

# Pecyn Dogfennau Cyhoeddus

Penallta House,  
Tredomen Park,  
Ystrad Mynach,  
Hengoed CF82 7PG

Ty Penallta,  
Parc Tredomen,  
Ystrad Mynach,  
Hengoed CF82 7PG



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Am unrhyw ymholiad yn ymwneud â'r agenda hwn cysylltwch â Jo Thomas  
(Rhif Ffôn: 07714600912 Ebost: [thomaj8@caerphilly.gov.uk](mailto:thomaj8@caerphilly.gov.uk))

**Dyddiad: Dydd Gwener, 19 Ionawr 2023**

I bwy bynnag a fynno wybod,

Cynhelir cyfarfod aml-leoliad o'r **Cyd-bwyllgor Craffu** yn Nhŷ Penallta, a thrwy Microsoft Teams ar **Dydd Mercher, 25ain Ionawr, 2023 am 5.00 pm** i ystyried y materion a gynhwysir yn yr agenda canlynol. Gall Cynghorwyr ac aelodau'r cyhoedd sy'n dymuno siarad ar unrhyw eitem wneud hynny drwy wneud cais i'r Cadeirydd. Mae hefyd croeso i chi ddefnyddio'r Gymraeg yn y cyfarfod, mae angen o leiaf 3 diwrnod gwaith o rybudd os byddwch chi'n dymuno gwneud y naill neu'r llall. Bydd gwasanaeth cyfieithu ar y pryd yn cael ei ddarparu ar gais.

Gall aelodau'r Cyhoedd neu'r Wasg fynychu'n bersonol yn Nhŷ Penallta neu gallant weld y cyfarfod yn fyw drwy'r ddolen ganlynol: <https://civico.net/caerphilly>

Bydd y cyfarfod hwn yn cael ei ffrydio'n fyw a bydd recordiad ar gael i'w weld drwy wefan y Cyngor, ac eithrio trafodaethau sy'n ymwneud ag eitemau cyfrinachol neu eithriedig. Felly, bydd delweddau/sain yr unigolion sy'n siarad ar gael yn gyhoeddus i bawb drwy wefan y Cyngor: [www.caerffili.gov.uk](http://www.caerffili.gov.uk)

Yr eiddoch yn gywir,

**Christina Harrhy**  
PRIF WEITHREDWR

## AGENDA

Tudalennau

1 I dderbyn ymddiheuriadau am absenoldeb

A greener place Man gwyrddach

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



## 2 Datganiadau o Ddiddordeb.

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 this agenda in accordance with the Local Government Act 2000, the Council's Constitution and the Code of Conduct for both Councillors and Officers.

Derbyn ac ystyried yr adroddiadau canlynol:-

## 3 Cynigion y Gyllideb Ddrafft ar gyfer 2023/24

1 - 24

### Cylchrediad:

**Cynghorwyr** M.A. Adams, Mrs E.M. Aldworth, C. Andrews, A. Angel, C. Bishop, A. Broughton-Pettit, M. Chacon-Dawson, R. Chapman, Mrs P. Cook, S. Cook, D. Cushing, C.J. Cuss, D.T. Davies, N. Dix, G. Ead, C. Elsbury, G. Enright, K. Etheridge, M. Evans, A. Farina-Childs, Mrs C. Forehead, E. Forehead, J.E. Fussell, A. Gair, N. George, C.J. Gordon, D.C. Harse, T. Heron, A. Hussey, D. Ingram-Jones, M.P. James, L. Jeremiah, G. Johnston, Ms J.G. Jones, S. Kent, A. Leonard, P. Leonard, C.P. Mann, A. McConnell, B. Miles, C. Morgan, S. Morgan, B. Owen, T. Parry, L. Phipps, M. Powell, D.W.R. Preece, Mrs D. Price, H. Pritchard, J. Pritchard, J.A. Pritchard, J. Rao, J. Reed, J.E. Roberts, J. Sadler, R. Saralis, J. Scriven, J. Simmonds, S. Skivens, E. Stenner, J. Taylor, C. Thomas, A. Whitcombe, L.G. Whittle, S. Williams, W. Williams, J. Winslade, K. Woodland a C. Wright

A Swyddogion Priodol

### **SUT FYDDWN YN DEFNYDDIO EICH GWYBODAETH**

Bydd yr unigolion hynny sy'n mynychu cyfarfodydd pwyllgor i siarad/roi tystiolaeth yn cael eu henwi yng nghofnodion y cyfarfod hynny, weithiau bydd hyn yn cynnwys eu man gweithio neu fusnes a'r barnau a fynegir. Bydd cofnodion o'r cyfarfod gan gynnwys manylion y siaradwyr ar gael i'r cyhoedd ar wefan y Cyngor ar [www.caerffili.gov.uk](http://www.caerffili.gov.uk) ac eithrio am drafodaethau sy'n ymwneud a g eitemau cyfrinachol neu eithriedig.

Mae gennych nifer o hawliau mewn perthynas â'r wybodaeth, gan gynnwys yr hawl i gael mynediad at wybodaeth sydd gennym amdanoch a'r hawl i gwyno os ydych yn anhapus gyda'r modd y mae eich gwybodaeth yn cael ei brosesu.

Am wybodaeth bellach ar sut rydym yn prosesu eich gwybodaeth a'ch hawliau, ewch i'r [Hysbysiad Preifatrwydd Cyfarfodydd Pwyllgor Llawn](#) ar ein gwefan neu cysylltwch â Gwasanaethau Cyfreithiol drwy e-bostio [griffd2@caerffili.gov.uk](mailto:griffd2@caerffili.gov.uk) neu ffoniwch 01443 863028.



## JOINT SCRUTINY COMMITTEE – 25TH JANUARY 2023

**SUBJECT: DRAFT BUDGET PROPOSALS FOR 2023/24**

**REPORT BY: HEAD OF FINANCIAL SERVICES AND SECTION 151 OFFICER**

- 1.1 The attached report, details the Draft Budget Proposals for 2023/24 and will be considered by Cabinet at its meeting on the 18<sup>th</sup> January 2023.
- 1.2 The Joint Scrutiny Committee are asked to consider and comment upon the content of the report prior to Final Budget Proposals being presented to Cabinet and Council in February.

Author: E Sullivan, Senior Committee Services Officer

Appendices:

Appendix 1 Report to Cabinet 18<sup>th</sup> January 2023.

Gadewir y dudalen hon yn wag yn fwriadol



## SPECIAL CABINET – 18<sup>TH</sup> JANUARY 2023

**SUBJECT: DRAFT BUDGET PROPOSALS FOR 2023/24**

**REPORT BY: CHIEF EXECUTIVE**

### 1. PURPOSE OF REPORT

- 1.1 To present Cabinet with details of the draft budget proposals for the 2023/24 financial year to allow for a period of consultation prior to a final decision by Council on 23 February 2023.

### 2. SUMMARY

- 2.1 The report provides details of draft budget proposals based on the Welsh Government (WG) Provisional Local Government Financial Settlement for 2023/24.
- 2.2 The report also provides details of a range of cost and service pressures that require funding, details of proposed savings and the use of reserves, along with a proposed increase of 7.90% in Council Tax to enable the Council to set a balanced budget for the 2023/24 financial year.
- 2.3 An updated indicative Medium-Term Financial Plan (MTFP) is also appended to the report showing a potential savings requirement of £48.047m for the two-year period 2024/25 to 2025/26.

### 3. RECOMMENDATIONS

- 3.1 Cabinet is asked to: -
  - 3.1.1 Endorse 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.
  - 3.1.2 Support 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).
  - 3.1.3 Agree that 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.
  - 3.1.4 Note the indicative potential savings requirement of £48.047m for the two-year period 2024/25 to 2025/26.

#### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 Council is required annually to approve proposals to set a balanced budget and agree a Council Tax rate.
- 4.2 Council is required to put in place a sound and prudent financial framework to support service delivery.

#### **5. THE REPORT**

##### **5.1 Background and Economic Context**

- 5.1.1 The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook, are major influences in determining the 2023/24 Draft Budget Proposals and the medium-term financial outlook.
- 5.1.2 The Bank of England (BoE) increased the Bank Rate by 0.5% to 3.5% in December 2022. This followed a 0.75% rise in November which was the largest single rate hike since 1989, and the ninth successive rise since December 2021. The December decision was voted for by a 6-3 majority of the Monetary Policy Committee (MPC), with two dissenters voting for a no-change at 3% and one for a larger rise of 0.75%.
- 5.1.3 The November 2022 quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with Consumer Prices Index (CPI) inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than in the August report, due in part to the government's support package for household energy costs, inflation is expected to remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.
- 5.1.4 The UK economy contracted by 0.3% between July and September 2022 according to the Office for National Statistics, and the BoE forecasts Gross Domestic Product (GDP) will decline by 0.75% in the second half of the calendar year, due to the squeeze on household income from higher energy costs and goods prices. Growth is then expected to continue to fall throughout 2023 and the first half of 2024.
- 5.1.5 CPI inflation was expected to peak at around 11% in the last calendar quarter of 2022 (10.7% in November with December to be confirmed), and then fall sharply to 1.4% in two years' time and to 0% in three years' time. This assumes that the Bank Rate follows the path implied by financial markets at the time of the November 2022 MPR (i.e. a peak of 5.25%). However, the BoE has stated that it considers this path to be too high, suggesting that the peak in interest rates will be lower, reducing the risk of inflation falling too far below target. Market rates have fallen since the time of the November MPR.
- 5.1.6 The current economic situation means that the Council (along with all others) is faced with unprecedented financial challenges. Due to austerity, between 2008/09 and 2021/22 the Council has already delivered savings of £106m to address reductions in funding and inescapable cost pressures. However, the details set out in this report show a savings requirement of £27.472m for 2023/24 alone, and due to the temporary nature of many of the measures proposed to balance the budget for 2023/24, it is currently anticipated that total permanent savings of £48.047m will be required for the two-year period 2024/25 to 2025/26.
- 5.1.7 The scale of the challenge facing the Council cannot be underestimated. Clearly, a financial strategy that seeks to continuously salami slice our services and deplete our reserves is not a sustainable or an appropriate approach, especially when the demands upon our services are far higher than ever, as our communities continue to present far greater and increasingly complex needs to us. To ensure we are able to meet the needs of our communities, whilst

