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For all enquiries relating to this agenda please contact Julie Lloyd
(Tel: 01443 864246 Email: lloydj4@caerphilly.gov.uk)

Date: 15th February 2023

To Whom it May Concern,

A multi-locational meeting of the **Policy and Resources Scrutiny Committee** will be held in Penallta House, and via Microsoft Teams on **Tuesday, 21st February, 2023 at 5.30 pm** to consider the matters contained in the following agenda. Councillors and the public wishing to speak on any item can do so by making a request to the Chair. You are also welcome to use Welsh at the meeting, both these requests require a minimum notice period of 3 working days. A simultaneous translation will be provided on request.

Members of the public or Press may attend in person at Penallta House or may view the meeting live via the following link: <https://civico.net/caerphilly>

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

Yours faithfully,

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

Christina Harrhy
CHIEF EXECUTIVE

AGENDA

	Pages
1 To receive apologies for absence.	

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2 Declarations of Interest.

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

To approve and sign the following minutes: -

- 3 Policy and Resources Scrutiny Committee held on 23rd January 2023. 1 - 6
- 4 Consideration of any matter referred to this Committee in accordance with the call-in procedure.
- 5 Policy and Resources Scrutiny Committee Forward Work Programme. 7 - 18
- 6 To receive and consider the following Cabinet Reports*: -
1. Heating Plan Replacement – Ty Penallta – 18th January 2023;
 2. Draft Budget Proposals for 2023/24 – 18th January 2023;
 3. EXEMPT ITEM – Extension to Flexible Retirement due to Exceptional Circumstances – Corporate Services – 25th January 2023.

**If a member of the Scrutiny Committee wishes for any of the above Cabinet reports to be brought forward for review at the meeting please contact Julie Lloyd, 01443 864246, by 10.00 a.m. on Monday, 20th February 2023.*

To receive and consider the following Scrutiny reports:-

- 7 Whole-Authority Revenue Budget Monitoring Report (Month 9). 19 - 28
- 8 Update on Reserves. 29 - 38

Circulation:

Councillors M.A. Adams, Mrs E.M. Aldworth, C.J. Cuss, G. Enright, D. Ingram-Jones, G. Johnston (Chair), C.P. Mann, B. Miles (Vice Chair), A. McConnell, D.W.R. Preece, J. Reed, J. Taylor, C. Thomas, A. Whitcombe, L.G. Whittle and C. Wright

And Appropriate Officers

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POLICY AND RESOURCES SCRUTINY COMMITTEE

MINUTES OF THE MEETING HELD IN PENALLTA HOUSE AND VIA MICROSOFT TEAMS ON MONDAY 23RD JANUARY 2023 AT 5.30 P.M.

PRESENT:

Councillor G. Johnston – Chair
Councillor B. Miles – Vice Chair

Councillors:

M. Adams, Mrs. E.M. Aldworth, C. Cuss, G. Enright, D. Ingram-Jones, C.P. Mann, A. McConnell, J. Taylor, A. Whitcombe, L. G. Whittle, and C. Wright.

Cabinet Members:

Councillors. N. George, and Mrs. E. Stenner.

Together with:

Officers: R. Edmunds (Corporate Director of Education and Corporate Services), S. Harris (Head of Financial Services and S151 Officer), S. Richards (Head of Transformation), R. Roberts (Business Improvement Manager), R.H. Williams (Group Accountant Treasury and Capital), C. Forbes-Thomson (Scrutiny Manager), and J. Lloyd (Committee Services Officer).

Also in attendance: Councillors C. Morgan, and J. Pritchard, and B. Roberts (Audit Wales).

RECORDING ARRANGEMENTS

The Chair reminded those present that the meeting was being live-streamed and a recording would be made available to view via the Council's website, except for discussions involving confidential or exempt items. [Click Here to View](#).

1. APOLOGIES FOR ABSENCE

Apologies received from Councillors D. Preece, J. Reed, and C. Thomas.

2. DECLARATIONS OF INTEREST

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

3. MINUTES – 8TH NOVEMBER 2022

It was moved and seconded that the minutes of the meeting held on 8th November 2022 be approved as a correct record and by way of a show of hands this was unanimously agreed.

RESOLVED that the minutes of the Policy and Resources Scrutiny Committee held on 8th November 2022 be approved as a correct record and signed by the Chair.

4. MINUTES – 12TH DECEMBER 2022

It was moved and seconded that the minutes of the Special meeting held on 12th December 2022 be approved as a correct record and by way of a show of hands (and in noting there were 12 for, 0 against, and 1 abstention), this was agreed by the majority present.

RESOLVED that the minutes of the Special Policy and Resources Scrutiny Committee held on 12th December 2022 be approved as a correct record and signed by the Chair.

5. CALL-IN PROCEDURE

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

6. POLICY AND RESOURCES SCRUTINY COMMITTEE FORWARD WORK PROGRAMME

The Scrutiny Manager presented the report which outlined the reports planned for the period January 2023 to March 2023 and included all reports that were identified at the Policy and Resources Scrutiny Committee meeting held on Tuesday 8th November 2022. Members were asked to consider the Forward Work Programme, alongside the Cabinet Forward Work Programme, prior to publication on the Council's website.

Following consideration of the report, it was moved and seconded that the recommendations be approved. By way of a show of hands, this was unanimously agreed.

RESOLVED that the Policy and Resources Scrutiny Committee Forward Work Programme be published on the Council's website.

7. CABINET REPORTS

There had been no requests for any of the Cabinet reports to be brought forward for discussion at the meeting.

REPORTS OF OFFICERS

Consideration was given to the following reports.

8. AUDIT WALES 'SPRINGING FORWARD – WORKFORCE' REPORT JULY 2022.

Cabinet Member Councillor N. George introduced the report to members which provided the Policy and Resources Scrutiny Committee with the Audit Wales report 'Springing Forward – Workforce' report, July 2022. Members were advised that Audit Wales had conducted a review to examine how Councils are strengthening their ability to transform, adapt and

maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.

B. Roberts from Audit Wales referred Members to the overall findings in the Audit Wales report and noted that the content of the report had already been agreed by CCBC, with the management response included in the report at appendix 2.

A Member queried the age demographic when considering the workforce issues and risk factors and requested a breakdown of 'age groups' within the workforce, together with information on employees who may wish to exit the authority early. Members were advised that the age demographic is under constant review and were referred to the Directorate Performance Assessments that include the requested information on the 'age groups'. Members were informed that staff, over a certain age, who wish to leave the authority are advised by their managers if they are actively looking to leave the authority.

A Member sought clarification on the Council's monitoring arrangements in place to deliver workforce plans and sought clarification on the evaluation process of the mental health of staff who are working from home and expressed concern for the lack of experience gained by younger staff from more experienced staff in the workplace. Members were assured that managers monitored their staff and were advised that no staff members work 'full time' from home.

A Member requested an opinion from Audit Wales regarding the Council's inability to recruit staff to some positions within the authority. Members were advised that the situation was not unique to Caerphilly and there are issues with social care and public bodies, nationally. Members were referred to the Workforce Development Toolkit that CCBC has, in order to implement plans to fill vacancies and progress with succession plans. Members were also referred to the Workforce Capacity report by the Chief Executive, which was discussed in the September meeting. Digital Services had been experiencing difficulties recruiting staff, but with recent recruitment being more active on social media, together with the new agile working policies, more positive recruitment had taken place and Digital Services were now only 3 vacancies short of a full team. The Chair acknowledged the benefits of the new processes within the recruitment team.

Having considered the content of the report, it was moved and seconded that the following recommendations be approved. By way of a roll call, this was unanimously agreed.

RECOMMENDED to :

- 1) note the contents of the Audit Wales Springing Forward - Workforce report at Appendix 1
- 2) scrutinise the management response to the Springing Forward – Workforce report in Appendix 2

9. CAPITAL STRATEGY REPORT 2023/2024.

Cabinet Member Councillor Mrs. E. Stenner introduced the report submitted to Members prior to its presentation to Council on 23rd February 2023, in accordance with the Prudential Code that was introduced by the Local Government Act 2003. Members were advised that the report cross-referenced the report by the Corporate Director of Education and Corporate Services on Revenue and Capital Budgets (the budget report), and the Treasury Management Annual Strategy, Capital Finance Prudential Indicators and Minimum Revenue Provision Policy Report for 2023/2024.

