

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 Madia Afzal
(Rhif Ffôn: 07738 263933 Ebst: afzalm@caerphilly.gov.uk)

Dyddiad: Dydd Mercher, 13 Ionawr 2022

Annwyl Syr/Fadam,

Bydd cyfarfod digidol o'r **Cabinet** yn cael ei gynnal trwy Microsoft Teams ar **Dydd Mercher, 19eg Ionawr, 2022 am 10.30 am**. i ystyried materion a gynhwysir yn yr agenda canlynol. . 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 y Cabinet ar gael i'r cyhoedd trwy'r recordiad ar wefan y Cyngor: www.caerffili.gov.uk

Yr eiddoch yn gywir,

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

Christina Harrhy
PRIF WEITHREDWR

A G E N D A

Tudalennau

1 I dderbyn ymddiheuriadau am absenoldeb

2 Datganiadau o Ddiddordeb.

A greener place Man gwyrddach

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



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I dderbyn ac ystyried yr adroddiad(au) canlynol y mae angen penderfyniadau gweithredol arnynt: -

3 Cynigion y Gyllideb Ddrafft ar gyfer 2022/23.

1 - 16

Cylchrediad:

Cynghorwyr

S. Cook, N. George, C.J. Gordon, P.A. Marsden, J. Pritchard, Mrs E. Stenner, A. Whitcombe a R. Whiting,

A Swyddogion Priodol.

SUT FYDDWN YN DEFNYDDIO EICH GWYBODAETH

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SPECIAL CABINET – 19TH JANUARY 2022

SUBJECT: DRAFT BUDGET PROPOSALS FOR 2022/23

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION & CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 To present Cabinet with details of the draft budget proposals for the 2022/23 financial year to allow for a period of consultation prior to a final decision by Council on the 24th February 2022.

2. SUMMARY

- 2.1 The report provides details of draft budget proposals based on the Welsh Government (WG) Provisional Local Government Financial Settlement for 2022/23.
- 2.2 The report also provides details of a range of cost and service pressures that require funding, along with a proposed increase of 2.5% in Council Tax to enable the Authority to set a balanced budget for the 2022/23 financial year.
- 2.3 An updated indicative Medium-Term Financial Plan (MTFP) is also appended to the report showing a potential savings requirement of £9.753m for the two-year period 2023/24 to 2024/25.

3. RECOMMENDATIONS

- 3.1 Cabinet is asked to: -
 - 3.1.1 Endorse the 2022/23 draft budget proposals.
 - 3.1.2 Support the proposal to increase Council Tax by 2.5% for the 2022/23 financial year to ensure that a balanced budget is achieved (Council Tax Band D being set at £1,261.33).
 - 3.1.3 Support the proposal to top-up the Covid-19 Earmarked Reserve to £5m as detailed in paragraph 5.5.3 of the report.
 - 3.1.4 Agree that the draft budget proposals should now be subject to consultation prior to final 2022/23 budget proposals being presented to Cabinet/Council in February 2022.
 - 3.1.5 Note the indicative potential savings requirement of £9.753m for the two-year period 2023/24 to 2024/25.

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 2022/23

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 delay in undertaking the UK Government spending review, details of the Provisional Local Government Financial Settlement for 2022/23 were not released until the 21st December 2021.

5.1.2 The key points of the WG Provisional 2022/23 Local Government Financial Settlement are the following: -

- An overall increase of 9.4% in Aggregate External Finance (Revenue Support Grant (RSG) and Redistributed Non-Domestic Rates) on an all-Wales basis. This increase includes a specific grant of £5m that has been transferred into the Settlement (Social Care Workforce and Sustainability Grant).
- The level of increase for individual Local Authorities is determined by changes in datasets that drive the funding formula. For Caerphilly CBC there is a cash uplift of 8.5% in the Aggregate External Finance (AEF) for 2022/23 which equates to £25.1m.
- Caerphilly CBC's element of the £5m specific grant transferred into the Settlement is £297k and this will be pass-ported to the Social Services budget.
- 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 £1.541m from the 2021/22 financial year.
- The Provisional Financial Settlement includes funding to enable Local Authorities to meet the additional costs of introducing the Real Living Wage for care workers. This is intended to apply to staff employed directly by Local Authorities and for services commissioned from the independent sector.
- The Provisional Financial Settlement also includes indicative uplifts in Aggregate External Finance (AEF) for 2023/24 and 2024/25 on an all-Wales basis. These are 3.5% and 2.4% respectively.

5.1.3 WG has provided substantial grant funding to Local Authorities in both the 2020/21 and 2021/22 financial years through the Covid-19 Hardship Fund to meet additional costs and income losses arising from the pandemic. The Hardship Fund will cease on the 31st March 2022 so Local Authorities will be required to meet ongoing financial pressures due to the pandemic from the funding provided in the Provisional Financial Settlement. The impact of this is considered in more detail in Section 5.5 of this report.

