

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

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Parc Tredomen,
Ystrad Mynach,
Hengoed CF82 7PG



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For all enquiries relating to this agenda please contact Jo Thomas
(Tel: 01443 864420 Email: sullie@caerphilly.gov.uk)

Date: 20th January 2023

To Whom It May Concern,

A multi-locational meeting of the **Joint Scrutiny Committee** will be held in Penallta House and via Microsoft Teams on **Wednesday, 25th January, 2023 at 5.00 pm** to consider the matters contained in the following agenda. Councillors and the public wishing to speak on any item can do so by making a request to the Chair. You are also welcome to use Welsh at the meeting, both these requests require a minimum notice period of 3 working days. A simultaneous translation will be provided on request.

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

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

Yours faithfully,

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

Christina Harrhy
CHIEF EXECUTIVE

A G E N D A

Pages

Recording, Filming And Voting Arrangements.

The Chair reminded those present that the meeting was being live-streamed and recorded and would be made available following the meeting via the Council's website – [Click Here to View.](#)

A greener place Man gwyrdach



Members were advised that voting on decisions would be taken via Microsoft Forms.

1 Apologies For Absence.

Apologies for absence were received from Councillors D. Cushing, D.T. Davies, N. Dix, C. Elsbury, K. Etheridge, J. Fussell, D.C. Harse, A. Leonard, J. Jones, J. Rao, J. Reed, J. Sadler, J. Scriven, S. Skivens, J. Taylor, C. Thomas and W. Williams.

2 Declarations of Interest.

Councillor C. Cuss sought clarification on whether he needed to declare an interest in relation to the draft proposals around community centres funding, as he is a committee member of three community centres. It was confirmed that as no decision was being taken at the meeting, Councillor Cuss could fully participate in the proceedings, although he might wish to raise the query when the final budget proposals are presented to Council to be voted upon by Members.

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

3 Draft Budget proposals for 2023/24.

The Cabinet Member for Finance and Performance presented the report, which asked the Joint Scrutiny Committee to consider and comment upon the draft budget proposals for the 2023/24 financial year as part of the consultation process prior to a final decision by Council on 23rd February 2023. It was noted that the Draft Budget Proposals for 2023/24 had been presented to the meeting of Cabinet on 18th January 2023.

The report provided details of draft budget proposals based on the Welsh Government (WG) Provisional Local Government Financial Settlement for 2023/24. The report also provided 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. An updated indicative Medium-Term Financial Plan (MTFP) was also appended to the report showing a potential savings requirement of £48.047m for the two-year period 2024/25 to 2025/26.

In cash terms, the 6.9% increase in the Provisional Settlement for Caerphilly CBC provides additional funding of £22.152m for 2023/24, which is of course welcomed, but is well below the current unprecedented levels of inflation and the Council faces cost pressures totalling £55.771m for 2023/24 alone through a combination of pay and non-pay inflationary pressures and a range of inescapable service pressures. Whilst the proposals in the report present a balanced financial position for 2023/24, a significant element of this is being achieved through one-off measures including £6.862m of temporary savings and £15.051m through the use of reserves. These temporary one-off measures totalling £29.913m will only support the budget for 2023/24, but they do provide some essential breathing space to identify, agree and implement permanent savings. The 2024/25 financial year 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.

The draft budget proposals also include a proposed increase of 7.9% in Council Tax for the 2023/24 financial year, which will result in a Band C annual increase of £99.06 or weekly increase of £1.91. It was emphasised that even with this level of increase, Caerphilly Council is likely to have the second lowest level of Council Tax in the whole of Wales.

Due to the unprecedented levels of inflation, the current economic outlook, and the range of temporary measures that are proposed for the 2024 2324 financial year, it is clear that the Council will continue to face significant challenges moving forward. With this in mind, the Medium-Term Financial Plan 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. Given

the scale of the challenges being faced, a salami-slicing approach to services is not sustainable or appropriate, especially when the demands upon services are far higher than ever. To ensure that the needs of communities are met by operating with reduced finances, a whole council and a whole county borough holistic approach will be needed. The Team Caerphilly operating model, which has proven to be even more relevant when considering the context of the current financial challenges and the emerging corporate plan, has recently been revised, and will offer the strategic framework to develop a new operating model for the Council to enable services to be delivered differently and more efficiently.

A public consultation has been launched on the draft budget proposals for 2023/24, comprising extensive face-to-face engagement, a survey and targeted stakeholder engagement, and the Cabinet Member encouraged as many people as possible to have their say on these draft proposals.

The Leader of Council emphasised that although the approaches taken to address the budget pressures, including the use of reserves, can smooth the path to major changes in the way the Council operates, the Authority is still faced with a starting deficit of £21m for the 2024/25 budget and so transformation is key in delivering services for the next year. £5.6m of permanent savings have been identified to date and so the Council will need to make an additional £21 million of further permanent savings, which can only be achieved by changing the way that the Council operates.