A Member sought clarification on spending, and the measures that had been taken to ensure the capital programme was completed on schedule. Members were advised that regular budget monitoring meetings are held with Heads of Service to review expenditure against capital budgets. Members were also informed that in future, capital budget monitoring reports would cover a 3-year period, which would be more informative for members.

A Member also sought clarification on the purchase of council vehicles, and members were advised that the purchase of vehicles is capital expenditure, and the leasing of vehicles is revenue expenditure.

A Member queried whether there were any future plans for commercial activities by the Council. Members were advised that a Commercial Manager had recently been appointed and there were plans for commercial activities.

Having considered the content of the report, the Policy and Resources Scrutiny Committee noted the report prior to Council approval.

10. TREASURY MANAGEMENT ANNUAL STRATEGY, CAPITAL FINANCE PRUDENTIAL INDICATORS AND MINIMUM REVENUE PROVISION POLICY FOR 2023/2024.

Cabinet Member Councillor Mrs. E. Stenner introduced the report, submitted to Members prior to its presentation to Council on 23rd February 2023.

A Member queried the large borrowing figures stated in the report, and sought clarification on this, referring to the amount of money currently in reserves. Members were advised that the Council was not currently borrowing, but that approval for borrowing in the future if needed, had been agreed by Council.

A Member sought clarification on whether Town and Community Councils could obtain loans that could be used as match funding. Members were advised that loans could be applied for from the PWLB and information would be circulated to Members following the meeting.

A Member queried whether there was any charge applicable for internal borrowing within the Council. Members were advised that the cost of internal borrowing is not assigned to particular departments for the General Fund.

A Member sought further clarification on borrowing at 5.7%, and the money available for long term investments. Members were advised that the Council was unlikely to borrow at 5.7% and is not currently borrowing. Members were also informed that the Council has currently invested £21 million in long- term investments at circa 4% return, and that our total return on investments for 2022/23 is expected to be £2.3 million. There are also no plans to pay off any loans at the present time.

Having considered the content of the report, it was moved and seconded that the following recommendations be recommended to Council. By way of a roll call, (and in noting there were 12 for, 0 against and 1 abstention) this was agreed by the majority present.

RECOMMENDED to Council:

- 3.1.1 That the strategy be reviewed quarterly within the Treasury Management monitoring reports presented to Policy & Resources Scrutiny Committee and any changes recommended be referred to Cabinet, in the first instance, and to

Council for a decision. The Authority will also prepare a half-yearly report on Treasury Management activities.

- 3.1.2 That the Prudential Indicators for Treasury Management be approved as per Appendix 5.
- 3.1.3 That the Prudential Indicators for Capital Financing be approved as per Appendices 6 and 7.
- 3.1.4 That Members adopt the MRP policy as set out in Appendix 8.
- 3.1.5 The continuation of the 2022/23 investment strategy and the lending to financial institutions and Corporates in accordance with the minimum credit rating criteria disclosed within this report.
- 3.1.6 That the Authority has approval to borrow £46.8m for the General Fund to support the 2023/24 capital programme and £45.0m for the HRA WHQS and Affordable Homes programme.
- 3.1.7 That the Authority continues to adopt the investment grade scale as a minimum credit rating criterion to assess the credit worthiness of suitable counterparties when placing investments.
- 3.1.8 That the Authority adopts the monetary and investment duration limits as set in Appendix 3 of the report.

The meeting closed at 6.27 pm.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 21st February 2023, they were signed by the Chair.

CHAIR

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POLICY AND RESOURCES SCRUTINY COMMITTEE – 21ST FEBRUARY 2023

**SUBJECT: POLICY AND RESOURCES SCRUTINY COMMITTEE
FORWARD WORK PROGRAMME**

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

1. PURPOSE OF REPORT

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

2. SUMMARY

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

3. RECOMMENDATIONS

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

4. REASONS FOR THE RECOMMENDATIONS

4.1 To improve the operation of scrutiny.

5. THE REPORT

5.1 The Policy and Resources Scrutiny Committee forward work programme includes all reports that were identified at the scrutiny committee meeting on Monday 23rd January 2023. The work programme outlines the reports planned for the period February 2023 to March 2023.

5.2 The forward Work Programme is made up of reports identified by officers and members. Members are asked to consider the work programme alongside the cabinet work programme and suggest any changes before it is published on the

council website. Scrutiny committee will review this work programme at every meeting going forward alongside any changes to the cabinet work programme or report requests.

- 5.3 The Policy and Resources Scrutiny Committee Forward Work Programme is attached at Appendix 1, which presents the current status as at 30th January 2023. The Cabinet Work Programme is attached at Appendix 2. A copy of the prioritisation flowchart is attached at appendix 3 to assist the scrutiny committee to determine what items should be added to the forward work programme.

5.4 **Conclusion**

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

6. **ASSUMPTIONS**

- 6.1 No assumptions are necessary.

7. **SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

- 7.1 As this report is for information only an Integrated Impact Assessment is not necessary.

8. **FINANCIAL IMPLICATIONS**

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

9. **PERSONNEL IMPLICATIONS**

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

10. **CONSULTATIONS**

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

11. **STATUTORY POWER**

- 11.1 The Local Government Act 2000.

Author: Mark Jacques, Scrutiny Officer jacqu@carphilly.gov.uk

Consultees: Richard Edmunds, Corporate Director for Education and Corporate Services
Robert Tranter, Head of Legal Services/Monitoring Officer

Lisa Lane, Head of Democratic Services and Deputy Monitoring Officer,
Legal Services
Councillor Gary Johnston, Chair Policy and Resources Scrutiny
Committee
Councillor Brenda Miles, Vice Chair Policy and Resources Scrutiny
Committee

Appendices:

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

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Forward Work Programme - Policy and Resources

Appendix 1

Date	Title	Key Issues	Author	Cabinet Member
21/02/2023 17:30	Whole-Authority Revenue Budget Monitoring Report (Period 9) P&R		Harris, Stephen R;	Cllr. Stenner, Eluned;
21/02/2023 17:30	Annual Reserves Report		Harris, Stephen R;	Cllr. Stenner, Eluned;
21/02/2023 17:30	Information Item - Strategic Equalities Plan Annual Update Report MARCH		Richards, Sue;	Cllr. George, Nigel;
21/02/2023 17:30	Information Item - Capital Budget Monitoring report Period 9		Williams, Rhiann H.;	Cllr. Stenner, Eluned;
21/02/2023 17:30	Information Item - Treasury Management Monitoring Report (Period 9)		Williams, Rhiann H.;	Cllr. Stenner, Eluned;
21/02/2023 17:30	Information Item - Revenue budget monitoring reports for Corporate Services and Miscellaneous Finance (Period 9)		Harris, Stephen R;	Cllr. Stenner, Eluned;
04/04/2023 17:30	IT Security Update	Seeking assurance on the Councils Cyber Security arrangements.	Lucas, Liz;	Cllr. George, Nigel;
04/04/2023 17:30	Community Empowerment Fund		Lancaster, Hayley;	Cllr. Stenner, Eluned;
04/04/2023 17:30	Digital Update	Understanding how the Council is using Automation to enhance customer service	Lucas, Liz;	Cllr. George, Nigel;

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Cabinet Forward Work Programme –14th February 2023

