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For all enquiries relating to this agenda please contact Madia Afzal
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Date: 16th February 2022

Dear Sir/Madam,

A digital meeting of the **Cabinet** will be held via Microsoft Teams on **Wednesday, 23rd February, 2022** 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 'Christina Harrhy'.

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 gwyrdach



To approve and sign the following minutes: -

3 Cabinet held on 9th February 2022. 1 - 6

To note the Cabinet Forward Work Programme.

4 Cabinet Forward Work Programme. 7 - 10

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

5 Residential Development Proposal - Former Oakdale Comprehensive School. 11 - 20

6 Proposed Re-Development Of The Ty Darran Care Home, Risca. 21 - 28

7 Welsh Government Lease Scheme Proposal. 29 - 38

8 Welsh Government Retail, Leisure & Hospitality Rate Relief Scheme 2022/2023. 39 - 52

9 Whole-Authority Revenue Budget Monitoring Report (Period 9). 53 - 66

10 Budget Proposals for 2022/23 and Medium-Term Financial Outlook. 67 - 86

Circulation:

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

And Appropriate Officers

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Agenda Item 3



CABINET

MINUTES OF THE REMOTE MEETING HELD VIA MICROSOFT TEAMS ON WEDNESDAY, 9TH FEBRUARY 2022 AT 10:30A.M.

PRESENT:

Councillor P. Marsden (Leader) - Chair

Councillors:

S. Cook (Social Care and Housing), N. George (Waste, Public Protection and Street Scene), C. Gordon (Corporate Services), J. Pritchard (Infrastructure and Property), Mrs E. Stenner (Performance, Economy and Enterprise), R. Whiting (Learning and Leisure) and A. Whitcombe (Sustainability, Planning and Fleet).

Together with:

C. Harrhy (Chief Executive), D. Street (Corporate Director, Social Services and Housing), R. Edmunds (Corporate Director Education and Corporate Services), M.S. Williams (Corporate Director – Economy and Environment), and S. Harris (Head of Financial Services & S151 Officer).

Also in Attendance:

R. Tranter (Head of Legal Services and Monitoring Officer), L. Allen (Principal Group Accountant, Housing), N. T. Williams (Head of Housing) M. Lloyd (Head of Infrastructure), S. Isaacs (Rents Manger), D. Smith (Principal Engineer, Traffic Management), M. Harris (Committee Support Officer/Chauffer) and M. Afzal (Committee Services Officer).

RECORDING AND VOTING ARRANGEMENTS

The Leader reminded those present that the meeting was being filmed but would not be live streamed, however a recording would be available following the meeting via the Council's website – [Click Here To View](#). She advised that decisions would be made by Microsoft Forms.

1. APOLOGIES FOR ABSENCE.

There were no apologies for absence received.

2. DECLARATIONS OF INTEREST.

Cllr J. Pritchard declared a personal and prejudicial interest in relation to Agenda Item No. 5 - Housing Revenue Account Charges - 2022/2023 in that his grandparents are Council tenants and as such he would leave the meeting when the matter was considered and take no part in the debate and vote.

Cllr E. Stenner declared a personal and prejudicial interest in relation to Agenda Item No. 5 - Housing Revenue Account Charges - 2022/2023 in that her

brother-in-law has a garage tenancy with the authority and as such she would leave the meeting when the matter was considered and take no part in the debate and vote.

Cllr. N. George declared a personal and prejudicial interest in relation to Agenda Item No. 5 - Housing Revenue Account Charges - 2022/2023 in that he has a garage tenancy with the authority and as such he would leave the meeting when the matter was considered and take no part in the debate and vote.

Cllr S. Cook declared a personal and prejudicial interest in relation to Agenda Item No. 5 - Housing Revenue Account Charges - 2022/2023 in that his cousin is a Council tenant and as such he would leave the meeting when the matter was considered and take no part in the debate and vote.

3. CABINET – 26th JANUARY 2022.

RESOLVED that the minutes of the meeting held on 26th January 2022 were approved as a correct record.

4. CABINET FORWARD WORK PROGRAMME – TO NOTE.

Cabinet was provided with the Cabinet Forward Work Programme, which detailed the scheduled reports until the 6th of April 2022. Members were reminded that the Cabinet Forward Work Programme is a working document and therefore subject to change.

Following consideration and discussion, it was moved and seconded that the Forward Work Programme be noted. By a show of hands this was unanimously agreed.

RESOLVED that the Cabinet Forward Work Programme be noted.

5. HOUSING REVENUE ACCOUNT CHARGES – 2022/2023.

Councillors S. Cook, N. George, J. Pritchard and E. Stenner having declared personal and prejudicial interests left the meeting and took no part in the debate or vote.

Consideration was given to the report which proposed a rent increase for Council properties, including garages. The increase, if approved will take effect from the 2022/2023 financial year. Cabinet was advised that the Housing Revenue Account budget is separate to the work involved in setting the General Fund Budget and Council Tax as it is funded by rental income received from county tenants, rather than the Council Taxpayer. However, it should be noted that most of the proportion of council tenants rent is funded from financial support in the form of Housing Benefit or Universal Credit and therefore value for money must always be sought.

It was noted that the report was considered by the Housing and Regeneration Scrutiny Committee on 1st February 2022. Members of the Scrutiny Committee recommended that Cabinet approve the recommendations set out in 3.2 (iii), 3.2 (vi) 3.2 (vii), of the report. Cabinet Members welcomed the recommendations especially the review around affordability. Members felt strongly about this recommendation given the cost of living and energy crisis.

Following consideration and discussion, it was moved and seconded that the recommendation in the report be approved. By way of electronic voting this was unanimously agreed.

RESOLVED that for the reasons contained in the Officer's report: -

1. A 2% increase in Housing Revenue Account Charges 2022/2023 be approved – (£93.62/52 week - additional £1.84/wk) which is additional income of £1m, allowing for a small margin to reflect the unprecedented increase in material costs.
2. The level or rent for garages from April 2022 be increased by 2% to £8.39 per week.
3. A review of the current rent policy to reflect affordability be approved.

6. FINAL REPORT FROM THE TASK AND FINISH GROUP ON NON-RESIDENTIAL CARE CHARGES.

This item stood deferred to a future meeting of Cabinet, date to be agreed.

7. REVIEW OF EXPERIMENTAL PEDESTRIAN AND CYCLE ZONES OUTSIDE SCHOOLS (SCHOOL STREETS).

Consideration was given to the report which provided an update on the effectiveness and outcomes of the experimental pedestrian and cycle zone traffic regulation orders implemented outside three primary schools. The report was presented to the Environment and Sustainability Scrutiny Committee on 8th February 2022. Members of the Scrutiny Committee were asked to consider the report. Although some concerns around enforcement were raised, it was confirmed that Members of the Environment and Sustainability Scrutiny Committee were in support of the recommendations within the report.

In terms of the concerns that were expressed, the Cabinet Member informed Members that he welcomed further discussions with Local Members to address the enforcement issues and promote the important concept of safe access to schools.

The Cabinet Member advised Cabinet of the consultation exercise which took place in June 2020. The Member explained that the exercise sought the views of Local Members at this time and that the outcome of the consultation was positive as no objections were received. Statutory Partners were then consulted, and no objections were received. The Cabinet Member for Infrastructure and Property confirmed that comments summarising the views of an open online questionnaire were sent to him and Local Ward Members, and two comments from Local Members in response to the summary were outlined in the report. As with the previous consultations, Members did not ask for any of the proposals to be withdrawn. The Cabinet Member emphasised the need for safe access to school and that these proposals would also help with the reduction in carbon emissions across the borough.

Concerns in relation to enforcement were raised by some Cabinet Members. It was stated that enforcement by the police was required for the traffic regulation orders to be effective. Members placed on record their appreciation for Gwent Police. The police were praised for their fantastic work and for their involvement in every aspect of the community, despite being under resourced. Members called for more resourcing from central government in London and referenced how this was a prime example of how decisions on resourcing on a national level impact at a local level and representations should continue to be made to central government for increased resources for the police. The Deputy Leader placed on record his thanks to the Gwent Police and outlined his own very good working relationship with them, working collaboratively to carry out a number of projects across the County Borough.

The Officer explained that although the Council did not have powers for moving traffic offences there is an opportunity to do further research into enforcement powers, and they were looking to collaborate with the police as to how carry out enforcement activities in the future, including possible transfer of powers further down the line. The Officer proposed that digital and electronic

ways of carrying out enforcement could be utilised to do this in the near future. This approach was welcomed by Cabinet Members.

The importance in engaging with our residents in terms of patterns of behaviours regarding transport journeys was discussed and it was agreed that this would be a vital component in combating climate change.

Following consideration and discussion, it was moved and seconded that the recommendation in the report be approved. By way of electronic voting this was unanimously agreed.

RESOLVED that for the reasons contained in the Officer's report: -

1. The views of the Scrutiny Committee be noted.
2. The experimental traffic regulation orders (pedestrian and cycle zones, and one-way traffic) be made permanent.
3. No new/additional pedestrian and cycle zones be considered for other school sites within the borough as part of a future programme of works at this point in time.

8. B4251 YNYSDDU TO WYLLIE HIGHWAY IMPROVEMENT.

Consideration was given to the report which summarised the position in relation to road safety measures already implemented along with B4251 between Wyllie and Ynysddu and set out options for further safety works for Cabinet consideration in light of the substantial removal of tree cover adjacent to the road.

The Cabinet Member for Infrastructure and Property provided a summary of the report. He touched upon the safety improvement study that was commissioned by AMEY Consultants in March 2020 and talked Members through the outcome of the study.

The Cabinet Member highlighted the speed restrictions and advised that since 2014 there had been nine recorded accidents within the area of the study and the data showed that the accidents had taken place throughout the length of the study area. It was stated that although the majority of the accidents had occurred on the straight sections, it should be noted that these sections were relatively short, and that drivers would be encountering bends in rapid succession.

Cabinet Members were pleased to see the recommendations of the report that set out to improve the safety of the B4251 particularly given the accidents that have occurred on this route and thanked Officers for compiling the report.

Following consideration and discussion, it was moved and seconded that the recommendation in the report be approved. By way of electronic voting this was unanimously agreed.

RESOLVED that for the reasons contained in the Officer's report: -

1. The installation of a concrete post and chain-link fence along the B4251 Highway be supported.
2. Funding from the Corporate Projects capital budget be approved and allocated to enable the design and construction of the B4251 Highway Safety Improvement scheme to progress at an estimated cost of £350k.
3. Funding from the Corporate Projects capital budget be approved for the advance design fees already incurred in undertaking this study of £50k.

The meeting closed at 10:59A.M.

Approved and signed as a correct record subject to any corrections made at the meeting held on 23rd February 2022.

CHAIR

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Cabinet Forward Work Programme as at 16th February 2022

23/02/2022 10:30	Oakdale Housing Development	For Cabinet to agree in principle the development of the site of the former Oakdale Comprehensive School by Caerphilly Homes.	Roberts-Waite, Jane;	Cllr. Cook, Shayne;
23/02/2022 10:30	Ty Darren site in Risca	For Cabinet to consider and agree in principle the proposed development of the former Ty Darren site in Risca, by Caerphilly Homes.	Roberts-Waite, Jane;	Cllr. Cook, Shayne;
23/02/2022 10:30	Welsh Government Lease Scheme Proposal	To discuss the WG lease scheme proposal in comparison to Caerphilly Keys and to seek a decision on which scheme we take forward for PRS option to assist in the discharge of statutory Homeless Duties.	Denman, Kerry;	Cllr. Cook, Shayne;
23/02/2022 10:30	Welsh Government Retail, Leisure & Hospitality Rate Relief Scheme 2022/2023.	For Cabinet to endorse the Retail, Leisure & Hospitality Rate Relief Scheme for 2022/2023 only.	Carpenter, John;	Cllr. Stenner, Eluned;
23/02/2022 10:30	Whole-Authority Revenue Budget Monitoring Report (Period 9) March	To provide details of projected whole-authority revenue budget expenditure for the 2021/22 financial year and to propose the ring-fencing of underspends for a range of purposes as detailed in the report.	Harris, Stephen R;	Cllr. Stenner, Eluned;
23/02/2022 10:30	Budget Proposals for 2022/23	To present Cabinet with details of draft budget proposals for the 2022/23 financial year to allow for a period of consultation prior to final decision by Council on the 24th February 2022.	Harris, Stephen R;	Cllr. Stenner, Eluned;

Cabinet Forward Work Programme as at 16th February 2022

09/03/2022 10:30	Community Learning and Support Hub at Rhymney Library	To seek Cabinet approval for 'in principle' match funding for an application to the Welsh Government to support the creation of a community learning and support hub at Rhymney Town Library and to note the intention for the Library Service to work with Gwent Police to strengthen community engagement through the use of informal settings at Rhymney Library, Risca Library and Caerphilly Library.	Edmunds, Richard (Ed);	Cllr. Whiting, Ross;
09/03/2022 10:30	Corporate Performance Assessments (CPA's/DPA's))	To provide Cabinet with information and detailed analysis of performance for the period 01/04/21 to 31/12/21 and forms part of the Council's self-assessment activity.	Richards, Sue; Roberts, Ros;	Cllr. Stenner, Eluned;
09/03/2022 10:30	Annual Report Against the Strategic Equality Plan 2020-2021	For Cabinet to consider and approve the Strategic Equality Plan Annual Report 2020-2021 prior to publication on the Council's website.	Cullinane, Anwen;	Cllr. Stenner, Eluned;
09/03/2022 10:30	Welsh Language Strategy 2022-2027	For Cabinet to consider and approve the draft Five Year Promotional Strategy prior to the publication on the Council's website.	Cullinane, Anwen;	Cllr. Stenner, Eluned;
09/03/2022 10:30	Regeneration Project Board - Project Proposals	To consider recommendations from the Regeneration Project Board in respect of the allocation of Development Funds to Strategic Regeneration Proposals that align with the Council's Regeneration Strategy; and the allocation of Licence to Innovate Funding to proposals that align with the Council's Commercial and Investment Strategy.	Kyte, Rhian;	Cllr. Stenner, Eluned;

Cabinet Forward Work Programme as at 16th February 2022

09/03/2022 10:30	Regeneration Project Board – Land Acquisition Fund (Exempt item)	To consider a request for match-funding from Caerphilly CBC to attract Transforming Towns Funding for strategic acquisitions in Caerphilly town centre to facilitate the delivery of the Caerphilly 2035 Plan.	Kyte, Rhian;	Cllr. Stenner, Eluned;
23/03/2022 10:30	Gender Pay Gap	For CMT and Cabinet to agree the Gender Pay Gap report which must to be published by 31st March 2022.	Donovan, Lynne;	Cllr. Gordon, Colin J;
23/03/2022 10:30	EAS Business Plan	The EAS is required to submit an annual overarching regional Business Plan on an annual basis. This report asks for members to consider the full contents of the draft EAS Business Plan as part of the regional consultation process	Cole, Keri;	Cllr. Whiting, Ross;
23/03/2022 10:30	HRA Business Plan	To update Cabinet on the latest Housing Business Plan position in advance of submitting the plan to Welsh Government by 31/3/22, which is a requirement under the terms of the Major Repairs Allowance (MRA) grant. The Housing Business Plan is a 30 year plan and will include rental increase assumptions and forecasted borrowing requirements to enable the HRA to maintain viability while meeting its core objectives.	Allen, Lesley;	Cllr. Cook, Shayne;
23/03/2022 10:30	Coal Tips Inspection and Maintenance Update.	To provide an update on the current coal tip condition status and inspection regimes that are in place for coal tips located within Caerphilly County Borough.	Lloyd, Marcus;	Cllr. Pritchard, James;
23/03/2022 10:30	PFI Review	To provide Cabinet with an update on the PFI review.	Harris, Stephen R;	Cllr. Stenner, Eluned;

Cabinet Forward Work Programme as at 16th February 2022

23/03/2022 10:30	Housing Support Strategy	The Housing Support Programme Strategy is being developed to outline the strategic direction of the local authority for housing related support services. This single strategic view demonstrates our plan and approach to homelessness prevention and housing support services.	Williams, Jo;	Cllr. Cook, Shayne;
06/04/2022 10:30	21st Century Schools – Band B - Phase 2: Objection Report	For Cabinet to consider the contents of 21st Century Schools objection report and give permission to proceed to the planning application stage, and the submission of the full business case to Welsh Government.	West, Andrea; Richards, Sue;	Cllr. Whiting, Ross;
06/04/2022 10:30	Corporate Complaints - 6 month update	For Cabinet to review the complaints dealt with under the Corporate Complaints policy for the period 1st April 2021 to 30th September 2021 together with outcomes and lessons learned.	Lane, Lisa;	Cllr. Stenner, Eluned;



CABINET – 23RD FEBRUARY 2022

SUBJECT: RESIDENTIAL DEVELOPMENT PROPOSAL – FORMER OAKDALE COMPREHENSIVE SCHOOL

REPORT BY: CORPORATE DIRECTOR OF SOCIAL SERVICES & HOUSING

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to outline the proposed Caerphilly Homes development opportunity at the former Oakdale Comprehensive School site and seek approval in principle to develop the site for Caerphilly Homes' first, flagship, mixed tenure residential development (subject to receipt of a detailed cost plan (to be presented via a separate report in Autumn 2022).
- 1.2 Subject to confirmation from the District Valuer approval is sought to appropriate the site from the General Fund into the HRA by the end of the financial year 21/22 in order that Social Housing Grant can be drawn down from Welsh Government to part fund the acquisition. The valuation from the District Valuer is not expected until early February 2022.
- 1.3 The report is seeking final, in-principle approval from Cabinet to progress the development of the former Oakdale Comprehensive School site.

