff is assumed from April 2021 (along with provision for those staff who will qualify for the £250 uplift). This will also be held centrally in the first instance and reviewed once there is clarity around the agreed pay position for the 2021/22 financial year.

5.2.8 **APT&C Employer Pension Contributions** - The Greater Gwent (Torfaen) Pension Fund is subject to an independent triennial valuation of its assets and liabilities. The results of the latest valuation concluded that no increase would be required in the employer contributions for the 2020/21 and 2021/22 financial years with an increase of 1% being required for 2022/23.

5.2.9 **Foundation Living Wage** – Caerphilly CBC is a Living Wage Foundation employer, so a sum is included in the draft budget proposals in respect of relevant school staff to allow for annual increases in the Foundation Living Wage hourly rate.

5.2.10 **Non-pay Inflation at 0.75%** - The Consumer Prices Index (CPI) inflation rate in November 2020 was 0.3%. It is proposed that the non-pay uplift for 2021/22 should be set at 0.75% to allow some headroom for increases during the financial year.

5.2.11 **Other Service Pressures** – This includes the following: -

- Second satellite class for Trinity Fields.
- Floor area and National Non-Domestic Rates (NNDR) changes.
- Potential changes in social needs funding (primary and secondary).
- Potential for further costs arising from formula changes linked to updated Free School Meals data.

5.2.12 The General Fund Services inflationary cost pressures totalling £2.787m are set out in Table 3 below: -

Table 3 – General Fund Services Inflationary Cost Pressures

	£m
Pay at 1% (APT&C staff) – Including £250 for salaries of £24k or less	1.773
Living Wage (APT&C staff)	0.037
Employer Pension Contributions (APT&C staff)	0.000
Non-pay Inflation at 0.75%	1.100
Non-pay inflation (Fees and Charges) at 0.75%	(0.122)
TOTAL: -	2.787

5.2.13 **Pay at 1% (APT&C staff)** – As previously mentioned it is considered prudent to include some provision in the 2021/22 budget proposals for potential pay awards so a 1% uplift for APT&C staff is assumed from April 2021 (along with provision for those staff who will qualify for the £250 uplift). This will be held centrally in the first instance and reviewed once there is clarity around the agreed pay position for the 2021/22 financial year.

5.2.14 **Foundation Living Wage (APT&C staff)** – Caerphilly CBC is a Living Wage Foundation employer, so a sum is included in the draft budget proposals in respect of APT&C staff to allow for annual increases in the Foundation Living Wage hourly rate.

5.2.15 **Employer Pension Contributions (APT&C staff)** – As mentioned in paragraph 5.2.8 the results of the latest triennial valuation of the Pension Fund concluded that no increase would be required in the employer contributions for the 2020/21 and 2021/22 financial years with an increase of 1% being required for 2022/23.

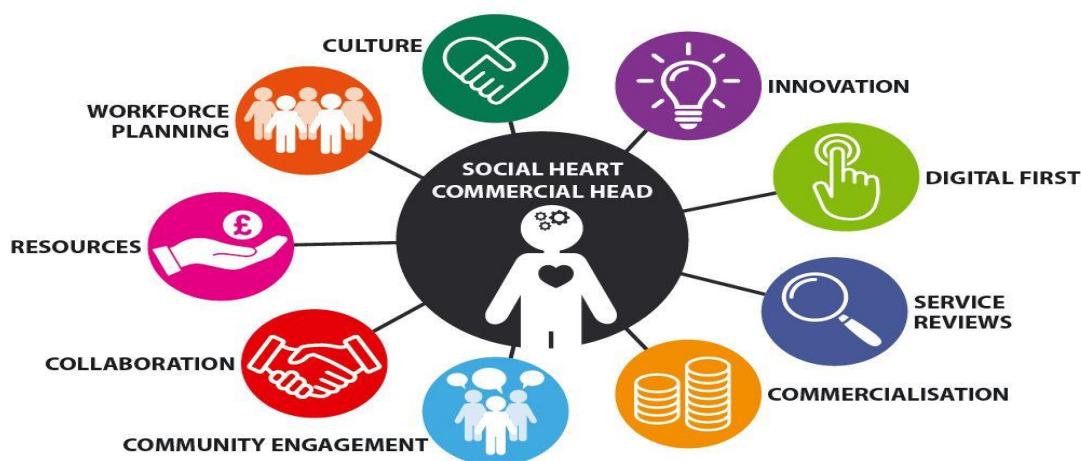
- 5.2.16 **Non-pay Inflation at 0.75%** - The Consumer Prices Index (CPI) inflation rate in November 2020 was 0.3%. It is proposed that the non-pay uplift for 2021/22 should be set at 0.75% to allow some headroom for increases during the financial year.
- 5.2.17 **Non-pay Inflation (Fees and Charges) at 0.75%** - A generic increase of 0.75% is assumed for Fees and Charges.
- 5.2.18 It is incumbent upon the Council to set a realistic budget each year. Table 4 provides details of the 2021/22 General Fund inescapable service pressures that have been identified along with a range of new investments that require consideration in respect of funding: -

