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For all enquiries relating to this agenda please contact Andrea Jones  
(Tel: 01443 864420 Email: [jonesa23@caerphilly.gov.uk](mailto:jonesa23@caerphilly.gov.uk))

**Date: 14th February 2024**

To Whom it May Concern,

A multi-locational meeting of the **Corporate and Regeneration Scrutiny Committee** will be held in Penallta House, and via Microsoft Teams on **Tuesday, 20th February, 2024 at 5.30 pm** to consider the matters contained in the following agenda. Councillors and the public wishing to speak on any item can do so by making a request to the Chair. You are also welcome to use Welsh at the meeting, both these requests require a minimum notice period of 3 working days. A simultaneous translation will be provided on request.

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

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

1 To receive apologies for absence.

Pages

A greener place Man gwyrddach



2 Declarations of Interest.

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

To approve and sign the following minutes: -

- 3 Corporate and Regeneration Scrutiny Committee held on 9th January 2024. 1 - 6
- 4 Consideration of any matter referred to this Committee in accordance with the call-in procedure.
- 5 Corporate and Regeneration Scrutiny Committee Forward Work Programme. 7 - 20
- 6 To receive and consider the following Cabinet reports\*:-
1. Audit Wales Output Report on Setting of well-being objectives for Caerphilly County Borough Council 22-23 – 17<sup>th</sup> January 2024;
  2. Draft Budget Proposals for 2024/25.- 17<sup>th</sup> January 2024;
  3. Surrender and Relet Proposal - Units 3 and 4 Bryn Brithdir, Oakdale Business Park, Blackwood. – 17<sup>th</sup> January 2024.

*\*If a member of the Scrutiny Committee wishes for any of the above Cabinet reports to be brought forward for review at the meeting please contact Andrea Jones, 01443 873575, by 10.00 a.m. on Monday, 19th February 2024.*

To receive and consider the following Scrutiny reports: -

- 7 Notice of Motion - Yes To Public Consultation On Scrapping First Past The Post. 21 - 26
- 8 Strategic Equality Plan - Objectives and Actions 2024-2028. 27 - 70
- 9 Recruitment Update. 71 - 76
- 10 Capital Strategy Report 2024/2025. 77 - 86
- 11 Treasury Management Annual Strategy, Capital Finance Prudential Indicators and Minimum Revenue Provision Policy for 2024/2025. 87 - 122

**Circulation:**

**Councillors** M.A. Adams, Mrs C. Forehead, J.E. Fussell, G. Enright, A. Gair, D.C. Harse, L. Jeremiah, Ms J.G. Jones, G. Johnston (Chair), S. Kent, C.P. Mann, A. McConnell (Vice Chair), M. Powell, D.W.R. Preece, C. Thomas, L.G. Whittle, W. Williams and C. Wright

And Appropriate Officers

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# Agenda Item 3



## **CORPORATE AND REGENERATION SCRUTINY COMMITTEE**

### **MINUTES OF THE MULTI-LOCATIONAL MEETING HELD IN PENALLTA HOUSE AND VIA MICROSOFT TEAMS ON TUESDAY, 9TH JANUARY 2024 AT 5.30 P.M.**

#### PRESENT:

Councillor G. Johnston - Chair  
Councillor A. McConnell - Vice Chair

#### Councillors:

M. Adams, G. Enright, C. Forehead, J. Fussell, A. Gair, D. Harse, L. Jeremiah, J. Jones, S. Kent, C. Mann, M. Powell, D. W. R, Preece, C. Thomas, W. Williams, and C. Wright

#### Cabinet Members:

Councillor S. Morgan (Leader of Council), Councillor E. Stenner (Finance and Performance), Councillor C. Morgan (Waste, Leisure, and Green Spaces), Councillor N. George (Corporate Services, Property and Highways), Councillor J. Pritchard, Deputy Leader (Regeneration and Climate Change) and Councillor P. Leonard (Planning and Public Protection).

#### Together with:

Officers: M. S. Williams (Corporate Director for Economy and Environment), K. Peters (Corporate Policy Manager), H. Delonnette (Senior Policy Officer), L. Evans (Policy Officer), L. Lucas (Head of Customer and Digital Services), I. Evans (Procurement and Information Manager), M. Cuthbert (Information Security Manager), M. Jacques (Scrutiny Officer) and A. Jones (Committee Services Officer).

## **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](#) Members were advised that voting on decisions would be taken via Microsoft Forms.

### **1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor L. Whittle and R. Edmunds (Corporate Director for Education and Corporate Services)

### **2. DECLARATIONS OF INTEREST**

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

**3. CORPORATE AND REGENERATION SCRUTINY COMMITTEE HELD ON 7<sup>TH</sup> NOVEMBER 2023**

It was moved and seconded that the minutes of the meeting held on 7<sup>th</sup> November 2023 be approved as a correct record and by way of Microsoft Forms (and in noting there were 16 for, 0 against and 1 abstention) this was agreed by the majority present.

RESOLVED that the minutes of the Corporate and Regeneration Scrutiny Committee held on 7<sup>th</sup> November 2023 (minute nos. 1 – 7) be approved as a correct record.

**4. CONSIDERATION OF ANY MATTER REFERRED TO THE SCRUTINY COMMITTEE IN ACCORDANCE WITH THE CALL-IN PROCEDURE**

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

**5. CORPORATE AND REGENERATION SCRUTINY COMMITTEE FORWARD WORK PROGRAMME**

The Scrutiny Officer presented the report, which outlined details of the Corporate and Regeneration Scrutiny Committee Forward Work Programme (FWP) for the period January 2024 to March 2024.

It was moved and seconded that the report recommendation be approved. By way of Microsoft Forms (and in noting there were 16 for, 1 against and 0 abstention, which included verbal votes) this was agreed by the majority present.

RESOLVED that the Corporate and Regeneration Scrutiny Committee Forward Work Programme as appended to the meeting papers be published on the Council's website.

**6. CABINET REPORTS**

In accordance with rules of procedure the Cabinet report on The Draft Greater Blackwood Masterplan was brought forward for consideration.

A Member sought clarification on how Welsh Government reducing Business Rate relief from the current 75% support to 40% would help to deliver the Master Plan, given that the plan is largely based on growing the Pub and Restaurant Sector. The Member highlighted that there would be a 35% cut in Business Rate relief and sought confirmation on the number of Businesses that would be affected by the reduction in financial support.

Reference was made to an article in the Caerphilly Observer that stated that the Council supports businesses via 50/50 contributions. The Member queried if all businesses that saw their financial support cut would receive financial support from the Council. The Member wished to know how long would the support be in place, how much would it cost the Council, and how would the Council find the extra money needed as the Council was committed to £50 million in cuts over the next two years?

Concerns were raised that the hard work of officers would be undermined by the Welsh Government cuts and the Member asked if the Masterplan would require any further actions to incorporate changes to support and support the growth of the Local Pub and Restaurant Sectors.

The Deputy Leader and Cabinet Member for Regeneration and Climate Change confirmed that this is a Welsh Government cut to rate relief that would have an impact on businesses where properties were valued over £6,000 and confirmed that there are 522 businesses that would be impacted by the decision in the Caerphilly County Borough resulting in a loss of £1.095 million.

In relation to the article in the Caerphilly Observer, it was confirmed that 50/50 contributions would be available via the Caerphilly Enterprise Fund which provides financial assistance to businesses throughout the County Borough. Reference was made to a report brought to the Scrutiny Committee in October 2023 where it had been confirmed that funding had safeguarded 426 jobs and created 149. The fund had been extremely popular, and a decision had been made recently by the SBF Board to earmark further money to the Caerphilly Enterprise Fund due to the impact these cuts would have on businesses. Members were advised that the funding can be up to £25,000 match-funded and Members were encouraged to advise businesses on how to apply. It was confirmed that since the Welsh Government decision the Cabinet Member had been in discussions with Officers on how to improve or make additions to the Caerphilly Enterprise Fund.

The Chair advised the Member that at the previous meeting the committee agreed for The Draft Greater Blackwood Masterplan to go out for consultation and that it would be brought back to the Corporate and Regeneration Scrutiny Committee, following the consultation process.

The Director for Economy and Environment confirmed that the consultation commenced at the beginning of January and was currently live for a number of weeks and any business, stakeholder, individual or Member would have the opportunity to raise any concerns or comments as part of the consultation process.

## **REPORTS OF OFFICERS**

Consideration was given to the following reports.

### **7. CYBER/INFORMATION SECURITY UPDATE**

The Cabinet Member for Corporate Services, Property and Highways presented the report which provided the Corporate and Regeneration Scrutiny Committee with a status update in relation to the Council's approach to Cyber/Information Security. The update was aligned to the Council's Cyber Security Strategy ('Strategy') and Associated Action Plan, which were formally endorsed by Cabinet on 30<sup>th</sup> November 2022 and implemented in December 2022.

Since implementation of the Strategy positive progress had been made in all the critical success factors within the Strategy and Action Plan. Members were advised that it was important to acknowledge that the Council would never be 100% secure and there was further work needed, however the Council was in a much stronger position than in December 2022.

The report highlighted the continuation of the positive work undertaken within both the Corporate and Education Cyber Security Forums, which would be held regularly on a variety of Cyber Security issues. A positive example of the impact of the Education group, could be seen in Section 5.9 of the report. Within the Corporate domain, positive examples could be seen in the progress detailed within Section 5.10 of the report.

The introduction of a new Matobo 'Cyber Ninja' Training for all staff, with the ability to audit

and track those who had completed the training was outlined to Members. Circa 97% (as of mid-October 2023) of all corporate staff had completed the course. This would now be rolled out to Councillors.

To further illustrate progress, the Council could track its Microsoft Secure Score, which is a KPI generated on the Microsoft platform on how secure the Microsoft 365 environment was. In July 2023, the score was circa 65% and as of October 2023 it was more than 80% with further improvements expected over the coming months. For context, the average score for similar organisations was 47%.

The Procurement and Information Manager introduced himself and advised that in order to strengthen Cyber Security the Team had been strengthened with the appointment of the Information Security Manager in 2022, an apprentice and a student placement from Swansea University. Members also heard how other initiatives had been captured and incorporated to further enhance the resilience and infrastructure.

The Information Security Manager outlined the details of the report to Members.

The Chair enquired about the number of Cyber-attacks that were recorded against the Council. It was confirmed that there were not many specific targeted attacks but there were certain vulnerabilities. For instance, if there was an issue with Teams then attackers would attack that issue for Teams generally not just the Council. Another example was where people tried to log in with generic usernames and passwords which were general attacks which occurred frequently. Members were reassured by officers that with everything in place the Security team and Digital Services managed to deal with those attacks quite early and information gathered from external parties and other bodies also assisted with those attacks.

Members were encouraged to participate in the Cyber Security Training on offer.

A Member sought confirmation that the Council was fully up to date with the PSN accreditation. Members were reassured that everything is up to date and were advised that the accreditation would last for a further 3 to 5 years. Members were advised that there was another framework for the Council and Central Government called "CAF" (Cyber Assessment Framework), this was used by National Infrastructure Companies as a trial and there was an option for Councils to be included as part of a local government aspect. The Council had been part of the first pilot at the start of last year and would continue to be involved.