2. SUMMARY

- 2.1 The site of the former Oakdale Comprehensive School was vacated in 2016 and cleared as a result of demolition in 2019.
- 2.2 In 2019, following the creation of a dedicated Strategy and Development team, Caerphilly Homes began the process of exploring the potential viability of the site for residential development. Willmott Dixon were procured as development partner and carried out an initial feasibility study.
- 2.3 On the 9th September 2020, Cabinet made a decision to sign a Pre-Construction Services Agreement (PCSA) with Willmott Dixon to move to the next phase of development, in order to undertake detailed site investigation work and a detailed development appraisal. With over 100 development appraisals undertaken, this work is now almost concluded, and a report will follow in Autumn 2022 which will include a detailed cost plan and a detailed development proposal.

- 2.4 The site is particularly challenging, not least because of the significant difference in levels on the site and the number of constraints including the need to retain trees and provide ecological enhancements.
- 2.5 The site currently falls within the General Fund and will need to be appropriated to the HRA prior to development by Caerphilly Homes. As a result, a valuation has been requested from the District Valuer and is expected mid-February 2022.
- 2.6 The site is included in the Programme Development Plan (PDP) to obtain SHG acquisition funding to part finance the appropriation from the General Fund to the HRA for this financial year. However, in order to draw down Social Housing Grant (SHG) acquisition funding by the end of the financial year, the valuation has to have been undertaken, approved by Cabinet and outline planning permission obtained.
- The valuation is expected early February 2022.
 - The report is scheduled to be discussed by Cabinet on the 23rd February and Planning Committee on the 23rd March 2022.
- 2.7 The timescales are tight, and it is vital that Caerphilly Homes meet these timeframes in order to achieve outline planning permission with the in-principle support of Cabinet.
- 2.8 There is no doubt that this site represents an exciting opportunity for Caerphilly Homes' first, flagship, mixed tenure, development. However, there are a number of challenges that must be overcome in order to maximise the development opportunities.
- 2.9 The relocation of the existing MUGA is one consideration that has yet to be determined however, the valuation request to the District Valuer includes this area of the site so that alternative options can be fully reviewed and developed.

3. RECOMMENDATIONS

- 3.1 Members consider the content of the report and support, in-principle, the development of the former Oakdale Comprehensive School site by Caerphilly Homes. Support is subject to, the receipt and presentation of a detailed cost plan which will be available in Autumn 2022.
- 3.2 Members support the principle of appropriating the site from the General Fund to the HRA at a cost to be determined by the District Valuer.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To deliver the Council's ambition of building 400 new affordable, zero carbon homes by 2025. This site contributes a considerable proportion of this target
- 4.2 To meet an ever-increasing need for affordable homes in Caerphilly County Borough, as identified through the Local Housing Market Assessment process, whilst also supporting the foundational and circular economies, creating great places, mitigating the impact of climate change, addressing fuel poverty and creating a new housing led economic catalyst.
- 4.3 To contribute towards the Welsh Government target of delivering 20,000 affordable low carbon homes by 2026.

4.4 To mitigate the impact of climate change and meet the Council's commitments contained in its Decarbonisation Strategy – Reduce, Produce, Offset, Buy (2020).

5. THE REPORT

Background

5.1 On 9th September 2020, Cabinet approved the signing of a Pre-Construction Services Agreement (PCSA) with Willmott Dixon to undertake the feasibility work necessary to understand the development potential of the former Oakdale Comprehensive School site.

5.2 In order to undertake feasibility work, Willmott Dixon sought to determine the Council's 'Needs, Musts and Wants' in relation to the site. This has resulted in the undertaking of over 100 different development appraisals containing different variables and tenure mix.

5.3 In early discussions the following 'Needs, Musts and Wants' were identified as a requirement:

- The site should seek to accommodate a minimum of 100 homes.
- At least 50% of the homes must be affordable (to comply with Welsh Government policy). The definition of 'affordable' in this context refers to both social rent and Low Cost Home Ownership housing.
- The site should include market sale homes (% to be determined according to viability).
- Homes should be future ready / net zero carbon (recognising the climate emergency and to comply with the Authority's ambition to deliver a zero carbon borough by 2030 and a Welsh Government ambition by 2050).
- Employ the use of Modern Methods of Construction (MMC) which reduce the requirement for wet trades, are precision manufactured in a factory environment and are quicker to assemble on site (policy requirement).
- Homes should meet the Welsh Government's Beautiful Homes and Space Standards as a minimum (policy requirement).
- The SuDS solution should be value engineered to ensure lower maintenance costs.
- Support the foundational and circular economies through the development of a local supply chain (Caerphilly post Covid-19 recovery and support local economic growth) and the creation of new employment and training opportunities for local people engaged in Welsh Government funded employment support programmes delivered by the Council.

5.4 Willmott Dixon were asked to examine the viability of the site utilising a mix of different tenures ranging from 10% affordable up to 70% and also to run a series of appraisals to examine the cost that would result from meeting various energy efficiency targets including net zero carbon and EPC A.

5.5 Due to the desire not to have to retrofit properties in the future and the Council's commitment to delivering a zero carbon borough by 2030, it was deemed appropriate to seek to deliver affordable homes with the highest standard of energy efficiency

possible. As a result, all affordable homes built on the site will be delivered to net zero carbon standards).

- 5.6 The development appraisals undertaken by Willmott Dixon on behalf of Caerphilly all factor in the higher costs of the materials associated with delivering a net zero carbon scheme.
- 5.7 In relation to the market sale properties on the site, Willmott Dixon have undertaken research which suggests that private purchasers of market sale homes are not yet prepared to pay a premium for energy efficient homes. Green mortgages are new to the market and currently there is a limited take up. As a result, it is proposed that market sale homes on the site will be constructed to EPC A standard and prospective buyers will be able to purchase 'green' add-ons which will increase the energy efficiency of their home and potentially lower fuel costs if they wish. This area of work is subject to further research and may change in the future.
- 5.8 Caerphilly Homes intends to develop new homes for market sale to help create balanced and sustainable developments and to help to cross subsidise the delivery of affordable homes. The HRA cannot subsidise the delivery of homes for market sale, hence, Caerphilly Homes has to ensure that where new homes are developed for market sale they are attractive to prospective purchasers.
- 5.9 All appraisals undertaken have been based upon the use of a steel framed MMC (modern methods of construction) solution which has been manufactured in Caerphilly by Caledan Ltd. This method of construction was pioneered on the Caerphilly Homes Innovative Housing Programme funded demonstrator developments at Treceenydd and Trethomas.
- 5.10 The use of the steel framed MMC solution developed in collaboration with Willmott Dixon, Caledan and Caerphilly Homes is the preferred construction solution on this site and has been adopted by Willmott Dixon as part of their corporate construction solutions arm, 'Collida'.
- 5.11 Caerphilly Homes intend to enter into discussions with the Procurement Team and the SCAPE framework manager to ensure the development and continuation of the scheme through the SCAPE construction framework.

The Site – Challenges and Opportunities

- 5.12 The topography of the site presents a number of significant challenges largely resulting from the 26m drop from the top of the site to the bottom, the levels and natural plateau's within the site which directly influence the capacity, layout and eventual SAB solution. The levels on the site have also been identified as a particular challenge by the Welsh Government Technical Scrutiny team who are having significant input into the evolving design and layout of the scheme.
- 5.13 The site boundary currently includes the MUGA area which borders the road frontage to the site. It is proposed to relocate the MUGA to an alternative location in Oakdale thereby enabling the provision of between 8 to 12 affordable homes. It also improves the frontage of the site, street scene and place making aspects on Oakdale Terrace along the junction with Penmaen Estate. The preferred location for the new MUGA is

still to be determined. It will also help increase the marketability of the development to prospective owner occupiers.

- 5.14 There is no doubt that given the views across the valley from this site and the retention of the majority of category A and B trees on the site, that this is a prime development site for a flagship Caerphilly Homes development. The design and place making principles adopted on the former Oakdale Comprehensive School site will influence the design standards that Caerphilly Homes, as a developer, will adopt in the future across all its development sites.
- 5.15 Caerphilly Homes have been working closely with colleagues in Planning and Regeneration to ensure that 'place making' lies at the heart of the development and a 'Team Caerphilly' approach has been adopted since the inception of the project.

Pre-Construction Activities

- 5.16 Whilst the Pre-Construction Services Contract (PCSA) was signed in September 2020, the intrusive site investigation and ecological survey works did not commence until March 2021. Between September 2020 and March 2021 a desktop exercise was undertaken to examine the existing documentation and survey information that was available for the site and to run a series of viability scenarios. In essence, this was an academic exercise as until the detailed site investigation work was undertaken it was impossible to determine the number of units that may be accommodated on the site, the Sustainable drainage systems (SuDS) solution required and a potential layout.
- 5.17 Detailed site investigation and extensive ecology survey work took place throughout Summer 2021 and as a result, throughout the Autumn of 2021 work concentrated on evolving the design and layout of the site together with exploring engineering and access options together with an emerging SuDS solution with the aim of submitting an outline planning application (with all matters reserved) in December 2021.
- 5.18 An outline planning application with all matters reserved was submitted on 7th December 2021. It is anticipated that the outcome of the application will be determined by Planning Committee on the 23rd March 2022.
- 5.19 Securing outline planning permission (with all matters reserved) will enable Caerphilly Homes to draw down Social Housing Grant (SHG) funding to part finance the acquisition and appropriation of the site from the General Fund to the HRA by the 31 March 2022 which is the deadline for the draw-down of Social Housing Grant.
- 5.20 In order to determine the amount of grant to be applied for it is necessary to obtain a re-valuation of the land. A valuation was requested by Property Services and provided by the District Valuer on 23rd June 2020 however, the valuation undertaken at that time did not take into account: the extent of the abnormalities on the site, the commuted sums resulting from a SAB approved scheme or the proportion of affordable housing. The original valuation requested by Property Services assumes a clean site and a policy compliant level of affordable housing as a minimum. The initial valuation of the site was £1,785,000.
- 5.21 The revised valuation of the site, will now take into consideration the known abnormalities and constraints together with the planned provision of 50% affordable housing. The revised valuation is awaited from the District Valuer and is expected mid-February 2022.
- 5.22 A decision by Cabinet to appropriate the site from the General Fund to the HRA is

required as soon as possible in order to draw down Social Housing Grant for the acquisition of the site.

- 5.23 Running in parallel to the planning application and the valuation is the Welsh Government Technical Scrutiny process. This process is mandatory (where LA's and housing associations are seeking access to SHG) and requires Caerphilly Homes to involve the WG Technical Scrutiny team in the inception and evolving design of any SHG funded scheme. The WG Technical Scrutiny Team comprise a number of experienced Architects who are responsible for ensuring the quality of SHG funded developments through advising on aspects of the Design Commission for Wales Place Making Charter, Welsh Government's Beautiful Homes and Spaces (July 2020) and Building Better Places (July 2020) guidance.
- 5.24 Caerphilly Homes have engaged the Technical Scrutiny team in the evolving design and development of the former Oakdale Comprehensive School and are currently in the process of receiving feedback.

Conclusion

- 5.25 There are a number of critical timeline issues directly impacting upon Caerphilly Homes' ability to move this site forward and to draw down SHG in line with Welsh Government guidelines.
- 5.26 The SHG is for acquisition funding and has to be drawn down by 31 March 2022. It will part fund the appropriation of the site from the General Fund to the HRA.
- 5.27 To meet the 31 March 2022 deadline, Caerphilly Homes require receipt of the valuation undertaken by the District Valuer (expected early February 2022) and a Cabinet approval to appropriate the site prior to 31 March 2022.
- 5.28 Cabinet has been scheduled for the 23rd February 2022. Hence, the timelines for receipt of the valuation and the Cabinet decision, followed by a decision from the Local Planning Authority are extremely tight.
- 5.29 It is important to note that the application for outline planning permission with all matters reserved means that the design, tenure, access and place making aspects of the scheme are all 'reserved' for later determination and have yet to be finalised. There is still flexibility to discuss all options relating to the scheme before the proposals are finalised and the reserved matters are submitted in Autumn 2022.
- 5.30 Pending approval, Caerphilly Homes intend to work closely with colleagues in Procurement and the SCAPE Framework Manager to maintain the momentum of the project and facilitate the move from pre-construction into the construction phase of the SCAPE process.
- 5.31 It is imperative that the 'Team Caerphilly' approach to Caerphilly Homes' developments is maintained. The continued involvement of the SAB, Highways, Ecology, Planning and Place making teams is critical to the success of this flagship development.

6. ASSUMPTIONS

- 6.1 There are a number of assumptions that are pertinent to the report:
- 1) That outline planning permission will be secured.
 - 2) The valuation from the District Valuer will be received mid-February.

3) The deadline for SHG drawn down will be met.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 To be completed when the detailed report is brought forward with the cost plan in Autumn 2022.

8. FINANCIAL IMPLICATIONS

8.1 The redevelopment of the former Oakdale Comprehensive School site is included within the HRA business plan and also the Planned Development Programme (prepared on behalf of Welsh Government), which identifies SHG allocations for both the Council and HA's. The appropriation of the site from the General Fund to the HRA is identified for 21/22 in the PDP as acquisition funding.

8.2 SHG funding is also indicatively identified in the PDP for the construction phase but is subject to change pending determination of a construction method and a detailed cost plan.

9. PERSONNEL IMPLICATIONS

9.1 There are no personnel implications resulting from the development of the former Oakdale Comprehensive School site.

10. CONSULTATIONS

10.1 Comments received from Consultee's are reflected in the report.

10.2 Ward member comments are reflected in Appendix 1.

10.3 Information and comments received from the members of the Housing and Regeneration Scrutiny Committee will be provided verbally at the Cabinet meeting on the 23rd February 2022.

11. STATUTORY POWER

11.1 Local Government Act 1972, Housing Wales Act 2014

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Mark Noakes, Development Manager
Mark Jennings, Principal Housing Strategy Officer
Lesley Allen, Principal Group Accountant (Housing)

Appendices:

Appendix 1 – Ward Member Comments

Appendix 1 – Ward Member Comments

Both Penmaen ward members have been involved in the dialogue regarding the potential development of the former Oakdale Comprehensive School since early 2021.

Ward members are supportive of the development in principle however, concerns have been raised, with regard to the need to ensure the relocation of the MUGA to an appropriate location within the Oakdale community.

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CABINET – 23RD FEBRUARY 2022

SUBJECT: PROPOSED RE-DEVELOPMENT OF THE FORMER TY DARRAN CARE HOME, RISCA

REPORT BY: CORPORATE DIRECTOR OF SOCIAL SERVICES AND HOUSING

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to outline the proposed Caerphilly Homes development opportunity at the former Ty Darran care home site and seek approval in principle to develop the site as an innovative later living scheme for people.
- 1.2 Subject to confirmation from the District Valuer approval is sought to appropriate the site from the General Fund into the HRA prior to the end of the financial year 21/22 so that Social Housing Grant can be drawn down from Welsh Government to part fund the acquisition. The valuation from the District Valuer is not expected until mid-February.
- 1.3 The report is seeking final, in principle approval from Cabinet.

2. SUMMARY

- 2.1 The Ty Darran residential care home in Risca, closed in 2010 and the re-development of the site has been delayed pending improvements to adjacent river flood defences which have now been completed. The traditionally constructed building remains in place and the building envelope is in reasonable condition however, internally the condition of the building is poor.
- 2.2 In early 2020, the Council began discussions with the Aneurin Bevan University Health Board (ABUHB) about the possible redevelopment of the site in conjunction with a site adjacent to Ty Darran currently occupied by Risca Health Centre; with the intention of creating a combined residential / health hub.
- 2.3 To assist with these discussions, Caerphilly Homes appointed Pentan Architectural Consultants, based in Cardiff via a Welsh Procurement Alliance (WPA) framework to help develop a new and exciting residential, later living offer for the Ty Darran site.
- 2.4 Pentan Architectural Consultancy have been a critical partner in helping to facilitate discussions with the ABUHB and also in working collaboratively to influence the evolution of the scheme design.