5.2 2022/23 Draft Budget Proposals

5.2.1 The proposals contained within this report will deliver a balanced budget for 2022/23 on the basis that Council Tax is increased by 2.5%. Table 1 provides a summary: -

Table 1 – Summary

Paragraph	Description	£m	£m
5.1.2	Aggregate External Finance (8.5% uplift)		25.086
5.2.3 – 5.2.11	Schools cost pressures	5.775	
5.2.12 – 5.2.19	General Fund Services inflationary cost pressures and transfers in	12.479	
5.2.20 – 5.2.23	General Fund inescapable service pressures/proposed new investments	9.397	
5.3.1 – 5.3.3	2022/23 savings		0.356
5.4.1 – 5.4.2	Proposed Council Tax increase (2.5%)		2.210
	TOTAL: -	27.651	27.651

5.2.2 The significant increase in the Provisional Financial Settlement is very welcome during these challenging times but Members should note that circa £17.3m of the increase will be needed to fund inescapable inflationary pressures. However, based on Council Tax being increased by 2.5% there will be circa £10m available for investment in key service areas as the Authority recovers from the ongoing pandemic. Some of the key features of this investment are the following: -

- £6.2m for Social Services to meet the commitment to pay the Real Living Wage for care workers, address increases in demand in both Adult and Children’s Services, and to provide funding to assist with additional costs that may continue to arise as a consequence of the ongoing pandemic.
- Protection of budgets for schools.
- £250k for a new apprenticeship scheme.
- Significant investment in public protection services to increase capacity in key teams such as Trading Standards, Enforcement and Environmental Health.
- Additional investment in the Community Safety Warden Service.
- £235k to help target flood prevention and £180k in the Business Enterprise & Renewal Team to lever in external funding and to promote the development of our town centres.

5.2.3 The Schools cost pressures totalling £5.775m are set out in Table 2 below -

Table 2 – Schools Cost Pressures

	£m
Teachers’ Pay Award at 1.75% (Sept 2021) and 3% (Sept 2022)	2.389
APT&C Pay Award at 3% (April 2022)	0.441
Teachers’ NI Increase (1.25% from April 2022)	1.058
APT&C NI Increase (1.25% from April 2022)	0.176
APT&C Increase in Employer Pension Contributions at 1%	0.141
Real Living Wage	0.050
Non-Pay Inflation at 4%	0.909
Other Service Pressures	0.612
TOTAL: -	5.775

5.2.4 **Teachers’ Pay** – Teachers’ pay increased by 1.75% with effect from September 2021 and funding has been provided in the Provisional Settlement to reflect the 2022/23 impact of this. In respect of the 2022/23 teachers’ pay award from September 2022, WG will not be making any further funding available in-year so Local Authorities will need to meet the cost of this through the funding provided in the Financial Settlement.

- 5.2.5 In light of the significant increases in inflation over recent months it is considered prudent at this stage to include provision in budgets for a 3% increase in teachers' pay from September 2022. This funding will be held corporately in the first instance and released to school budgets once the actual pay award has been determined.
- 5.2.6 **APT&C Pay** – The pay award for APT&C staff for the 2021/22 financial year is yet to be finalised, with a final offer of 1.75% still not being accepted at this stage. In terms of the budget for the 2022/23 financial year it is currently assumed that the 2021/22 pay award will be 1.75% with a further increase of 3% from April 2022. The 3% uplift will be held corporately in the first instance and released to school budgets once the actual pay award has been determined.
- 5.2.7 **NI Increases** – The UK Government has announced an increase of 1.25% in National Insurance contributions from April 2022. This increase results in an additional cost of £1.058m for teaching staff and £176k for APT&C staff in schools.
- 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 **Real 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 4%** - The Consumer Prices Index (CPI) inflation rate has been steadily increasing in recent months with the rate in the 12 months to November 2021 being 5.1%. This is the highest 12-month inflation rate since September 2011, when it stood at 5.2%. Although it is expected that there will be a return to lower inflation rates over time it is considered prudent to include provision in the 2022/23 budget for a 4% increase in non-pay inflation.
- 5.2.11 **Other Schools Service Pressures** – This includes the following: -
- Floor area related changes.
 - Additional pupils at Trinity Fields School along with an associated increase in transport costs.
 - 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 £12.479m are set out in Table 3 below: -

Table 3 – General Fund Services Inflationary Cost Pressures and Transfers In

	£m
APT&C Pay Award at 3% (April 2022)	4.352
APT&C NI Increase (1.25% from April 2022)	1.273
APT&C Increase in Employer Pension Contributions at 1%	1.017
Living Wage	0.218
Non-pay Inflation at 4%	5.936
Non-pay inflation (Fees and Charges) at 4%	(0.614)
Transfer In – Social Care Workforce and Sustainability Grant	0.297
TOTAL: -	12.479

- 5.2.13 **Pay at 3% (APT&C staff)** – As outlined in paragraph 5.2.6 the pay award for APT&C staff for the 2021/22 financial year is yet to be finalised and it is also considered prudent to budget for a further 3% increase in pay from April 2022. The 3% uplift will be held corporately in the first instance and released to budgets once the actual pay award has been determined.

