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For all enquiries relating to this agenda please contact Emma Sullivan
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Date: 2nd March 2023

To Whom It May Concern,

A multi-locational meeting of the **Cabinet** will be held in Penallta House, and via Microsoft Teams on **Wednesday, 8th March, 2023 at 1.00 pm** 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. 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 present and/or speaking will be publicly available to all via the recording on the Council website at www.caerphilly.gov.uk

Yours faithfully,

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

Christina Harrhy
CHIEF EXECUTIVE

A G E N D A

- | | 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 22nd February 2023. 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 Private Sector Empty Homes Strategy 2023-2028. 11 - 52

6 Housing Revenue Account Business Plan 2023/24. 53 - 68

7 Future of Caerphilly Homes Task Group. 69 - 76

8 Council Participation Strategy 2023-2027. 77 - 90

9 Proposed Voluntary Termination of the Caerphilly CBC School PFI Contract. 91 - 120

10 Public Interest Test.

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

11 Caerphilly Town 2035 - Park Lane Market Development. 123 - 134

Circulation:

Councillors C. Andrews, S. Cook, E. Forehead, N. George, P. Leonard, S. Morgan, C. Morgan, J. Pritchard, J. Simmonds and E. Stenner

And Appropriate Officers

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Agenda Item 3



CABINET

MINUTES OF THE MULTI-LOCATIONAL MEETING HELD AT PENALLTA HOUSE AND VIA MICROSOFT TEAMS ON WEDNESDAY 22ND FEBRUARY 2023 AT 1PM

PRESENT:

Councillor S. Morgan – Chair

Councillors:

J. Pritchard (Cabinet Member for Prosperity, Regeneration and Climate Change), C. Andrews (Cabinet Member for Education and Communities), S. Cook (Cabinet Member for Housing), N. George (Cabinet Member for Corporate Services and Property), E. Forehead (Cabinet Member for Social Care), P. Leonard (Cabinet Member for Planning and Public Protection), C. Morgan (Cabinet Member for Waste, Leisure and Green Spaces), Cllr. J. Simmonds (Cabinet Member for Highways and Transportation) and E. Stenner (Cabinet Member for Finance and Performance).

Together with:

R. Edmunds (Corporate Director Education and Corporate Services), D. Street (Corporate Director Social Services and Housing)

Also in Attendance:

S. Harris (Head of Financial Services and S151 Officer), R. Tranter (Head of Legal Services and Monitoring Officer), N. Taylor-Williams (Head of Housing), P. O' Neill (Senior Youth Services Manager), P. Warren (Strategic Lead for School Improvement), S. Pugh (Head of Communications) E. Sullivan (Senior Committee Services Officer).

RECORDING AND VOTING ARRANGEMENTS

The Leader 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 for absence were received from C. Harry (Chief Executive) and M.S. Williams (Corporate Director for Economy and Environment).

2. DECLARATIONS OF INTEREST

Councillor C. Andrews declared a personal interest in relation to [Agenda Item No. 6 National Empty Home Grant](#) in that her mother-in-law has an empty property. As this was a personal

interest only there was no requirement for her to leave the Chamber and she could take full part in the debate and vote.

Councillor S. Morgan declared a personal and prejudicial interest in relation to Agenda Item No. 8 Welsh Government Retail, Leisure, and Hospitality Rate Relief Scheme 2023/2024, in that he owns 2 commercial properties and as such he left the Chamber when the item was discussed and took no part in the debate or vote.

3. MINUTES – 25th JANUARY 2023

RESOLVED that the minutes of the meeting held on the 25th January 2023 be approved as a correct record.

4. MINUTES – 25th JANUARY 2023 – CABINET AS TRUSTEES OF BLACKWOOD MINERS' INSTITUTE

RESOLVED that the minutes of the meeting held on 25th January 2023 be approved as a correct record.

5. CABINET FORWARD WORK PROGRAMME – TO NOTE

Cabinet was provided with the Cabinet Forward Work Programme, which detailed the scheduled reports until 26th July 2023.

The Leader was pleased to see that the Forward Work Programme had been populated to so far in advance and reminded the Cabinet that as a live document it would be 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.

6. NATIONAL EMPTY HOME GRANT

Consideration was given to the report which sought to inform Cabinet of the new Welsh Government National Empty Home Grant, the successor to the Valley Task Force Empty Home Grant. Cabinet noted that Welsh Government were committed to maximising the return to use of privately owned empty properties, an objective shared by this Council.

The national scheme launched in January 2023 set aside £50M for the programme over a 2-year period. Caerphilly's allocation is £2.31M with the Council's contribution towards these grants being approximately £231,000, resulting in total assistance of £2.54M. Based on a £25,000 maximum grant this would bring back approximately 101 empty properties.

Clarification was sought as to the success of the previous Valley Task Force Empty Home Grant and Officers confirmed that this had enabled 65 properties to be brought back into use. Further clarification was sought as to how the Council's contribution would be funded and noted that this would be funded by the Private Sector Housing revenue balances and Housing General Fund capital reserves.

Cabinet welcomed the Grant and the opportunity to bring over 101 empty properties back into use.

Following consideration and discussion, it was moved and seconded that the recommendations contained in the Officer's report be approved and by way of Microsoft Forms this was unanimously agreed.

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

1. The merits of the new National Empty Home Grant programme and the potential number of empty homes that could be brought back into use based on the maximum grant, across the county borough over the next two years (101) be considered and that Caerphilly Homes participate in the new National Empty Home Grant programme be agreed.
2. The contribution of circa £231,000 towards the scheme during 23- 25 from housing general fund capital reserves be agreed.
3. The use of both General Fund and Private Sector Housing revenue balances of circa £274,000 to fund the Empty property Team for an additional 2 years until October 2025 be approved.

7. FORMALISING THE YOUTH SERVICE MODEL

Cabinet noted that the report had been considered by the Education Scrutiny Committee on the 14th February 2023.

Consideration was given to the report which sought Cabinet approval to formalise the blended approach to youth work that had gained prominence and delivered success throughout and beyond the Covid-19 pandemic. The new model aims to deliver improved youth work provision throughout the borough, based on the needs, demographics, and geography of the area, whilst enhancing the professionalism of staff and better blending and balancing universal youth work with more targeted elements of the service.

Cabinet welcomed the positive implications for staff career and personal development and the opportunity for specialisms such as Welsh, LGBTQ+ and NEET provision to be developed. Cabinet also welcomed the involvement of the Youth Forum and Partner Agencies in the blended model.

Following consideration and discussion, it was moved and seconded that the recommendations in the report be approved and by way of Microsoft Forms this was unanimously agreed.

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

1. The formal adoption of the new blended model of youth working set out within this report be agreed.
2. Authority be delegated to the Youth Service Manager to begin to progress discussions with staff and Trade Union partners in consultation with the Chief Education Officer and relevant Cabinet Member.
3. Authority be delegated to the Youth Service Manager in consultation with the Chief Education Officer and relevant Cabinet Member to progress meaningful consultation with the local community in respect of the needs for the service to retain the Youth Centre at Brooklands in Risca.

9. BUDGET PROPOSALS FOR 2023/24

With the agreement of the Chair this item was brought forward on the agenda.

Consideration was given to the report which sought Cabinet's endorsement of the Budget Proposals for 2023/24 prior to final determination by Council. Cabinet noted the further emerging cost pressures that require consideration as detailed in Table 2 along with proposed adjustments to some initial savings proposals in response to feedback from the consultation process.

It was noted that whilst the proposals present a balanced financial position for 2023/24, a significant element was being achieved through one-off temporary measures which would only support the budget for 2023/24. However, this does provide some breathing space in order to identify, agree and implement permanent savings for the 2024/25 financial year.

Cabinet was advised that the budget proposed an increase of 7.9% in Council Tax for the 2023/24 financial year and that this would increase the Band D precept from £1,253.95 to £1,353.01, equating to an annual increase of £99.06 or weekly increase of £1.91. The Cabinet Member emphasised that even with a 7.9% increase, Caerphilly was still likely to have the second lowest level of Council Tax in Wales. It was emphasised that due to the unprecedented levels of inflation, the current economic outlook and the range of temporary measures proposed, the Council would continue to face significant financial challenges moving forward. With this in mind the Medium-Term Financial Plan had been updated based on a range of assumptions, resulting in a potential savings requirement of £48.33547m for the two-year period 2024/25 to 2025/26.

Having considered the consultation process feedback and following full consideration of the Budget Proposals, it was moved and seconded that the recommendations contained in the report be approved and by way of Microsoft Forms this was unanimously agreed.

RECOMMENDED TO COUNCIL that: -

1. The revenue budget proposals for 2023/24 of £438.722m as detailed throughout the report and summarised in Appendix 1 be approved.
2. The proposed budget virements in relation to Additional Learning Needs as detailed in paragraph 5.3.12 be approved.
3. The proposed use of £346k of the LMS Contingency Reserve as a one-off sum to support the Education & Lifelong Learning Directorate's 2023/24 contribution to the 50% repairs and maintenance budget for schools (as detailed in paragraph 5.5.3) be approved.
4. The movements on the General Fund in Appendix 5 and the current projected balance as at 31 March 2023 of £13.041m be noted.
5. The proposed Capital Programme for the period 2023/24 to 2025/26 as set out in Appendix 6 be approved.
6. The proposal to increase Council Tax by 7.9% for the 2023/24 financial year to ensure that a balanced budget is achieved (Council Tax Band D being set at £1,353.01) be approved.
7. The updated MTFP in Appendix 7 showing an indicative potential savings requirement of £48.335m for the two-year period 2024/25 to 2025/26 be noted.

8. WELSH GOVERNMENT RETAIL, LEISURE, AND HOSPITALITY RATE RELIEF SCHEME 2023/2024

Councillor S. Morgan having declared a personal and prejudicial interest left the meeting when this item was discussed and took no part in the debate or vote.

Consideration was given to the report that provided Cabinet with details of the Retail, Leisure and Hospitality Rate Relief Scheme offered by Welsh Government for the 2023/24 financial year only. Cabinet welcomed this opportunity for local business and noted that Welsh Government only releases this aid on an annual basis.

Cabinet noted that the administration of this Grant would add further pressure to the Business Rates Team and reassurance was sought with regard to capacity in the Team. Cabinet also placed on record their thanks for the tremendous work done by the Team not just with this Grant but with numerous grants that had been administered both during and post pandemic.

The Section 151 Officer confirmed that this would place additional pressure on the Team but every effort would be made to ensure successful delivery. Cabinet was advised that as last year, applications would be made via the Council's website and mechanisms were already in place and ready to go, including a draft web page. The business community would be contacted to make them aware of registration requirements and wider contacts from the Communications Team would also be utilised to advertise the scheme.

Following consideration and discussion, it was moved and seconded that the recommendations in the report be approved and by way of Microsoft Forms this was unanimously agreed.

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

1. The 'Retail, Leisure and Hospitality Rate Relief Scheme 2023-24' (the 2023/24 Scheme), in accordance with the WG guidance on the WG website and the provisions of section 47(1) (a) and section 47(3) of the Local Government Finance Act 1988 be endorsed.
2. The Head of Financial Services and S151 Officer will use delegated powers to award the relief be noted.
3. The proposal set out in paragraph 5.8 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 be supported.
4. That Officers of the Authority will make the business community aware of the 2023/24 Scheme through its usual channels, including its website and social media be noted.

The meeting closed at 13.43 p.m.

Approved and signed as a correct record subject to any corrections made at the meeting held on 8th March 2023

CHAIR

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Cabinet Forward Work Programme –28th February 2023

Meeting date:	Report title:	Key issue:	Report author:	Cabinet Member:
08/03/2023 13:00	Empty Homes Strategy	To seek Cabinet approval of the proposed strategy.	Claire Davies; Mark Jennings	Cllr. Shayne Cook
08/03/2023 13:10	Housing Revenue Account Business Plan 2022/23	To seek Cabinet approval of the Housing Business Plan position in advance of submitting the plan to Welsh Government by 31st March 2023.	Nick Taylor-Williams; Lesley Allen	Cllr. Shayne Cook
08/03/2023 13:20	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 13:30	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 13:40	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
08/03/2023 13:50	Caerphilly Town 2035 – New Market Park Lane (exempt item)	Exempt item subject to Public Interest Test	Hamish Munro	Cllr. James Pritchard
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 13:20	Gender Pay Gap	To agree the Gender Pay Gap report which has to be published by 31st March 2023.	Lynne Donovan	Cllr. Nigel George
22/03/2023 13:40	Biodiversity and Grass Cutting Regimes	To seek Cabinet approval in relation to proposals to enhance and promote	Mike Headington	Cllr. Chris Morgan

Cabinet Forward Work Programme –28th February 2023

Meeting date:	Report title:	Key issue:	Report author:	Cabinet Member:
		biodiversity in our grass cutting regimes across the county borough and following consultation with local members.		
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 Troedrhifwch	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
05/04/2023 13:40	Update on the Trinity Fields Band B project	To provide Cabinet with an update on the Trinity Fields Band B project and to seek Cabinet approval on the additional budget required to deliver the project.	Andrea West	Cllr. Carol Andrews
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
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
19/04/2023 13:20	Suspension of Housing Repair Grants	To determine whether Housing Repair Grants should be reinstated following their suspension during and post covid.	Nick Taylor-Williams	Cllr. Shayne Cook

Cabinet Forward Work Programme –28th February 2023

Meeting date:	Report title:	Key issue:	Report author:	Cabinet Member:
19/04/2023 13:30	Additional Support delegation	To endorse the proposed arrangements for the delegation of additional support funding to schools.	Sarah Ellis; Keri Cole	Cllr. Carol Andrews
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	No items currently scheduled.			
14/06/2023 13:00	Corporate Plan (including Well-Being Objectives) 2023 to 2028	To consider the Councils Corporate Plan and Well-being objectives 2023 to 2028	Christina Harray/ Ros Roberts	Leader/ Cllr. Stenner
14/06/2023 13:10	Violence at Work Policy	To approve version 4 of the Violence at Work Policy.	Emma Townsend/ Lynne Donovan	Cllr. Nigel George
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 Council's own Caerphilly Homes development programme.	Nick Taylor-Williams; Jane Roberts-Waite	Cllr. Shayne Cook
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	Nick Taylor-Williams; Jane Roberts-Waite	Cllr. Shayne Cook

Cabinet Forward Work Programme –28th February 2023

Meeting date:	Report title:	Key issue:	Report author:	Cabinet Member:
		new build objectives of Caerphilly Homes now and in the future. It will tackle the challenges, the development process, development programme and strategic priorities.		
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



CABINET – 8TH MARCH 2023

SUBJECT: PRIVATE SECTOR EMPTY HOMES STRATEGY 2023-2028

REPORT BY: CORPORATE DIRECTOR OF SOCIAL SERVICES & HOUSING

1. PURPOSE OF REPORT

- 1.1 To seek the views and agreement of members regarding the Empty Homes Strategy 2023 - 2028. Members of the Housing & Regeneration Scrutiny Committee considered this report on the 31st January 2023. Comments from the Committee are included in Section 10 of the report.

2. SUMMARY

- 2.1 The Private Sector Homes Strategy 2023-2028 hereafter referred to as the strategy, sets out the Council's commitment to prevent and tackle the high number of privately owned empty homes. It has been developed in conjunction with a number of other housing strategies and policies which together, set out the Council's vision to ensure everyone has access to a safe, secure home in sustainable communities where people choose to live. It sets out the Council's plans to tackle the high number of empty homes as well as the range of initiatives available to the Council to help owners bring their empty homes back into beneficial use. Doing nothing is no longer an option. The strategy only relates to private sector empty homes and does not extend to empty homes within Caerphilly County Borough Council's own housing stock or those owned by Registered Social Landlords (RSL's)
- 2.2 The requirement for an Empty Home Strategy, is identified within the wider Empty Property Action Plan which has already been approved by both the Council and Welsh Government.
- 2.3 The Action Plan which is detailed in Annex 1 of the Strategy (appendix 1 of this report) sets out the overarching aims and objectives in tackling empty properties throughout the Borough. The Action Plan provides the detail of all the actions including associated timescales, that need to be undertaken over the period of the Plan, in order to bring empty buildings back into use. The Action Plan therefore details the work required to be progressed by the Empty Property Team. Some of the actions will be delivered directly by the team, other actions involve working in partnership with other departments such as Regeneration to deliver a corporate approach in bringing empty buildings back into use.
- 2.4 The work detailed within the Action Plan is ongoing. Some of the actions have already been achieved by the Team, for example, producing the empty property advice pack as well as undertaking a joint street survey of key town centres to look at mixed use empty properties. Other actions are progressing such as the dedicated website which has currently just completed the design phase. The Action Plan also identifies 8 priority properties that Private

Sector Housing and the Regeneration department are actively working on to bring them back into use using enforcement options if necessary.

- 2.5 The Empty Home Strategy is a specific action identified within the Empty Property Action Plan as a tool to focus on how empty homes will be targeted and bought back into use by the Private Sector Housing, Empty Property Team.
- 2.6 According to the CCBC council tax data on the 1st of April 2022, the number of properties that had been empty for 6 months or more was 1,314. These empty homes represent a wasted resource, an ongoing financial expense, and in many cases a missed opportunity to provide much-needed affordable housing. They can also cause blight to communities, cause anti-social behaviour issues and distress to residents affected by their unsightly appearance if the property has been left in a poor state of repair.
- 2.7 Extensive academic research has shown that poor quality housing is a key determinant of poor health. Tackling empty homes and bringing them up to standard will play an important role in promoting and contributing to positive health and well-being for the residents of Caerphilly County Borough, a key priority of the Council.
- 2.8 The strategy identifies how the authority will prioritise and target empty homes to bring them back into use. Council tax data will be used to identify properties that have been vacant for 6 months or more from the 1st of April each year. The data is cleansed to remove the properties not classed as empty properties by Data Cymru. Using the list ensures a strategic approach to the targeting of empty homes for intervention.
- 2.9 It is vitally important that the Empty Property Team works with owners and stakeholders providing as much help, assistance, and education as possible to encourage owners to bring their properties back into use informally. The team has already developed a strong branding to promote their works in bringing empty homes back into use. 'Caerphilly: No Use Empty' will be used to promote the service and encourage owners to engage.
- 2.10 The Council has various products available to assist empty homeowners and provides financial assistance by offering interest-free loans to the value of £35,000 for up to a maximum of 10 years for owner occupation and 5 years for rent. The Council will also actively seek to maximise any available financial opportunities, such as the provision of grant assistance when available, by working in partnership with external organisations to help owners with repairing and bringing empty properties back into use.
- 2.11 The offer of support and assistance will continue to be promoted and be available for all empty property owners. However, with such high numbers of empty properties the strategy identifies the need for prioritisation for proactive engagement. A two-pronged approach will be used to ensure the most effective use of resources:
 - 1) Support and encourage recently empty homes back into use, preventing them from becoming problematic empty properties:
 - Properties that are recently empty, defined as less than 24 months.
 - 2) Tackle problematic empty properties:
 - Properties that have been empty the longest: 10 years +, 5-10 years, and 2-5 years.
 - Properties that are problematic and subject to complaints.
 - Properties with the largest debt owing to the authority including works in default debt and council tax debt.
 - Properties without ownership details under council tax.

- 2.12 There are still a significant number of empty properties that are identified as problematic empty homes, and it is important to recognise that taking enforcement action is very time-consuming and will require significant resourcing. In 2022, over 457 empty properties would fall into the category 2 above. Therefore, it is important to have a robust system to prioritise and decide on the most problematic properties to take forward for formal action such as enforcement. This will be done by carrying out a risk assessment of all the homes that are identified as problematic empty properties.
- 2.13 The risk assessment form (seen in Appendix 1) provides a scoring of high, medium, and low. The highest priority empty homes will be proactively addressed initially. All properties that have scored high will be escalated to the Housing Environmental Health Officer to see if any enforcement action is appropriate. It is important to recognise that due to the complexity of taking enforcement action the numbers being considered and progressed through enforcement at any one time will be low.
- 2.14 In the first instance, the empty homeowners of high priority properties will be approached and offered advice, encouragement, support, and education on ways to bring their properties back into use. However, this strategy is clear that 'doing nothing is not an option'.
- 2.15 Formal enforcement action is always a last resort, but the Council believes that leaving properties standing empty for long periods when there is a shortage of housing in the County Borough to meet the needs of our communities is not acceptable.
- 2.16 Where owners refuse to cooperate or cannot be traced the Council will not hesitate to use the range of enforcement powers available. This, where appropriate, should include the use of powers to carry out works in default and recover the debt by enforced sale if necessary.
- 2.17 The approach set out in the strategy ensures a fair but firm way of ensuring that problematic empty homes are targeted through enforcement which will always be as a last resort.
- 2.18 The consultation response confirmed that 91.82% of those that responded agreed that returning to use of empty homes should be considered a corporate priority. The majority of the responses also agreed with the proposed approach of the strategy.
- 2.19 Since drafting the strategy there has been significant conversation across peer authorities and within Caerphilly Homes about other incentives that could be used to encourage action by empty property owners in any of the categories referenced.
- 2.20 The introduction of an empty home council tax premium would act to incentivise the owner into action either independently or in partnership with the council. It is proposed and recommend that s separate report is drafted to introduce an empty home premium to work in tandem with this strategy.

3. RECOMMENDATIONS

- 3.1 Cabinet note the comments of the Housing & Regeneration Scrutiny Committee of the 31st January 2023.
- 3.2 That Cabinet members note the 2 pronged strategic approach and associated risk assessment for dealing with private sector empty homes and approve the Private Sector Empty Homes Strategy.

- 3.3 Cabinet approve the introduction of an empty homes council tax premium to incentivise private sector empty property owners into action and that a further report is drafted and presented to the necessary committees to agree the detail and bring into force.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To realise the Council's ambitions of tackling empty homes and increase the housing stock available to occupy and improve property condition.
- 4.2 The Council has supported the Welsh Government's focus on returning empty homes back into beneficial use by creating a dedicated specialist Empty Property Team in 2021, who subsequently drafted the CCBC, 5-year, Empty Property Action Plan.
- 4.3 The Empty Property Action Plan sets out the aims and objectives of how the Council will implement some of Welsh Government's recommendations and tackle empty properties within the Borough on the whole, including non-residential properties. The Action Plan was submitted and formally approved by Welsh Government in autumn 2021. The Action Plan requires the development and implementation of this strategy to progress the return to use of residential properties.
- 4.4 The actions set out within this strategy will assist in helping the Council achieve the goals set out in the Wellbeing of Future Generations Act 2015.
- 4.5 To realise the Council's ambitions of creating cohesive and sustainable communities, as set out in the 2022-2027 Local Housing Strategy, highlighting the need for an Empty Home Strategy and the benefit of bringing empty homes back into use to increase the supply of housing available to occupy and extend choice, improve housing conditions, and assist with meeting housing need.
- 4.6 The introduction of a council tax premium, up to a maximum 300%, in relation to private sector empty homes, will provide an incentive for more empty property owners to bring their homes back into use.

5. THE REPORT

- 5.1 The Council acknowledges the difficulties within the housing market and the struggles residents face when trying to find a good quality, affordable home. There is extreme pressure on the housing market throughout the County Borough from increased demand on the homelessness team, a long waiting list on the Common Housing Register, unaffordable private sector housing, and a shortage of affordable housing, especially for those most in need such as first-time buyers. Increasing the supply of accommodation in the Borough by returning empty homes back into use will help the Council mitigate some of these housing pressures.
- 5.2 The Council supports Welsh Government's focus on returning empty homes back into beneficial use as well as the need to create additional units of accommodation. In response the council resourced a dedicated Empty Property Team. The team has been operational since October 2021 and are currently employed until October 2023 on a fixed term basis.
- 5.3 The team has been integral in developing and delivering on the 5-year action plan required by Welsh Government to tackle empty properties. The Action Plan is detailed in annex 1 of the strategy (appendix 1 of this report). The Action Plan sets out the aims and objectives of how the Council will implement some of Welsh Government's recommendations and tackle

empty properties within the Borough, which includes the development of an Empty Homes Strategy.

- 5.4 The Action Plan details the ongoing workstreams to bring empty buildings back into use. The Action plan includes tackling empty commercial, residential and mixed-use properties. The Empty Property team are working in partnership with other departments such as the Regeneration team to deliver a corporate approach in bring empty buildings back into use.
- 5.5 The work detailed within the Action Plan is ongoing. Some of the actions have already been achieved by the Team, for example, producing the empty property advice pack as well as undertaking a joint street survey of key town centres to look at mixed use empty properties. Other actions are progressing such as the dedicated website which has currently just completed the design phase. The Action Plan also identifies 8 priority properties that Private Sector Housing and the Regeneration department are actively working on, to bring them back into use using enforcement options if necessary. Currently, 3 of the 8 properties identified have already been subject to enforcement action and are progressing and 4 of the empty property owners have engaged informally with the Empty property Team with one empty property seized by the police. There has also been enforcement action on a further 10 empty homes.
- 5.6 The Empty Homes Strategy is one of the actions identified within the Empty Property Action Plan as a tool to focus on how empty homes will be targeted and bought back into use by the Private Sector Housing, Empty Property Team. The strategy addresses the overall aim of the Empty Property Action Plan to maximise the return to beneficial use of empty homes within Caerphilly County Borough, making them available to both rent and own.
- 5.7 The focus of the strategy is to effectively plan the use of resources available to the Council to help the owners of long-term empty residential properties bring their homes back into use. What constitutes an empty home is currently defined by Data Cymru as a private sector residential property that is liable for Council Tax and has been unoccupied for 6 months or more on the 1st of April. The data is cleansed to remove the properties that are exempt under the associated Public Accountability Measure definition. Using the list ensures a strategic approach to the targeting of empty homes for intervention.
- 5.8 Going forward the empty homes data will also be 'mapped' making it easier to identify patterns/trends or concentrated areas where more empty properties may be situated. Mapping will allow the team to analyse this data to inform future strategy and further develop the prioritisation system.
- 5.9 The strategy recognises the challenges in tackling empty properties and that it takes a significant amount of time and dedicated resource to return the property back into beneficial use. Although there may be some quick wins, through building rapport, reputation, and momentum in offering incentives, many cases will take a much longer timeframe, especially when requiring enforcement action. Some difficult cases can take several years to resolve.
- 5.10 It is vitally important that the empty property team works with owners and stakeholders providing as much help, assistance, and education as possible to encourage owners to bring their properties back into use informally. The team has already developed a strong branding to promote their works in bringing empty homes back into use. 'Caerphilly: No Use Empty' will be used to promote the service and encourage owners to engage.
- 5.11 The strategy also looks at maximising every opportunity for support, providing initiatives that offer empty homeowners various options to bring their properties back into use. The Council has various products available to assist empty homeowners and provides financial assistance by offering interest-free loans to the value of £35,000 for up to a maximum of 10

years for owner occupation and 5 years for rent. The Council will also actively seek to maximise any available financial opportunities, such as the provision of grant assistance when available, by working in partnership with external organisations to help owners with repairing and bringing empty properties back into use.

5.12 The offer of support and assistance will continue to be promoted and available for all empty property owners. There have been a wide range of incentives and support available to help increase the number of empty homes returned to use, including:

- Empty Property Information Pack to inform and support empty property owners has been developed.
- Created a Caerphilly- No Use Empty dedicated website.
- The Empty Property Team regularly present at Landlord forum meeting to keep landlords updated.
- Social media campaigns to promote the work within the empty property team and raise awareness around empty properties.
- Engagement with stakeholders including local estate agents and auction houses, property investors and landlords.
- Collaborative working with other council departments.
- Technical support and advice to landlords.
- Partnership working with Caerphilly Keys.
- Working with Registered Social Landlords (RSLs).

5.13 In addition to the wider support the strategy recognises the need for prioritisation of proactive engagement due to the high numbers of empty properties within the borough. A two-pronged approach is proposed and will help to ensure the most effective use of resources with maximum output:

- 1) Support and encourage recently empty homes back into use, preventing them from becoming problematic empty properties.
 - Properties that are recently empty, defined as less than 24 months.
- 2) Tackle problematic empty properties:
 - Properties that have been empty the longest: 10 years +, 5-10 years, and 2-5 years.
 - Properties that are problematic and subject to complaints.
 - Properties with the largest debt owing to the Authority including works in default debt and council tax debt.
 - Properties without ownership details under council tax.

5.14 Over half of the empty homes within CCB have been empty for less than 24 months; therefore, the Strategy recognises the benefit of early intervention to support and encourage owners of properties that have only recently become empty to help get the properties back into use. This will ensure the properties are not left to deteriorate, becoming a problematic empty. Informing these owners of the financial incentives such as loans and offering support and advice in addressing their empty property is often the nudge they need to bring their property back into use.

5.15 The two-prong approach will help prevent recently empty property becoming problematic empty homes through support and assistance. However, there are still a significant number of empty homes that are identified as problematic empty, and it is important to recognise that taking enforcement action is the last resort, it is very time-consuming and will require significant resourcing. In 2022, over 457 empty homes were classified as problematic empty

properties, category 2. Therefore, it is important to have a robust system of prioritising these empty homes and deciding on the most problematic properties to take forward for formal action such as enforcement. This will be done by carrying out a risk assessment of all the properties that are identified as problematic empty homes.