- 2.5 Unfortunately, discussions came to a close with the ABUHB when it became apparent that the timelines that the ABUHB and Caerphilly Homes were working to were not aligned. As a result, Caerphilly Homes moved forward in spring 2021 to examine the viability of the Ty Darran site and its development potential without the involvement of the ABUHB.
- 2.6 Caerphilly Homes are planning to decommission Waunfawr House (Crosskeys), St Mary's Court (Risca) and Castle Court (Crosskeys). As a result, 47 tenant households from these schemes are currently waiting to move into the new 'later living' accommodation scheduled to be built at Ty Darran.
- 2.7 The Ty Darran site currently falls within the Council's General Fund hence, Caerphilly Homes will need to purchase the site at the value determined by the District Valuer and appropriate it into the HRA. A valuation has been sought and is expected to be received mid-February.
- 2.8 The valuation of the site is critical to ensuring the draw-down of SHG (Social Housing Grant) by the end of the financial year 21/22 to part fund the appropriation of the site from the General Fund to the HRA.
- 2.9 In addition, securing outline planning permission is also a condition of drawing down SHG for the appropriation of the site. An outline planning application was submitted on 15th December 2021 and a formal response is awaited.
- 2.10 The Ty Darran outline planning application is scheduled to be considered by Planning Committee on the 23rd March 2022.
- 2.11 Caerphilly Homes' intention is, subject to outline planning permission being granted, to submit a reserved matters planning application in summer 2022. This will be pre-empted by a report to Housing and Regeneration Scrutiny Committee and Cabinet which provide the full detail on the proposed scheme and a fully developed cost plan.

3. RECOMMENDATIONS

- 3.1 Members consider the content of the report and approve the development by Caerphilly Homes of the former Ty Darran site in principle, subject to the receipt and presentation of a satisfactory cost plan which will be available in early summer 2022.
- 3.2 Members approve a decision to appropriate the site from the general fund to the HRA in principle at the cost to be determined by the District Valuer. The revised valuation is expected to be received mid-February 2022.
- 3.3 Members approve the proposal to move to the next stage of the project in order to determine the most suitable procurement route for the detailed design and construction phase of the project.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that tenants currently occupying Waunfawr House (Crosskeys), St Mary's Court (Risca) and Castle Court (Crosskeys) are accommodated as per the commitment made to tenants following Cabinet in September 2018.
- 4.2 To deliver the Council's ambition of building 400 new affordable, zero carbon homes by 2025.

- 4.3 To meet an ever-increasing need for affordable homes in Caerphilly County Borough, as identified through the Local Housing Market Assessment process, whilst also supporting the foundational and circular economies, creating great places, mitigating the impact of climate change, addressing fuel poverty and creating a new housing led economic catalyst.
- 4.4 To contribute towards the Welsh Government target of delivering 20,000 affordable low carbon homes by 2026.
- 4.5 To mitigate the impact of climate change and meet the Council's commitments contained in its Decarbonisation Strategy.

5. THE REPORT

- 5.1 In September 2018, Cabinet approved the recommendations contained within a report entitled Remodelling and Reclassification of Older Persons Accommodation. The report set out the future of older persons' accommodation within the county borough and noted that Waunfawr House (Crosskeys), St Mary's Court (Risca) and Castle Court (Crosskeys) would be decommissioned and that they would not benefit from WHQS improvements.
- 5.2 The costs of remodelling the schemes were deemed to be prohibitive and as a result, the report noted that consideration could be given to developing a new build replacement sheltered housing scheme on an alternative identified site in the same locality e.g. Ty Darran. Such a scheme was considered to be a good long-term investment as it would provide a modern facility meeting the aspirations of current and future tenants. It would incorporate appropriate accommodation and accessibility standards with up-to-date technology and also be designed to provide flexibility in order to adapt to changing needs and demands. At the time it was 'anticipated this could be a joint venture with Health and Social Services to provide a community hub approach'.
- 5.3 It was also noted in the report that 'a commitment could be given to rehousing the displaced tenants to the new scheme giving them the opportunity to remain in their existing community'. At the time of the report in September 2018, there were 69 tenants that were likely to be displaced as a result of the schemes being decommissioned. There are currently 47 tenant households in the three schemes awaiting transfer to the new Ty Darran later living development.
- 5.4 In January 2020, following the establishment of a dedicated Strategy and Development team within Caerphilly Homes, Pentan Architects were appointed via the WPA to assist with the undertaking of a comprehensive feasibility study and development appraisal of the former Ty Darran care home site in order to determine a suite of design options which would indicate the likely number of homes and the layout that could be accommodated. Pentan were commissioned to undertake an initial feasibility study (RIBA stages 0-2) followed by a more detailed development appraisal which would take the project up to the submission of a planning application (RIBA stage 3).
- 5.5 At the time, the ABUHB agreed to part fund the cost of the commission on the basis that the options for the Ty Darran site and the adjacent Risca Health Centre would be explored on the basis of the two sites combined with a view to creating a collaborative residential/health hub.

- 5.6 Despite efforts on the part of both the ABUHB and Caerphilly Homes to agree a joint proposal it became apparent in March 2021 that the two organisations were working to different service configuration timelines and priorities. As a result, it was agreed that Caerphilly Homes would explore with Pentan Architects the development options in relation to the former Ty Darran care home site only.
- 5.7 By March 2021, Pentan Architects had undertaken a substantial amount of work to identify the constraints on the site and had determined that because of the existing culvert running along the north eastern boundary, the major sewer running through the site, and the existing flood zone in the south east corner of the site, 40% of the potential developable area was undevelopable.
- 5.8 These constraints have impacted upon the number of homes that can be accommodated within a new development and have influenced the evolving layout and emerging SuDS strategy.
- 5.9 At the outset of the project, Caerphilly Homes were very clear in relation to their ambitions for the re-development of the site and mandated in the contract awarded to Pentan the following:
- A flagship, later living development (60+ although there could be exceptions to this on medical grounds) which would set the standard for future provision of older person's accommodation.
 - Minimum of 40 homes.
 - Apartments should exceed minimum space standards and offer flexible accommodation to accommodate working from home, overnight stays, hobbies etc.
 - The buildings should utilise MMC (Modern Methods of Construction) and a fabric first approach to achieve net zero carbon.
 - Take into account and facilitate independent living and cohesion with the existing community.
 - Include bright and spacious communal areas that will also encourage use by the local community and intergenerational activities.
 - Include space that is flexible enough to accommodate community events and additional services that could be provided (i.e. a community café, drop-in surgeries etc).
 - High quality, accessible outdoor amenity space and communal allotments.
 - Adequate parking, ease of access and accessibility taking into consideration Lifetime Homes' principles.
- 5.10 The design of the buildings and surrounding environment will be unlike any similar provision offered within the county borough. The scheme has evolved to consider all of the above and has been designed to set the standard and the ambition for Caerphilly Homes' later living accommodation in the borough.
- 5.11 The site currently falls within the Council's General Fund and will need to be appropriated to the HRA. Caerphilly Homes are seeking Social Housing Grant (SHG) from Welsh Government to part fund the acquisition. In order to claim SHG for this purpose, outline planning approval has to be secured and a valuation by the District Valuer received and agreed by the end of March 2022.
- 5.12 Outline planning permission (with landscape, appearance and scale reserved) was submitted on 15th December 2021 and a response to the application is expected shortly. Planning Committee is scheduled for the 23rd March 2022.

- 5.13 The District Valuer is in the process of undertaking a valuation of the site and the outcome is expected by mid-February 2022.

Conclusion

- 5.14 There are a number of critical timeline issues directly impacting upon Caerphilly Homes' ability to move this site forward and to draw down SHG.
- 5.15 The SHG is for acquisition funding and has to be drawn down by 31 March 2022. It will part fund the appropriation of the site from the General Fund to the HRA.
- 5.16 To meet the 31 March 2022 deadline, Caerphilly Homes require receipt of the valuation undertaken by the District Valuer (expected early February), a Cabinet approval to appropriate the site and outline planning permission.
- 5.17 It is important to note that the application for outline planning permission with matters reserved means that the design, access and place making aspects of the scheme are all 'reserved' for later determination and have yet to be finalised. There is still flexibility to discuss options relating to the scheme before the proposals are finalised and the reserved matters submitted in early summer 2022. Caerphilly Homes intends to engage potential residents in an initial discussion in the first instance shortly.
- 5.18 The timelines for receipt of the valuation and the Cabinet decision, followed by a decision from the Local Planning Authority are extremely tight.
- 5.19 Pending approval, Caerphilly Homes intend to work closely with colleagues in Procurement to extend the contract with Pentan Architectural Consultancy to ensure continuity; determine a construction procurement route and explore with specialists the technological and material options available to develop a net zero carbon, non-combustible, flagship, care ready, later living development.

6. ASSUMPTIONS

- 6.1 There are a number of assumptions that are pertinent to the report:
- 1) That outline planning permission will be secured.
 - 2) The valuation from the District Valuer will be received early February.
 - 3) The deadline and conditions for SHG drawn down will be met.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 To be completed when the detailed report is brought forward together with the cost plan in summer 2022.

8. FINANCIAL IMPLICATIONS

- 8.1 The redevelopment of Ty Darran is included within the HRA business plan and also the Programme Development Plan (PDP) prepared by the Council, which identifies SHG allocations for both the Council and housing associations. The appropriation of the site from the General Fund to the HRA is identified for 21/22 in the PDP as acquisition funding.
- 8.2 SHG funding is also indicatively identified in the PDP for the construction phase but is subject to change pending determination of a construction method and a detailed cost plan.

9. PERSONNEL IMPLICATIONS

9.1 There are no personnel implications arising from the report.

10. CONSULTATIONS

10.1 Comments received as a result of consultation with those named below are reflected in the report.

10.2 Comments received from ward members are included in Appendix 1.

10.3 Comments from the members of the Housing and Regeneration Scrutiny Committee will be provided verbally to Cabinet on the 23rd February 2022.

11. STATUTORY POWER

11.1 Local Government Act 1972, Housing Wales Act 2014

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Cllr Philippa Marsden, Leader
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Chris Boardman, Development Manager
Mark Noakes, Development Manager
Mark Jennings, Principal Housing Strategy Officer
Lesley Allen, Principal Group Accountant (Housing)

Appendices:
Appendix 1 – Comments from Risca Ward Members

Appendix 1 – Comments from Risca West Ward Members

Comments have been received from Risca West ward members who are both supportive of the re-development of the former Ty Darran care home site by Caerphilly Homes for later living accommodation.

Members have requested that the design is sympathetic to the surrounding area and that access to and from the site is considered.

Members raised concerns with regard to the timescales that have to be met to draw down SHG.

A query was raised as to whether ward members can be involved in the procurement of the construction partner. The ward member has been advised that the Strategy & Development Team will be guided by advice from Procurement and Legal colleagues.

Ward members have requested that they are regularly appraised of progress.

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CABINET – 23RD FEBRUARY 2022

SUBJECT: WELSH GOVERNMENT LEASE SCHEME PROPOSAL

REPORT BY: CORPORATE DIRECTOR SOCIAL SERVICES AND HOUSING

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to inform members of the current request from Welsh Government for Local Authorities to express an interest in the Leasing Scheme Wales (LSW) in meeting their duties under Part 2 of the Housing Wales Act 2014.
- 1.2 The report is seeking a decision from Cabinet of whether CCBC should express an interest in the Leasing Scheme Wales or to decline the expression of interest and remain with its current Private Sector Scheme - Caerphilly Keys. A report was taken to Special Housing and Regeneration Scrutiny Committee on 10th February 2022 and views of the committee have been included in the report under point 10 Consultations.

2. SUMMARY

- 2.1 Members will be aware that in August 2018 the Housing Solution Team Launched its own private sector leasing scheme Caerphilly Keys.
- 2.2 In 2019 Welsh Government asked Local Authorities to express an interest in adopting a pilot of the WG lease scheme to ensure that Local Authorities have access to Private Sector Accommodation to discharge their Statutory Duty.
- 2.3 CCBC at that time made the decision not to express an interest in the pilot as a result of the local authority having its own Private Sector Scheme under the umbrella of Caerphilly Keys.
- 2.4 Welsh Government have now produced a LSW offer for Local Authorities and asked all whether they wish to express an interest in adopting this scheme.
- 2.5 Should CCBC wish to adopt the LSW scheme then it would need to disband the current private sector model Caerphilly Keys. This model currently supports the Housing Solutions Team in meeting its statutory obligations in discharging Homelessness duties in the private rental sector.
- 2.6 The report outlines the current proposal from WG regarding the LSW offer to Local

Authorities.

3. RECOMMENDATIONS

3.1 Members are requested to consider the report and agree on which of the two pathways the Housing Solution team should adopt to take forward its private rented sector scheme.

Option 1

- To express an interest in Leasing Scheme Wales (LSW) and take this forward as the Council's private sector pathway and disband Caerphilly Keys

Option 2

- Decline to express an interest in the LSW on the grounds that CCBC has a successful PRS scheme in place with Caerphilly Keys.

3.2 Option 2 is the preferred option as detailed below in the report.

4. REASONS FOR THE RECOMMENDATIONS

4.1 Having considered the Welsh Government proposal and undertaken a comparison with Caerphilly Keys, there is no opportunity for both models to operate at the same time. They would be in direct competition, in an already highly saturated private rental market. Therefore, the preference of officers is to choose to continue with Caerphilly Keys and not express an interest in the LSW.

4.2 The key reasons for this are:

- Well established trusted model, running for the last 3.5 years
- A good portfolio of private landlords already on board with the scheme
- A variation of lease lengths and ability to charge varying rents above and at, the LHA rate is working
- There are no contractual maintenance obligations for CCBC
- Tenancy support is available via the scheme to promote tenancy sustainability
- Further offers to secure additional properties by some landlords already on the scheme have been made to Caerphilly Keys
- Partnership working with DWP is in place for Caerphilly Keys tenants which allows issues with DWP benefits to be swiftly addressed to prevent homelessness and financial difficulties.
- Survey feedback from the current Caerphilly Keys landlords is that the LSW incentives aren't attractive and they would not switch to the LSW scheme putting at risk vulnerable residents
- Any areas of LSW which we believe will improve Caerphilly Keys can be considered going forward such as minimum tenancy lengths for additional tenant security

5. THE REPORT: LEASING SCHEME WALES – THE PROPSAL / OFFER

5.1 The Leasing Scheme Wales (LSW) is designed to increase access to affordable and good quality private rented accommodation

- 5.2 The Scheme will support those who are at risk of Homelessness or homeless as defined under the Housing Wales Act 2014
- 5.3 The Scheme will provide tenants with longer term security of accommodation in the PRS sector at a local housing allowance (LHA) level.
- 5.4 The scheme is intended to complement and act as a resource for Local Authority Homelessness Teams seeking to move households on from temporary accommodation.
- 5.5 Those tenants who are housed under the scheme will be provided with a High Level of support to help maintain their tenancies and reduce the risk of repeat / future homelessness by addressing their support needs quickly and responsibly.
- 5.6 Through LSW, local authorities will acquire quality properties for a period between 5 – 20 years, providing regular rental income to property owners at the local housing allowance rate, less a management fee equivalent.
- 5.7 All properties will be assessed for their suitability by the Local Authority to ensure they meet the required standard as outlined in the Scheme Requirement.
- 5.8 Under the Lease Agreement Local Authorities will take on specific obligations in relation to the maintenance of the property and the rent which it pays the owner.
- 5.9 The rent under the lease agreement will be less than that which the local authority will receive from sub-letting the property.
- 5.10 The Local Authority will receive rent at the LHA rate and under the terms of the lease it will pay at a rate which is an agreed percentage less than LHA rates.
- 5.11 The Financial difference in rent values charged to tenants and paid to property owners will be retained by the Local Authority and used to help fund maintenance obligations.
- 5.12 At the end of the lease term the property will be returned to the owner in its original condition subject to reasonable wear and tear over time and as per the lease agreement.
- 5.13 Local Authorities are expected to market the scheme and to be in line with Welsh Government's communication and marketing guidelines.
- 5.14 Local Authorities are required to identify and secure properties for the scheme which Meet the requirements of the scheme.
- 5.15 Model Lease Agreements will be provided by Welsh Government to local authorities
- 5.16 Local authorities will need to ensure landlords have the required insurance and mortgage arrangements in place to enable them to participate in the scheme
- 5.17 The property owner would usually be liable for building insurance and that cover is in place for the term of the lease to mitigate against any risk
- 5.18 Properties accepted onto the scheme must meet required minimum standards
- 5.19 A renovation incentive can be offered to landlords where their property does not meet

the minimum standard or to improve the property's EPC rating

- 5.20 The renovation incentive will be no more than £5,000
- 5.21 Renovation incentives will only be offered to landlords who sign up to LSW.
- 5.22 The Local Authority will be responsible for drawing up and agreeing specification / scope of works required and costings.
- 5.23 If a grant is approved then local authorities can claim the amount of grant from Welsh Government.
- 5.24 Should the property owner activate a break clause within their lease contract then the property owner will be expected to repay the grant amount in full.
- 5.25 The Local Authority will take responsibility to administer this process.
- 5.26 Empty properties can be brought into the scheme.
- 5.27 Empty properties will be eligible for higher grant values in relation to the renovation incentive and properties would be eligible for a grant up to a maximum of £25,000.
- 5.28 Grants for over £10,000 will require Welsh Government approval.

Model and Lease Agreements

- 5.29 Model Lease / Bare Contractual and Incentive agreements will be provided to use by the Local Authority.
- 5.30 The Local Authority will have no discretion as to the amount of rent payable to the owner and is the equivalent of the LHA rate less a percentage equivalent to a management fee.
- 5.31 Local Authorities will not be able to supplement the LHA rent to owners as an added incentive.
- 5.32 The Management fee retained by the Local Authority can be used to help fund maintenance or other running costs.
- 5.33 Local Authorities will be required to let properties at the LHA rate and this will be paid either weekly or monthly by the tenant to the local authority.
- 5.34 Welsh Government have agreed to subsidise certain losses that the local authority may accrue through the operation of the scheme.
- 5.35 The exact elements of funding available would be confirmed in any grant offer letter issued to the Local Authority.
- 5.36 Eligible losses could include staffing costs, tenancy support costs, capital and revenue losses.