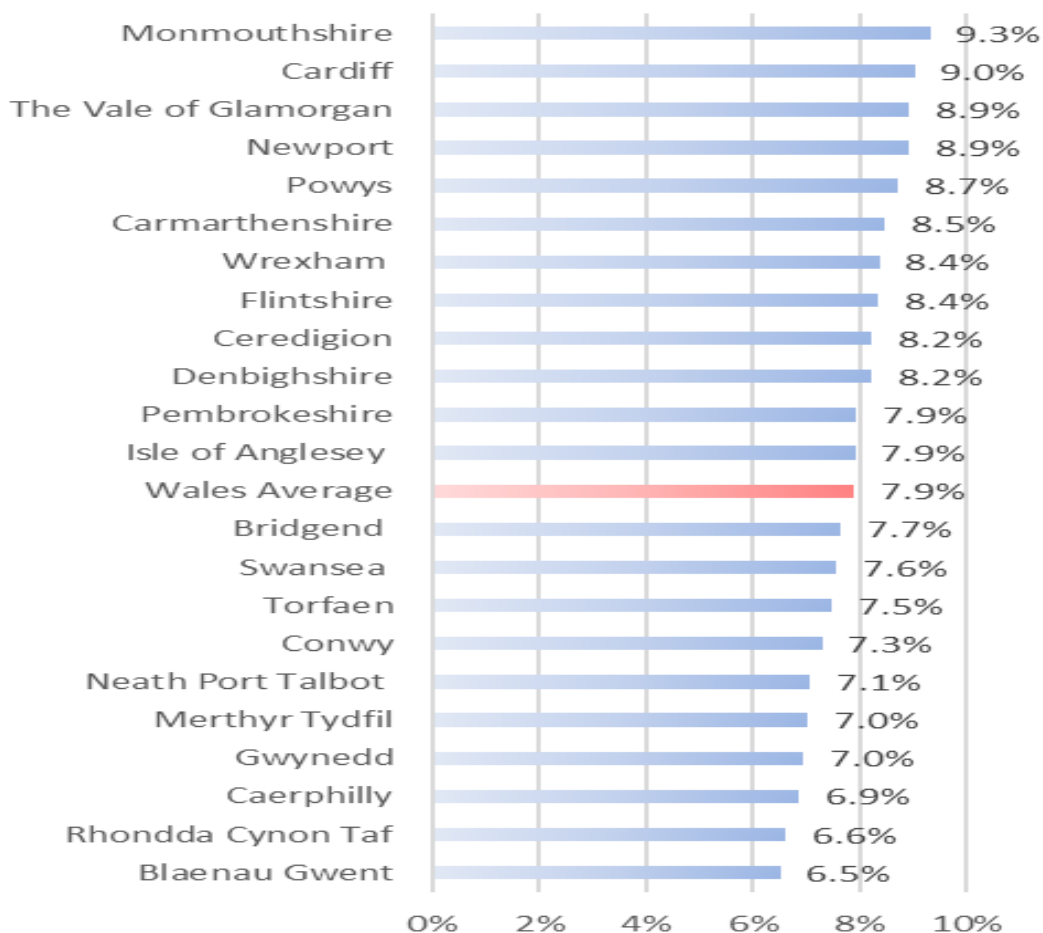
operating with reduced funding, a whole council and a whole county borough holistic approach is needed, and it is inevitable that some difficult decisions will need to be made at pace.

## 5.2 Welsh Government (WG) Provisional Local Government Financial Settlement for 2023/24

5.2.1 The Local Government Financial Settlement received from WG on an annual basis is referred to as Aggregate External Finance (AEF). This consists of a Revenue Support Grant (RSG) and Redistributed Non-Domestic Rates (business rates). Details of the Provisional Local Government Financial Settlement are usually announced by WG in early October each year. However, in recent years due to economic uncertainty the announcement has been delayed until December and details of the Provisional Local Government Financial Settlement for 2023/24 were not released until 14 December 2022.

5.2.2 On an All-Wales basis there is an increase in Aggregate External Finance (AEF) of £403m or 7.9% on a like-for-like basis. Table 1 below shows the range around the average of 7.9% driven by the funding formula. This is largely a reflection of data movements in pupil numbers and free school meal entitlement derived from the schools' census, as well as the impact of the decennial Census on the population counts/estimates. The lowest increase is Blaenau Gwent with 6.5% and the highest is Monmouthshire with an increase of 9.3%.

Table 1 - Changes to AEF by Local Authority (2022/23 to 2023/24)



5.2.3 Overall core revenue funding rises to £5.5bn for 2023/24. For planning purposes an indicative figure of £5.7bn has been provided for 2023/25 which equates to an uplift of £169m (3.1%). This figure is dependent on current estimates of NDR income but the forward indication is helpful.

5.2.4 There is a small transfer in of resource for the coastal protection programme that affects Gwynedd, Conwy, and Swansea, otherwise there are no significant transfers into or out of the Settlement.

5.2.5 In terms of public sector pay, the Minister for Finance & Local Government is cognisant of the pay pressures in the future and makes specific reference to pay for social care workers and teachers: -

*“In making decisions about the level of funding for Local Government I have responded to the need to support key front-line services. In particular I have included funding to enable Authorities to continue to meet the additional costs of introducing the Real Living Wage for care workers.”*

*As a result of spending decisions made in relation to education in England, Wales received a consequential of £117m a year in the Autumn Statement. This is being provided in full to Local Government through a combination of the Settlement and the Education MEG. The funding provided through this Settlement will therefore need to cover the costs arising from the 2023/24 pay deal which fall within the 2023/24 Settlement year. I have again taken the decision to provide all the available funding up front and not hold back funding for in-year recognition of the 2023/24 teachers’ pay deal. Authorities’ budget planning must therefore accommodate these costs.”*

5.2.6 In cash terms, the 6.9% increase for Caerphilly CBC provides additional funding of £22.152m for 2023/24. Whilst this is of course welcomed, the increase is well below the current unprecedented levels of inflation and the Council faces cost pressures totalling £55.771m for 2023/24 alone.

5.2.7 Changes to other pass-ported grants in the Provisional Settlement result in a net reduction of £202k for Caerphilly CBC in relation to the tapering of WG funding for Private Finance Initiative (PFI) Schemes.

5.2.8 The capital allocations available to Caerphilly CBC in the RSG and from the General Capital Grant have increased by £1.615m from the 2022/23 financial year. An updated Capital Programme will be presented to Cabinet and Council in February 2023.

### 5.3 2023/24 Draft Budget Proposals

5.3.1 The proposals contained within this report will deliver a balanced budget for 2023/24 on the basis that Council Tax is increased by 7.9%. Table 2 provides a summary: -

Table 2 – 2023/24 Draft Budget Proposals Summary

| Description  | £m            |
|--|---------------|
| <b>Cost Pressures: -</b>   |               |
| • General Fund Services inflationary pressures (pay and non-pay) | 24.739        |
| • General Fund inescapable service pressures                     | 18.104        |
| • Schools cost pressures   | 12.928        |
| <b>Total: -</b>  | <b>55.771</b> |
| <b>Funded By: -</b>  |               |
| • 6.9% uplift in Provisional Settlement                          | 22.152        |
| • Permanent savings proposals                                    | 5.559         |
| • Temporary savings proposals                                    | 6.862         |
| • One-off use of reserves  | 15.051        |
| • 7.9% proposed increase in Council Tax                          | 6.147         |
| <b>Total: -</b>  | <b>55.771</b> |



- 5.3.2 Whilst the proposals in this report present a balanced financial position for 2023/24, a significant element of this is being achieved through one-off temporary measures i.e. £6.862m of temporary savings and £15.051m through the use of reserves. These temporary one-off measures totalling £21.913m will only support the budget for 2023/24 and they provide some breathing space to identify, agree and implement permanent savings for the 2024/25 financial year. This will be a significant challenge for the Council and it is vital that an early start is made to identify proposals to address the financial shortfall.
- 5.3.3 The 2023/24 General Fund Services inflationary cost pressures totalling £24.739m are set out in Table 3 below: -

Table 3 – General Fund Services Inflationary Cost Pressures

|  | <b>£m</b>     |
|--|---------------|
| National Joint Council (NJC) Pay Award                 | 10.588        |
| Increase in Employer Pension Contributions (NJC Staff) | 1.106         |
| Foundation Living Wage                                 | 0.218         |
| Non-Pay Inflation                                      | 13.620        |
| Non-Pay Inflation (Fees and Charges)                   | (0.793)       |
| <b>TOTAL: -</b>  | <b>24.739</b> |