- 5.16 The risk assessment (seen in Appendix 1) provides a scoring of high, medium, and low. The highest priority empty homes will be proactively addressed initially. All properties that have scored high will be escalated to the Housing Environmental Health Officer to establish whether enforcement would be appropriate. It is important to recognise that due to the complexity of taking enforcement action the numbers being considered and progressed through enforcement action will be low.
- 5.17 In the first instance, all empty homeowners will be approached and offered advice, encouragement, support, and education on ways to bring their properties back into use. However, this strategy is clear that 'doing nothing is not an option'.
- 5.18 Where owners refuse to cooperate or cannot be traced the Council will not hesitate to use the range of enforcement powers available. This, where appropriate, should include the use of powers to carry out works in default and recover the debt by enforced sale if necessary.
- 5.19 The approach set out in the strategy ensures a fair but firm way of ensuring that only problematic empty homes are targeted through enforcement which will always be a last resort.
- 5.20 Since drafting the strategy there has been significant conversation across peer authorities and within Caerphilly Homes about other incentives that could be used to encourage action by empty property owners in any of the prioritised and risk assessed categories referenced.
- 5.21 The introduction of an empty home council tax premium, could see up to a maximum of 300% applied after a certain length of time empty without any action or valid reason to being empty. It would act to incentivise the owner into action either independently or in partnership with the council.
- 5.22 If agreed this would act as part of the overall tool kit within the strategy and work in tandem with this strategy ultimately impacting on the second categorisation aiming to reduce the time properties lie empty.
- 5.23 A separate report will need to be drafted and agreed at the necessary committee(s) to bring into force this sort of council tax premium and if agreed would enhance the work of the empty homes team and the delivery of the Empty Homes Strategy bringing more private sector homes back into use.
- 5.24 **CONCLUSION**
- 5.25 The adoption of the Private Sector Empty Homes Strategy will improve the standard and availability of Housing Stock within Caerphilly CBC. The strategy aims to improve the local environment in which the empty home is situated and reduce associated incidences of anti-social behaviour. In addition, the strategy will improve housing conditions in the private sector; and assist in the promotion of good health and wellbeing. The Strategy will help deliver the Action Plan and Welsh Government ambition to bring empty homes back into use.
- 5.26 Consideration should be given to the option of introducing an empty homes premium relating to council tax and if supported a further report to be prepared.

6 ASSUMPTIONS

- 6.1 The key assumption is that delivery and implementation of this Strategy will be undertaken by the Caerphilly Homes Empty Property Team.

7 SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 The Integrated Impact Assessment (IIA) suggests that the introduction of the Private Sector Empty Homes Strategy will have a positive impact upon the residents of the County Borough by increasing the housing available to buy or rent and helping meet the housing demand of the county borough by addressing problematic long-term empties, and improving availability of good quality housing
- 7.2 By providing opportunities for people to have more access to a wider range of housing options and providing financial support initiatives, the IIA shows that the Strategy will have a positive impact on equality, diversity and inclusion, on tackling social disadvantage and on promoting the wellbeing of existing and future generations. Helping people achieve affordable home ownership also contributes to several of the Council's wellbeing objectives. No adverse impact on the promotion of the Welsh language was identified.
- 7.3 The IIA can be found at: [private-sector-empty-homes-strategy](#)

8. FINANCIAL IMPLICATIONS

- 8.1 There is no financial implication associated with the strategy.

9. PERSONNEL IMPLICATIONS

- 9.1 There are no personnel implications as it is assumed that the implementation of the strategy will be delivered by the existing Caerphilly Homes Empty Property Team.

10. CONSULTATIONS

- 10.1 Consultation has been carried out for 6 weeks from the 7th December 2022 until the 18th of January 2023, as outlined in section 6 above.
- 10.2 The consultation received 108 online responses and 2 email responses. Below is a summary of the responses received:
- 100% of the response were received in English.
 - The respondents were asked if they agreed that the return to use of empty homes should be considered a priority - 101 said yes, 5 said no and 4 stated they didn't know.
 - The respondents were asked if they agreed with the two-pronged approach – 85 said yes, 7 Said no and 18 said they didn't know.

- The respondents were asked if they agreed with the risk assessment approach - 85 said yes, 6 said no and 19 said they didn't know.
- The respondents were asked if they agreed with the carrot and stick approach – 86 said yes, 14 said no and 10 stated they didn't know.
- The respondents were asked would the strategy impact negatively on them because of the protection characteristic - 12 said yes, 76 said no and 22 stated they didn't know.
- The respondents were asked if the strategy would help reduce levels of social-economic disadvantage in the County Borough - 60 said yes, 23 said no and 27 stated they didn't know.
- The respondents were asked if the strategy would have a positive impact on future generations living in the County Borough - 82 said Yes, 6 Said no, 22 stated they didn't know.
- The respondents were asked if the introduction of the strategy will ensure that the Welsh Language is treated no less favourably than the English language -48 said yes, 19 said no and 42 said they didn't know.

10.3 After each question, respondents were asked to explain the reasons for their response. This was not a mandatory requirement and consequently not everyone provided a response. All responses provided were duly considered. Several of the responses were deemed irrelevant to the consultation process and have, therefore, been discounted. Many of the comments have proved helpful in reaffirming inclusion of the two-prong approach and risk assessment to prioritise properties.

10.4 The respondents that answered 'no' to the questions did not provide any alternative suggestions for the Council to consider. One respondent expressed an opinion that the Authority had no business in taking enforcement action against owners of empty properties. However, the majority agreed with the overall aim of the strategy but disagreed with certain elements such as the suggested timeframes and informal approach. Comments included:

- there are bigger issues to be dealt with, if council tax is being paid on the properties, if bills are paid and if the properties are in good order the council should go away and stay out of people's business.
- Properties shouldn't be empty for more than 12 months (unless due to ongoing works)
- It's the owners that have paid for it it's up to them what they do with it
- Council should take action immediately it becomes apparent owner has no concrete plans for property.
- The homes would have been highlighted, & recommended for enforcement, why delay any action.
- The time this would take is unacceptable. The Council have the power to use compulsory purchase and should use these powers.

10.5 The respondents were asked to provide any other comments on the Private Sector Empty Homes Strategy 2023-2028 not included in the response. Not everyone responded. Comments included:

- Empty property is a problem, not just because of housing shortages, but it impacts neighbours and communities as a whole. Taking a proactive role in getting property back into use benefits our whole county.
 - Increased council tax for empty homes could also be implemented in Caerphilly. The prospect of extra outgoing cost seems to motivate landlords to sell or rent out property, so they avoid this extra payment.
 - Genuinely hope that this strategy is effectively implemented in a timely manner and puts empty homes to good use rapidly and that it reduces the ridiculously large amount of building of new unaffordable homes.
 - Private rents are unaffordable this should also be considered. There is also a lot of CCBC properties empty for too long.
 - It is annoying to see a house empty for more than 2 years when accommodation is badly needed. It also raises questions as to why homeowners or landlords leave them empty.
- 10.6 All comments received from the consultees listed below have been noted and, where appropriate, incorporated within the report.
- 10.7 The report was presented to the Housing & Regeneration Scrutiny Committee on the 31st January 2023.
- 10.8 Members expressed concern that the 6 months definition of an empty house set by Welsh Government is too short a period of time. Members stated that if you consider that there are approximately 1300 empty homes with 731 empty for less than 2 years. For example, there are cases where a relative has died and the heirs are trying to settle the estate to sell, but sales break down and were concerned that the Council should not be chasing these types of cases. It was suggested that a period of one year would be a better definition. The scrutiny committee asked how these types of situations would be dealt with.
- 10.9 The scrutiny committee were assured that there are exceptions and exclusion and elongated sales process is one of the exclusions. The strategy is a two pronged approach, first is to prevent the properties becoming long term empty properties through education and encouragement and the second is to target those that have been empty for a considerable period which is ten plus years.
- 10.10 Members asked in what circumstances the Authority would consider compulsory purchase of long term empty properties. The committee were advised that CPO is an option and would be case specific, it is however a very long process and time consuming, often the case will be resolved before the CPO is completed. The Enforcing the sale of empty property following the Enforce Sale Policy is a quicker process.
- 10.11 The scrutiny committee queried the 457 problematic empty properties referred to in the report and asked what other tools are available to address the issues other than formal enforcement. Members were advised that the team will try to build relationships with property owners, understand their issues, and help them manage the process to get the property onto the market. The Council also offer loans to help bring properties into use and developed an empty homes property pack, the team are also in the process of developing a centralised website to provide information for owners. In addition the

Authority is hoping to bring on board a Welsh Government National Empty Home Grant scheme, which will be reported to Cabinet on the 22nd February 2023.

- 10.12 Members sought further detail on the £35k interest free loan available to homeowners over ten years and sought assurance that there are safeguards to ensure that loans aren't provided to homes that need more money to make them habitable. The scrutiny committee were assured that if someone applies for a financial product such as a loan, the property will be inspected to ensure that the works required will make the property habitable. If the property needed more than £35k and it isn't financially viable other options would be considered and in extreme cases demolition is an option.
- 10.13 Following the debate the recommendations in Section 3 were moved and seconded and supported by the majority present.

11. STATUTORY POWER

- 11.1 Environmental Protection Act 1990
Prevention Of Damage By Pests Act 1949
Building Act 1984
Local Government (Miscellaneous Provisions) Act 1982
Town And Country Planning Act 1990
Housing Act 2004, Part 1 – The Housing, Health And Safety Rating System (HHSRS)
The Law Of Property Act 1925 – Enforced Sale
Housing Act 1985 – Compulsory Purchase Orders
Housing Act 1985 – Demolition Orders
Housing Act 2004 – Empty Dwelling Management Orders (Edmo)

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Rhian Evans-McLean, Principal Housing Officer, Private Sector Housing
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Consultees: Cllr Sean Morgan, Leader of Council
Cllr Shayne Cook, Cabinet Member for Housing
Cllr Andrew Whitcombe, Chair – Housing and Regeneration Scrutiny
Cllr Patricia Cook, Vice Chair – Housing and Regeneration Scrutiny
Christina HARRY, Chief Executive
Dave Street, Corporate Director for Social Services and Housing
Richard (Ed) Edmunds, Corporate Director of Education and Corporate Services
Mark S Williams, Corporate Director for Economy and Environment
Rob Tranter, Head of Legal Services and Monitoring Officer
Stephen Harris, Head of Financial Services and Section 151 Officer
Lesley Allen, Principal Group Accountant (Housing)
Claire Davies, Private Sector Housing Manager
Fiona Wilkins, Housing Services Manager
Kerry Denman, Housing Solutions Manager
Anwen Cullinan, Senior Policy Officer – Equalities and Welsh Language

Appendices:

Appendix 1 Empty Property Strategy, Action Plan and Risk Assessment.

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Caerphilly Homes **Private Sector** **Empty Homes Strategy 2023-2028**



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Cllr Shayne Cook

Cabinet Member for Housing

Caerphilly County Borough Council understands the wide range of issues empty properties present for local communities; laid against the backdrop of a national housing crisis. As well as becoming a magnet for anti-social behaviour, empty homes are a waste of valuable resources at a time when we're seeing an ever increasing need for housing.

This strategy sets out our commitment to prevent and tackle empty homes, by supporting owners to bring them back into beneficial use. We also recognise, however, that sometimes we must take enforcement action to address some properties. Formal enforcement action is always a last resort and this document sets out when and how this will be taken.

This Empty Homes Strategy has been developed in conjunction with a number of other housing strategies and policies which, together, set out our vision to ensure everyone has access to a safe, secure home in sustainable communities where people choose to live.

This strategy sets out our commitment to prevent and tackle empty homes...



1. Introduction and Overview

This strategy sets out the Council's plans to tackle the high number of empty homes. It also sets out the range of initiatives available to the Council to help owners bring their empty homes back into use. This strategy only refers to private sector empty homes and does not extend to empty homes within Caerphilly's own housing stock or those owned by Registered Social Landlords (RSLs)

Private sector empty homes represent a wasted resource, an ongoing financial expense, and in many cases a missed opportunity to provide much-needed affordable housing. They can also cause blight to communities and distress to residents affected by their unsightly appearance if the property has been left in a poor state of repair.

This can attract vandals, squatters, unauthorised occupiers, and other crime and anti-social behaviour. They can impact on the value of neighbouring properties and incur significant costs to the Council, Police, Fire Authority, and Community Safety Partnerships dealing with the associated problems.

Extensive academic research has shown that poor quality housing is a key determinant of poor health. Tackling empty homes and bringing them up to standard will play an important role in promoting and contributing to positive health and well-being for the residents of Caerphilly County Borough, a key priority of the Council. Caerphilly County Borough Council is committed to working with empty property owners and prospective owners to encourage them to bring their properties back into beneficial use and where possible, prevent properties from becoming empty in the first instance.

According to the CCBC council tax data on the 1st of April 2022, the number of properties that had been empty for 6 months or more was 1,314.

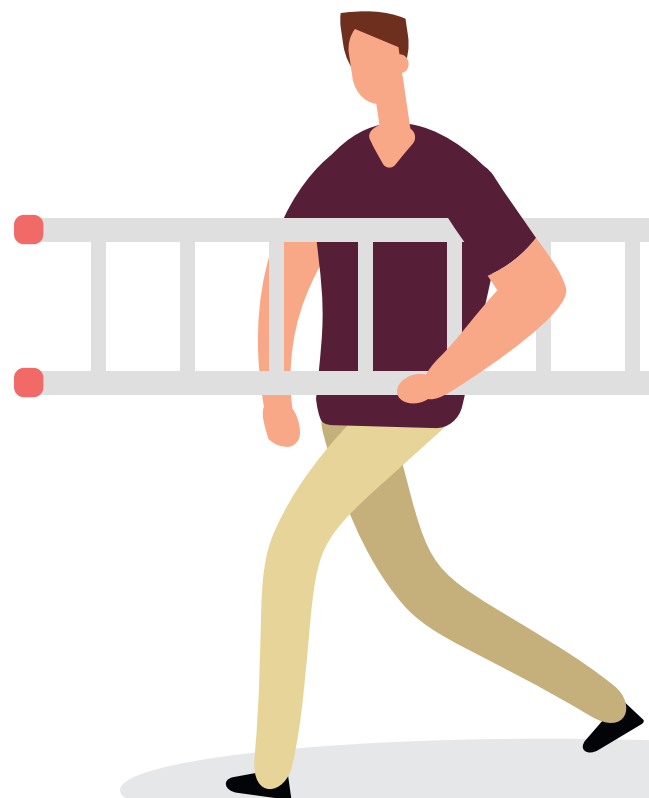
In response to addressing this Welsh Government priority and the high number of empty homes in the county borough, the Council has recently established a specialist team within Private Sector Housing tasked with proactively working with owners of privately owned empty properties.

If an owner is uncooperative or obstructive the Council will consider using the wide range of formal enforcement action available to bring the property back into beneficial use.

Formal enforcement action is always a last resort, but the Council believes that leaving properties stand empty for long periods when there is a shortage of housing in the County Borough to meet the needs of our communities is not acceptable.

The main objective of this strategy is to maximise the number of empty homes brought back into use.

Therefore, doing nothing is not an option.



2. National and Local Context

2.1. NATIONAL PRIORITIES

Welsh Government acknowledges the benefits of returning empty homes to use. In October 2019, the Welsh Government responded to a report from the Equality, Local Government and Communities Committee on Empty Properties, 2019, committing to tackling empty properties. The Empty Property paper contained a number of recommendations. The Paper set a target of bringing 5,000 empty homes back into occupation across Wales during the fifth Assembly term. [Link to Welsh Government website - Empty properties \(senedd.wales\)](#).

The Council supports Welsh Government's focus on returning empty homes back into beneficial use and have developed an action plan. The action plan sets out the aims and objectives of how the Council will implement some of Welsh Government's recommendations and tackle empty properties within the Borough. The action plan has been submitted and approved by Welsh Government. The action plan supports the implementation of this strategy.

The actions set out within this strategy will assist in helping the Council achieve the goals set out in the Wellbeing of Future Generations Act 2015. The seven key goals are as follows:

- **A Prosperous Wales:** bringing empty homes back into use will be financially beneficial to the community as a whole.
- **A Resilient Wales:** bringing empty homes back into use will help promote and support social and economic resilience.
- **A More Equal Wales:** the beneficial use of empty homes can help tackle homelessness issues and provide good quality housing for vulnerable persons.

- **A Healthier Wales:** poor quality housing is a key determinant of poor health. Improving the housing stock will have a positive effect on health and well-being.
- **A Wales of Cohesive Communities:** tackling empty homes will positively impact the community as a whole in terms of helping to reduce anti-social behaviour and improving the general amenity of an area.



- **A Wales of Vibrant Culture and Thriving Welsh Language:** tackling empty homes will assist in improving and maintaining the cultural heritage of Caerphilly County Borough. The production of bilingual documentation associated with empty homes will help to promote and further the Welsh language.
- **A Globally Responsible Wales:** Whilst empty homes in Wales don't directly impact on the global scale tackling them and making use of a wasted resource will improve the area as a whole and potentially lead to investment in schemes and projects designed to make a positive contribution to global wellbeing.



Implementation of the strategy will result in significant visual improvements...

The Wellbeing of Future Generations Act 2015 also sets out 5 ways of working that should be adhered to.

These are as follows:

- **Long-Term:** Housing is a long-term asset. The return to beneficial use of empty homes will have significant long-term benefits to individuals and communities, safeguarding the ability of future generations to meet their long-term needs.
- **Integration:** Empty homes negatively affect economic and social health and wellbeing so tackling this issue will help improve these key issues in a wider context. The strategy looks to integrate property and community improvements that will benefit and transform lives and communities, bringing together a variety of stakeholders to deliver long term sustainable benefits for lives and communities
- **Involvement:** This strategy identifies how the Council will work in unison with stakeholders and members of the community to tackle empty homes and will aim to help meet the needs of specific communities.
- **Collaboration:** This strategy sets out a plan of how the Council will work with stakeholders and other bodies to achieve its aims and objectives.
- **Prevention:** This strategy aims to tackle the current issues associated with empty homes, prevent further issues from developing and make significant improvements for the benefit of the residents of Caerphilly County Borough. Implementation of the strategy will result in significant visual improvements to housing and their surrounding environments (improved the look and feel) helping to prevent anti-social behaviour and enviro-crime.

2.2. LOCAL DELIVERY CONTEXT

A detailed action plan has been developed to support the successful delivery of this strategy's priorities (*Annex1, page 17*).

The Council has over £2m funding available for home improvement loans which can be used to support owners to bring empty homes back into use. The number of empty properties bought into use by direct action historically has been relatively low, typically 36 properties per year. However, with a dedicated specialist team in place we expect the number to increase significantly.

The Council wants to explore a range of alternative models for empty property owners who either want to repair, privately rent or sell their property.

By targeting empty homes and bringing them back into use we hope to:

- Improve the environment around the empty homes and reduce associated incidences of anti-social behaviour.
- Increase the supply of housing and the affordability of housing.
- Improve housing conditions in the private sector; and
- Assist in the promotion of the good health and wellbeing of people living in the private sector.

2.3. HOUSING NEEDS WITHIN CAERPHILLY COUNTY BOROUGH

The Council recognises the difficulties residents face when trying to find a good quality, affordable home. There is extreme pressure on the housing market throughout the Borough from increased demand on the homelessness team, a long waiting list on the Common Housing Register, unaffordable private sector housing, and a shortage of affordable housing, especially for those most in need such as first-time buyers.

This has been exacerbated by the cost of living crisis, changes to the assumed asylum dispersal arrangements and the

war in Ukraine.

We know from analysing key data sources and from monitoring access to Council services that many people continue to struggle to access good quality, affordable accommodation throughout the county borough. The cost of owning or privately renting a home continues to increase year on year, exacerbating the affordability issue further.

There are currently over 6,000 applications on the Council's Common Housing Register from people requiring social housing: a significant increase in the number of applications on the previous year. There has also been an increase in the number of people seeking homelessness assistance from the Council and requiring temporary accommodation to alleviate their situation.

Increasing the supply of accommodation in the Borough by returning empty homes back into use will help the Council mitigate some of these housing pressures.



3. Understanding Empty Properties

3.1 WHY PROPERTIES BECOME EMPTY

We know from supporting empty property owners that their homes may become empty for a variety of different reasons including:

- The normal process of buying, selling, and letting properties (market churn).
- A property that is difficult to rent or sell due to its physical state, requiring renovation beyond the budget of the owner.
- A property that is difficult to rent or sell due to location, poor facilities, infrastructure, etc.
- When the property has been abandoned by an untraceable owner.
- When there is an issue of unresolved ownership, often as a result of the previous owners' death. Resolving ownership can be a lengthy legal process, during which time the property may remain empty.
- Property holding, when a property is left empty due to speculative investment, through acquiring property through inheritance, or where partners co-habit leaving the second property empty. Where the property is adjoined to a business and the owner does not wish to sell or let it.
- Due to an aging population, older property owners may move into alternative older person's accommodation for care or support needs. They may choose not to sell the property which can result in it remaining empty for the short or long term.

The main focus of the strategy is to effectively plan the use of resources available...

3.2 DEFINING EMPTY PROPERTIES

The main focus of the strategy is to effectively plan the use of resources available to the Council to help the owners of long-term empty residential properties bring their homes back into use. Long-term empty property is defined as private sector residential properties that are liable for Council Tax and have been unoccupied for 6 months or more on the 1st of April. The definition is taken from the Welsh Local Government Association's revised set of national performance measures known as Public Accountability Measures (PAM). Measuring local authority performance 2018-19 - Data Cymru. Welsh Government is currently working with Data Cymru in reviewing the PAM criteria. The definition of an empty property and monitoring requirement under this strategy will need to adapt in line with any nationally agreed amendments.

3.3 MONITORING PERFORMANCE

The Council's performance regarding empty homes is currently measured using two parameters:

- PAM 13 is defined as the percentage of empty private sector properties brought back into use during the financial year through direct action by the local authority.
- PAM 45 is defined as the number of additional dwellings created when a property is sub-divided into additional dwellings to bring it back into use.

Information collected by Data Cymru through the PAMs is very important to enable local authorities to give an account of their performance to the public. It is important to also recognise the value providing additional dwellings through conversion has on increasing the housing stock within the Caerphilly county borough.

3.4 PROBLEMATIC EMPTY PROPERTY CLASSED AS SECOND HOMES OR OUT OF VALUATION

Caerphilly Council Tax department classification requires that furnished empty properties are classed as second homes. Therefore, second homes are not defined as empty and are very difficult to target. Some of these 'Second homes' are the most problematic long-term empty properties and negatively impact neighbouring properties and the surrounding community. Should the empty property team believe that the property is a true empty property and causing a significant problem without a willing owner, action could be taken to bring the property back into use.

Some empty properties are considered uninhabitable and taken out of valuation. Therefore, the Council Tax department holds no details of these properties, which are likely to be some of the worst condition properties. Although exempt from the PAM definition the importance of dealing with these homes is recognised. Although not considered to be empty properties bought back into use for performance purposes, they will be classed as additional dwellings.

3.5 INCREASING HOUSING SUPPLY

Increasing housing supply is a key priority of the Council. This not only includes bringing an existing property back into use as a home but also maximising the potential of the property in providing additional homes. The empty property team will offer support and work with other relevant departments such as regeneration, planning and building control to support the residential element of any mixed use development or any change of use from commercial to residential to provide additional homes.

3.6 CHALLENGES WITH BRINGING EMPTY PROPERTIES BACK TO USE

There are many challenges involved with bringing empty homes back into use including:

- Being unable to cover the cost of making the property habitable or saleable.
- Inheriting the property but the new owner not having the resources, time, or motivation to deal with it.
- Property is up for sale or being repaired.
- Inherited the property but have not decided what to do with it.
- Some empty properties are left completely abandoned by the owner. These properties will remain empty until the authority intervenes.

Tackling empty properties takes time. Although there may be some quick wins, through building rapport, reputation and momentum in offering incentives and taking meaningful enforcement action. Some difficult cases can take several years to resolve.



4. Bringing Empty Properties Back Into Use

4.1 EMPTY PROPERTY ACTION PLAN

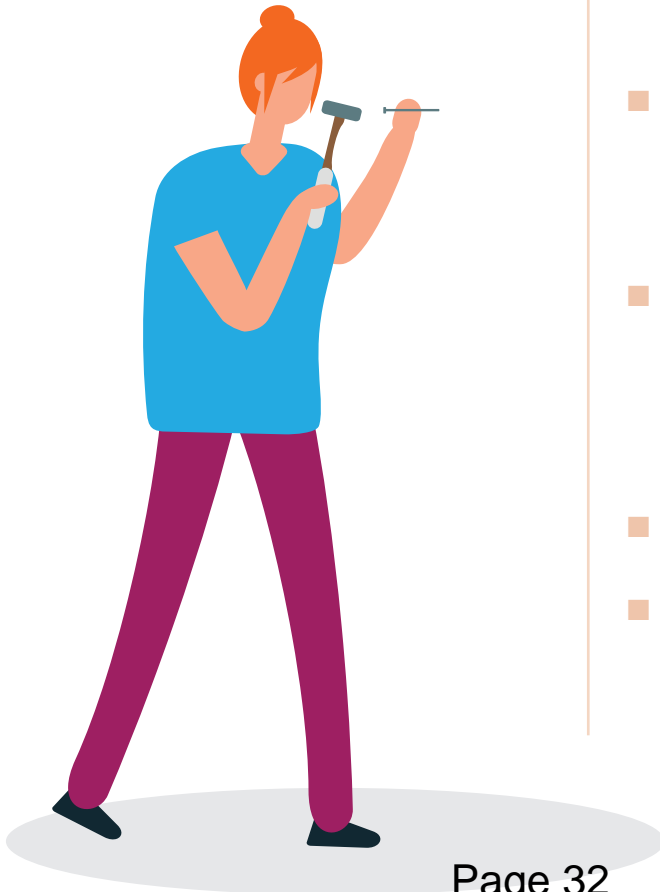
The overall aim of the Empty Property Action Plan (Annex 1) is to maximise the return to beneficial use of empty properties within Caerphilly County Borough thereby increasing the number of homes available to both rent and own, improving the built environment, decreasing the number of both vacant and underutilised sites as well as supporting diversification of town centres.

The Empty Property Action Plan identifies key actions required to meet the 3 objectives to achieve the Council's aim.

Objective 1: Promote, educate and support empty property owners and prospective purchasers/ developers.

Objective 2: Prioritisation and target approach in addressing empty properties.

Objective 3: Take appropriate enforcement action to effectively deal with empty properties.



4.2 SPECIALIST TEAM APPROACH

Having a specialist team focusing on bringing empty properties back into use is an essential aspect of achieving the Action Plan's ambitious aim and meet the Council's priorities, as outlined in section 1.

The benefits of a specialist team approach include:

- Maximisation of the return of empty properties back into beneficial use thereby increasing the supply and quality of accommodation within the county borough.
- Dedicated staff resources to progress empty homes work programme - including both proactive and reactive work.
- Increasing opportunities to address unmet housing need, including homelessness and demand.
- Addressing the strategic objectives identified in the Council's Local Housing Strategy and Private Sector Housing Renewal policy in so far as they relate to empty properties.
- Delivering financial support to empty homeowners in relation to local grants/ loans as well as national products, such as VTF - links to supporting employment regarding contractors etc.
- Delivering on WG 5 year Empty Property Enforcement Agenda. Financial benefit to the authority in recovering existing debt already owned through unpaid council taxes, social service intervention and/or works in default.
- Ensuring rates are payable for the property going forward.
- Assisting council tax department to keep accurate data and find liable persons ensuring they maximise their revenue.

...bringing empty properties back into use is an essential aspect of achieving the Action Plan's ambitious aim

- Assisting other departments with empty property engagement and finding ownership details, carry out works in default and ensure a long-term solution to avoid the need for their long-term involvement.
- Helping economic growth of an area by increasing population spending in local shops, attending education and as such helping regenerate areas.
- Reducing waste of resources and cost to the authority when officers from various departments attending site to deal with antisocial behaviours and problematic empties.
- Improving community cohesion, and general visual amenity.
- Co-production, co-ordination and joint implementation of strategies and initiatives, with internal and external partners, for the return to beneficial use of empty homes and non-residential properties.
- Development of relevant partnerships and initiatives to enable sustainable solutions for empty property owners, including working proactively with internal departments such as Council tax, Legal and Planning as well as external organisation such as the Police and Registered Social landlords working closely with regeneration officers to enable empty residential and non-residential properties to be brought back into use, as part of strategic town centre improvements and for other key regeneration initiatives.
- Full utilisation of grant and loan funding streams. Maximising financial investment opportunities in the County Borough.
- Provision of centralised support, advice, and assistance to anyone involved with empty properties.



5. Promote and Educate Empty Home Owners and Stakeholders

5.1 MAXIMISING EVERY OPPORTUNITY FOR SUPPORT

Providing initiatives that offer empty homeowners various options to bring their properties back into use is vital. The team will work closely and assist where necessary to ensure every initiative and funding opportunity provided by Welsh Government, the Council and third-party organisations is maximised. The team will also signpost owners effectively to access any funding or opportunities available.

5.2 PROACTIVE ENGAGEMENT

It is vitally important that the empty property team works with owners and stakeholders providing as much help, assistance, and education as possible to encourage owners to bring their properties back into use informally. The team has already developed a strong branding to promote their works in bringing empty back into use. 'Caerphilly: No Use Empty' will be used to promote the service and encourage owners to engage.