- 5.2.14 **NI Increase (1.25%)** – The cost of the 1.25% increase in NI contributions for General Fund Services is £1.273m
- 5.2.15 **Foundation Living Wage (APT&C staff)** – £218k is included in the 2022/23 Draft Budget Proposals to allow for an increase in the Foundation Living Wage hourly rate for General Fund Services staff.
- 5.2.16 **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.
- 5.2.17 **Non-pay Inflation at 4%** - The proposed uplift of 4% for non-pay inflation requires additional budget provision of £5.936m for General Fund Services.
- 5.2.18 **Non-pay Inflation (Fees and Charges) at 4%** - A generic increase of 4% is assumed for Fees and Charges.
- 5.2.19 **Transfer In** – There is a transfer into the Settlement of £297k in relation to the Social Care Workforce and Sustainability Grant which will be passported to the Social Services budget.
- 5.2.20 Table 4 provides a summary of the 2022/23 General Fund Services inescapable service pressures and proposed new investments totalling £9.397m. Full details are provided in Appendix 1 for Members' consideration.

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

	£m
Corporate Services	1.374
Education & Lifelong Learning	0.341
Economy & Environment	1.599
Social Services	6.166
Miscellaneous Finance	0.051
Other Pass-ported Grants (PFI)	(0.202)
City Deal (Partnership revenue contribution)	0.007
City Deal (debt charges)	0.062
TOTAL: -	9.397

- 5.2.21 Members will note the significant proposed growth of £6.166m for Social Services. For some time now, independent sector social care providers have reported difficulties in recruiting care staff due to the relatively low rates of pay that they can afford to offer compared with other sectors of the job market. WG has recognised this in the Provisional Financial Settlement by including funding to enable Local Authorities to meet the additional costs of introducing the Real Living Wage (RLW) for care workers. This is intended to apply to staff employed directly by Local Authorities and for services commissioned by Social Services from the independent sector. The current RLW hourly rate is £9.90 until November 2022. Further detailed work will now be required with providers on an open book basis to establish fee rates moving forward that will ensure that all care staff in commissioned services can be paid the RLW.
- 5.2.22 Throughout the 2021/22 financial year, the Social Services Directorate has experienced a significant increase in demand for supported living placements for adults, residential placements for children, and after care support for adolescents. Short-term grant funding, service restrictions due to the Covid-19 pandemic and social care staff shortages have all helped to smooth the financial impact of this increased demand in 2021/22. However, as we begin to recover from the pandemic the demand for these services is likely to remain but the

short-term savings experienced in 2021/22 will not. As a result, further investment will be required in these service areas in 2022/23.

- 5.2.23 Given the detailed work that needs to be undertaken with providers in respect of the RLW and the uncertainties around the budgetary impact of demand as we begin to recover from the pandemic, the proposed growth of £6.166m will be held corporately in the first instance and subsequently released into the Social Services budget in-year once fee levels have been confirmed and the increasing demand on services is evidenced.

5.3 2022/23 Savings

- 5.3.1 The following savings totalling £356k are included in the 2022/23 Draft Budget Proposals: -

Table 5 – 2022/23 Savings

	£m
Termination of lease at Ty Pontygwindy	0.180
Fire Service Levy	0.176
TOTAL: -	0.356

- 5.3.2 The lease at Ty Pontygwindy is due to be terminated at the end of March 2022 with staff being relocated to other council premises. This will result in a net revenue budget saving of circa £180k. A one-off cost will be payable in respect of dilapidations and the funding of this will be subject to a Cabinet report once agreement has been reached with the landlord.

- 5.3.3 The 2022/23 Draft Budget Proposals include provision for of 4% uplift in non-pay inflation. The draft 2022/23 budget for the South Wales Fire & Rescue Service requires an increase in Caerphilly CBC's contribution of 2.06%, resulting in a reduction of £176k against the 4% uplift that has been assumed corporately.

5.4 Council Tax Implications 2022/23

- 5.4.1 The draft budget proposals within this report include a proposed increase of 2.5% in Council Tax for the 2022/23 financial year. This will increase the Caerphilly CBC Band D precept from £1,230.57 to £1,261.33 i.e. an annual increase of £30.76 or weekly increase of £0.59.