A Member sought clarity on how the fake emails that are to be sent to staff would work and queried if there would be any penalties for those that failed such as the requirement to receive further training. Members were advised that an attack simulator would be rolled out this year and Officers would be sent a fake phishing email with a link, once opened the link would take Officers to a training video which lasts a few minutes and sets out what they would need to look out for in the future. An alert would be sent to the team who would then monitor and identify anyone that required further training. The Chair thanked the Officers for their report.

RECOMMENDED that the status update and the progress made in relation to Cyber/Information Security since the implementation of the Council's Cyber Security Strategy and Associated Action Plan in December 2022 be noted.



## **8. COMMUNITY BENEFITS GUIDANCE – FOR PROJECTS AND DEVELOPMENTS WITH THE POTENTIAL FOR SIGNIFICANT COMMUNITY IMPACT**

The Deputy Leader and Cabinet Member for Prosperity, Regeneration and Climate Change introduced the report which sought the views of Members on the proposed Community Benefits Guidance for projects and developments with the potential for significant community impact, before decision by Cabinet in February.

The report highlighted the role of Caerphilly County Borough Council in working with private sector partners, in partnership with our local communities, to secure meaningful and sustainable benefits.

A Member suggested some of the guidance was vague and highlighted the description of Community Benefit Contributions as “goodwill financial contributions” made voluntarily and which could be monetary. The Senior Policy Officer provided clarity to Members and outlined that contributions were mainly monetary, such as per kWh generated at renewable energy sites, but could also be the offer of an apprenticeship scheme by the developer for example.

One Member highlighted that the voluntary nature of contributions should be stressed so that the expectations of communities are not falsely raised.

The Chair asked how the criteria for contributions was set. The Senior Policy Officer advised that negotiations were a matter for communities and the developer but highlighted that key principles such as proximity to the development were included in the guidance. Also, any groups receiving funding had to be properly constituted. Assurance was given that Community Councils were regarded as being properly constituted.

In terms of the negotiations with developers a Member asked about the help available to communities without constituted bodies such as Community Councils. The Corporate Policy Manager clarified that Council teams such as the Regeneration Team and Caerphilly Cares would be able to use the guidance and offer assistance to such communities, and she also highlighted the collaborative regeneration work with colleagues from the Gwent Association of Voluntary Organisations.

One Member asked about the protection of the right for communities to object to proposed renewable energy developments. The Senior Policy Officer advised that this right existed within the planning framework rather than the Community Benefits Guidance. The Corporate Director for Economy and the Environment added that as proposed renewable energy sites were classed as developments of national significance the planning authority was Planning and Environment Decisions Wales (PEDW) and the associated Local Authority was purely a consultee in the process. During the ensuing discussion it was also highlighted that PEDW received a Local Impact Report prior to its planning meeting and that this was followed by a 6-week consultation period.

A Member asked about future responsibility for infrastructure if a developer ceased trading. The Corporate Director for Economy and the Environment advised that such considerations would be included in the planning conditions imposed by PEDW.

RECOMMENDED to Cabinet that:

Guidance was considered, and the comments of the Scrutiny Committee be provided to Cabinet.

The meeting closed at 19:12 p.m.

Approved as a correct record, subject to any amendments agreed and recorded in the minutes of the meeting held on the 20<sup>th</sup> February 2024.

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CHAIR



## **CORPORATE AND REGENERATION SCRUTINY COMMITTEE – 20<sup>TH</sup> FEBRUARY 2024**

**SUBJECT: CORPORATE AND REGENERATION SCRUTINY  
COMMITTEE FORWARD WORK PROGRAMME**

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

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### **1. PURPOSE OF REPORT**

- 1.1 To report the Corporate and Regeneration Scrutiny Committee Forward Work Programme.

### **2. SUMMARY**

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

### **3. RECOMMENDATIONS**

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

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

- 4.1 To improve the operation of scrutiny.

### **5. THE REPORT**

- 5.1 The Corporate and Regeneration Scrutiny Committee forward work programme includes all reports that were identified at the Scrutiny Committee meeting on Tuesday 9<sup>th</sup> January 2024. The work programme outlines the reports planned for the period February 2024 until March 2024.
- 5.2 The forward Work Programme is made up of reports identified by officers and members. Members are asked to consider the work programme alongside the

cabinet work programme and suggest any changes before it is published on the council website. The Scrutiny committee will review this work programme at every meeting going forward alongside any changes to the cabinet work programme or report requests.

- 5.3 The Corporate and Regeneration Scrutiny Committee Forward Work Programme is attached at Appendix 1, which presents the current status as at 29<sup>th</sup> January 2024. The Cabinet Work Programme is attached at Appendix 2. A copy of the prioritisation flowchart is attached at appendix 3 to assist the scrutiny committee to determine what items should be added to the forward work programme.

#### 5.4 **Conclusion**

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

### 6. **ASSUMPTIONS**

- 6.1 No assumptions are necessary.

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

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

### 8. **FINANCIAL IMPLICATIONS**

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

### 9. **PERSONNEL IMPLICATIONS**

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

### 10. **CONSULTATIONS**

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

### 11. **STATUTORY POWER**

- 11.1 The Local Government Act 2000.

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

Consultees: Richard Edmunds, Corporate Director for Education and Corporate Services  
Mark S. Williams, Corporate Director for Economy and Environment

Rhian Kyte, Head of Regeneration and Planning  
Robert Tranter, Head of Legal Services/ Monitoring Officer  
Lisa Lane, Head of Democratic Services and Deputy Monitoring Officer,  
Legal Services  
Councillor Gary Johnston, Chair of Corporate and Regeneration Scrutiny  
Committee  
Councillor Amanda McConnell, Vice Chair of Corporate and Regeneration  
Scrutiny Committee

Appendices:

- Appendix 1 Corporate and Regeneration Scrutiny Committee Forward Work Programme
- Appendix 2 Cabinet Forward Work Programme
- Appendix 3 Forward Work Programme Prioritisation Flowchart

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## Forward Work Programme - Corporate and Regeneration - Appendix 1

Date	Title	Key Issues	Author	Cabinet Member
20/02/24 17:30	Notice of Motion - Public Consultation on Scrapping First Past the Post		Cllr Etheridge, Kevin	Cllr. George, Nigel;
20/02/24 17:30	Recruitment Update	Impact of new team.	Donovan, Lynne;	Cllr. George, Nigel;
20/02/24 17:30	Strategic Equality Plan 2024-28		Cullinane, Anwen;	Cllr. George, Nigel;
20/02/24 17:30	Capital Strategy Report 2024/25	To present the report to the Scrutiny Committee prior to consideration by Council on the 27th of February 2024.	Williams, Rhiann;	Cllr. Stenner, Eluned;
20/02/24 17:30	Treasury Management Annual Strategy, Capital Finance Prudential Indicators and Minimum Revenue Provision Policy for 2024/25	To present the report to the Scrutiny Committee prior to consideration by Council on the 27th of February 2024.	Williams, Rhiann;	Cllr. Stenner, Eluned;
20/02/24 17:30	Information Item - Workforce Development Strategy 2021-24 - annual update	To provide Members with an annual update with the progress against the Workforce Development Strategy.	Donovan, Lynne;	Cllr. George, Nigel;
20/02/24 17:30	Information Item - Employee Well being Strategy 2021-24 - annual update	To provide Cabinet with an annual update with the progress against the Employee Well being Strategy.	Donovan, Lynne;	Cllr. George, Nigel;
20/02/24 17:30	Information Item - Corporate Services and Miscellaneous Finance 2023/24 Budget Monitoring Report (Period 9)	To inform Members of projected revenue expenditure for the Directorate of Corporate Services and Miscellaneous Finance for the 2023/24 financial year.	Roberts, Dave;	Cllr. George, Nigel;
20/02/24 17:30	Information Item - Economy and Environment 2023/24 Budget Monitoring Report (Period 9)	To inform Members of projected revenue expenditure for the Regeneration & Planning Division for the 2023/24 financial year.	Roberts, Dave;	Cllr. George, Nigel;
20/02/24 17:30	Information Item - 2023/24 Capital Expenditure Monitoring Report (Period 9)	To inform Members of projected capital expenditure for the 2023/24 financial year.	Williams, Rhiann;	Cllr. Stenner, Eluned;
20/02/24 17:30	Information Item - Treasury Management and Capital Financing Prudential Indicators Quarter 3 Monitoring Report (1st April 2023 to 31st December 2023).	To present Members with details of Treasury Management activities and Capital Financing, together with the related Prudential Indicators for the period 1st April 2023 to 31st December 2023.	Williams, Rhiann;	Cllr. Stenner, Eluned;
20/02/24 17:30	Information Item - Strategic Equality Plan Annual Report 2022-23		Cullinane, Anwen;	Cllr. George, Nigel;
14/05/24 17:30	Procurement Reform		Evans, Ian;	Cllr. George, Nigel;
25/06/24 17:30	Information Item - Welsh Language Standards Annual Report		Cullinane, Anwen;	Cllr. George, Nigel;

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## Cabinet Forward Work Programme – 14th February 2024

Meeting date:	Report title:	Key issue:	Report author	Cabinet Member:
21/02/2024 13:00 p.m.	Support for pupils unable to attend school (formerly “Tuition” report).	To seek Cabinet approval for proposals for revising the model of support for pupils accessing tuition.	Keri Cole	Cllr Carol Andrews
21/02/2024	Community Benefits Guidance - for projects and developments with the potential for significant community impact	Setting out the council’s advice on how community benefits contributions from projects and developments within the county borough might be agreed and distributed.	Sue Richards/Heather Delonnette	Cllr James Pritchard/ Cllr. Philippa Leonard
21/02/2024	Nant Cylla watercourse, Ystrad Mynach	To provide Cabinet with an update in relation to erosion of the Nant Cylla watercourse and to request authorisation for a spend of £270k for detailed design of a stabilisation scheme and a £100k contingency fund for temporary stabilisation works should these be required whilst the full scheme is being developed and procured.	Marcus Lloyd	Cllr Nigel George
21/02/2024	Caerphilly Station footbridge review	To consider the options available regarding the future provision and alternative options of a pedestrian rail crossing at Caerphilly Railway Station.	Marcus Lloyd	Cllr Nigel George
21/02/2024	Decarbonisation annual report	To provide an update on the work undertaken across the authority to deliver the aims of the Decarbonisation Strategy.	Paul Cooke/Ben Winstanley	Cllr James Pritchard

## Cabinet Forward Work Programme – 14th February 2024

Meeting date:	Report title:	Key issue:	Report author	Cabinet Member:
21/02/2024	Former Pontllanfraith School Demolition	For Cabinet to approve the use of additional funds required to address abnormal ground conditions identified at the site.	Ben Winstanley	Cllr Nigel George
21/02/2024	Private Wire Arrangement from Bryn Group to Tredomen Campus – EXEMPT ITEM	Subject to Public Interest Test	Ben Winstanley/ Paul Cooke/ Anna Lewis	Cllr James Pritchard/ Cllr Nigel George
27/02/2024 10:00 a.m.	Whole-Authority Revenue Budget Monitoring Report (Month 9).	To provide details of projected whole-authority revenue budget expenditure for the 2023/24 financial year.	Leanne Sykes	Cllr Eluned Stenner
27/02/2024	Update on Reserves	To provide an update on the usable reserves held by the Authority and seek endorsement of proposals for the use of reserves.	Leanne Sykes	Cllr Eluned Stenner
27/02/2024	Budget Proposals for 2024/25	To seek Cabinet endorsement of the 2024/25 budget proposals prior to final determination by Council on 27th February 2024.	Stephen Harris	Cllr Eluned Stenner
06/03/2024 13:00 p.m.	Allocation Criteria for Artificial Sports Pitches and the Ystrad Mynach Centre for Sporting Excellence	To seek Cabinet approval for amendments to the criteria for the allocation of bookings at Caerphilly Council managed artificial sports pitches (3G and ATP) and the Ystrad Mynach Centre for Sporting Excellence and to approve the delegation of future amendments to the allocation criteria to the relevant Director or Head of Service in consultation with the relevant Cabinet Member.	Jared Lougher/ Rob Hartshorn	Cllr Chris Morgan