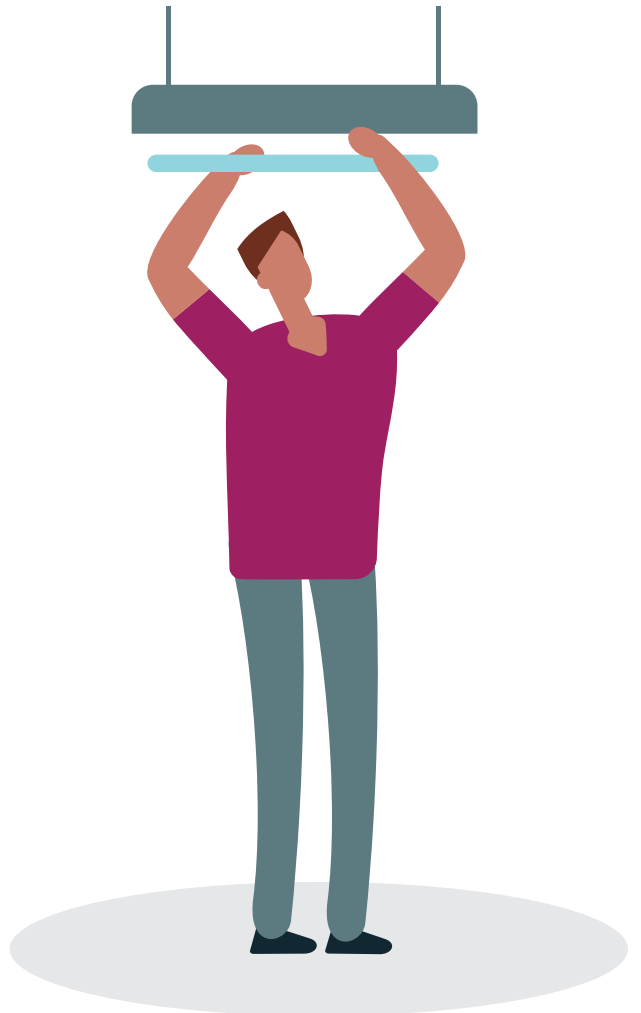
Other actions the Council are undertaken to help increase the number of empty homes returned to use include:

- Empty Property Information Pack to inform and support empty property owners has been developed.
- Created a Caerphilly- No Use Empty dedicated website.
- The Empty Property Team will regularly present at Landlord forum meeting to keep landlord updated.
- Social media campaigns to promote the work within the empty property team and raise awareness around empty properties.
- Engage with stakeholders including local estate agents and auction houses property investors and landlords.
- Collaborative working with other council departments.

- Technical support and advice to landlords.
- Partnership working with Caerphilly Keys.
- Working with Registered Social Landlords (RSLs).

5.3 INCENTIVISING OWNERS

The Council has various products available to assist empty homeowners and provides financial assistance by offering interest-free loans to the value of £35,000 for up to a maximum of 10 years for owner occupation and 5 years for rent. The Council will also actively seek to maximise any available financial opportunities, such as the provision of grant assistance when available, by working in partnership with external organisations to help owners with repairing and bringing empty properties back into use.



6. Prioritisation and Targeted Approach to Tackling Empty Properties

6.1 EVIDENCE BASED APPROACH

The team uses Council Tax data to identify properties that have been vacant for 6 months or more from the 1st of April each year. The data is cleansed to remove the properties that are exempt under the PAM definition. Using the list ensures a strategic approach to the targeting of empty homes for intervention.

6.2 EFFECTIVE USE OF RESOURCES

A two-pronged approach is used by the team to ensure the most effective use of resources:

1. Support and encourage recently empty homes back into use, preventing them from becoming problematic empty properties:

- Properties that are recently empty, less than 24 months.

2. Tackle problematic empty properties:

- Properties that have been empty the longest: 10 years +, 5-10 years, and 2-5 years.
- Properties that are problematic and subject to complaints.
- Properties with the largest debt owing to the authority including works in default debt and council tax debt.
- Properties without ownership details under council tax.

The Council is mindful of fluctuations in the housing market and the need for the prioritisation criteria to be flexible to adapt over the life of the strategy to address changes in priorities, local needs, and Welsh Government financial products.

6.3 MAPPING EMPTY PROPERTIES

Going forward the empty homes data will be 'mapped' making it easier to identify patterns/trends or concentrated areas

where more empty properties may be situated. Mapping will allow the team to analyse this data to further develop the prioritisation system.

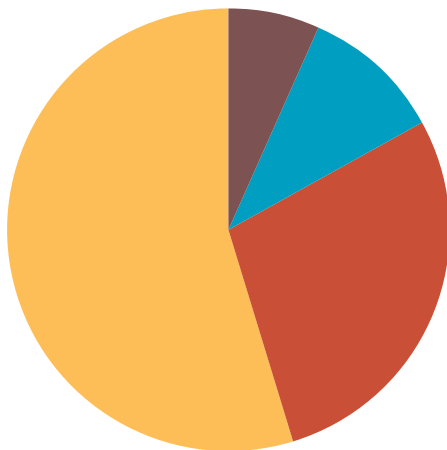
6.4 CURRENT BREAKDOWN OF EMPTY HOMES WITHIN CCBC

Understanding the empty home data is vital when deciding the prioritisation criteria for targeting properties. As shown below over half of our empties have been empty for 2 years or less. Therefore, it is vital that these are considered swiftly to establish whether they are being actively addressed through the market and to prevent them from becoming long-term, problematic empties. Some properties within the 10+ year category have been empty for several decades. It is very unlikely that these empty properties will be returned to use without intervention from the Council and will therefore likely require enforcement action.



NUMBER OF YEARS AN EMPTY HOME HAS BEEN EMPTY

Breakdown of the Length of Time Empty



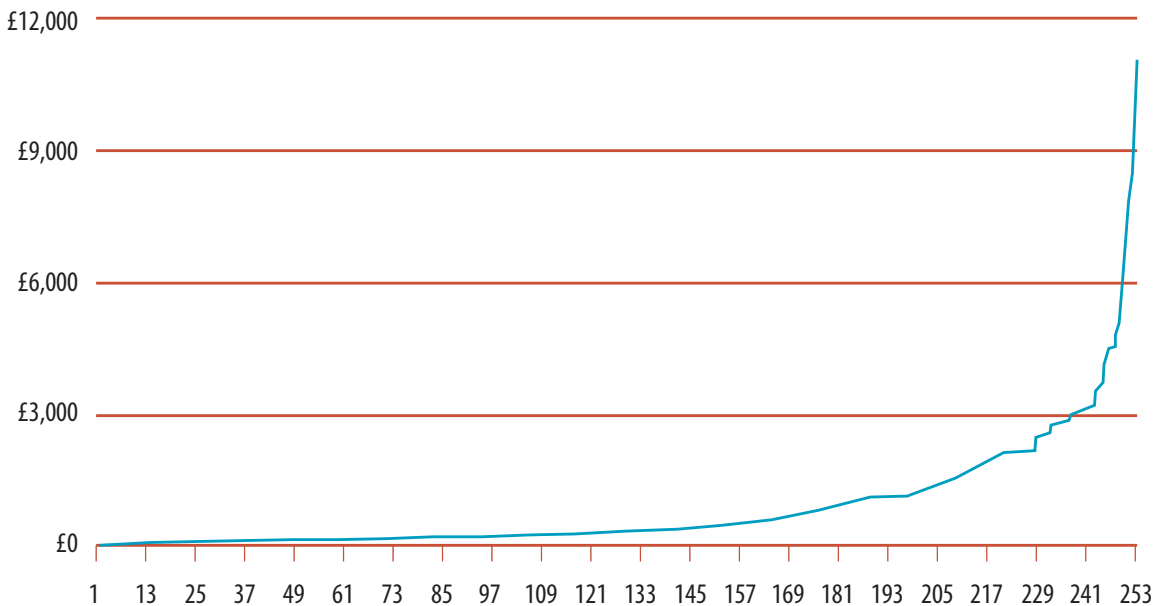
■ 10+ years ■ 5-10 years
■ 2-10 years ■ 2 years or less

10+ years	89
5-10 years	136
2-10 years	370
2 years or less	719
Total	1314

(Caerphilly council tax data 2022)

April 2022, Council Tax data shows that 261 empty homes owe a total of £223,364 in Council Tax payments to the Council. Bringing these properties back into use

will not only provide more revenue going forward to help fund essential council services but also help to reduce the level of debt already owed.



Council Tax data shows that 261 empty homes owe a total of £223,364...

Council Tax has no contact details for 72 empty home owners. Therefore, tracing these owners is paramount to ensure the owners pay the relevant council tax debts and bring the property back into use.



6.5 EMPTY PROPERTY COMPLAINTS

The Council must encourage the community and neighbours of empty homes to report any concerns or problems any empty home is causing. The aim is to make it easy to report concerns using a 'complaint about empties' enquiry form on the dedicated website

In addition to receiving direct complaints, the empty property team carry out joint investigations with Private Sector Housing (PSH) Environmental Health Officers to investigate complaints from neighbours of empty homes who are experiencing issues such as dampness, mould, defecting guttering, or overgrown gardens. From April 2021 to September 2022 there have been 35 empty property complaints regarding empty properties that have

been received and investigated. The team also offers support to other departments dealing with an empty properties such as the Environmental Health and Building Control. When investigating a complaint, the team will not only address the immediate issue subject to the complaint but also use the service request as an opportunity to engage with the owners to find a long-term solution to bring the property back into use. Any owners unwilling to work informally to resolve issues will be subject to enforcement action where applicable.

The team will also support another department to overcome any issues with carrying out works in default where necessary and recover the debt on their behalf.

7. A Two Prong Approach to Tackling Empty Homes

7.1 PREVENTING PROPERTIES FROM BECOMING PROBLEMATIC EMPTY HOMES

Over half of the empty homes within Caerphilly county borough have been empty for less than 24 months; therefore, the empty property team recognises the benefit of early intervention to support and encourage owners of properties that has only recently become empty. This will help ensure the property is not left to deteriorate, becoming a problematic empty. The owners of these properties will be contacted by the empty property team, giving them the advice pack and asking them to contact the team to confirm their intentions in bringing the property back into use. The team will take the opportunity to discuss the support and options available to help the owner. The team will also agree a reasonable timeframe with the owner for action to be taken.

7.2 TACKLING PROBLEMATIC EMPTY PROPERTIES

It is important to recognise that taking enforcement action is very time-consuming and will require significant resourcing. Therefore, it is important to choose the most problematic properties to take forward for formal action such as enforcement. This will be done by carrying out a risk assessment of all priority properties.

7.3 RISK ASSESSMENTS

A Risk Assessment Inspection Form (annex 2) has been developed by the empty property team to prioritise which properties are escalated for enforcement consideration. For example, all homes empty for 10+ years have already been assessed and the impact the property is having on the local and wider community identified. The Risk assessment form provides a scoring of high, medium, and low. The highest priority empty homes

will be proactively addressed initially. All properties that have scored high will be escalated to the Housing Environmental Health Officer to see if any enforcement action can be taken. It is important to recognise that due to the complexity of taking enforcement action the numbers will be low.

7.4 INITIAL ENGAGEMENT

In the first instance, the empty homeowner will be approached and offered advice, encouragement, support, and education on ways to bring their properties back into use. However, this strategy is clear that 'doing nothing is not an option'.

Where owners refuse to cooperate or cannot be traced the Council will not hesitate to use the range of enforcement powers available, as detailed below. This, where appropriate, should include the use of powers to carry out works in default and recover the debt.

7.5 TRACING OWNERS

One of the main problems encountered when dealing with empty properties is property ownership. In cases where the property owner cannot be traced there are various options available to attempt to trace the owner for example:

- Checking various data sources such as council tax data, Land Registry search and Probate search.
- Engaging with neighbours, councillors, and local community.
- Placing posters on the empty property and in local newspapers asking for contact.

The team will carry out all reasonable enquires to trace the owner or the person responsible for the property such as the next of kin. However, when the owner is untraceable all correspondence will be served on the empty property.

8. Potential Legal Remedies

8.1 DECIDING ON THE BEST CAUSE OF ACTION

When deciding to act against an empty home, it is important to consider the wider context of bringing the property back into use and the mechanisms in place to recover the debt. Certain legislation is more appropriate when considering enforced sales proceedings under the Law of Property Act 1925. Details of the Enforcement Action available is listed in Annex 3.

Some high-priority empty homes are in poor repair but may have an owner that ensures the property does not cause ongoing public health issues or pays off any small to medium debt registered

against the property. This type of situation makes it very difficult to find a long-term solution. It's important that this doesn't discourage the Council from dealing proactively with this type of property, but the risk of challenge and complexity involved should be acknowledged. If the owner is unwilling to engage or is untraceable, a legal warrant might be required to facilitate a housing inspection and to allow access for works in default if permitted via the legislation.

Please note this Action Plan has already been approved by Welsh Government. Therefore, does not form part of the consultation.

Version 1: 17.9.21



Annex 1: Action Plan

1. OVERALL AIM OF PLAN

To maximise the return to beneficial use of empty properties within Caerphilly County Borough thereby increasing the number of homes available to both rent and owner occupy,

improving the built environment, decreasing the number of both vacant and underutilised sites as well as supporting diversification of town centres.

2. OBJECTIVES OF PLAN AND ASSOCIATED ACTIONS

Objective 1: Promote, educate and support empty property owners and prospective purchasers/developers

Action What are we going to do?	What we will do How are we going to do it?	By whom	By when	Monitoring Measure Target
<p>Funding will need to be secured to progress this action:</p> <p>Ensure up to date advice and information relating to empty properties is readily available.</p>	<p>Website development to form a 'mini empty properties website' to provide comprehensive information on the authorities stand on empty properties including the products available to assist in bringing empty properties back into beneficial use. The website will have links to signpost interested parties to relevant services. A 'contact me' function will also be built into the web page to encourage engagement.</p> <p>Information regarding the rules for Listed Building repair, maintenance, renovation and regeneration are different from those of non-listed depending on the listing Grade. Links to CADW will be included to provide online information to anyone interested in a Listed Building. Often Listed Building Consent is required if change to the building is more than repair and maintenance.</p>	<p>Empty Property Officer</p> <p>Caerphilly Keys Officer</p> <p>CCBC IT web specialist</p> <p>Placemaking & Building Conservation Officer</p>	<p>Initial scoping exercise to understand web site and online form development to be held by October 2021.</p> <p>Forward work programme to be provided thereafter.</p>	<p>Scoping exercise to fully understand web site and online form development.</p> <p>Translation of web site content into Welsh language.</p> <p>Creation of live mini website.</p> <p>The number of visits to the website per month.</p> <p>The number of enquires received via the contact us function.</p>
<p>Funding will need to be secured to progress this action:</p> <p>Empty Residential Property Information Pack.</p>	<p>Production of an 'Empty Residential Property Information Pack' with key information on the products available to assist empty home owners/prospective purchasers including VAT information, loans, grants, renting, Caerphilly Keys and selling advice.</p> <p>This information will include access to grant information for the Heritage Lottery Fund and associated Heritage Grant websites for the renovation and regeneration of Listed Buildings. Cadw's information for residential property owners would be included here as they have information specific to renovating residential properties.</p>	<p>Empty Property Officer</p> <p>Placemaking & Building Conservation Officer</p>	<p>November 2021</p> <p>October 2021</p>	<p>Production of Empty residential Property Information Pack.</p> <p>Number of Empty Residential Property Packs issued.</p> <p>Number of Packs downloaded from the website.</p>
<p>Media releases engagements and promotion.</p>	<p>Regular media releases such as news articles, tweets and Facebook post to promote the empty properties work including the support available and the empty property pack.</p>	<p>Empty Property Officer</p> <p>Principal Officer - Town Centres & Business Support</p> <p>Communications Officer</p>	<p>Regular intervals</p>	

Action What are we going to do?	What we will do How are we going to do it?	By whom	By when	Monitoring Measure Target
Maximise financial investment opportunities and utilise all available capital funding streams.	Continue to offer, deliver and promote financial assistance to owners in respect of the interest-free loans and conversion grants. Explore and regularly review any other available funding streams such as external grant programmes when offered by Welsh Government. Publish all information relating to the availability of financial assistance on the 'mini empty properties website'. Regeneration and Planning will continue to bid for WG funding (such as Transforming Towns) to administer grant schemes and other interventions to bring long-term empty town centre properties back into beneficial use. Funding has been secured in the 2021/22 financial year for a town centre grant scheme that is due to launch in Q3. This will be aimed at town centre property improvements. The Regeneration team will also use CCBC's core-funded Caerphilly Enterprise Fund grant scheme to assist with town centre property improvements, although the scheme is very popular and is accessible to businesses/properties across the County Borough. Consider use of other capital funding such as Social Housing Grant to assist with the return to beneficial use of empties properties. Placemaking & Building Conservation Officer to check on funding streams available as heritage grants and update relevant officer with information for the website.	Principal Housing Officer - Communities Private Sector Housing Manager Principal Officer - Town Centres & Business Support Principal Housing Strategy Officer Placemaking & Building Conservation Officer	Regular reviews throughout the timeframe	Number of enquiries for financial assistance annually. Number of formal completions relating to financial assistance annually. Number of properties returned to beneficial use annually.
To certify all Valley Taskforce (VTF) empty home grants.	Complete Phase 2 of the VTF programme. Ensure all associated properties are bought back into beneficial use.	Empty Property Technical Officer	Sept 2022	Number of completed VTF empty home grants. Number of properties that received VTF funding that are returned to beneficial use.
Developers list people who are interested in buying empty properties.	Invite all developers, landlords and investors who are interested in purchasing empty properties to be added onto a developers list. The list will then be provided to empty property owners interested in selling their properties privately.	Empty Property Officer	November 2021	Creation of developers list. Number of requests for list.
Work with local estate agencies and auction houses to offer discount products.	Engage with local auction houses and estate agents to negotiate a discount fee and favourable conditions for empty properties owner referred via LA.	Empty Property Officer	November 2021	Number of referrals made.
Offer technical support and advice on bringing an empty residential property back into use, including producing schedules of works, estimate costings and general technical advice.	Appoint Technical Officer. Visit to give property specific advice on the work required to bring the property to a reasonable standard and the estimated cost of the works. As Listed Buildings have different criteria the Placemaking & Building Conservation Officer should offer advice on Listed Buildings and establish if LBC is required.	Principal Housing Officer - Communities Technical Officer Placemaking & Building Conservation Officer	Ongoing	Appointment of Technical Officer. Number of advice visits made.
Engage with Social Housing Stakeholders to discuss potential joint working schemes	Meet with all social housing providers working in Caerphilly County Borough to discuss ways to work together on projects to bring empty properties back into use. This will include Listed Buildings (where applicable).	Principal Housing Officer - Communities Empty Property Officer Business Enterprise Reviewal Team Placemaking & Building Conservation Officer	Initial meeting by December 2021 Ongoing	Ongoing meeting programme.

Objective 2: Prioritisation and target approach in addressing empty properties

Action What are we going to do?	What we will do How are we going to do it?	By whom	By when	Monitoring Measure Target
Partnership working with Caerphilly Keys to offer tenant/ owner matching scheme	Caerphilly Keys aims are to develop a pool of accessible quality, affordable private rented accommodation and to provide a long-term housing solution for homeless applicants. This should enable the Council to meet its obligations under part 2 of the Housing (Wales) Act 2014 to discharge the homeless duty by offering this accommodation to homeless or potentially homeless people. To develop a user-friendly website for landlords. To continue to work alongside Caerphilly Private Landlord Forum, and to provide a platform between PRS and CCBC. To continue to develop positive working relationships with supporting people, DWP and other external agencies.	Housing Solutions Manager Caerphilly Keys Officer	On going	Target 2 properties per month. September 2021 ongoing.
Principal Town Centre Empty Property List	A survey will be undertaken across the principal town centres to identify long-term vacant properties along with details of the owners or agents. A history of each property will be compiled to try and target appropriate interventions going forward. Any listed Empty Buildings identified will be referred to the relevant officer.	Regeneration Officers Placemaking & Building Conservation Officer	October 2021	Regular monitoring of the town centres will take place, with properties added or removed from the list as required.
Submit a Report to CMT and Cabinet for a decision to be made on how to take forward the Private Sector accommodation Pathway to meet the needs of those presenting to the Housing Solution Team.	Produce a report outlining the WG lease scheme proposal in comparison to Caerphilly Keys current PRS model and obtain a decision from CCBC on which model we will take forward and then incorporate this into our Rapid Rehousing transition plan.	Housing Solutions Manager	March 2022	Decision regarding the outcome of the report
Produce and implement an Empty Homes strategy.	Produce a comprehensive empty homes strategy linking in with all relevant existing strategies including the Local Housing Strategy and Regeneration Strategies. Including an Integrated Impact Assessment. Information will be included regarding Empty Listed Residential Building.	Private Sector Housing Manager Principal Housing Officer - Communities Empty properties Officer Principal Officer - Town Centres & Business Support Business Enterprise Reviewal Team Principal Housing Strategy Officer Placemaking & Building Conservation Officer	October 2022	Approved Empty homes Strategy.
Principal Town Centre Vacancy Action Plan	A survey has been undertaken across all principal town centres of long-term vacant properties. Officers in Regeneration & Planning will work with owners and/or agents of these properties to bring the properties back into beneficial use through grant schemes (where possible) or by assisting in identifying a tenant or meanwhile use. Where applicable, notices may be served when the building is in an extremely poor or dangerous condition.	Planning & Building Control Officers Regeneration Officers	Owners will be contacted/ notices served in Q3 21/22	Number of grants administered to long-term vacant property owners. Number of properties brought back into beneficial use through targeted intervention.

Action What are we going to do?	What we will do How are we going to do it?	By whom	By when	Monitoring Measure Target
Analyse the council tax data to fully understand the extent of the empty homes problem within the borough.	Develop a comprehensive list of all empty homes within the Borough looking at several categorisations such as location, level of relevant debts, housing need and number of years home has been empty. Spatially map the data to assist with a strategic targeted approach moving forward. Visual street survey of key town centres to improve intelligence .	Council tax officer Empty Property Officer Empty Property Admin Officer Principal Housing Strategy Officer	December 2021	Development of comprehensive list of empty homes within the Borough. Spatially mapping of data Identification of properties having negative impact. Identification of properties that offer opportunities for mixed tenure schemes.
Agree prioritisation criteria of empty properties.	Agree on the criteria used to prioritise empty properties.	Principal Housing Officer - Communities Empty Property Officer Principal Officer - Town Centres & Business Support	December 2021	Agreed Prioritisation tool.
Use the data to identify a priority list of properties to target proactively	Prioritisation of the data to identify high priority empties to target to bring back to beneficial use properties in relation to housing need and council tax revenue. Colleagues in Strategic Planning undertake an annual town centre vacancy survey that will be used to monitor/identify/assess long-term vacant commercial properties. The Regeneration team also keep a list of vacant properties through regular visits to the town centres as part of the town centre management function. This list is discussed in meetings with local agents, which are intended to minimise vacancies and attract tenants to suitable properties.	Empty Property Officer Principal Officer - Town Centres & Business Support	Ongoing from January 2022.	Identification / list of target properties
Commercial and residential - Key town centre joint street view surveys to highlight target mix	Identify key empty properties having negative impact on town centres and street scene. Listed Buildings to be included (where applicable).	Empty Property Officer Principal Officer - Town Centres & Business Support Placemaking & Building Conservation Officer	Commencing November 2021	List of key empty properties having negative impact on town centres and street scene.
Proactively target the priority empty properties identified in action 5.	Use the information collected to send initial letters, questionnaires and empty property packs. Target a manageable number of 20-30 per month working down the priority list. Follow up letters to be sent to any that don't respond before escalating to the officer for further intervention.	Admin + Empty Property Officer	Ongoing from January 2022	Response to questionnaire. Engagement and number of properties returned back to use.
Target properties that have recently fallen into the empty property criteria to prevent them becoming long term empties.	Soft approach mail drop with Empty Property Pack to all empty property owners within in the 6-12-month empty bracket to prevent them becoming long term empty Information and advice action only.	Admin Empty Property Officer Empty Property Officer Empty Technical Officer	May 2022	Number of letters sent. Number of engagements.
Vacant Property Projects - Bargoed	Funding is being identified via Welsh Government for 2021/22 to develop meanwhile uses or make strategic property acquisitions in Bargoed town centre. These schemes will not only look to reduce the number of long-term vacancies in Bargoed, but also assess suitability of potential schemes for other town centres. CCBC will be contributing £100k to this programme to carry out works in default if owners do not comply with enforcement notices.	Regeneration Officers	2021/22	Number of properties brought back into beneficial use. Interventions and processes used in Bargoed targeted approach will be developed/refined for repetition in other town centres as required.

Action What are we going to do?	What we will do How are we going to do it?	By whom	By when	Monitoring Measure Target
Ensure a corporate approach to bring empties back into use. Co-ordinate the activity of the Local Authority across all departments to ensure that there is a unified and effective approach to deal with the empty properties.	Meet all relevant departments within the authority to highlight the work ongoing in the empty property team. Promoting what the team can do to assist them, highlighting the benefits of bringing an empty property back into use on the whole community including how it can help their specific area of work. Establish a Caerphilly Empty Property Group with all internal stakeholder to ensure continual engagement.	Principal Housing Officer - Communities to Chair Empty Property Officer	Oct 2021 -Continually every 3 months	Establishment of corporate Empty Property working group.
Ensure engagement and input from external stakeholders.	Establish an external working group with relevant third sector stakeholders such as police and fire authority.	Principal Housing officer - Communities Empty Property Officer	Date of initial meeting Jan 2022 Continually - every 4 months	Establishment of external working group.

Objective 3: Take appropriate enforcement action to effectively deal with empty properties

Carrot and stick approach with any owners that fail to engage informally with the proactive contact are escalated to a more direct action. Targeted intervention on long-term vacant commercial properties, especially in Bargoed town centre.	Ensure that all owners that fail to respond to the initial contact letters are escalated for further intervention such as site visits to assess any action that can be taken under the relevant legislation. Case conference approach with colleagues to identify most appropriate type of enforcement intervention. Take a risk assessment approach to prioritise enforcement action. A Placemaking or Heritage Award may be considered for Listed Empty Buildings that are regenerated and repurposed successfully. A list has been compiled of long-term vacant commercial properties in our town centres. Officers will now work with the owners/agents of the properties to bring them back into beneficial use through: Grant funding to increase the viability of potential development schemes. Identifying potential tenants. Identifying potential meanwhile uses. Serving enforcement notices where properties in a particularly bad or dangerous condition.	Empty Property officer Technical Officer EHO Planning Officers Building Control Officers Regeneration Officers Placemaking & Building Conservation Officer	As required/ necessary	Number of site visits completed. Number of notices served. Enforcement Action taken.
Investigate all reactive complaints received regarding empty properties.	Investigate all complaints received regarding empty properties and take every opportunity to work with the owner to address the ongoing concerns and agree a way of bringing the property back into use where appropriate on a case conference approach. Identify the most appropriate type of intervention. Complaints in relation to commercial properties are assessed initially as to whether the building is dangerous and if notices should be served or emergency work done in default. Officers will attempt to work with the owners to bring them back into beneficial use.	Empty Property Officer EHO Planning & Regeneration officers Building Control Officers Environmental Health Officers Technical Officers	As required	No of complaints received regarding empty homes.
Engage with all departments to ensure all enforcement action on empty properties is highlighted and debts recovered.	Ensure that any engagement or work in default taken on an empty property is reported to the empty property team to ensure the debt recovery. Consider enforce sale for any that fail to pay.	Principal Housing Officer - Communities Empty Property Officer	Ongoing	Meet with all relevant department to discuss working practice. All WID highlighted to Empty Property Office. Request information on empty properties with outstanding debts every four months. Number of cases where debts are recovered informally.

Action What are we going to do?	What we will do How are we going to do it?	By whom	By when	Monitoring Measure Target
Ensure effective debt recovering mechanism for all work in default via Enforce Sale route.	Implement the Enforce Sale policy and procedure to recover outstanding debt via the enforce sale.	Principal Housing Officer Planning Officers Legal Officers	As required	Identification of properties with relevant debt to move forward with enforced sale procedure. Number of successful enforce sales. Amount of debt recovered.
Promote all successful enforcement action to highlight the authority position on empty properties.	Work with the authority's communication department to ensure that success stories are highlighted through various media outlet.	Principal Housing officer - Communities Empty Property Officer EHO Communication Officer	Regular intervals	Number of articles and cases to promote.