- 5.3.4 **National Joint Council (NJC) Pay Award** – The 2022/23 budget approved by Council in February 2022 assumed a NJC pay award of 3% from April 2022. However, the final approved pay award was an uplift of £1,925 across all pay scales which required additional funding of £4.788m to be identified. This has been funded in 2022/23 by a one-off contribution from surplus General Fund balances, and the additional cost has also now been factored into the base budget for 2023/24. In addition to this a further pay award of 5% is assumed from April 2023. The assumed 5% uplift will be held corporately in the first instance and released to budgets once the actual pay award for 2023/24 has been determined.
- 5.3.5 **Increase in Employer Pension Contributions (NJC Staff)** – The Greater Gwent (Torfaen) Pension Fund is subject to an independent triennial valuation of its assets and liabilities. The draft results of the 2022 valuation require a 1% increase in the employer's contribution for 2023/24. Further increases of 1% and 0.5% are also required for 2023/24 and 2025/26 respectively.
- 5.3.6 **Foundation Living Wage** – £218k is included in the 2023/24 Draft Budget Proposals to allow for an increase in the Foundation Living Wage hourly rate for General Fund Services staff.
- 5.3.7 **Non-Pay Inflation** – Inflation is at its highest level in 40 years with the Consumer Prices Index (CPI) inflation rate peaking at 11.1% during 2022. The most recent published data for the 12 months to November 2022 showed CPI at 10.7%. Much of this increase is being driven by the significant increases in the cost of energy, fuel, and food and drink. Forward purchasing arrangements for energy have largely protected the Council from the impact of energy price increases in the current year but increases of circa 250% for gas and 150% for electricity are anticipated for 2023/24, equating to an additional cost of circa £4.9m for the General Fund. Increases of 22.2% for fuel, 16.5% for food and drink and 5% for all other categories of expenditure have also been factored into the 2023/24 Draft Budget Proposals.
- 5.3.8 **Non-Pay Inflation (Fees and Charges)** - A generic increase of 5% is assumed for Fees and Charges.
- 5.3.9 Table 4 provides a summary of the 2023/24 General Fund Services inescapable service pressures totalling £18.104m. These pressures have been subject to a detailed review and have been incorporated into the 2023/24 Draft Budget Proposals on the basis that they are essential. Full details are provided in Appendix 1 for Members' consideration.

Table 4 – Summary of General Fund Inescapable Service Pressures

| <b>Service Area</b>           | <b>£m</b>     |
|-------------------------------|---------------|
| Corporate Services            | 1.104         |
| Miscellaneous Finance         | 1.764         |
| Economy & Environment         | 1.282         |
| Social Services               | 9.293         |
| General Fund Housing          | 2.397         |
| Education & Lifelong Learning | 2.265         |
| <b>TOTAL: -</b>               | <b>18.104</b> |

5.3.10 The Schools cost pressures totalling £12.928m are set out in Table 5 below -

Table 5 – Schools Cost Pressures

|   | <b>£m</b>     |
|---|---------------|
| Teachers' Pay Award   | 4.423         |
| National Joint Council (NJC) Pay Award (School-Based Staff) | 0.935         |
| Increase in Employer Pension Contributions (NJC Staff)      | 0.163         |
| Non-Pay Inflation   | 5.897         |
| Other Service Pressures                                     | 1.509         |
| <b>TOTAL: -</b>   | <b>12.928</b> |

5.3.11 **Teachers' Pay Award** – The 2022/23 budget approved by Council in February 2022 assumed a teachers' pay award of 3% from September 2022. However, the final approved pay award was an uplift of 5% which required additional funding of £2.072m to be identified. This has been funded in 2022/23 by a one-off contribution from surplus General Fund balances, and the additional cost has also now been factored into the base budget for 2023/24. In addition to this a further pay award of 3.5% is assumed from September 2023 (in line with the indicative uplift figure provided by the Independent Pay Review Body on Teachers Pay). The assumed 3.5% uplift will be held corporately in the first instance and released to budgets once the actual pay award for 2023/24 has been determined.

5.3.12 **National Joint Council (NJC) Pay Award (School-Based Staff)** – The 2023/24 Draft Budget proposals include budgetary growth to fully fund the full-year impact of the 2022/23 pay award, along with additional budget provision for an assumed pay award of 5% from April 2023.

5.3.13 **Increase in Employer Pension Contributions (NJC Staff)** – As mentioned in paragraph 5.3.5 the draft results of the 2002 triennial valuation of the Greater Gwent (Torfaen) Pension Fund require a 1% increase in the employer's contribution for 2023/24.

5.3.14 **Non-Pay Inflation** - As detailed in paragraph 5.3.7, inflation is at its highest level in 40 years with the Consumer Prices Index (CPI) inflation rate peaking at 11.1% during 2022. For schools, additional energy costs of £5.055m are anticipated for 2023/24 and other inflationary increases are expected to result in additional costs of £842k.

5.3.15 **Other Schools Service Pressures** – This includes the following: -

- School floor area related changes.
- Retrospective adjustments in relation to pupil numbers.
- Social needs funding linked to increased free school meal numbers.
- Demand pressures linked to Specialist Resource Bases (SRB's) or Specialist Satellite provision.

## 5.4 2023/24 Draft Savings Proposals

- 5.4.1 Draft savings proposals have been identified for the 2023/24 financial year totalling £12.421m. These are summarised in Table 6 with further details being provided in Appendix 2.

Table 6 – 2023/24 Draft Savings Proposals

| <b>Service Area</b>           | <b>Permanent Savings<br/>£m</b> | <b>Temporary Savings<br/>£m</b> | <b>Total Savings<br/>£m</b> |
|-------------------------------|---------------------------------|---------------------------------|-----------------------------|
| Corporate Services            | 0.616                           | 0.742                           | <b>1.358</b>                |
| Miscellaneous Finance         | 0.527                           | 4.092                           | <b>4.619</b>                |
| Economy & Environment         | 0.875                           | 1.334                           | <b>2.209</b>                |
| Social Services               | 0.594                           | 0.000                           | <b>0.594</b>                |
| Education & Lifelong Learning | 0.420                           | 0.693                           | <b>1.113</b>                |
| Schools                       | 2.528                           | 0.000                           | <b>2.528</b>                |
| <b>TOTAL: -</b>               | <b>5.559</b>                    | <b>6.862</b>                    | <b>12.421</b>               |

- 5.4.2 The savings proposals have been split into 2 categories, those that are permanent and those that are temporary (i.e. not sustainable in the medium to longer term). Savings of a temporary nature are not ideal but they do provide a window of opportunity to identify, approve and implement permanent savings in readiness for the 2024/25 financial year.
- 5.4.3 Members will note that there is a proposed saving of £2.528m for schools. To put this into context, Table 5 of this report shows total schools cost pressures of £12.928m for 2023/24. It is proposed that additional funding of £10.400m is allocated to schools which is an uplift of 8.5%. This will result in anticipated pay awards and general non-pay inflationary increases being funded, but estimated energy cost increases of £5.055m will only be funded at 50%. Schools will therefore be asked to manage £2.528m of the energy increase themselves through energy reduction initiatives and wider cost efficiencies.
- 5.4.4 The proposed growth of £10.400m for schools will exceed Caerphilly CBC's proportion of the consequential funding of £117m provided to WG by the UK Government for Education as referenced in paragraph 5.2.5 of this report.

## **5.5 Proposed Use of Reserves**

- 5.5.1 To achieve a balanced budget for 2023/24 it will be necessary to utilise reserves as a further one-off measure. This again provides a short window of opportunity to develop sustainable solutions to address the budget deficit from 2024/25. It is proposed that the reserves in Table 7 are released to support the budget for 2023/24.

Table 7 – Proposed Use of Reserves

| <b>Description</b>                        | <b>£m</b> | <b>£m</b>     |
|---|-----------|---------------|
| Covid-19 Earmarked Reserve                |           | 5.000         |
| Cost of Living Crisis Contingency         |           | 2.098         |
| WG Council Tax Collection Grant (2020/21) |           | 1.122         |
| WG Council Tax Collection Grant (2021/22) |           | 0.878         |
| Uncommitted Capital Earmarked Reserves    |           | 0.915         |
| Service Reserves: -                       |           |               |
| • Corporate Services                      | 3.046     |               |
| • Social Services                         | 1.119     |               |
| • Education & Lifelong Learning           | 0.873     | 5.038         |
| <b>TOTAL: -</b>                           |           | <b>15.051</b> |

- 5.5.2 Members will note the proposed use of service reserves totalling £5.038m. These reserves have been reviewed in detail and can now be repurposed to support the 2023/24 budget. Further details are provided in Appendix 3.