- 5.4.2 The proposed increase of 2.5% for 2022/23 will result in the following totals for the Caerphilly CBC element of the Council Tax (the Police & Crime Commissioner and Town/Community Council precepts will be added to these totals when confirmed at a later date): -

Table 6 – 2022/23 Council Tax (CCBC Element) at 2.5% Increase

Band	Council Tax (CCBC Element) £	Weekly Increase £
A	840.89	0.39
B	981.04	0.46
C	1,121.19	0.53
D	1,261.33	0.59
E	1,541.63	0.72
F	1,821.93	0.85
G	2,102.22	0.99
H	2,522.67	1.18
I	2,943.11	1.38

5.5 Ongoing Financial Impact of Covid-19

- 5.5.1 WG has provided substantial grant funding to Local Authorities in both the 2020/21 and 2021/22 financial years through the Covid-19 Hardship Fund to meet additional costs and income losses arising from the pandemic. The Hardship Fund will cease on the 31st March 2022 and Local Authorities will be required to meet ongoing financial pressures linked to the pandemic from the funding provided in the Provisional Financial Settlement.
- 5.5.2 Alongside the funding received from WG, the Council has also previously approved the establishment of a Covid-19 Earmarked Reserve totalling £3.5m to meet potential unfunded additional costs arising from the pandemic. The balance on this reserve is currently £2.516m.
- 5.5.3 Whilst the 2022/23 Budget Proposals include significant budgetary growth in a number of key service areas, additional pandemic related costs will continue to be incurred at least in the short to medium-term. These include additional costs in relation to waste collection, cleaning, protective equipment, sickness cover, homelessness etc. Furthermore, income levels will take some time to recover in a number of service areas as restrictions are eased moving forward. It is therefore recommended that the Covid-19 Earmarked Reserve is topped-up to £5m by transferring uncommitted balances on other previously approved reserves, along with a small contribution from the projected underspend on the 2021/22 Revenue Budget.

Table 7 – Proposed Top-Up of Covid-19 Earmarked Reserve

	£m	£m
Current balance on Covid-19 Earmarked Reserve		2.516
Proposed transfer of uncommitted balances on reserves: -		
- Trehir Reserve	0.235	
- Contingency for MTFP staffing reductions	0.381	
- MTFP savings delivery reserve	1.173	
- Brexit reserve	0.686	2.475
Contribution from 2021/22 projected revenue budget underspend		0.009
TOTAL: -		5.000

- 5.5.4 Significant uncertainty remains in relation to the ongoing financial impact of the pandemic and this will be kept under close review as we progress through the 2022/23 financial year.

5.6 Financial Outlook for Future Years

- 5.6.1 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 2021/22 Caerphilly CBC has delivered savings of £106m to address reductions in funding and inescapable cost and service pressures.
- 5.6.2 Whilst the 8.5% uplift in the 2022/23 Provisional Financial Settlement is welcomed, the future funding situation for Local Government is likely to be more challenging due to the unprecedented fiscal impact of Covid-19 and the strain that will put on public finances.
- 5.6.3 The UK Government spending review undertaken in 2021 focussed on the 3-year period 2022/23 to 2024/25 and this resulted in details of indicative funding allocations being provided to the devolved administrations for 2023/24 and 2024/25. As a result, the Provisional Local Government Financial Settlement includes indicative uplifts in Aggregate External Finance (AEF) for 2023/24 and 2024/25 on an all-Wales basis. These are 3.5% and 2.4% respectively and provide a useful base in terms of financial planning for the medium-term.

5.6.4 The Council's Medium-Term Financial Plan (MTFP) has been updated based on a range of assumptions, resulting in a potential savings requirement of £9.753m for the two-year period 2023/24 to 2024/25. Details are provided in Appendix 2 and the following is a summary of the key assumptions: -

- An uplift in WG funding of 3.16% for 2023/24 and 2.17% for 2024/25. This is based on the all-Wales indicative uplifts adjusted for Caerphilly CBC's position in terms of the average uplift for 2022/23.
- An increase of 2.5% per annum for Council Tax.
- 2% per annum for pay inflation (all staff including teachers).
- 1% per annum for APT&C employer pension contributions.
- Non-pay inflation at 2.5% for 2023/24 and 2% for 2024/25

5.6.5 In addition to the above significant work has been undertaken with Directors and Heads of Service to identify further potential service cost pressures that will need to be considered in future years. These are currently estimated at circa £5.9m for 2023/24 and £2.4m for 2024/25. This is work in progress and the figures will be subject to change moving forward.

5.6.6 Detailed work will be undertaken in the coming months to further refine the MTFP and the Council's Transformation Programme and associated Corporate Reviews will be key components in addressing the projected financial gap. A report will be presented to Cabinet in early autumn providing a further updated MTFP alongside detailed proposals in terms of addressing the savings requirement moving forward.

5.7 Conclusion

5.7.1 This report provides details of the Draft Budget Proposals for 2022/23 based on the WG Provisional Local Government Financial Settlement.

5.7.2 A balanced budget can be delivered based on a proposed Council Tax increase of 2.5%.

5.7.3 There will be ongoing financial impacts as a result of Covid-19 in the 2022/23 financial year and in recognition of this it is proposed to increase the Covid-19 Earmarked Reserve to £5m.