11. Garden condition	
Satisfactory	0
Some overgrowth	10
Very overgrown	30

12. Waste present	
No	0
Yes	40

13. Length of time vacant	
Less than 1 year	0
1-3 years	5
3-6 years	10
Over 6 years	20

14. Structural condition	
Good	0
Average with minor defects	5
Poor with several defects	15
Very poor with major defects	30
Dangerous and potentially unstable	40

15. Property appearance / visual impact on area	
Good, no impact	0
Average, no major impact	5
Poor, Some impact	15
Very poor, Detrimental to area	30
Extremely poor, eyesore and blight on area	40

16. Security and anti-social impact

Secure, no anti-social behaviour	0
Secure with evidence of some anti-social behaviour	5
Insecure, no anti-social behaviour	10
Insecure with evidence of some anti-social behaviour	15
Evidence of criminal and serious anti-social behaviour	40

17. Enforcement history

None	0
Complaints received	5
Numerous complaints received	10
LA action but no WID	15
LA enforcement action WID/prosecution	80

18. Property type

Detached	0
Semi-detached	5
End terrace	5
Mid terrace	10
Flat	15

Total score	
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Low: 0-50	Medium: 55-75	High: 80+
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11. Garden Condition

1. **Satisfactory:** Garden maintained in a reasonable condition.
2. **Some overgrowth:** Garden showing some overgrowth but appeared to be maintained intermittently. Not effecting neighbouring property.
3. **Very Overgrown:** Garden left to grow wild with no or little maintenance. Overgrowth effecting neighbourhood properties. Providing Harbours for pest. Present of invasive plants such as Japanese Knotweed. **Referral needed to district environmental health officers (EHO) for further action.**

12. Waste Present

1. **No:** No evidence of waste present at the property excluding building material.
2. **Yes:** Presence of waste such as household waste, soft furniture, sofas, mattresses, food waste, littering and general rubbish etc. **Referral needed to the housing EHO for further action.**

14. Structural Condition

1. **Good:** Property in good condition.
2. **Average with Minor Defects:** Minor issues such as rotten windows/doors etc.
3. **Poor with several notable defects:** Defect such as leaking/ damaged rainwater goods, cracked and damaged render etc. **Referral needed to district EHO if affecting neighbouring properties.**
4. **Very Poor with major defects:** Broken windows, damaged roof, falling elements etc. **Possible referral needed to Building Control Department, if significant, or Housing Environmental Health Officer if effecting neighbouring properties.**
5. **Dangerous and potentially structurally unstable:** Collapsing elements, signs of movement etc. **Urgent Referral needed to the building control department.**

15. Property Appearance/ Visual Impact on Area

1. **Good, No Impact:** Property looks acceptable, struggling to identify as empty.
2. **Average no major Impact:** Property can be identified as empty upon close inspection.
3. **Poor, some impact:** Property is clearly empty with issues such unkempt/untidy front or rear yard/gardens.
4. **Very poor, detrimental to area:** Property is having a visual impact on the area as a whole due to a number of severe issues.
5. **Extremely poor:** Property is derelict and is in such a poor condition it is a focal point for the area. **Referral to Planning Department.**

16. Security and Anti-Social impact

- 1. Secure, no anti-social behaviour:** Not open to access, no signs of anti-social behaviour.
- 2. Secure with evidence of some anti-social behaviour:** Not open to access but evidence of some minor anti-social activities e.g. some graffiti, empty bottles, cans etc.
- 3. Insecure, no anti-social behaviour:** Open to access but no evidence of anti-social behaviour. **Urgent referral to General EH team to get the property secured.**
- 4. Insecure with evidence of some anti-social actives:** Graffiti, empty bottles and cans. **Urgent referral to General EH team to get the property secured.**
- 5. Evidence of criminal and serious anti-social behaviour:** Arson, break-in, theft, large groups congregating in and around the property. **Urgent discussion needed with PSH principal officer.**

17. Complaint History

- 1. None:** No complaints received.
- 2. Complaints received:** The occasional complaint received. Usually non-specific and only relating to the fact it is empty.
- 3. Numerous complaint:** Regular complaints about the conditions of the property.
- 4. LA Action but no Works in default (WID):** Either informal or formal action taken in response to complaint with owner carrying out required works.
- 5. LA Enforcement action WID/ Prosecution:** All empty property subject to LA enforcement action will automatically be High Priority.

All empty property subject to LA enforcement action will automatically be High Priority.

Notes

Annex 3: Enforcement Options Available to Tackle Empty Properties

The main legislation used to deal with empty homes through enforcement action is as follows:

Environmental Protection Act 1990

Abatement Notices can be served under section 80 of the Environmental Protection Act 1990 in respect of statutory nuisances caused by a property's structure or associated land.

Prevention Of Damage By Pests Act 1949

Section 4 of the Prevention of Damage by Pests Act 1949 enables the Council to serve Notices on the owner or occupier of the land to ensure the premises are free from rodents.

Building Act 1984

The Building Act 1984 can be used to deal with several different situations where there is a building defect.

Local Government (Miscellaneous Provisions) Act 1982

Section 29 of the Local Government (Miscellaneous Provisions) Act 1982 enables the Council to undertake works on an unoccupied property to secure it against unauthorised entry.

Town And Country Planning Act 1990

Where an owner fails to maintain their property and its condition is considered to be detrimental to the amenities of the neighbourhood, the Local Authority can serve a Notice on the owner requiring work to be carried out to improve its appearance.

Housing Act 2004, Part 1: The Housing, Health And Safety Rating System (HHSRS)

The Housing Act 2004 stipulates the requirement of a housing inspection and completing an HHSRS which is a risk assessment of 29 defined hazards that may be found in a property.

The Law Of Property Act 1925: Enforced Sale

Where there is a financial charge of over £500 owed for works in default of certain legal notices detailed above and recorded on the Local Land Charges Register; the Local Authority can take action under the Law of Property Act 1925 to enforce the sale to recover our debts.

Housing Act 1985: Compulsory Purchase Orders

Section 17 of the Housing Act 1985 enables Local Authorities to compulsorily purchase a property for the provision of a housing accommodation.

Housing Act 1985: Demolition Orders

Section 265 of the Housing Act 1985 allows the Local Authority to make a demolition order.

Housing Act 2004: Empty Dwelling Management Orders (EDMO)

Part 4, Chapter 2 of the Housing Act 2004 allows the Local Authority, on approval by an Independent Residential Property Tribunal, to take over the day-to-day management of a property with the view to taking steps to ensure the property becomes, and continues to be, occupied. An Empty Dwelling Management Order (EDMO) gives the Local Authority possession of the property without taking ownership.

Mae'r ddogfen hon ar gael yn Gymraeg, ac mewn ieithoedd a fformatau eraill ar gais.
This document is available in Welsh, and in other languages and formats on request.





CABINET – 8TH MARCH 2023

SUBJECT: HOUSING REVENUE ACCOUNT BUSINESS PLAN 2023/24

REPORT BY: CORPORATE DIRECTOR OF SOCIAL SERVICES AND HOUSING

1. PURPOSE OF REPORT

For Cabinet Members to consider and take a view on the Housing Revenue Account (HRA) Business Plan 2023/24, and also submit this report to Council to request an extension to the borrowing cap, which forms part of the recommendations on this report. The HRA Business Plan is an annual requirement from Welsh Government (WG) as part of the annual submission of the Major Repairs Allowance (MRA) grant application. The report was considered by the Housing and Regeneration Scrutiny Committee on the 27th February 2023; comments from the Committee are included in Section 10 of the report.

2 SUMMARY

- 2.1 Following the publication by Welsh Government (WG) in its National Housing Strategy, 2001, which enforced all social landlords to meet the Welsh Housing Quality Standard (WHQS) on all its tenanted stock, WG introduced in 2002, a requirement for all Welsh authorities to develop and produce a Housing Business Plan which would be scrutinised by WG on an annual basis. The Housing White Paper published in May 2012 reaffirmed the WG commitment to the WHQS and set the revised target for all social landlords to meet it by 31st December 2020, which was extended to 31st December 2021 due to the impact of Covid-19. Caerphilly Homes achieved full compliance on all its housing stock by the deadline.
- 2.2 The Business Plan is a long-term 30-year plan for managing an organisation's assets and financing the necessary investments. It is a key element in ensuring the effective long-term management and maintenance of the Councils housing stock. It is essentially a financial forecast reliant on key assumptions which identifies the resources and funding required to meet the WHQS and maintain it thereafter. In addition, more recently WG have requested a business plan narrative to accompany the financial business plan, and this is also a requisite for the annual application of the MRA funding.
- 2.3 Now that all the Local Housing Authorities have met the WHQS, there is a requirement for WG to develop an updated version of the standard so that LHA's can maintain its properties to the standard whilst incorporating new challenges. There has been an independent summative evaluation of WHQS in June 2021 and WG intend to launch WHQS 2 in 2023 following a period of consultation during the Summer 2022. The responses are currently undergoing detailed analysis. One of the biggest changes in the new standard will be around affordable warmth and decarbonisation, and WG are considering how they can support delivery alongside a new Optimised Retrofit Programme (ORP). In the 2023/24 Business Plan, however, WG acknowledge that LHA's will not have firm decarbonisation targets or measures to work with, and therefore do not expect comprehensive costed models for decarbonisation in this year's plan. Until the new WHQS 2023 is agreed, published and comes into effect, the existing WHQS is extant and is the minimum that must be maintained. Therefore, borrowing that may be anticipated to meet the new standard is not included in this report.

- 2.4 Members may recall earlier reports regarding the HRA Business Plan as part of the ballot process together with commissioning stock condition surveys and determining borrowing levels. The borrowing level for WHQS was initially agreed by Council at £61m in 2011 and was subsequently revised as the WHQS programme progressed. In 2014, the borrowing was revised to £55m, and in 2019, the borrowing profile was amended to £75m to include funding for the first draft of our ambitious new build programme. Council agreed in July 2022 to increase the borrowing level further to £90m as the new build programme started to be implemented. Of this £90m, £40.9m has been taken up for the WHQS programme leaving £49.1m available initially towards increasing housing supply. Further development programmes are likely to require additional borrowing, together with the impact of the unprecedented inflation increases. The £90m cap did not allow for increases in costs across the housing service, which ultimately came later in the year after the 2022/23 Business Plan was submitted.
- 2.5 As we have now achieved the target of meeting WHQS to all our eligible stock, it is thought an opportune time to report the HRA Business Plan annually to members going forward as we progress onto developing our own social housing stock. This has become more important as we have experienced such volatility within the market in terms of material costs, supply and labour resources as a result of the Covid-19 pandemic and Brexit, together with unprecedented inflation rates, which could impact significantly on our new build commitments and the ambitious decarbonisation agenda that is ahead of us.
- 2.6 Members will recall the Housing Revenue Account Charges 2023/24 report that was presented to Housing & Regeneration Scrutiny Committee on the 29th November 2022 and Cabinet on the 14th December where 6.5% rent increase was agreed for 2023/24. This report analysed some costing scenarios against the 2022/23 Housing Business Plan that had materialised since the plan was submitted to WG in March 2022. This included the higher than anticipated pay award and the impact on the increases for construction and material costs. This evidenced, that with a lower than inflation rent increase, which was agreed at 6.5%, that a further £10m would need to be borrowed to maintain current services and keep momentum with the new build programme.

3. RECOMMENDATIONS

- 3.1 That Cabinet note the comments of the Housing and Regeneration Scrutiny Committee.
- 3.2 That Cabinet considers and approves the 2023/24 Housing Business Plan and its submission to WG by the 31st March 2023.
- 3.3 That Cabinet approve the submission of this report to Council to request an extension of the HRA borrowing cap to £100m as a result of higher than anticipated inflation to maintain services and to progress with the new build programme. A provisional date for Council has been set for 23rd May 2023.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 The HRA Business Plan has to be submitted annually to Welsh Government as part of the Major Repair Allowance (MRA) funding grant submission. Failure to submit a viable Business Plan as part of the application would be interpreted as failure to comply with the MRA grant criteria, and the grant is likely to be withdrawn.
- 4.2 The Housing Business Plan relies on key assumptions to remain viable and in recent years has become increasingly volatile due to the Covid-19 pandemic and Brexit. This has been compounded more recently with the extraordinary increases in inflation. It is therefore prudent that members are formally updated on the financial position of the HRA investment

programme as part of the annual grant submission to WG and to be kept up to date on the performance of the HRA in relation to other new priorities to be delivered from the HRA.

- 4.3 Borrowing is necessary to be able to fund the new build programme and will be reviewed annually. The building of new affordable homes is a corporate commitment, and a Welsh Government directive.

5. THE REPORT

- 5.1 The Major Repairs Allowance (MRA) is a capital grant for HRA assets to support Local Authorities to meet and maintain the WHQS. It cannot be used to repay debt, support borrowing, fund demolition costs, fund the day-to-day maintenance of properties, fund any properties acquired after April 2015, or for any properties held outside of the HRA.

- 5.2 LHA's must submit an application to WG each year for the MRA. The value of MRA for Caerphilly Homes is in the region of £7.3m. The deadline for the submission is 31st March 2023 and WG request the following documents to be included with the application:-

- An application form
- A full 30 year financial Business Plan
- Business Plan financial data summary
- New Build spreadsheet
- Business Plan narrative.

- 5.3 The HRA Business Plan is subject to detailed scrutiny by WG to ensure it is acceptable which means it must demonstrate:-

1. Maintenance of the WHQS
2. The HRA does not show a debit balance
3. Through stress testing the impact of positive and negative changes to key assumptions has been considered
4. An analysis of items included in the HRA certified to show it is in accordance with relevant legislation.

- 5.4 A Local Authority must inform WG by 31st March each year if it is unable to submit an acceptable Business Plan. The Authority will then be required to work with the support offered by WG to develop an acceptable Business Plan. Failure to do so will be treated as failure to comply with the MRA grant criteria and the grant is likely to be withdrawn.

- 5.5 Business Plans are owned by local authorities and are not prescriptive by WG. However, Caerphilly Homes uses a model adopted by Housing Finance Specialists (HFS) Ltd which has been sanctioned by WG. Most of the retaining Local Housing Authorities use this same model. WG also request a summary of the business plan as part of the MRA application, which is in a standard format to allow for ease of comparison against the minority of Local Housing Authorities who do not use the HFS model.

- 5.6 Section 76 of the Local Government and Housing Act 1989 requires that the Housing Revenue Account (HRA) cannot be set into a deficit. The Housing Business Plan is a working document and is constantly updated to reflect any changes in its original assumptions to ensure the HRA remains viable.

- 5.7 Once the HRA budget is set, this is added to year 1 of the 30-year Housing Business Plan, combined with the capital projections and a number of key assumptions. The plan is tested for viability in terms of its operating (revenue) account, level of reserves, capital account and its level of borrowing. Further assumptions are then made to project this position for 30 years.

5.8 Key assumptions in the plan are

- Inflation rates
- Interest rates/Financing Costs
- Rent increases or decreases
- Level of bad debts and voids
- Stock count
- Pay awards
- Financing costs

5.9 WG also require a number of sensitivity tests against the base plan which models different stresses around key risks of the plan over the next 10 years. Anything beyond 10 years has been acknowledged by WG as too difficult to provide accurate or meaningful analysis. The sensitivities are not prescriptive but LHA's are expected to consider global and local challenges and how this will impact on the HRA remaining viable, if the WHQS can still be maintained, and if borrowing remains affordable.

5.10 A template is also required that captures LHA's development and acquisition plans.

5.11 The HRA Business Plan for 2023/24 has made the following assumptions. Note that this shows only 5 years which are more realistic than a 30-year period. However, the appendices attached will show the impact these assumptions make over a 30-year period.

5.12 Inflation rates

Every year, as part of the Business Planning Guidance, WG advise LHA's to use 2% as a typical inflation rate based on the Retail Price Index (RPI). This year however, this has not been included in the guidance and WG have advised they are no longer prescriptive on the assumptions in the Business Plans but now request that they are clearly explained and justified. This is probably as a result of the volatile increase in inflation experienced nationally. The Bank of England forecast that from mid-2023 inflation will fall sharply, perhaps below target, and expect inflation to level close to the 2% target by 2025/26. This is from their expectation that the price of energy will not continue to rise so quickly due to Government intervention schemes, also the price of imported goods won't rise so fast as some of the production difficulties start to ease, and less demand for goods and services in the UK forcing prices to rise much slower. The Bank of England has also steadily increased interest rates to attempt to bring inflation down.

The inflation rates for the Business Plan are in line with inflation rates used for the Councils Draft Budget Proposals for 2023/24. Inflation is currently at its highest level in 40 years with Consumer Price Index (CPI) inflation peaking at 11.1% in 2022. For the reasons mentioned above, 5% general inflation has been factored into the Business Plan for 2023/24 followed by a return to the 2% target.

General Inflation for the Business Plan has been forecasted as follows:-

2023/24	5%
2024/25	3%
2025/26	2%
2026/27	2%
2027/28	2%

5.13 In addition to the above, an additional increase needs to be considered in respect of building materials which will affect the cost of our Planned programme, Response Repairs, and New Build programme. The increased global demand for construction combined with the complex impacts of the pandemic and Brexit, resulted in unprecedented shortage delays and increased prices for materials and labour across the economy. Whilst the impact is hard to predict because it affects different material types, the industry suggests that although the material supply issues has eased, prices remain high across a range of materials.

Contractors are also struggling to absorb the additional cost as well as the impact from a lack of skilled workers forcing wage costs up. The Building Cost Information Service (BCIS) has predicted a 16% rise from Q2 2022 to Q2 2027 which is an average increase of 3.2% per year. Although this does not affect all materials it is felt prudent to increase 2023/24 to 5% to also allow for the impact of the energy price increases which is likely to affect the cost of materials further in the short term. A further 2% has therefore also been included in addition to the rates above for 2024/25 to 2027/28. Further testing for higher increases are factored into the sensitivity analysis on 5.29 below.

5.14 Interest rates/Financing Costs

The debt profile for the authority includes a forecast for interest rates which are calculated by accounting for all estimated interest on the loan types the authority holds in any one year and dividing that into the total debt to arrive at a consolidated average interest rate each year.

These rates will change depending on the debt profile and are updated regularly throughout the year. The interest rate charged to the HRA includes the borrowing requirement within the current Business Plan and is currently forecasted to be as follows

2023/24	4.17%
2024/25	4.20%
2025/26	4.18%
2026/27	4.12%
2027/28	4.05%

5.15 Rent Increase

The WG rent policy is determined every 5 years. We are currently under the 2020/2021 to 2024/2025 five-year rent policy which was set at CPI plus 1% (plus a further £2 to align rents if applicable). The Welsh Ministers can determine the appropriate change to the rent levels in any given year if CPI falls outside of the range 0% and 3%. Due to the unprecedented CPI rate in September 2022 of 10.1%, the Minister took the decision to override the policy and restrict the rent increase for social landlords to 6.5%.

- 5.16 Members agreed to increase the 2023/24 rent by 6.5%. This has been factored into the 2023/24 estimates and year 1 of the Business Plan. For the following years, the CPI rates have been forecasted to be within the 0% and 3% protection threshold, on the basis explained in 5.12 above, therefore the assumption is that these years will attract the CPI plus 1%. Note for this purpose CPI is assumed to be the same as RPI although typically CPI tends to be slightly lower.

It is also worth noting that 2024/25 is the end of the current 5 year rent policy, so there could be a review from the Welsh Minister as to whether the policy is fit for purpose, meaning the current policy may not exist going forward.

2023/24	6.5% as agreed by members
2024/25	3% plus 1% = 4%
2025/26	2% plus 1% = 3%
2026/27	2% plus 1% = 3%
2027/28	2% plus 1% = 3%

- 5.17 If predicted correctly, this will be the maximum rent increase allowed under the rent policy and LHA's must also evidence affordability. Members recently agreed that the authority could review its rent policy to consider including an appropriate affordability model called the Joseph Rowntree Foundation (JRF) model. When setting the 2023/24 rent the JRF model evidenced that Caerphilly Homes rents are a favourable comparison. Other indications such as the All-Wales statistics also confirm Caerphilly Homes rents are one of the lowest of the LHA's at about 7% lower than the average, yet earnings within the area are some 5% higher than the All-Wales average. According to Data Stat Wales Caerphilly Homes is ranked the lowest local Authority in Wales in terms of its weekly rent. As part of the sensitivity testing required by WG for the MRA submission, we will include scenarios for lower rents than above to test the

viability of the HRA is maintained with additional borrowing. (See 5.31 & 5.32 below on sensitivity testing).

5.18 For future years (from 2027/28 onwards) within the plan, rent increases have assumed to be 3% but these will be reviewed as we progress through the next 5 years when inflation is confirmed, if a new rent policy is introduced, and also how the JRF affordability model impacts on our rent structure. WG have yet to release the new WHQS 2023 standard which could also impact on future rent setting.

5.19 Level of bad debts and voids

This figure is combined in the Business Plan. In previous years, the average void loss was pretty static at just under 2% and arrears at around 2.5%. In recent years this has increased, particularly at the start of the pandemic when tenants were unable to pay their rent and landlords were unable to relet empty properties. LHA's have also started a rent and arrears working group with WG to compare and share best practise going forward as a consequence of the arrears position due to the pandemic and the impact on tenants. In December 2020 voids had increased to 2.8% and arrears to 4.24%. In December 2021, voids were 2.52% and arrears were 4.29%. The latest position shows voids reducing to 2.16% and arrears increasing to 5.1%. Whilst the void position is starting to settle towards its typical average rate, it is clear that arrears are steadily increasing with the added impact of the Cost of Living. Caerphilly Homes is in the top quartile when compared to the other 10 LHA's. However, members will be aware of the intense tenancy support that has been offered to our tenants since the pandemic, with the focus on helping tenants to sustain their tenancies rather than evict them. This will inevitably result in an increase in arrears, with further increases expected due to the Cost-of-Living crisis. As part of the rent increase announcement for 2023/24 The Minister for Housing and Local Government instructed all social landlords to strengthen their approach to minimising all evictions, and not to evict into homelessness, a process we had already embedded within Caerphilly Homes, but with an obvious impact on arrears levels. The Business Plan model has changed slightly as to how the arrears are shown. Previously the arrears were included within the inputs as a percentage, but now the actual arrears within the balance sheet is deducted from the working balances. The only input required now is the actual provision for bad debt which is charged to the HRA each year. For 2023/24 this is 1.14% increasing in line with arrears to 2.5% in 2024/25 and a reduction to 2% from 2025/26 onwards. This assumption is clearly volatile and is therefore included in the sensitivity testing shown in 5.34.

5.20 Stock Count

The estimated stock count for 1st April 2023 is 10,667.

5.21 The plan would normally make an assumption of any council house sales that would reduce the level of stock, until the Right To Buy (RTB) process ended in Wales in January 2019. Therefore, we do not anticipate any further RTB sales in the plan. However, we are now underway with our ambitious new build programme and have also acquired stock via a buy back process which assists us in meeting the increasing housing supply agenda from WG.

5.22 The increase in stock is detailed in 5.24 below and has been assumed based on the most recent Programme Delivery Plan (PDP) for affordable housing which drives the Social Housing Grant (SHG) programme, together with other schemes identified as part of the LDP process where areas have been identified for suitable development upon further investigation and viability checks. £10.3m of SHG funding has been accounted for in the plan for the period April 2023 to March 2025.

5.23 Pay Awards

The assumptions factored into the 2023/24 Draft Budget Proposals report (Special Cabinet 118/1/23) for the Council have been considered against the HRA Business Plan. The forecasted increases in terms of Pay Award and Employers Pension Contributions from 2023/24 to 2025/26 have been applied.

5.24 New Build proposals and grants

The current proposals allow for 432 units (social rented and blended tenure schemes) over the period 2023/24 to 2026/27 at a cost of some £117m. The full new build programme consists of 465 potential units but 33 will have been delivered by the end of 2022/23 so only the remaining 432 is factored into the Business Plan. A further 32 properties have also been acquired through Buy Backs, therefore housing supply for Caerphilly Homes has increased by 65 since 2019/20. Funding assumptions for the New Build programme include the Social Housing Grant awarded by WG up to 2024/25, and the Transitional Accommodation Capital Programme (TACP) Grant, together with expected market sales for the units that will not be classed as affordable housing when completed. Further funding options need to be explored and include the Land and Buildings Development Fund, The Health and Care Fund, and the Cardiff City Region Deal. It is worth noting that the 2021/22 Business Plan allowed for 230 units, and the 2022/23 Business Plan allowed for 405 units, so there is momentum in terms of increasing housing supply.

- 5.25 The value of the HRA in 2023/24 with the rent increase of 6.5% is £55.5m. The cost of managing and maintaining the service is essentially funded from this, and these costs are entered into the plan which includes a £15.7m commitment towards the capital programme. The capital programme is £35.6m and this includes £16.5m to maintain the WHQS programme (PAMS programme), £10.9m for increasing housing supply and £8.2m for adaptations, large scale void work, and one-off committed projects. It is however worth noting that the current proposals can change quickly as more schemes are identified and some existing proposals may not come to fruition. Also, as experienced this financial year, issues with resources have impacted on the ability to progress with the PAMS programme. Variances to the Housing Revenue and Capital Account are regularly monitored and reported to the Housing & Regeneration Scrutiny Committee throughout the year.
- 5.26 The assumptions shown above are run through the plan over the 30 years and this typically results in a shortfall that would require some level of external borrowing. The base plan has a shortfall of £52.5m and this requires a borrowing commitment of some £55.7m (£31.5m in 2024/25 and £24.2m in 2025/26). The total borrowing commitment, when factoring in the amount already borrowed for the WHQS programme (£40.9m) is not within the current borrowing cap approved by Council. Total borrowing would currently stand at some £96.6m which would be £6.6m over the £90m agreed level. However, it is important to note that the initial level agreed was always expected to change as we progressed with the new build programme. The total number of proposed units have also increased compared to the previous plan, which will increase costs resulting in further borrowing. The Cost of Living and its impact on inflation also needs to be considered which has not only affected the new build programme, but also the ability to maintain current services. It is also worth noting that there may be other funding streams available, as schemes are investigated further, which would reduce costs, thus reducing the borrowing requirement. Officers recommend the borrowing level be increased to £100m at this stage to ensure adequate funding is available for the current new build proposals and the assumed cost increases within the 2023/24 Housing Business Plan. Borrowing is not required until year 2 of the plan (2024/25).
- 5.27 To date the HRA has borrowed £40.9m towards achieving WHQS therefore any further borrowing is now committed principally towards increasing our housing supply. The maintenance of the WHQS programme is now under our Post Asset Management Strategy (PAMS) programme and is currently funded from our existing HRA resources and MRA grant from WG, although we await the new version of the WHQS 2 which will undoubtedly affect this profile.
- 5.28 The Housing Business Plan for 2023/24 confirms that the HRA remains viable with the £55.7m borrowing, as it demonstrates a surplus in the operating account (see appendix A) and the capital account is fully financed (see appendix B)

5.29 Sensitivity Analysis

5.30 A number of sensitivities have also been tested against the base plan which include the following (*all must demonstrate HRA remains in surplus. WHQS still maintained and borrowing affordable)

5.31 ***S1 - A decrease in rent levels to CPI only (3%) in 2024/25***

DESCRIPTION: if CPI falls below 0% or higher than 3% then the policy would revert to CPI only (As in 2022/23). Although forecasts suggest CPI will be within this threshold, the market is very volatile so a variation in rent levels needs to be tested. Year 2 of the Housing Business Plan assumes 4% (CPI + 1%). The sensitivity reduces this to 3% (CPI only)

IMPACT: An increase in the shortfall of some £1.4m compared to the base plan with a further borrowing requirement of £2m.

MITIGATION: Cannot reduce the New Build Programme as there are continuations of the previous year's schemes, although some newer schemes could be reviewed or reprofiled.. The PAMS programme could be reduced but this would mean the timescales for properties maintaining their lifecycles would not be met. Additional borrowing of £2m over years 2 & 3 would fund the shortfall. The increased borrowing would remain within the current recommended borrowing level of £100m. WHQS and the New Build programme would remain on track if all other assumptions remained. The HRA would remain viable but with a reduction of £4.1m capacity by year 10 meaning less funding capacity for future challenges e.g., WHQS 2023, Decarbonisation and further increasing housing supply.

5.32 ***S2 - A decrease in rent levels to 2% in 2024/25***

DESCRIPTION: if CPI falls to 1% then applying the policy means a maximum of 2% rent increase in year

IMPACT: An increase in the shortfall of some £2.1m compared to the base plan with a further borrowing requirement of £9.6m.

MITIGATION: Cannot reduce the New Build Programme as there are continuations of the previous year's schemes, although some newer schemes could be reviewed or reprofiled which could impact on the Councils delivery agenda. The PAMS programme could be reduced but this would mean the timescales for properties maintaining their lifecycles would not be met. Additional borrowing of £9.6m over years 2 & 3 and also years 8-15 would fund the shortfall. The knock of effect of the loss of rental income year on year will also be felt later in the plan. The increased borrowing would go over the current recommended borrowing level of £100m by £6.2m. A further report to Council would be needed to increase the limit with no further productivity. WHQS and the New Build programme would remain on track if all other assumptions remained. The HRA would remain viable but the cost of funding the shortfall would be significant due to its impact later on in the plan meaning less funding capacity for future challenges e.g. WHQS 2, Decarbonisation and further increasing housing supply.

5.33 ***S3 - An increase of material costs to 10% in year 1***

DESCRIPTION: The volatility of the construction sector due to the pandemic, Brexit and the Cost of Living has seen unprecedented increases in material costs. The base plan allows for a further 5% increase in year 1 as explained but due to the volatility a further sensitivity is tested with a 10% increase.

IMPACT: An increase in the shortfall of some £2.4m compared to the base plan with a further borrowing requirement of £2.6m

MITIGATION: Cannot reduce the New Build Programme in Year 1 as there are continuations of the previous year's schemes although some newer schemes could be reviewed or reprofiled. The PAMS programme could be reduced but this would mean the timescales for properties maintaining their lifecycles would not be met. Additional borrowing of £2.6m over years 2 & 3 would fund the shortfall. The increased borrowing would remain just within the current recommended borrowing level of £100m. WHQS and the New Build programme would remain on track if all other assumptions remained. The HRA would remain viable but with less funding capacity for future challenges e.g. WHQS 2, Decarbonisation and further increasing housing supply.

5.34 ***S4 - An increase in bad debts to 8% in years 1 & 2***

DESCRIPTION: The base plan includes 5.4% of arrears within the balance sheet for both rent and service charges. The level of bad debt provision has increased due to the pandemic and an allowance has been made in the base plan for a further increase due to expected increases in energy and food prices. However, Caerphilly Homes were in a fortunate position over the last two years when the corporate method of calculating bad debt provision was reviewed, which resulted in a lower bad debt provision being required going forward. Irrespective of this, it is worth testing this scenario by adding the impact of an increase in arrears to 8% over a two-year period. This would mean a loss of income of approximately £1.5m for year 1 and also year 2, and result in a higher bad debt provision.