Table 4 – General Fund Inescapable Service Pressures and Proposed New Investments

	£m
Council Tax Reduction Scheme (CTRS) additional liability	0.602
Other pass-ported grants	(0.202)
Social Services cost pressures	2.500
Education & Lifelong Learning cost pressures	1.436
Planning Services	0.428
Digital Services	1.212
Additional capacity for Transformation/Place Shaping	0.526
Income budget realignment	0.567
Caerphilly Cares	0.284
Community Empowerment Fund	0.328
Fire Service Levy	0.162
Glamorgan Archives	0.011
Health & Safety – Fire Safety Officers	0.080
City Deal (Partnership revenue contribution)	0.003
City Deal (debt charges)	0.089
Review of Car Parking charges	0.090
Education Achievement Service (EAS)	(0.028)
TOTAL: -	8.089

- 5.2.19 **CTRS additional liability** – The Authority is required to fund a Council Tax Reduction Scheme (CTRS). This replaced Council Tax Benefit a few years ago and is a means-tested benefit that assists in full or part towards a resident’s Council Tax bills. The additional liability arises from the proposal to increase Council Tax by 3.9% in 2021/22.
- 5.2.20 **Other pass-ported grants** – Reduction in budget to reflect the net reduction in the Provisional Settlement of £202k in relation to the tapering of WG funding for PFI Schemes
- 5.2.21 **Social Services cost pressures** – Based on an assessment of current commitments it is anticipated that growth of £2.5m is required to meet the full-year cost of placements in the 2021/22 financial year. Areas where pressures are being experienced include children’s residential care and fostering, domiciliary care and supported living.
- 5.2.22 **Education and Lifelong Learning cost pressures** – There are a range of cost pressures within this service area totalling £1.436m. The most significant of these relate to school improvement, Additional Learning Needs (ALN), potential additional costs arising from the forthcoming renewal of contracts for Home to School/College Transport, and budget realignment to address the increasing cost of maternity cover. It is also proposed to reinstate the £333k ‘50/50 Building Maintenance Budget in Schools’ which was previously withdrawn to support Medium-Term Financial Plan (MTFP) savings requirements. Since the withdrawal of this budget, financial support has been offered to schools through Education Reserves, but this is not sustainable in the medium to longer-term and without this funding there will be an adverse impact on maintenance programmes.