Meeting date:	Report title:	Key issue:	Report author:	Cabinet Member:
22/02/2023 13:00	Budget Proposals for 2023/24 and Updated Medium -Term Financial Plan (MTFP)	Following the public Consultation, Cabinet to consider the outcome and endorse the 2023/24 budget proposals prior to final determination by Council on the 23rd February 2023, and to note the updated MTFP.	Stephen Harris	Cllr. Eluned Stenner
22/02/2023 13:10	Welsh Government Retail, Leisure and Hospitality Rate Relief Scheme	To provide details of the new 'Retail, Leisure and Hospitality Rate Relief Scheme' offered by WG for 2023/24 which the Authority must formally adopt.	John Carpenter	Cllr. Eluned Stenner
22/02/2023 13:20	Empty Property Grant Approval	For Cabinet to consider the new Welsh Government National Empty Property Grant Programme.	Nick Taylor-Williams; Claire Davies	Cllr. Shayne Cook
22/02/2023 13:30	Formalising the Youth Service Model	To seek Cabinet approval to formally adopt the blended youth work model that has successfully supported the youth service throughout the pandemic.	Paul O'Neill	Cllr. Carol Andrews
08/03/2023 13:00	Biodiversity and Grass Cutting Regimes	To seek Cabinet approval in relation to proposals to enhance and promote biodiversity in our grass cutting regimes across the county borough and following consultation with local members.	Mike Headington	Cllr. Chris Morgan
08/03/2023 13:10	Empty Homes Strategy	To seek Cabinet approval of the proposed strategy.	Claire Davies; Mark Jennings	Cllr. Shayne Cook
08/03/2023 13:20	Housing Revenue Account Business Plan 2022/23	To seek Cabinet approval of the Housing Business Plan position in advance of	Nick Taylor-Williams; Lesley Allen	Cllr. Shayne Cook

Cabinet Forward Work Programme –14th February 2023

Meeting date:	Report title:	Key issue:	Report author:	Cabinet Member:
		submitting the plan to Welsh Government by 31st March 2023.		
08/03/2023 13:30	Caerphilly Homes Task Group	To agree that the Caerphilly Homes Task Group (CHTG) ceases as the Welsh Housing Quality Standard (WHQS) Programme has been completed.	Nick Taylor-Williams	Cllr. Shayne Cook
08/03/2023 13:40	Private Finance Initiative (PFI)	To receive and consider a report on a review of the council's Private Finance Initiative (PFI) contracts	Stephen Harris	Cllr. Eluned Stenner
08/03/2023 13:50	Council Participation strategy 2023-2027	To seek approval of the revised participation strategy that captures the new requirements of the local government and elections act.	Hayley Lancaster; Rob Tranter	Cllr. Nigel George
22/03/2023 13:00	Strategic Equality Plan Annual Report 2021-2022	For Cabinet to consider and approve the Strategic Equality Plan Annual Report 2021-2022 prior to publication on the Council's website.	Kath Peters; Anwen Cullinane	Cllr. Eluned Stenner
22/03/2023 13:30	Gender Pay Gap	To agree the Gender Pay Gap report which has to be published by 31st March 2023.	Lynne Donovan	Cllr. Nigel George
05/04/2023 13:00	Draft Waste Strategy	For Cabinet to agree the draft Waste Strategy	Marcus Lloyd	Cllr. Chris Morgan
05/04/2023 13:30	A469 Troedrihwfuwch	To seek Cabinet approval on an implementation plan to undertake a significant highway repair to the A469 north.	Mark S Williams; Marcus Lloyd	Cllr. Julian Simmonds
19/04/2023 13:00	Review of the Local Public Convenience Strategy	To seek Cabinet approval for the Council's updated Local Public Convenience Strategy following a review and public consultation.	Rob Hartshorn	Cllr. Philippa Leonard

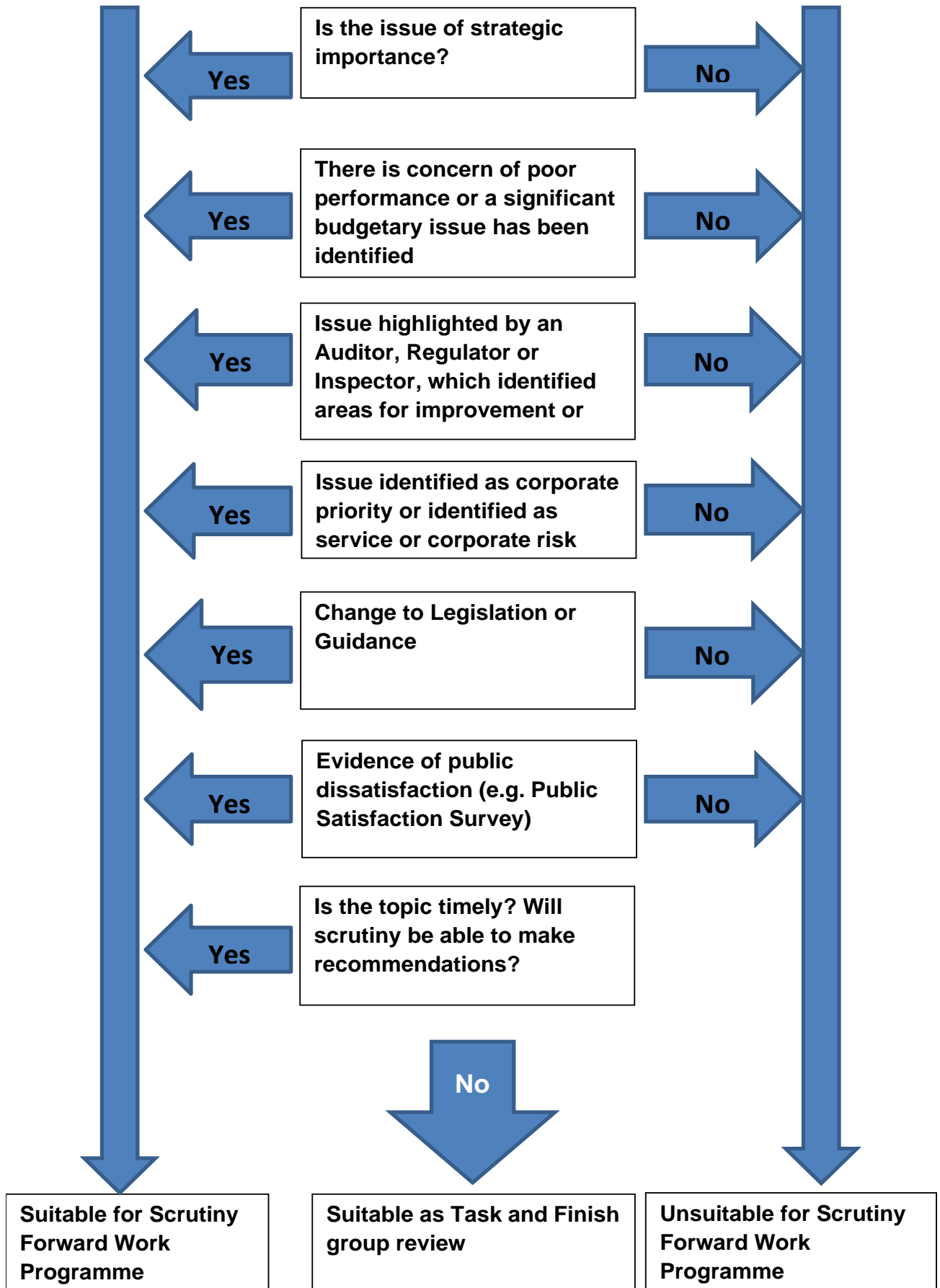
Cabinet Forward Work Programme –14th February 2023

Meeting date:	Report title:	Key issue:	Report author:	Cabinet Member:
19/04/2023 13:10	Multi-functional Cadet and Sports Pavilion at Morgan Jones Park and Parc Penallta Visitor Centre	To update Cabinet regarding the inability to progress previously approved proposals to build a multi-functional cadet / sports pavilion at Morgan Jones Park and a Visitor Centre at Parc Penallta and to seek Cabinet approval to implement alternative schemes at both locations and to release previously approved capital contributions back to the Authority's capital reserves.	Rob Hartshorn	Cllr. Chris Morgan
03/05/2023 13:00	No items currently scheduled			
17/05/2023 13:00	Waste Strategy	For Cabinet to consider the outcome of the public Consultation and approve the final Waste Strategy.	Marcus Lloyd; Hayley Jones	Cllr. Chris Morgan
31/05/2023 13:00	Workforce Development Strategy 2021-24 - 6 month update	To provide Cabinet with a 6 month update with the progress against the Workforce Development Strategy.	Lynne Donovan	Cllr. Nigel George
31/05/2023 13:20	Employee Wellbeing Strategy 2021-24 - 6 monthly update	To provide Cabinet with a 6 month update with the progress against the Employee Wellbeing Strategy.	Lynne Donovan	Cllr. Nigel George
14/06/2023 13:00	No items currently scheduled			
28/06/2023 13:00	Local Housing Market Assessment and the Welsh Government Prospectus	For Cabinet to discuss and approve the Local Housing Market Assessment and the Welsh Government Prospectus. Welsh Government requires all Local Authorities to undertake a Local Housing Market Assessment and a Prospectus. The documents set out the requirement for housing within the county borough and is utilised to inform the LDP, the allocation of Social Housing Grant and the	Nick Taylor-Williams; Jane Roberts-Waite	Cllr. Shayne Cook