IMPACT: An increase in the shortfall of some £4m compared to the plan with a further borrowing requirement of £4.2m

MITIGATION: Cannot reduce the New Build Programme in Year 1 as it is a continuation of the previous year's schemes although some newer schemes could be reviewed or reprofiled. The PAMS programme could be reduced but this would mean the timescales for properties maintaining their lifecycles would not be met. Additional borrowing of £4.2m over year 1 & 2 would fund the shortfall but that is on the assumption that the arrears level would steadily reduce over time. The increased borrowing would be just within the current recommended borrowing level of £100m. WHQS and the New Build programme would remain on track if all other assumptions remained. The HRA would remain viable but with less funding capacity for future challenges e.g., WHQS 2, Decarbonisation and further increasing housing supply. Also, more resource is likely to be needed to support tenants with increased debt.

5.35 ***S5 – Combination of S1 & S3 – Reduce rent to CPI only in 2024/25 and increase material costs to 10% in year 1***

DESCRIPTION: Sensitivity testing needs to include a combination of potential issues as in reality more than one can arise at the same time. Therefore, this tests the possibility of rent reducing to 3% in year 2 and materials increasing to 10% in year 1.

IMPACT: An increase in the shortfall of some £3.5m compared to the base plan with a further borrowing requirement of £5.9m

MITIGATION: Cannot reduce the New Build Programme in Year 1 as there are continuations of the previous year's schemes although some newer schemes could be reviewed or reprofiled. The PAMS programme could be reduced but this would mean the timescales for properties maintaining their lifecycles would not be met. Additional borrowing is needed in year 2, 3 & 9,10,11 due to the knock on effect of the rent reduction in future years. The increased borrowing would not be within the current recommended borrowing level of £100m. A further report to Council would be needed to increase the limit with no further productivity. WHQS and the New Build programme would remain on track if all other assumptions remained. The HRA would remain viable but with less funding capacity for future challenges e.g. WHQS 2, Decarbonisation and further increasing housing supply.

- 5.36 All the sensitivities tested prove how changes in one area of the Business Plan can affect the whole outcome, and that the Business Plan is reliant on a number of key assumptions that could change quickly and impact on our service delivery. However, the base plan is set using current knowledge within the service and at this point evidence it is viable.

6. ASSUMPTIONS

- 6.1 Assumptions are prevalent within the Housing Business Plan and are necessary to create a 30-year projection as requested by Welsh Government. Assumptions are included on key drivers such as (i) Interest rates (ii) Inflation (iii) Rental Increases (iv) Staffing levels (v) stock movement (vi) capital programme expenditure (vi) level of rent arrears/bad debts, and (vii) level of voids and are taken from projections, local knowledge and Welsh Government guidance. The key assumptions are detailed in this report, and the assumptions drive the borrowing requirements.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 An Integrated Impact Assessment was carried out as part of the HRA rent charges 2023/24 report which fundamentally drives the Housing Business Plan, therefore a further IIA is not necessary.

8. FINANCIAL IMPLICATIONS

- 8.1 This report deals with the financial implications.

9. PERSONNEL IMPLICATIONS

- 9.1 The proposals contained in this report will not alter the current arrangements of HRA personnel.

10. CONSULTATIONS

- 10.1 All consultation responses have been reflected in this report.
- 10.2 The report was presented to the Housing and Regeneration Scrutiny Committee on the 27th February 2023.
- 10.3 The Scrutiny Committee sought clarification on what the Major Repair Grant can be used for, the report references what it cannot be used for such as day to day repairs, but members asked if the difference between major and day to day could be explained. Members asked if the major repairs grant would cover several buildings in the same complex for example, such as damp issues in an older persons complex.
- 10.4 Members were advised that major repairs grant is an annual allowance given to all stock owning local authorities which can be used for planned capital works. The allowance cannot be used for anything other than HRA assets and is now essentially to maintain the WHQS programme.
- 10.5 Members referenced damp issues and expressed disappointment that these have not been resolved though the WHQS despite the amount of money spent and asked what kind of follow up had been done to the work carried out under the WHQS.

- 10.6 The scrutiny committee were advised that there is a cyclical maintenance repairs programme which is called the planned asset management programme. This essentially means that assets are looked at in terms of life expectancy of roofs doors windows etc and develop a planned programme of works to address these. Areas are reviewed where there are significant issues and assured members that where they have been in communication with members on issues such as damp they will look at it accordingly. Reference was made to WHQS 2023 on the horizon which will dictate where the focus will be on decarbonisation and affordable warmth going forward with an announcement from Welsh Government expected imminently.
- 10.7 Members were assured that the WHQS works were subject to a number of checks and works were signed off throughout the programme. In addition, a percentage of works received a post completion inspection. All properties are part of the long term maintenance programme. Officers stated that there may be issues with properties now that weren't apparent when the WHQS programme was planned, and they may be picked up under future works.
- 10.8 The scrutiny committee highlighted the number of voids in the report and raised concerns that in some cases properties seem to be empty for long periods of time without any works ongoing. Members were assured that officers are keen to improve the standard of works carried out, so this is taking longer to complete. There are around 100 void properties out of nearly 10,700 so the number is reasonable but is under review with the aim to improve the turnaround. Members asked if they could be provided with data on the average length of void period. Officers stated it depends on the type of void but offered to provide a breakdown to Members.
- 10.9 Members sought information of the length of time to buyback properties and asked if the Authority need to carry out works to bring them up to WHQS standards before they can be used as part of housing stock. The scrutiny committee were advised that these properties have to go through the conveyancing process, then there are varying amounts of works required, so it is difficult to provide a timescale. However, resources are being redirected to make sure they are brought into supply as soon as possible. At the moment there are about a dozen properties to be brought into use. It was clarified that these are predominantly former council properties bought under the RTB, but the Authority can also purchase empty properties through the work of the empty property team and privately marketed properties and are considered suitable. However, the priority now is former council owned properties.
- 10.10 The scrutiny committee referenced the assumptions in the report on interest rate, rent increases/decreases, etc and asked how rent increases work in relation to CPI. The rent increase for this year was 6.5% (with inflation at 10.1%) and its forecast to increase at CPI plus 1% for the next 5 years but what happens if the forecasts are inaccurate.
- 10.11 Members were informed that the HRA Business Plan is produced on an annual basis and we are governed on the rent increase by Welsh Government and they are currently reviewing their five year strategy. The forecast is done on the basis of the information we have at the moment and must present a sustainable business plan, any future changes will need to be addressed in future iterations of the business plan. The plan seeks to predict CPI plus 1% which is technically the maximum allowed for a rent increase, but there is an allowance for an extra £2.00 if trying to merge or converge our rents – which we aren't at the moment. The HRA Business plan is a 30 year model but it is updated every year with the latest known information that is available.
- 10.12 The report was moved and seconded and supported by the majority present.

11. STATUTORY POWER

- 11.1 Local Government Act 1972.

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Consultees:

Councillor Sean Morgan	- Leader of Council
Cllr Patricia Cook	- Vice Chair Housing and Regeneration Scrutiny Committee
Cllr Shayne Cook	- Cabinet Member for Housing
Christina Harry	- Chief Executive
Dave Street	- Corporate Director for Social Services and Housing
Mark S Williams	- Corporate Director for Economy and Environment
Richard (Ed) Edmunds	- Corporate Director for Education and Corporate Services
Nick Taylor-Williams	- Head of Housing
Robert Tranter	- Head of Legal Services and Monitoring Officer
Stephen R Harris	- Head of Corporate Finance and S151 Officer
Fiona Wilkins	- Housing Services Manager
Jane Roberts-Waite	- Strategy and Co-ordination Manager
Alan Edmunds	- WHQS Project Manager
Jason Fellows	- HRO Manager
Kerry Denman	- Housing Solutions Manager
Rhian Williams	- Capital and Treasury Accountant

Appendices Appendix A – HRA Business Plan (Capital)
Appendix B – HRA Business Plan (Revenue)

Caerphilly County Borough Council**Business Plan Assumptions****Major Repairs and Improvements Financing**

(expressed in money terms)

Year	Year	Expenditure				Total Expenditure £,000	Financing					Check Total £,000	
		Catch up Repairs £,000	Planned Maint £,000	Improve ments £,000	Other £,000		Borrowing £,000	RTB Receipts £,000	Other £,000	Repairs Account £,000	RCCO £,000		Total Financing £,000
1	2023.24	0	24,727	0	10,926	35,653	0	0	12,612	0	23,040	35,653	0
2	2024.25	0	24,764	0	59,369	84,133	31,500	0	20,837	0	31,796	84,133	0
3	2025.26	0	15,732	0	49,225	64,957	24,200	0	24,862	0	15,895	64,957	0
4	2026.27	0	19,182	0	5,906	25,087	0	0	22,362	0	2,726	25,087	0
5	2027.28	0	25,792	0	0	25,792	0	0	7,362	0	18,430	25,792	0
6	2028.29	0	30,937	0	0	30,937	0	0	7,362	0	23,575	30,937	0
7	2029.30	0	31,556	0	0	31,556	0	0	7,362	0	24,194	31,556	0
8	2030.31	0	32,187	0	0	32,187	0	0	7,362	0	24,825	32,187	0
9	2031.32	0	32,831	0	0	32,831	0	0	7,362	0	25,469	32,831	0
10	2032.33	0	33,487	0	0	33,487	0	0	7,362	0	26,125	33,487	0
11	2033.34	0	34,157	0	0	34,157	0	0	7,362	0	26,795	34,157	0
12	2034.35	0	34,840	0	0	34,840	0	0	7,362	0	27,478	34,840	0
13	2035.36	0	35,537	0	0	35,537	0	0	7,362	0	28,175	35,537	0
14	2036.37	0	36,248	0	0	36,248	0	0	7,362	0	28,886	36,248	0
15	2037.38	0	36,973	0	0	36,973	0	0	7,362	0	29,611	36,973	0
16	2038.39	0	37,712	0	0	37,712	0	0	7,362	0	30,350	37,712	0
17	2039.40	0	38,466	0	0	38,466	0	0	7,362	0	31,104	38,466	0
18	2040.41	0	39,236	0	0	39,236	0	0	7,362	0	31,874	39,236	0
19	2041.42	0	40,020	0	0	40,020	0	0	7,362	0	32,658	40,020	0
20	2042.43	0	40,821	0	0	40,821	0	0	7,362	0	33,459	40,821	0
21	2043.44	0	41,637	0	0	41,637	0	0	7,362	0	34,275	41,637	0
22	2044.45	0	42,470	0	0	42,470	0	0	7,362	0	35,108	42,470	0
23	2045.46	0	43,319	0	0	43,319	0	0	7,362	0	35,957	43,319	0
24	2046.47	0	44,186	0	0	44,186	0	0	7,362	0	36,824	44,186	0
25	2047.48	0	45,069	0	0	45,069	0	0	7,362	0	37,708	45,069	0
26	2048.49	0	45,971	0	0	45,971	0	0	7,362	0	38,609	45,971	0
27	2049.50	0	46,890	0	0	46,890	0	0	7,362	0	39,528	46,890	0
28	2050.51	0	47,828	0	0	47,828	0	0	7,362	0	40,466	47,828	0
29	#N/A	0	48,785	0	0	48,785	0	0	7,362	0	41,423	48,785	0
30	#N/A	0	49,760	0	0	49,760	0	0	7,362	0	42,398	49,760	0

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Caerphilly County Borough Council
Business Plan Assumptions
Operating Account
 (expressed in money terms)

Income						Expenditure													Surplus				Surplus		Surplus	
Year	Year	Net rent Income £,000	Other income £,000	Misc Income £,000	HRA Subsidy Receivable £,000	Total Income £,000	Managt. £,000	Depreciation £,000	Maint. £,000	Contribution to Repairs Account £,000	Debt Charges £,000	Other Revenue spend £,000	HRA Cost of Rent Rebates £,000	Misc expenses £,000	HRA Subsidy Payable £,000	Total expenses £,000	Net Operating (Expenditure) £,000	RCCO £,000	Depreciation adjustment £,000	Surplus (Deficit) for the Year £,000	Surplus (Deficit) b/fwd £,000	Interest £,000	Surplus (Deficit) c/fwd £,000			
1	2023.24	54,473	315	3	0	54,791	(17,885)	0	(12,205)	0	(8,078)	0	0	(1,019)	0	(39,187)	15,604	(23,040)	0	(7,436)	24,586	209	17,359			
2	2024.25	56,235	323	3	0	56,561	(18,543)	0	(12,727)	0	(8,616)	0	0	(1,050)	0	(40,935)	15,626	(31,796)	0	(16,170)	17,359	93	1,281			
3	2025.26	59,024	329	3	0	59,356	(19,007)	0	(13,250)	0	(9,202)	0	0	(1,071)	0	(43,529)	15,827	(35,805)	0	(68)	1,281	12	1,226			
4	2026.27	61,556	334	3	0	61,894	(19,437)	0	(13,850)	0	(9,885)	0	0	(1,092)	0	(45,264)	16,630	(42,726)	0	13,904	1,226	82	15,212			
5	2027.28	63,687	340	3	0	64,031	(19,845)	0	(14,363)	0	(10,556)	0	0	(1,114)	0	(45,877)	18,154	(48,430)	0	(277)	15,212	151	15,086			
6	2028.29	65,580	346	3	0	65,929	(20,242)	0	(14,650)	0	(10,083)	0	0	(1,136)	0	(46,111)	19,819	(53,575)	0	(3,757)	15,086	132	11,461			
7	2029.30	67,529	352	3	0	67,884	(20,647)	0	(14,943)	0	(9,819)	0	0	(1,159)	0	(46,568)	21,317	(58,194)	0	(2,877)	11,461	100	8,684			
8	2030.31	69,536	358	3	0	69,898	(21,060)	0	(15,242)	0	(9,589)	0	0	(1,182)	0	(47,073)	22,825	(62,825)	0	(2,000)	8,684	77	6,761			
9	2031.32	71,603	364	4	0	71,971	(21,481)	0	(15,547)	0	(9,431)	0	0	(1,206)	0	(47,664)	24,307	(67,469)	0	(1,162)	6,761	62	5,660			
10	2032.33	73,732	371	4	0	74,106	(21,911)	0	(15,858)	0	(9,134)	0	0	(1,230)	0	(48,132)	25,974	(72,125)	0	(151)	5,660	56	5,565			
11	2033.34	75,924	377	4	0	76,305	(22,349)	0	(16,175)	0	(8,948)	0	0	(1,254)	0	(48,726)	27,579	(76,795)	0	784	5,565	60	6,408			
12	2034.35	78,181	384	4	0	78,569	(22,796)	0	(16,498)	0	(8,784)	0	0	(1,279)	0	(49,357)	29,212	(81,478)	0	1,733	6,408	73	8,214			
13	2035.36	80,506	391	4	0	80,901	(23,252)	0	(16,828)	0	(8,581)	0	0	(1,305)	0	(49,966)	30,935	(86,175)	0	2,760	8,214	96	11,070			
14	2036.37	82,900	398	4	0	83,302	(23,717)	0	(17,165)	0	(8,307)	0	0	(1,331)	0	(50,520)	32,782	(90,886)	0	3,897	11,070	130	15,097			
15	2037.38	85,366	405	4	0	85,775	(24,191)	0	(17,508)	0	(8,032)	0	0	(1,358)	0	(51,089)	34,686	(95,611)	0	5,075	15,097	176	20,349			
16	2038.39	87,905	412	4	0	88,321	(24,675)	0	(17,858)	0	(7,893)	0	0	(1,385)	0	(51,811)	36,510	(100,350)	0	6,160	20,349	234	26,743			
17	2039.40	90,520	419	4	0	90,944	(25,168)	0	(18,215)	0	(7,713)	0	0	(1,413)	0	(52,533)	38,411	(105,104)	0	7,306	26,743	304	34,353			
18	2040.41	93,213	427	4	0	93,644	(25,672)	0	(18,580)	0	(7,493)	0	0	(1,441)	0	(53,266)	40,378	(110,074)	0	8,504	34,353	386	43,243			
19	2041.42	95,987	434	4	0	96,425	(26,185)	0	(18,951)	0	(7,326)	0	0	(1,470)	0	(54,074)	42,351	(115,058)	0	9,693	43,243	481	53,416			
20	2042.43	98,843	442	4	0	99,289	(26,709)	0	(19,330)	0	(7,206)	0	0	(1,499)	0	(54,943)	44,346	(120,007)	0	10,887	53,416	589	64,892			
21	2043.44	101,784	450	5	0	102,239	(27,243)	0	(19,717)	0	(7,105)	0	0	(1,529)	0	(55,854)	46,385	(125,058)	0	12,109	64,892	709	77,711			
22	2044.45	104,813	458	5	0	105,276	(27,788)	0	(20,111)	0	(6,910)	0	0	(1,560)	0	(56,692)	48,584	(130,102)	0	13,476	77,711	844	92,031			
23	2045.46	107,933	466	5	0	108,404	(28,344)	0	(20,513)	0	(6,685)	0	0	(1,591)	0	(57,517)	50,887	(135,057)	0	14,930	92,031	995	107,956			
24	2046.47	111,146	475	5	0	111,625	(28,911)	0	(20,924)	0	(6,499)	0	0	(1,623)	0	(58,412)	53,214	(140,000)	0	16,399	107,956	1,162	125,507			
25	2047.48	114,454	483	5	0	114,943	(29,489)	0	(21,342)	0	(6,348)	0	0	(1,655)	0	(59,357)	55,585	(144,957)	0	17,878	125,507	1,344	144,730			
26	2048.49	117,862	492	5	0	118,359	(30,079)	0	(21,769)	0	(6,263)	0	0	(1,688)	0	(60,393)	57,965	(149,910)	0	19,357	144,730	1,544	165,630			
27	2049.50	121,371	501	5	0	121,877	(30,680)	0	(22,204)	0	(6,182)	0	0	(1,722)	0	(61,458)	60,419	(154,877)	0	20,891	165,630	1,761	188,282			
28	2050.51	124,985	510	5	0	125,500	(31,294)	0	(22,648)	0	(6,097)	0	0	(1,756)	0	(62,536)	62,964	(160,000)	0	22,498	188,282	1,995	212,775			
29	#N/A	128,706	520	5	0	129,231	(31,920)	0	(23,101)	0	(6,013)	0	0	(1,791)	0	(63,640)	65,591	(165,000)	0	24,168	212,775	2,249	239,192			
30	#N/A	132,539	529	5	0	133,074	(32,558)	0	(23,563)	0	(5,901)	0	0	(1,827)	0	(64,751)	68,323	(170,000)	0	25,924	239,192	2,522	267,638			

DO NOT DELETE

Working Balance check	Cashflow Balance check	WG return rev fund	rev exp
0	0	55,000	-39,187
0	0	56,654	-40,935
0	0	59,369	-45,529
0	0	61,976	-45,264
0	0	64,182	-45,877
0	0	66,061	-46,111
0	0	67,985	-46,568
0	0	69,975	-47,073
0	0	72,033	-47,664
0	0	74,162	-48,132
0	0	76,364	-48,726
0	0	78,642	-49,357
0	0	80,997	-49,966
0	0	83,432	-50,520
0	0	85,951	-51,089
0	0	88,556	-51,811
0	0	91,248	-52,533
0	0	94,030	-53,266
0	0	96,906	-54,074
0	0	99,878	-54,943
0	0	102,948	-55,854
0	0	106,121	-56,692
0	0	109,399	-57,517
0	0	112,787	-58,412
0	0	116,287	-59,357
0	0	119,903	-60,393
0	0	123,638	-61,458
0	0	127,495	-62,536
0	0	131,480	-63,640
0	0	135,595	-64,751

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CABINET – 8TH MARCH 2023

SUBJECT: FUTURE OF CAERPHILLY HOMES TASK GROUP

REPORT BY: CORPORATE DIRECTOR FOR SOCIAL SERVICES AND HOUSING

1. PURPOSE OF REPORT

- 1.1 For Cabinet Members to consider and agree the future of Caerphilly Homes Task Group (CHTG) due to the completion of the Welsh Housing Quality Standard (WHQS) Programme and future work of Caerphilly Homes, and also submit this report to Council on the 23rd May 2023. The report was considered by the Housing and Regeneration Scrutiny Committee on the 27th February 2023; comments from the Committee are included in Section 10 of the report.

2. SUMMARY

- 2.1 The report provides background to the establishment of the CHTG and changes made to the Council's constitution. The report also considers the terms of reference for the CHTG which predominantly focused on the strategic direction and performance relating to the WHQS Programme.
- 2.2 With the WHQS Programme now completed in December 2021, following unavoidable delays necessitated by the Covid pandemic restrictions, it is considered appropriate to review the purpose and future of the group and to consider alternative methods of tenants/contract holder engagement, with specific reference to the imminent commencement of the Welsh Housing Quality Standard 2023 programme.

3. RECOMMENDATIONS

- 3.1 That Cabinet note the comments of the Housing & Regeneration Scrutiny Committee.
- 3.2 That Cabinet approve the discontinuation of CHTG, for the reasons stated within the report. A special meeting was held in July 22 with the Repairs & Improvement Group and tenant members of CHTG following the completion of the WHQS programme to review the achievements and challenges, whilst also celebrating its successful conclusion.
- 3.2 That Cabinet commend the CHTG for the contribution it has made towards achieving the Welsh Housing Quality Standard.
- 3.3 Cabinet Members acknowledge and approve the various existing and potential new methods to be explored by Caerphilly Homes for engagement with tenant/contract holders now and in the future. The proposals for effective and meaningful engagement will enable more tenants/contract holders to have an opportunity to express views and be consulted

on the future direction of Caerphilly Homes.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 The CHTG has delivered on its Terms of Reference and contributed to the successful delivery of the largest project ever delivered by Caerphilly County Borough Council, which resulted in a total programme investment of approximately £270M.
- 4.2 There now needs to be more varied and impactful ways of engaging with contract holders to contribute to the way services are delivered across Caerphilly Homes.

5. THE REPORT

- 5.1 Following the outcome of the ballot on housing stock transfer in February 2012, which resulted in the Council retaining its housing stock, the Council considered the mechanisms required to oversee the management and delivery of the WHQS Programme. This included housing service improvements that had been promised in the Offer Document/Addendum for the stock transfer, where there was a commitment to engage more effectively with tenants. To give effect to this the Council, at the meeting held on 29 February 2012, agreed to establish an all-party Housing Task Group with tenant representatives. Over time this group became the CHTG with the group operating more in a consultative role with its views on housing reports being sought and passed on to the relevant scrutiny committees for their consideration.
- 5.2 CHTG had not met since the start of the Covid pandemic, which impacted on face-to-face meetings, and the introduction of virtual meetings at that stage would have necessitated the issuing of new IT equipment and provision of training to CHTG members.
- 5.3 Since the establishment of CHTG, members of the group have been presented with 216 reports and various presentations over a total of 55 meetings.
- 5.4 Attendance at meetings has varied over the years and been disappointing on occasions. Whilst membership of the group has changed over time, many members have been attending since its inception and their continued contribution and commitment has been very much appreciated. However, future engagement by a wider cohort would be beneficial to ensure a broader range of tenants' views and opinions are considered.
- 5.5 With the WHQS Programme completed, and the Regeneration and Housing Scrutiny Committee now part of the corporate governance arrangements, it is proposed that CHTG be discontinued. A final meeting was held with all tenant CHTG members and members of the Repairs and Improvement Group in July 22 to review the achievement of WHQS and thank all tenants for their involvement and significant contributions.
- 5.6 From an officer's perspective the CHTG has delivered on its Terms of Reference and contributed to the successful delivery of the largest project ever delivered by CCBC, which resulted in a total programme investment of approximately £270m.

Future Tenant/Contract Holder Engagement

- 5.7 Caerphilly Homes recognises the importance of listening to and acting on tenant/contract holder's views and remains committed to involving them in developing the strategic direction. The process of tenant/contract holder engagement and involvement in debating what services are required and delivered is under constant review. This results in new

mechanisms and initiatives with a focus, not only on tenant/contract holder consultation, but also providing opportunities for tenant/contract holders to have a meaningful, positive impact on the delivery of services, thereby achieving measurable outcomes and improvements.

- 5.8 While the scope of WHQS 2023 is not yet finalised, the current draft standard and guidance sets out expectations for how social landlords should involve tenants/contract holders. Currently Welsh Government's aspiration is that within three years of the publication of the standard, social landlords need to have consulted with their tenants/contract holders on the draft programme. Caerphilly Homes will work with tenants/contract holders before then to develop a consultation policy. This will need to show how tenant/contract holders are involved in the important decisions that will need to be made to achieve the new standard. The standard has real challenges in terms of energy efficiency and decarbonisation, and tenant/contract holder views on how it is approached and then communicated will be key to its success. A decision will need to be made as to how tenants/contract holders are involved in WHQS23 following its launch and the publication of the consultation policy.
- 5.9 Caerphilly Homes continues to learn from tenant/contract holder engagement methods used to date and will utilise feedback from the recent tenant satisfaction survey on how tenant/contract holders want to engage. This has reinforced that listening to resident's views and acting on them is a key driver of satisfaction overall. There are also many other areas where tenant/contract holder input is needed.
- 5.10 Overall the future emphasis is that we will listen and engage with tenants/contract holders in a variety of ways. The range of activities/ mechanisms would develop through monitoring and regular review of what has worked, what hasn't, the outcomes of the activities and the impact on service delivery/improvement.
- 5.11 CHTG relied on a small number of voices and consequently only represented opinions of a few tenants. Officers have explored and developed new, diverse, effective and meaningful ways to engage. Moving forward there will need to be a variety of ways that tenants/contract holders can get involved, based on their interests and availability. This includes opportunities that would enable more tenants to express views, hopefully resulting in wider feedback. It is encouraging to note that a third of respondents to the latest tenant satisfaction survey indicated that they would be interested in having a say about the services we provide, with digital forms of consultation particularly popular amongst younger tenants.
- 5.12 The following ways of engaging with our tenants /contract holders are currently in place or will be next financial year and shows a significant level of involvement with more to come as plans for WHQS 2023 are developed.
- 5.13 Tenant Information Exchange (TIE)
TIE meets every 6 weeks, now meeting in person again but there is also the option to offer the meeting online. Proposal is to focus twice yearly on new ideas, initiatives, and current concerns, open to all tenants and supplemented with an online poll. Information will also be given on current consultations and other engagement activities.
- 5.14 Have Your Say Conversation Sessions
These structured conversations are an extension of the TIE and conducted through and at TIE meetings. Future outcomes of the conversation and any related supplementary activities to be fed back in a report to Head of Housing/Cabinet Member. Actions to be developed from the conversations. Head of Housing/Cabinet Member to attend future conversation sessions to give feedback.

- 5.15 Housing Improvement Partnership (HIP)
The Group hasn't met since Covid but is now in a position to relaunch and is open to new participants. The HIP is an independent group of tenants not involved in any other groups. The HIP uses customer journey mapping principles to look at the experience tenants have when using Caerphilly Homes services.
- 5.16 The aim is for the Group to look at 2 areas of the service each year over 6-8 sessions using evidence such as letters, emails, transcription of telephone conversations and when available, call recording will also be utilised. Reports from this Group are sent to the appropriate service manager in Caerphilly Homes for consideration and if appropriate implementation of their recommendations to improve service delivery. This group has in the past looked at landlord's consent, income recovery, tenancy support service, floating support service, tenancy enforcement and mutual exchanges.
- 5.17 Tenant Participation Strategy
The current strategy is out of date (2019) and needs to be updated so there will be consultation on the current objectives and whether they are still fit for purpose or need to change next financial year.
- 5.18 WHQS 2023
Tenant representation will be sought in any discussion on the new consultation framework that will need to be developed for WHQS 2023. This will start later next financial year as Welsh Government announce plans. By definition and context this will be a comprehensive survey of all tenant /contract holder views on the refurbishment and upgrades of all properties in Caerphilly Homes ownership focusing on affordable warmth and decarbonisation.
- 5.19 Review Groups
Where issues are raised by tenants/contract holders or staff there may need to be a review of an aspect of service in a different way to that undertaken by the HIP. These groups would be open to tenants/contract holders with recent experience of that aspect of the service under review, facilitated by Tenant and Community Involvement Team (TACI) and led by appropriate managers.
- 5.20 Tenant Satisfaction Survey Action Plan
Headlines of the findings of 2021 tenant satisfaction survey have been shared with tenants/contract holders. Later this calendar year the action plan to address some of these findings that need improvement will be published by Caerphilly Homes.
- 5.21 New Tenant Satisfaction Survey
There is a requirement to update the 2021 comprehensive survey, for submission to WG by March 2024. The new comprehensive survey is likely to be needed for distribution in the autumn of 2023. The results of this will help us shape our offer further to provide meaningful activities/consultation that is designed around how our tenants/contract holders want to be engaged. A leaflet sharing feedback on the last survey has been sent to all tenants.
- 5.22 Neighbourhood Days/Surgeries
Targeted opportunities for different sections of Caerphilly Homes to attend Neighbourhood Days/Surgeries and be open to all tenants/contract holders to give their views on relevant consultations and to feedback on general issues. Makes the whole service more visible and relevant to tenants.
- 5.23 Social Media and online surveys

Caerphilly Homes are already making more use of social media to share timely and relevant information with tenants/contract holders. The EGov bulletin email service currently has around 2,000 tenants/contract holders registered for feedback. Use of social media to feed into any HIP sessions or review groups can be used to test whether issues that come out at the 'Have Your Say' conversation sessions are of relevance to all tenants/contract holders.

5.24 Tenant Portal

As part of the change to the new Caerphilly Homes IT system there is a tenant portal facility. The basic tenant portal has been built and will be tested with tenants/contract holders shortly. Full functionality won't be available until the full system has been migrated but it is planned to launch the basic version of the portal later this year. There will be opportunities for tenants/contract holders to view their own information e.g. rent statements and recent communications from Caerphilly Homes and also to send in queries or report certain issues. There will also be an option to let us know if they want to be involved in engagement activities.