**Cabinet Forward Work Programme – 14th February 2024**

<b>Meeting date:</b>	<b>Report title:</b>	<b>Key issue:</b>	<b>Report author</b>	<b>Cabinet Member:</b>
06/03/2024	Food Standards Agency Audit of Caerphilly Food Hygiene and Food Standards Service Planning and Delivery	For Cabinet to consider the Food Standards Agency audit findings and Action Plan and any recommendations from the Housing and Environment Scrutiny Committee.	Rob Hartshorn	Cllr. Philippa Leonard
06/03/2024	Strategic Equality Plan 2024-2028	For Cabinet to consider and approve the Strategic Equality Plan 2024-2028, prior to being considered at Full Council (18/04/2023) for approval and publication on the Council's website.	Anwen Cullinane/Kath Peters	Cllr Eluned Stenner
06/03/2024	Strategic Equality Plan Annual Report 2022-2023	For Cabinet to consider and approve the content of the Strategic Equality Plan Annual Report 2022-2023, for publication on the Council's website.	Anwen Cullinane/Kath Peters	Cllr Eluned Stenner
06/03/2024	Council Self-Assessment year-end Report 2022-2023	The Council's Self-Assessment 22/23 is the Council's public position on how it has assessed and judged itself in its effectiveness of its organisational systems and processes, with any planned improvement needs. This includes the year-end performance of the last year of the 5 year set of (2018-23) Well-being Objectives.	Ros Roberts/Sue Richards	Cllr Eluned Stenner
06/03/2024	Trade waste service changes and charging policies	To provide Cabinet with proposals for providing a new Workplace Recycling collection service to comply with new legislation and agree appropriate collection service recharge rates.	Marcus Lloyd/Hayley Jones	Cllr Chris Morgan

## Cabinet Forward Work Programme – 14th February 2024

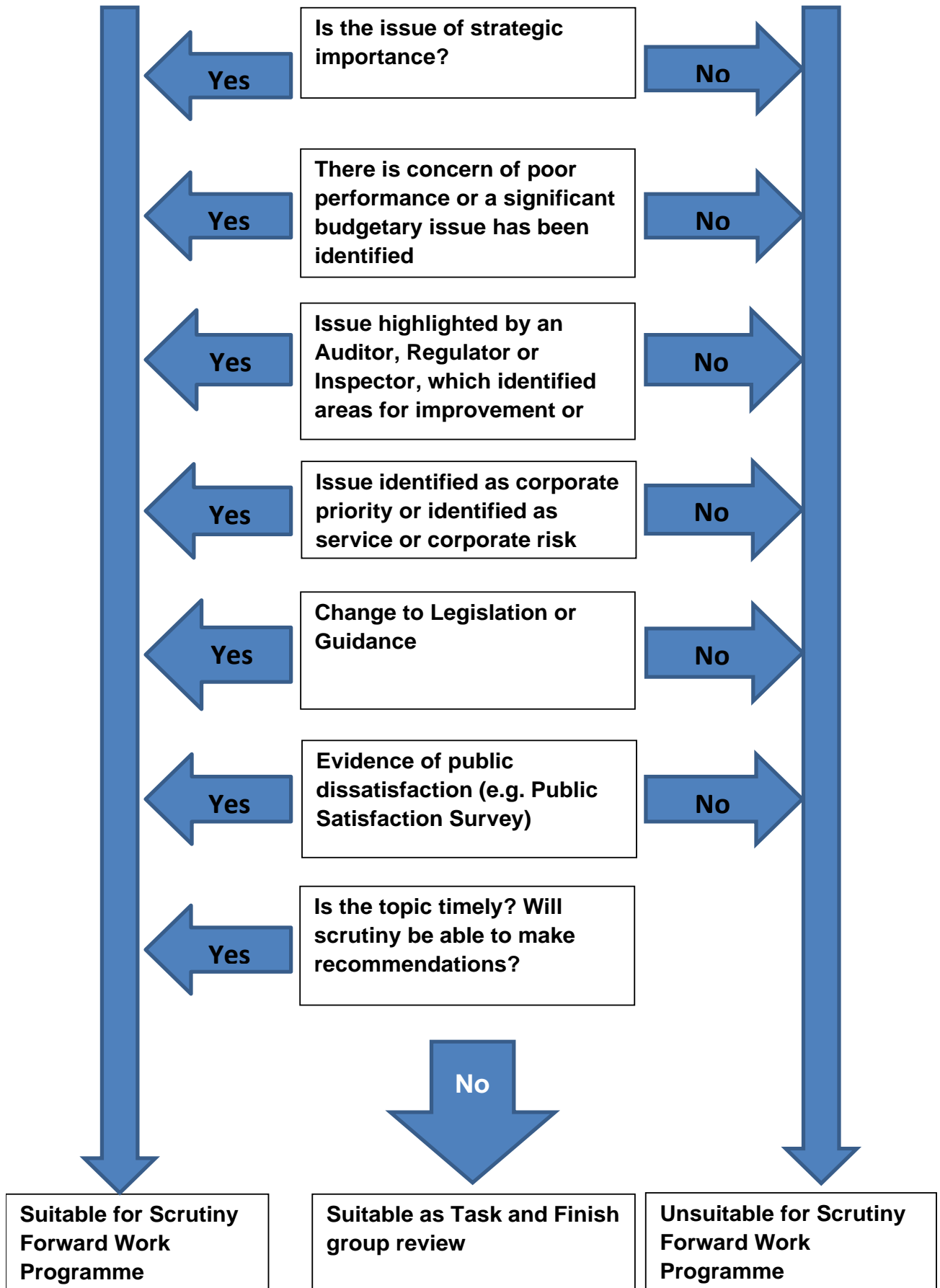
Meeting date:	Report title:	Key issue:	Report author	Cabinet Member:
06/03/2024	Gender Pay Gap	Legislative requirement to publish the Council's gender pay gap information by 31st March each year	Lynne Donovan	Cllr Nigel George
06/03/2024	Consultation outcome - Proposals to implement Council Tax premiums on long-term empty properties and second homes	To consider the implementation of premiums from April 2025.	Sean O'Donnell/Steve Harris	Cllr Eluned Stenner/ Cllr Shayne Cook
Special Cabinet 20/03/24 11:00 p.m.	Local Flood Risk Management Strategy	To provide Cabinet with a statutory update to the Local Flood Risk Management Strategy in accordance with Welsh Government National Strategy	Mark Goodger/Marcus Lloyd	Cllr Nigel George
Special Cabinet 20/03/24	Pontllanfraith Leisure Centre	To advise on the outcome of a public consultation on a proposal for Pontllanfraith Leisure Centre to remain permanently closed, with sporting facilities at the adjacent Centre for Vulnerable Learners being made available for community use outside of school hours upon opening in Spring 2025. To present the views of Housing and Environment Scrutiny Committee. To seek a decision on the future of Pontllanfraith Leisure Centre.	Rob Hartshorn	Cllr Chris Morgan
03/04/2024 13:00 p.m.	HRA Business Plan 2024	To seek Cabinet approval of the Housing Business Plan position in advance of submitting the plan to Welsh Government	Lesley Allen	Cllr Shayne Cook

**Cabinet Forward Work Programme – 14th February 2024**

<b>Meeting date:</b>	<b>Report title:</b>	<b>Key issue:</b>	<b>Report author</b>	<b>Cabinet Member:</b>
03/04/2024	Private Sector Housing Renewal Policy	To seek Cabinet approval for a revised Private Sector Housing Renewal Policy, which will detail the key priorities for the service and how they are proposed to be addressed.	Claire Davies/Mark Jennings/ Nick Taylor-Williams	Cllr Shayne Cook
03/04/2024	Sustainable Communities for Learning Band B Proposal – Ysgol Y Lawnt / Upper Rhymney Primary	For Cabinet to consider the Objection Report and approve commencement of the Planning application process and Full Business Case submission to Welsh Government.	Sue Richards/ Andrea West	Cllr Carol Andrews
03/04/2024	Proposal for the closure of Cwm Glas Infants School	For Cabinet to consider the Objection Report and provide a final determination on the proposal to close Cwm Glas Infants School with effect from September 2024.	Sue Richards/ Andrea West	Cllr Carol Andrews
03/04/2024	Post 16, Single Sex and Surplus Places Board Next Steps	To consider Post 16, Single Sex and Surplus Places Board next steps.	Keri Cole/ Paul Warren/ Nicola Davies	Cllr Carol Andrews

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### Scrutiny Committee Forward Work Programme Prioritisation



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## **CORPORATE AND REGENERATION SCRUTINY COMMITTEE – 20<sup>TH</sup> FEBRUARY 2024**

**SUBJECT: NOTICE OF MOTION – YES TO PUBLIC CONSULTATION ON  
SCRAPPING FIRST PAST THE POST**

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

### **1. PURPOSE OF REPORT**

- 1.1 The Corporate and Regeneration Scrutiny Committee is asked to consider the Notice of Motion as set out in paragraph 5.1 of the report and make an appropriate recommendation. In accordance with Rule 11(3) of the Constitution.

### **2. SUMMARY**

- 2.1 A Notice of Motion has been received from Councillor K. Etheridge and is supported by Councillors L. Whittle, A. Angel, N Dix, G. Ead, C. Elsbury, A. Farina-Childs, S. Kent, C. Mann, B. Owen, J. Reed, and J. Roberts.
- 2.2 The Notice of Motion meets the criteria set out in the Council's Constitution and in accordance with the Council's Rules of Procedure is now referred to Corporate and Regeneration Scrutiny Committee for consideration, prior to its consideration by Council if supported by the scrutiny committee.

### **3. RECOMMENDATION**

- 3.1 The Corporate and Regeneration Scrutiny Committee are asked to consider the Notice of Motion as outlined in paragraph 5.1 and make an appropriate recommendation.

### **4. REASONS FOR THE RECOMMENDATION**

- 4.1 In accordance with the Council's Constitution.

### **5. THE REPORT**

#### **5.1 Notice of Motion**

In his Notice of Motion Councillor Etheridge calls on Council to introduce a public

consultation on scrapping the first past the post and bringing in the single transferable vote at the next local election in 2027.