Caerphilly Keys – Caerphilly County Borough Council Scheme

- 5.37 Caerphilly County Borough Council Housing Solutions Team launched Caerphilly Keys Private Rented Scheme in 2018 to meet its statutory requirements in

discharging its duties into the PRS sector in line with the Housing Wales Act 2014.

- 5.38 Caerphilly Keys helps landlords find long term tenants for their properties promoting tenancy sustainability and to assist with reducing repeat homelessness.
- 5.39 Through Caerphilly Keys the team provide a service that matches tenants to a property and then continue to support both landlord and tenant throughout the lifetime of the tenancy to address any tenancy or welfare support needs that may arise to ensure the tenancy is sustainable.
- 5.40 The Caerphilly Keys Scheme formulates part of the Housing Solutions Team and has its own dedicated officers to manage and work with the scheme.
- 5.41 Caerphilly Keys currently does not enter into any formal contract with a landlord and the success of the scheme has been built on hard work and building excellent and trusting relationships between dedicated officers and landlords.
- 5.42 There are no financial costs attached to Caerphilly Keys that the Local Authority currently has to consider apart from its staff salary costs which are already set within the service areas budget.
- 5.43 Caerphilly Keys tenants are initially offered a six-month assured shorthold tenancy and following this the tenancy can either run as a periodic tenancy or landlords will issue further assured shorthold tenancies for an agreed length of time with the tenant.
- 5.44 Whilst Caerphilly Keys does not enter into any formal lease agreement for the property with the landlord there is an understanding between the landlord and Caerphilly Keys that we are looking for properties for longer term letting rather than short term Our current property portfolio highlights this as we have had tenants in a property under the scheme since the scheme was launched in 2018.
- 5.45 Whilst rent levels for properties are not always set at the LHA rate, all properties taken onto the scheme have to be considered to be a reasonable and affordable rent so we can ensure we can tenant match and promote access to affordable accommodation
- We have 33 properties on scheme which are set at LHA rate
 - We negotiate with landlords to let the property at 10-15% under the market level rent
 - Rents vary from £360pcm for a 1-bedroom flat – £700pcm for a 4-bedroom property in Penpedariheol.
- 5.46 All properties /landlords that are taken onto the Caerphilly Keys scheme are Rent Smart Wales registered and inspections of properties are undertaken to ensure they are fit for purpose and suitable for the scheme.
- 5.47 The portfolio has grown in its capacity year on year. Since its original launch in 2018 and now there are 103 properties operating under Caerphilly Keys that range from 1-4 bed properties.
- 5.48 All 103 properties will have tenants that have either been prevented from being homeless or their homeless situation relieved in accordance with the duties under the Housing Wales Act 2014.

- 5.49 The Scheme has supported nearly 95 households into properties via this private rented scheme to date, 61 of these households were single person households.
- 5.50 All property/ tenancies, apart from 5 properties, still have the original tenant in situ at the property, of which the longest standing tenant has been in their tenancy since August 2018.
- 5.51 The Scheme currently has 7 properties pending tenant matching for January 2022 and 6 x 1 bed that will be in the portfolio by March 22. (these are included in the 103 total portfolio figure).
- 5.52 Financial assistance has been secured through Welsh Government Covid 19 Phase 2 Homelessness funding for remedial works to be carried out at 6 x 1 bed properties to assist the local authority in its discharge of duty into the private rented sector for households homeless who are in temporary accommodation.
- 5.53 Caerphilly Keys has its own dedicated tenancy support officers who visit and address any tenancy or support related issues to prevent any tenancy breakdown.
- 5.54 Caerphilly Keys expanded its service in February 2020 and employed a support worker to assist with any tenancy and welfare support need issues that may arise and to assist in the prevention of any breakdown of tenancy and to help promote tenancy sustainability.
- 5.55 In December 2020 the DWP awarded a grant to CCBC which provided Caerphilly Keys with its own dedicated DWP officer who works in partnership with tenants of Caerphilly Keys / Landlords and Caerphilly Keys Officers to tackle DWP benefit issue and to promote access to training and employment opportunities to assist in the prevention of Homelessness and to maximise access to employment.
- 5.56 In October 2021 Caerphilly Keys launched its own Website and from this we have received 12 landlord contact details and the team are currently in the process of following these contacts up and seeing what property options may be available to bring onto the scheme.
- 5.57 The website has had 381 hits since it was launched in October 2021.
- 5.58 In December 2021, in partnership with funding from the DWP, a digital Van was placed in the Borough for five days and to date this has resulted in one landlord contacting Caerphilly keys to discuss the potential of bringing on line 9 single person accommodation units.
- 5.59 Partnership arrangements are in place between Caerphilly Keys and the Local Authority Empty Properties team to maximise bringing empty properties within the borough back into use and to enhance the property portfolio.
- 5.60 A survey has been undertaken with the landlords registered with Caerphilly Keys regarding the LSW proposal and all landlords have advised that if CCBC move across to the LSW scheme then based on current proposal they would not wish to transfer across.
- 5.61 This would mean that we would lose the current portfolio built by Caerphilly Keys since 2018 and that tenants could possibly be served Notice at a later date as Caerphilly Keys would no longer be supporting the tenants.

Conclusion

- 5.58 The report outlines for members the current proposal from Welsh Government on the Leasing Scheme Wales and how the LSW will be managed and run by local authorities.
- 5.59 The report outlines for members the current Private Rented Sector Scheme via Caerphilly keys and the property portfolio that is currently being managed by the Housing Solutions Team to meet its statutory obligations and further highlights the success of this scheme to date.
- 5.60 The report highlights for members the feedback received from current landlords who are working with Caerphilly Keys with regards to any possible transfer across to the LSW scheme.
- 5.61 The comparison review of both schemes has led officers to recommend to cabinet that CCBC continue with the Caerphilly Keys model and declines to express an interest in LSW.

6. ASSUMPTIONS

- 6.1 The Report has had to assume based on the LSW proposal and guidance that any financial losses the Local Authority could incur linked to staffing costs, capital costs, revenue costs and tenancy support costs would be eligible for refund from Welsh Government.
- 6.2 Feedback from Caerphilly Keys landlords detailed in the report, leads us to assume that if the decision is to take forward the LSW scheme, then the Housing Solutions team will be working with a blank property portfolio and would not be able to transfer the properties currently attached to the Scheme.
- 6.3 That there will be landlords within the borough who are willing to work with the scheme.
- 6.4 It is difficult at this time to conclude what financial impact the scheme could have on the authority for repairs and maintenance.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 Please see attached Integrated Impact Assessment and key highlights below.
[Link to Integrated Impact Assessment](#)
- 7.2 Linked to the Well-being of Future Generations Act the proposal will have a positive long-term impact in sustaining communities and will allow households who have experienced homelessness to have access to longer term stable accommodation that is affordable to them and meets their longer-term housing need.
- 7.3 Housing Wales Act 2014 -Part 2, allows for the statutory discharge into suitable private sector accommodation to alleviate and prevent homelessness. By providing such stable accommodation this will have a positive impact on any households wellbeing and should prevent any re occurrence of Homelessness.

- 7.4 The proposal allows the Housing Solution Team to discharge its statutory duty into the private rented sector thus preventing homelessness and any recurrence of Homelessness.
- 7.5 Housing Wales Act 2014- Part 2, confirms the duty on statutory and non-statutory services to co-operate and assist the local authority in preventing homelessness. The Caerphilly Keys scheme has its own dedicated support workers and this allows the service to address any tenancy or wellbeing issues before they escalate and in addition the workers are able to sign post to any other key agencies like that of specialist debt advice / mental health services via referral pathways set up by the local authority supporting people team.
- 7.6 The Caerphilly Keys scheme consults with its landlords, tenants and staff in its development and information is used from the Housing Solution Team to inform decision making around housing need and demand when considering working with landlords and taking on properties.

8. FINANCIAL IMPLICATIONS

- 8.1 At this time it is difficult to gauge any financial impact on the local authority should the LSW scheme be adopted where maintenance of properties / rent loss etc is concerned.
- 8.2 Resources and Finances will need to be available for the local authority to be able to carry its obligations as set out under the LSW and whilst salary and other costs can be claimed via WG it is not clear to what value or percentage.

9. PERSONNEL IMPLICATIONS

- 9.1 There will need to be a range of personnel available to manage the WG Lease Scheme which will vary from property surveyors, officers to inspect properties, maintenance officers, finance / administration staff, in conjunction with the current team who manage the day-to-day tenancy management of the scheme.
- 9.2 Currently there are no personnel implications for Caerphilly Keys as there are already dedicated officers recruited.

10. CONSULTATIONS

- 10.1 There are no consultation responses that have not been reflected in the report.
- 10.2 Members queried if LA's had any pressure from WG to express an interest in LSW, members were advised that WG had not placed any pressures on LA's where they are not expressing an interest and CCBC have made WG aware of the report and its recommendations at this time pending decision by cabinet.
- 10.3 Members queried point 5.61 in the report regarding possible Notices being served on tenants should we move forward with LSW and were advised that this is a concern and that if landlords did issue Notice as a result of CCBC expressing an interest in LSW then the Housing Solutions Team would have a statutory duty to provide housing advice and assistance to those who required it.

11. STATUTORY POWER

- 11.1 There is no Statutory Power placed on a local authority to provide a private rented landlord/ tenant scheme
- 11.2 Housing Wales Act 2014 Part 1 Outlines the regulation of private rented accommodation
- 11.3 Housing Wales Act 2014 -Part 2, allows for the statutory discharge into suitable private sector accommodation to alleviate and prevent homelessness.
- 11.4 Housing Wales Act 2014- Part 2, confirms the duty on statutory and non-statutory services to co-operate and assist the local authority in preventing homelessness.

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Consultees: Cllr John Ridgewell - Chair Housing & Regeneration Scrutiny Committee
Cllr Mike Adams - Vice Chair Housing & Regeneration Scrutiny Committee
Cllr Shayne Cook - Cabinet Member for Housing
Dave Street -Corporate- Director for Social Services and Housing
Nick Taylor-Williams - Head of Housing
Robert Tranter - Head of Legal Services & Monitoring Officer
Stephen Harris - Head of Financial Services & Section 115 Officer
Fiona Wilkins - Housing Services Manager
Jane Roberts -Waite - Strategy & Co -ordination Manager
Lesley Allen - Principal Group Accountant (Housing)
Shelly Jones - Supporting People Manager
Sadie O'Connor - Senior Housing Advice Officer
David Francis - Senior Allocations Officer
Lee Clapham - Emergency Housing Manager
Byron Jones - Caerphilly Keys Officer
Claire Davies- Private Sector Housing Manager -
Rhian Evans -Maclean -Principal Housing Officer

Background Papers: Housing Wales Act 2014 Welsh Government Leasing Scheme
Wales Guidance

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CABINET– 23RD FEBRUARY 2022

SUBJECT: WELSH GOVERNMENT RETAIL, LEISURE & HOSPITALITY RATE RELIEF SCHEME 2022/2023

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 The Welsh Government (WG) has announced a new temporary business rate relief scheme, the 'Retail, Leisure and Hospitality Rate Relief Scheme' for the financial year 2022/23 only.
- 1.2 Relief granted by the Authority under this new scheme is to be reimbursed by WG by way of a specific cash-limited grant but, before any relief is awarded, the Authority must consider and adopt the new scheme.
- 1.3 This report recommends that the Council endorses the new relief scheme in accordance with the WG guidance set out in Appendix 1.

2. SUMMARY

- 2.1 The report provides details of the new 'Retail, Leisure and Hospitality Rate Relief Scheme' offered by WG for 2022/23 only.
- 2.2 Adoption of the new scheme as set out at Appendix 1 is obligatory because WG has prescribed the details for the scheme. The Authority must formally adopt the new scheme set out in the guidance at Appendix 1 to obtain the WG grant funding.

3. RECOMMENDATIONS

- 3.1 Cabinet is asked to:
 - 3.1.1 Endorse the 'Retail, Leisure and Hospitality Rate Relief Scheme 2022-23' (the 2022/23 Scheme), in accordance with the guidance set out at Appendix 1 and the provisions of section 47(1) (a) and section 47(3) of the Local Government Finance Act 1988.
 - 3.1.2 Note that the Head of Financial Services & S151 Officer will use delegated powers to award the relief.

- 3.1.3 Support the proposal set out in paragraph 5.7 that in order to assist ratepayers and minimise administration costs for the Authority, it is proposed that the declaration process will involve each eligible business completing and submitting an online form via the Council's website, with the Council's Business Rates Team aiming to process all declaration forms received as quickly as possible and issue amended bills to eligible ratepayers in accordance with the WG guidance.
- 3.1.4 Note that Officers of the Authority will make the business community aware of the 2022/23 Scheme through its usual channels, including its website and social media. In addition, Cabinet is asked to agree as set out in paragraph 5.8 that, due to the proximity of this report to the 2022/23 annual billing processes, the Business Rates Team will, where an email address is held for a business that is receiving this relief for the 2021/22 financial year, email those ratepayers informing them that the 2022/23 rate bills will be issued without showing this relief. The email will refer them to the Council's website so they can read the WG guidance before submitting a declaration form.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that the Authority complies with the grant conditions to obtain and fully utilise the grant funding in respect of any rate relief awarded under the WG Scheme as detailed in the guidance set out at Appendix 1.

5. THE REPORT

- 5.1 WG has announced the 'Retail, Leisure and Hospitality Rate Relief Scheme 2022/23' (the 2022/23 Scheme). It is intended that the relief under the 2022/23 Scheme will be made available subject to the Authority adopting the new Scheme as set out in the guidance at Appendix 1 and accepting the grant offer.
- 5.2 Appendix 1 of this report is a guidance document issued by WG which in effect prescribes the detailed criteria and conditions for the 2022/23 Scheme. The 2022/23 Scheme is aimed at businesses in Wales in the retail, leisure and hospitality sectors, for example shops, pubs and restaurants, gyms, performance venues and hotels.
- 5.3 The 2022/23 Scheme aims to provide support for eligible occupied properties by offering a discount of 50% on non-domestic rate bills for such properties. The scheme will apply to all eligible businesses; however, the relief will be subject to a cap in the amount each business can claim across Wales. The total amount of relief available is £110,000 across all properties occupied by the same business. Another change compared to the previous two schemes is that all businesses are required to make a declaration that the amount of relief they are seeking across Wales does not exceed this cap, when applying to individual local authorities. To do this, business rate payers will have to complete and submit an online declaration form that will be made available on the Council's website in early March 2022, along with a link to the Welsh Government's guidance document.
- 5.4 Due to the need for the Authority to formally adopt the 2022/23 Scheme, and the relatively short time period between this process concluding and the 2022/23 annual billing processes commencing on 2nd March 2022, the new financial year rate bills will be issued before any rate relief can be awarded under the Scheme. However, the Business Rate Team will aim to process all declaration forms received as quickly as possible so that businesses receive amended rate bills as a matter of urgency.

- 5.5 As this is a temporary measure for 2022/23 only, WG will provide the relief by reimbursing local authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988. It will be for individual local authorities to adopt a scheme and decide in each individual case when to grant relief under section 47.
- 5.6 WG will reimburse local authorities for the relief that is provided in line with the WG guidance via a grant under section 31 of the Local Government Act 2003 and section 58A of the Government of Wales Act 2006. WG has estimated the grant for Caerphilly CBC to be £3.2m. Officers estimate that the full cost of the scheme could be nearer £3.4m and so WG has been advised of the need to increase this allocation accordingly.
- 5.7 In order to qualify for this rate relief, the guidance states that it will be for local authorities to determine how they wish to administer the scheme. To assist ratepayers and minimise administration costs for the Authority, it is proposed that the declaration process will involve each eligible business completing and submitting an online form via the Council's website. As explained in paragraph 5.4, the Council's Business Rate Team will aim to process all declaration forms received as quickly as possible and issue amended bills to eligible ratepayers in accordance with the WG guidance.
- 5.8 Due to a declaration process being introduced for the 2022/23 Scheme, the Council's Business Rate Team will, where an email address is held for a business that is receiving this relief for the 2021/22 financial year, email those ratepayers informing them that the 2022/23 rate bills will be issued without showing this relief. The email will refer them to the Council's website so they can read the WG guidance before submitting a declaration form. In addition, officers will make the business community aware of the 2022/23 Scheme through its usual channels, including its website and social media.
- 5.9 Full details of the Scheme, including the qualifying criteria, are included in the guidance set out at Appendix 1.

Conclusion

- 5.10 The report provides details of a new rate relief scheme offered by WG and attaches at Appendix 1 details of the new scheme. Adoption of the new scheme as set out at Appendix 1 is obligatory because WG has prescribed the details for the scheme.
- 5.11 The Authority must formally adopt the new scheme set out in the guidance at Appendix 1 to obtain the WG grant funding. In order to implement the new scheme, Cabinet is asked to endorse the recommendations set out in paragraphs 3.1.1 to 3.1.4 of this report.