5.25 Rent and Affordability Consultation

Since 2020 there have been annual surveys around rent and affordability. These have been supplemented by focus groups both online and in person. As well as the information from the surveys, outcomes have included tenant input into how the JRF Living Rent model is applied in the Borough and annual production of a leaflet to all tenants/contract holders showing how their rent money is spent was a direct result of what tenants/contract holders told us they wanted. A How your Rent is Spent leaflet has already been distributed to all tenants/contact holders.

5.26 As a result of the last survey in October 2022, 150 tenants said that they are happy to be contacted again in 2023 to discuss rent and affordability.

5.27 Engagement mechanisms/activities will be reviewed regularly to ensure they are still fit for purpose.

6. ASSUMPTIONS

6.1 There are no assumptions made with regard to this report.

7. EQUALITIES IMPLICATIONS

7.1 An EIA screening has been completed in accordance with the Council's Strategic Equality Plan and supplementary guidance. No potential unlawful discrimination and/or low level or minor negative impact has been identified. Therefore, a full EIA has not been carried out.

8. FINANCIAL IMPLICATIONS

8.1 There have clearly been costs associated with the resourcing, implementation, running and management of the CHTG, therefore the proposed disbanding of the group will result in a cost saving, but these will be offset by alternative methods of tenant engagement.

9. PERSONNEL IMPLICATIONS

9.1 There are no personnel implications arising from the report.

10. CONSULTATIONS

- 10.1 Comments received have been taken into consideration within the report.
- 10.2 The report was presented to the Housing and Regeneration Scrutiny Committee on the 27th February 2023.
- 10.3 The Scrutiny Committee noted the plans for current and future ways to engage with tenants and contract holders and CHTG was made up of both Tenants and Councillors, the committee asked how the future plans will involve Councillors.
- 10.4 Members were advised that the CHTG was set up for a specific purpose with an equal number of Tenants and Councillors and now the WHQS is complete. It should also be noted that the Housing and Regeneration Scrutiny Committee was also established after the CHTG and provides Members with a forum for consultation. Members asked if there is any intention to offer a co-opted position on the scrutiny committee to a tenant representative. The committee were advised that this is not something that has been proposed.
- 10.5 Members were advised that although the report focusses on future engagement with contract holders there will be engagement with Councillors as we go forward. There will be significant consultation for example on WHQS 2023 where Councillors will be involved. There will also be a tenant exchange group where tenants will have a direct link to the Head of Housing and the Cabinet Member for Housing and then back to this committee.
- 10.6 The Scrutiny Committee sought assurance that the Communication Strategy will allow for consultation with tenants who do not have internet access or social media. Will there be contact through tenant support officers actually visiting properties to gather information on what tenants think of our services and what they need.
- 10.7 Members were advised that the council uses all sorts of communication methods to contact tenants, such as newsletters and surveys, and do not to rely solely on email – although that is the most efficient.
- 10.8 Further detail was requested on the new methods of consulting highlighted in the report and whether the Cabinet Member was comfortable with the activities and noted that CHTG has not met since COVID.
- 10.9 Members were advised that the key feature will be the WHQS 2023 and how the consultation strategy will need to work around that. However, until Welsh Government announce their plans it is difficult to say how it will work. It was confirmed that CHTG had met in July to thank them for the work they had done but going forward the aim is to have a greater breadth and depth of those engaged and seek a wider range of opinions. The Cabinet Member stated that all Councillors regularly speak with tenants on housing issues and feed back to the housing department, the tenant exchange group referenced in the report will provide a mechanism for him to listen to tenants on any issues they may have.
- 10.10 The scrutiny committee sought clarification on the impact of the new contracts where contract holders are causing a nuisance and the Authority wishes to pursue an eviction. Members were reminded that the new Contracts came about from the Renting Homes Wales Act 2016 and came into effect in December 2022. The terminology has changed from Tenant to Contract holder. In respect of antisocial behaviour there are different ways of looking at it in terms of who is the perpetrator and whether it is the actual contract holder and as yet there have not been any cases to consider. The Act provides the rent

payer more rights and more protection for all types of rented accommodation, not just social landlords.

- 10.11 Members sought information on the outstanding WHQS works to sheltered accommodation complexes and referenced Britannia Complex which is currently having works undertaken. The committee asked what other outstanding works are required and why the report states that the WHQS is completed. Members were advised that under the WHQS there was an term 'Acceptable Fails' this applied to works that were over and above the WHQS criteria, and this applied to five sheltered housing complexes which needed longer term programs of work. Therefore, the Authority was permitted to exclude these from the WHQS completion numbers and are in the planned maintenance program. However, with reference to a previous question it should be noted they do have an impact on void figures and have to be excluded from true voids to get an accurate figure.
- 10.12 Members asked in respect of WHQS 2023 if there is a plan to set up another tenants group and if there is, why are we disbanding the CHTG. The committee were advised that there are no plans to have a similar task group and the consultation process will be outlined and specified by Welsh Government. This has been outlined within their preliminary advice on WHQS 2023 and they want a comprehensive consultation strategy for all residents and tenants. This will need to be robust transparent and enable all views and opinions to be brought in.
- 10.13 The Scrutiny Committee asked if there is any indication on the timescales for WHQS 2023. Members were advised that originally Welsh Government planned to announce last month but it is understood to be imminent. The original plan was a ten year program and our consultation response was that this is an ambitious time frame to achieve net zero across all stock, which will have an impact on the Business Plan, as this is not affordable currently.
- 10.14 The recommendations were moved and seconded and supported by the majority present.

11. STATUTORY POWER

11.1 Section 21 of the Local Government Act 2000.

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Consultees:

Cllr Sean Morgan	- Leader of Council
Cllr Patricia Cook	- Vice Chair Housing and Regeneration Scrutiny Committee
Cllr Shayne Cook	- Cabinet Member for Housing
Christina Harray	- Chief Executive
Dave Street	- Corporate Director for Social Services and Housing
Mark S Williams	- Corporate Director for Economy and Environment
Richard (Ed) Edmunds	- Corporate Director for Education and Corporate Services
Robert Tranter	- Head of Legal Services and Monitoring Officer
Stephen R Harris	- Head of Financial Services and Section 151 Officer
Fiona Wilkins	- Housing Services Manager
Jane Roberts-Waite	- Strategic Co-ordination Manager
Lesley Allen	- Principal Accountant (Housing)
Alan Edmunds	- Housing Technical Manager
Mandy Betts	- Tenant and Community Involvement Team

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CABINET – 8TH MARCH 2023

SUBJECT: PARTICIPATION STRATEGY 2023-2027

REPORT BY: CORPORATE DIRECTOR- EDUCATION AND CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 Local authorities in Wales must, under the Local Government and Elections (Wales) Act 2021, publish a Participation Strategy that sets out the ways in which local people are encouraged to participate in decision making by the council.
- 1.2 The council's Consultation and Engagement Framework 2020-2025, adopted in February 2020, as well as the council's constitution confirms the commitment to ensuring high quality, citizen focussed services for the communities that comprise our county borough. In future-proofing public services, the council recognises the need to ensure effective engagement is central to decision making - involving residents in the design of local services and the things that affect them.
- 1.3 This strategy, in reaffirming this commitment in line with the Local Government and Elections (Wales) Act 2021, seeks to build further on this work, ensuring the council is open and responsive to the needs of its communities.

2. SUMMARY

- 2.1 Under the Local Government and Elections (Wales) Act 2021, local authorities in Wales must publish a Participation Strategy that sets out the ways in which local people are encouraged to participate in decision making by the council.
- 2.2 The Act places a number of duties on local authorities regarding participation. These are to:
 - Promote awareness of the functions the council carries out to local residents, businesses and visitors.
 - Share information about how to go about becoming an elected member and what the role of councillor involves.
 - Provide greater access to information about decisions that have been made, or that will be made by the council.
 - Provide and promote opportunities for residents to provide feedback to the council, including comments, complaints and other types of representations.

- Promote awareness of the benefits of using social media to communicate with residents to councillors.
- 2.3 In February 2020, the council's Consultation and Engagement Framework was adopted, which set out an approach for a common understanding to further improve engagement. It set principles and standards for how the council will engage to build clear, shared expectations and two-way engagement that enables a focus on what can be achieved.
- 2.4. The Participation Strategy, supplementary to the existing framework, reaffirms the council's commitment in line with the Local Government and Elections (Wales) Act 2021, and seeks to build further on this work, ensuring the council is open and responsive to the needs of its communities.

3. RECOMMENDATIONS

- 3.1 That members comment on the principles and objectives as outlined in the draft Participation Strategy 2023-2027.
- 3.2 That further community engagement through the council's ongoing engagement programme 'The Caerphilly Conversation' continues to help shape the strategy's delivery, evolving over time as the benefit of new conversations and national best practice become evident.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure the council has a robust Participation Strategy in place which is supported by the council's existing and well-established Consultation and Engagement Framework 2020-2025.
- 4.2. To reaffirm the commitment to active participation in line with the Local Government and Elections (Wales) Act 2021, and seeking to build further on outcomes to date, ensuring the council is open and responsive to the needs of its communities.

5. THE REPORT

- 5.1. Local authorities in Wales must, under the Local Government and Elections (Wales) Act 2021, publish a Participation Strategy that sets out the ways in which local people are encouraged to participate in decision making by the council.
- 5.2. The council's Consultation and Engagement Framework 2020-2025, adopted in February 2020, confirms the commitment to ensuring high quality, citizen focussed services for the communities that comprise our county borough. In future-proofing public services, the council recognises the need to ensure effective engagement is central to decision making - involving residents in the design of local services and the things that affect them.
- 5.3 The Consultation and Engagement Framework 2020-25:
- Highlights the importance of effective consultation and engagement and the clear strategic link to the decision making process

- Demonstrates the key role that engaged, empowered communities have in supporting the future-proofing public services.
 - Provides a clear definition of engagement and outlines the spectrum of engagement.
 - Outlines the principles and standards that underpin meaningful engagement and consultation to enable a consistent, transparent and high-quality approach to the planning and undertaking of community engagement.
- 5.4 The Participation Strategy, in reaffirming these commitments in line with the Local Government and Elections (Wales) Act 2021, seeks to build further on this work, ensuring the council is open and responsive to the needs of its communities.
- 5.5 The Local Government and Elections (Wales) Act 2021 places a number of duties on local authorities regarding participation. These are to:
- Promote awareness of the functions the council carries out to local residents, businesses and visitors.
 - Share information about how to go about becoming an elected member and what the role of councillor involves.
 - Provide greater access to information about decisions that have been made, or that will be made by the council.
 - Provide and promote opportunities for residents to provide feedback to the council, including comments, complaints and other types of representations.
 - Promote awareness of the benefits of using social media to communicate with residents to Councillors.
- 5.6 The draft Participation Strategy reaffirms the council's commitment to listening, conversing with and responding to the needs of our communities - building clear, shared expectations and two-way engagement, and clearly demonstrates how the participation duty is being fulfilled.
- 5.7 In developing the draft strategy, an in-depth audit of existing resources and activity was carried out by, and engagement with communities through the council's ongoing engagement programme 'The Caerphilly Conversation' has highlighted some key areas that have shaped the objectives within this strategy.
- 5.8 It is anticipated that further community engagement will continue to help shape the strategy's delivery, evolving over time as the benefit of new conversations, ideas and national best practice become evident.
- 5.9 Each objective within the strategy includes a set of measurements to support the evaluation process. Consultation and engagement is currently reported through the council's annual self-assessment report and it is proposed that this would be extended to include the actions within the draft Participation Strategy.

6. ASSUMPTIONS

- 6.1 There were no assumptions made in the development of the draft Participation Strategy 2022-2027. Its development is in line with the participation duty placed upon local authorities through the Local Government and Elections (Wales) Act 2021.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 The Participation Strategy 2023-27 will positively impact upon members of the

community, including those seldom heard and those with protected characteristics in line with the principles and engagement with stakeholders through the council's Consultation and Engagement Framework 2020-2025. The rollout of the council's digital engagement platform will not adversely impact upon those who are not digitally enabled; the platform will be an additional tool in the council's suite of engagement mechanisms and will not replace any engagement that would otherwise be conducted face to face. Throughout the strategy's action plans, traditional methods of communication remain a key focus as well as embracing new technologies.

8. FINANCIAL IMPLICATIONS

8.1 There are no financial implications arising from this report.

9. PERSONNEL IMPLICATIONS

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

10. CONSULTATIONS

10.1 The views of all consultees to this report and the appended draft Participation Strategy 2022-2027 have been included.

11. STATUTORY POWER

11.1 Local Government and Elections (Wales) Act 2021.

11.2 Equality Act 2010 and Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011. One of the specific duties covers matters of engagement.

Author: Hayley Lancaster – Transformation Manager – Engagement
(lancah@caerphilly.gov.uk)

Consultees: Christina Harrhy, Chief Executive
Richard Edmunds, Corporate Director – Education and Corporate Services
Dave Street, Corporate Director – Social Services and Housing
Mark S Williams, Corporate Director – Environment and Economy
Rob Tranter, Head of Legal Services
Stephen Harris, Head of Corporate Finance and Section 151 Officer
Sue Richards, Head of Transformation
Kathryn Peters, Corporate Policy Manager
Ros Roberts, Business Improvement Manager
Elizabeth Sharma, Consultation and Engagement Officer
Anwen Cullinane, Senior Policy Officer (Equalities and Welsh Language)

Background Papers
Appendix 1

[Consultation and Engagement Framework 2020-2025](#)
Draft Participation Strategy 2023-2027.

Appendix to Consultation and Engagement Framework 2020-2025

Foreword:

I am pleased to present this Participation Strategy 2023-2027 in accordance with the Local Government and Elections Act (Wales) 2021, and supplementary to our well-established Consultation and Engagement Framework 2020-2025.

Through this framework and our own constitution, the council is committed to ensuring high quality, citizen focussed services for the communities that comprise our county borough. In future-proofing public services, we recognise the need to ensure effective engagement is central to our decision making - involving residents in the design of local services and the things that affect them.

This commitment to engaging with communities is captured in the framework, and this strategy seeks to build further on this work, ensuring we are open and responsive to the needs of those communities.

We have made much progress in this realm during the framework's lifespan to date. As well as building a continuous cycle of conversation with our communities on issues that are important to them, we have invested in initiatives that support and empower residents to identify, develop and deliver community-led projects that address identified need on a local level.

Caerphilly county borough has a vibrant and engaged voluntary and community sector, which offers significant opportunity to maximise community participation. This vibrancy really came to the fore during the dark days of the Covid-19 pandemic, and our Caerphilly Cares model has been instrumental in ensuring this unique relationship with our communities is nurtured and sustainable into the long term.

We have also made our democratic processes more accessible; through implementing the facilities needed for elected representatives to access council meetings from any location, which in addition to other such measures, is supporting greater flexibility in democratic participation across our area.

This strategy, which supports our already well-established Consultation and Engagement Framework, reaffirms our commitment to listening, conversing with and responding to the needs of our communities - building clear, shared expectations and two way engagement that enables a focus on what can be achieved.

Regards,

Cllr Sean Morgan
Leader of Caerphilly County Borough Council

Introduction:

Under the Local Government and Elections (Wales) Act 2021, local authorities in Wales must publish a Participation Strategy that sets out the ways in which local people are encouraged to participate in decision making by the council.

The council's Consultation and Engagement Framework 2020-2025 commits that:

- we will listen and understand
- Caerphilly county borough people will help inform and shape the decisions we make - and in turn we will keep people informed
- we will be inclusive and act with purpose
- we will make the most of what already exists in our communities

It is through this agreed approach that we will:

- Empower local residents to have greater influence over the issues that affect them
- Increase and strengthen the role of communities in how we live, work and visit Caerphilly county borough
- Help us to understand the needs of our communities which in turn, helps to ensure that the services we deliver best meet those needs and that available resources are used effectively and in line with agreed priorities
- Ensure people are involved in the democratic process and enable communities to have greater input on issues that affect them
- Support communities to take action by helping them identify needs and support them in developing community-led solutions
- Meet our statutory duties

This strategy outlines how Caerphilly County Borough Council's priorities for further encouraging participation in decision making through the implementation of the Local Government and Elections (Wales) Act 2021.

Setting the scene – the Spectrum of Engagement:

The council's Consultation and Engagement Framework 2020-2025 highlights the 'Spectrum of Engagement' by the International Association of Public Participation, which outlines five levels of engagement across a continuum that describe an increasing degree of engagement, participation and influence in the engagement process.

The spectrum can be used to help determine the level of influence required and sets the commitment to ensure transparency. The diagram below outlines the five levels of engagement and identifies increasing levels of public impact and levels of community influence over decisions at each level, along with our goals and promises.

Increasing the level of public impact →
 Level of community influence over decisions →

	Inform	Consult	Involve	Collaborate	Empower
GOAL	To provide the public with balanced and objective information to assist them in understanding the problems, alternatives, opportunities and/or solutions	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision-making and/or devolved budgets in the hands of the public.
PROMISE	We will keep you informed.	We will keep you informed, hasten to acknowledge concerns and provide feedback on how public input influenced the decision	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision	We will look to you for direct advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

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Our participation duty:

The Local Government and Elections (Wales) Act 2021 places a number of duties on local authorities regarding participation. These are:

- Promote awareness of the functions the council carries out to local residents, businesses and visitors
- Share information about how to go about becoming an elected member – or councillor – and what the role of councillor involves
- Provide greater access to information about decisions that have been made, or that will be made by the council
- Provide and promote opportunities for residents to provide feedback to the council, including comments, complaints and other types of representations
- Promote awareness of the benefits of using social media to communicate with residents to councillors

What have our communities told us?

Our engagement with communities through the Caerphilly Conversation has highlighted some key areas that have shaped the objectives within this strategy.

In the council's far-reaching resident survey in 2021, respondents were asked to identify *how the council could provide services differently in the future* and how stakeholder groups could work alongside the council to achieve this.

Responses focussed primarily on:

- How the authority at all levels (including elected members) communicate and engage with residents
- Listen to communities and become more aware of what residents need
- Encourage volunteering and work with volunteers and local groups to deliver services
- Ensure that there is easy access to services – for all whether this be online, over the phone or face to face.
- Use existing buildings to co-locate services e.g. libraries as “hubs” where residents can access many services in one place in the community
- Carry out a review of services. As needs have changed, so service provision should change too
- Improve efficiency (using technology to do so) and reduce bureaucracy

Direct responses:

Some direct feedback from respondents to the survey relative to participation and engagement include:

“... Allow councillors and residents to have a greater say in decision making and have a more open democratic committee to run the council...”

“...Any service should be cost effective and communities should be consulted on what services they feel they need...”

“...Being open to ideas from the community...”

“...Continue to communicate with your residents and ask for opinions before making decisions...”

“...Councillors need to communicate with their voters more and be more available...”

“...Engage meaningfully with every local community. Listen to them and then act...”

A full overview of the findings from the Caerphilly Conversation resident survey 2021 can be found here: [Caerphilly Conversation 2021](#)

Our objectives:

The objectives identified within this strategy to reaffirm our commitment (through our objectives within the Consultation and Engagement Framework 2020-2025) to encouraging participation and engagement through:

- Empowering local residents to have greater influence over the issues that affect them
- Increasing and strengthening the role of communities in how we live, work and visit Caerphilly county borough
- Helping us to understand the needs of our communities which in turn, helps to ensure that the services we deliver best meet those needs and that available resources are used effectively and in line with agreed priorities
- Ensuring people are involved in the democratic process and enabling communities to have greater input on issues that affect them
- Supporting communities to take action by helping them identify needs and support them in developing community-led solutions
- Meeting our statutory duties

Specifically in relation to the Local Government and Elections (Wales) Act 2021:

We will... promote awareness of the functions the council carries out to local residents, businesses and visitors:

Aim:	What we already have in place to build upon	Actions:	Measures
This objective is aimed at sharing information about the council's functions and services so that our communities are kept informed. Sharing this	Corporate Plan and associated strategies that are publicly available Council website – www.caerphilly.gov.uk	Periodically audit the council's website, using user groups where appropriate, to ensure easy	Website 'hits' Number of views/attendance at meetings – in person and online

<p>information supports residents to digest and explore information before they are asked to give their opinion or views</p>	<p>Modern.Gov – democracy section of website where residents can access the agendas and minutes of meetings or look up decisions</p> <p>Streaming of council meetings/ability to attend council meetings – agendas and minutes can be freely accessed</p> <p>A clearly defined corporate communications strategy – including a strong digital media presence and GovDelivery digital news bulletins</p> <p>The council’s Consultation and Engagement Framework 2020-2025 and various stakeholder engagement activities year-round</p>	<p>access to information</p> <p>Continue to ensure the council’s forward plan supports the principles of public engagement by being accessible, timely and user friendly</p> <p>Seek guidance from WLGA on availability of teaching resources to promote the council’s functions among young people</p>	<p>Feedback from the ongoing Caerphilly Conversation</p>
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We will... share information about how to go about becoming an elected member – or councillor – and what the role of councillor involves:

Aim:	What we already have in place to build upon	Actions:	Measures
<p>This objective is focussed on encouraging people to become councillors, representing the people in their own community and making decisions on their behalf.</p>	<p>A comprehensive section on the council’s website on how to become a councillor, council and democracy pages</p> <p>Regular member seminar programme</p> <p>Allowances and declarations of interest are posted on the CCBC website</p> <p>Full training programme to support members, including on induction and throughout the term</p>	<p>Continue to review CCBC website to ensure it remains fully up to date with relevant information</p> <p>Continue to signpost to other relevant information from partners e.g. WLGA</p> <p>Consider an events programme/open evening in the lead up to the next local</p>	<p>CCBC website data</p> <p>Feedback from potential/new elected members</p> <p>Attendees at events programme/open evening</p> <p>Equalities and monitoring data for elected members</p>

	Role descriptions for members within the constitution	election to support/encourage those who may be interested in standing as an elected member Build a cyclical communications campaign into the engagement process	
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We will... provide greater access to information about decisions that have been made, or that will be made by the council:

Aim:	What we already have in place to build upon	Actions:	Measures
<p>This objective is about encouraging and enabling people to be involved if they would wish to be.</p> <p>People affected by an issue or change are included in opportunities to engage as an individual or part of a community, with their views respected, valued and incorporated into the decision making process</p>	<p>The council's Consultation and Engagement Framework 2020-2025</p> <p>CCBC website – www.caerphilly.gov.uk</p> <p>Regular cyclical programme of community engagement activity</p> <p>Consultations and surveys which inform proposals, including data from external sources and partners where appropriate</p> <p>A clearly defined corporate communications strategy and suite of communication tools</p> <p>Close working with all stakeholder groups on key corporate decisions – e.g. budget setting, council priorities, medium term financial plan</p>	<p>Continue to build a cyclical communications campaign into the engagement process</p> <p>Continue to move along the 'spectrum of engagement' to empower communities to become more involved in issues that may impact upon them</p> <p>Roll out of online engagement platform</p> <p>Continue to build upon the Caerphilly Conversation – ensuring data/insight is fed back at regular intervals to help influence decision making and service planning</p>	<p>Participation rates in surveys/consultations</p> <p>Number of members of the public engaged with through the Caerphilly Conversation</p> <p>CCBC website data</p> <p>Usage figures for digital engagement platform</p> <p>National Survey for Wales data/data from local surveys on how people feel about being able to influence decisions/their opportunities to have their say</p>

	Mechanisms for engaging with groups such as youth forum, 50+ forum, Caerphilly People First and groups representing residents with protected characteristics		
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We will...provide and promote opportunities for residents to provide feedback to the council, including petitions, comments, complaints and other types of representations:

Aim:	What we already have in place to build upon	Actions:	Measures
<p>This objective focusses on participation, which is much more than simply getting people's views on a particular topic. Participation, as seen through the Spectrum of Engagement, is about encouraging people to take part in activities using different approaches and methods of engagement</p>	<p>The council's Consultation and Engagement Framework 2020-2025</p> <p>CCBC website – www.caerphilly.gov.uk</p> <p>Regular cyclical programme of community engagement activity</p> <p>Comments, compliments and complaints procedures</p> <p>Petition scheme</p> <p>Consultations and surveys which inform proposals, including data from external sources and partners where appropriate</p> <p>A clearly defined corporate communications strategy and suite of communication tools</p> <p>Close working with Caerphilly Cares team and other internal departments to maximise opportunities for seldom heard groups to get involved</p>	<p>Continue to build a cyclical communications campaign into the engagement process</p> <p>Promotion of petition scheme</p> <p>Continue to move along the 'spectrum of engagement' to empower communities to become more involved in issues that may impact upon them</p> <p>Roll out of online engagement platform</p> <p>Continue to build upon the Caerphilly Conversation – ensuring data/insight is fed back at regular intervals to help influence decision making and service planning</p> <p>Ensure residents know the process</p>	<p>Participation rates in surveys/consultations</p> <p>Number of members of the public engaged with through the Caerphilly Conversation</p> <p>CCBC website data</p> <p>Usage figures for digital engagement platform</p> <p>National Survey for Wales data/data from local surveys on how people feel about being able to influence decisions/their opportunities to have their say</p> <p>Consultation/engagement is reported through the council's annual self-assessment report</p>

	Mechanisms for engaging with groups such as youth forum, 50+ forum, Caerphilly People First and groups representing residents with protected characteristics	for putting forward suggestions for items for scrutiny	
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We will... promote awareness of the benefits of using social media to communicate with residents to councillors:

Aim:	What we already have in place to build upon	Actions:	Measures
This objective recognises that social media has the potential to further improve democracy by facilitating greater opportunities to have a say on issues that are important to residents.	<p>CCBC website – www.caerphilly.gov.uk</p> <p>Various well-established social media channels and an in-depth digital media plan linked to the corporate communications strategy</p> <p>Dedicated session on effective use of social media in member induction programme</p> <p>WLGA’s ‘Guidance for New Councillors – Improving Digital Citizenship – Research and Best Practice’</p>	<p>Roll out of online engagement platform</p> <p>Continue to build upon the Caerphilly Conversation – ensuring data/insight is fed back at regular intervals to help influence decision making and service planning</p>	<p>Attendance at member induction session on effective use of social media</p> <p>Participation on engagement activity through rollout of online engagement platform</p>

Links to strategy/relevant legislation:

Caerphilly County Borough Council Constitution – Rules of Procedure: [constitution-procedure-rules.aspx](http://www.caerphilly.gov.uk/constitution-procedure-rules.aspx) ([caerphilly.gov.uk](http://www.caerphilly.gov.uk))

Caerphilly County Borough Council’s Corporate Plan: [Caerphilly Corporate Plan](#)

Team Caerphilly – Better Together Transformation Strategy: [Team Caerphilly Better Together](#)

Local Government and Elections (Wales) Act 2021: [Local Government and Elections \(Wales\) Act 2021](http://www.legislation.gov.uk) ([legislation.gov.uk](http://www.legislation.gov.uk))

Caerphilly County Borough Council’s Consultation and Engagement Framework 2020-2025: [consultation-and-engagement-framework.aspx](http://www.caerphilly.gov.uk/consultation-and-engagement-framework.aspx) ([caerphilly.gov.uk](http://www.caerphilly.gov.uk))

See Consultation and Engagement Framework for further information on:

- National Principles for Public Engagement in Wales
- The Consultation Institute Charter
- National Standards for Children and Young People's Participation
- The 'Involvement' and 'Collaboration' principles – Wellbeing of Future Generations (Wales) Act 2015
- The Equalities Act 2010 and Wales specific duties

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CABINET – 8TH MARCH 2023

SUBJECT: PROPOSED VOLUNTARY TERMINATION OF THE CAERPHILLY CBC SCHOOL PFI CONTRACT

REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 To provide details of a proposal to voluntarily terminate the Caerphilly CBC School PFI Contract and to seek Cabinet endorsement of the proposal prior to Council consideration.

2. SUMMARY

- 2.1 The report provides details of a proposal to voluntarily terminate the Council's School PFI Contract.
- 2.2 The Welsh Government has requested that all Welsh local authorities with PFI contracts review them to assess whether they continue to offer value for money.
- 2.3 Over a number of years, the Council has sought to achieve savings from the School PFI Contract, to ensure value for money services are being provided to the schools and to minimise affordability implications.
- 2.4 The Council has considered all options including increasing the contract management, reviewing the services provided to identify and implement savings, and using mechanisms in the Contract such as benchmarking to reduce costs. However, despite the funding support from Welsh Government there continues to be a significant affordability gap between the Council's normal school funding levels and the payments made to the Contractor. As such, a business case has been prepared setting out details of a proposal to voluntarily terminate the School PFI Contract.

3. RECOMMENDATIONS

- 3.1 Prior to consideration by Council on 15 March 2023, Cabinet is asked to consider and endorse the proposal to voluntarily terminate the Caerphilly CBC School PFI Contract.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that Cabinet is provided with an opportunity to consider the proposed termination and make an appropriate recommendation to Council.