## 5.6 Council Tax Implications 2023/24

- 5.6.1 The draft budget proposals within this report include a proposed increase of 7.9% in Council Tax for the 2023/24 financial year. This will increase the Caerphilly CBC Band D precept from £1,253.95 to £1,353.01 i.e. an annual increase of £99.06 or weekly increase of £1.91.
- 5.6.2 The proposed increase of 7.9% for 2023/24 will result in the following totals for the Caerphilly CBC element of the Council Tax (the Police & Crime Commissioner and Town/Community Council precepts will be added to these totals when confirmed at a later date): -

Table 8 – 2023/24 Council Tax (CCBC Element) at 7.9% Increase

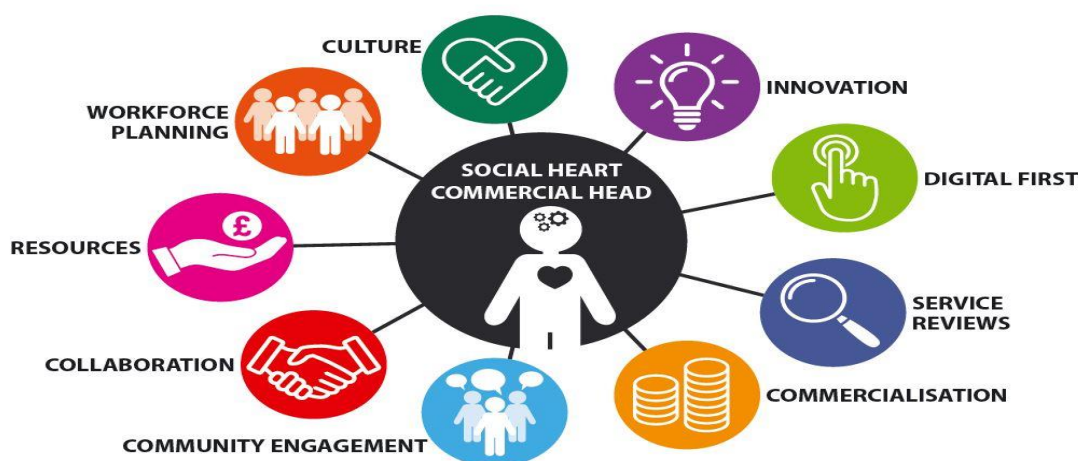
| <b>Band</b> | <b>Council Tax<br/>(CCBC Element)<br/>£</b> | <b>Weekly<br/>Increase<br/>£</b> |
|-------------|---|----------------------------------|
| <b>A</b>    | 902.01                                      | 1.27                             |
| <b>B</b>    | 1,052.34                                    | 1.48                             |
| <b>C</b>    | 1,202.68                                    | 1.69                             |
| <b>D</b>    | 1,353.01                                    | 1.91                             |
| <b>E</b>    | 1,653.68                                    | 2.33                             |
| <b>F</b>    | 1,954.35                                    | 2.75                             |
| <b>G</b>    | 2,255.02                                    | 3.18                             |
| <b>H</b>    | 2,706.02                                    | 3.81                             |
| <b>I</b>    | 3,157.03                                    | 4.45                             |

## 5.7 Financial Outlook for Future Years

- 5.7.1 Due to the unprecedented levels of inflation, the current economic outlook, and the range of temporary measures that are proposed for the 2023/24 financial year, it is clear that the Council will continue to face significant financial challenges moving forward. With this in mind the Medium-Term Financial Plan (MTFP) has 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. Details are provided in Appendix 4 and the following is a summary of the key assumptions: -
- An uplift in WG funding of 2.71% for 2023/24 (based on our proportionate share of the WG indicative of 3.1%) and an assumption of 1% for 2025/26.
  - An increase of 4.5% in Council Tax for 2024/25 and 3.9% for 2025/26.
  - 3% for pay inflation in 2024/25 and 2% for 2025/26 (covering all staff including teachers).
  - 1% in 2024/25 and 0.5% in 2025/26 for NJC employer contributions.
  - Non-pay inflation at 3% for 2024/25 and 2% for 2025/26.
- 5.7.2 In addition to the above, significant work has been undertaken with Directors and Heads of Service to identify further potential service cost pressures that will need to be considered in future years. These are currently estimated at circa £10.7m for 2024/25 and £5.5m for 2025/26. This is work in progress and the figures will be subject to change moving forward.
- 5.7.3 The temporary measures in the 2023/24 Draft Budget Proposals totaling £21.913m can be used for one year only. Whilst the temporary savings and the prudent use of our reserves provides an opportunity to smooth the path to major reform and transformation, we have only one chance to do this. As Members are acutely aware reserves can only be used once and therefore do not offer a sustainable long-term solution to bridging the budget gap of this and future years.
- 5.7.4 Given the scale of the challenge that we collectively face, a financial strategy that seeks to continuously salami slice our services and deplete our reserves is not a sustainable or an appropriate approach, especially when the demands upon our services are far higher than ever,

as our communities continue to present far greater and increasingly complex needs to us. To ensure we are able to meet the needs of our communities, whilst operating with reduced finances, a whole council and a whole county borough holistic approach is needed.

- 5.7.5 At its meeting on 12 June 2019 the Council’s Cabinet approved the Future Caerphilly Transformation Strategy, **Team Caerphilly – Better Together**. This Strategy set out details of a major transformation programme to examine how a future operating model for the Council could be developed. The principles of the new operating model included how services are prioritized, how they can become more business efficient, to explore opportunities for greater customer focus and digital delivery, and to consider alternative delivery models and seek out commercial opportunities. Furthermore, to enable the Council to continue providing high quality value for money services in an environment that will require new approaches and new skills, the Strategy acknowledged that a new relationship will need to be built with staff and communities.
- 5.7.6 The Strategy is multi-faceted and at the core of the programme of change is the new mantra of *Social Heart and Commercial Head*. This recognises a commitment to public service and the needs of citizens, but also demonstrates a commitment to explore commercial and investment opportunities, where appropriate, to generate income that can be reinvested in services to help them remain resilient in the current challenging financial climate.
- 5.7.7 The strategic programme of “whole-authority” work is being delivered through the following key themes, which underpin the new operating model of the Council: -



- 5.7.8 Good progress has been made in implementing the Strategic Action Plan that underpins the Transformation Strategy. However, the emergence of Covid-19 and the Council’s prolonged focussed response to the pandemic naturally hindered the overall intended pace of transformational change.
- 5.7.9 The Council gleaned much learning through its response to Covid-19 which helped reshape and expand the transformation programme. At its meeting on 22 July 2020, Cabinet endorsed the inclusion of ten corporate reviews within the **Team Caerphilly – Better Together** programme, all of which expand on or embed further many of the positive changes implemented in response to Covid-19. The Corporate Reviews are as follows: -

|   |                            |
|---|----------------------------|
| 1 | Walk in Services Review    |
| 2 | Remote Contact Review      |
| 3 | Front Line Delivery Review |

|    |   |
|----|---|
| 4  | Support Services Review                               |
| 5  | Information, Insight and Intelligence Review          |
| 6  | Flexible Working Review                               |
| 7  | Sustainable Financial Planning Review                 |
| 8  | Workforce Development Review                          |
| 9  | Corporate Volunteering & Community Partnership Review |
| 10 | Decision-Making Review                                |

5.7.10 The Council also launched an ambitious “Place Shaping” investment programme for the county borough, identifying potential investments of circa £500m spanning the next few years, which will lever in significant socio-economic benefits.

5.7.11 However, the sharp decline across the public sector financial landscape has hindered the pace of delivery across the Placeshaping investment programme and the programme requires a fundamental review, aligned with the emerging Corporate Plan.

5.7.12 Cabinet and the Corporate Management Team (CMT) have reviewed the key elements of the transformational programme and the Placeshaping programme previously agreed by Members in the context of the current financial challenges and the emerging Corporate Plan and have concluded that the model is still relevant, indeed even more relevant than before, as it offers us the strategic framework to develop a new operating model for the Council, which will ensure we don’t simply turn services off, rather we will deliver services differently and more efficiently.

5.7.13 The revised “**TeamCaerphilly – Better together**” operating model offers three distinct elements: -

**1) A Transformational Programme** consisting of significant corporate projects that will drive change across the whole organisation, these will include: -

- The creation of one-stop shop hubs at key locations across the county borough – providing the face of the Council within the locality, where residents can obtain information or access to key services.
- Digital by default – Service requests, routine enquiries, financial processes, to be automated.
- Agile/flexible working – implementing the next phase of our agile policy, maximising usage of our key buildings and rationalisation of our comprehensive building stock.
- Support services review – undertake a strategic review of support services across all services to create multi-disciplined roles serving the whole organisation.
- Managing the demand across Health and Social Care.
- Centralisation and rationalisation of IT systems and processes.

These strategic projects will be delivered and managed by specific project teams and a repurposed programme office.

## **2) Service Reviews**

Each Head of Service will be required to review their service areas through the new operating model lens, demonstrating how the service can be delivered more efficiently and effectively. Annual financial targets will be provided to each Corporate Director and respective Heads of Service to help frame the overall requirement. The following list is not exhaustive but provides examples of potential areas for review: -

- Enforcement and education provision
- Catering and cleaning
- Tourism venues and income generation
- Library and customer services
- Use of our Fleet
- School improvement
- Community centres
- Waste Strategy
- Youth Service

These projects will be monitored by the Chief Executive with support from the Programme office.

### **3) Placeshaping Investment Programme**

An integrated capital investment programme, using circa £30m of Council funding to lever in further significant investment, will be developed spanning the county borough. This will improve the economic, environmental and social prosperity of our county borough and the communities within it. Examples include the following: -

- A469 Troedrhifwuch strategic highway improvement
- New secondary, primary and Welsh Medium schools provision with integrated leisure, library and community use.
- New build passive social housing, creating new communities.
- New community hubs, providing one-stop shop access to the Council.
- Integrated public service hub with health and education.
- New Centre for Vulnerable Learners
- New bus/rail transport interchange.
- New enhanced tourism destination at Cwmcarn forest drive
- Improved trains and more frequent rail travel along the Rhymney Valley line.
- New active travel cycle provision across the county borough.
- New market and wider town centre regeneration.
- Enhancement of recycling centres.