- 5.2.23 **Planning Services** – At its meeting on the 9th December 2020, the Housing & Regeneration Scrutiny Committee considered a report outlining proposals for staff budget growth and realignment of fee income targets in Planning Services. The recommendations in the report were endorsed by the Scrutiny Committee and if approved as part of the 2021/22 budget will require funding of £428k.
- 5.2.24 **Digital Services** – Over the past 12 months the council has witnessed the benefits of advanced technology firsthand. The Covid-19 pandemic changed the landscape greatly, and there is little doubt that services would not have continued functioning without the adoption of new technology and digital transformation. Moving forward we need to ensure that we have a secure and safe environment for the delivery of all services via a robust investment and change programme. To ensure that we have a fit-for-purpose ICT infrastructure and digital application the IT service has developed a 5-year strategy that looks at developing a culture of transformation through the use of modern technology.
- 5.2.25 To facilitate the development of digital, investment in core infrastructure and systems will be required. The proposed funding of £1.212m will allow for the review of the existing infrastructure along with investment in the latest Microsoft Office 365 licenses for greater working flexibility and the highest level of security, whilst at the same time enhancing the customer experience of service delivery.
- 5.2.26 The investment will also provide the ability to analyse data and use information for informed decision-making based on real live data, which we are currently unable to do. ICT and digital technologies are core to future business models and for the organisation to flourish it will require a continuous investment programme over the coming years. This will also mean investing now to save for the future. As we take forward the proposed investment in Microsoft technologies other applications will be rationalised and in some cases withdrawn to develop a more agile application base. This will give us the opportunity to explore and evaluate the use of Cloud services and assess the practicalities of “On Premise” solutions via “Cloud” services.
- 5.2.27 **Additional capacity for Transformation/Place Shaping** – The financial challenges we face in future years are unprecedented and coupled with the changing needs of our communities and the emergence of new technologies, it is inevitable and expected that the Council responds to these demands and opportunities in order for us to remain relevant and sustainable over the longer-term. Even before the emergence of Covid-19 it was widely accepted that the Council cannot continue as it is and it was acknowledged that we needed to examine the way in which we operate and use our resources to deliver the services required by our communities across the county borough.
- 5.2.28 At its meeting on the 12th June 2019 Cabinet approved the Future Caerphilly Transformation Strategy, ***Team Caerphilly – Better Together***. This Strategy sets out details of a major transformation programme to examine how a future operating model for the Council can be developed. The principles of this new operating model include how services are prioritised, how they can become more business efficient, to explore opportunities for greater customer focus and digital delivery, and to consider alternative delivery models and seek out commercial opportunities. Furthermore, to enable the Council to continue providing high quality value for money services in an environment that will require new approaches and new skills, the Strategy acknowledges that a new relationship will need to be built with staff and communities.
- 5.2.29 The Strategy is multi-faceted and at the core of the programme of change is the new mantra ***Social Heart and Commercial Head***. This recognises a commitment to public service and the needs of citizens, but also demonstrates a commitment to explore commercial and investment opportunities, where appropriate, to generate income that can be reinvested in services to help them remain resilient in the current challenging financial climate.
- 5.2.30 The strategic programme of “whole-authority” work is being delivered through the following key themes, which underpin the new operating model of the Council: -



5.2.31 Good progress has been made in implementing the Strategic Action Plan that underpins the Transformation Strategy. The emergence of Covid-19 and the required response has accelerated the pace of change in some areas and we will now seek to build on this moving forward to ensure that we can offer cost effective, resilient services that meet the needs of our communities through these challenging times and in the medium to longer-term.

5.2.32 The learning that the Council has developed through its response to Covid-19 has helped reshape and expand the transformation programme. At its meeting of the 22nd July 2020, Cabinet endorsed the inclusion of ten corporate reviews within the **Team Caerphilly – Better Together** programme, all of which expand on or embed further many of the positive changes implemented in response to Covid-19. The Corporate Reviews are as follows: -

1	Walk in Services Review	OneCouncil	Learning Organisation
2	Remote Contact Review		
3	Front Line Delivery Review		
4	Support Services Review		
5	Information, Insight and Intelligence Review		
6	Flexible Working Review	Workforce & Resources	
7	Sustainable Financial Planning Review		
8	Workforce Development Review		
9	Corporate Volunteering & Community Partnership Review		
10	Decision-Making Review		

5.2.33 The Council is also developing an ambitious “Place Shaping” investment programme for the county borough, totalling circa £500m spanning the next few years, which will lever in significant socio-economic benefits. Details of this proposed major investment programme will be shared with Members in a Members’ Seminar prior to firm proposals being presented to Cabinet in February 2021.

5.2.34 In order to deliver this wide ranging and ambitious change programme of significant investments consisting of many individual complex projects, whilst continuing with the Council’s transformation programme and other priorities such as the Covid-19 response, Regeneration, Housing new build, and delivering the Corporate Plan objectives; investment in additional people resources is required.