5. THE REPORT

5.1 Background

- 5.1.1 Caerphilly County Borough Council entered into a concession agreement (the “Contract”) with Machrie Limited (the “Contractor”) on 6 April 2001 in relation to a project (the “Project”) for the provision of two new schools to replace the existing facilities at Fleur de Lys (Ysgol Gyfun Cwm Rhymni) and Pengam (Lewis Boys School). The Contract was for the Design, Build, Finance and Operate (“DBFO”) of the new schools and was procured under the Private Finance Initiative (“PFI”).
- 5.1.2 The Project was an early PFI scheme in Wales. The Welsh Government supports the Project through a grant, paid annually over the contract term.
- 5.1.3 The successful bidder was Ballast Wiltshier but that company, or any related companies, no longer exist.
- 5.1.4 The Contractor was originally owned by a consortium of shareholders comprising of Royal Bank Investments Ltd (49.0%), Ballast Plc (25.5%) and New Anavon Ltd (25.5%). The current shareholding of the Contractor is 100% with Machrie Limited, a specialist PFI investor which is in the same ownership structure as the now dissolved New Anavon Ltd, thus demonstrating an element of continuity in ownership. Machrie Ltd is in turn owned 100% by Machrie Burn Limited with both companies having the same two directors. Machrie Burn Limited is, in turn, wholly owned by BILF Holdco Limited.
- 5.1.5 The duration of the Contract is for 30 years from the operational start date (1 September 2002 until 31 August 2032). As such, there are just over 9 years of the Contract remaining.
- 5.1.6 Mitie Facilities Management Limited has been the services subcontractor since 2007. At the commencement of the Project that role was performed by Wiltshier FM (part of the Ballast Group). The Project requirement is for the provision of fully serviced schools. The services to be provided under the Contract are cleaning and waste management, security, building maintenance, grounds maintenance, utilities management, caretaking, catering, furniture and equipment maintenance and renewal, and provision of a helpdesk function and emergency response.
- 5.1.7 Senior funding of circa £25.4m was provided by Royal Bank of Scotland (RBS). Lloyds Bank took over the senior funder role from RBS on 15 November 2017. This was part of a broader refinancing of the debt of a number of PFI / PPP contracts and the nature of it had no implications for the Council at the time.

5.2 Development of the Business Case

- 5.2.1 Over a number of years, the Council has sought to achieve savings from the Project, to ensure value for money services are being provided to the schools and to minimise affordability implications.
- 5.2.2 The Council has considered all options associated with the Project i.e. increasing the contract management, reviewing the Project to identify and implement savings, and using mechanisms in the Contract such as benchmarking to reduce costs. However, despite the funding support from Welsh Government there continues to be a significant affordability gap between the Authority’s normal school funding levels and the payments made to the Contractor.
- 5.2.3 As such, the Council is considering voluntary termination of the Contract. The Council commissioned a review of the Project to consider whether it was continuing to provide value for money. As part of that process, the Council sought to obtain a preliminary assessment of the potential costs to terminate the Project, which could then be measured against the predicted payments to the Contractor for the remainder of the Project.

- 5.2.4 Local Partnerships LLP (“Local Partnerships”) provided a report to the Council in October 2018, setting out legal, financial, and commercial considerations in undertaking a voluntary termination of the Project under the terms of the Contract. The report demonstrated that significant savings could be achievable through such a termination. As a consequence, and subject to it retaining its Welsh Government grant funding, the Council has decided to progress through the required approvals, working towards termination. Welsh Government requires a business case to be provided before a termination is implemented, as it contributes the grant support payments.
- 5.2.5 Local Partnerships has since prepared a business case for the potential termination of the Project on behalf of the Council (which has now been approved by the Welsh Government), based on a combination of information provided by the Council and experience of the costs of termination, and current market intelligence. Much of the content of the business case is commercially sensitive and needs to remain confidential at this stage so as not to compromise the Council’s position in its commercial negotiations and thereby impact upon achieving best value from the process. The remainder of this report sets out the key elements of the business case without disclosing the commercially sensitive or confidential information.

5.3 The Strategic Case

- 5.3.1 The strategic case sets out the rationale and the background for the proposed termination and demonstrates the case for change at a strategic level.
- 5.3.2 The two PFI schools are in generally good condition and the service provision by Mitie is also to a good standard. However, the Council is faced with significant financial pressures. The strategic case for the termination is to realise savings in order to provide additional resource for all the strategic objectives of the Council.

Strategic Context

- 5.3.3 In March 2018, the Council adopted a set of Wellbeing Objectives for 2018-2023 within its Corporate Plan. The Corporate Plan is the Council’s over-arching vision, supported by clear objectives and priorities. Within the Plan, “Improve education opportunities for all” was selected as Wellbeing Objective 1.
- 5.3.4 The Council’s vision for education is to raise standards and ensure learners are healthy, confident, proud, and ambitious. In Caerphilly there are bold ambitions to provide every learner with the best life chances and the Council is committed to doing this through the provision of high quality teaching, learning and leadership across its impressive 21st Century school settings. The Education Attainment Strategy “Shared Ambitions” 2019-2022 set out the strategy of how the Authority would work together to achieve the best outcomes for its young people.

Forecast Demand for the Schools

- 5.3.5 The Council currently has 72 primary schools, 1 VA primary school, 11 secondary schools, 1 3-18 school and 1 special school. All of these schools (apart from the VA primary school) are maintained by the Council, with only the schools in this Project having their capital expenditure funded through PFI.
- 5.3.6 In March 2019 the Council shared its education strategy for the coming years. Some of the key priorities within the strategy included: -
- improve outcomes at end of Key Stage 4 and 5;
 - improve the performance of boys and pupils receiving free school meals;
 - build on the recent increase in attendance;
 - reduce the number of exclusions across secondary schools;
 - focus on improving standards of literacy, particularly in years 7, 8 and 9; and

- improve the quality of teaching and learning.

5.3.7 The following table shows the number of pupils on roll and forecast at the time that the business case was prepared.

Forecast net full time pupil numbers at the Schools shown by feeder school.

School name	2020	2021	2022	2023	2024	2025	2026
Lewis Boys (Pengam)							
Coedybrain Primary	11	21	17	23	20	11	13
Derwendeg Primary	11	9	10	10	14	13	12
Glyngaer Primary	11	12	14	15	20	9	11
Greenhill Primary	8	7	16	11	12	15	15
Hengoed Primary	9	10	13	14	12	12	9
Llancaeath Primary	10	19	24	17	18	20	17
Maesycwmmwr Primary	5	8	11	15	8	11	7
Tiryberth Primary	13	11	13	7	10	6	8
Ystrad Mynach	26	25	32	36	28	33	30
Total	104	122	150	148	142	130	122
Fleur de Lys (Ysgol Gyfun Cwm Rhymni)							
YG Bro Allta	37	35	45	30	42	41	30
YG Cwm Dewen	29	30	24	30	30	22	23
YG Cwm Gwyddon	27	32	33	30	30	21	34
YG Gilfach Fargoed	15	21	14	20	12	18	15
YG Trelyn	23	25	19	25	26	23	26
Ysgol Bro Sannan	14	26	24	23	24	26	22
Ysgol Penalltau	26	26	27	28	28	28	27
Ysgol Y Lawnt	21	25	26	29	21	24	28
Total	192	220	212	215	213	203	205

*Above figures assume that 100% of pupils in feeder schools will apply to their secondary school whether catchment or not.

5.3.8 The table demonstrates that there is on-going need for the schools into the medium term.

The Proposal

5.3.9 For the reasons outlined above there is no intention to close the schools. The strategic case in relation to the provision of the schools remains the same given the demand for the schools remains. However, the Council is faced with significant financial pressures and a need to realise savings.

5.3.10 The Contract has a further 9½ years to run (until August 2032) and an early termination could result in significant revenue savings over the remaining contract term if the services and the lease arrangements were brought back into the Council.

5.3.11 The proposal is therefore for the Council to voluntarily terminate the Contract. The Contract requires the Council to give the Contractor just under 3 months of notice of such termination.

5.3.12 The Council is conscious that it doesn't want the termination of the Contract to impact the schools in any adverse way. It will therefore take this into account in relation to the timing of termination, and the transfer of services from the Contractor to the new provider. The optimum time of the year to implement the termination to allow smooth transition of the Services would be during the school summer holidays. Therefore, with the expectation that there are no significant backlog maintenance issues, and with only two schools in the Project portfolio, a summer 2023 termination date is achievable. The business case assumption is that the

requisite notice will be given to the Contractor to allow termination to take place at the end of July 2023.

- 5.3.13 The Council has in-house capability to provide the services that are currently delivered under the Contract, and most schools in the county borough use this service. However, the schools have the right to choose whichever provider(s) they want. This process to determine the basis of on-going services provisions shall only commence if and when the Council approves the business case.

5.4 The Economic Case

Introduction

- 5.4.1 The Economic Case covers two key areas: -

- An identification of the options available to the Council to deliver the services that are currently provided to the schools under the Contract. Once all potential options are identified a qualitative assessment is undertaken to determine what the preferred option(s) are for that service delivery should the contract be terminated.
- The preferred alternate delivery approach is then subject to a quantitative analysis to determine whether it represents better value for money than continuing with the Contract.

- 5.4.2 The economic case assesses the economic costs and benefits of the proposal to the Welsh economy as a whole.

Options Appraisal

- 5.4.3 The current contract and service delivery position can be summarised as: -

- The schools have been built, are open, and as the strategic analysis indicates are required for the foreseeable future;
- The schools are in good condition and as at the last conditions survey there was limited backlog maintenance. The obligations under the Contract for asset maintenance and expenditure on asset renewals means the two schools benefit from higher levels of asset related expenditure than the majority of the non PFI schools' estate in the county borough, where spend is prioritised based on a number of factors e.g. condition surveys, fire risk assessments;
- Facilities Management Services (FM Services) are generally good. However, there have been issues in respect of the delivery, quality, and value for money of the catering service which have not been fully resolved to date;
- The costs of catering and cleaning under the Contract are subject to periodic price benchmarking and potentially market testing. The Council brought in independent support from Local Partnerships for the last benchmarking review in 2017, but despite this focus on ensuring a robust process the benchmarking exercises have not identified cost savings to date; and
- The Council has to supplement the costs of the Contract over and above normal levels of support to non PFI Schools.

- 5.4.4 Like all local authorities, Caerphilly CBC continues to face significant financial challenges. The Council is under budgetary pressure. Saving money from the PFI Contract would assist the Council in the delivery of its Medium-Term Financial Plan (MTFP) and may also provide an opportunity for some capital investment across the wider education estate. In addition, the Welsh Government has requested that all Welsh local authorities with PFI contracts review them to assess whether they continue to offer value for money.

- 5.4.5 In this context the available long list of options relates to both the costs of delivering the existing service specification and whether the service and asset maintenance obligations are too

onerous and do not align with the rest of the Council's school estate. As such the identified long list of options is: -

Option 1	Do nothing (continue with the Contract delivering the current services, no savings),
Option 2	FM Services variation of specification (agree a contractual variation to amend or reduce the specification of some or all of the services provided by the Contract. The Contractor would still be responsible for the delivery of the amended Services specification),
Option 3	FM Services removal (agree a contractual variation to remove all the service delivery from the Contract in return for savings. The Contractor would be solely responsible for the maintenance and renewal of the assets),
Option 4	Terminate the Contract by using contractual rights based on Contractor Default (as defined in the Contract), or
Option 5	Terminate the Contract on a voluntary termination basis as defined in the Contract.

5.4.6 For Options 3-5, the Schools would have the option to either use the Council's own in house service provision for delivery of the Services, or to procure Services from the wider market.

Shortlisting of the Options

5.4.7 An initial sifting of options was undertaken to identify any that could be discounted without the need for further detailed assessment. The only option that was discounted at this stage was Option 4 (Terminate due to Contractor default). This was discounted on the basis that no events of default had occurred. The Contractor remains a going concern (per the last published accounts), the schools are in generally good condition and service performance is generally satisfactory, with no material deductions levied.

Qualitative assessment of the options

5.4.8 Having confirmed the short list of options, a qualitative options appraisal exercise was undertaken. This process involved a range of officers of the Council covering finance, education, procurement, and asset management, as follows: -

- Head of Financial Services & S151 Officer
- Head of Transformation & Education Planning and Strategy
- Sustainable Communities for Learning Manager
- Sustainable Communities for Learning Principal Officer
- Procurement and Information Manager
- Finance Manager (Education)
- Finance Manager (Corporate Finance)
- Interim Head of Property Services

5.4.9 The process was facilitated by Local Partnerships.

Process

5.4.10 Firstly, the assessment criteria were determined through consensus amongst the participants. The agreed criteria reflect the delivery of the services performances under the Contract, the financial implications for the Council, and the impact on pupil attainment and wellbeing.

5.4.11 Having determined the assessment criteria, these were given a weighting based on their importance. This was again done by consensus within the group. To make the process easier the criteria were firstly ranked and from this a percentage weighting was able to be more easily derived.

5.4.12 The assessment criteria and the related rankings and weightings are set out in the following table: -

Assessment Criteria	Detail	Rank	Weighting (%)
Strategic Flexibility / adaptability	The ease by which the option allows developments or expansion to either or both schools in terms of buildings and equipment, usage, growth, and community activity.	3	15
Maintenance of assets	The extent to which the option allows the buildings, grounds, and equipment to be maintained to a high standard, allows flexibility of use of the existing assets, and ensures that there are appropriate remedies in place for poor asset maintenance. It should be noted that day to day maintenance of assets is an activity that sits within the FM services and is something that can be delivered by caretakers. Therefore, changes envisaged in Options 2 and 3 can impact on the condition of assets as much as major lifecycle replacement works which would remain the responsibility of the Contractor in Options 1, 2 and 3.	3	15
Day to day service provision	The extent to which the option allows the provision of cleaning and waste management, catering, and caretaking services to a high standard, allows flexibility of use of the existing assets and ensures that there are appropriate remedies in place for poor service performance.	3	15
Pupil attainment	The extent to which the option provides an environment and service provision which supports pupil attainment and wellbeing.	1	30
Financial	The extent to which the option is likely to be affordable within the existing budget constraints, and the ability to flex service to meet budget constraints	2	25
			100

5.4.13 The rationale for the rankings and weightings are: -

- **Pupil Attainment** – it is ranked the most important and has the highest weighting as this is the rationale for having schools and related services that deliver an environment where pupils can maximise their potential.
- **Financial** – the financial pressures that the Council faces means that having an affordable solution is very important, and hence why it is considered only marginally less important than pupil attainment.
- **Strategic flexibility / adaptability, maintenance of assets and day to day services** – these criteria could not be split in importance and hence were given equal ranking and associated weightings.

5.4.14 The final phase of the process was to determine a score for how each shortlisted option performs against each of the assessment criteria. Again, a consensus score was agreed. The scoring was in a range of 1-5 as follows: -

5	Likely to exceed expectations to meet the criteria
4	Fully delivers the criteria
3	Largely delivers the requirements of the criteria
2	Only partially delivers the requirements of the criteria
1	Does not deliver the requirements of the criteria at all

5.4.15 Having scored each option against each of the assessment criteria, and applying the criteria weightings, a weighted score was able to be derived. The results of the scoring were as follows: -

		Option 1	Option 2	Option 3	Option 4	Option 5
	Weighting	Do Nothing	Specification Variation	Remove service delivery	Contractor default termination	Council voluntary Termination
Strategic Flexibility / adaptability	15.00	2	2	2		4
Maintenance of assets	15.00	5	3	4		2
Day to day service provision	15.00	2	2	4		4
Pupil attainment	30.00	4	4	4		4
Financial	25.00	1	2	2		4
Total	100.00	14	13	16		18
Weighted score		280.00	275.00	320.00		370.00
Rank		3	4	2		1

Rationale for Scoring

5.4.16 **Strategic Flexibility / Adaptability** – PFI Contracts are designed and structured for the delivery of new schools and for the on-going maintenance and delivery of facilities management services to those schools, in order to deliver a specification and meet requirements that were appropriate at the start of the contract. Whilst there are variation mechanisms in PFI contracts, they are clunky and can be expensive for the Council to use.

5.4.17 Therefore, keeping the assets (buildings and equipment), as well as services, relevant to delivering an ever-changing curriculum can be challenging even if the overall strategic requirements do not alter – major alterations to scope, including additional buildings, are even harder to accomplish. It requires a strong contract management team on the Council's side and a willingness to engage and adapt by the Contractor, and the FM Services provider. Based on the contract to date neither has been fully in evidence, and therefore the potential to do this going forward is considered limited on all options that continue the PFI contract (i.e. Options 1-3), and hence the score of 2 for each.

5.4.18 Conversely having the asset management and service delivery back under Schools / Council day to day control allows that greater flexibility hence the score awarded.

5.4.19 **Maintenance of Assets** - The obligations under the Contract for asset maintenance and expenditure on asset renewals means the two schools benefit from higher levels of asset related expenditure than the majority of the non PFI schools' estate in the Borough, where spend is prioritised based on a number of factors e.g. condition surveys and fire risk assessments. The very good state of the schools and the planned renewal programme to the end of the Contract term demonstrate this. Hence Option 1 is scored as exceeding expectations.

5.4.20 As Option 3 is removal of service delivery from the Contract, rather than asset management, it should not have a material impact on asset maintenance but losing that joined up position with caretaking etc (as will be provided by different entities), may have a marginally negative effect and hence scores 4.

5.4.21 Option 2 requires reducing the specification and funding for asset maintenance and was considered to have a greater negative effect on the state of the schools' long term, as the day to day asset maintenance would be to a lower specification, meaning likely shorter replacement intervals and pressure on lifecycle budgets. Hence the score of 3.

- 5.4.22 An even worse position would arise in the event of a termination (Option 5), albeit with lower capital expenditure budgets to effect major replacement works. Capital expenditure would be allocated based on need and aligned with the rest of the school estate. This is the rationale for the low score of 2 for Option 5.
- 5.4.23 **Day to day service provision** – This criterion assesses the quality of the service provided, therefore moving to Option 2 would reduce cost but would reduce the level of service delivered. Therefore, Option 1 and 2 were given the same score of 2 but for different reasons.
- 5.4.24 Removing the services from the Contract (Option 3) and terminating the whole Contract (Option 5) allows a more cost effective service provision to be put in place, hence the scores of 4.
- 5.4.25 **Pupil Attainment** – Although there are significant differences between the service provision and asset management arrangements for each of the options, what each of the options delivers is not likely to relatively impact pupil attainment differently. Consideration was given as to whether the lower level of asset maintenance under Options 2 and 5, compared to Option 1 in particular, could have a negative effect. However, based on comparative attainment levels at PFI and non PFI schools in the county borough, this does not appear to be the case.
- 5.4.26 **Financial** – As stated earlier the costs of facilities management provision under the Contract are relatively high when compared with the Authority's own service provision. Option 1 (doing nothing) will not improve that position and is not affordable. The scoring reflects the known costs of delivering Options 1 and Option 5 within the county borough. Option 1 requires significant financial subsidy. Whilst savings can be made through Options 2 and 3, they are unlikely to materially impact the current cost.

Overall Result

- 5.4.27 Option 5 (Voluntary Termination of the Contract) is the highest ranked option. It scores significantly better (16%) than the second ranked option (Option 3 – removal of the services). As such Option 5 has been financially compared with doing nothing.

Value for Money Assessment

- 5.4.28 The VFM assessment compares the costs of continuing with the Contract (Do nothing) with the sum of: -
- Paying a termination sum to the Contractor to exit the Contract;
 - The net costs to the Authority of on-going service provision; and
 - An estimate of the net impact on tax receipts for Welsh Government.
- 5.4.29 The assessment is on the basis of a termination on 31 July 2023 and the assessment covers the period from 1 April 2023 (the start of the financial year in which termination is assumed to occur) to 31 August 2032 (the Contract Expiry Date). Information for the assessment has been sourced from: -
- The contractual Financial Model “Caerphilly_Financial_Close_060401”. This is understood to be the latest contractual financial model and no changes have been made. Given the compensation payments are based on values from the latest agreed contractual financial model it will be important to ensure there is agreement with the Contractor at an early stage that the correct version is being used.
 - Various financial information supplied by the Council relating to budgeted costs, unitary charge and other Contract payments, and the Council's sinking fund model.

Contract Termination Compensation Sum

5.4.30 The compensation payable as a result of a voluntary termination is set out in the Contract (the "Compensation Sum"). Based on Local Partnership's understanding of how the Contract provisions should work and the relevant information in the Financial Model, a notional best and worst case Compensation Sum has been derived. This gives a reasonable range of the Compensation Sum that is likely to be paid and the transaction costs the Authority would incur in undertaking the termination process. This information is currently commercially sensitive, and if approval is given to proceed with a voluntary termination the final compensation sum will be subject to detailed negotiations with the Contractor.

Overall VFM Assessment

5.4.31 The HM Treasury Green Book guidance (the "Green Book") varies in approach from the Council's own financial assessment as it requires a 'society as a whole' view. In the context of this termination assessment, we are therefore required to include the tax impacts of the termination, which would be (i) the tax gross up element of the Compensation Sum, and (ii) the lost corporation tax that the Contractor is forecast to pay to Contract Expiry.

5.4.32 The Green Book requires that value for money is assessed on a net present value basis using a discount rate of 3.5% in real (i.e. uninflated) terms to which forecast inflation (2.0%) is applied using the required formula. This creates a discount rate of 5.57%. The VFM assessment shows a significant net financial benefit for both best and worst case scenarios, but this information is currently commercially sensitive.

Outcome of VFM Analysis

5.4.33 The analysis indicates there is a strong VFM basis for terminating the Contract given that there is both a strong qualitative case and a significant financial benefit from doing so.

5.4.34 In applying a range of cost assumptions and including contingency in the Worst Case it is not considered necessary to undertake further risk or optimism bias.

5.5 The Commercial Case

5.5.1 The commercial case addresses commercial feasibility and demonstrates that the proposed solution can be delivered effectively.

Contractual provisions for voluntary termination

5.5.2 There is a mechanism set out in the Contract for the Council to terminate voluntarily. These provisions are at Clause 46 of the Contract. These provisions have been reviewed from a commercial perspective but prior to entering into any termination process formal legal advice would be sought.

5.5.3 The basis of compensation to the Contractor from the Council is the same as for Council default (Clause 35 of the Contract). This contains defined Compensation Sum payments in relation to the senior debt, costs for the Contractor and its subcontractors, and to the shareholders' subordinated debt (referred to as junior debt in the Contract) or share capital (equity) investments. This has to be paid within 20 business days by way of one lump sum. The defined calculation allows for the Compensation Sum covering: -

- i. The outstanding senior debt including swap break costs and outstanding interest, less upside swap break gains.
- ii. Redundancy costs only for the Contractor and broader Sub-Contractor breakage costs, both only to the extent they are as a direct result of the termination.
- iii. Future forecast distributions of subordinated debt and equity for the remainder of the Contract term, each separately discounted at the Financial Model Real IRR respectively.

- iv. Less any amounts standing in accounts, but only to the extent the senior funder has a fixed charge over them.

5.5.4 The Compensation Sum is then increased so as to leave the Contractor with the calculated amount after paying tax as necessary on the relevant elements of the gross receipt (i.e. tax gross up).

5.5.5 There are standard PFI set off provisions which prevent the Council setting off any outstanding amounts from the compensation sum save to the extent it doesn't reduce the senior debt payments.

Effecting the termination of the Contract

5.5.6 There are a number of elements of the termination process and Compensation Sum payments which either cannot be finalised at this time and / or are open to interpretation. These are explored in further detail in the business case.

Transfer of property and assets

5.5.7 The Contractor's lease arrangements to occupy the schools terminate automatically on termination of the Contract.

5.5.8 The Council has the option that all property and assets transfer to the Council in the event of voluntary termination.

TUPE Transfer of employees

5.5.9 Although this has not been explored in detail, Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE") provisions are almost certain to apply as the same Services will continue to be delivered post a termination albeit by a new provider. Until a decision is made on who the provider will be, the staff and TUPE implications cannot be resolved.

5.5.10 These will be the subject of discussion both with the Contractor and Mitie. The Council's Education and Human Resources teams have expertise and experience with TUPE transfer arrangements of staff between organisations and anticipate no significant issues.

Reprovisioning of the Services

5.5.11 In the event of termination, the schools have the right to choose who provides the services that are currently delivered under the Contract. The Council provides such services to other schools in the county borough, but the schools could select other private sector providers and / or deliver services in-house. Time has been allocated in the programme to allow the schools to make that decision and for the schools and new provider(s) to be engaged and feed into the termination and handover process with the existing Contractor.

Schools condition at handover

5.5.12 The schools were subject to a condition survey in 2018. These surveys concluded that both schools were in generally good condition. There was some backlog maintenance identified in those surveys, but the vast majority was low category, and it is likely that this would be built into the Contractor's upcoming lifecycle plans.

5.5.13 However, given the passage of time it is recommended that updated condition surveys are procured during school holidays prior to the issuing of a Termination Notice to obtain an up to date position. In particular, given the schools are around 20 years old, there are a number of items that would be due for major overhaul or replacement, including the boilers.

5.5.14 Identifying the latest assets conditions will support discussions on handover and financial settlement with the outgoing contractor, and the implications for lifecycle spend by the Council in upcoming years.

Risk Assessment

5.5.15 The most critical risks associated with the termination and with the Council providing the Services going forwards have been assessed. The allowances and risk contingency built into the business case are discussed in the economic case.

5.6 The Financial Case

5.6.1 The financial case represents the Council's own assessment of the financial impact of terminating the Contract. This differs in some specific areas from the Green Book assessment captured in the economic case. In particular, it ignores the tax implications to government of the termination, and it factors in how the Council will fund the Compensation Sum.

5.6.2 The assessment demonstrates that the proposed termination significantly reduces costs compared to the current position, therefore improving affordability and budget positions. However, this is only the case if the Welsh Government continues to provide the grant support. Importantly, having reviewed the business case, the Welsh Government has now confirmed that the grant support will continue in the event of voluntary termination.

5.6.3 As with the economic case assessment the analysis is done over a period from the 1 April 2023 (i.e. the start of the financial year in which the assumed termination date of 31 July 2023 occurs). The assessment is considered in NPV terms based on the same 5.57% discount rate as applied in the economic case. The analysis applies the same underpinning assumptions as for the economic case and includes both Best Case and Worst Case scenarios.

5.6.4 As with the VFM assessment the analysis shows a significant net financial benefit for both Best Case and Worst Case scenarios, but the details of the financial case are currently commercially sensitive. However, at a high level early indications are that the revenue budget savings for the Council may be circa £2m per annum. The actual level of savings cannot be determined with certainty unless a termination actually takes place, but it is clear that the financial benefit is significant and will make an important contribution to the Authority's Medium-Term Financial Plan (MTFP) and may also provide an opportunity for some capital investment across the wider education estate.

5.7 The Management Case

5.7.1 The management case identifies the key management responsibilities and key individuals for the proposed solution.

5.7.2 Ultimate Responsibility

- The Chief Executive of the Authority is Christina Harrhy.
- The Senior Responsible Officer for the proposed termination is Stephen Harris, Head of Financial Services & Section 151 Officer.
- The Project Manager for the proposed termination is Sue Richards, Head of Transformation & Education Planning and Strategy.

Timetable for Termination

5.7.3 Based on the contractual requirements for serving of termination notices, and the requirements in respect of negotiation of the commercial terms of the termination, as well as the logistical handover issues, the following draft timetable has been set out which assumes a termination on 31 July 2023. The programme has been separated into two phases:

Phase 1 – Council decision making process and preparation for Phase 2.

Phase 2 – The contract termination and transition phase (this will only happen if the Council decision from Phase 1 is to terminate the contract).

Action	Date	Comment
Council business case Approval	February – March 2023	The decision making process to be as follows: - <ul style="list-style-type: none"> • Joint Scrutiny (28/2/23) • Cabinet (8/3/23) • Council (15/3/23) A full Council decision is required due to the need for borrowing to pay the termination compensation sum to the Contractor.
Discuss and agree process with Schools	February - March 2023	Includes how services will be delivered post the termination of the Contract. This will commence ahead of final approvals to allow sufficient time.
Appoint adviser team to manage the termination process	March onwards 2023	Includes legal, technical, commercial, and financial advisers.
Undertake surveys at schools	March/April 2023	Allows for any contractual remedies to be implemented should issues be found ahead of finalising the compensation sum and the assets handover.
Issue termination notice	Early May 2023	Provides the 84 days' notice required for 31 July termination.
Engage with the Contractor and funder and finalise termination sum and agree process for handover including finalising a termination settlement agreement	March – July 2023	Discussions to cover financial, commercial, and logistical / staff related issues.
Compensation sum agreed and finalised	June - July 2023	Finalise funder breakage costs.
Handover process	March -July 2023	Process to be agreed and most activity to happen in school summer holidays.
Terminate Contract	28 July 2023 (Friday)	Handover for the purposes of responsibility, insurance cover etc to happen on this date.
Contractor final accounts settled, and Compensation Sum paid	July – September 2023	Contract requires Compensation Sum to paid within 20 business days

- 5.7.4 Whilst the above timelines are achievable and have been delivered on other projects it requires the co-operation of the Contractor and Sub Contractor, and also the ability to be able to get alternate services in place for a smooth handover.
- 5.7.5 Should there be delays to the timetable the termination could happen at a later date and would not materially impact on the value for money. October half term 2023 or Christmas 2023 are alternate options. However, the Council will have to be comfortable with the actual termination date before issuing the Termination Notice as that is a formal contractual trigger. Therefore, engagement with the schools and the Contractor before formally starting the process will be important.

The Working Group

- 5.7.6 The Project Manager will be supported in the proposed termination exercise by a Working Group consisting of key Council Officers. In addition to the internal team, the Authority will be supported by Local Partnerships, providing commercial and financial advice in relation to the termination, and supporting the project management. Other external advisers that will need to be appointed are: -
- Legal Advisers – potentially Counsel input may be additionally required to provide advice in relation to some of the aspects of the voluntary termination Contract provisions. This would be determined on appointment of legal advice.
 - Technical advisers – primarily in relation to School condition surveys and broader advice in relation to schools' condition on hand-back.
 - Swap benchmark advisers – to advise on the breaking of the funding agreements and negotiation of the swap breakage cost.
 - Accounting & tax advisers – due diligence on behalf of the Council relating to the financial consequences on termination of final company accounts and tax liabilities of termination.