Cabinet Forward Work Programme –14th February 2023

Meeting date:	Report title:	Key issue:	Report author:	Cabinet Member:
		Council's own Caerphilly Homes development programme.		
28/06/2023 13:20	Development and Governance Strategy	The establishment of the development strategy which details the principles, practices and governance arrangements which are needed to facilitate, enable and support the new build objectives of Caerphilly Homes now and in the future. It will tackle the challenges, the development process, development programme and strategic priorities.	Nick Taylor-Williams; Jane Roberts-Waite	Cllr. Shayne Cook
12/07/2023 13:00	No items currently scheduled			
26/07/2023 13:00	Annual Corporate Safeguarding Report plus the Annual Safeguarding Management Information Report.	To seek approval of the Annual Safeguarding reports.	Gareth Jenkins	Cllr. Elaine Forehead
26/07/2023 13:10	Day Services	For Cabinet to consider and approve the new proposed Day Services Model.	Jo Williams	Cllr. Elaine Forehead

Scrutiny Committee Forward Work Programme Prioritisation



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POLICY AND RESOURCES SCRUTINY COMMITTEE - 21ST FEBRUARY 2023

**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 2022/23 financial year.

2. SUMMARY

- 2.1 The report provides details of the 2022/23 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.

3. RECOMMENDATIONS

- 3.1 It is recommended that the Scrutiny Committee notes the content 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 2022/23 financial year.

5. THE REPORT

5.1 Projected Revenue Budget Outturn for 2022/23 (Month 9)

- 5.1.1 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.

- 5.1.2 Based on information available as at month 9 the projected 2022/23 net year-end revenue budget underspend is £1.810m. A summary is provided by Directorate in the following table with further details provided in Appendix 1.

	Revised Estimate 2022/23 £m	Projected Outturn 2022/23 £m	Projected (Overspend/ Underspend £m
Education & Lifelong Learning	160.976	159.916	1.059
Social Services	112.712	113.948	(1.236)
Economy & Environment	50.980	51.778	(0.798)
Corporate Services	27.908	27.354	0.554
Miscellaneous Finance	49.364	47.133	2.231
Totals: -	401.938	400.129	1.810

5.1.3 The projected underspend is much lower than in recent financial years and it should be noted that the position is net of the one-off use of reserves totalling £4.788m in respect of the 2022/23 pay award being higher than the budgeted level. Furthermore, we are yet to feel the full financial impact of the unprecedented levels of inflation experienced during the last 12 months, particularly in relation to energy costs where forward purchasing arrangements have largely protected the Council from the impact of energy price increases in the current year.

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

5.2 Education & Lifelong Learning (Projected Underspend of £1.059m)

5.2.1 An underspend of £1.059m is currently forecast for Education & Lifelong Learning. The overall position is summarised in the table below: -

Service Area	Projected (Overspend/ Underspend £000's
Schools' Covid-19 Related Expenditure	(286)
Pension Costs of School Based Staff	333
Psychology Service	105
Language Support	119
Vulnerable Learners	305
Early Years Central Team	235
Other	248
TOTAL: -	1,059

5.2.2 During the 2020/21 and 2021/22 financial years schools were able to submit claims to the Welsh Government for financial support from the Covid-19 Hardship Fund in respect of additional costs linked to the pandemic. This funding ceased from 1 April 2023 but there are two areas of ongoing additional costs that are being incurred. The first of these relates to additional mid-day cleans in the schools (instigated during the pandemic), with the second area relating to supply cover costs for teaching staff who are 26+ weeks into pregnancy (these staff members worked from home during the pandemic in accordance with recommendations following a blanket risk assessment).

5.2.3 Following discussions with Headteachers and at a senior level within the Authority, schools were advised that the Authority would continue to support and fund the additional mid-day cleans to the end of the summer 2022 term. Schools were also advised that if they wished to continue with this arrangement from September 2022 that this would need to be funded through the schools' delegated budgets and/or reserves. In July 2022, Headteachers were advised that the guidance relating to the workplace and pregnancy had changed, with regards to the rule of

automatically working from home after 26 weeks. Schools have been issued with appropriate guidance with employers required to adopt an individualised approach to support pregnant workers through the risk assessment process. Consequently, schools were advised that the Authority would support supply cover costs for pregnant staff to the end of the autumn term with each claim needing to be supported by a risk assessment.

- 5.2.4 There is a projected underspend of £333k in relation to the Authority's on-going liability for pension costs for school-based staff. This projection is a little higher than the £255k underspend position in the 2021/22 financial year.
- 5.2.5 The projected underspends of £105k for the Psychological Service and £119k for Language Support are due to vacant posts within these service areas.
- 5.2.6 The projected underspend of £305k relating to support for our vulnerable learners is largely due to a delay in the expansion of 2 classrooms at Glan Y Nant (Pupil Referral Unit).
- 5.2.7 The projected underspend in £235k in the Early Years Central Team is directly linked to core staff supporting the areas of Flying Start, Early Years Expansion and the Childcare Offer, which are currently being funded through grants.

5.3 Social Services (Projected Overspend of £1.236m)

- 5.3.1 There is currently a projected overspend of £1.236m for Social Services (inclusive of transport costs).
- 5.3.2 Despite the significant level of staffing vacancies within the Children's Services Division that are expected to deliver an underspend of circa £900k in 2022/23, the overall position for the Division is an anticipated overspend of £4.039m. This is largely attributable to the increasingly complex needs of the individuals presenting to the service, resulting in the need for high cost residential care placements.
- 5.3.3 £2.224m of the projected underspend within the Adult Services Division can be attributed to staff recruitment difficulties across the domiciliary care market, which in turn has caused a build-up of around 950 hours per week of unmet care needs. A further underspend of £1.745m is anticipated in respect of Day Care Services and following an independent review Officers will now be looking to embed the model identified by consultants.
- 5.3.4 The underspends in the Adult Services Division have been partially offset by an increase in residential care placements following the easing of Covid-19 related restrictions, and an increase in demand for respite care to support carers during a shortage of alternative domiciliary care provision. As a result of these issues, the overall position for the Division is an anticipated underspend of £2.458m.
- 5.3.5 The projected underspend of £52k for Service Strategy and Business Support is largely due to staff turnover within the Financial Services Team, and the temporary reduction in Day Services referred to above has led to a potential underspend of £293k in respect of transport costs.
- 5.3.6 The Social Services general reserve balance is currently £2.278m. Therefore, the projected in-year overspend of £1.236m does not pose a significant financial risk for the current financial year. However, the reducing level of this reserve, ongoing financial pressures within Children's Services and across the social care market, and service provision within Adult Services set to return to pre-pandemic levels will result in significant financial pressures for 2023/24 and beyond.

5.4 Economy & Environment (Projected Overspend of £798k)

- 5.4.1 The projected outturn position for the Economy and Environment Directorate is an overspend of £798k.

Regeneration & Planning

- 5.4.2. The Regeneration & Planning Division is projecting a net underspend of £308k. The most significant areas of underspend are £217k in Tourism Venues due to a combination of vacant posts and increased income levels, £61k in Town Centre Management due to a delay in filling a vacant post, £122k in Community Regeneration again due to vacant posts and £87k in Building Control largely due to improving income levels. These underspends have been partially offset by a projected overspend of £209k in relation to industrial properties, which is primarily due to a shortfall in property rents. The service is proactively seeking to ensure that vacant units are let as quickly as possible by identifying businesses interested in taking up a rental.

