



## **CABINET**

### **MINUTES OF THE MULTI-LOCATIONAL MEETING HELD AT PENALLTA HOUSE AND VIA MICROSOFT TEAMS ON WEDNESDAY 18<sup>TH</sup> JANUARY 2023 AT 1PM**

#### **PRESENT:**

Councillor S. Morgan – Chair

#### **Councillors:**

J. Pritchard (Cabinet Member for Prosperity, Regeneration and Climate Change), 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), and E. Stenner (Cabinet Member for Finance and Performance).

#### **Together with:**

C. Harry (Chief Executive), R. Edmunds (Corporate Director Education and Corporate Services), D. Street (Corporate Director Social Services and Housing), M.S. Williams (Corporate Director Economy and Environment).

#### **Also in Attendance:**

S. Harris (Head of Financial Services and S151 Officer), R. Tranter (Head of Legal Services and Monitoring Officer), B. Winstanley (Head of Land and Property Services), S. Hughes (Committee Services Officer) and 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**

An apology for absence was received from C. Andrews (Cabinet Member for

Education and Communities) and Cllr. J. Simmonds (Cabinet Member for Highways and Transportation)

## **2. DECLARATIONS OF INTEREST**

There were no declarations of interest received.

## **3. HEATING PLAN REPLACEMENT – TY PENALLTA**

Consideration was given to the report which sought to update Cabinet in relation to works required to the heating plant at Ty Penallta and to outline the costs and work programme involved in the upgrade. The report also sought Cabinet approval for the upgrade to be funded through a combination of a Salix interest free loan and a contribution from uncommitted capital earmarked reserves. It was noted that the heating and cooling system was installed in 2007/08 and is currently exhibiting several problems and is at risk of failing if a package of upgrade/replacement works are not implemented.

Cabinet further noted that the compressors that form the main element of the system use refrigerant R134a which has a high Global Warming Potential (GWP) and is being phased out as part of the Kigali amendment to the Montreal Protocol.

Cabinet welcomed the proposal as a way to reduce the carbon intensity of the building and sought clarification as to the extent of the carbon savings that could be achieved by the upgrade. The Head of Land and Property Services advised that it would be difficult to give an exact figure until the system design had been finalised but would be happy to circulate this data once completed. However, Cabinet noted that the report estimated 2,264 tonnes over the 20-year project lifetime.

The importance of the Penallta House building in terms of agile working was acknowledged and that the longevity of the building would be pivotal to this model going forward. Members were advised that without the proposed upgrade there was a very real risk of the heating systems total failure and would not support staff through the next winter. Cabinet also noted that with the project would ultimately pay for itself through the savings achieved.

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 upgrade to the heating system set out in this report and the project timeline set out in Appendix 1 to this report be agreed.
2. The overall funding envelope of £1.4m be approved and that this be funded through an application for a Salix interest free loan (£1.015m), and a contribution from uncommitted capital earmarked reserves (£0.385m) be agreed.

## **4. DRAFT BUDGET PROPOSALS FOR 2023/24**

Consideration was given to the report which sought to present Cabinet with the details of the draft budget proposals for the 2023/24 financial year to allow a period of consultation prior to a final decision by Council on the 23<sup>rd</sup> February 2023.

Cabinet noted that details of the 2023/24 Provisional Local Government Financial Settlement were released on the 14<sup>th</sup> December 2022 and showed an overall increase of 7.9% in core funding for Local Government on an all-Wales basis. Cabinet was advised that the level of increase for individual Local Authorities is determined by changes in datasets that drive the funding formula and for Caerphilly CBC there is a cash uplift of 6.9% for 2023/24, which equates to £22.152m. Cabinet welcomed the increase but noted that it is well below the current unprecedented levels of inflation, and the Council would be facing cost pressures totalling £55.771m for 2023/24 alone, through a combination of pay and non-pay inflationary pressures and a range of inescapable services pressures. It was further noted that whilst the proposals in the report presented a balanced financial position for 2023/24, a significant element of this was being achieved through one-off measures including £6.862m of temporary savings and £15.051m through the use of reserves. These temporary measures will only support the budget in the coming financial year but they do provide essential breathing space to identify, agree and implement permanent savings for the 2024/25 financial year which will be a significant challenge for the Council.

Cabinet was advised that the draft budget proposals include a proposed increase of 7.9% in Council Tax for the 2023/24 financial year, which 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 CBC is still likely to have the second lowest level of Council Tax in the whole of Wales.

It was emphasised that due to the unprecedented levels of inflation, the current economic outlook and the range of temporary measures proposed for 2023/24, 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 £48.047m for the two-year period 2024/25 to 2025/26.

Cabinet acknowledged the scale of the challenge faced, and that a financial strategy that sought to continuously salami slice services and deplete reserves was not a sustainable or appropriate approach, especially when service demands are greater than ever. To ensure that the Council continues to meet the needs of the community, whilst operating with reduced finances, a holistic approach would be needed. Cabinet noted that considering this the Team Caerphilly operating model had been reassessed and found to be even more relevant when considered within the context of the current financial challenges and the emerging Corporate Plan. The Council would need to deliver services differently and more efficiently going forward in line with the three stands of this model.

Cabinet noted the extensive public consultation being launched on the 19<sup>th</sup> January 2023 and that this would include face-to-face engagement, a survey and targeted stakeholder engagement. The key findings and responses from the consultation will be used to shape the final budget report for members' consideration in February 2023. Cabinet noted the role that the Communications Team would play in the consultation process and urged the public to take part as their input would be a vital to the process.

Members sought clarification in relation to potential further increases in demand for statutory services, such as children's services and were advised that any new

inescapable pressures would be factored into the Medium-Term Financial Plan and potentially impact on the savings requirement. Members were assured that as statutory services they would continue to be provided, however different and more efficient methods of delivery could be implemented.

Cabinet referenced Caerphilly's capital investment programme and the impact of rising costs and Officers confirmed that inflation is diminishing the value of capital reserves and that significant increases in contractor costs are being experienced.

Cabinet placed on record its thanks to Officers for all their hard work in preparing the budget report.

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 2023/24 draft budget proposals, including the proposed permanent and temporary savings totalling £12.421m and the proposed one-off use of reserves of £15.051m be endorsed.
2. 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 supported.
3. The draft budget proposals should now be subject to consultation prior to final 2023/24 budget proposals being presented to Cabinet/Council in February 2023 be agreed.
4. The indicative potential savings requirement of £48.047m for the two-year period 2024/25 to 2025/26 be noted.

The meeting closed at 13.35p.m.

Approved and signed as a correct record subject to any corrections made at the meeting held on 22<sup>nd</sup> February 2023

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CHAIR