5.7.14 This capital investment programme is significant in terms of scale and complexity and will need to be supported through a formal project management approach via a repurposed programme office. Importantly, to maximise the benefit of such an investment programme requires us to look across the county borough as a whole, rather than a sub-local level. It is important we recognise and maximise the opportunities each local ward area can bring and receive when looking at the total county borough area strategically. One such example to demonstrate this approach, is the increased and improved rail connections between Rhymney and Caerphilly, this investment could facilitate ease of access via rail across the East of the county borough if a new strategic leisure facility were located at Caerphilly.

5.7.15 Crucially, to deliver this ambitious and exciting Placeshaping investment programme, key decisions will need to be taken regarding a number of existing strategies we have in place, these include the Sport and Active Recreation Strategy (SARS), emerging draft Waste Strategy, 21<sup>st</sup> Century Schools Programme and the emerging Local Development Plan, as examples.

5.7.16 Whilst we have a plan to address the significant financial challenges that we face, it is important that this is mobilised quickly and progresses at pace, early within 2023. This ambitious transformation programme will need additional staff resources to implement and a growth bid of £324k is included within the 2023/24 Draft Budget Proposals. Included within the growth bid, is a new role of Head of Waste and permanent funding for four Project Managers in the Transformation Team. A draft Waste Strategy will shortly be considered by Cabinet, and if approved, this will require a dedicated Head of Service to lead and implement the required changes to ensure we not just meet the statutory waste targets, but exceed them.

5.7.17 These additional staff resources are required to deliver the exciting and bold over-arching change programme for the county borough and the organisation, ensuring that both remain sustainable and resilient, economically, socially and environmentally over the longer term. If the 2023/24 Draft Budget proposals are approved, the Chief Executive will implement a delivery plan to mobilise the organisation promptly.

## **5.8 Conclusion**

5.8.1 This report provides details of the Draft Budget Proposals for 2023/24 based on the WG Provisional Local Government Financial Settlement.

5.8.2 A balanced budget can be delivered for 2023/24 based on a combination of permanent and temporary savings totalling £12.421m, the one-of use of reserves totalling £15.051m and an increase of 7.9% in Council Tax.

5.8.3 The report also provides details of the updated Medium-Term Financial Plan (MTFP), which currently shows a potential savings requirement of £48.047m for the two-year period 2024/25 to 2025/26.

5.8.4 The scale of the financial challenge facing the Council requires new approaches to service delivery and this will be driven through our Transformation and Placeshaping Investment Programmes. It is vital that these are developed at pace and that key decisions are made early to ensure that the projected savings requirement for 2024/25 and 2024/16 can be delivered.

## **6. ASSUMPTIONS**

6.1 A range of assumptions have been made throughout the report in respect of pay and non-pay inflationary increases, inescapable service pressures, and the level of funding settlements moving forward.

## **7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

7.1 Budget impact assessments are in draft due to the late notification of the Provisional Settlement and will be refined over the coming weeks and supplemented by the outcomes of the public consultation, which will not conclude until 08 February 2023. All budget impact assessments and associated integrated impact assessments will be finalised for the reports to Cabinet on 22 February 2023 and Council on 23 February 2023.

7.2 Draft impact assessments can be found on the following dedicated webpage: -

### **Budget Impact Assessments 2023-2024**

English - [budget-impact-assessments-2023-2024](#)

Cymraeg - [budget-impact-assessments-2023-2024?lang=cy-gb](#)

### **Integrated Impact Assessments 2023-2024**

English - [integrated-impact-assessments-2023-2024](#)

Cymraeg - [integrated-impact-assessments-2023-2024?lang=cy-gb](#)

7.3 The proposed increase in Council Tax of 7.9% will result in weekly increases ranging from £1.27 for Band A properties to £4.45 for Band I properties. 75.81% of properties in the county borough are in bands A to C. Vulnerability is associated with socio-economic disadvantage and for individuals with one or more protected characteristics. The Council Tax Reduction Scheme (CTRS) mitigates against the socio-economic impacts on the most vulnerable households. 15,999 households receive support with their Council Tax payments from the scheme,



representing 19.89% of all households in the county borough. 10.26% (8,253 households) receive the maximum 100% level of support.

## [Integrated Impact Assessment Council Tax 2023](#)

### **8. FINANCIAL IMPLICATIONS**

8.1 As detailed throughout the report.

### **9. PERSONNEL IMPLICATIONS**

9.1 Where staffing reductions are required as a consequence of savings proposals the Council will firstly try to achieve this through 'natural wastage' and not filling vacancies. However, where this is not possible the Council will utilise agreed HR policies and compulsory redundancies will only be considered as a last resort after all other options have been fully exhausted.

9.2 The Trade Unions will be consulted on the 2023/24 Draft Budget Proposals and will also be fully engaged in proposals to reshape services moving forward.

### **10. CONSULTATIONS**

10.1 Through the Council's ongoing engagement programme 'The Caerphilly Conversation' residents have, over a period of time, given their views on which Council services are most important to them and where they feel the Council should prioritise its budget spend.

10.2 The latest phase of engagement activity, 'The Caerphilly Conversation – what matters to you?' took place during November and early December 2022 and sought to offer an early-stage insight into services that residents feel are most needed and valued. This insight has been key in shaping this report and the development of the draft savings proposals within. This phase of the engagement programme featured extensive face-to-face engagement with communities, as well as a survey – available online and in hard copy – and targeted engagement with stakeholder groups and seldom heard communities. Through this engagement activity, over 500 individual comments were received and 292 surveys completed, with key findings identified below.

10.3 In the current engagement work, in particular, 90% or more of those who responded felt that social care, community safety, education and schools, roads and highway maintenance, opportunities to be fit – physically and mentally - and jobs and employment were *more important* or *about the same* as they were a year ago.

10.4 Other themes that elicited particularly strong responses about services being *more important* or *about the same* as they were a year ago included: -

- Parks and green spaces (87%)
- Waste and recycling collections (87%)
- Housing and tackling homelessness (86%)
- Public transport (85%)
- Street cleansing and environmental improvements (81%)

10.5 In addition, comments associated with the cost of living crisis featured prominently with respondents indicating that tackling food poverty and free school meals (85%), financial and council tax support (84%), support for low income families (88%) and support for businesses (81%) were *more important* to them or *about the same* as they were a year ago.

- 10.6 A full overview of the ‘Caerphilly Conversation – what matters to you?’ engagement programme responses will be available at [www.caerphilly.gov.uk/caerphillyconversation](http://www.caerphilly.gov.uk/caerphillyconversation)
- 10.7 The next phase of consultation and engagement work, launching on 19 January 2023 and running until the 08 February 2023, will seek views on the specific draft proposals highlighted within this report, building upon the Budget Impact Assessments, and where relevant Integrated Impact Assessments developed for each proposal. The engagement programme will once again include further extensive face-to-face engagement, a survey and targeted stakeholder engagement. Key findings and responses will help shape the final draft budget report for members’ consideration in February 2023.
- 10.8 A Joint Scrutiny Committee meeting is scheduled for 25 January 2022 which will provide an opportunity for all Elected Members to consider and comment upon the 2023/24 Draft Budget Proposals.

## 11. STATUTORY POWER

- 11.1 The Local Government Acts 1998 and 2003.

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Appendices: -

Appendix 1 – 2023/24 General Fund Inescapable Service Pressures

Appendix 2 – 2023/24 Draft Savings Proposals

Appendix 3 – Proposed Use of Service Reserves

Appendix 3 – Updated Medium-Term Financial Plan

Background Papers: -

[Cabinet \(12/06/19\) – Future Caerphilly Transformation Strategy, Team Caerphilly – Better Together](#)

[Cabinet \(22/07/20\) – Strengthening Team Caerphilly](#)

[Cabinet \(24/02/21\) – Caerphilly Wellbeing and Place Shaping Framework](#)