Infrastructure

- 5.4.3 A net overspend of £28k is projected for the Infrastructure Division. Highway Services is reporting a net overspend of £110k, largely due to additional costs of reactive maintenance on carriageways, additional contractor costs, and agency staff. These overspends are partially offset by a number of underspends across other budgets in the Division arising from delays in filling vacant posts, reduced computer equipment costs, reduced vehicle hire costs, and one-off additional grant income. At present winter maintenance costs are difficult to predict but it is assumed that the full budget of £1.16m will be utilised.

Community & Leisure Services

- 5.4.4 The Community & Leisure Services Division is projecting a net overspend of £1.207m. Of this, £835k is attributable to Waste Management with the main areas of overspend being the following: -

- Residual Waste is projecting an overspend of £142k due in the main to additional costs of vehicle repairs and fuel, and increased tonnage costs. These overspends are partially offset by a reduction in vehicle hire costs.
- Projected overspend of £140k for Organics Recycling due to increased contractor, treatment, and fuel costs. These overspends are partly offset by vacant posts and reduced vehicle costs.
- There is a projected overspend of £161k for Civic Amenity Sites due in the main to additional wood treatment costs, partially offset by reduced transport costs, telephone charges, and vacant posts.
- The Waste Transfer Station is projecting a £55k overspend due to increased costs for vehicle repairs and maintenance, licences, and site maintenance.
- Dry Recycling is forecasting a £721k overspend due to increased tonnage costs and increases in costs for vehicle hire and repairs.

- 5.4.5 The overspends in Waste Management are partially offset by a number of projected underspends: -

- Bulky Waste is projecting a £16k underspend due to lower tonnages being sent to the contractor.
- Commercial Waste is projecting a £36k underspend due to additional income.
- Trehir is projecting a £87k underspend due to reduced maintenance costs and a reduction in sewage charges.
- HQ staff projected to underspend by £160k due to vacant posts and underspends on a number of non-salary budgets

- 5.4.6 A net underspend of £359k is projected for Cleansing which is mainly due to vacant posts and reduced vehicle costs. The underspend is partially offset by overspends arising from additional agency costs, disposal costs, and fuel costs.

- 5.4.7 A net overspend of £277k is projected for Grounds Maintenance and Parks. The most significant element of this is an overspend of £265k for Parks and Playing Fields due to increased costs in

relation to vehicle purchases, vehicle hire, fuel, and equipment maintenance. An overspend of £112k is also projected for Outdoor Facilities due in the main to utility costs. These overspends are partially offset by an underspend of £150k in Countryside budgets due to increased fee income levels and vacant posts.

- 5.4.8 An overspend of £475k is projected for Leisure Centres consisting of increased utility costs, reduced income levels and the loss of income from Pontllanfraith Leisure Centre being used as a mass vaccination centre.
- 5.4.9 Caerphilly Adventures is projected to overspend by £101k due to budgeted income levels not being achieved.
- 5.4.10 An underspend of £80k is projected for Vehicle Maintenance and Fleet Management which is primarily due to staff vacancies within the workshop.

Public Protection

- 5.4.11 A net underspend of £129k is projected for the Public Protection Division.
- 5.4.12 There is a projected underspend of £216k for Environmental Health. This is due in the main to an underspend of £79k for Community Safety Wardens arising from vacant posts, an underspend of £31k for Enforcement due to reduced travel, vehicle, and external agency costs and an underspend of £49k for Emergency Planning due to a delay in filling a vacant post.
- 5.4.13 An underspend of £32k is projected for Trading Standards due to delays in filling vacant posts and there is a projected overspend of £46k for Catering Services due to reduced income levels partially offset by vacant posts.
- 5.4.14 A one-off revenue contribution to capital outlay of £75k has been approved under delegated powers for works at Ty Llwyd quarry.

5.5 Corporate Services (Projected Underspend of £554k)

- 5.5.1 The Directorate of Corporate Services is currently projecting a net underspend of £554k. Details of the more significant variations against budgets are provided in the following paragraphs.
- 5.5.2 The anticipated net underspend of £390k in Corporate Finance relates in the main to in-year vacancies (some of which are in the process of being filled), and additional one-off grant income largely due to administering a range of cost-of-living grant schemes on behalf of the Welsh Government.
- 5.5.3 There is an anticipated net underspend of £663k in Digital Services which consists of the following: -
 - A projected underspend of £307k for IT Services which is due in the main to delays in filling vacant posts offset by reduced income levels and the use of consultants to fund project work.
 - A projected net underspend of £247k for Procurement and Information Governance largely due to delays in filling vacant posts.
 - An underspend of £110k for Customer First which is due to reduced income levels and delays in filling vacant posts.
- 5.5.4 A net underspend of £198k is projected for Legal & Governance Support due to a one-off increase in income levels, some staff not reaching the top of their pay scales, some temporary reduced hours, delays in filling vacant posts and savings associated with working from home.
- 5.5.5 There is a projected net underspend of £499k for People Services consisting of: -

- Human Resources projected net underspend of £162k due in the main to delays in filling vacant posts and some temporary reductions in working hours.
- Health & Safety underspend of £237k due in the main to salary savings arising from delays in recruitment. This underspend is partially offset by reduced internal training income as courses are restarting after Covid-19.
- The Communications Unit is projecting a net underspend of £100k, due in the main to delays in filling vacant posts and increased levels of internal income.

5.5.6 There is an anticipated £436k net underspend in Business Improvement Services which is mainly due to delays in recruiting to vacant posts.

5.5.7 There is a projected overspend of £1.4m for General Fund Housing which is mainly due to the ongoing significant cost of Bed & Breakfast placements. This service area includes a statutory duty for Temporary Accommodation which is demand led and difficult to predict. The demand for Bed & Breakfast placements as a result of Covid-19 has been significant with on average 70 cases per month, together with accompanying security costs for the relevant establishments. During the pandemic, the Welsh Government funded these additional costs (net of any housing benefits) from the Covid-19 Hardship Fund, but this funding ceased in March 2022. A replacement grant totalling £796k has been introduced by the Welsh Government called 'The No-one Left Out Grant', but this is much lower than the funding received for the previous two financial years.

5.5.8 It is likely that Bed & Breakfast placements will increase further as more people are expected to find themselves homeless as a consequence of the cost-of-living crisis especially since the introduction of the new Renting Homes Wales Act in December 2022. Furthermore, there could be an increase and delay with placements as a result of the current Ukraine situation. It is important to note that for every temporary accommodation placement, the council has to fund on average 80% of the cost. The Department for Work and Pensions (DWP) only funds on average 20% of the cost via housing benefits, which is why the overspend is increasing.

5.5.9 Welsh Government has set out an ambitious Programme for Government with the aim of making our community a better place to live and work, which will be achieved in part, by reforming homelessness services to focus on prevention and rapid rehousing, which should in theory eradicate the need for Bed & Breakfast placements. However, this a long-term strategy likely to take 5-10 years. Emergency Accommodation will still be required but on a smaller scale and officers are currently undertaking a review to establish what this provision will look like for Caerphilly CBC in the longer-term. In the meantime, the Council is maximising its Caerphilly Keys Private Rented Sector project and recently launched its own website whilst running a heightened media campaign in an attempt to attract more landlords to the project, so that the Housing Solutions Team can maximise move on within that sector.

5.5.10 An overspend of £270k is projected for Private Housing which is mainly due to reductions in income and an increase in construction costs and material costs.

5.6 Miscellaneous Finance (Projected Underspend of £2.231m)

5.6.1 There is an overall projected underspend of £2.231m in Miscellaneous Finance.

5.6.2 There is a net projected underspend of £1.213m on Capital Financing budgets which is due to the following: -

- £389k underspend in Debt Charges due to delays in borrowing requirements.
- Investment income being £824k more than the budgeted level due to some medium to long-term investments and additional returns arising from increases in interest rates.

5.6.3 Other areas of underspend in Miscellaneous Finance include the following: -

- Carbon Energy Tax - £247k (scheme has ended).