The Leader explained that a holistic approach to transformation is needed and that the Council wishes to avoid the prospect of compulsory redundancies and the cutting of key services being faced by other authorities. Although the Council does have some usable reserves, they will need to use the next few months to transform to a more modern Authority, by working smarter and asking staff to adopt new approaches to service delivery. The period of learning experienced during the Covid-19 pandemic has allowed the Council to rethink the Transformation Programme and make use of modern technologies to deliver its services in a more efficient manner. The Workforce Development Review and Service Review will maximise the continuation and efficiency of services and the Placeshaping Investment Programme will allow the use of Council monies and reserves to leverage and match fund money from the UK Government, Welsh Government and private investment. The Council will use reserves to attract more funding to deliver significant health and well-being benefits to residents, new schools, new council housing and increased access to health and well-being activities. The draft budget proposals will deliver on these areas without utilising compulsory redundancies, cutting key services, or asking staff to take on unmanageable workloads.

The Scrutiny Committee discussed the report and a Member asked about the long-term goals for tourism venues in the county borough, citing the example of St David's Hall Cardiff being sold to an external organisation, and asked if this is a model that is being considered for Caerphilly-owned venues. It was confirmed that alternative operating options are being examined and a review is currently underway, with a long-term tourism strategy due to be launched. The recent reduction in the subsidy to Blackwood Miners Institute was also highlighted, which is due to the increased programme of events at the venue. Members were reminded that the Council's tourism venues will also need to change the way they operate in line with the Authority's plans to change the way it delivers services.

Members asked if there were plans to change the grass-cutting regime in terms of the number of cuts per year, and if it would take into account biodiversity considerations, such as a wildflower seeding programme. The Committee were advised that a Grass Cutting report is scheduled for consideration by the Environment and Sustainability Scrutiny Committee on Grass Cutting which will set out these proposals but will need to take into account the impact on climate change in view of the Council having declared a Climate Emergency.

Members raised concerns regarding the proposed reduction in the caretaker subsidy for community centres and were of the view that this could have a significant impact on the

operating viability of some centres. The Committee were advised that an Equality Impact Assessment has been carried out in respect of this savings proposal, and at present the Council funds 11 hours of caretaking costs for each centre, which is fully utilised by some centres but not by others, depending on their needs. Therefore some centres are underused and need to become more proactive in their approach, and the Council is willing to work with these community centres to help them become more self-sufficient, as the Council cannot afford to fund caretaking hours and maintain buildings that are only used for a few hours per week.

A Member highlighted the reported underspends of £38m in the 2022/23 budget, together with the level of funds held in reserves, and enquired whether these could be used to fund the budget deficit for 2023/24. Mr Steve Harris (Head of Financial Services and S151 Officer) explained that underspends over the past two years were due to services not running at full capacity during the Covid-19 pandemic, together with additional funding from Welsh Government that was made available at the time. However, these underspends have been reported to Cabinet and Council and have been ringfenced for specific purposes, including £14.3m from the General Fund being released for purposes such as the pay awards impact, the cost-of-living hardship fund and the cost-of-living crisis fund.

In relation to the reserves totalling £233m, a substantial portion has been allocated or ringfenced for specific purposes including the Housing Revenue Account, the 21st Century Schools Programme, a new respite facility, the highways programmes, and funding to support the wellbeing and placeshaping framework. It was also clarified that a large proportion of reserves cannot be reallocated elsewhere as they have already been agreed for a specific purpose.

During the meeting, reference was also made to the proposed use of reserves totalling £15m, with assurances sought that the Council is able to release those particular reserves relating to £5m of Covid-19 earmarked reserves and £2.098m for the Cost-of-Living Crisis Contingency. Mr Harris explained that the proposed release of such reserves has been reviewed in detail, and as the impact of Covid-19 and cost of living is now being managed within departmental budgets, these reserves can now be released to help balance the budget.

Several Members raised concerns throughout the meeting in relation to the proposed 7.9% Council Tax increase and highlighted the impact of this increase on local residents, particularly in view of the cost-of-living crisis and the additional financial burden this would place on them. The Scrutiny Committee were reminded that 75.81% of households are in Bands A-C, and that the most vulnerable residents are supported through the Council Tax Reduction Scheme, with 15,999 households (19.89%) receiving some level of support and 8,253 of these households receiving a 100% reduction. One Member suggested alternative budget proposals, such as a one-off reduction against the General Fund balance to 2% which would release £3.9m to be offset against Council Tax, reducing this to a 2.1% increase.