**2023/24 General Fund Inescapable Service Pressures**

| Directorate           | Service Area          | Details  | 2023-24 Growth   |
|-----------------------|-----------------------|--|------------------|
|                       |                       |  | (£)              |
| Corporate Services    | People Services       | CMT Support - Additional hours for two Personal Assistants   | 9,205            |
| Corporate Services    | People Services       | Communications Team - Subscription to Copyright Licencing Agency   | 11,000           |
| Corporate Services    | Various               | 1 day additional leave arising from the 2022/23 pay settlement and 5 days additional leave endorsed by Cabinet (14 December 2022)  | 11,358           |
| Corporate Services    | People Services       | Annual contract costs for Job Evaluation system  | 13,000           |
| Corporate Services    | People Services       | Costs for joint arrangement for the development of a Organisational Learner Experience and Learning Management Platform  | 39,600           |
| Corporate Services    | Digital Services      | Migration of Telephone Contracts to Cloud platform   | 60,000           |
| Corporate Services    | Digital Services      | 2 new Grade 9 posts in the Server Team   | 104,070          |
| Corporate Services    | Digital Services      | Migration of Proactis system to Cloud platform   | 52,000           |
| Corporate Services    | Digital Services      | Migration of Schools Information Management System (SIMS) to Cloud platform  | 29,160           |
| Corporate Services    | Digital Services      | Licence costs of Employee Protection Register  | 12,500           |
| Corporate Services    | Digital Services      | Office 365 licences for Servers  | 55,000           |
| Corporate Services    | Digital Services      | Budget realignment for income targets that are unsustainable   | 100,800          |
| Corporate Services    | Digital Services      | Migration of Midland HR system to Cloud platform   | 145,564          |
| Corporate Services    | Digital Services      | Migration of Revenues and Benefits IT System to Cloud platform   | 125,368          |
| Corporate Services    | Digital Services      | Migration of Pay360 IT System to Cloud platform  | 12,000           |
| Corporate Services    | Legal & Governance    | Electoral Services - Regrading of post to reflect new responsibilities   | 16,930           |
| Corporate Services    | Legal & Governance    | Electoral Services - Additional costs in relation to new WG voter ID requirements  | 50,000           |
| Corporate Services    | Legal & Governance    | Net increased cost of Members Allowances following recommendations of the Independent Remuneration Panel.  | 28,000           |
| Corporate Services    | Financial Services    | Internal Audit - Increase in hours for part-time Grade 7 post to ensure sufficient capacity in the Team  | 9,965            |
| Corporate Services    | Financial Services    | Cashiers Administration - Increase in hours for part-time Grade 5 post to ensure sufficient capacity in Team   | 9,875            |
| Corporate Services    | Policy                | 4 x temporary Project Managers to be made permanent to support delivery of the Council's Transformation Programme  | 208,140          |
| <b>Sub-Total: -</b>   |                       |  | <b>1,103,535</b> |
| Corporate Services    | Miscellaneous Finance | 10.7% assumed increase in Coroners Levy  | 18,638           |
| Corporate Services    | Miscellaneous Finance | 8.75% increase in the Levy for Glamorgan Archives  | 2,787            |
| Corporate Services    | Miscellaneous Finance | 8.1% increase in the Fire Service Levy   | 287,767          |
| Corporate Services    | Miscellaneous Finance | The Authority is required to fund a Council Tax Reduction Scheme (CTRS). This replaced Council Tax Benefit a number of years ago and is a means-tested benefit that assists in full or part towards a resident's Council Tax bills. The additional liability arises from the proposal to increase Council Tax by 7.9% in 2023/24 | 1,267,306        |
| Corporate Services    | Miscellaneous Finance | Adjustment required to reflect the net reduction in the Provisional Financial Settlement of £202k in relation to the tapering of WG funding for Private Finance Initiative (PFI) Schemes   | (202,000)        |
| Corporate Services    | Miscellaneous Finance | The City Deal includes a borrowing requirement for the ten partner Local Authorities and an additional revenue budget of £389k is required for 2023/24 to meet the current anticipated cost for Caerphilly CBC's share of potential borrowing that may be undertaken during the year   | 389,306          |
| <b>Sub-Total: -</b>   |                       |  | <b>1,763,804</b> |
| Economy & Environment | Various               | 1 day additional leave arising from the 2022/23 pay settlement and 5 days additional leave endorsed by Cabinet (14 December 2022)  | 701,866          |
| Economy & Environment | Community & Leisure   | Waste - Reduction in WG Sustainable Waste Management Grant   | 25,000           |
| Economy & Environment | Community & Leisure   | New Head of Waste post to deliver the emerging Waste Management Strategy   | 115,663          |

**2023/24 General Fund Inescapable Service Pressures**

| Directorate                   | Service Area                     | Details   | 2023-24 Growth    |
|-------------------------------|----------------------------------|---|-------------------|
|                               |                                  |   | (£)               |
| Economy & Environment         | Infrastructure                   | Engineering Projects Group (EPG) - Additional inspections and remedials for Structures (Bridges and Culverts)   | 70,000            |
| Economy & Environment         | Infrastructure                   | Additional Home to School Transport costs due to age eligibility increases for Additional Learning Needs (ALN) pupils   | 100,000           |
| Economy & Environment         | Infrastructure                   | Adjustment to budgets to reflect loss of income arising from reduced Car Parking charges  | 83,000            |
| Economy & Environment         | Infrastructure                   | Increased contract costs for Home to School Transport taxi provision  | 100,000           |
| Economy & Environment         | Infrastructure                   | Reduction in Concessionary Fares Administration Grant   | 30,000            |
| Economy & Environment         | Community & Leisure              | Green Spaces & Transport Services - Additional costs arising from the switch from Red to White Diesel   | 34,000            |
| Economy & Environment         | Community & Leisure              | Sport and Leisure - Additional budget requirement following the regrading of 2 members of staff   | 22,420            |
| <b>Sub-Total: -</b>           |                                  |   | <b>1,281,949</b>  |
| Social Services               | Children's Services              | Increased demand and complexity of Children's placements  | 3,940,000         |
| Social Services               | Adult Services                   | Increased demand for care packages for vulnerable adults  | 510,000           |
| Social Services               | Adult Services                   | Reprovisioning of home care packages returned by independent providers  | 42,000            |
| Social Services               | Adult Services                   | Provision for impact of enhanced fire regulations in supported living accommodation   | 303,000           |
| Social Services               | Adult Services                   | Anticipated increases in fees for independent sector providers in relation to the Real Living Wage, energy costs and wider inflationary pressures.  | 2,833,000         |
| Social Services               | Various                          | Additional posts (3.52 FTE's) required to address increasing demands  | 158,000           |
| Social Services               | Various                          | 1 day additional leave arising from the 2022/23 pay settlement and 5 days additional leave endorsed by Cabinet (14 December 2022)   | 500,000           |
| Social Services               | Adult Services                   | Review of supported living rotas to address support needs of current service users  | 232,000           |
| Social Services               | Adult Services                   | Contribution to Regional Independent Domestic Violence Advocacy Service   | 78,000            |
| Social Services               | Caerphilly Cares                 | Review of Caerphilly Cares Service and withdrawal of short-term funding   | 697,000           |
| <b>Sub-Total: -</b>           |                                  |   | <b>9,293,000</b>  |
| Social Services               | General Fund Housing             | Additional staffing capacity in the Private Housing Team to deliver emerging Strategies, and budget realignment due to reduced levels of agency fee income.   | 635,000           |
| Social Services               | General Fund Housing             | 1 day additional leave arising from the 2022/23 pay settlement and 5 days additional leave endorsed by Cabinet (14 December 2022)   | 15,000            |
| Social Services               | General Fund Housing             | Temporary Accommodation - Significant increase in B&B placements. This increase in costs is net of 2023/24 grant funding from WG totalling £623k. The position remains volatile moving forward, albeit that a reduction is anticipated over time. | 1,747,052         |
| <b>Sub-Total: -</b>           |                                  |   | <b>2,397,052</b>  |
| Education & Lifelong Learning | Home to School/College Transport | Increases in prices following the renewal of bus contracts  | 589,000           |
| Education & Lifelong Learning | Additional Learning Needs        | Additional funding requirement to support cost pressures arising from increasing demand and to support the ALN Reform Act.  | 319,000           |
| Education & Lifelong Learning | Vulnerable Learner (EOTAS)       | Full-year impact of previously agreed additional classroom at Glan Y Nant   | 122,000           |
| Education & Lifelong Learning | All                              | 1 day additional leave arising from the 2022/23 pay settlement and 5 days additional leave endorsed by Cabinet (14 December 2022)   | 1,235,000         |
| <b>Sub-Total: -</b>           |                                  |   | <b>2,265,000</b>  |
| <b>TOTAL: -</b>               |                                  |   | <b>18,104,340</b> |