5.7.4 The report also provides details of the updated Medium-Term Financial Plan (MTFP), which currently shows a potential savings requirement of £9.753m for the two-year period 2023/24 to 2024/25.

6. ASSUMPTIONS

6.1 A range of 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. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 Draft Budget Proposals

An Impact Assessment has been conducted on the draft budget proposals and will be updated once the consultation responses have been analysed for the reports to Cabinet on the 23rd February and Council on the 24th February. There are no negative effects identified in any of the draft budget proposals for any protected characteristic groups and there is no socio-economic impact (please see separate integrated impact assessment that considers the proposed increase in Council Tax). The budget is allowing for investment in essential services and, as such, the impacts on delivery of the well-being objectives are positive.

7.2 Proposed Increase in Council Tax

The proposed below inflation increase in Council Tax of 2.5% will result in weekly increases ranging from 39p for Band A properties to £1.38 for Band I properties. 75.91% of properties in the county borough are in bands A to C. The proposed increase is the lowest since 2017. The level of increase, combined with funding from Welsh Government, will allow the Council to invest a total of circa £10million in service provision, including circa £6million for social care services to support the most vulnerable. Vulnerability is associated with socio-economic disadvantage and for individuals with one or more protected characteristics. The Council Tax Reduction Scheme (CTRS) mitigates against the socio-economic impacts on the most vulnerable households. 16,300 households receive support with their Council Tax payments from the scheme, representing 20.34% of all households in the county borough. 11.27% (9,034 households) receive the maximum 100% level of support.

<https://www.caerphilly.gov.uk/CaerphillyDocs/IIA/IIA-council-tax-2022>

8. **FINANCIAL IMPLICATIONS**

8.1 As detailed throughout the report.

9. **PERSONNEL IMPLICATIONS**

9.1 There are no direct impacts on existing staff arising from the 2022/23 Draft Budget Proposals.

9.2 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 as a last resort after all other options have been fully exhausted.

9.3 The Trade Unions will be fully consulted on the 2022/23 Draft Budget Proposals.

10. **CONSULTATIONS**

10.1 It is important that residents have their say on the Draft Budget Proposals so a public consultation was launched on the 13th January 2022. Residents are able to take part and submit feedback in a number of ways. A leaflet is being distributed to every home in the county borough with details of the consultation and how to get involved. Information and an online survey can also be found on the Caerphilly CBC website: -

www.caerphilly.gov.uk/caerphilly-conversation2022

www.caerffili.gov.uk/trafodaeth-caerffili2022

10.2 A Joint Scrutiny Committee meeting is scheduled for the 24th January 2022 which will provide an opportunity for all Elected Members to consider and comment upon the Draft Budget Proposals.

11. **STATUTORY POWER**

11.1 The Local Government Acts 1998 and 2003.

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Appendices: -

Appendix 1 – General Fund Inescapable Service Pressures and Proposed New Investments

Appendix 2 – Updated Medium-Term Financial Plan

General Fund Inescapable Service Pressures and Proposed New Investments

Directorate	Service Division	Service Area	Description	£000's
Corporate Services	People Services	CMT Support	Additional Grade 7 Support Officer.	39
Corporate Services	People Services	Communications	Additional budget to meet job evaluation costs.	25
Corporate Services	People Services	Communications	Annual support costs for a Digital Asset Management Software solution for the management of photographs, videos, branding etc.	18
Corporate Services	People Services	Human Resources	Additional staffing capacity to support the delivery of the Council's Workforce Development Strategy.	179
Corporate Services	People Services	Human Resources	Establishment of new Apprenticeship opportunities across the Council.	250
Corporate Services	People Services	Human Resources	Establishment of Leadership Development Programmes.	65
Corporate Services	People Services	Health & Safety	Fixed-Term Senior Schools Support Officer role to be made permanent.	48
Corporate Services	People Services	Human Resources	Budget realignment to address the loss of income from payslip inserts.	15
Corporate Services	Digital Services	Information Technology	Implementation of a new Intranet.	60
Corporate Services	Digital Services	Information Technology	Cyber Security Officer to support resilience and the development/implementation of the Cyber Security Strategy.	65
Corporate Services	Digital Services	Information Technology	Regrading of a post in the Server Team.	6
Corporate Services	Digital Services	Information Governance	Additional staffing capacity to deal with FOI Act requests and to improve access to information through the automation of processes wherever possible.	88
Corporate Services	Legal & Governance	Legal	Increase in hours for Admin Support role.	15
Corporate Services	Legal & Governance	Legal	Retention fee payment for Childcare solicitor due to achieving relevant qualification and experience.	5
Corporate Services	Legal & Governance	Committee Services	Additional staffing capacity for Committee Services/Member Support.	58
Corporate Services	Legal & Governance	Members	Uplift in Member Allowances in line with the recommendations of the Independent Remuneration Panel for Wales.	140
Corporate Services	Policy	Equalities	Regrading of post to incorporate additional duties in relation to Integrated Impact Assessments (IIA's)	10
Corporate Services	Policy	Equalities	Additional Translator post to meet demands on service area.	41
Corporate Services	Policy	Transformation	New post to support the delivery of the Council's Decarbonisation Strategy.	76
Corporate Services	All	All	Senior Business Partner role in Corporate Services to liaise with other Directorate Management Teams to understand the challenges being faced by services, clearly articulate requirements in terms of support services; and to ensure alignment of service delivery with relevant policies and strategies.	85
Corporate Services	All	All	Senior Relationship Manager role to engage with Members and work across Directorates and organisational boundaries where required to help address issues that emerge.	85
Sub-Total: -				1,374
Education & Lifelong Learning	Education	EOTAS, Additional Support and Out-of-County Provision	Provision of 2 additional classes at Glan Y Nant (Pupil Referral Unit).	170
Education & Lifelong Learning	Education	Additional Learning Needs	Increase in capacity to support Health & Safety assessments for our most vulnerable pupils.	25
Education & Lifelong Learning	Education	Sensory Service (SENCOM)	Torfaen CBC hosts this service and has requested additional financial contributions due to increasing demand and pay award pressures.	90
Education & Lifelong Learning	Education	Psychology Service	Additional budget to address recruitment issues and capacity in the service.	56
Sub-Total: -				341
Economy & Environment	Community & Leisure	Waste	Project Gwyrdd contractual price increases.	60
Economy & Environment	Community & Leisure	Fleet	Additional staffing capacity to meet demands on service, to ensure that the Authority's fleet of some 600 vehicles is serviced and maintained in a timely fashion to support frontline service delivery, and to ensure compliance with our Operator's Licence.	120
Economy & Environment	Community & Leisure	Parks	A number of years ago weed spraying was reduced to 1 spray per annum as part of required MTFP savings at that time. However, our change to wetter/warmer weather has resulted in weed growth representing a significant concern for residents as reflected in service request, complaint and satisfaction survey data. The proposal is therefore to reintroduce an additional weed spray and provide 2 per annum.	40