6. ASSUMPTIONS

- 6.1 It is assumed that the recommendations in the report will maximise the use of the grant funding in terms of the amount of rate relief awarded, whilst minimising the staff/administrative costs incurred in awarding the rate relief.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 An Integrated Impact Assessment has not been completed because the rate relief available under the Scheme will be awarded based on WG's terms and conditions which the Authority is administering behalf of WG.

This report sets out an overview of the Scheme. Full details of the Scheme, including the qualifying criteria, are included in the guidance set out at Appendix 1. Awarding this rate relief for the financial year 2022/23 will positively benefit those ratepayers who will receive it by reducing the amount of business rates they would otherwise have to pay. Awarding rate relief reduces business rate bills which lowers the running costs of premises and in turn may enable businesses to maintain or enhance employment opportunities. Not progressing with the proposal could have the reverse negative impact as those ratepayers would not benefit from a reduction in business rates payable.

8. FINANCIAL IMPLICATIONS

- 8.1 There are no direct financial implications as the Authority will be reimbursed by WG for any relief granted, provided it can evidence that the expenditure falls within the terms of the 'Retail, Leisure and Hospitality Rate Relief 2022/23' grant offer.

- 8.2 Based on an initial WG assessment of qualifying businesses for the 'Retail, Leisure and Hospitality Rate Relief Scheme 2022/23', the funding estimate available to Caerphilly CBC is £3.2m. Officers estimate that the full cost of the scheme could be nearer £3.4m and so WG has been advised of the need to increase this allocation accordingly.

9. PERSONNEL IMPLICATIONS

- 9.1 There will be some staff resource implications but longer-term capacity issues are being considered by the Head of Financial Services & Section 151 Officer.

10. CONSULTATIONS

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

11. STATUTORY POWER

- 11.1 Local Government Finance Act 1988, Government of Wales Act 2006, and Local Government Act 1972, 2000 and 2003. The decision as to whether to adopt the WG 'Retail, Leisure and Hospitality Rate Relief Scheme 2022/23' may be taken by Cabinet. The Head of Financial Services & S151 Officer will use delegated powers to award the relief.

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Appendices:

Appendix 1 – Retail, Leisure and Hospitality Rates Relief in Wales 2022-23 – Guidance

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Welsh Government

Non-Domestic Rates – Retail, Leisure and Hospitality Rates Relief in Wales – 2022-23

Guidance

About this guidance

This guidance is intended to support county and county borough councils (local authorities) in administering the Retail, Leisure and Hospitality Rates Relief scheme (the relief). On 20 December 2021, the Minister for Finance and Local Government announced the continuation of the relief on a temporary basis for 2022-23. This guidance applies to Wales only.

This guidance sets out the criteria which the Welsh Government will use to determine the funding for local authorities for relief provided to retail, leisure and hospitality properties. The guidance does not replace any existing non-domestic rates legislation or any other relief.

Enquiries about the scheme should be sent to: localtaxationpolicy@gov.wales

The relief is being offered from 1 April 2022 and will be available until 31 March 2023.

Introduction

This relief is aimed at businesses and other ratepayers in Wales in the retail, leisure and hospitality sectors, for example shops, pubs and restaurants, gyms, performance venues and hotels.

The Welsh Government will provide grant funding to all 22 local authorities in Wales to provide the Retail, Leisure and Hospitality Rates Relief scheme to eligible businesses for 2022-23. The scheme aims to provide support for eligible occupied properties by offering a discount of 50% on non-domestic rates bills for such properties. The scheme will apply to all eligible businesses, however the relief will be subject to a cap in the amount each business can claim across Wales. The total amount of relief available is £110,000 across all properties occupied by the same business. All businesses are required to make a declaration that the amount of relief they are seeking across Wales does not exceed this cap, when applying to individual local authorities. An example declaration form is at [Annex 1](#) for local authorities to utilise when developing their own forms to publish and issue to businesses.

This document provides guidance on the operation and delivery of the scheme.

Retail, Leisure and Hospitality Rates Relief

How will the relief be provided?

As this is a temporary measure, we are providing the relief by reimbursing local authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988. It will be for individual local authorities to adopt a scheme and decide in each individual case when to grant relief under section 47. The Welsh Government will reimburse local authorities for the relief that is provided in line with this guidance via a grant under section 31 of the Local Government Act 2003 and section 58A of the Government of Wales Act 2006.

How will the scheme be administered?

It will be for local authorities to determine how they wish to administer the scheme to maximise take-up and minimise the administrative burden for ratepayers and for local authority staff.

Local authorities are responsible for providing businesses with clear and accessible information on the details and administration of the scheme. If, for any reason, an authority is unable to provide this relief to eligible businesses from 1 April 2022, consideration should be given to notifying eligible businesses that they qualify for the relief and that their bills will be recalculated.

Which properties will benefit from relief?

Properties that will benefit from this relief will be occupied retail, leisure and hospitality properties – such as shops, pubs and restaurants, gyms, performance venues and hotels across Wales. More detailed eligibility criteria and exceptions to the relief are set out below.

Relief should be granted to each eligible business as a reduction to its rates bill based on occupation between 1 April 2022 and 31 March 2023. It is recognised that there may be some instances where a local authority is retrospectively notified of a change of occupier. In such cases, if it is clear that the business was in occupation on or after the 1 April 2022, the local authority may use its discretion in awarding relief.

It is intended that, for the purposes of this scheme, retail properties such as 'shops, restaurants, cafes and drinking establishments' will mean the following (subject to the other criteria in this guidance).

Hereditaments that are being used for the sale of goods to visiting members of the public

Hereditaments that are being used for the sale of goods to visiting members of the public

- Shops (such as florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off-licences, newsagents, hardware stores, supermarkets, etc)
- Charity shops

- Opticians
- Pharmacies
- Post offices
- Furnishing shops or display rooms (such as carpet shops, double-glazing, garage doors)
- Car or caravan showrooms
- Second hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale or hire)

Hereditaments that are being used for the provision of the following services to visiting members of the public

- Hair and beauty services
- Shoe repairs or key cutting
- Travel agents
- Ticket offices (e.g. for theatre)
- Dry cleaners
- Launderettes
- PC, TV or domestic appliance repair
- Funeral directors
- Photo processing
- DVD or video rentals
- Tool hire
- Car hire
- Estate and letting agents

Hereditaments that are being used for the sale of food and / or drink to visiting members of the public

- Restaurants
- Drive-through or drive-in restaurants
- Takeaways
- Sandwich shops
- Cafés
- Coffee shops

- Pubs
- Bars or Wine Bars

We consider assembly and leisure to mean the following.

Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of the public (including for the viewing of such activities) and for the assembly of visiting members of the public

- Sports grounds and clubs
- Sport and leisure facilities
- Gyms
- Tourist attractions
- Museums and art galleries
- Stately homes and historic houses
- Theatres
- Live Music Venues
- Cinemas
- Nightclubs

Hereditaments that are being used for the assembly of visiting members of the public

- Public halls
- Clubhouses, clubs and institutions

We consider hotels, guest and boarding premises, and self-catering accommodation to mean the following.

Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business

- Hotels, Guest and Boarding Houses,
- Holiday homes,
- Caravan parks and sites

Other considerations

To qualify for the relief, the hereditament should be wholly or mainly used for the qualifying purposes. In a similar way to other reliefs, this is a test on use rather than occupation. Therefore, hereditaments that are occupied, but not wholly or mainly used for the qualifying purpose, will not qualify for the relief. For the avoidance of doubt, hereditaments which closed temporarily due to the government's advice on Covid-19 should be treated as occupied for the purposes of this relief.

The above list is not intended to be exhaustive as it would be impossible to list all the many and varied retail, leisure and hospitality uses that exist. There will also be mixed uses. However, it is intended to be a guide for local authorities as to the types of uses that the Welsh Government considers for this purpose to be eligible for relief. Local authorities should determine for themselves whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above should not be eligible for the relief.

The grant of the relief is discretionary. Should local authorities decide to exercise their discretion not to apply the relief to eligible businesses, they may wish to consider taking their own legal advice upon any potential consequential legal issues which might arise from such a decision and on a case by case basis.

Businesses may view that they have been able to continue trading at a substantial level during Coronavirus restrictions and as such may be inclined to not apply for the relief.

Types of hereditaments that are not considered to be eligible for Retail, Leisure and Hospitality Rates Relief

The following list sets out the types of uses that the Welsh Government does not consider to be retail, leisure or hospitality use for the purpose of this relief and which would not be deemed eligible for the relief. However, it will be for local authorities to determine if hereditaments are similar in nature to those listed and if they would not be eligible for relief under the scheme.

Hereditaments that are being used wholly or mainly for the provision of the following services to visiting members of the public

- Financial services (eg banks, building societies, cash points, ATMs, bureaux de change, payday lenders, betting shops, pawnbrokers)
- Medical services (eg vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (eg solicitors, accountants, insurance agents, financial advisers, tutors)
- Post Office sorting offices
- Day nurseries
- Kennels and catteries
- Casinos and gambling clubs
- Show homes and marketing suites
- Employment agencies

Hereditaments that are not reasonably accessible to visiting members of the public

If a hereditament is not usually reasonably accessible to visiting members of the public, it will be ineligible for relief under the scheme, even if there is ancillary use of the hereditament that might be considered to fall within the descriptions listed under *Which properties will benefit from relief?*

Hereditaments that are not occupied

Properties that are not occupied on 1 April 2022 should be excluded from this relief. However, under the mandatory Empty Property Rates Relief scheme, empty properties will receive a 100% reduction in rates for the first three months (and in certain cases, six months) of being empty.

Hereditaments that are owned, rented or managed by a local authority

Hereditaments owned, rented or managed by a local authority, such as visitor centres, tourist information shops and council-run coffee shops or gift shops attached to historic buildings, are exempt from this scheme.

How much relief will be available?

The total amount of government funded relief available for each property under this scheme for 2022-23 is 50% of the relevant bill. This is subject to a cap of £110,000 per business across all their properties in Wales. The relief should be applied to the net bill remaining after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied (excluding those where local authorities have used their wider discretionary relief powers introduced by the Localism Act 2011, which are not funded by section 31 grants).

The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis. The following formula should be used to determine the amount of relief to be granted for a particular hereditament in the financial year.

Amount of relief to be granted = $V/2$, where

V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any other discretionary reliefs (excluding those where local authorities have used their discretionary relief powers introduced by the Localism Act 2011, which are not funded by section 31 grants).

This should be calculated ignoring any prior-year adjustments in liabilities which fall to be liable on the day.

Businesses who occupy more than one property will be entitled to Retail, Leisure and Hospitality Rates Relief for each of their eligible properties, within the cap of £110,000 per business across Wales.

A business with a single property with a remaining liability (after reliefs) greater than £220,000 can use the entire allocation of relief. No other properties owned by that business will be eligible for the scheme.

Retail, leisure and hospitality properties which are excluded from Small Business Rates Relief due to the multiple occupation rule are eligible for this

relief scheme, subject to the cap being applied.

Changes to existing hereditaments, including change in occupier

Empty properties becoming occupied after 1 April 2022 will qualify for this relief from the time of occupation.

If there is a change in occupier part way through the financial year, after relief has already been provided to the hereditament, the new occupier will qualify for the relief if they operate in the retail, leisure or hospitality sectors, on a pro-rata basis. This will be calculated based on the remaining days of occupation using the formula used in the section titled *How much relief will be available?*

The discount should be applied on a day-to-day basis using the formula set out above. A new hereditament created as a result of a split or merger during the financial year, or where there is a change of use, should be considered afresh for the discount on that day.

State Aid / Subsidy Control Regime

Following the end of the transition period for the United Kingdom leaving the European Union on 31 December 2020, EU State Aid regulations only apply in limited circumstances. As the relief is not funded by EU residual funds, EU State Aid regulations no longer apply for this scheme. As of 1 January 2021, the UK Subsidy Regime came into force. The scheme is considered by the Welsh Government to be outside the scope of any international trade agreements as measures are focused locally within Wales.

Example Declaration Form

An example declaration form is at [Annex 1](#) for local authorities to utilise when developing their own forms to publish and issue to businesses.

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CABINET – 23RD FEBRUARY 2022

**SUBJECT: WHOLE-AUTHORITY REVEUNUE BUDGET MONITORING REPORT
(MONTH 9)**

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

- 1.1 The attached report is due to be considered by the Policy & Resources Scrutiny Committee at its meeting on the 22nd February 2022.
- 1.2 Subject to consideration of the views of the Scrutiny Committee, Cabinet is asked: -
 - 1.2.1 To note the content of the report.
 - 1.2.2 To agree the proposed ring-fencing of underspends totalling £2.535m as detailed in Appendix 2 of the report.

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Appendix Report to Policy & Resources Scrutiny Committee 22nd February 2022.



POLICY & RESOURCES SCRUTINY COMMITTEE - 22ND FEBRUARY 2022

**SUBJECT: WHOLE-AUTHORITY REVENUE BUDGET MONITORING REPORT
(MONTH 9)**

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

1. PURPOSE OF REPORT

- 1.1 To provide details of projected whole-authority revenue budget expenditure for the 2021/22 financial year.
- 1.2 To seek endorsement of proposals for the ringfencing of underspends for a range of specific purposes prior to consideration by Cabinet.

2. SUMMARY

- 2.1 The report provides details of the 2021/22 projected revenue budget outturn position based on information available as at month 9 of the current financial year. Commentary is also provided throughout the report on the more significant variations against budget.
- 2.2 The report also includes proposals for the ring-fencing of underspends for a range of specific purposes and the Scrutiny Committee is asked to consider these prior to the proposals being presented to Cabinet at its meeting on the 23rd February 2022.

3. RECOMMENDATIONS

- 3.1 It is recommended that the Scrutiny Committee: -
 - 3.1.1 Notes the content of the report.
 - 3.1.2 Endorses the proposed ring-fencing of underspends totalling £2.535m as detailed in Appendix 2 of the report.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that the Scrutiny Committee is aware of the projected revenue budget outturn position for the 2021/22 financial year and also has the opportunity to consider the proposed ring-fencing of underspends prior to Cabinet consideration.

5. THE REPORT

5.1 Projected Revenue Budget Outturn for 2021/22 (Month 9)

5.1.1 Members will be aware that the Authority continues to incur significant additional costs due to the Covid-19 pandemic and is also losing income in several key areas. The Welsh Government (WG) is continuing to provide financial support to Local Authorities through the Covid-19 Hardship Fund in the current financial year to mitigate additional costs and income losses, and as at month 9 total funding of £13.7m has been received by Caerphilly CBC. WG has confirmed that the Covid-19 Hardship Fund will end on the 31st March 2022.

5.1.2 Members will be aware that detailed budget monitoring reports are prepared for Scrutiny Committees throughout the financial year. This report is intended to provide a high-level summary position highlighting some of the key variations against budget. Based on information available as at month 9 the projected 2021/22 net year-end revenue budget underspend is £10.463m. A summary is provided by Directorate in the table below with further details provided in Appendix 1.

	Revised Estimate 2021/22 £000's	Projected Outturn 2021/22 £000's	Projected (Overspend)/ Underspend £000's
Education & Lifelong Learning	149,861	148,523	1,338
Social Services	98,496	91,981	6,515
Economy & Environment	44,078	43,889	189
Corporate Services	23,981	22,667	1,314
Miscellaneous Finance	51,811	50,703	1,108
Totals: -	368,228	357,764	10,463

5.1.3 The following paragraphs summarise some of the key issues in the month 9 budget monitoring reports.

Education & Lifelong Learning (Projected Underspend of £1.338m)

5.1.4 An underspend of £1.338m is currently forecast for Education & Lifelong Learning. The most significant variances are the following: -

Service Area	Projected (Overspend)/ Underspend £000's
Home to School/College Transport	316
Pension Costs of School Based Staff	173
Psychology Service	83
Advisory Support	76
14 – 19 Initiative (Transport)	48
Early Years Central Team	210
Youth Service	220
Adult Education	76

5.1.5 The projected underspend of £316k for Home to School/College Transport includes a number of assumptions in relation to contracts, additional demand, and grant support from WG in relation to additional costs for contractor cleaning and personal protective equipment (PPE) linked to Covid-19. The current position is consistent with previous projections throughout the year.