## 2023/24 Draft Savings Proposals

| Reference Number    | Directorate           | Service Area                 | Details  | 2023-24 Permanent Savings | 2023-24 Temporary Savings |
|---------------------|-----------------------|------------------------------|--|---------------------------|---------------------------|
|                     |                       |                              |  | (£)                       | (£)                       |
| CS1                 | Corporate Services    | All                          | Adjustment to gross pay budgets to incorporate vacancy management  |                           | (742,245)                 |
| CS2                 | Corporate Services    | All                          | Reduction in mileage budgets to reflect new flexible working models  | (43,500)                  |                           |
| CS3                 | Corporate Services    | Director                     | Budget realignment on various budgets  | (10,000)                  |                           |
| CS4                 | Corporate Services    | Legal & Governance           | Service Level Agreement (SLA) income from collaborative arrangements   | (20,000)                  |                           |
| CS5                 | Corporate Services    | Legal & Governance           | Budget realignment on various budgets  | (5,800)                   |                           |
| CS6                 | Corporate Services    | Financial Services           | Deletion of vacant Grade 5 Housing Benefits Assessor post  | (33,591)                  |                           |
| CS7                 | Corporate Services    | Financial Services           | Budget realignment on various budgets held by Head of Service  | (5,000)                   |                           |
| CS8                 | Corporate Services    | Financial Services           | Deletion of vacant Grade 5 Accounts Assistant post in the Finance Support Unit   | (33,591)                  |                           |
| CS9                 | Corporate Services    | Financial Services           | Deletion of vacant Grade 5 Administrative Assistant post in the Cahiers Administration Team  | (33,591)                  |                           |
| CS10                | Corporate Services    | Policy                       | Deletion of the Community Empowerment Fund budget. Any underspend on the 2022/23 budget will be carried forward into the 2023/24 financial year and allocated on a first come first served basis. Once this underspend has been utilised there will be no further funding available. | (358,176)                 |                           |
| CS11                | Corporate Services    | Policy                       | Deletion of uncommitted community projects budget  | (14,070)                  |                           |
| CS12                | Corporate Services    | Policy                       | Deletion of uncommitted Sustainable Development budget   | (21,000)                  |                           |
| CS13                | Corporate Services    | Policy                       | Deletion of the uncommitted Technical Assistance budget  | (12,180)                  |                           |
| CS14                | Corporate Services    | Policy                       | Voluntary Sector Service Level Agreement (SLA) budget realignment  | (25,200)                  |                           |
| <b>Sub-Total: -</b> |                       |                              |  | <b>(615,699)</b>          | <b>(742,245)</b>          |
| MF1                 | Corporate Services    | Miscellaneous Finance        | Budget realignment for External Audit fees   | (30,000)                  |                           |
| MF2                 | Corporate Services    | Miscellaneous Finance        | No revenue contribution to Capital Programme for 2023/24 only  |                           | (1,880,711)               |
| MF3                 | Corporate Services    | Miscellaneous Finance        | Uncommitted Free School Meals Grant transferred into the Financial Settlement in previous years. This is for one year only and will be reviewed for 2024/25.   |                           | (322,250)                 |
| MF4                 | Corporate Services    | Miscellaneous Finance        | Additional investment income due to increases in the Bank of England Base Rate. This is for 2023/24 only at this stage due to the volatility of the Base Rate and will be reviewed for 2024/25   |                           | (1,889,136)               |
| MF5                 | Corporate Services    | Miscellaneous Finance        | Removal of Carbon Reduction Commitment Scheme budget which has ended with no replacement scheme being implemented.   | (246,839)                 |                           |
| MF6                 | Corporate Services    | Miscellaneous Finance        | Budget realignment on the Council Tax Reduction Scheme (CTRS) budget   | (250,000)                 |                           |
| <b>Sub-Total: -</b> |                       |                              |  | <b>(526,839)</b>          | <b>(4,092,097)</b>        |
| EE1                 | Economy & Environment | All                          | Reduction in mileage budgets to reflect new flexible working models  | (82,710)                  |                           |
| EE2                 | Economy & Environment | Property                     | Temporary 20% reduction in non-essential Building Maintenance budgets  |                           | (300,000)                 |
| EE3                 | Economy & Environment | Infrastructure               | Temporary reduction in the Highways Maintenance budget   |                           | (922,000)                 |
| EE4                 | Economy & Environment | Infrastructure               | Withdrawal of subsidy for the Blackwood to Ystrad Mynach Rail Link bus service   | (120,000)                 |                           |
| EE5                 | Economy & Environment | Infrastructure               | School Crossing Patrols - Withdrawal of funding where posts become vacant and ROSPA criteria is not met  | (100,000)                 |                           |
| EE6                 | Economy & Environment | Community & Leisure Services | 20% increase in fees for Sports pitches  | (17,000)                  |                           |
| EE7                 | Economy & Environment | Community & Leisure Services | Reduce Grass Cutting (bio diversity) through a reduction in agency workers   | (59,000)                  |                           |
| EE8                 | Economy & Environment | Community & Leisure Services | Temporary reduction in the Cemeteries Maintenance Budget   |                           | (40,000)                  |
| EE9                 | Economy & Environment | Community & Leisure Services | Closure of Ty Fry Farm following end of the lease in March 2023 with staff relocated to Ty Bargoed   | (12,000)                  |                           |
| EE10                | Economy & Environment | Community & Leisure Services | Reduction in transport budgets within Country Parks  | (12,000)                  |                           |
| EE11                | Economy & Environment | Community & Leisure Services | Additional Income from new Tennis facilities   | (5,000)                   |                           |
| EE12                | Economy & Environment | Community & Leisure Services | Increase in current MOT fee by £10 to £45  | (5,000)                   |                           |
| EE13                | Economy & Environment | Community & Leisure Services | Additional income from the sale of felled timber   | (10,000)                  |                           |
| EE14                | Economy & Environment | Community & Leisure Services | Review of Leisure Fees & Charges   | (75,000)                  |                           |
| EE15                | Economy & Environment | Community & Leisure Services | 50% reduction in the subsidy for Caretaker costs in Community Centres (we currently fund 11 hours)   | (70,500)                  |                           |
| EE16                | Economy & Environment | Community & Leisure Services | Withdrawal of the subsidy for Markham Community Leisure Centre   | (10,000)                  |                           |
| EE17                | Economy & Environment | Public Protection            | CCTV - Replace 9 4G cameras with a more cost effective option  | (6,000)                   |                           |
| EE18                | Economy & Environment | Public Protection            | Management fee for CCTV Service Level Agreement (SLA) with Blaenau Gwent CBC   | (10,000)                  |                           |

## 2023/24 Draft Savings Proposals

| Reference Number    | Directorate                   | Service Area                            | Details   | 2023-24 Permanent Savings | 2023-24 Temporary Savings |
|---------------------|-------------------------------|---|---|---------------------------|---------------------------|
|                     |                               |   |   | (£)                       | (£)                       |
| EE19                | Economy & Environment         | Public Protection                       | Increased Ceremony Income in Registrars - Temporary saving only as additional income is due to back-log following   |                           | (10,000)                  |
| EE20                | Economy & Environment         | Regeneration                            | Tourism Venues - Reduction in subsidy across the portfolio (total subsidy is currently £1.293m)   | (250,000)                 |                           |
| EE21                | Economy & Environment         | Regeneration                            | Deletion of Shop Administration Assistant post at Llancaiach Fawr following retirement  | (30,678)                  |                           |
| EE22                | Economy & Environment         | Regeneration                            | Temporary reduction in the Community Enterprise Fund (CEF) budget   |                           | (62,350)                  |
| <b>Sub-Total: -</b> |                               |   |   | <b>(874,888)</b>          | <b>(1,334,350)</b>        |
| SS1                 | Social Services               | Adult Services                          | Children With Disabilities - Budget realignment to reflect demand   | (69,000)                  |                           |
| SS2                 | Social Services               | Adult Services                          | Budget realignment - Non-residential care income from service users   | (68,000)                  |                           |
| SS3                 | Social Services               | Children's Services                     | Reduction in mileage budgets to reflect new flexible working models   | (50,000)                  |                           |
| SS4                 | Social Services               | Children's Services                     | Budget realignment - foster care recruitment & retention  | (18,000)                  |                           |
| SS5                 | Social Services               | Children's Services                     | Budget realignment - prevention budgets   | (30,000)                  |                           |
| SS6                 | Social Services               | Children's Services                     | Reduction in contribution to regional Continuing Healthcare (CHC) post  | (10,000)                  |                           |
| SS7                 | Social Services               | Adult Services                          | Reduction in mileage budgets to reflect new flexible working models   | (50,000)                  |                           |
| SS8                 | Social Services               | Adult Services                          | Budget realignment - short-term placements  | (49,000)                  |                           |
| SS9                 | Social Services               | Adult Services                          | Budget realignment - Shared Lives placements  | (225,000)                 |                           |
| SS10                | Social Services               | Business Support                        | Reduction in mileage budgets to reflect new flexible working models   | (5,000)                   |                           |
| SS11                | Social Services               | Business Support                        | Budget realignment - other office expenses  | (2,000)                   |                           |
| SS12                | Social Services               | Business Support                        | Budget realignment - Delivering Transformation Project  | (18,000)                  |                           |
| <b>Sub-Total: -</b> |                               |   |   | <b>(594,000)</b>          | <b>0</b>                  |
| ELL1                | Education & Lifelong Learning | All                                     | Reduction in mileage budgets to reflect new flexible working models   | (35,000)                  |                           |
| ELL2                | Education & Lifelong Learning | LMS Contingency                         | Reduction in the Local Management of Schools (LMS) Contingency budget   | (60,000)                  |                           |
| ELL3                | Education & Lifelong Learning | Management & Support Services           | Reduction in equipment, computer and IT related expenditure   | (20,000)                  |                           |
| ELL4                | Education & Lifelong Learning | Support Services & Resources            | Deletion of vacant part-time post   | (14,500)                  |                           |
| ELL5                | Education & Lifelong Learning | Additional Learning Needs               | Redesign of support for Health & Safety assessments   | (35,000)                  |                           |
| ELL6                | Education & Lifelong Learning | SENCOM                                  | 10% reduction in contribution   | (78,400)                  |                           |
| ELL7                | Education & Lifelong Learning | Music Service                           | 10% reduction in budget   | (42,600)                  |                           |
| ELL8                | Education & Lifelong Learning | Learning, Education and Inclusion       | Budget Realignment - WJEC and Subscriptions budgets   | (25,000)                  |                           |
| ELL9                | Education & Lifelong Learning | Lifelong Learning                       | Budget Realignment - Administration Service Level Agreement (SLA) with Property Services  | (11,131)                  |                           |
| ELL10               | Education & Lifelong Learning | Education Achievement Service (EAS)     | 10% reduction in contribution to EAS  | (98,000)                  |                           |
| ELL11               | Education & Lifelong Learning | Other Direct School Related Expenditure | Fund 50% Repairs & Maintenance contribution to schools from reserves for 2023/24 only   |                           | (346,320)                 |
| ELL12               | Education & Lifelong Learning | Rising 3's                              | Budget realignment based on demand  |                           | (15,000)                  |
| ELL13               | Education & Lifelong Learning | Psychology Service                      | Vacancy management due to staff turnover  |                           | (50,000)                  |
| ELL14               | Education & Lifelong Learning | Early Years Central Team                | Some existing posts to be funded through grants in 2023/24  |                           | (100,000)                 |
| ELL15               | Education & Lifelong Learning | Youth Service                           | Temporary budget reduction  |                           | (125,000)                 |
| ELL16               | Education & Lifelong Learning | Libraries                               | 20% reduction in Book Fund  |                           | (57,000)                  |
| <b>Sub-Total: -</b> |                               |   |   | <b>(419,631)</b>          | <b>(693,320)</b>          |
| ELL17               | Education & Lifelong Learning | Schools                                 | It is currently estimated that additional energy costs for schools in 2023/24 will be £5.055m. It is proposed that schools are asked to manage 50% of this increase through energy reduction initiatives and wider cost efficiencies. | (2,527,568)               |                           |
| <b>Sub-Total: -</b> |                               |   |   | <b>(2,527,568)</b>        | <b>0</b>                  |
| <b>TOTALS: -</b>    |                               |   |   | <b>(5,558,625)</b>        | <b>(6,862,012)</b>        |