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Directorate	Service Division	Service Area	Description	£000's
Economy & Environment	Community & Leisure	Leisure	The Authority has a legal duty to deliver play opportunities through a play sufficiency assessment and action plan across a broad spectrum including sport, leisure, education and early years services. A new play sufficiency assessment is currently being prepared which needs to be submitted to Welsh Government this summer and reviewed and updated every 3 years. Over £0.5m of additional funding has been secured over the last year in this regard and there are significant opportunities to deliver new and/or enhanced programmes in accordance with the strategy, as well as the potential to secure additional funding but there are currently no designated staff resources in place to achieve this. It is therefore proposed that a Play Sufficiency Officer post is established to create the level of capacity required to make a significant difference to play opportunities and delivery of the play sufficiency strategy across the county borough.	44
Economy & Environment	Infrastructure	SuDS Approving Body (SAB)/Drainage Team	The Drainage Team has taken on the new SAB legislation. Current staffing levels are insufficient to be able to deal with emergency flooding instances, climate change impacts and future planning, flood prevention scheme development and implementation plus the new SAB legislation given the ever increasing demands on this critical frontline service. There is therefore a need for additional staffing capacity in this area.	235
Economy & Environment	Infrastructure	Traffic Management	Following the implementation of the new Civil Parking Enforcement powers a review of the Traffic Order Regulation (TRO) process was agreed with Scrutiny Committee and Cabinet. To implement the proposed changes to multiple TRO's around the county borough it is estimated to take approximately 4 years with current resources. This increase in proposed staffing levels will help reduce this timeframe.	92
Economy & Environment	Infrastructure	Highways Maintenance (Gully Cleansing)	As part of previously approved savings a joint initiative was introduced with Merthyr CBC for Caerphilly CBC to provide gully cleansing for 50% of the time to ensure Merthyr had a gully cleansing function under a Service Level Agreement (SLA). Merthyr CBC subsequently decided that this 50% was not sufficient for them to respond to emergencies etc. in flooding situations and have now withdrawn from the SLA and purchased their own gully machine. This funding is required to maintain Caerphilly CBC with 3 full-time gully machines which are needed particularly during flooding situations.	65
Economy & Environment	Infrastructure	Street Lighting	Increase in energy costs.	45
Economy & Environment	Various	Various	Establishment of budget to support Remembrance Day events.	35
Economy & Environment	Director	Director	Bank Charges and Audit Fee recharges budget realignment.	58
Economy & Environment	Public Protection	Licensing	Additional post to assist with increasing workloads in relation to alcohol licensing applications, temporary event notices and major changes to taxi legislation and conditions of licensing. Currently the service is unable to progress any Licensing Policy developments and other required changes as all officers' time is committed to applications, Hearings, and day-to-day operational matters. The proposed additional post will help to address these issues.	34
Economy & Environment	Public Protection	Trading Standards	2 new Fair Trading Officer posts to assist with a significant increase in criminal activity in relation to doorstep crime/rogue traders, illicit tobacco, scrap metal dealers and illegal dog breeding linked to organised crime groups. Officers currently cannot investigate every offence reported and are having to prioritise the most serious cases.	88
Economy & Environment	Public Protection	Food Team	The demands upon this Environmental Health Team are significant with reactive responses to incidents and outbreaks regularly diverting resource away from important programmed work such as food and health & safety inspections of high risk premises. The Covid-19 response has left a large backlog of food safety and health and safety work due to the entire team being redeployed to respond to the pandemic since March 2020. The response to the pandemic is likely to continue for some time, but has also exposed the need to strengthen this team. It is proposed that 2 new Environmental Health Officer posts are established to address the range of pressures faced by the team.	109
Economy & Environment	Public Protection	Health Div. Admin	Re-introduction of Secretary/Office Manager post to remove many of the administrative burdens from Officers to release them to focus on managing core operational and technical functions.	39
Economy & Environment	Public Protection	Enforcement	Increased enforcement due to Covid-19 and enviro-crime requires 2 new Environmental Health Officer posts and a Technical post to be established. These additional posts will provide the necessary resources to deal with the increase in service requests for the General Team and will enable EHOs to devote more time to the more significant public health cases.	116