- 5.2 Councillor Etheridge also notes that colleagues in Powys and Gwynedd Council have voted to say yes to a public consultation on First Past the Post.
- 5.3 Officers have provided the following information in relation to the notice of motion:
- 5.4 Presently Councillors are elected to principal councils, like Caerphilly CBC, using a simple majority system commonly known as first past the post. Each Council will continue to use this method unless it decides to change to a system known as the Single Transferable Vote (STV). The power to change the voting system only applies to Principal Councils – Town and Community Councils would continue to use the current system.
- 5.5 Before exercising the power to change the Local Authority must consult Local Government Electors, Community Councils, and any other interested parties. Such a change would need to be considered by a Special meeting of Full Council and require a resolution supported by a two thirds majority. If a Council opts to change the voting system, it must use the new one for the next two rounds of ordinary elections. To change the voting system for the next set of Local Government Elections in 2027 a resolution must be made before 15 November 2024.
- 5.6 Large multi-member wards - Should the Council adopt STV then a full review of all County Borough wards would need to be conducted by the Local Democracy and Boundary Commission. Provisions for initial reviews outlined in the Act requires that if a Council adopts STV the number of Councillors for each electoral ward is to be no less than three, but no more than 6.
- 5.7 Counting Votes – there is no provision for electronic counting in the rules. Therefore, counting at a STV election will be a lengthy and complex process. Counts using STV could take up to 3 days to complete.

## **6. ASSUMPTIONS**

- 6.1 As a notice of motion is a procedural matter and must be dealt with in accordance with Council's Constitution, no assumptions have been made.

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

- 7.1 This report does not require an Integrated Impact Assessment as it relates to a procedural matter under the Councils Constitution.
- 7.2 The procedural rules regarding a Notice of Motion are contained within Council's Constitution. The Council's Constitution sets out the framework for the decision-making roles and responsibilities.
- 7.3 However the outcome of the Notice of Motion and any subsequent reports arising from it may require an Integrated Impact Assessment.

## **8. FINANCIAL IMPLICATIONS**

- 8.1 If the Council decides to adopt STV there will be significant costs ranging from organising a large public consultation, assisting the Local Democracy and Boundary Commission to conduct a review of the wards within the county borough, printing costs for ballot papers and training events for polling day and the subsequent count.

## **9. PERSONNEL IMPLICATIONS**

- 9.1 There are no personnel implications associated with this report.

## **10. CONSULTATIONS**

- 10.1 As this is a procedural notice of motion, there has been no consultation undertaken.

## **11. STATUTORY POWER**

- 11.1 Local Government Act 2000

Author: Emma Sullivan (Senior Committee Services Officer)

Appendices: Appendix 1 Signed copy of Notice of Motion.

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**NOTICE OF MOTION – YES TO PUBLIC CONSULTATION ON SCRAPPING  
FIRST PAST THE POST.**

Notice of Motion standing in the name of County Borough Councillor Kevin Etheridge and supported by the Councillors listed below: -

We the undersigned Elected Members call on Council to introduce a public consultation on scrapping 'first past the post' and bringing in the 'single transferable vote' at the next local election in 2027.

Colleagues in Powys and Gwynedd Council have voted yes to a public consultation on First Past the Post.



Councillor Kevin Etheridge

Supported by:

Councillors L. Whittle, A. Angel, N Dix, G. Ead, C. Elsbury, A. Farina-Childs, S. Kent, C. Mann, B. Owen, J. Reed, and J. Roberts.

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## **CORPORATE AND REGENERATION SCRUTINY COMMITTEE – 20TH FEBRUARY 2024**

**SUBJECT: STRATEGIC EQUALITY PLAN – OBJECTIVES AND  
ACTIONS 2024-2028**

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

### **1. PURPOSE OF REPORT**

1.1 The Report is seeking the views of Members and provides information on the Council's draft Strategic Equality Plan 2024-2028 (Appendix A).

### **2. SUMMARY**

2.1 The Public Sector Equality Duty in Wales came in to force on 6<sup>th</sup> April 2011 and included a requirement for public authorities to develop and publish a Strategic Equality Plan every four years. The Council has had a Strategic Equality Plan in place since 2012 and must now update this for the next 4-year cycle, 2024-2028.

2.2 Strategic Equality Plans since 2012 have ensured that the Council has a good foundation in place to continue to improve on our objectives and to assist us in meeting three of the well-being goals in the Well-being of Future Generations (Wales) Act 2015.

### **3. RECOMMENDATIONS**

3.1 The views of Corporate and Regeneration Scrutiny Committee are sought on the draft Strategic Equality Plan 2024-2028, to inform a version to be presented to Cabinet and Council for approval and adoption as Council policy.

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

- 4.1 The council is required under the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 to produce a Strategic Equality Plan every four years.

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

- 5.1 The Strategic Equality Plan has been developed to set out how the Council aims to meet its commitment to equality and how it will meet its legal obligations under the Equality Act 2010.
- 5.2 A comprehensive consultation process took place during October and November 2023 to ensure we involved as many individuals and groups as possible in developing the draft Equality Objectives and suggested Actions.
- 5.3 An engagement report has been produced, the Strategic Equality Plan Consultation Report can be viewed on the following web page, along with all supporting documentation relating to the development stages of the Strategic Equality Plan 2024-2028 – [\*\*Link to Strategic Equality Plan Consultation Report\*\*](#)
- 5.4 Feedback received during the consultation process was strongly in support of the proposed draft objectives. Using this feedback and the data currently relevant to the Council, the seven Equality Objectives contained in the draft Strategic Equality Plan 2024-2028 are:
- 1. Access to Services and Information**  
Understand and remove the barriers people face when accessing services
  - 2. Education, Skills and Employment**  
Improve education, skills and employment opportunities for all
  - 3. Inclusive Communities**  
Promote and facilitate inclusive and cohesive communities
  - 4. Inclusive and Effective Engagement**  
Effectively engage with our communities, overcome barriers to engagement and support and encourage all residents to have their voices heard
  - 5. Welsh Language**  
To ensure the Welsh speaking public can access services that comply with the statutory requirements
  - 6. Inclusive, Diverse and Equal Workforce**  
Create a workforce which reflects and respects the diversity of the communities within the county borough
  - 7. Reducing the Gender Pay Gap**
- 5.5 The Gender Pay Objective is a requirement of the Public Sector Equality Duty



- 5.6 An Action Plan has been developed and service areas will be required to embed the actions within their service delivery and provide annual progress updates to include in the Strategic Equality Plan annual reports.
- 5.7 The comments received as part of the consultation, which are not included as actions in the Strategic Equality Plan, will be passed to relevant service areas, as they are deemed service specific, and it will be for those service areas to enact on what has been suggested at a service level.

## 5.8 **Conclusion**

The Strategic Equality Plan 2024-2028 will ensure that the Council has a fit-for-purpose strategic policy document in place to demonstrate compliance with the latest statutory Equalities and Welsh language duties. It has been developed in line with legislative requirements and guidance produced by the Equality & Human Rights Commission.

- 5.9 The report will be taken to Cabinet on 6<sup>th</sup> March 2024 followed by Council on 18<sup>th</sup> April 2024 for formal approval and adoption. Once approved the Plan will be published on the Council's website.

## 6. **ASSUMPTIONS**

- 6.1 No assumptions have been made in preparing this Plan.

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

- 7.1 The Equality Act 2010 introduced a general equality duty and a specific public sector equality duty that is applicable to all public authorities. Section 149 of the Equality Act 2010 (Public Sector Equality Duty) requires public authorities to demonstrate that they have paid 'due regard' in their decision-making process to the need to:
- Eliminate unlawful discrimination, harassment and victimisation;
  - Advance equality of opportunity between people who share a protected characteristic and people who do not share it;
  - Foster good relations between people who share a protected characteristic and those who do not.
- 7.2 The relevant protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation. As a Council we also recognise the Welsh language as a protected characteristic.
- 7.3 A full Integrated Impact Assessment was completed on the Strategic Equality Plan 2024-2028 when being developed and in readiness for the consultation process that followed.

7.4 Following the consultation process the impact assessment was updated to reflect any points raised by respondents.

7.5 You can view the full Integrated Impact Assessment here:

**[Link to IIA](#)**

## **8. FINANCIAL IMPLICATIONS**

8.1 There are no financial implications aligned to this report.

## **9. PERSONNEL IMPLICATIONS**

9.1 Equality Objective 6 - Inclusive, Diverse and Equal Workforce and Equality Objective 7 – Reducing the Gender Pay Gap both relate to Human Resources activities. The Gender Pay objective is a requirement of the Public Sector Equality Duty.

9.2 In light of the requirements of the Welsh Language Standards and the wider requirements of the Public Sector Equality Duty, any personnel implications will be dealt with as they arise by People Services and the Equalities and Welsh Language Team and reported on via the annual reports.

## **10. CONSULTATIONS**

10.1 This report has been sent to the Consultees listed below and all comments received are reflected in this report and appended Strategic Equality Plan 2024-2028 (Appendix A).

## **11. STATUTORY POWER**

11.1 Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011  
Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017  
Welsh Language (Wales) Measure 2011  
Well-being of Future Generations Act (Wales) 2015  
Human Rights Act 1998  
Local Government (Wales) Measure 2011

Author: Anwen Cullinane, Senior Policy Officer – Equalities and Welsh Language  
cullima@caerphilly.gov.uk

Consultees: Dave Street, Deputy Chief Executive  
Richard Edmunds, Corporate Director – Education and Corporate Services  
Cllr Eluned Stenner, Cabinet Member for Finance and Performance  
Cllr Philippa Leonard, Cabinet Member for Planning and Public Protection  
Sue Richards, Head of Transformation and Education Planning and Strategy  
Lynne Donovan, Head of People Services  
Keri Cole, Chief Education Officer  
Robert Tranter, Head of Legal Services and Monitoring Officer  
Kathryn Peters, Corporate Policy Manager  
Christopher Hunt, Regional Community Cohesion Coordinator  
Elizabeth Sharma, Consultation and Public Engagement Officer  
Geraint Ashton, Policy Officer – Equalities and Welsh Language  
Karen Williams, Customer Services Digital Hub Manager  
Lisa Lane, Head of Democratic Services  
Lisa Rawlings, Regional Armed Forces Covenant Officer  
Louise Aston, Lead Employment Support Officer  
Marcus Lloyd, Head of Infrastructure  
Mike Headington, Green Spaces and Transport Services Manager  
Nick Taylor-Williams, Head of Housing  
Rhian Kyte, Head of Planning and Regeneration  
Ros Roberts, Business Improvement Manager

**Background Papers:**

**APPENDICES:**

**APPENDIX A - CCBC Strategic Equality Plan (SEP) 2024-2028**

All supporting documentation relating to the development stages of the Strategic Equality Plan 2024-2028 can be viewed on this web page – [\*\*Link to Development of the Strategic Equality Plan 2024-2028\*\*](#)

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Appendix A

**CAERPHILLY COUNTY BOROUGH COUNCIL  
STRATEGIC EQUALITY PLAN  
2024-2028**

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

## **Foreword**

Caerphilly County Borough Council believes that nobody should be discriminated against or placed at a disadvantage because of their identity or background. We want a county borough where everyone is treated equally and fairly in all aspects of everyday life.

Whilst we strive for all residents and visitors to the county borough to be treated equally, we also recognise that people have different needs. This plan takes these differing needs into account and aims to ensure that there are no barriers which prevent anyone accessing council services.

As our communities change, diversity is a key issue for us. We believe that it is our duty to tackle discrimination and encourage greater cohesion; creating communities where everyone feels respected and safe from harassment.