- 5.1.6 The projected underspend of £173k for Pension Costs of School Based Staff reflects a positive budget position for schools in the 2020/21 academic year.
- 5.1.7 The projected underspends of £83k in the Psychology Service and £76k in Advisory Support are primarily due to delays in recruitment which have created in-year savings.
- 5.1.8 The projected underspend of £48k in the 14-19 Initiative (Transport) budget is in part due to circumstances linked to restrictions arising from Covid-19.
- 5.1.9 The projected underspend of £210k for the Early Years Central Team is largely due to the success of accessing grant funding to support the cost of a number of posts in the Team in the current financial year.
- 5.1.10 The projected £220k underspend for the Youth Service is due to a range of variances in relation to staffing, premises and resources costs, plus some additional rental income. The most significant one-off variance relates to the finalisation of an insurance claim relating to Cross Keys Youth Centre (following the significant damage and loss of equipment and resources caused by the flooding in February 2020). The final settlement figure was £82k higher than originally estimated. However, there are a couple of areas that are being closely monitored that may have budgetary implications: -
- Vacating Crumlin Institute – The position with the Trustees is not fully resolved as yet. A sum is earmarked in a reserve towards associated costs of vacating the building but the financial position remains unclear.
 - Aberbargoed Youth Centre (The Hanger) – Issues with the roof, which are currently under review.
- 5.1.11 The projected underspend of £76k for Adult Education is largely due to in-year savings, in part linked to Covid-19. Grant funding has also been used to support provision in a number of areas.
- 5.1.12 Members will recall that school balances increased significantly during the 2020/21 financial year to £11.3m (increase of £10m in-year), largely due to significant additional grant funding from WG late in the financial year. It is anticipated that the school balances position will increase further by the end of March 2022, again due to recently notified additional grant funding but also because schools have been unable to action some aspects of planned spend due to circumstances beyond their control. This is particularly the case with regards to any building related works.

Social Services (Projected Underspend of £6.515m)

- 5.1.13 The initial month 9 projected outturn position for Social Services was an underspend of £3.541m. This consisted of a projected overspend of £231k in respect of Children's Services, an underspend of £2.573m for Adult Services, an underspend of £1.042m for Service Strategy & Business Support, and a projected underspend of £157k relating to transport costs.
- 5.1.14 However, on the 11th February 2022 confirmation was received from WG of additional one-off grant funding to address social care cost pressures and winter pressures in the 2021/22 financial year. With less than 7 weeks of the financial year remaining, it is unlikely that any additional services can be commissioned without creating an unaffordable financial commitment for future years. As a result, it is expected that the additional grant funding will increase the anticipated underspend by as much as £2.974m i.e. a total projected underspend of £6.515m. However, the Directorate Senior Management Team will continue to explore ways to optimise this additional funding.
- 5.1.15 The position for Children's services includes potential overspends on placement costs and aftercare support of £2.1m and £245k respectively. However, these overspends have largely

been offset by one-off social care recovery grant funding of £1.6m and other non-recurring underspends such as staffing vacancies.

- 5.1.16 The position for Adult Services includes potential overspends on external residential placements, supported living placements and services for children with disabilities of £235k, £912k and £555k respectively. These overspends have been more than offset by one-off social care recovery grant funding of £548k and other non-recurring underspends resulting from the Covid-19 pandemic such as service restrictions and staff shortages.
- 5.1.17 The potential underspend of £1.042m for Service Strategy & Business Support is largely attributable to the funding made available by WG through the Adult Social Care element of the Covid-19 Hardship Fund to support in-house service provision.
- 5.1.18 The potential underspends described above are largely of a non-recurring nature but the overspends reflect the increasing demand for, and complexity of social care provision. This increased demand and complexity, coupled with the inflationary pressures faced across the social care sector underlines the need for additional investment by the Council in 2022/23 despite the significant underspend anticipated in 2021/22.

Economy & Environment (Projected Underspend of £189k)

- 5.1.19 The projected outturn position for the Economy and Environment Directorate is an underspend of £189k.
- 5.1.20 The Regeneration & Planning Division is projecting a net underspend of £654k. The main elements of this are salary savings due to delays in filling vacant posts, and the maximisation of grants in a number of service areas. There are also underspends across services due to lower than budgeted costs in mileage, postage, and printing. Tourism Venues are projecting a £155k underspend, the majority of which is linked to the successful reopening of the Cwmcarn Scenic Drive.
- 5.1.21 A net small underspend of £1.4k is projected for the Infrastructure Division after adjusting for ring-fenced underspends in relation to Home to School/College Transport and Social Services Transport. There are salary savings in the Division due to delays in filling vacancies that are offset by reduced income levels and increased contractor costs.
- 5.1.22 A net overspend of £525k is projected for the Community & Leisure Services Division after allowing for the ring-fencing of a projected underspend on the Cemeteries budget. Waste Management and Cleansing Services are projecting an overspend of £155k, which is due in the main to increased waste treatment costs. This is after adjusting for the redirected use of staff from Cleansing to assist the waste collection rounds. Leisure Centres are currently forecasting a £100k overspend due to reduced income levels although it is hoped that income levels will increase as Covid-19 restrictions lift. Vehicle Maintenance & Fleet Management is projecting a £290k overspend due to a combination of reduced income levels and increased costs associated with the outsourcing of some repair work due to a lack of staff capacity. An underspend of £112k is projected for Parks, Countryside, and Outdoor Facilities, primarily due to a £126k underspend in Cemeteries which is ringfenced for capital purposes. Building Cleaning is projecting a £53k underspend due to increased income levels.
- 5.1.23 The Public Protection Division is projecting a net underspend of £109k. The main areas of underspend are £41k in Environmental Health, £27k in Licensing, £21k for CCTV and £13k for Trading Standards.

Corporate Services (Projected Underspend of £1.314m)

- 5.1.24 The Directorate of Corporate Services is currently projecting a net underspend of £1.314m. Details of the more significant areas of underspend are provided in the following paragraphs.

5.1.25 There is an anticipated net underspend of £449k in Corporate Finance, which relates in the main to in-year vacancies (some of which are in the process of being filled) and additional one-off grant income. The level of grant income is much higher than usual due to funding being provided by WG for administering a range of grants on an agency basis. These include the Covid-19 business grants, self-isolation payments and the emergency winter fuel payments scheme.

5.1.26 There is a projected net underspend of £207k in Digital Services, consisting of the following: -

- A projected overspend of £221k for IT Services which is due in the main to increased costs for IT contracts, additional leased telephone lines, external consultants, agency staff, and a reduction in income. These overspends have been partially offset by delays in filling vacant posts.
- A projected net underspend of £209k in Procurement which relates in the main to delays in filling vacant posts.
- An underspend of £220k for Customer First, due in the main to vacant posts still to be filled and secondments to the Track and Trace Programme.

5.1.27 There is a projected net underspend of £164k for People Services, the main elements of which are the following: -

- A net underspend of £89k for Human Resources due in the main to staff being on maternity leave and some temporary reductions in working hours, partially offset by reduced income levels.
- An underspend of £174k in Health & Safety due in the main to salary savings arising from delays in recruitment. The underspend is partially offset by reduced internal training income due to Covid-19 and there are also small forecast savings on vehicle hire.
- The Communications Unit is projecting a net overspend of £70k due in the main to reduced levels of internal income arising from Covid-19.

5.1.28 There is an anticipated £189k net underspend in Business Improvement Services. This includes the following: -

- A projected underspend of £109k in management costs.
- An anticipated underspend of £37k in the Policy Team mainly due to a delay in filling a vacant post.
- A projected underspend of £32k in the Equalities and Welsh Language Team due in the main to some staff not reaching the top of pay scales in the current year.

5.1.29 There is a projected underspend of £256k on Housing Services, consisting of an underspend of £200k in General Fund Housing and £56k in Private Housing.

Miscellaneous Finance (Projected Underspend of £1.108m)

5.1.30 There is an overall projected underspend of £1.108m for Miscellaneous Finance.

5.1.31 There is a projected net underspend of £478k on Capital Financing budgets which is due to the following: -

- £827k underspend on Debt Charges due to delays in the need to borrow.
- Investment income being £349k less than the budgeted level, albeit that this is an improvement on the 2020/21 financial year. Investment returns are expected to improve further moving forward due to some funds now being placed in longer-term investments.

5.1.32 Other areas of significant projected underspends in Miscellaneous Finance are: -

- £247k on the Carbon Energy Tax budget.

- £306k on City Deal debt charges due to delays in the need to borrow.
- £272k due to delays in recruitment to Head of Service posts.

5.2 Proposed Ring-Fencing of Underspends

- 5.2.1 The projected underspend provides an opportunity to ring-fence funds for a range of specific purposes. Finance staff have worked with Directors and Heads of Service to identify a range of priorities for investment totalling £2.535m, the details of which are provided in Appendix 2.
- 5.2.2 Many of the ring-fencing proposals seek to provide fixed-term additional staffing capacity across a number of areas where staffing reductions have previously occurred to support revenue budget savings requirements. This additional capacity will be essential during the recovery phase from the pandemic and will allow staff to focus on core activities following the significant time that has been dedicated to the Covid-19 response. Some of the proposals will also provide the additional capacity required to deliver some of our key strategic priorities at pace.
- 5.2.3 If the ring-fencing proposals are approved, then the revised projected outturn position will be an underspend of £7.929m as summarised below: -

	Month 9 Projected Underspend £000's	Month 9 Ring-Fencing Proposals £000's	Net Projected Underspend £000's
Education & Lifelong Learning	1,338	(950)	388
Social Services	6,515	(225)	6,290
Economy & Environment	189	(139)	50
Corporate Services	1,314	(1,221)	93
Miscellaneous Finance	1,108	0	1,108
Totals: -	10,463	(2,535)	7,929

- 5.2.4 The final 2021/22 revenue budget outturn position will be reported to Cabinet/Council in June 2022. Further proposals for use of the remaining underspend will be considered at that time, aligned to the Council's priorities and requirement to maintain financial resilience moving forward.

5.3 Conclusion

- 5.3.1 Despite the ongoing challenges faced by the Council the financial position is being well managed during the current financial year with a projected revenue budget underspend of £10.463m based on information available at month 9. This is much higher than would normally be the case but reflects the ongoing impact of Covid-19 and the significant financial support provided by WG.
- 5.3.2 The funding from the WG Covid-19 Hardship Fund is of course very welcome but this will end on the 31st March 2022, with Local Authorities being required to meet ongoing financial pressures linked to the pandemic from the funding provided in the Financial Settlement. This presents a significant financial risk and the position will be closely monitored as we move into the new financial year. The 2022/23 Draft Budget Proposals Report presented to Cabinet on the 19th January 2022 includes a recommendation to top-up the Council's Covid-19 Earmarked Reserve to £5m to help mitigate any ongoing financial pressures linked to the pandemic.
- 5.3.3 It is currently anticipated that savings of circa £9.7m will be required for the two-year period 2023/24 to 2024/25. Detailed work will be undertaken in the coming months to further refine the Council's Medium-Term Financial Plan and the 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.

6. ASSUMPTIONS

6.1 A wide range of assumptions are made in the preparation of budget monitoring reports based on information available for the relevant reporting period.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 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.

7.2 A number of the proposals for the ring-fencing of underspends in this report support the delivery of approved key strategies and initiatives that have previously been the subject of detailed reports that would have considered equalities implications, links to well-being objectives etc. These include the following: -

- Education Other Than At School (EOTAS) Strategy.
- 21st Century Schools Programme.
- Reduce, Produce, Offset, Buy (Decarbonisation Strategy for Caerphilly CBC)
- ICT Strategy.
- Well-Being & Place Shaping Framework.

7.3 Many of the other proposals for the ring-fencing of underspends are of an operational nature and do not require integrated impact assessments to be completed.

7.4 There are no direct equalities implications to this report in terms of the financial information presented.

8. FINANCIAL IMPLICATIONS

8.1 As detailed throughout the report.

9. PERSONNEL IMPLICATIONS

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

10. CONSULTATIONS

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

11. STATUTORY POWER

11.1 Local Government Act 1972.

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Appendices:

Appendix 1 – 2021/22 Whole-Authority Revenue Budget Monitoring Report (Month 9) - Summary by Directorate/Service Division.

Appendix 2 – Proposed Ring-Fencing of Underspends.

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2021/22 Whole-Authority Revenue Budget Monitoring Report (Period 9)**Summary by Directorate/Service Division**

Directorate/Service Division	Revised Budget 2021-22	Projected Outturn 2021-22	(Overspend)/ Underspend 2021-22
	£	£	£
Education & Lifelong Learning			
- Schools Related	120,795,230	120,522,266	272,964
- Education	17,313,683	16,881,368	432,315
- Lifelong Learning	3,828,967	3,512,715	316,252
- Home to School/College Transport	7,923,081	7,607,102	315,979
Sub-Total: -	149,860,961	148,523,451	1,337,510
Social Services			
- Children's Services	26,485,445	26,716,209	(230,764)
- Adult Services	68,290,758	65,718,062	2,572,696
- Service Strategy and Business Support	2,155,794	1,114,179	1,041,615
- Social Services Transport	1,564,373	1,407,207	157,166
- Social Care Pressures Grant	0	(2,974,318)	2,974,318
Sub-Total: -	98,496,370	91,981,339	6,515,031
Economy & Environment			
- Regeneration and Planning	2,866,410	2,212,129	654,281
- Infrastructure	11,206,492	11,205,064	1,428
- Community and Leisure Services	22,284,279	22,809,473	(525,194)
- Public Protection	7,543,076	7,434,056	109,020
- Directorate General	177,630	228,611	(50,981)
Sub-Total: -	44,077,887	43,889,333	188,554
Corporate Services			
- Chief Executive/Director	361,722	338,841	22,881
- Corporate Finance	1,888,375	1,438,891	449,484
- Digital Services	7,024,224	6,816,882	207,342
- Legal and Governance	3,224,611	3,173,544	51,067
- People Services	2,978,995	2,814,950	164,045
- Business Improvement Services	1,867,701	1,678,859	188,842
- Corporate Property	4,948,718	4,974,052	(25,334)
- General Fund Housing	1,323,825	1,124,101	199,724
- Private Housing	362,937	306,914	56,023
Sub-Total: -	23,981,108	22,667,033	1,314,075
Miscellaneous Finance	51,811,470	50,703,308	1,108,163
Totals: -	368,227,796	357,764,463	10,463,333

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Proposed Ring-Fencing of Underspends

Directorate	Service Division	Service Area	Description	£000's
Education & Lifelong Learning	Education	Vulnerable Learners	Grade 11 Additional Learning Needs Co-ordinator to support the EOTAS model. In the longer-term this will be funded from existing budgets once the model is embedded.	60
Education & Lifelong Learning	Education	School Improvement/ESTYN	Extension of current fixed-term role to support the Strategic Lead for School Improvement. This will release capacity for the Strategic Lead for Improvement to meet the required time commitment for professional discussions meetings and subsequent support. This additional support has been replicated in other Local Authorities across the region.	79
Education & Lifelong Learning	Education	Social Inclusion	Part-time fixed-term Safeguarding post for 2 years to address capacity pressures in this service area.	50
Education & Lifelong Learning	Education	21st Century Schools	Fixed-term post for 1 year to support the prioritisation of investment in the Education and wider estate.	52
Education & Lifelong Learning	Education	21st Century Schools	Apprenticeship for 2 years to support delivery of the 21st Century Schools programme.	26
Education & Lifelong Learning	Education	Additional Learning Needs.	Contribution to jointly funded fixed-term Autistic Spectrum Disorder (ASD) post for 2 years to lead on taking forward the work of education and social care in relation to the ASD Code that is now in force.	40
Education & Lifelong Learning	Education	Management Support Services	Additional fixed-term capacity for a period of 2 years in the Finance Team to address workload pressures. These include significant additional grant funding, the need to release capacity at more senior levels of the Team to support Estyn Inspection, strategic planning work, training requirements for schools, updating the scheme for Financing Schools (including a formula review which has commenced), and updating school Financial Regulations and Guidance.	240
Education & Lifelong Learning	Education	Vulnerable Learners	Extension of current fixed-term School Inclusion role (Deputy Head) for 1 year to continue the developing, tracking and monitoring of EOTAS students.	102
Education & Lifelong Learning	Education	School Improvement/ESTYN	Fixed-term post for 1 year to act as the Ed Tech/Data Analytics Lead, working directly to the Strategic Lead for School Improvement.	90
Education & Lifelong Learning	Education	Social Inclusion	Fixed-term part-time post for 1 year to support Headteachers in dealing with pupil behaviour Issues.	60
Education & Lifelong Learning	Education	Additional Learning Needs.	Fixed-term Additional Learning Needs Co-ordinator post for 1 year to undertake moderation of ALN Registers and pupil Individual Development Plans (IDP's).	70
Education & Lifelong Learning	Education	Social Inclusion	Fixed-term Inclusions Officer post for 1 year to support capacity pressures in this service area.	45
Education & Lifelong Learning	Education	Additional Learning Needs.	Fixed-term Caerphilly Autistic Spectrum Service (CASS) post for 1 year to support capacity pressures in the Autism Team.	36
Sub-Total: -				950
Social Services	Service Strategy & Business Support	Social Services Finance Team	Additional fixed-term staffing capacity in the Social Services Finance Team for a period of 2 years to address pressures arising from increasing demand for Social Care. This has resulted in an in an increase in financial assessments, additional payments to providers and more service user financial contributions to collect. Other pressures are also being experienced by the Team linked to an increase in the number and complexity of grants, in particular those related to regional collaborative working arrangements and pooled budgets.	225
Sub-Total: -				225
Economy & Environment	Regeneration & Planning	Tourism	Replacement barrier at Cwmcarn Scenic Drive. The existing entry control barrier is not fit-for-purpose and cannot process more than a single level of payment. This means that the various payments for cars, motor-cycles, buses and for season tickets cannot currently be accommodated.	39
Economy & Environment	Community & Leisure Services	Parks	New Portacabins at Tir Y Berth Depot. for office accommodation (current rented units are no longer fit-for-purpose).	50
Economy & Environment	Community & Leisure Services	Sport & Leisure	Replacement of damaged seating at the Centre of Sporting Excellence.	50
Sub-Total: -				139