- £284k due to delays in recruitment to Head of Service posts.
- £322k on Free School Meal Grants – This was transferred into the Financial Settlement in previous years but there are currently no commitments against the budget.
- £367k in respect of delayed borrowing requirements for the Cardiff Capital Region (CCR) City Deal.

5.7 Conclusion

- 5.7.1 The 2022/23 projected underspend of £1.810m is much lower than in recent financial years and it should be noted that this position is net of the one-off use of reserves totalling £4.788m in respect of the 2022/23 pay award being higher than the budgeted level. Furthermore, we are yet to feel the full financial impact of the unprecedented levels of inflation experienced during the last 12 months.
- 5.7.2 The 2023/24 Draft Budget Proposals Report presented to Cabinet on 18 January 2023 show total cost pressures of £55.771m for the forthcoming financial year. £22.152m of these pressures can be funded through the 6.9% increase in the 2023/24 Provisional Local Government Financial Settlement but this still leaves a shortfall of £33.619m.
- 5.7.3 The proposals in the 2023/24 Draft Budget Report provide some recurring solutions to addressing the budget gap but there are also temporary measures totalling £21.913m which will assist in balancing the budget for 2023/24 only and provide some much needed time to develop, approve and implement permanent savings solutions moving forward. It is currently anticipated that the total savings requirement for the three-year period 2023/24 to 2025/26 is circa £48m.

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 As this report is for information only an Integrated Impact Assessment is not required.

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.

Author: Stephen Harris, Head of Financial Services and S151 Officer
Tel: 01443 863066 E-mail: harrisr@caerphilly.gov.uk

Consultees: Corporate Directors and Heads of Service
Cllr Eluned Stenner, Cabinet Member for Finance and Performance
(Email: stenne@caerphilly.gov.uk)
Dave Roberts, Interim Finance Manager, Corporate Services and Economy and Environment
(Email: roberda@caerphilly.gov.uk)
Jane Southcombe, Finance Manager, Education and Lifelong Learning
(Email: southj@caerphilly.gov.uk)
Mike Jones, Financial Services Manager, Social Services
(Email: jonesmj@caerphilly.gov.uk)
Lesley Allen, Principal Group Accountant, Housing
(Email: allenl@caerphilly.gov.uk)

Appendices:

Appendix 1 – 2022/23 Whole-Authority Revenue Budget Monitoring Report (Month 9) - Summary by Directorate/Service Division.

2022/23 Whole-Authority Revenue Budget Monitoring Report (Period 9)

Summary by Directorate/Service Division

Directorate/Service Division	Revised Budget 2022-23	Projected Outturn 2022-23	(Overspend)/ Underspend 2022-23
	£	£	£
Education & Lifelong Learning			
- Schools Related	129,391,202	129,284,761	106,441
- Education	18,874,980	18,007,383	867,597
- Lifelong Learning	4,187,146	4,101,783	85,363
- Home to School/College Transport	8,522,175	8,522,175	0
Sub-Total: -	160,975,503	159,916,102	1,059,401
Social Services			
- Children's Services	30,213,658	34,252,655	(4,038,997)
- Adult Services	78,481,509	76,023,693	2,457,816
- Service Strategy and Business Support	2,314,481	2,262,602	51,879
- Social Services Transport	1,701,995	1,408,926	293,069
Sub-Total: -	112,711,643	113,947,876	(1,236,233)
Economy & Environment			
- Regeneration and Planning	3,483,281	3,175,208	308,073
- Infrastructure	12,629,096	12,657,491	(28,395)
- Community and Leisure Services	25,304,169	26,510,823	(1,206,654)
- Public Protection	9,359,812	9,230,773	129,039
- Directorate General	203,659	203,659	0
Sub-Total: -	50,980,017	51,777,954	(797,937)
Corporate Services			
- Chief Executive/Director	378,411	349,819	28,592
- Corporate Finance	2,288,221	1,898,417	389,804
- Digital Services	7,882,631	7,219,430	663,201
- Legal and Governance	3,661,177	3,462,929	198,248
- People Services	4,196,120	3,696,709	499,411
- Business Improvement Services	2,122,844	1,686,993	435,851
- Corporate Property	5,425,784	5,417,201	8,583
- General Fund Housing	1,477,602	2,877,605	(1,400,003)
- Private Housing	474,865	744,865	(270,000)
Sub-Total: -	27,907,655	27,353,968	553,687
Miscellaneous Finance	49,363,557	47,132,726	2,230,831
Totals: -	401,938,375	400,128,625	1,809,750

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POLICY AND RESOURCES SCRUTINY COMMITTEE – 21st FEBRUARY 2023

SUBJECT: UPDATE ON RESERVES

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES

1. PURPOSE OF REPORT

1.1 To present the Scrutiny Committee with details of the usable reserves held by the Authority.

2. SUMMARY

2.1 The report provides details of the usable reserves held by the Authority. Details are provided of the audited balances as at the 1st of April 2022, along with updates to reflect in-year movements in some areas.

3. RECOMMENDATIONS

3.1 Members of the Scrutiny Committee are asked to note the content of the report.

4. REASONS FOR THE RECOMMENDATIONS

4.1 To ensure that the Scrutiny Committee is provided with details of the usable reserves held by the Authority.

5. THE REPORT

5.1 Local Authorities have a corporate responsibility to operate within available resources and to remain financially sound over the short, medium, and longer term.

5.2 One of the key tools available to Authorities in managing their financial affairs is the creation and use of both general and earmarked reserves to assist them in delivering services over a period of longer than one financial year.

5.3 Reserves are an essential part of good financial management. They help Councils cope with unpredictable financial pressures, help them smooth the impact of known spending requirements over time, and help to fund any in-year overspending. The level, purpose, and planned use of reserves are important factors for Elected Members and Officers to consider in

developing medium-term financial plans and setting annual budgets.

5.4 The definitions and related accounting treatment of reserves are governed by the requirements of accounting standards. In summary, reserves: -

- can be established for any purpose and at whatever point the Authority determines (although the purpose, usage and basis of transactions should be clearly established);
- can be held for both revenue and capital purposes; and
- can be used at the Authority's discretion (except that capital receipts and capital grants cannot be used to fund revenue expenditure).

5.5 Reserves are classified in specific categories. These are generally accepted classifications used by Local Authorities as follows: -

General Reserves – These apply separately in respect of the Council Fund (General Fund) and Housing Revenue Account (HRA), and essentially represent a combination of a working balance to cushion the impact of uneven cash flows, to avoid unnecessary temporary borrowing and to provide a contingency to cushion the impact of unexpected events or emergencies.

Earmarked and Specific Reserves – These are established to meet known or predicted requirements or are established by statute.

Ring-fenced Reserves – These reserves are set-aside for specific service areas (e.g. schools) and are not available for general Council use.

Unusable Reserves – These arise out of the interaction of legislation and proper accounting practice either to store revaluation gains or as adjustment accounts to reconcile requirements driven by reporting standards to statutory requirements. These reserves are not backed by resources (i.e. not cash backed) and cannot be used for any other purpose.

5.6 The audited balance on the Council's usable reserves at the 31st of March 2022 was £233.308m as per the table below: -

Description	Amount £m
General Fund	27.235
Housing Revenue Account (HRA)	23.979
Schools Earmarked Reserves	17.263
Capital Earmarked Reserves	43.771
Usable Capital Receipts	12.148
Capital Grants Unapplied	19.886
Insurance Earmarked Reserves	7.260
Service Over/Underspend Reserves	8.870
Direct Service Earmarked Reserves	0.085
Other Earmarked Reserves	72.811
Total: -	233.308

5.7 The following paragraphs provide a detailed commentary on the balances held.

5.8 General Fund

5.8.1 The General Fund Balance as at the 31st March 2022 was £27.235m. As approved by Council on 24 February 2022, £1.050m of this is being used to support the 2022/23 Budget, and at its meeting on 4 October 2022 Council also agreed to use £14.333m of the General Fund reserve to fund the following: -

Description	Amount £m
In-year impact of 2022/23 pay awards	6.860
Cost-of-Living Hardship Fund	3.000
Cost-of-Living Crisis contingency	2.098
Home to School/College Transport	0.460
Wi-Fi infrastructure review	0.100
Heolddu Leisure Centre fitness equipment	0.100
Emporium Car Park repairs	0.100
Highway inspections (Covid-19 backlog)	0.120
External asbestos surveys	0.100
Modern Patch Management Tool	0.100
Cloud migrations	0.500
Canal refurbishment	0.200
Additional RSG (Electric Vehicles/driving lessons for care workers.)	0.595
Total: -	14.333

5.8.2 These approved uses of reserves reduce the current General Fund balance to £11.852m, which equates to 3% of the Council's 2022/23 Net Revenue Budget. This is the minimum level recommended by the Section 151 Officer and is in line with best practise.