We also remain committed to achieving equality within all aspects of our service delivery and in our employment practices, which is even more important during these challenging times and in such a difficult financial climate.

The plan will be monitored each year in order to review the impact of the progress we make and the annual reports will continue to be published. It will also be publicised and promoted widely both internally and externally in order to raise awareness of the work being done.

We hope that you agree that this plan continues to develop the equality and diversity work we have undertaken to date and shows our ongoing commitment to ensuring respect and fairness for everyone in the county borough.

**Christina Harrhy**  
**Chief Executive**  
**Caerphilly County Borough Council**

**Cllr Sean Morgan**  
**Leader**  
**Caerphilly County Borough Council**

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## Section 1

### About us

The Caerphilly county borough covers an area stretching from the Brecon Beacons National Park in the north, to Cardiff and Newport in the south. It is bordered to the north by Merthyr Tydfil, the west by Rhondda Cynon Taf, and to the east by Blaenau Gwent and Torfaen local authorities.

We provide services to approximately 176,000 residents living across a mixture of urban and rural communities, living in 76,000 households. The 2021 Census showed that 40.9% of our population is aged over 50 years; we know that this figure will increase proportionately as life expectancy increases.

In relation to protected characteristics we have growing diversity in terms of ethnicity and national identity, and more people are more open to stating their gender identity and sexual orientation. We have a higher proportion of people with no qualifications than the Wales average, 24.1% as compared to 19.9% for Wales, and a lower proportion of people with level 4 qualifications or above, 25.3% as compared to 31.5% for Wales. However, the economic activity of our population is broadly comparable to the Wales average with 53.2% of females and 60.6% of males in work. Changing working patterns show that 23.9% of people now work mainly from home, with 59.7% travelling to work by car or van. 4% of our residents have served in either the UK regular or reserved armed forces.

The Council is the 5th largest local council in Wales and is the largest employer in the area. The Council employs just over 8,000 staff with 73% of them living in the county borough. They are employed into a variety of different roles within service areas which make up the following Directorates:

- Corporate Services and Education
- Social Services and Housing
- Economy and Environment

The Directorates are headed by Corporate Directors who together with the Chief Executive, and Deputy Chief Executive, make up the Corporate Management Team who oversee the delivery of the Council's business, including delivery of this plan.

The Council operates a cabinet style of local government which is led by a Leader and who is supported by 9 Cabinet Members. We have 69 elected Councillors who have a variety of roles including agreeing the Council's policy framework, council tax and budget.

The Council delivers over 600 services to the county borough to ensure our people and place are thriving and resilient. From early years support to social care, schools to care homes, environmental protection and infrastructure, provision of social housing, planning, public protection, economic regeneration, and transport planning etc. Our breadth of responsibilities is wide ranging and increasing.



We face significant challenges, the financial outlook for the Council is of serious concern, and the projections for government financial support are worsening year on year. We must reshape and repurpose our services to ensure we can meet the challenges head on and continue to support our people and place.

The Council's equalities statement makes its commitment clear:

The Council recognises that people have different needs, requirements and goals and we will work actively against all forms of discrimination by promoting good relations and mutual respect within and between our communities, residents, elected members, job applicants and workforce.

We will also work to create equal access for everyone to our services, irrespective of ethnic origin, sex, age, marital status, sexual orientation, disability, gender reassignment, religious beliefs or non-belief, use of Welsh language, BSL and other languages, nationality, responsibility for any dependents or any other reason which cannot be shown to be justified.

Respect for diversity is a key issue as our communities change and develop in the 21<sup>st</sup> century. We must respect what has been before and the achievements up to that point but we must also accept and respect that things have changed and continue to evolve. We must be respectful for every individual who lives or works here, who represents or who visits the county borough.

Council services must reflect these diverse needs and Caerphilly County Borough Council already has a strong background in delivering accessible services in a sensible, measured and cost-effective way. Local government finances are increasingly under challenge and any changes have to take into account the impact on the most vulnerable in society through our Integrated Impact Assessments, which carry the full authority of this plan.

The Council is committed to ensuring it achieves value for money from its third party procurement recognising the value of using procurement to support its wider Cultural, Social, Economic and Environmental objectives, in ways that offer real long-term benefits to the community it serves and the people of Wales, whilst balancing the issues of value for money.

Our Programme for Procurement is a living strategy, flexible, adaptable and alive to the changing environment; modular in nature so that it is easy to review and update annually in line with developments in the procurement landscape. Our approach will be continuous improvement to bring about real change and to improve the lives of those who live and work within our borough.

The Council will use its procurement processes to foster positive social change where appropriate. The Council has adopted the Ethical Supply Chain Code of Practice and we will apply this to foster fair working conditions for all.

This plan will be monitored each year in order to review the impact of the progress we make and our statutory Equality Report will continue to be published. It will also be publicised and promoted widely both internally and externally in order to raise awareness of the work being done.

## Context

This Strategic Equality Plan has been developed to primarily demonstrate the Council's commitment to meeting the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011. It highlights links to legislation and regulations covering the Welsh Language Standards and Human Rights issues and how it supports 4 of the 7 aims of Welsh Government's Well-being of Future Generations (Wales) Act 2015; A healthier Wales, A more equal Wales, A Wales of cohesive communities and A Wales of vibrant culture and thriving Welsh language. It also outlines how the council will meet its responsibilities under the Public Sector Equality Duty, to advance equality and inclusion for all protected groups.

Building on our previous equality work the plan explains to staff, citizens, stakeholders and elected members, how Caerphilly County Borough Council intends to deliver its equality commitments, whilst continuing to be an inclusive organisation that does not tolerate discrimination of any kind.

To assist us in writing this Plan, we engaged with our citizens, staff, stakeholders and elected members. We also used a range of equality information which supported us in defining what would be our equality objectives for the next 4 years, and by listening to them we hope that these objectives are both meaningful and achievable for us to deliver.

We looked at what priorities there were to consider both nationally and at a council level, and based them on what evidence we had available to us to support the work. A lot of work has been undertaken over the years into assessing our progress against the Public Sector Equality Duty through service plans and the self-assessment process.

We considered external sources of information such as reports by the Equality and Human Rights Commission and Welsh Government, policies and priorities, research reports and other relevant statistics available to help us.

A number of external reports undertaken by the Equality and Human Rights Commission have supported and influenced the development of our equality objectives.

### **Is Wales Fairer? 2018 – Equality and Human Rights Commission**

The format of the 2018 report from the EHRC; *Is Wales Fairer? 2018*, outlined the following themes. The objectives within the plan were developed to align with these themes:

- Education
- Work
- Living Standards
- Health
- Justice and Personal Security
- Participation

The report identified that some progress had been made in making Wales fairer, but suggested that there was much more work that needed to be done. The Equality and Human Rights Commission's key focus was socio-economic disadvantage, disability, gender and race and these were reflected in the Council's Strategic Equality Objectives 2020-2024.

The Action Plan in Section 2 identifies how the equality objectives and actions link to the themes identified in the *Is Wales Fairer? 2023* report.

### [Is Wales Fairer? 2023 – Equality and Human Rights Commission](#)

The 'Is Wales Fairer? 2023' report, the Equality and Human Rights Monitor, is the latest review and the first since Brexit, the COVID-19 pandemic and the start of the cost-of-living crisis.

The report provides an evidence-based overview of progress on equality and human rights in Wales. It is arranged by the nine protected characteristics covered by the Equality Act 2010 and each one looks at the following themes in more detail:

- Education
- Work
- Living Standards
- Health
- Justice and Personal Security
- Participation

The report also contains a chapter focused on key priority areas including human rights, socio-economic status and the Welsh language.

To help to improve the annual actions, we also welcome any ongoing, general comments on the content, quality and accessibility of this document and on the impact of those actions on the people we serve and the people we employ.

If you have any comments or would like to know more about the work the Council is doing please contact:

Equality and Welsh Language Team  
 Penallta House  
 Tredomen Park  
 Ystrad Mynach  
 CF82 7PG

Email: [equalities@caerphilly.gov.uk](mailto:equalities@caerphilly.gov.uk)

Telephone: 01443 864404 / 01443 864353

## Legislation

### Equality Act 2010

The Equality Act 2010 brings together and replaces previous anti-discrimination laws in a single Act. The Act includes a Public Sector Equality Duty (PSED), which has replaced all the individual duties previously in place, namely race, disability and gender equality. Section 149 of the Equality Act 2010 sets out the Public Sector Equality Duty, which places a duty on the Council, and other public organisations, to have due regard when making decisions and delivering services to ensure that we meet the requirement to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct that is prohibited by the Act.
- Advance equality of opportunity between people who share a relevant protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

In advancing equality of opportunity between people who share a protected characteristic and those who don't we must also ensure that we;

- Remove and minimise disadvantages experienced by people due to their protected characteristics.
- Take steps to meet the needs of people from protected groups whether these are different to the needs of other people.
- Encourage people with protected characteristics to participate in public life or in other activities where their participation is disproportionately low.

The third aim refers to fostering good relations and this means tackling prejudices and promoting understanding between people who share a protected characteristic and those who don't. This might mean in some circumstances that some people are treated more favourably than others as long as it's within the provisions of the Act.

There are 9 protected characteristics listed under the Equality Act 2010:

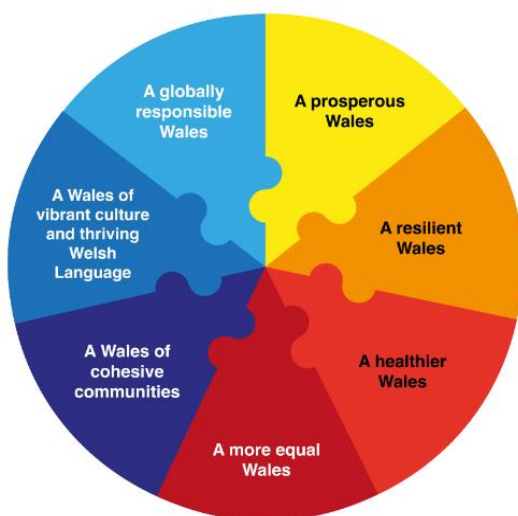
- Age
- Disability
- Gender Reassignment
- Pregnancy and Maternity
- Race
- Religion or Belief
- Sex
- Sexual orientation
- Marriage and Civil Partnership

In Wales there are specific statutory duties, which are regulations that set out the actions the Council must take to comply. The ***Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011*** were published by Welsh Government in April 2011 and include the following areas :

- **Equality Objectives** – prepare and publish a set of equality objectives which meet the Public Sector Equality Duty.
- **Engagement** – involve people who represent one or more protected characteristics and who have an interest in how the Council undertakes its functions.
- **Equality Impact Assessments (EIAs)** – undertaking EIAs and publishing them alongside reports which require decisions.
- **Equality Information** – collect and publish equality information which ensures compliance with the Public Sector Equality Duty.
- **Employment Information** – collect and publish workforce monitoring data annually.
- **Pay Difference** – ensure the Council has an equality objective which specifically relates to gender pay differences.
- **Staff Training** – promote knowledge and understanding of the Equality Act 2010, the Public Sector Equality Duty and the specific duties in Wales. Use performance assessment procedures to identify and address the training needs of staff.
- **Strategic Equality Plan** – publish a strategic equality plan which sets out the Council’s Equality Objectives to meet the Public Sector Equality Duty.
- **Procurement** – when procuring works, goods and services from other organisations, include conditions relevant to the Public Sector Equality Duty within procurement processes.