- 5.2.35 The £526k growth bid will be used to permanently fund the current three fixed-term Transformation Manager posts and the existing fixed-term Communications and Engagement Officer post. In addition to this, a permanent Head of Transformation is required to lead the overall Transformation Programme as well as a Head of Prosperity, in order to accelerate our economic regeneration priority.
- 5.2.36 In addition to the proposed £526k growth bid, project management capacity is also required to develop the many projects within the Transformation and “Place Shaping” programmes. Four fixed-term project manager posts are therefore proposed to accelerate the projects already in place and to commence projects that have not yet begun. It is proposed that these posts are initially implemented for a period of two years at a total cost of £368k and are funded from a £1.8m reserve previously approved by Council to support the delivery of the MTFP.
- 5.2.37 The additional staff resources are required to deliver the exciting and bold over-arching change programme for the county borough and the organisation, ensuring that both remain sustainable and resilient, economically, socially and environmentally over the longer-term.
- 5.2.38 **Income budget realignment** – There are a number of service areas where there is a trend in recent years of income budgets not being achieved. Despite steps being taken to introduce further efficiencies to address these shortfalls it is now prudent to recognise the actual levels of income being generated in these areas and to adjust budgets accordingly. The proposed adjustments are £273k for Leisure Centres, £83k for Llancaiach Fawr, £94k for Caerphilly Adventures and £117k for Industrial Property rentals.
- 5.2.39 **Caerphilly Cares** – At its meeting on the 11th November 2020, Cabinet approved a proposal to develop the existing Buddy Scheme and Community Regeneration Legacy into the Caerphilly Cares service, which aims to ensure people receive the right support, in the right place, and right time, using a single point of contact through a triage system. Cabinet also approved the use of 2020/21 underspends in the Children and Communities Grant (CCG) and/or Social Services Reserves to fund this service in the short-term.
- 5.2.40 There is now an opportunity to approve funding totalling £284k to fund this service on a recurring basis from 2021/22 onwards.
- 5.2.41 **Community Empowerment Fund** – It is proposed to establish a Fund totalling £328k which would result in an allocation of £4.5k to each Member to support community-based projects. If this funding is agreed a further report will be prepared outlining the parameters for this proposed initiative.
- 5.2.42 **Fire Service Levy** – The 2021/22 draft budget for the South Wales Fire & Rescue Service requires an increase of 2.57% in Caerphilly CBC’s contribution. A 0.75% uplift is proposed for the Council’s core budgets for non-pay inflation in 2021/22 which results in a further £162k being required to meet the proposed 2.57% for the Fire Service Levy.
- 5.2.43 **Glamorgan Archives** – A further sum of £11k is also required to meet the Council’s 2021/22 contribution to the Glamorgan Archives service.
- 5.2.44 **Health & Safety – Fire Safety Officers** – It is proposed that funding of £80k should be built into the 2021/22 base budget to fund two Fire Safety Officer posts that are currently funded on a fixed-term basis.
- 5.2.45 **City Deal partnership revenue contribution and City Deal debt charges** – There is a small increase of £3k required for 2021/22 in respect of the revenue contribution for the City Deal Partnership. The City Deal includes a borrowing requirement of £120m for the ten partner Local Authorities and an additional £89k is required for 2021/22 to meet the current anticipated cost for Caerphilly CBC’s share of potential borrowing that may be undertaken during the year.

- 5.2.46 **Review of Car Parking charges** – On the 15th December 2020 a Joint Scrutiny Committee meeting (Environment & Sustainability Scrutiny and Housing & Regeneration Scrutiny Committees) took place to consider the findings of the joint task and finish group that was established to review car parks managed by the Council. The Joint Scrutiny Committee endorsed some of the recommendations in the report and these are due to be considered by Cabinet on the 13th January 2021. If approved these recommendations will require funding of £90k.
- 5.2.47 **Education Achievement Service (EAS)** - There is a proposed 2% reduction in the level of the Council's contribution to the EAS in 2021/22 which results in a saving of £28k.
- 5.2.48 **Savings in Advance** - The Final 2020/21 Budget Proposals approved by Council on the 20th February 2020 included approved savings in advance of £1.931m. Further savings in advance totalling £80k have also been identified during the 2020/21 financial year resulting in a total of £2.011m being available to support the budget for 2021/22.

5.3 Council Tax Implications 2021/22

- 5.3.1 The draft budget proposals within this report include a proposed increase of 3.9% in Council Tax for the 2021/22 financial year. This will increase the Caerphilly CBC Band D precept from £1,184.38 to £1,230.57 i.e. an annual increase of £46.19 or weekly increase of £0.89.
- 5.3.2 The proposed increase of 3.9% for 2021/22 will result in the following totals for the Caerphilly CBC element of the Council Tax (the Police & Crime Commissioner and Town/Community Council precepts would be added to these totals when confirmed at a later date): -