5.8.3 Members will be aware that the 2023/24 Draft Budget Proposals endorsed by Cabinet on the 18th of January 2023 include the proposed one-off use of reserves totalling £15.051m as a temporary measure to help balance the 2023/24 budget. The use of reserves in this manner is unprecedented for the Council, but it does provide some much needed space to identify, approve and implement a range of permanent savings to address an anticipated net funding gap of circa £48m for the two-year period 2024/25 to 2025/26. The £15.051m includes the £2.098m Cost-of-Living Crisis Contingency in the table in paragraph 5.8.1 above. The remaining elements of the £15.051m will be highlighted throughout the rest of this report.

5.9 Housing Revenue Account (HRA)

5.9.1 £23.979m of the usable reserves are Housing Revenue Account (HRA) funds that must be ring-fenced and cannot be transferred into General Fund balances. This funding is available to help maintain the Welsh Housing Quality Standard (WHQS), to part fund the Post Asset Management Strategy (PAMS), and the new build programme moving forward.

5.10 Schools Earmarked Reserves

5.10.1 There is a total sum of £17.263m in reserves relating to net overall retained underspends ring-fenced to schools.

5.11 Capital Reserves

5.11.1 The capital reserves totalling £75.805m are ring-fenced for the Authority's Capital Programme. Some of the more significant balances held include the following: -

- £25.1m for the 'Wellbeing and Placeshaping Framework'.
- £18.5m for Education, the majority of which is match funding for the 21st Century Schools Programme.
- £6.4m for Highways.
- £4.4m for the Housing Revenue Account (HRA). This is ring-fenced and cannot be used for the General Fund.
- £3.1m for a new Respite Centre.

5.11.2 Capital balances are currently being reviewed to ensure that the sums are fully committed and where this is not the case proposals will be developed for the funding to be redirected for other capital purposes and/or to lever in external funding wherever possible. In advance of this review being completed, £915k of uncommitted balances originally funded through a revenue budget contribution to capital can be released as part of the £15.051m one-off use of reserves to help balance the 2023/24 revenue budget.

5.12 Insurance Earmarked Reserves

5.12.1 £7.260m is held in reserve for our self-insurance facility and risk management initiatives. The Authority's insurance excess for the majority of covers is £250k and claims below this level are funded through the reserve. The level of the reserve is reviewed by our Insurance Brokers (Marsh) to ensure that it is sufficient to meet potential liabilities.

5.13 Service Over/Underspend Reserves

5.13.1 Cabinet has previously agreed a policy whereby service areas retain 50% of reported underspends at the financial year-end. Conversely, any service based overspends are carried forward by the service areas responsible for generating the overspends. This approach has worked well as there is full ownership and accountability by budget holders in respect of delivering a balanced budget.

5.13.2 The table below summarises the current position in respect of the retained underspend reserves held by each Directorate: -

Directorate	Balance (31/02/22) £m	In-Year Commitments £m	Current Balance £m
Corporate Services	1.224	0.791	0.433
Communities	1.177	1.062	0.115
Education & Lifelong Learning	1.074	0.940	0.134
Social Services	5.396	3.119	2.277
Total: -	8.870	5.912	2.959

5.14 Direct Service Earmarked Reserves

5.14.1 £85k is held in reserves in respect of retained cash surpluses for Network Contracting Services (NCS) work arising from the Sirhowy Enterprise Way PFI contract.

5.15 Other Earmarked Reserves

5.15.1 The balance on 'Other Earmarked Reserves' as at the 31st of March 2022 totalled £72.811m. The following table provides details by Directorate: -

Description	Amount £m
Corporate Services	
Covid-19 earmarked reserve – It is proposed that £5m of this reserve is released as part of the £15.051m one-off use of reserves to help balance the 2023/24 revenue budget.	5.375
Private Finance Initiative reserve (schools) – Committed to funding approved School PFI Schemes.	7.770
Private Finance Initiative reserve (roads) – Committed to funding the Sirhowy Enterprise Way (SEW) PFI Scheme.	1.920
Salix Finance – To support energy saving initiatives.	0.277
Electoral Administration reserve - Cumulative balance on funding set aside annually for local elections.	0.709

Health & Safety initiatives reserve - To meet one-off unavoidable cost pressures in Council establishments.	0.263
PC replacement reserve - This reserve funds the ongoing replacement of essential IT hardware and software across the Authority.	0.583
Invest to Save reserve - To provide repayable one-off financial support for service initiatives that deliver cashable savings.	0.735
Retained underspends on the Care First budget (Careline) - It is proposed that this reserve is released as part of the £15.051m one-off use of reserves to help balance the 2023/24 revenue budget.	0.278
Retained underspends on the Member Services budget - It is proposed that this reserve is released as part of the £15.051m one-off use of reserves to help balance the 2023/24 revenue budget.	0.396
Retained underspends on the Council Tax Reduction Scheme (CTRS) budget - It is proposed that this reserve is released as part of the £15.051m one-off use of reserves to help balance the 2023/24 revenue budget.	1.756
Apprenticeship Scheme - Committed to funding apprenticeships across the Council.	0.897
Education contributions to ESF Programmes.	0.322
Retained underspends on the Grants to the Voluntary Sector budget - This budget is monitored by Members on the Grants to the Voluntary Sector Panel.	0.111
Storm Dennis – Outstanding balance on grant payments to residents (flood damage). It is proposed that this reserve is released as part of the £15.051m one-off use of reserves to help balance the 2023/24 revenue budget.	0.146
Retained underspend on the Occupational Health budget to address backlogs.	0.129
Retained underspends on the Community Empowerment Fund budget.	0.229
Caerphilly Academy Gateway to Employment – Development of a Pilot Skills and Apprenticeship Academy (this was delayed during Covid-19).	0.087
Flexible Working – Reserve established to support the roll-out of new flexible ways of working.	0.500
Funding set aside to support the 'Licence to Innovate' initiative.	0.211
I.T. Systems – Various sums set aside to fund system upgrades and new software and hardware investments - It is proposed that £286k of this reserve is released as part of the £15.051m one-off use of reserves to help balance the 2023/24 revenue budget.	1.668
Fixed-Term Posts – Funding set-aside to fund approved fixed-term posts - It is proposed that £154k of this reserve is released as part of the £15.051m one-off use of reserves to help balance the 2023/24 revenue budget.	1.833
Property reserve to fund fixed-term Asset Management Co-ordinator and to support Corporate building schemes.	0.109
Contract management review in Waste Services.	0.377
Funding set aside to support delivery of the Council's ICT Strategy and Digital Transformation Programme.	1.759
Balance of funding previously set aside for one-off "Cleaning and Greening" initiatives across the county borough. This will be fully utilised in 2022/23.	0.549
Funding to support the delivery of the Decarbonisation Strategy and Action Plan.	0.444
Community Co-ordinators pilot – Funding set aside to pilot the introduction of five Community Connectors/Co-ordinators for an initial period of 12 months.	0.227