## Well-being of Future Generations (Wales) Act 2015

The Council is committed to ensuring that the [Well-being of Future Generations \(Wales\) Act 2015](#) is embedded within its service delivery and activities. The Act puts in place a sustainable development principle with a view to improving the economic, social, environmental and cultural well-being of Wales. This will help us to create a Wales that we want to live, in now and in the future.



To make sure that we are all working towards the same vision, the Act puts in place 7 well-being goals, and whilst the Council's Strategic Equality Plan will cut across all of the well-being goals, the plan specifically supports progress against the following 3 goals:

- A Wales of Vibrant culture and thriving Welsh language
- A Wales of cohesive communities
- A more equal Wales

The Sustainable Development Principle of the Act tells the council what to consider in meeting its duties under the Act. The Council, when making decisions has to consider the impact the decision could have on future generations. To do so there are 5 ways of working set out that must be considered and applied when making decisions. They are:

- **Long Term** - The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs.
- **Prevention** - How acting to prevent problems occurring or getting worse may help public bodies meet their objectives.
- **Integration** - Considering how the public body's well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies.
- **Collaboration** - Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives.
- **Involvement** - The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.

The 5 ways of working have been used to shape the Council's equality objectives.



## Welsh Language (Wales) Measure 2011

The Welsh Language (Wales) Measure 2011 replaced the Welsh Language Act 1993 and as part of the legislation, in Wales the Welsh language has equal legal status with English and must not be treated less favourably.

Public bodies must comply with a set of national Welsh Language Standards which the Welsh Language Commissioner issued via a [Compliance Notice](#) to the Council. The Compliance Notice sets out which of the 176 standards in the legislation apply to the Council, along with any exemptions and their implementation dates.

Welsh language issues are not covered by the Equality Act but rather have a set of Standards under the Welsh Language (Wales) Measure 2011, it has long been recognised that the equality and Welsh language policy agendas complement and inform each other. This is further

reinforced by the goal within the Well-being of Future Generations (Wales) Act 2015 – A Wales of vibrant culture and thriving Welsh language.

Welsh Language developments will be made corporately in line with the aims of the Measure, which:

- confirmed the official status of the Welsh language;
- created a new system of placing duties on bodies to provide services through the medium of Welsh;
- created a Welsh Language Commissioner with strong enforcement powers to protect the rights of Welsh speakers to access services through the medium of Welsh;
- established a Welsh Language Tribunal;
- gives individuals and bodies the right to appeal decisions made in relation to the provision of services through the medium of Welsh;
- created a Welsh Language Partnership Council to advise Government on its strategy in relation to the Welsh language;
- allowed for an official investigation by the Welsh Language Commissioner of instances where there is an attempt to interfere with the freedom of Welsh speakers to use the language with one another.

Each of the seven well-being goals forms a key part of how Wales should look, and although the seven goals are important in their own right, they should not be looked at individually because they are all interlinked with each other. If we look at the seven goals from a Welsh language perspective we can see how the Welsh language forms a part of, and plays a part in all aspects of education, health and social care, community cohesion, the economy and more.

Guidance issued by the Welsh Language Commissioner in 2018 called **Standards relating to promoting the Welsh Language**, included an illustration showing how the seven well-being goals relates to the Welsh language. It is for these reasons that Welsh Language has been integrated into the Equality and Welsh Language Objectives and Action Plan, and has been given a corporate equality objective of its own.

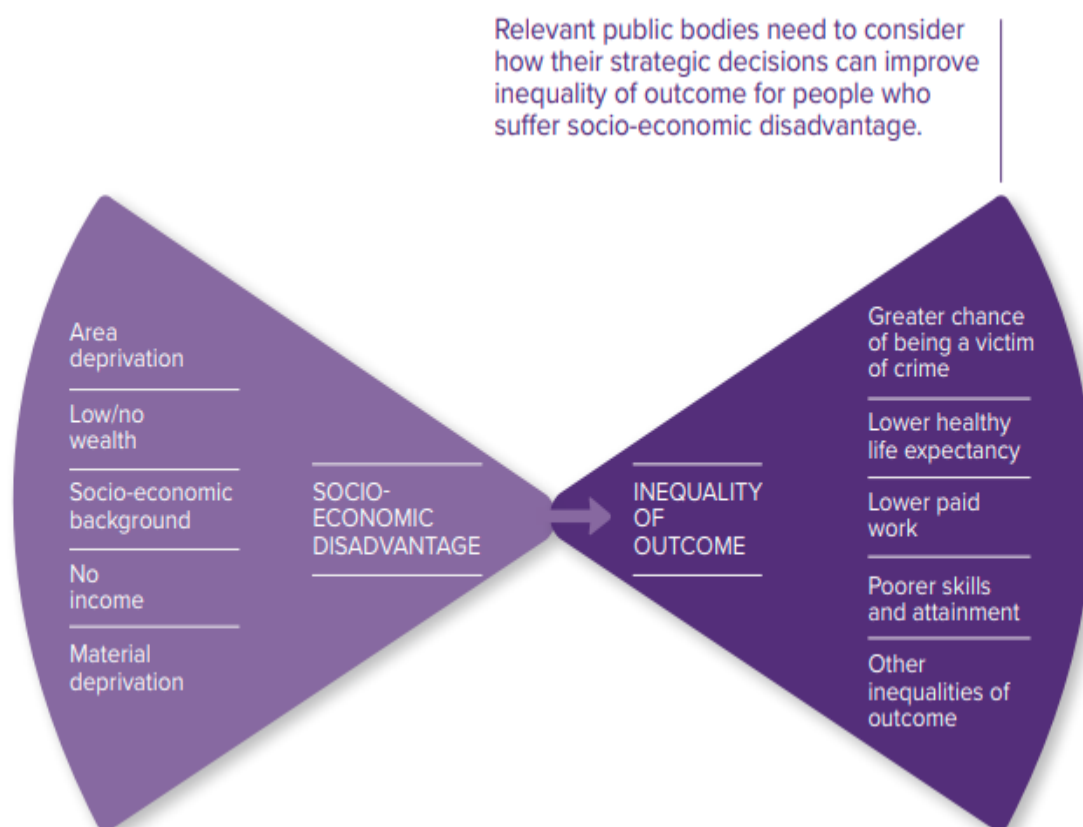


## Socio-economic Duty

On 31 March 2021 the Socio-Economic Duty came into effect in Wales. The Socio-economic Duty requires that we, as an organisation, when making strategic decisions such as deciding priorities and setting objectives, consider how our decisions might help reduce the inequalities associated with socio-economic disadvantage.

The overall aim of the duty is to deliver better outcomes for those who experience socio-economic disadvantage. The Socio-economic Duty will support this through ensuring that those taking strategic decisions:

- take account of evidence and potential impact
- through consultation and engagement
- understand the views and needs of those impacted by the decision, particularly those who suffer socio-economic disadvantage
- welcome challenge and scrutiny
- drive a change in the way that decisions are made and the way that decision makers operate.





## **Anti-racist Wales Action Plan**

In the Anti-racist Wales Action Plan, Welsh Government states:

In early 2020, the Welsh Government started work on an action plan for race equality, following calls by the Wales Race Forum, and other grassroots organisations. Almost immediately however, the work was halted by the COVID-19 pandemic. Then, in May 2020, the killing of George Floyd sent shock waves throughout the world. Both events shone a light on the systemic racism faced by Black, Asian and Minority Ethnic people, both in Wales and elsewhere. Both events reinforced the urgent need for action.

Through the development of the Plan we heard a clear message about the lack of trust felt by many people from ethnic minority backgrounds, over whether public bodies will enforce their rights – rights enshrined in law – but which often have little real impact on their lives. In this new Plan we outline how we have developed more focused actions, to help us make the necessary changes, and to fix broken systems.

Caerphilly Council fully support the Anti-racist Wales Action Plan and its purpose, and have embedded the relevant actions within our equality objectives.

## **LGBTQ+ Action Plan for Wales**

In the LGBTQ+ Action Plan for Wales, Welsh Government states:

The Welsh Government wants to make Wales the most LGBTQ+ friendly nation in Europe. It is an ambitious goal, but we believe we can support all LGBTQ+ people in Wales to live their fullest life: to be healthy, to be happy, and to feel safe.

As a government, we stand with our LGBTQ+ communities. That is why LGBTQ+ rights are embedded in our Programme for Government commitments (Welsh Government 2021a), are a key component of the Co-operation Agreement (Welsh Government 2021b) with Plaid Cymru, and why we have developed this ambitious Action Plan. Our aim, through this plan, is to show our clear commitment to respecting, protecting, and fulfilling the human rights of all LGBTQ+ people in Wales (OHCHR 2022a).

This plan will act as the framework for LGBTQ+ policy development across government and with our partners. It sets out the concrete steps we will take to strengthen equality for LGBTQ+ people, to challenge discrimination, and to create a society where LGBTQ+ people are safe to live and love authentically, openly and freely as themselves.

The Council fully supports the LGBTQ+ Action Plan for Wales and its purpose, and have embedded the relevant actions within our equality objectives.

## Section 2

### Strategic Equality Objectives and Action Plan

#### Strategic Equality Objective 1 – Access to Services and Information

Understand and remove the barriers people face when accessing services

##### Context

This objective focuses on the provision of accessible and inclusive services to the citizens of the county borough. We will achieve this by continuing our engagement with service users to identify and eliminate barriers to services. Some of what we have planned include creating community hubs, improving public transport and further developing active travel opportunities, which will enable our communities to live healthier and more active lifestyles.

Barriers experienced by groups and individuals may include, accessing information in appropriate language or formats to suit their needs, mental health difficulties, transport, unemployment or accessibility to technology. Service areas should implement plans and strategies collaboratively to successfully address and remove identified barriers.

Empowering groups with protected characteristics to be able to access the services they need is a key focus for the Council. This work is supported by the Council's Caerphilly Cares Team. Caerphilly Cares is a different way of working that moves away from transactional to 'what matters to people', changing organisational values and systems. Caerphilly Cares provides a new approach to service provision providing a changing perspective on building bridges with communities, mobilising individual and community assets. The long term vision is for a much larger range of services to work collaboratively 'under the umbrella' of Caerphilly Cares to support early intervention and prevention to meet the needs of all residents in Caerphilly borough with a focus on reducing inequalities and supporting the most vulnerable in our borough.

A particular group that might face challenges adapting to civilian life and accessing services is the Armed Forces and their families, which encompasses both individuals who have served in the Armed Forces and individuals affiliated with the Armed Forces, including military family members and dependants. The vast majority of the 2.8 million ex-Servicemen and women living in Britain today have successfully adapted to civilian life, putting the skills and experience they acquired while serving in the Armed Forces to good use. However, a significant minority can be in need of support either at the point of discharge or many years afterwards.

Caerphilly County Borough Council was one of the first local authorities to have signed the Armed Forces Covenant in Wales and are honoured to have been awarded Gold in the Defence Employer Recognition Scheme. The Armed Forces Covenant is a promise from the nation ensuring that those who serve or who have served in the Armed Forces, and their families, should be treated with fairness and respect in the communities, economy and society they serve with their lives. The Council also runs an e-learning programme for staff on the Armed Forces Covenant, so that staff equipped with skills to be able to support this community when accessing services.