Proposed Ring-Fencing of Underspends

Directorate	Service Division	Service Area	Description	£000's
Corporate Services	Corporate Finance	Corporate Accountancy	Grade 8 fixed-term post for 2 years to support the review and development of capital budget planning and monitoring arrangements. There will be additional demands in this area linked to an increase in capital grants and the rollout of the Council's Wellbeing and Place Shaping Framework.	90
Corporate Services	Corporate Finance	Corporate Services and Economy & Environment Finance Team	Grade 9 fixed-term Grants Officer post for 2 years to deal with increasing workloads in respect of grant bids and claims, in particular in Regeneration & Planning e.g. Shared Prosperity Fund etc.	99
Corporate Services	Corporate Finance	Corporate Services and Economy & Environment Finance Team	Extension of existing fixed-term contract for Cashless Catering Officer to March 2024 to ensure successful implementation of system.	60
Corporate Services	Corporate Finance/Digital Services	Corporate Finance/Digital Services	Grade 10 fixed-term IT Business Finance Partner post for 2 years to review and embed processes to ensure robust financial management within Digital Services.	111
Corporate Services	Corporate Finance	All Accountancy Teams.	Match funding for an apprenticeship in Corporate Finance. Training opportunities will be provided to support professional development.	60
Corporate Services	Customer & Digital Services	Digital Services	Additional fixed-term capacity to reduce Help Desk queries.	150
Corporate Services	Legal & Governance Support	Electoral Services	Funding of two apprenticeships for a period of 2 years.	107
Corporate Services	People Services	Human Resources	Funding of two apprenticeships for a period of 2 years.	105
Corporate Services	People Services	Communications	New Social Media Management System.	43
Corporate Services	Business Improvement	Equalities & Welsh Language	Additional funding for anticipated increase in costs for external Welsh translation.	40
Corporate Services	Business Improvement Services	Service Transformation	The 2022/23 Draft Budget Proposals Report includes a proposed new Lead Transformation Manager for Decarbonisation post. It is proposed that 2 additional 2 year fixed-term posts (1 Grade 9 and 1 Grade 7) should be established to support the Transformation Manager in consolidating the current work being undertaken across the Council, to maximise grant income, and to progress the decarbonisation strategy at pace, which is a key strategic priority for the Council.	178
Corporate Services	Business Improvement Services	Service Transformation	Grade 9 fixed-term post for one year to support the governance of the Council's Well-being and Place Shaping Framework.	49
Corporate Services	Business Improvement Services	Catering	Grade 5 fixed-term post for 1 year to provide administrative support to facilitate the move from a manual to automated ordering and invoice processing system for the Catering Service.	30
Corporate Services	Business Improvement Services	Catering	Grade 9 fixed-term Project Officer post for 2 years to project manage the rollout of the WG Universal Primary Free School Meals scheme to all schools.	99
Sub-Total: -				1,221
TOTAL: -				2,535



CABINET – 23RD FEBRUARY 2022

SUBJECT: BUDGET PROPOSALS FOR 2022/23 AND MEDIUM-TERM FINANCIAL OUTLOOK

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 To seek Cabinet endorsement of the 2022/23 budget proposals contained within this report prior to final determination by Council on the 24th February 2022.
- 1.2 To provide an update on the Medium-Term Financial Plan (MTFP).

2. SUMMARY

- 2.1 At its meeting on the 19th January 2022, Cabinet endorsed the 2022/23 Draft Budget Proposals based on the Welsh Government (WG) Provisional Local Government Financial Settlement for 2022/23.
- 2.2 The report provided 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 Following a period of consultation this report now presents Final Budget Proposals for the 2022/23 financial year, with a revised proposed increase in Council Tax of 1.9%. The report also contains additional information for Cabinet consideration in respect of movements on the General Fund, and the proposed Capital Programme for the three-year period 2022/23 to 2024/25.
- 2.4 An updated indicative Medium-Term Financial Plan (MTFP) is also appended to the report showing a potential savings requirement of £9.759m for the two-year period 2023/24 to 2024/25.

3. RECOMMENDATIONS

- 3.1 Prior to consideration and determination at the Council meeting on the 24th February 2022, Cabinet is asked: -
 - 3.1.1 To endorse the revenue budget proposals for 2022/23 of £395.071m as detailed throughout the report and summarised in Appendix 1.
 - 3.1.2 To note the movements on the General Fund in Appendix 3 and the current projected balance as at the 31st March 2022 of £14.516m.

- 3.1.3 To agree that the General Fund balance will be subject to review when the 2021/22 Provisional Revenue Budget Outturn Report is presented to Cabinet and Council in July 2022.
- 3.1.4 To endorse the proposed Capital Programme for the period 2022/23 to 2024/25 as set out in Appendix 4.
- 3.1.5 To endorse the proposals for the use of £3.8m capital grant funding recently announced by the Welsh Government as detailed in paragraph 5.8.4.
- 3.1.6 To support the proposal to increase Council Tax by 1.9% for the 2022/23 financial year to ensure that a balanced budget is achieved (Council Tax Band D being set at £1,253.95).
- 3.1.7 To note the updated MTFP in Appendix 5 showing an indicative potential savings requirement of £9.759m 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 Background and Context

- 5.1.1 The Council's financial position underpins its ability to make strategic decisions in order to deliver high quality effective services to our residents.
- 5.1.2 The financial picture of the Council is complex, but in summary it consists of the following four key elements: -
 - **The Revenue Budget** – This funds the day-to-day expenditure on the range of services that we provide to our citizens including staff costs, maintaining our buildings and other assets such as the highway network, utility costs, maintaining our fleet of vehicles, and the cost of servicing debt (i.e. loan and interest payments).
 - **The Capital Budget** – This funds one-off investments to create or enhance our assets such as schools, libraries, and the highway network. This would include the construction of new buildings, major refurbishments and the acquisition of specialist vehicles and equipment.
 - **Reserves** – These are approved one-off sums that have been set aside or earmarked for a range of different purposes. A report is prepared annually providing details of the reserves held by the Council and identifying any reserves that are uncommitted and can be released for other purposes such as supporting the Capital Programme.
 - **Grants** - The Council receives a number of grants from external bodies such as the Welsh Government. These grants are for specific purposes and the Council must comply with detailed grant terms and conditions. Some of the grants are also subject to audit by our External Auditors.

- 5.1.3 To date the Council has managed the austerity measures using a “salami slicing” approach i.e. reducing budgets gradually across the whole organisation, whilst trying to protect key services such as Education and Social Services. This approach has served us well, with £106m of savings being achieved since the 2008/09 financial year.
- 5.1.4 However, if we are to remain an innovative, modern, and adaptive organisation, whilst managing increasing demands against reducing funding, we must take a longer-term strategic approach that mobilises our staff, our elected members, our partners, and our communities.
- 5.1.5 This new whole-authority transformation operating model was approved by Cabinet in June 2019 and is entitled “Team Caerphilly – Better Together”, with the underlying principle of being a Council that has a “social heart and a commercial head”. The key elements of this new operating model are: -
- Improving the way we work.
 - Enhancing relationships with our communities and partners.
 - Developing proud and trusted staff.
- 5.1.6 It is important that we strike a balance between investing in our day-to-day services and providing financial support to improve how we deliver services.
- 5.1.7 Our revenue budget is used to support service delivery on an annual basis and our capital budget is used to fund infrastructure projects across the county borough. We also make use of our reserves wherever we can to support the Council’s capital expenditure and approval has already been given to set aside £30.2m to boost the Capital Programme by investing in our Well-being & Place Shaping Framework.
- 5.1.8 It is crucial that we manage our revenue and capital budgets and our reserves closely and as a collective, in order to maximise the return on investments. As part of our new operating model we are undertaking a forensic review of our financial position through the following: -
- Introducing a structured programme of Service Reviews that will evaluate the services that we provide to ensure that they remain relevant, are provided in the most effective and efficient way and are providing value for money.
 - Encouraging and supporting more innovative approaches to service delivery.
 - Embracing new technologies to modernise the way that we work, streamline processes, improve workflow and drive out efficiencies.
 - Adopting a more commercial approach to service delivery to generate additional income to reinvest in services to help them remain resilient i.e. “profit for purpose”.
 - Routinely reviewing our reserves to identify further sums that may be available to support the Capital Programme moving forward.

5.2 Welsh Government (WG) Provisional Local Government Financial Settlement for 2022/23

- 5.2.1 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.

5.2.2 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 passported 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.

5.2.3 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 5.7 of this report.

5.2.4 Details of the 2022/23 Final Local Government Financial Settlement will not be announced until the 2nd March 2022, however it is anticipated that this will not vary significantly from the position set out in the Provisional Settlement.

5.3 2022/23 Budget Proposals

5.3.1 The proposals contained within this report will deliver a balanced budget for 2022/23 on the basis that Council Tax is increased by 1.9%. Table 1 provides a summary: -

Table 1 – Summary

Paragraph	Description	£m	£m
5.2.2	Aggregate External Finance (8.5% uplift)		25.086
5.3.3 – 5.3.11	Schools cost pressures	5.775	
5.3.12 – 5.3.19	General Fund Services inflationary cost pressures and transfers in	12.479	
5.3.20 – 5.3.24	General Fund inescapable service pressures/proposed new investments	8.946	
5.4.1 – 5.4.3	2022/23 savings		0.356

5.6.1 – 5.6.2	Proposed Council Tax increase (1.9%)		1.759
	TOTAL: -	27.200	27.200

5.3.2 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 1.9% there will be circa £9.6m 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: -

- £5.7m 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.

5.3.3 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

5.3.4 **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.

5.3.5 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.

5.3.6 **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.

5.3.7 **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.

5.3.8 **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.

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

5.3.10 **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 January 2022 being 5.5%. 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.

5.3.11 **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.

5.3.12 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

5.3.13 **Pay at 3% (APT&C staff)** – As outlined in paragraph 5.3.6 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.

5.3.14 **NI Increase (1.25%)** – The cost of the 1.25% increase in NI contributions for General Fund Services is £1.273m

5.3.15 **Employer Pension Contributions (APT&C staff)** – As mentioned in paragraph 5.3.8 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.

5.3.16 **Foundation Living Wage (APT&C staff)** – £218k is included in the 2022/23 Budget Proposals to allow for an increase in the Foundation Living Wage hourly rate for General Fund Services staff.

- 5.3.17 **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.
- 5.3.18 **Non-pay Inflation (Fees and Charges) at 4%** - A generic increase of 4% is assumed for Fees and Charges.
- 5.3.19 **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.
- 5.3.20 Table 4 provides a summary of the 2022/23 General Fund Services inescapable service pressures and proposed new investments totalling £8.946m. Full details are provided in Appendix 2 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	5.715
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: -	8.946

- 5.3.21 The 2022/23 Draft Budget Proposals presented to Cabinet on the 19th January 2022 included proposed growth of £6.166m for Social Services. This sum has now been reduced to £5.715m due to the revised proposal to increase Council Tax by 1.9% instead of the original proposed increase of 2.5%.
- 5.3.22 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.
- 5.3.23 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.
- 5.3.24 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 £5.715m 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.

5.4 2022/23 Savings

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

Table 5 – 2022/23 Savings

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

5.4.2 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.

5.4.3 The 2022/23 Budget Proposals include provision for a 4% uplift in non-pay inflation. The 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.

5.5 General Fund Balances

5.5.1 Details of the projected movement on General Fund balances are provided in Appendix 3.

5.5.2 The current General Fund balance is £11.047m, which reflects the position previously agreed by Council.

5.5.3 Based on the Whole Authority Revenue Budget Monitoring Report that is also being considered by Cabinet on the 23rd February 2022, it is currently anticipated that there will be a net transfer to the General Fund of £4.519m from a projected year-end net underspend across all Directorates. This assumes that a number of proposals in the Whole Authority Budget Monitoring Report for the ring-fencing of underspends totalling £2.535m will be approved by Cabinet.

5.5.4 Cabinet will recall that in previous years the Council Tax surplus has been channelled through the General Fund each year to support the base budget in the following financial year. In normal years this surplus is estimated to be circa £1.050m but Members will be aware that Council Tax collection has been adversely impacted during the pandemic. It would not be prudent at this stage to assume that the Council Tax surplus for 2021/22 will be at the levels achieved prior to the pandemic. It is therefore recommended that the £1.050m required to support the 2022/23 budget should be funded through a call on the General Fund.

5.5.5 After allowing for the above movements the updated projected balance for the General Fund as at the 31st March 2022 is £14.516m. The Section 151 Officer usually recommends a minimum General Fund balance of 3% of the Net Revenue Budget which for 2022/23 is £11.852m. The current projected balance of £14.516m is £2.664m higher than the minimum recommended. However, given the range of financial uncertainties that we currently face, in particular inflation levels, it is recommended that the projected balance is noted at this stage and is reviewed again when the 2021/22 Provisional Revenue Budget Outturn Report is presented to Cabinet and Council in July 2022.

5.6 Council Tax Implications 2022/23

5.6.1 The budget proposals within this report include a proposed increase of 1.9% in Council Tax for the 2022/23 financial year. This will increase the Caerphilly CBC Band D precept from £1,230.57 to £1,253.95 i.e. an annual increase of £23.38 or weekly increase of £0.45.

- 5.6.2 The proposed increase of 1.9% 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): -

Table 6 – 2022/23 Council Tax (CCBC Element) at 1.9% Increase

Band	Council Tax (CCBC Element) £	Weekly Increase £
A	835.97	0.30
B	975.29	0.35
C	1,114.62	0.40
D	1,253.95	0.45
E	1,532.61	0.55
F	1,811.26	0.65
G	2,089.92	0.75
H	2,507.90	0.90
I	2,925.88	1.05

5.7 Ongoing Financial Impact of Covid-19

- 5.7.1 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 Financial Settlement.
- 5.7.2 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.
- 5.7.3 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

- 5.7.4 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.

5.8 Capital Programme

5.8.1 The proposed Capital Programme for the three-year period 2022/23 to 2024/25 is detailed in Appendix 4 of this report and summarised in Table 8.

Table 8 – Summary of Capital Programme 2022/23 to 2024/25

	2022/23	2023/24	2024/25
	£m	£m	£m
Capital Programme proposals	10.021	10.021	9.668
WG funding available	(8.157)	(8.157)	(8.157)
Capital funding gap	1.864	1.864	1.511
Funded by: -			
Surplus/(Deficit) b/fwd	0.509	0.287	0.000
One-Off funding from MRP Policy Review	1.514	1.449	1.383
RCCO budget (Miscellaneous Finance)	0.128	0.128	0.128
Total Additional Funding	2.151	1.864	1.511
Surplus/(Deficit) carried forward	0.287	0.000	0.000

5.8.2 As outlined in paragraph 5.1.7, approval has already been given to set aside £30.2m to boost the Capital Programme by investing in our Well-being & Place Shaping Framework. This funding is not currently shown in the above table and will be released into the Capital Programme as and when specific schemes are approved.

5.8.3 WG has recently announced a £70m capital grant injection for Local Authority's, with Caerphilly CBC's share being £3.8m. The grant letter states, *"One area that Local Authorities have specifically highlighted as an area of pressure is the maintenance of the existing highways network. I hope that additional funding enables improvement to be planned instead of less effective reactive patch and mend repairs to make makes roads safer, especially for active travel users."*

5.8.4 There are many areas within the highway infrastructure that are in need of urgent replacement and upgrades that will improve safety on the highway network. Following a review of the highest priorities Cabinet is asked to endorse a proposal to utilise the £3.8m grant funding in the following areas of work: -

- Highway resurfacing (£2.2m).
- Verge removal and creation of off-road parking areas - Ty Sign plus other priority areas if viable (£400k).
- Footway reconstruction (£300k).
- Drainage schemes from priority list to prevent property flooding (£300k).
- Vehicle Restraint System replacement on the A467 near Abercarn (£200k).
- Cattle grid renewals (£100k).
- Speed hump renewals (£100k).
- Telemetry for culverts to provide early warning of possible blockages (£100k).
- Dolyfelin Street highway improvement (£100k).

5.8.5 The biggest impact to benefit the travelling public will be the proposed significant £2.2m cash injection into much needed highway resurfacing. There are clear budget pressures within the other areas identified and this funding will make a significant difference in providing new infrastructure to benefit residents, and also upgrades to some ageing assets helping achieve a much safer highway network.

5.9 Financial Outlook for Future Years

5.9.1 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.

5.9.2 Whilst the 8.5% uplift in the 2022/23 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.

5.9.3 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.

5.9.4 The Council's Medium-Term Financial Plan (MTFP) has been updated based on a range of assumptions, resulting in a potential savings requirement of £9.759m for the two-year period 2023/24 to 2024/25. Details are provided in Appendix 5 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

5.9.5 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.

5.9.6 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.