- 5.7.7 The cost of external advisers has been factored into the business case.

Approval Process

- 5.7.8 Following Cabinet consideration on 08 March 2023, this report will be submitted to Full Council on 15 March 2023.
- 5.7.9 If a decision is made to proceed with the voluntary termination, then Council approval will be sought for delegated authority to be given to the Head of Financial Services & Section 151 Officer, the Head of Legal Services & Monitoring Officer, and the Cabinet Member for Finance and Performance to agree the final terms of the termination.

5.8 Conclusion

- 5.8.1 The business case sets out a robust case for the Council to voluntarily terminate the Contract, on the basis of the financial benefits that can be achieved. In reaching this conclusion full consideration has been given to HM Treasury's five case model as it applies to this process.
- 5.8.2 Subject to the effective management of the termination process and the risks involved the termination of the Project represents the best solution identified. This will allow the schools to continue to provide much needed educational facilities, whilst achieving savings which the Council can utilise as part of its budget planning.
- 5.8.3 In order to achieve these savings for the Council and for the benefit of the local community, no additional funding is required from the Welsh Government, now that approval to proceed and confirmation that the grant support payments will continue unchanged for the original Contract period has been provided.

6. ASSUMPTIONS

- 6.1 There are a range of assumptions in the business case which are presented as best and worst case scenarios.
- 6.2 If a decision is made to proceed with the voluntary termination, then it is currently assumed that the contract can be terminated by the end of July 2023. Should there be delays to the timetable the termination could happen at a later date and would not materially impact on the value for money assessment within the business case.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 An Integrated Impact Assessment has been completed and concludes that in line with the processes and rationale outlined as part of the report being taken to Members, that Members endorse the proposal for voluntary termination of the Private Finance Initiative (PFI) agreements at Lewis School Pengam and Ysgol Gyfun Cwm Rhymni – Gelli Haf site only.
- 7.2 The Integrated Impact Assessment demonstrates that the proposal would have no impact on the current Educational provision offered at the two PFI sites.
- 7.3 The proposal will also ensure equity in terms of investment across the entire school estate.
- 7.4 Therefore, Members are asked to consider the Integrated Impact Assessment alongside the formal report and provide a final determination in support of the Voluntary Termination of the PFI contract.
- 7.5 The full Integrated Impact Assessment is available through the following link: -

[Integrated Impact Assessment](#)

8. FINANCIAL IMPLICATIONS

- 8.1 Like all local authorities, Caerphilly CBC continues to face significant financial challenges. Saving money from the PFI Contract would assist the Authority in the delivery of its Medium-Term Financial Plan (MTFP) and may also provide an opportunity for some capital investment across the wider education estate. In addition, the Welsh Government has requested that all Welsh local authorities with PFI contracts review them to assess whether they continue to offer value for money.
- 8.2 The financial assessment in the business case shows a significant net financial benefit for both Best Case and Worst Case scenarios. No detailed financial values are included in this report so as not to compromise the Council's position in its commercial negotiations and thereby impact upon the Council achieving best value from the process. However, at a high level early indications are that the revenue budget savings for the Authority may be circa £2m per annum. The actual level of savings cannot be determined with certainty unless a termination actually takes place, but it is clear that the financial benefit is significant.
- 8.3 The obligations under the Contract for asset maintenance and expenditure on asset renewals means the two PFI schools benefit from higher levels of asset related expenditure than the majority of the non PFI schools' estate in the county borough, where spend is prioritised based on a number of factors e.g. condition surveys, fire risk assessments. However, the Council has supplemented the costs of the Contract over and above normal levels of support to non PFI schools. The proposed voluntary termination will result in an equitable process across all schools in terms of capital expenditure post termination.

- 8.4 The Council has in-house capability to provide the services that are currently delivered under the Contract, and most schools in the county borough use these services. However, the schools have the right to choose whichever provider(s) they want. The process to determine the basis of on-going services provision will only commence if and when the Council approves the business case.
- 8.5 If the proposed termination is approved the two schools will receive funding through the schools' funding formula for the ongoing provision of services.
- 8.6 The final compensation sum and other associated external adviser costs will be funded through a combination of existing PFI reserves and borrowing, which will require Council approval. If a decision is made to proceed with the voluntary termination, then Council approval will be sought for delegated authority to be given to the Head of Financial Services & Section 151 Officer, the Head of Legal Services & Monitoring Officer, and the Cabinet Member for Finance and Performance to agree the final terms of the termination. The final quantum will be reported back to Council along with proposals to utilise the revenue budget savings arising.
- 8.7 It is important to note that the Council already has a legal obligation to make repayments under the existing PFI contractual arrangement and the proposal in the business case is to replace that current liability with one which provides better value for money for the Council.

9. PERSONNEL IMPLICATIONS

- 9.1 Although this has not been explored in detail, Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE") provisions are almost certain to apply as the same Services will continue to be delivered post a termination albeit by a new provider. Until a decision is made on who the provider will be, the staff and TUPE implications cannot be resolved.
- 9.2 These will be the subject of discussion both with the Contractor and Mitie. The Council's Education and Human Resources teams have expertise and experience with TUPE transfer arrangements of staff between organisations and anticipate no significant issues.

10. CONSULTATIONS

- 10.1 A briefing note has been shared with the headteachers and Chairs of Governors of the two PFI schools which is largely based on the content of this report.
- 10.2 Responses have been received from the Governing Bodies of both schools, and Officer responses have been provided (see Appendix 1 and Appendix 2).
- 10.3 The report on the "Proposed Voluntary Termination of the Caerphilly CBC School PFI Contract" came before a joint-meeting of the Policy and Resources Scrutiny Committee and the Education Scrutiny Committee on 28 February 2023. The key points raised during the meeting were as follows: -
- One Member asked what the preferred option for providing maintenance services would be should the current PFI Contract be terminated at the two schools. The Member enquired if future provision would be provided by in-house or private operators. The Head of Financial Services and Section 151 Officer advised that this would be for both schools to determine individually should Council approve the business case.
 - A Member observed that if the contract was terminated, she would like to see any savings made kept within the Education service area. The Head of Financial Services and Section 151 Officer highlighted that a process to agree compensation would follow a decision to

voluntarily terminate the PFI Contract under discussion. It was also outlined how the joint-meeting of both Scrutiny Committees would be reconvened in the future to discuss options around any potential savings.

- One Member enquired why it had taken so long to reach this stage of the process given that Local Partnerships LLP provided their original report to Council in 2018. Members heard how the original decision to commission the development of a business case was made in 2018 and that a review of the subsequent findings had been delayed by the need to redirect resources due to the national Covid-19 pandemic. The Member also asked if legal considerations had been fully explored around the fact that the original successful bidder for the PFI contract “Ballast Wiltshier” no longer existed. Members received assurances that such matters had been fully considered. Mr Mike Read (Project Director with Local Partnerships LLP) outlined how the terms of the agreement had not changed, how the contract was now with Machrie Limited, and that external legal advice would be sought if the Council decided to voluntarily terminate the PFI contract.
- A Member expressed concern over the lack of consultation and information highlighted by the Ysgol Gyfun Cwm Rhymni governing body in Appendix 1. The Head of Transformation and Education Planning and Strategy highlighted the commercially sensitive nature of data within the Business Case and provided details of meetings that have taken place with both schools and the support that would be made available to them if the process progressed.
- One Committee Member wished to know if there was a risk that the level of compensation due as a result of terminating the PFI contract would make the decision economically unviable. The Head of Financial Services and Section 151 Officer advised that the contract would not end until a notice of termination was officially served and that this would not happen if it was not financially viable for the Council. The Member asked why the original contract had not been circulated as it was not confidential due to being initially signed by school representatives. During the ensuing discussion the issue of the need for commercial confidentiality was highlighted and it was suggested that distribution of the original contract should be discussed outside of the meeting. It was also suggested that the contract with sensitive information redacted could be circulated to Committee Members. Members also heard how release of the contract was the subject of a recent Freedom of Information request and that this had been refused by the provider on the basis that putting the PFI contract into the public domain could affect their commercial interests.
- The Head of Financial Services and Section 151 Officer provided assurances to one Member on the provision for any slippage in terms of the timescale set out in the report.

10.4 Having noted the content of the report, it was moved and seconded that the following recommendation be forwarded to Cabinet for approval. By way of Microsoft Forms (and in noting there were 18 for, 0 against and 1 abstention) this was agreed by the majority present.

RECOMMENDED to Cabinet that they:

Consider the content of the report and support the proposal to voluntarily terminate the Caerphilly CBC School PFI Contract prior to Council consideration.

10.5 All other consultation responses have been reflected in the report.

11. STATUTORY POWER

11.1 The Local Government Acts 1998 and 2003.

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Appendices:

- Appendix 1 Response by Governing Body of Ysgol Gyfun Cwm Rhymni regarding the potential termination of the Caerphilly CBC School PFI Contract.
- Appendix 2 Response by Governing Body of Lewis School Pengam regarding the potential termination of the Caerphilly CBC School PFI Contract.

Response by Governing Body of Ysgol Gyfun Cwm Rhymni regarding the potential termination of the Caerphilly CBC School PFI Contract.

Consultation

As the local authority has chosen to consult, the consultation must be adequate and fair. It is generally accepted that a consultation must:

- (a) **take place when proposals are still at a formative stage** - to be meaningful, consultation must be undertaken at a point where the decision-maker is still open to change its position and can be influenced by responses to the consultation. It does not appear that this is the case.
- (b) **give reasons for any proposal to permit intelligent consideration and response** – although the key driver for the proposal is the financial savings to the local authority, the wider rationale and key factors are not known. This means that it is difficult for us to provide an effective response – it would seem the only response that we could give to put our position in the most persuasive light would be focused on savings the local authority will make – that is only one element of the decision. Partial answers to some of our questions were only received on the evening prior to the deadline for responding to the Council's briefing paper, giving very little time for governors to give that intelligent consideration to the issues.
- (c) **give adequate time for consideration and response** – although the question of what is adequate time for consideration can be complex and is fact specific, we do not think the local authority can genuinely and reasonably defend the timescales it is proposing, particularly in light of the fact that a report from Local Partnerships was provided in October 2018. The urgency now being referenced is due to the Council's own actions and delays – the local authority could have chosen to engage with the school at a much earlier stage, which would have provided the school with adequate time for consideration.
- (d) **give conscientious consideration** – we trust that the local authority will feed our response into the decision-making process, including making it available to councillors involved in the decision-making process.

We are particularly disappointed with the timing of this consultation – the report pertaining to the proposal to voluntarily terminate the PFI agreement was not received until 5:02pm on Friday 10th February and was not read by the school until the morning of Monday 13th February. As we told you in our earlier correspondence, the Governing Body is required to give 5 days' notice to the EAS to convene a meeting, and naturally needs time after the meeting to formally respond to such a consultation. It has not been possible for us to convene a meeting and respond to the consultation as we would wish before the stated deadline of Friday 17th February.

Further, we are disappointed to receive partial responses to our queries on the evening prior to the deadline for responding to the Council's briefing paper.

CCBC Officers Response:

The Council acknowledges the comments made in relation to consultation, however, it is important to be clear on what level of engagement is appropriate in this particular circumstance, as per the guidance in the Council's Consultation and Engagement Framework.

This proposal relates to a voluntary termination of a contractual agreement between the Authority and the PFI Contractor only through which the provision of building maintenance, catering facilities, cleaning facilities and caretaking facilities are provided. As such, there is a clear contractual mechanism to follow in this instance.

The school has been engaged with to advise them of the publication of the Report and provide information to assist them in understanding the opportunities and/or solutions which are anticipated to result from the withdrawal from the PFI arrangement with the contractor.

Officers will continue to keep the school informed of the process and provide support to the school in determining the ongoing provision of services, subject to approval of the proposal as no formal decision has been taken to proceed at this stage.

To ensure openness and transparency, this document will be included as an annex to the main report going forward to Members to enable conscientious consideration.

Strategic Case

It is appreciated that the local authority is faced with significant financial pressures and it appears that the local authority intends to realise savings to its education budget to provide additional resource for all the other strategic objectives. It is not clear whether these savings will be ringfenced within the education budget, or whether it could be reassigned to other budgets.

Although we acknowledge and accept the need for the local authority to raise standards and ensure learners are healthy, confident, proud and ambitious, we are concerned that the decision to voluntarily terminate the contract could have negative consequences for our school. We have raised separately our concerns about the need for equity of funding for our school – the only two campus school in the county borough. We appreciate the authorities ongoing work in this area in supporting the school although we are concerned that this decision could create further tensions and pressures on our school, possibly leading to even more concerning financial projections in the future.

We are disappointed with the Council's view that "The school funding mechanism / formula distributes funding in a consistent way to all schools. The split site issue has been addressed with a "lump sum" element of funding for each of the 2 sites". We do not believe equality of funding is the right concept - it is equity that we are seeking. There are unique challenges of running a school divided between two geographically distant sites in the county borough.

We remain concerned that the Council is unwilling to acknowledge that, and to assist with the challenges we are facing to ensure that pupils, teachers and staff in Welsh medium secondary schools (of which we are the only one in the county borough) are not adversely affected when compared to their English medium counterparts.

CCBC Officers Response:

This proposal seeks to secure equality of investment across all the schools in Caerphilly County Borough dependant on need based on a number of factors e.g. condition surveys and Health and Safety. Currently the level of investment into the two PFI schools is disproportionate at present and is significantly higher when compared to all other schools.

There is also inequality across the two Ysgol Gyfun Cwm Rhymini sites as only the Gelli-Haf site is PFI funded.

With reference to the paragraphs relating to 'a two campus school' and 'Funding Formula', this is a separate matter which is outside the remit of this PFI proposal. Officers from within the Education Finance Team have met with the school to discuss the issue raised and future meetings are scheduled.

Impact on the school

We very much appreciate the recognition that “the Authority is conscious that it doesn’t want the termination of the Contract to impact the schools in any adverse way”. However, we believe that the impact is not limited solely to the timing of the decision and is likely to have a greater impact during both the medium and the long term.

CCBC Officers Response :

The current contractual arrangement has circa 9 years left to run at which point it would end and new arrangements would need to be implemented.

A full options appraisal has been undertaken, utilising both quantitative and qualitative assessment criteria which included consideration of the impact on day to day service provision, pupil attainment, maintenance of assets, strategic fit and financial fit.

In addition, an Integrated Impact Assessment has been undertaken to help support the Council in making informed and effective decisions.

Officers will continue to keep the school informed of the process and provide support to the school in determining the ongoing provision of services, subject to approval of the proposal as no formal decision has been taken to proceed at this stage.

Transfer to new provider

We note that the local authority has in-house capability to provide the services, which we assume is all services, that are currently delivered under the Contract. We have not

received any details about the costs of these, and therefore cannot ascertain the effect on our budget. We appreciate having the right to choose our provider.

We have asked for confirmation that we will have support to manage any TUPE transfer that might occur, including the necessary legal and HR support. It is noted that the local authority refers to “discussion both with the Contractor and Mitie. The Authority’s Education and Human Resources teams have expertise and experience with TUPE transfer arrangements of staff between organisations and anticipate no significant issues.” We assume that the Council will be solely responsible for all costs if the TUPE transfer was from the incumbent provider to the Council.

If we do not choose the local authority as the provider of services, we will need to undertake a procurement process to appoint a provider. We would welcome the chance to consider this option with the Council and ensure an appropriate project plan is put in place. We note that “Time has been allocated in the programme to allow the [school] to make that decision and for the [school] and new provider(s) to be engaged and feed into the termination and handover process with the existing Contractor”. This would appear to need urgent attention, and the school will need to be involved in the development of the timeframe to ensure it can resource as necessary, alongside the already busy duties of the school’s senior leadership team.

CCBC Officers Response:

The School has the right to choose whichever provider(s) and level of service they want.

The Authority has in-house capability to provide the services that are currently delivered under the Contract, and most schools in the county borough use this service.

It is noted that the school is already utilising Council Catering services at their Y Gwyndy (Non-PFI) site.

Officers will continue to keep the school informed of the process and provide support to the school in determining the ongoing provision of services, subject to approval of the proposal as no formal decision has been taken to proceed at this stage.

Capital spend

We acknowledge that the schools are in good condition, that there is limited backlog maintenance and that our school benefits from higher levels of asset related expenditure than the majority of the non PFI schools estate in the county borough. We are concerned that the state of the school will deteriorate quickly, particularly when it would need to be considered against other priorities identified by the local authority. There is also a risk that the local authority is making a short term revenue gain at the expense, and to the detriment of, future capital requirements. We note the Council has identified that “There are also other Welsh Government Grants that maybe [our emphasis] available for investment into the school” but are disappointed that there is no certainty.

CCBC Officers Response:

The Authority is fully committed to investing in the educational estate as evidenced by its ongoing Capital Maintenance programme and Sustainable Communities for Learning Programme.

This proposal seeks to secure equality of investment across all the schools in Caerphilly County Borough dependant on need based on a number of factors e.g. condition surveys and Health and Safety. Currently the level of investment into the two PFI schools is disproportionate at present and is significantly higher when compared to all other schools.

There is also inequality across the two Ysgol Gyfun Cwm Rhymni sites as only the Gelli-Haf site is PFI funded.

Catering spend

We note that Local Partnerships, in their last benchmarking review in 2017, have not identified cost savings to date. We are concerned that this means we are receiving an excellent, value for money service at present, and that we will be exposed to significant turbulence in costs of alternative provision in the future.

CCBC Officers Response:

The School has the right to choose whichever provider(s) and level of service they want.

The Authority has in-house capability to provide the services that are currently delivered under the Contract, and most schools in the county borough use this service.

It is noted that the school is already utilising Council Catering services at their Y Gwyndy (Non-PFI) site.

Pupil attainment

We agree that pupil attainment should be ranked the most important factor in the local authority's option's appraisal. We would appreciate receiving confirmations that pupil attainment will not be negatively affected by the decision as a result of additional pressures on our already-stretched budget.

CCBC Officers Response:

Although there are significant differences between the service provision and asset management arrangements for each of the options, consideration was given as to whether the lower level of asset maintenance under Options 2 and 5, compared to Option 1 in particular, could have a negative effect. However, based on comparative attainment levels at PFI and non PFI schools in the Borough, this does not appear to be the case.

Day to day service provision and financial

We note that this criterion assesses the quality of the service provided, and that voluntary termination has been assessed as allowing “a more cost effective service provision to be put in place, hence the scores of 4”. We are not sure of the basis on which this has been assessed, but it would appear to relate to the impact on the Council’s budget rather than the school’s budget. We have asked for information on how we might financially benefit from the proposal, but have not received that detail. We are concerned that we could be exposed to increasing financial budgetary pressures when compared with the fixed cost of the existing provision.

CCBC Officers Response:

Finance Officers within Education have met with the school to clarify the budget position. The schools formula funding allocation is not impacted by this proposal, the only change relates to the fact that the school will retain the identified elements of funding rather than be included within the PFI contract and claw back from the school. Discussions are continuing as further meetings have been scheduled.

Scoring

Taking account of our points above on pupil attainment, day to day service provision and financial could result in the scoring being reconsidered and to the voluntary termination option being scored second. We raise this point as it demonstrates how the assessment might be effected by different views. We appreciate that some of our concerns might not arise, but the speed at which this consultation is taking place has not allowed us to properly and fully analyse the impact on the school. We have not seen evidence that the local authority has considered the impact on the school.

CCBC Officers Response:

A full options appraisal has been undertaken, utilising both quantitative and qualitative assessment criteria which included consideration of the impact on day to day service provision, pupil attainment, maintenance of assets, strategic fit and financial fit. In addition, an Integrated Impact Assessment was carried out to identify any impact on the educational and community elements as a direct result of any decision to proceed being taken. The Integrated Impact Assessment demonstrates that the proposal would have no impact on the current Educational provision offered at the two PFI sites.

This proposal seeks to secure equality of investment across all the schools in Caerphilly County Borough dependant on need based on a number of factors e.g. condition surveys and Health and Safety. Currently the level of investment into the two PFI schools is disproportionate at present being significantly higher when compared to all other schools.

School condition at handover

We note that the local authority recommends undertaking an updated condition survey prior to issuing the Termination Notice to obtain an up to date position. We note the comments on the items that would be due for major overhaul or replacement, including the boilers. We have not received any indication of how any relevant costs would be funded, including whether the savings realised by the voluntary termination could be used to offset those costs. We would appreciate a commitment from the local authority to use some of the possible up to £2m per annum savings to ensure there is no adverse impact to the school. We are disappointed that the Council has not considered this and intends to “redirect a proportion of the savings from the potential termination to support Capital Expenditure across the wider school estate”.

CCBC Officers Response:

Identifying the latest assets conditions will support discussions on handover and financial settlement with the outgoing contractor, and the implications for lifecycle spend by the Authority in upcoming years.

Welsh Language and equality impact assessment

We understand that an integrated impact assessment has been completed, but have not seen this (or any other equality impact assessment) for the project and so are unable to provide any views on issues for the school which may need to be taken into account.

It is very disappointing to note that whilst the briefing note includes an assessment of impact in the following areas; strategy; maintenance of assets; service provision; pupil attainment; and finance; no assessment has been made regarding the impact on the proposal on the Welsh language and on Welsh medium education within the county borough. Ysgol Gyfun Cwm Rhymni is the only Welsh medium secondary school in Caerphilly and it's the Governing Body's view that due consideration must be given to this when making a decision on this proposal.

We note that the Council states that “This proposal does not impact on this [the WESP] as it is merely a contractual matter between the Authority and the PFI Contractor. We are surprised that this is the Council's response. It seems to raise questions about the Council's approach to the WESP and it is disappointing that the officer responsible for the WESP does not appear to have been engaged in this matter (or at least is not part of the project team identified in the briefing note).

In view of the above, the Governing Body is disappointed that the report gives no consideration to the impact on the WESP. In particular the impact on outcomes 3, 4 and 7 over the next 10 years, along with the impact on the Welsh Government's long-term objective of ensuring 1 million Welsh speakers by 2050. Once again, it's the Governing Body's view that due consideration must be given to this when making a decision on this proposal.

CCBC Officers Response:

An Integrated Impact Assessment has been undertaken to help support the Council in making informed and effective decisions whilst ensuring compliance with a range of relevant legislation, including:

- *Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011*
- *Socio-economic Duty – Sections 1 to 3 of the Equality Act 2010*
- *Welsh Language (Wales) Measure 2011*
- *Well-being of Future Generations (Wales) Act 2015*
- *Statutory Consultation v Doctrine of Legitimate Expectation and Gunning Principles*

The proposal is a contractual change, which will bring the PFI site at Gelli-Haf in line with the arrangements already in place at the Y Gwyndy (Non-PFI) site for the school.

Wider budget setting

We asked why the proposal was not included as part of the Council's wider public consultation on the draft budget proposals for 2023/4. The Council's response was that "This did not form part of the 23/24 Draft Budget Proposals as no decision has been made at this point". We do not understand the point being made with this response - as noted in the opening of this response, consultation should take place before a decision has been made (otherwise it is not consultation). Given the length of time that this matter has been under consideration by the Council, it remains unclear why this proposal was not included as part of the Council's wider ongoing public consultation, not least as it would have ensured greater time to consider the Council's proposal, an opportunity to raise issues and discuss them at the Council's consultation sessions and an opportunity for pupils, staff and parents to feed into the consultation.

CCBC Officers Response:

This proposal relates to a voluntary termination of a contractual agreement between the Authority and the PFI Contractor only through which the provision of building maintenance, catering facilities, cleaning facilities and caretaking facilities are provided. As such, there is a clear contractual mechanism to follow in this instance.

Contract with the school

We note that the Council has refused to release the contract which was entered into by the school, and which was signed by representatives of the school - without reason, the Council has responded to our request that "We are unable to release this information". To be clear, we are requesting a copy of the contract that was signed by our chair on behalf of the school. As a party to that contract, we are entitled to a copy, and we are disappointed that the Council is unable to release it to us.

CCBC Officers Response:

This proposal relates to a voluntary termination of a contractual agreement between the Authority and the PFI Contractor only through which the provision of building maintenance, catering facilities, cleaning facilities and caretaking facilities are provided. As such, there is a clear contractual mechanism to follow in this instance.

Outstanding issues

We previously wrote to officers to ask for additional information to help our Governing Body properly consider the proposal. Although the Briefing Note addresses some of our issues and questions, there remain a significant number of unknowns which have not enabled us to conclusively offer our support, or objection, to the proposals. Although we received a late response to our queries, governors have not had time to properly consider and digest those response, some of which are very brief and do not address our underlying concerns.

CCBC Officers Response:

The Council acknowledges the comments made. To ensure openness and transparency, this document will be included as an annex to the main report going forward to Members to enable conscientious consideration.

Conclusion

We would like to emphasise once again that we are not absolutely opposed to the proposed voluntary termination. We can see some of the advantages, but have concerns which have not been addressed. The Council's late, partial response to our queries (received very close to the closing date for comments) has not been helpful. We are therefore unable to come to a proper conclusion and are unable to confirm our support at this time, in the very short timeframe set by the local authority.

As noted in this response, if the local authority does go ahead with this proposal, there is still much work to do. We hope that the local authority will provide full support to ensure that the transition to the new arrangements is without any adverse impact to our pupils, teachers and staff, as well as the much valued staff of the current provider.

CCBC Officers Response:

The Council acknowledges the comments made. To ensure openness and transparency, this document will be included as an annex to the main report going forward to Members to enable conscientious consideration.

Officers will continue to keep the school informed of the process and provide support to the school in determining the ongoing provision of services, subject to approval of the proposal as no formal decision has been taken to proceed at this stage

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Response by Governing Body of Lewis School Pengam regarding the potential termination of the Caerphilly CBC School PFI Contract.

The governors of Lewis School Pengam met last night to discuss the proposals set out in the business case. The governors expressed concern as to the pace with which the process has been undertaken and felt that it would have been beneficial if more time had been available for the consideration of the proposal. There was a concern that some factors highlighted in the business case lacked detail and that ultimately there may be some future detriment to the experiences of the pupils, particularly as a result of the ending of lifecycle arrangements.

Governors understood that a more equitable arrangement in the way secondary schools are funded would be of benefit to the LEI but wished to stress that there would likely be a period of transition to the new working arrangements and new workload requirements, they expressed a hope that the LEI would support the school during that transition period.

Ultimately, governors recognised that there may well be opportunities in the new arrangement proposed by the LEI, particularly in regard to the community use of the school, more flexibility in response to budgetary pressures, or in addressing the concerns governors have had in regard to catering provision. They also believe that new arrangements may help remove some barriers to the process of sixth form/surplus places reform that have been considered in recent years.

Governors expressed a hope that the LEI and Lewis School Pengam would continue to work in close partnership moving forward and together address any unforeseen problems that emerge as this process reaches a resolution. They recognise the support the school has historically enjoyed from the LEI and would wish that to continue in the future.

CCBC Officers Response:

The Council acknowledges the comments made by the Governors of Lewis School Pengam. In relation to timescales and detail, it is important to be clear on what level of engagement is appropriate in this particular circumstance, as per the guidance in the Council's Consultation and Engagement Framework.

This proposal relates to a voluntary termination of a contractual agreement between the Authority and the PFI Contractor only through which the provision of building maintenance, catering facilities, cleaning facilities and caretaking facilities are provided. As such, there is a clear contractual mechanism to follow in this instance.

This proposal seeks to secure equality of investment across all the schools in Caerphilly County Borough dependant on need based on a number of factors e.g. condition surveys and Health and Safety. Currently the level of investment into the two PFI schools is disproportionate at present and is significantly higher when compared to all other schools. The school has been engaged with to advise them of the publication of the Report and provide information to assist them in understanding the opportunities and/or solutions which are anticipated to result from the withdrawal from the PFI arrangement with the contractor.

Officers will continue to keep the school informed of the process and provide support to the school in determining the ongoing provision of services, subject to approval of the proposal as no formal decision has been taken to proceed at this stage.

To ensure openness and transparency, this document will be included as an annex to the main report going forward to Members to enable conscientious consideration.



CABINET – 8TH MARCH, 2023

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

SUBJECT: CAERPHILLY TOWN 2035 – PARK LANE MARKET DEVELOPMENT

REPORT BY: HEAD OF LEGAL SERVICES AND MONITORING OFFICER

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

EXEMPTIONS APPLYING TO THE REPORT:

Paragraph 14 - Information relating to the financial or business affairs of any particular person.

FACTORS IN FAVOUR OF DISCLOSURE:

There is public interest in the way that a council makes decisions.

PREJUDICE WHICH WOULD RESULT IF THE INFORMATION WERE DISCLOSED:

The report contains detailed financial information in the business plan including rental income projections and tender submissions of a tendering exercise that has yet to be concluded.

MY VIEW ON THE PUBLIC INTEREST TEST IS AS FOLLOWS:

That paragraph 14 should apply.

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

RECOMMENDED DECISION ON EXEMPTION FROM DISCLOSURE:

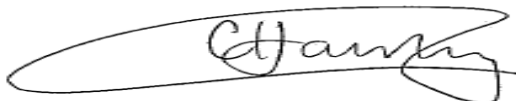
On the basis set out above I feel that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, and that the report should be exempt.

Signed: 

Dated: 28th February, 2023

Post: Head of Legal Services and Monitoring Officer

I accept the recommendation made above.



Signed: _____
Proper Officer

Date: 2nd March 2023

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Agenda Item 11

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

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