### **Relevant Data**

In the Caerphilly Conversation (Autumn 2022) 93% felt we should increase opportunities for people to be physically and mentally fit. 93% of respondents thought Green Spaces and Parks were important to be prioritised in the 2023 budget, with 51% of the 93% saying they thought this was more important than last year.

Census 2021 data shows that 20.3% of households in the county borough do not have a car or a van.

Census 2021 data also shows that 0.04% of people aged 3 years and over in Caerphilly County Borough use British Sign Language as their main language.

According to the Census 2021 data there are 6,350 armed forces veterans living in Caerphilly County Borough.

In the 'Is Wales Fairer? 2023' report it states that people aged between 64-74 years of age and those over 75 were significantly less likely to have internet access at home in 2021-2022 than all younger age groups. However, the proportion of people in post-retirement age groups who have internet access increased between 2018-2019 and 2021-2022.

### **Themes from 'Is Wales Fairer? 2023'**

Education, Work, Living Standards, Health, Justice and Personal Security, Participation

### **Relevant Protected Characteristics**

Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex, Sexual Orientation, Welsh Language

### **Supporting Documents**

[Gwent Public Services Board – Well-being Plan 2023-2028](#)

[Corporate Plan 2023-2028 – Caerphilly Council](#)

[Customer and Digital Strategy – Caerphilly Council](#)

[Digital Strategy for Wales – Welsh Government](#)

[Active Travel Plans – Caerphilly Council](#)

[Regeneration Strategy – Caerphilly Council](#)

[Caerphilly Cares Team – Caerphilly Council](#)

[Armed Forces Covenant Duty – Caerphilly Council](#)

[Census 2021 - British Sign Language - Signature](#)

[Accessibility Statement – Caerphilly Council](#)

['Is Wales Fairer? 2023' – Equality and Human Rights Commission](#)

## Actions

### 1-2 Years

- Update and review staff guidance on developing accessible information
- Comply with the Web Content Accessibility Guidelines (WCAG 2.1 AA)
- Development of new accessible Council website
- Work with Service areas to ensure that equality data collection is meaningful
- Service areas respond to all equality related complaints in a timely manner, and learn from them
- Embed the Armed Forces Covenant Duty in service delivery

### 2-3 Years

- Ongoing work to survey the council's building stock (including schools) for access improvements

### 3-4 Years

- Deliver on the principles of the Customer and Digital Strategy
- Support stakeholders to 'help themselves' by providing comprehensive advice and information, including signposting to other services
- Develop Community Hubs to bring access to council services closer to communities
- Improve access to public transport to keep towns connected and enhanced active travel opportunities between communities, so people can access education, services, information, employment and support

## Why?

**Digital Inclusion** – Upskilling citizens and staff enables them to use and access information digitally, removing a number of barriers and enabling citizens to be more engaged. This includes the use of social media and networking, the news, access to job opportunities, finance (online banking), transport information, housing options or even online purchases. Digital skills will enable citizens and staff to access details regarding council services, and have up to date information relating to developments which may affect them, such as consultations, roadworks, events etc.

**Equalities Monitoring** – Improving how equalities monitoring information is collected will identify what issues exist within services, and if citizens with protected characteristics experience any issues or are accessing services equally. Equalities monitoring data will help us understand who our customers are and assist us in tailoring our services to suit their needs. Collecting this data for compliments and complaints will help identify areas where we are doing well and areas where we need to improve. This information will enable us to provide equality of access to services and the removal of identified barriers.

**Accessibility** – Improving our accessibility for customers and rationalising our access points will support our Customer and Digital Strategy, including the rationalisation of contact points and numbers, and digitisation of customer services. Our steps to improve access to public transport and access between communities can be found in a range of Town Plans, Active Travel and Regeneration Strategy.

## Strategic Equality Objective 2 – Education, Skills and Employment

Improve education, skills and employment opportunities for all

### Context

The primary aim of this objective is to ensure that our communities are well equipped to secure sustainable and well-paid employment as a means of preventing poverty. Through ensuring our citizens are ready to enter the working environment, we will prevent long term problems associated with low skills and unemployment.

Welsh Government, together with our own self-evaluation processes, suggest that the pandemic has affected some groups of learners more than others. The Council's new education strategy, ['Pursuing Excellence Together' - Education Strategy 2022-2025](#) reflects these concerns by recognising and supporting different groups of learners in an appropriate way. The vision of the strategy is that all children, young people and adults accessing education will be 'Pursuing Excellence Together'.

Increasing the number of citizens accessing education, training and employment will positively contribute to creating cohesive and resilient communities that will thrive. The skills agenda is fundamental to the economic development and economic prosperity of the nation, Cardiff Capital Region and Caerphilly County Borough.

Key to this will be focussing our work on reducing the number of citizens who are not in employment, education and training, eliminating the economic inactivity gap; identifying the skills gaps and shortages in priority sectors; increasing the number and quality of apprenticeships; and improving people's perception of apprenticeships as a route into well-paid employment.

Caerphilly Council has developed a robust, single employment support model through the coordinated delivery of Communities for Work Plus (CfW+) and Shared Prosperity Fund (SPF) - People and Skills Pillar funded by the UK Government. The UK Shared Prosperity Fund (UKSPF or the Fund) is a central pillar of the UK Government's Levelling Up agenda.

CfW+ acts as the employability support function within Caerphilly Council's employability team for those who are ready or available for work, or who have been assessed as near work readiness. Mentors will support all unemployed customers with barriers to employment - Economically Inactive, Short Term Unemployed, Long Term Unemployed, and 16-24 year old NEET's (not in Education, Employment or Training), across all postcodes within Caerphilly County Borough.

This objective also has links to the Well-Being Objectives in the Corporate Plan in particular;

- Well-being Objective 1 – Enabling our Children to Succeed in Education
- Well-being Objective 2 – Enabling our Residents to Thrive
- Well-being Objective 4 – Enabling our Economy to Grow

### Relevant Data

According to the 2021 Census data, Caerphilly saw Wales' third-largest percentage-point fall in the proportion of people aged 16 years and over (excluding full-time students) who were unemployed (from 4.7% in 2011 to 2.6% in 2021). The data shows that 43% of the population aged 16 and over in the county borough are economically inactive. This data includes students and retired people.

We have a higher proportion of people with no qualifications than the Wales average, 24.1% as compared to 19.9% for Wales, and a lower proportion of people with level 4 qualifications or above, 25.3% as compared to 31.5% for Wales.

The 'Is Wales Fairer? 2023' report evidences that Welsh Government data suggests that 13.6% (14,200) of young people aged 16–18 were NEET at the end of 2021 compared with 11.7% (11,900) at the end of 2020. The data also shows that 16.3% (37,800) of young people aged 19–24 were NEET in 2021 compared with 15.8% (37,700) in 2020. A close eye will be kept on the impact of the pandemic and the cost of living crisis, as at the time of reporting these were not yet known.

Between 2010-11 and 2019-20, the 55–64 age group in Wales had a lower employment rate than all younger age groups. In addition to the low employment rates, this age group also had particularly high rates of economic inactivity. In 2019, 40.1% were economically inactive.

One of the priorities in the Welsh Government's 2022 employability and skills plan is to create 125,000 apprenticeships by 2026. Part of the government's national milestones is to have at least 90% of young people aged 16–24 being in education, employment or training by 2050.

### Themes from 'Is Wales Fairer? 2023'

Education, Work, Living Standards, Health, Justice and Personal Security, Participation

### Relevant Protected Characteristics

Age, Disability, Gender Reassignment, Pregnancy and Maternity, Race, Religion or Belief, Sex, Sexual Orientation, Welsh Language

### Supporting Documents

[Corporate Plan 2023-2028 – Caerphilly Council](#)

[Prosperity for All: Economic Action Plan – Welsh Government](#)

[Cymraeg 2050: A Million Welsh Speakers](#)

[Education Strategy – 'Pursuing Excellence Together' 2022–2025 – Caerphilly Council](#)

[Anti-Poverty Strategy – Caerphilly Council](#)

[Caerphilly Cares Team – Caerphilly Council](#)

[Employment Support Team – Caerphilly Council'](#)

['Is Wales Fairer? 2023' – Equality and Human Rights Commission](#)

## Actions

### 1-2 Years

- Resettlement Scheme to signpost people to courses such as ESOL and other essential skills courses

### 2-3 Years

- Provide advice, support and training to help individuals gain the skills, qualifications and experience necessary to secure employment, in particular vulnerable children and adults
- Mentors to support citizens through Communities for Work Plus to seek training and employment opportunities
- Residents are provided with information, advice and assistance on a range of social welfare issues to enable them to increase household income, manage debt and develop skills to improve their financial capability
- Work closely with schools, in particular those with specialist resource bases and Trinity Fields School, to ensure adequate educational support is available

## Why?

**Skills and Employment Opportunities** – By tackling the causes of poverty and ensuring our anti-poverty grant programmes are working collaboratively, we will maximise our ability to support the most vulnerable in our communities. Increasing the number of citizens accessing education, training and employment will positively contribute to creating cohesive and resilient communities that will thrive, thus improving quality of life and the health of those living within the county borough.

**Education Opportunities** – The Council has listed the following two objectives in its new Corporate Plan 2023-2028 *‘Enabling our Children to Succeed in Education’* and *‘Enabling our Economy to Grow’* which will help us to meet some of the actions in this objective. *The vision of the Council’s new education strategy ‘Pursuing Excellence Together’; is to ensure that all children, young people and adults accessing education are equipped with the necessary skills required to access the work environment.*

As an authority we have committed to an ambitious Sustainable Communities for Learning investment programme. Two of the first projects of the Sustainable Communities for Learning Band B programme will assist the Council in meeting the needs of its most vulnerable learners and the Welsh in Education Strategic Plan.

## Strategic Equality Objective 3 – Inclusive Communities

Promote and facilitate inclusive and cohesive communities

### Context

Community cohesion, as defined in Welsh Government's **Community Cohesion National Delivery Plan**, is the ability of all communities to function and grow in harmony together rather than in conflict. Caerphilly Council has a strong track record of responding to community cohesion challenges, whether it is the arrival of new communities, preventing radicalisation or mitigating tensions linked to crime and anti-social behaviour. Yet the continuation and polarisation of political debate, particularly regarding issues such as Brexit and broader migration patterns – accompanied with the prevalence of social media – continues to influence how communities respond to change.

For communities to flourish, there must be – and be seen to be – shared access to opportunities; a belief that all sections of the community have an equal stake in its success and its future, with no single part of the community perceived as undermining the opportunities of another and a shared belief in a set of common principles whereby:

- the diversity of people's backgrounds and circumstances is appreciated and positively valued;
- those from different backgrounds have similar life opportunities;
- strong and positive relationships are developed between people from different backgrounds and circumstances in the workplace, in schools and within neighbourhoods.

This vision is further strengthened by Welsh Government's **Anti-Racism for Wales Action Plan**, **Community Cohesion Action Plan** and the **LGBTQ+ Action Plan for Wales**, all of which reflect the role local authorities play in nurturing community cohesion and are therefore embedded throughout this Strategic Equality Plan.