5.10 Conclusion

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

5.10.2 A balanced budget can be delivered based on a proposed Council Tax increase of 1.9%.

- 5.10.3 Details of the 2022/23 Final Local Government Settlement will not be announced until the 2nd March 2022, however it is anticipated that this will not vary significantly from the position set out in the Provisional Settlement.
- 5.10.4 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.
- 5.10.5 The report also provides details of the updated Medium-Term Financial Plan (MTFP), which currently shows a potential savings requirement of £9.759m 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 was conducted on the draft budget proposals and this has now been updated to reflect responses to the budget consultation process. There are no negative effects identified in any of the 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.

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

7.2 Proposed Increase in Council Tax

The proposed below inflation increase in Council Tax of 1.9% will result in weekly increases ranging from 30p for Band A properties to £1.05 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 £9.6m in service provision, including circa £5.7m 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 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 Details of the 2022/23 Draft Budget Proposals were shared with Trade Unions.

10. CONSULTATIONS

10.1 Before finalising the budget proposals for 2022/23, the Council undertook a consultation between 12th January and 13th February 2022. The key purpose of this consultation was: -

- to identify whether those who live and work in the county borough think we are still on the right track in relation to the services that we should prioritise when planning our services and budgets for 2022/23 and beyond; and
- to gather residents' views on the proposed 2.5% increase in Council Tax.

10.2 A survey was made available on the Council's website, either for online completion or as a printable version. The survey was promoted widely through digital media channels including NewsOnline. During the consultation period Covid-19 restrictions were still in place, which precluded face-to-face engagement so to help ensure as many people as possible were able to have their say, a leaflet was delivered to homes across the county borough detailing how to take part. Banners were displayed at main libraries and other prominent locations, including the vaccination centre at Pontllanfraith. Paper copies of the survey were also made available in libraries. Key stakeholder groups were contacted directly via e-mail wherever possible.

10.3 A total of 449 completed surveys were returned by the closing date. A key question asked related to preference for Council Tax levels for the 2022/23 financial year. The following responses were received: -

- 30% supported an increase in Council Tax of 2.5%.
- 17% supported a lower increase in Council Tax.
- 8% supported an increase in council tax of greater than 2.5%.
- 45% did not support any increase in Council Tax.

10.4 When we consulted with our communities a year ago, they identified the services that were most important to them. The current survey asked whether residents still agree or disagree that these are the areas that the Council should prioritise when planning our services and budgets for 2022/23 and beyond.

10.5 The priority areas previously identified by our communities are still important to them and residents still feel that these are the key areas that the Council should prioritise when planning services and budgets moving forward. Social Care services were considered a priority by 95% of respondents. Over 90% of respondents also felt that parks and green spaces, education and schools, roads and highways, and waste collection and recycling services are a priority.

10.6 The wider results of the consultation are currently being analysed in more detail and will be available on our website in due course.

10.7 The initial proposal to increase Council Tax by 2.5% for the 2022/23 financial year has now been reviewed, and the revised proposed increase as detailed in this report is 1.9%.

10.8 On the 24th January 2022 a Joint Scrutiny Committee meeting was held to consider the 2022/23 Draft Budget Proposals that were presented to Cabinet on the 19th January 2022. Details of the key points raised during the meeting are provided below: -

- A number of Members voiced their support for the proposals and welcomed the proposed budget. They were particularly pleased to note the lack of cuts to Council services for 2022/23 and investment in key services, particularly after many years of austerity measures. They were also pleased to see the protection of the Education budget, investment in the Apprenticeship Scheme and Business and Enterprise Renewal Team, and proposals to invest in the Community Safety Team to create additional resources.
- A Member queried the purpose of the balances held in reserves and the rationale for the proposed Covid-19 reserve top-up. The Head of Financial Services and S151 Officer explained that an Update on Reserves Report is prepared annually and presented to the Policy and Resources Scrutiny Committee. The next report is scheduled for the Scrutiny meeting on the 22nd February 2022 and will provide details of all the balances that are currently earmarked and the reasons why these are held in reserve. He also explained that the proposed top-up of the Covid-19 reserve will utilise balances which have been identified as uncommitted in other areas, and that this is prudent in the current uncertain financial climate.
- The Scrutiny Committee discussed the proposed 2.5% increase in Council Tax and queries were received around the number of households benefiting from the Council Tax Reduction Scheme. It was confirmed that 16,300 households currently receive a reduction in their Council Tax payments and of these 9,034 households receive a 100% reduction. Officers provided clarification on the Band D rate compared with neighbouring Local Authorities and it was also confirmed that Caerphilly CBC currently has the second lowest Council Tax in Wales. A Member asked if the Cabinet had considered alternative levels of Council Tax increase when preparing the draft budget, ranging from zero to an increase greater than 2.5%. The Cabinet Member for Performance, Economy and Enterprise confirmed that both lower and higher increases had been considered but the proposed increase of 2.5% will facilitate the £10m investment in essential services
- One Member stated that the proposed 2.5% increase in Council Tax within the draft proposals was causing confusion from some residents who believe this increase to be set in stone. The Cabinet Member gave assurances that nothing has been pre-determined and that all consultation responses from the public on the Draft Budget Proposals, including the proposed Council Tax increase, will be taken on board in the preparation of the Final Budget Proposals to be presented to Cabinet and Council. However, she emphasised that if the Council were to significantly deviate from the proposed level of increase, savings would be needed elsewhere in order to deliver a balanced budget for 2022/23.
- Members discussed the proposed level of investment in staffing and the costs attached to particular posts relating to a new Senior Relationship Manager and additional capacity in the FOI Team. Officers explained that these costs include salary on-costs and that further details of the Senior Relationship Manager role will be reported back to Members once the job description and salary are confirmed. Clarification was provided on the rationale for the Senior Relationship Manager post and it was also noted that the two new Freedom of Information Officer posts will help to improve and exceed targets around FOI requests
- During the course of the meeting, Mrs. Lianne Dallimore (UNISON) was invited to deliver the Trade Union position on the Draft Budget Proposals. Mrs. Dallimore stated that overall the proposals were very positive and better than anticipated, particularly after 12 years of budget cuts and austerity. However, she emphasised the increasing financial pressures already faced by residents as a result of inflation and increasing costs and asked the Committee to bear these in mind. Mrs. Dallimore also referred to those Council employees working from home and highlighted the costs around working from home in terms of increased lighting, heating, and a general increase in energy costs. She therefore asked the Council, as part of its budget proposals, to consider offering a home

working allowance to these staff and expressed the need for the Council to address this cost in order to sustain an agile workforce.

- A Member sought clarification on the reason for the proposed growth of £6.166m for Social Services being held corporately in the first instance, rather than being released directly into the Social Services budget. Officers explained that the Council needs to carry out detailed work around the Real Living Wage before the funding can be passed on to independent sector providers. Once the work is completed the funding will be released into the Social Services budget. In addition, there are underlying increases in demand across both Adult Services and Children's Services, and it will be necessary to monitor the budgetary impact of this as we move into the 2022/23 financial year. Once this is evidenced funding will be released into the Social Services budget.
- A Member sought clarification regarding the £235k investment in flood prevention. Officers confirmed that this will consist of general investment in staff resources in order to increase capacity across the department, with it noted that the Drainage Team is currently under-resourced.
- Clarification was sought on the reasons for the APT&C pay award for 2021/22 not yet being finalised. Officers explained that this is a national issue and trade unions are currently out to ballot on the pay award. It was confirmed that any pay award to staff would be backdated.
- Queries were received on a number of individual items in the report, including National Insurance contributions, the 4% uplift in non-pay inflation, free school meals costs, and costs listed across Miscellaneous Finance. Officers provided clarification on each of these items in turn.
- A Member sought further detail on the investment for the establishment of the new apprenticeship opportunities across the Council. Officers highlighted the value of apprenticeships to the organisation and it was noted that under previous schemes many apprentices have gone on to be successfully employed into full-time posts in the Council.
- The Chief Executive addressed the Joint Scrutiny Committee, and in referring to comments made by Members on the investment in posts, sought to provide context around the rationale and background to these particular budget proposals. It was emphasised to Members that since 2019/20 the Council has seen a reduction of 237 members of staff, which means that the Authority has been delivering more work with less resources over a significant period of time. This position is unsustainable in the long-term and having considered the concerns of Members and Trade Unions, along with the need to take the organisation from a good to excellent level, the proposed investments will provide much needed additional staffing capacity.
- The Leader of Council reminded all Members that the budget proposals were currently at the draft stage and emphasised the importance of consultation and gathering views in preparing final budget proposals. She also gave assurances that all comments around the draft proposals will be taken on board. The Leader also highlighted the importance of the investments being proposed at this time, together with the need to ensure financial resilience in future years, in order to develop the Council and deliver the best possible services for residents of the county borough.
- The Chair thanked Members and Officers for their contributions and confirmed that the comments of the Joint Scrutiny Committee would be reported to Cabinet and Council as part of the consultation process, and be included in the Final Budget Proposals report being presented to Cabinet and Council in February 2022.

10.9 On the 27th January 2022 the 2022/23 Draft Budget Proposals were presented to the Voluntary Sector Liaison Committee. A summary of the key points raised during the meeting is provided below: -

- Clarification was sought on the Real Living Wage and how it will be enforced for services commissioned by Social Services from the independent sector. The Head of Financial Services & S151 Officer informed the Committee that the current Real Living Wage hourly rate is £9.90. Further detailed work will now be required with providers on an open book basis to establish fee rates moving forward that will ensure all care staff in commissioned services can be paid the Real Living Wage. Members of the Committee were also assured that this will be monitored by the Commissioning Team in Social Services.
- A query was raised regarding additional staffing in a number of areas, including Town Centre Management, Community Safety and Environmental Health. The Committee was advised that there is a commitment to increasing staffing capacity in key teams and to maintain these posts moving forward.
- A request was made for the Third Sector to be involved in the budget setting process at an earlier stage and this was acknowledged by Officers.
- In response to a Member's query it was confirmed that official notification of the Police precept has not yet been received.
- A concern was raised in relation to raising awareness of climate change as it was felt that members of the public should be made more aware and be involved. The Head of Financial Services & S151 Officer advised the Committee that the Council has approved a Decarbonisation Strategy and also set aside £500k in reserves to drive the Strategy forward. The Committee was also advised that it is proposed to appoint a Lead Officer to support the delivery of the Council's Decarbonisation Strategy. It was noted the Decarbonisation Strategy and Action Plan are available on the Caerphilly County Borough Council website.
- The Senior Policy Officer advised that the comments from the meeting will be captured as part of the consultation response and asked Members of the Committee to promote the consultation to the wider community.

11. STATUTORY POWER

11.1 The Local Government Acts 1998 and 2003.

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Appendices: -

Appendix 1 – Net Revenue Budget 2022/23.

Appendix 2 – General Fund Inescapable Service Pressures and Proposed New Investments.

Appendix 3 – Movement on General Fund.

Appendix 4 - Capital Programme 2022/23 to 2024/25.

Appendix 5 – Updated Medium-Term Financial Plan.

Background Papers: -

Cabinet (12/06/19)

Future Caerphilly Transformation Strategy - #TeamCaerphilly – Better Together.

Council (13/07/21)

Provisional Revenue Budget Outturn for 2020/21.

Cabinet (19/01/22)

Draft Budget Proposals for 2022/23.

Policy & Resources Scrutiny Committee (22/02/22)

Whole-Authority Revenue Budget Monitoring Report.

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APPENDIX 1**NET REVENUE BUDGET 2022/23**

	£'000	£'000
Base Budget 2021/22		368,227
Schools Cost Pressures		
Teachers' Pay Award at 1.75% (Sept 2021) and 3% (Sept 2022)	2,389	
APT&C Pay Award at 3% (April 2022)	441	
Teachers' NI Increase (1.25% from April 2022)	1,058	
APT&C NI Increase (1.25% from April 2022)	176	
APT&C Increase in Employer Pension Contributions at 1%	141	
Real Living Wage	50	
Non-Pay Inflation at 4%	909	
Other Service Pressures	612	5,775
General Fund Services Inflationary Cost Pressures		
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	218	
Non-pay Inflation at 4%	5,936	
Non-pay inflation (Fees and Charges) at 4%	(614)	
Transfer In – Social Care Workforce and Sustainability Grant	297	12,479
General Fund Inescapable Service Pressures and Proposed New Investments		
Corporate Services	1,374	
Education & Lifelong Learning	341	
Economy & Environment	1,599	
Social Services	5,715	
Miscellaneous Finance	51	
Other Pass-ported Grants (PFI)	(202)	
City Deal (Partnership revenue contribution)	7	
City Deal (debt charges)	62	8,946
2022/23 Savings		(356)
Proposed Expenditure		395,071
Funding		
WG Support		(317,452)
Council Tax (1.9 %)		(76,569)
One-off Contribution from General Fund in lieu of Council Tax Surplus		(1,050)
Total Funding		(395,071)

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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

General Fund Inescapable Service Pressures and Proposed New Investments

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

General Fund Inescapable Service Pressures and Proposed New Investments

Directorate	Service Division	Service Area	Description	£000's
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
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

General Fund Inescapable Service Pressures and Proposed New Investments

Directorate	Service Division	Service Area	Description	£000's
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
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.	5,715
Sub-Total: -				5,715
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: -				8,946

APPENDIX 3**MOVEMENT ON GENERAL FUND**

	£'000	£'000
Opening Balance 01/04/2021		21,312
2021/22 Proposed Use of Balances in lieu of Council Tax Surplus		(1,050)
Take From General Fund Previously Agreed by Council: -		
Covid-19 Reserve Top-up to £3.5m	(1,042)	
Digital Transformation	(1,481)	
IT Support for Transformation Programme	(500)	
Local Development Plan (LDP)	(134)	
Ash Die Back	(750)	
Lawns and Ty Du (cost overruns)	(262)	
Targeted Rate Relief	(225)	
Community Co-ordinators	(227)	
Cleaning & Greening	(1,000)	
Decarbonisation Strategy	(500)	
Regeneration Project Board	(1,000)	
Licence to Innovate	(200)	
Apprenticeship Scheme	(500)	
Newbridge Leisure Centre fitness equipment	(200)	
Equipment for Fleet and Vehicle Maintenance	(210)	
Bedwas Leisure Centre - Replacement of ATP with 3G	(235)	
2021/22 in-year impact of APT&C Pay Award @ 1.75%	(391)	
2021/22 in-year impact of Teachers Pay @ 1.75%	(358)	(9,215)
	<hr/>	<hr/>
Current General Fund Balance		11,047
Net Take to General Fund from Projected 2021/22 Outturn:-		
Education & Lifelong Learning	194	
Social Services	3,145	
Economy & Environment	25	
Corporate Services	47	
Miscellaneous Finance	1,108	4,519
	<hr/>	<hr/>
Proposed Use of Balances in lieu of Council Tax Surplus to Support 2022/23 Budget		(1,050)
		<hr/>
Projected Balance 31/03/2022		14,516
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CAPITAL PROGRAMME 2022/23 to 2024/25

Scheme	2022/23 £000's	2023/24 £000's	2024/25 £000's
<u>Education and Lifelong Learning</u>			
Health & Safety Regulations Works	296	296	296
Basic Needs Accommodation	221	221	221
School Security	150	62	62
School Asset Management	420	590	590
School Boiler Replacement Programme	335	253	253
Total Education & Lifelong Learning	1,422	1,422	1,422
<u>Economy & Environment</u>			
Sport Pitches	30	30	30
Total Community & Leisure Services	30	30	30
Environmental Schemes	200	200	200
Total Countryside	200	200	200
Community Enterprise Fund Grants	80	80	80
Town Centres	18	18	18
Total Economic Regeneration	98	98	98
Infrastructure Retaining Walls	314	314	314
Street Lighting	50	50	50
Land Purchase-Future Schemes	40	40	40
Major Highway Reconstruction	739	739	739
Bridge Strengthening	441	441	441
Land Drainage- Corporate	123	123	123
Land Drainage - Non Corporate	123	123	123
Vehicle Restraint Systems	148	148	148
Corporate Maintenance - Tips Mines Spoils	246	246	246
Monmouth & Brecon Canal.	200	200	200
Footway Reconstruction	148	148	148
Total Infrastructure	2,572	2,572	2,572
CCTV Replacement	74	74	74
Kitchen Refurbishments	419	419	419
Total Public Protection	493	493	493
Corporate Asset Management	690	690	690

Total Property	690	690	690
Total Economy & Environment	4,083	4,083	4,083
<u>Social Services & Housing</u>			
Condition Surveys	340	340	340
Total Social Services	340	340	340
Disabled Facility Grants	1,133	1,133	1,133
Home Imp Grants/Miscellaneous	246	246	246
Home Repair Grant	788	788	788
Total Private Housing	2,167	2,167	2,167
Total Social Services & Housing	2,507	2,507	2,507
<u>Corporate Services</u>			
IT Hardware & Software	200	200	200
Total ICT	200	200	200
Total Corporate Services	200	200	200
Corporate Projects	1,809	1,809	1,456
Total Capital Programme	10,021	10,021	9,668

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 (1.9%, 2.5%, 2.5%)	1,759	2,260	2,326
2022/23 Savings Proposals	356	-	-
Total Funding to Support Budget	27,201	12,291	9,433
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	4,520	3,952
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	8,063	7,631
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	5,715	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	8,946	5,950	2,402
Annual Shortfall	0	5,682	4,077
Cumulative Shortfall	0	5,682	9,759

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