Table 5 – 2021/22 Council Tax (CCBC Element) at 3.9% Increase

Band	Council Tax (CCBC Element) £	Weekly Increase £
A	820.38	0.59
B	957.11	0.69
C	1,093.84	0.79
D	1,230.57	0.89
E	1,504.03	1.09
F	1,777.49	1.28
G	2,050.95	1.48
H	2,461.14	1.78
I	2,871.33	2.07

5.4 Financial Outlook for Future Years

- 5.4.1 Due to the ongoing programme of austerity and increasing demand for a number of services, the financial position for Local Government has been very challenging in recent years. During the period 2008/09 to 2020/21 Caerphilly CBC has delivered savings of £106m to address reductions in funding and inescapable cost and service pressures.
- 5.4.2 Whilst the 3.1% uplift in the 2021/22 Provisional Settlement is welcomed, the future funding situation for Local Government is likely to be challenging due to the unprecedented fiscal impact of Covid-19 and the strain that will put on public finances for years to come
- 5.4.3 The UK Government has undertaken a spending review for 2021/22 only at this stage, so there is no indication of likely funding levels in the medium to long-term. The Council's MTFP has been updated based on a range of assumptions, resulting in a potential savings requirement of £20.7m for the four-year period 2022/23 to 2025/26. Details are provided in Appendix 1 and the following is a summary of the key assumptions: -

- A 1% uplift year-on-year in respect of WG funding.
- An increase of 3.9% per annum for Council Tax.
- 2% per annum for pay inflation (all staff including teachers).
- 1% per annum for APT&C employer pension contributions.
- Tapered increase in non-pay inflation rising to Bank of England target of 2% by 2025/26.
- A total of £2.3m over the four-year period for schools' service pressures.
- £1.5m per annum for anticipated increased demand for Social Services.

5.4.4 Future financial forecasting is very sensitive to even minor changes in assumptions. For example, a 2% increase in WG funding per annum would reduce the four-year potential saving requirement to £8.8m. Conversely, a cash flat position in terms of WG funding would increase the potential savings requirement to £32.3m. A range of potential scenarios will be considered during the coming months.

5.4.5 The Council's Transformation Programme will be the key driver in ensuring that financial resilience is maintained in future years. The financial position will be regularly reviewed, and periodic updates will be provided for Members.

5.5 Conclusion

5.5.1 This report provides details of the Draft Budget Proposals for 2021/22 based on the WG Provisional Local Government Financial Settlement.

5.5.2 A balanced budget can be delivered based on a proposed Council Tax increase of 3.9%.

5.5.3 The report also provides details of the updated Medium-Term Financial Plan (MTFP), which indicates that further savings of circa £20.7m may be required for the four-year period 2022/23 to 2025/26.

6. ASSUMPTIONS

6.1 The UK Government has allocated £766m to WG in 2021/22 for the ongoing financial impact of Covid-19. This is far below the levels of funding that have been allocated in 2020/21 and will continue to be dealt with outside of the core Financial Settlement. The 2021/22 Draft Budget Proposals set out in this report to not include additional costs or income losses associated with Covid-19 on the assumption that these costs will continue to be funded through WG grants.

6.2 A range of other assumptions have been made throughout the report in respect of pay and non-pay inflationary increases, inescapable service pressures and the level of funding settlements moving forward.

7. LINKS TO RELEVANT COUNCIL POLICIES

7.1 The budget setting process encompasses all the resources used by the Council to deliver services and meet priorities.

7.2 Effective financial planning and the setting of a balanced budget support the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015: -

- A prosperous Wales.
- A resilient Wales.
- A healthier Wales.
- A more equal Wales.
- A Wales of cohesive communities.
- A Wales of vibrant culture and thriving Welsh Language.

- A globally responsible Wales.

8. WELL-BEING OF FUTURE GENERATIONS

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

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 As detailed throughout the report.

11. PERSONNEL IMPLICATIONS

- 11.1 Where staff reductions may be required as a consequence of savings proposals in future years the Council will firstly try to achieve this through 'natural wastage' and not filling vacancies. However, where this is not possible the Council will utilise agreed HR policies and compulsory redundancies will only be considered when all other options have been fully exhausted.
- 11.2 The Trade Unions will be fully consulted on the 2021/22 draft budget proposals.