General Fund Inescapable Service Pressures and Proposed New Investments

Directorate	Service Division	Service Area	Description	£000's
Economy & Environment	Public Protection	Community Safety	Anti-Social Behaviour work has increased in recent years with regular Dispersal Orders in place across the county borough to target tasking priorities that Community Safety Wardens (CSWs) work on jointly with the Police and in support of partners. There are currently 8 CSWs (6 permanent and 2 fixed-term). It is proposed that the number of CSWs is increased to 10 FTEs by making the 2 fixed-term roles permanent and recruiting to 2 new permanent roles.	137
Economy & Environment	Public Protection	Community Safety	In response to the increasing demand for Anti-Social Behaviour work it is proposed to increase the current staffing establishment with one additional Community Safety Officer (CSO). Due to the increased workload of the team arising from additional statutory duties, there is a need for an additional CSO to cover all aspects of the Community Safety agenda, including partnership tasking, problem-solving, and the ASB 4 strike process, for example. This post would also support the Senior Community Safety Officer and the local and regional Community Safety Partnership, focus on the new serious violence duty that will soon be in place and assist with organised crime work.	48
Economy & Environment	Public Protection	Emergency Planning	In response to the increasing number of risks and threats it is proposed that a Senior Emergency Planning Officer role is established which will increase the core establishment from 2 to 3. This will provide greater resilience in terms of the Council's preparedness and response to incidents and emergencies and ensure that the organisation fulfils its responsibilities under the Civil Contingencies Act and commitment to the Local Resilience Forum.	54
Economy & Environment	Regeneration	Regeneration	The launch of the Community Renewal Fund and Levelling Up Fund has opened up bids to UK Government directly to Local Authorities across the UK and it is anticipated that this model will be replicated for the Shared Prosperity Fund when this is launched. This new model of delivery dictated by UK Government, requires local authorities to undertake functions previously conducted by WEFO, specifically that of sifting, assessing and monitoring of successful bids made by third parties to these programmes. In addition the Welsh Government Transforming Towns programme provides the opportunity for local authorities to bid for monies towards large capital projects in town centres. Several key projects are currently funded through this mechanism and the Council is seeking to benefit from this funding source in years to come. There will be a requirement for detailed project management and monitoring to fulfil conditions associated with these grant awards and there is a critical need to increase staff resource. It is therefore proposed that a new Project Officer post is established within the Business Enterprise & Renewal Team.	48
Economy & Environment	Regeneration	Regeneration	An improved understanding across the UK has emerged in terms of the key role that our town centres play at the heart of our communities and their role in sustaining and helping to stimulate the local economy. Funding schemes both at a Welsh and UK Government level are now being actively targeted at the regeneration, renewal and repurposing of town and urban centres. There is now a renewed need to increase the staff resource dedicated to town centre development and promotion and to implement the new model of town centre management being piloted with a key focus on delivering business events and enhancing stakeholder engagement in the five principal town centres in the county borough. It is therefore proposed to establish 2 new Town Centre Support Officer roles to provide the staffing capacity required.	88
Economy & Environment	Regeneration	Regeneration	The first stage of economic recovery saw the Business Enterprise & Renewal Team deliver over £5m of Welsh Government and Council emergency funding to help protect the local economy using staff from other service areas within the department whose roles were curtailed due to the pandemic. As the Council moves to the 'revive' stage of our economic recovery framework the service has an opportunity to support the Welsh Government to deliver new funding programmes aimed at supporting businesses to grow and prosper through local authority grant schemes. There are over 4,000 businesses located in the county borough with a small number that are relationship managed by Welsh Government. Furthermore, in 2020 there were 741 start-up businesses created in the county borough which creates a demand for business help and support. To respond to the additional pressure on the service area the team requires additional resource and it is therefore proposed that a new Business Support Officer role is established.	44
Sub-Total: -				1,599