Teachers Pensions Funding Allocation 2019/20 - Options for using this one-off funding are currently under consideration and will be subject to a further report.	2.434
Municipal Mutual Insurance (MMI) Levy – Funding set aside to meet future liabilities arising from the MMI Scheme of Arrangement.	0.391
WG Cost-of-Living Crisis Discretionary Scheme grant funding to be used during the 2022/23 financial year.	1.670
WG Council Tax Collection Grant (2020/21) - It is proposed that this reserve is released as part of the £15.051m one-off use of reserves to help balance the 2023/24 revenue budget.	1.122
WG Council Tax Collection Grant (2021/22) - It is proposed that this reserve is released as part of the £15.051m one-off use of reserves to help balance the 2023/24 revenue budget.	0.878
Pay award contingency.	0.358
Interest Equalisation Reserve - This reserve is not cash backed and is an accounting entry to unwind notional interest payments on a loan provided by Welsh Government. This cannot be released for other purposes.	10.429
Homelessness Prevention – Reserve to fund rent top-ups, mortgage support and rent arrears to prevent homelessness/evictions. Also used for hot meals for rough sleepers during the winter.	0.147
Renewal Fund for future building costs at Ty Croeso single persons' accommodation.	0.201
Renewal fund for the replacement of white goods and internal decoration at Ty Fesen family accommodation.	0.188
Unfunded costs associated with the administration of the Improvement Loan Scheme.	0.016
Fixed-Term posts in the Empty Homes Team.	0.235
Caerphilly CBC's share of reserves held by the Cardiff Capital Region (CCR) City Deal.	1.575
Other miscellaneous service initiative reserves - It is proposed that £31k of these reserves are released as part of the £15.051m one-off use of reserves to help balance the 2023/24 revenue budget.	0.294
Communities	
Area Forum Reserve.	0.039
Cemeteries Reserve - Reserve established to fund works in CCBC owned cemeteries.	0.295
Community Infrastructure Levy (CIL) Reserve - £3.3m of this funding has already been committed during the 2022/23 financial year for match-funding the Caerphilly Wellbeing Centre Levelling-Up Fund (LUF) bid and for land acquisition.	3.802
Regeneration Project Board - Fund created to develop projects to stimulate economic development in the county borough. This funding is committed to specific projects, with a small balance of £15k remaining.	2.874
Funding for fixed-term posts in Environmental Health and the Business Enterprise & Renewal Team (BERT).	0.160
Public realm improvements in Rhymney High Street.	0.050
Reserve for Local Development Plan (LDP) related expenditure.	0.358
Ring-fenced winter maintenance reserve.	0.414
Funding for the ongoing rollout of cashless catering in schools.	0.302
Reserve established for physical works and traffic management costs in respect of tree felling as a result of Ash Die Back.	0.579
Seating at the Centre of Sporting Excellence.	0.050

Other miscellaneous service initiative reserves.	0.131
Education & Lifelong Learning	
Contingency for unforeseen cost pressures relating to PFI schools.	1.448
Local Management of Schools (LMS) Contingency - Accumulated underspends on LMS revenue budget. This reserve is maintained to support potential redundancy costs in schools, statutory maintenance costs and other unforeseen unavoidable cost pressures.	2.093
Voluntary Early Release (VER) costs – Required to meet ongoing liabilities in schools.	0.306
ESF Bridges into Work – Match-funding contribution - It is proposed that £403k of this reserve is released as part of the £15.051m one-off use of reserves to help balance the 2023/24 revenue budget.	0.537
ESF Working Skills for Adults 2 - Match-funding contribution - It is proposed that £200k of this reserve is released as part of the £15.051m one-off use of reserves to help balance the 2023/24 revenue budget.	0.267
ESF Inspire to Work – Match-funding contribution - It is proposed that £10k of this reserve is released as part of the £15.051m one-off use of reserves to help balance the 2023/24 revenue budget.	0.022
Fixed-Term Posts – Funding set-aside to fund approved fixed-term posts. It is proposed that £190k of this reserve is released as part of the £15.051m one-off use of reserves to help balance the 2023/24 revenue budget.	1.068
Reserve to fund budget pressures in Behaviour & Mental Health.	0.140
Reserve to fund pressures in Additional Learning Needs (ALN).	0.186
I.T. Systems – Various sums set aside to fund software and hardware investments (including the Ed Tech Programme).	1.320
Replacement Fund for 3G pitches.	0.095
Contribution to maintenance costs for schools (50/50 scheme).	0.146
Other miscellaneous service initiative reserves - It is proposed that £70k of this reserve is released as part of the £15.051m one-off use of reserves to help balance the 2023/24 revenue budget.	0.140
Social Services	
Community Activities Reserve - To support trading activities in Day Centres.	0.042
Finance IT System – Reserve established to meet the cost of upgrades to Access Database systems for client contributions.	0.117
Family aid for parents with Learning Disabilities.	0.180
Equipment to enable single-handed Home Care calls – Additional funding has been made available on a regional basis, so it is proposed that this reserve is released as part of the £15.051m one-off use of reserves to help balance the 2023/24 revenue budget.	0.152
Feasibility study in respect of delivering Telecare options – This study has now been funded via grant, so it is proposed that this reserve is released as part of the £15.051m one-off use of reserves to help balance the 2023/24 revenue budget.	0.040
Reserve established to mitigate the potential withdrawal of Intermediate Care Fund (ICF) grant funding.	0.500
Contributions to Buddy Scheme and Caerphilly Cares	0.260
Care Home visiting and Lateral Flow Testing – The cost of this testing has been met through the WG Covid-19 Hardship Fund, so it is proposed that this reserve is released as part of the £15.051m one-off use of reserves to help balance the 2023/24 revenue budget.	0.184

Funding to tackle a backlog of minor works of adaptation – This has now been funded through the WLGA Promoting Independence Grant. so it is proposed that this reserve is released as part of the £15.051m one-off use of reserves to help balance the 2023/24 revenue budget.	0.100
Fixed-Term Posts – Funding set-aside to fund approved fixed-term posts - It is proposed that £565k of this reserve is released as part of the £15.051m one-off use of reserves to help balance the 2023/24 revenue budget.	2.279
Other miscellaneous service initiative reserves - it is proposed that this reserve is released as part of the £15.051m one-off use of reserves to help balance the 2023/24 revenue budget.	0.078
Reserves held on behalf of Partnerships led by Caerphilly CBC.	2.459
Total: -	72.811

5.16 Conclusion

- 5.16.1 Reserves are an essential part of good financial management. They help Councils cope with unpredictable financial pressures, help them smooth the impact of known spending requirements over time, and help to fund any in-year overspending.
- 5.16.2 This report provides details of the usable reserves held by the Authority as at the 1st of April 2022. Details are also provided of reserves totalling £15.051m that are proposed for release to support the 2023/24 revenue budget. The use of reserves in this manner is unprecedented for the Council but it does provide some much needed space to identify, approve and implement a range of permanent savings to address an anticipated net funding gap of circa £48m for the two-year period 2024/25 to 2025/26.

6. ASSUMPTIONS

- 6.1 There are no assumptions within this report.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 This report is for information only, so an Integrated Impact Assessment is not required.

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 The Local Government Acts 1998 and 2003.

Author: Stephen Harris, Head of Financial Services and S151 Officer
Tel: 01443 863066 E-mail: harrisr@caerphilly.gov.uk

Consultees: Richard Edmunds, Corporate Director for Education and Corporate Services
(Email: edmunre@caerphilly.gov.uk)
Cllr Eluned Stenner, Cabinet Member for Finance and Performance
(Email: stenne@caerphilly.gov.uk)
Andrew Southcombe, Finance Manager, Corporate Finance
(Email: southak@caerphilly.gov.uk)
Dave Roberts, Interim Finance Manager, Corporate Services and Economy and Environment
(Email: roberda@caerphilly.gov.uk)
Jane Southcombe, Finance Manager, Education and Lifelong Learning
(Email: southj@caerphilly.gov.uk)
Mike Jones, Financial Services Manager, Social Services
(Email: jonesmj@caerphilly.gov.uk)
Lesley Allen, Principal Group Accountant, Housing
(Email: allenl@caerphilly.gov.uk)

Background Papers:

[Council \(24/02/22\) – Budget Proposals for 2022/23 and Medium-Term Financial Outlook](#)
[Council \(04/10/22\) – Provisional Revenue Budget Outturn for 2021/22](#)
[Cabinet \(18/01/23\) – Draft Budget Proposals for 2023/24](#)

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