A number of Members highlighted concerns around the creation of a new multi-purpose state of the art leisure centre in Caerphilly which has received £20m in Levelling Up funding but will require the Council to fund the remaining costs of £13.6m. Members highlighted the public perception around this project and asked how the project could be justified in view of the proposed council tax increase of 7.9%. Some Members welcomed the regeneration opportunities in the area but expressed the need for Levelling Up funding to be spread over the whole of the borough and not just Caerphilly town. It was explained that the criteria for the Levelling Up fund does not allow for individual projects in every town and that there are a number of regeneration projects right across the county borough that have been funded in alternative ways. One Member also suggested that it would be prudent to put the new Caerphilly leisure centre scheme on hold until the Council can consider whether it can afford this particular project. It was confirmed that these comments would be taken on board but it was emphasised that the Council needs to make the best use of these reserves, including the continuation of its regeneration projects, and that the existing leisure facility is extremely outdated and cost-inefficient in terms of overheads and so this is a much-needed investment which will be for the benefit of service users across the whole of the county borough.

A Member questioned the need for additional staff as set out in the report when balanced against the proposed budget cuts. Mrs Christina Harray (Chief Executive) advised the Scrutiny Committee that she has a statutory responsibility as Head of Paid Service to ensure that the Authority has the appropriate staff and skills to deliver the services that the Council is being asked to deliver, with some service areas extremely stretched and so the proposals seek to fill these gaps. Members were asked to note the vacant posts being deleted as part of the saving proposals, together with the significant programme of change being embarked upon by the Authority, with it emphasised that to manage a programme of this scale, additional capacity with these particular management skills needs to be secured in order to lead and implement the required changes. One Member also queried the proposals to make some staffing positions permanent in nature, and Mr Richard Edmunds (Corporate Director Education and Corporate Services) explained that the Council has recognised the value of these posts, in particular those which will help deliver the Transformation Strategy, together with those at the forefront of IT service delivery, and that given the current challenges around recruitment, offering permanent positions will increase the chances of attracting high quality candidates.

A Member raised concerns around the proposed cuts to Service Level Agreements for the Voluntary Sector and it was explained that although the Council are greatly appreciative of the value of this particular sector, the Council are faced with the alternative of making cuts to key services in order to meet the £35m funding deficit, and that the voluntary sector are still able to secure funding through alternative streams. Members also referenced the proposal deletion of the Community Empowerment Fund and felt that this proposal was premature given that many local organisations did not have the opportunity to use their allocation during the pandemic, and they sought clarification on the funding assistance available to these organisations in the future. Officers confirmed that these comments would be taken on board and considered as part of the consultation process around the draft budget proposals.

Clarification was sought on the proposed budget realignment across Social Services, particularly in relation to the support around Children with Disabilities and domiciliary care, with a Member expressing concern around whether demand is being met, and also suggested that these underspends could be used to recruit additional foster carers to help address the overspend across Children's Services in relation to independent/residential home provision. The Committee were assured that demand is being fully met, and that there has been a reduction in demand across these particular services, hence the proposed budget realignments, and in some cases the needs of service users has changed which had led to the health board taking on provision of this service in place of the local authority, as the level of need has changed from social care to health care. Members were also assured that foster care recruitment is the focus of a very active and successful campaign at both local and national level, and that this area does not require additional investment.

A Member sought clarification on the impact of inflation on the proposed cuts and the budget as a whole, together with the impact of a sharp inflationary drop on next year's budget. Members were reminded that the Authority is facing unprecedented cost pressures of £55.8m for 2023/24 alone, with £36m of this due to inflationary increases, including £17.4m for the pay award, £9.9m in energy costs and £8.9m for other non-pay inflation impacts across other budgets. It was acknowledged that if inflation were to reduce, that might affect the amount needed to be set aside, but however there are concerns around the devaluation of reserves, plus the impact of inflation around the increased costs of some projects (such as the 21st Century Schools Programme) which may impact on what the Council is able to deliver moving forward.

Reference was made to the £1.747m set aside for temporary accommodation and a Member asked if consideration had been given towards recycling multiple units into alternative provision to offset the costs used for private provision. Members were advised that this inescapable service pressure is representative of the demands faced by all local authorities in Wales in terms of temporary accommodation, and all alternatives are being looked at, including construction methods, use of pods, bed and breakfast accommodation, and bringing empty properties back

into use, and pressure is being put on Welsh Government in this regard.

During the course of the meeting, Members expressed concerns around the proposals for increased pitch fees, stating that many of the local sports clubs and local users will find a 20% increase difficult to absorb. Queries were also received around the proposed MOT fees increase, together with a query on community asset transfer, with clarification on both queries provided by Officers.

In closing the debate, the Chair thanked Members and Officers for their attendance and contributions in light of the level of savings required and the difficult decisions that need to be made. It was noted that the comments on the Draft Budget proposals for 2023/24 would now be reported to Cabinet and Council as part of the consultation process.

The meeting closed at 7.00 p.m.

Circulation:

Councillors 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 and C. Wright

And Appropriate Officers

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