**Proposed Use of Service Reserves**

| Description  | Amount (£)       | Justification for Repurposing   |
|--|------------------|---|
| <b>Corporate Services</b>                                    |                  |   |
| Asylum Dispersal Area Policy Officer                         | 6,548            | Post funded from grant  |
| Policy ASB Co-ordinator                                      | 20,000           | Post funded from grant  |
| AP Forensics Software (Fraud Monitoring)                     | 391              | Uncommitted balance on previously approved reserve  |
| Grade 5 Council Tax  | 26,700           | Uncommitted balance on previously approved reserve  |
| Making Tax Digital Software Update                           | 13,145           | Uncommitted balance on previously approved reserve  |
| Digital Strategy (Abavus)                                    | 268,955          | Abavus is now funded from the Digital Services revenue budget   |
| Welsh Community Care Information System (WCCIS) maintenance  | 226              | Uncommitted balance on previously approved reserve  |
| Caerphilly 2022 Leadership                                   | 922              | Uncommitted balance on previously approved reserve  |
| 50% Additional Scrutiny Officer                              | 17,685           | Uncommitted balance on previously approved reserve  |
| Additional Members Allowances                                | 8,700            | Uncommitted balance on previously approved reserve  |
| Storm Dennis   | 146,000          | Uncommitted balance on previously approved reserve  |
| Ty Penallta Lighting   | 16,067           | Scheme now completed  |
| Health & Safety Team Laptops                                 | 3,500            | Uncommitted balance on previously approved reserve  |
| 1yr Fixed-Term Post in Corporate Property (Land Sales)       | 48,000           | Post funded from core revenue budget  |
| 1yr Fixed-Term Post Corporate Property (Electrician)         | 35,000           | Post funded from core revenue budget  |
| Ty Penallta Café   | 4,896            | Scheme now completed  |
| Careline   | 277,887          | Uncommitted ring-fenced underspends on the Careline revenue budget  |
| Members Allowances   | 396,049          | Uncommitted ring-fenced underspends on the Member Allowances revenue budget   |
| Council Tax Reduction Scheme (CTRS)                          | 1,755,610        | Uncommitted ring-fenced underspends on the CTRS budget. There is sufficient core revenue budget for CTRS as the budget is increased annually in line with agreed uplifts for Council Tax. |
|  |                  |   |
| <b>Sub-Total: -</b>  | <b>3,046,281</b> |   |
| <b>Social Services</b>                                       |                  |   |
| Equipment to Enable single-handed home care calls            | 151,800          | There has been additional investment in GWICES from regional funding  |
| Operation Jasmine Legal Support                              | 30,000           | Complete  |
| Feasibility study in respect of delivering telecare options. | 40,000           | Social Care Recovery Grant used instead   |
| Care Home Visiting and Lateral Flow Testing                  | 184,000          | Scope of WG Covid-19 Hardship Fund was extended to include testing  |
| WCCIS Reporting Officer                                      | 95,000           | £40k per year performance improvement grant confirmed to 2024/25  |
| Regional Continuing Care post                                | 8,713            | Regional funding used instead   |
| Tackling backlog of minor works of adaptation                | 100,000          | WLGA promoting independence grant to be used instead  |
| Social Work long-term absence cover                          | 100,000          | Would be at risk - Cover will need to be funded by other vacancies  |
| Bargoed High Street - MyST Hub                               | 188,000          | Work now complete and was partially funded from the Social Care Recovery Grant  |
| Family Intervention Team                                     | 59,700           | Grant funded in 2022/23 and will not be funding the Team moving forward   |
| Communications Officer                                       | 37,058           | Only fund for 12 months   |
| Safe Families Contract                                       | 32,700           | Only fund to 31/3/23  |
| Residential Homes management capacity                        | 44,500           | Only fund for 12 months   |
| Hafod Deg Damp Issues  | 48,000           | Significant increase in estimated cost for these works so did not progress  |
| <b>Sub-Total: -</b>  | <b>1,119,471</b> |   |
| <b>Education &amp; Lifelong Learning</b>                     |                  |   |
| Bridges Into Work 2  | 402,750          | Uncommitted balance on previously approved reserve  |
| Working Skills for Adults 2                                  | 200,250          | Uncommitted balance on previously approved reserve  |
| Inspire to Work  | 10,000           | Uncommitted balance on previously approved reserve  |
| Arts Practitioner  | 60,000           | Funded from grant   |
| Pupil Learning Opportunity                                   | 70,000           | Uncommitted balance on previously approved reserve  |
| Additional Learning Needs (ALN) Co-ordinator                 | 130,000          | Funded from core revenue budget   |
| <b>Sub-Total: -</b>  | <b>873,000</b>   |   |
| <b>TOTAL: -</b>  | <b>5,038,752</b> |   |

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## Updated Medium-Term Financial Plan

| Description   | 2023/24<br>£000s | 2024/25<br>£000s | 2025/26<br>£000s |
|---|------------------|------------------|------------------|
| <b>Increase in Aggregate External Finance (6.9%, 2.71%, 1%)</b>                 | <b>22,152</b>    | <b>9,203</b>     | <b>3,488</b>     |
| <b>Increase in Council Tax (7.9%, 4.5%, 3.9%)</b>                               | <b>6,147</b>     | <b>3,826</b>     | <b>3,483</b>     |
| <b>Total Funding to Support Budget</b>  | <b>28,299</b>    | <b>13,030</b>    | <b>6,971</b>     |
| <b>General Fund Services Inflationary Pressures</b>                             |                  |                  |                  |
| National Joint Council (NJC) Pay Award (5%, 3%, 2%)                             | 10,588           | 4,824            | 3,312            |
| Increase in Employer Pension Contributions (NJC Staff)                          | 1,106            | 1,117            | 560              |
| Foundation Living Wage  | 218              | 218              | 218              |
| Non-Pay Inflation (Various, 3%, 2%)   | 13,620           | 6,210            | 4,524            |
| Non-Pay Inflation (Fees and Charges) - (5%, 3%, 2%)                             | (793)            | (499)            | (429)            |
| <b>Total General Fund Services Inflationary Pressures</b>                       | <b>24,739</b>    | <b>11,869</b>    | <b>8,186</b>     |
| <b>General Fund Inescapable Service Pressures</b>                               |                  |                  |                  |
| Corporate Services  | 1,104            | 700              | 392              |
| Miscellaneous Finance   | 1,764            | 1,021            | 639              |
| Economy & Environment   | 1,282            | 448              | 166              |
| Social Services   | 9,293            | 6,799            | 4,555            |
| General Fund Housing  | 2,397            | 1,156            | (303)            |
| Education & Lifelong Learning   | 2,265            | 556              | 0                |
| <b>Total General Fund Inescapable Service Pressures</b>                         | <b>18,104</b>    | <b>10,680</b>    | <b>5,450</b>     |
| <b>Schools Cost Pressures</b>   |                  |                  |                  |
| Teachers Pay Award (3.5%, 3%, 2%)   | 4,423            | 2,880            | 2,235            |
| National Joint Council (NJC) Pay Award for School Based Staff (5%, 3%, 2%)      | 935              | 488              | 338              |
| Increase in Employer Pension Contributions (NJC Staff)                          | 163              | 167              | 97               |
| Non-Pay Inflation (Various, 3%, 2%)   | 5,897            | 899              | 629              |
| Schools Service Pressures   | 1,509            | 1,292            | 995              |
| <b>Total Schools Cost Pressures</b>   | <b>12,928</b>    | <b>5,726</b>     | <b>4,294</b>     |
| <b>Proposed Savings/Use of Reserves</b>   |                  |                  |                  |
| Permanent savings proposals   | 5,559            | 70               | 0                |
| Temporary savings proposals   | 6,862            | 0                | 0                |
| Use of reserves   | 15,051           | 0                | 0                |
| <b>Total Proposed Savings/Use of Reserves</b>                                   | <b>27,472</b>    | <b>70</b>        | <b>0</b>         |
| <b>Reinstatement of 2023/24 Temporary Savings Proposals and Use of Reserves</b> | <b>0</b>         | <b>21,913</b>    | <b>0</b>         |
| <b>Annual Shortfall</b>   | <b>0</b>         | <b>37,089</b>    | <b>10,959</b>    |
| <b>Cumulative Shortfall</b>   | <b>0</b>         | <b>37,089</b>    | <b>48,047</b>    |

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