General Fund Inescapable Service Pressures and Proposed New Investments

Directorate	Service Division	Service Area	Description	£000's
Social Services	Adult and Children's Services	All	It is proposed that budgetary growth of £6.166m should be set aside for the 2022/23 financial year in respect of cost pressures in Social Services. This funding is required to meet the cost of pledges in respect of the Real Living Wage, underlying increases in demand across a range of service areas, and for other legacy costs linked to the ongoing Covid-19 pandemic. The funding will be held corporately in the first instance and released to Social Services budgets in-year once specific funding requirements have been evidenced.	6,166
Sub-Total: -				6,166
Miscellaneous Finance	Miscellaneous Finance	Other	Reduction in employer NI rebates for the Tusker Green Auto Salary Sacrifice (GASS) Scheme.	16
Miscellaneous Finance	Miscellaneous Finance	Levies Upon the Council	8.9% increase in the budget for contributions to the Glamorgan Archives Service.	4
Miscellaneous Finance	Miscellaneous Finance	Levies Upon the Council	7.7% increase in the budget for contributions to the Gwent Archives Service.	5
Miscellaneous Finance	Miscellaneous Finance	Levies Upon the Council	12.8% increase in the budget for contributions to the Gwent Coroner Service. This uplift includes provision for a new full-time area coroner to deal with an increase in the volume of cases and the need to address a significant backlog in inquest hearings.	25
Miscellaneous Finance	Miscellaneous Finance	Private Finance Initiative (PFI)	Adjustment required to reflect the net reduction in the Provisional Financial Settlement of £202k in relation to the tapering of WG funding for PFI Schemes.	(202)
Miscellaneous Finance	Miscellaneous Finance	City Deal	The City Deal includes a borrowing requirement for the ten partner Local Authorities and an additional revenue budget of £62k is required for 2022/23 to meet the current anticipated cost for Caerphilly CBC's share of potential borrowing that may be undertaken during the year.	62
Miscellaneous Finance	Miscellaneous Finance	City Deal	There is a small increase of £7k required for 2022/23 in respect of the revenue contribution for the City Deal Partnership.	7
Sub-Total: -				(82)
TOTAL: -				9,397

Updated Medium-Term Financial Plan

Description	2022/23 £000s	2023/24 £000s	2024/25 £000s
Increase in Aggregate External Finance (8.58%, 3.16%, 2.17%)	25,086	10,032	7,106
Increase in Council Tax (2.5%, 2.5%, 2.5%)	2,210	2,273	2,340
2022/23 Savings Proposals	356	-	-
Total Funding to Support Budget	27,651	12,304	9,446
Schools Cost Pressures			
Teachers Pay Award (3% in September 2022 then 2% per annum)	2,389	2,058	1,742
APT&C Pay Award (3% in April 2022 then 2% per annum)	441	287	296
Teachers - NI Increase (1.25% from April 2022)	1,058	0	0
APT&C - NI Increase (1.25% from April 2022)	176	0	0
APT&C - Increase in Employer Pension Contributions (1% per annum)	141	146	151
Living Wage	50	50	50
Non Pay Inflation (4%, 2.5%, 2%)	909	591	485
Schools Service Pressures	612	827	753
Total Schools Cost Pressures	5,775	3,960	3,476
General Fund Services Inflationary Cost Pressures and Transfers In			
APT&C Pay Award (3% in April 2022 then 2% per annum)	4,352	2,697	2,751
APT&C NI Increase (1.25% from April 2022)	1,273	0	0
APT&C - Increase in Employer Pension Contributions (1% per annum)	1,017	1,027	1,037
Living Wage	218	218	218
Non-Pay Inflation (4%, 2.5%, 2%)	5,936	4,531	3,962
Non-Pay Inflation (Fees and Charges) - (4%, 2.5%, 2%)	(614)	(399)	(327)
Transfer into the Settlement (Social Care Workforce and Sustainability Grant)	297	0	0
Total General Fund Services Inflationary Cost Pressures and Transfers In	12,479	8,074	7,641
General Fund Inescapable Service Pressures/Proposed New Investments			
Council Tax Reduction Scheme (CTRS) Additional Liability	0	401	411
Corporate Services	1,374	575	72
Education & Lifelong Learning	341	105	21
Economy & Environment	1,599	1,539	90
Social Services	6,166	3,135	1,566
Miscellaneous Finance	51	0	0
Other Passported Grants (PFI)	(202)	(202)	(202)
City Deal (Partnership Revenue Contribution)	7	7	8
City Deal (Debt Charges)	62	389	436
Total Inescapable Service Pressures/Proposed New Investments	9,397	5,950	2,402
Annual Shortfall	0	5,680	4,073
Cumulative Shortfall	0	5,680	9,753

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