12. CONSULTATIONS

- 12.1 The Council undertook a large-scale consultation called 'The Caerphilly Conversation' between 18th November 2020 and 3rd January 2021. Designed to seek the views of those who live and work within the county borough, the survey provided people with the opportunity to share their experiences of life across the area; their views on public services, and suggestions for where things could be improved as we look to the future.
- 12.2 Key areas covered in the survey included: -
- Understanding residents' views on the Council's response to Covid-19.
 - Helping shape the Council's recovery over future years.
 - Helping inform our deliberations over next year's budget.
 - Preferences on the Council Tax levels for the forthcoming year.
 - Informing our ongoing discussions around 'Place Shaping' over the medium to longer-term.
 - Providing specific insight that can help shape the ten corporate reviews linked to the TeamCaerphilly – Better Together transformation strategy.
- 12.3 The survey was available on the Council's website and promoted widely through digital media channels. To ensure as many people as possible were able to have their say, the survey was also included in a special edition of Newsline that was delivered to every home within the county borough.
- 12.4 The results of this survey will be important in influencing the delivery of services in future years and ensuring the effective use of resources and a detailed report on the consultation outcomes will be presented to Cabinet.

12.6 Further consultation will now take place on the 2021/22 Draft Budget Proposals including a Joint Scrutiny Committee meeting scheduled for the 14th January 2021.

13. STATUTORY POWER

13.1 The Local Government Acts 1998 and 2003.

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Consultees: Corporate Management Team
Lynne Donovan, Head of People Services
Rob Tranter, Head of Legal Services and Monitoring Officer
Andrew Southcombe, Finance Manager, Corporate Finance
Cllr Eluned Stenner, Cabinet Member for Finance, Performance and Customer Service

Appendices: -

Appendix 1 - Indicative Medium-Term Financial Plan 2022/23 to 2025/26

Background Papers: -

Cabinet (12/06/19)

Future Caerphilly Transformation Strategy - #TeamCaerphilly – Better Together.

Cabinet (16/07/20)

Strengthening TeamCaerphilly

Cabinet (11/11/20)

Caerphilly Cares

Special Housing and Regeneration Scrutiny Committee (09/12/20)

Planning Services Staffing and Budget Report

Joint Scrutiny Committee (Housing & Sustainability Scrutiny and Housing & Regeneration Scrutiny Committees) 15/12/20.

Caerphilly County Borough Council Car Parks Task and Finish Group.

Indicative Medium-Term Financial Plan - 2022/23 to 2025/26

Description	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s
Aggregate External Finance (1% uplift per annum)	2,924	2,953	2,982	3,012
Council Tax (3.9% increase per annum)	3,228	3,368	3,513	3,665
Total Funding to support budget	6,152	6,321	6,496	6,677
Schools Cost Pressures				
Teachers Pay (2% uplift per annum)	1,311	1,685	1,719	1,754
APT&C Pay (2% uplift per annum)	268	275	283	290
APT&C Employer Pension Contributions (1% uplift per annum)	135	139	142	146
Living Wage	16	16	16	16
Non-Pay Inflation (1.25%, 1.50%, 1.75%, 2.00%)	283	344	408	474
Schools Service Pressures	305	1,011	500	530
Total Schools Cost Pressures	2,318	3,470	3,068	3,210
General Fund Services Inflationary Pressures				
APT&C Pay (2% uplift per annum)	2,562	2,613	2,665	2,719
Living Wage	37	37	37	37
Employer Pension Contributions (1% uplift per annum)	912	921	930	940
Non-Pay Inflation (1.25%, 1.50%, 1.75%, 2.00%)	1,991	2,512	3,085	3,717
Non-Pay Inflation - Fees and Charges (1.25%, 1.50%, 1.75%, 2.00%)	(196)	(238)	(282)	(328)
Total General Fund Services Inflationary Pressures	5,306	5,845	6,436	7,085
Inescapable Service Pressures				
CTRS Additional Liability (3.9% per annum)	626	650	675	702
Social Services	1,500	1,500	1,500	1,500
Digital Services	100	100	0	0
City Deal (Partnership Revenue Contribution)	3	3	3	3
City Deal (Debt Charges)	122	185	254	252
Education Achievement Service (EAS)	(15)	(10)	0	0
Inescapable Service Pressures	2,335	2,427	2,432	2,457
Annual Shortfall	3,807	5,422	5,440	6,075
Cumulative Shortfall	3,807	9,229	14,670	20,744

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