When we refer to 'communities' we are often describing a geographical neighbourhood, but the term community may also be used to define individuals who share a protected characteristic (e.g. ethnicity or culture, age group, religion or belief, sexual orientation, language, gender) or interests.

### Relevant Data

According to the 2021 Census data 97.7% of Caerphilly County Borough's population was White with 2.3% being from all other ethnic groups combined.

Of residents aged 16 and over, 2.5% of the population described their sexual orientation as not being straight or heterosexual, with a further 6.6% of the population not answering the question. This was the first time that this question has been asked in a census.

As reported in 'Is Wales Fairer? 2023', according to the National Survey for Wales (NSW), in 2021-22 Christians were more likely to report being very satisfied with their local area than those with



No Religion. In the same period, 58% of Christian adults reported being very satisfied with their local area, compared with 51% of those with No Religion.

The NSW analysis also found that heterosexual respondents in 2018/19 were more likely (72.6%) to agree that they belonged to their local community than all other respondents (63.2%). Heterosexual adults were also more likely (72%) to feel safe than all other adults (64%).

Women are significantly less likely to feel safe in their local community than men and felt less safe in 2021/22 than they did in 2016/17. The NSW data for 2021/22 shows 51% of women felt safe at home and walking or travelling in the local area (56% in 2016/17) compared with 81% of men (82% in 2016/17).

Data evidenced in the 'Is Wales Fairer? 2023' report shows that from all hate crimes recorded by the police in Wales between 2018-19 and 2021-22 increased from 3,932 to 6,295. In Wales, there were 1,074 racially or religiously aggravated offences recorded by the police in 2017-2018 with this figure increasing to 2,934 in 2021/22.

### **Themes from is Wales Fairer 2023**

Education, Work, Living Standards, Health, Justice and Personal Security, Participation

### **Relevant Protected Characteristics**

Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex, Sexual Orientation, Welsh Language

### **Supporting Documents**

[Corporate Plan 2023-2028 – Caerphilly Council](#)

['Is Wales Fairer? 2023' – Equality and Human Rights Commission](#)

[Well-being of Future Generations \(Wales\) Act 2015 – Welsh Government](#)

[Anti-racist Wales Action Plan \(ArWAP\) – Welsh Government](#)

[LGBTQ+ Action Plan for Wales – Welsh Government](#)

[Community Cohesion Action Plan – Welsh Government](#)

### **Actions**

#### **1-2 Years**

- The Council to offer anti-racism and zero tolerance training for all staff groups and elected members on understanding and challenging racism on an ongoing basis
- Ensure employability programmes are inclusive and meet the needs of people with protected characteristics
- Continue to support and uphold the rights and best interests of unaccompanied asylum-seeking children and young people
- Ensure homelessness services are inclusive of the specific needs of LGBTQ+ people
- Provide equalities training that includes the needs of LGBTQ+ people
- Continue our support of the LGBTQ+ Community by hosting our own annual Pride Caerffili

- Age Friendly Communities Officer to continue to build relationships with organisations that represent older people and with older residents themselves

### **2-3 Years**

- Encourage and support staff to attend any equalities and Welsh language training

### **3-4 Years**

- Ensure Caerphilly County Borough remains inclusive of LGBTQ+ people

### **Why?**

A Wales of Cohesive Communities is one of the 7 goals of the Well-being of Future Generations (Wales) Act 2015, this ensures cohesion remains at the heart of how the council and other public bodies deliver policies and services now and in the future. The Act, Welsh Government's National Delivery Plan, Anti-racist Wales Action Plan and LGBTQ+ Action Plan for Wales, work hand in hand, following the same principles of integration, collaboration, involvement, and ensuring policies and services remain responsive to local needs. The actions in the Council's Strategic Equality Plan aligns with the actions in these plans, and demonstrate how we will continue to foster good relations and tackle deep-rooted inequality within our communities.

## **Strategic Equality Objective 4 – Inclusive and effective engagement**

Effectively engage with our communities, overcome barriers to engagement and support and encourage all residents to have their voices heard.

### **Context**

Our “Consultation and Engagement Framework” sets out our approach for a common understanding to further improve engagement processes across the organisation. It defines engagement as anything that we do that informs citizens about what we do, or involves citizens in the Council’s decision-making process.

This framework is underpinned by the [National Principle for Public Engagement in Wales](#) and the [Law of Consultation](#)

The Wales specific Public Sector Equality Duty (PSED) as set out in the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 notes that the council must involve people who it considers representative of one or more of the protected groups and who have an interest in how a public body carries out its functions.

To support effective community engagement, strengthen relationships and work together with our communities to design and deliver services that best meet their needs, we need to understand and remove barriers to engagement. Whilst advances in technology enable us to provide information in digital formats, there continue to be barriers that prevent residents from engaging with us, e.g. transport, mental health, socio-economic status, low literacy and numeracy skills etc. We need to ensure that invitations to engage are accessible and targeted to the appropriate people, and that people have easy access to relevant information that is tailored to meet their needs – that the materials provided are relevant, appropriate and understandable and available in different languages and formats.

The capacity and ability of different stakeholders to participate varies. Working with the support of partner organisations who are experienced in supporting specific groups will enhance our engagement.

Inclusive and effective engagement is key in helping us to deliver on each of the well-being objectives within the council's Corporate Plan 2023-2028.

### **Relevant Data**

A full stakeholder analysis is undertaken at the outset of each consultation/engagement exercise to ensure that all those who may be affected or have a particular interest in taking part are encouraged and enabled to do so. The stakeholder analysis will identify different groups and individuals and allow for targeted engagement based on the topic of the consultation (as identified by an Integrated Impact Assessment). During the consultation and engagement period, we are able to monitor participation of different groups, including those with protected characteristics, and where necessary, further target under-represented groups, particularly when they have been identified as key stakeholders.

## Themes from ‘Is Wales Fairer? 2023’

Education, Work, Living Standards, Health, Justice and Personal Security, Participation

## Relevant Protected Characteristics

Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex, Sexual Orientation, Welsh Language

## Supporting Documents

[Corporate Plan 2023-2028 – Caerphilly Council](#)

[‘Is Wales Fairer? 2023’ – Equality and Human Rights Commission](#)

[Well-being of Future Generations \(Wales\) Act 2015 – Welsh Government](#)

[Customer and Digital Strategy 2019-2023 – Caerphilly Council](#)

[Communications and Engagement Strategy 2019-2022 – Caerphilly Council](#)

[Consultation and Engagement Framework 2020-2025 – Caerphilly Council](#)

[Children and Young People Participation Standards – Welsh Government](#)

## Actions

- Review and strengthen internal processes for undertaking Integrated Impact Assessments (IIA) and related consultation – ensure that the IIA forms the foundation for identifying the people we need to target (stakeholders) when engaging around specific topics
- Audit skills and develop training to ensure that staff have the necessary knowledge and skills to effectively engage with communities
- Identify barriers that hinder full and effective engagement with stakeholders; and identify the actions required to remove those barriers
- Review and update our key stakeholder groups across the county borough that represent protected characteristic groups and strengthen our relationships with relevant partner and stakeholder organisations.
- Monitor the accessibility, inclusion, and diversity of our engagement to make sure that we are hearing the voices of people with different protected characteristics and lived experience, including underrepresented people.
- Review and strengthen internal processes to ensure that we design our engagement to make a difference by clearly communicating both the purpose of the engagement (how they and their communities could benefit) and the process. e.g. through the internal consultation and engagement working group, new “Caerphilly Conversation” platform

## Why?

The views of residents and stakeholders are central to informing the Council’s decision-making processes and in helping to shape the effective and efficient delivery of services to best meet the needs of our communities. As we face ongoing financial challenges, it is more important than ever that we work with our communities across our county borough to support them to have their voices heard.

## **Strategic Equality Objective 5 – Welsh Language**

To ensure the Welsh speaking public can access services that comply with the statutory requirements

### **Context**

Welsh language issues are not covered by the Equality Act 2010 but have a set of standards under the Welsh Language (Wales) Measure 2011. These are detailed in the regulations approved by Welsh Government as the Welsh Language Standards (No. 1) Regulations 2015.

Internal working practices continue to evolve to ensure that the principle of language equality is respected in every aspect of service provision. To assist the council in meeting the requirements of the Welsh Language Standards and to meet the needs of the Welsh speaking population of the county borough, we work in partnership with organisations such as; Menter Iaith Caerffili, Fforwm Iaith, Welsh medium schools etc. This work is detailed in the county borough's Five Year Welsh Language Strategy 2022-2027.

We must comply with all agreed Welsh Language Standards as detailed in the Council's Compliance Notice to ensure that the Welsh-speaking population, whether they be staff, citizens, students or visitors, can access the council's services in Welsh.

### **Relevant Data**

The Council's workforce data, up to and including 31 March 2023, showed that 24.6% of employees (including school-based staff) had Welsh language skills graded 1-5 based on the ALTE Framework (Association of Language Testers in Europe).

According to the Pupil Level Annual School Census 2023, 16.9% of the school population in Caerphilly County Borough is in Welsh medium education.

In 2021, there were around 1,400 fewer Welsh-speaking Caerphilly residents (over the age of three years) compared with 2011. The number of people who did not speak Welsh increased by 150. [How life has changed in Caerphilly: Census 2021 \(ons.gov.uk\)](https://ons.gov.uk). According to the Office for National Statistics (ONS), the percentage of Welsh speakers in Caerphilly remained at 10.5% in 2021.

### **Themes from 'Is Wales Fairer? 2023'**

Education, Work, Living Standards, Health, Justice and Personal Security, Participation

### **Relevant Protected Characteristics**

Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex, Sexual Orientation, Welsh Language

## Supporting Documents

[Welsh Language Standards Compliance Notice - Caerphilly Council](#)

[Five Year Welsh Language Strategy 2022-2027 - Caerphilly Council](#)

[Cymraeg 2050: A Million Welsh Speakers](#)

[Well-being of Future Generations \(Wales\) Act 2015 - Welsh Government](#)

[Welsh Language Standards Annual Report 2022-23 - Caerphilly Council](#)

[Corporate Plan 2023-2028 – Caerphilly Council](#)

[‘Is Wales Fairer? 2023’ – Equality and Human Rights Commission](#)

## Actions

### 1-2 Years

- Raise awareness regarding the importance and availability of providing Welsh medium activities for families
- Work with young people to raise awareness of Welsh as a valuable skill for training and employment
- Work with partners to hold job fairs and follow up with mock interview sessions and raise awareness of job vacancy websites
- Implement a policy on using the Welsh language internally for staff and elected members

### 2-3 Years

- Regional partnership with councils, Welsh in Education Forum, and Welsh Language Forum working together to plan Welsh medium activities and promote Welsh medium education
- Support community groups to mainstream the use of the Welsh language and provide new speakers with the opportunity to use Welsh every day

### 3-4 Years

- Maintain the Welsh Language Skills data on the internal payroll system
- Develop a new Welsh Language Friendly Businesses Scheme to encourage and support local businesses to use more Welsh when delivering services

## Why?

**Communication and Accessibility** – Information must be available bilingually as required by the Welsh Language Standards. We will consider the needs of Welsh speakers and new speakers in relation to providing all communication. When consulting with citizens and delivering frontline services, staff must be equipped with the required Welsh language skills to deliver services as required by the Welsh Language Standards. By promoting the availability of bilingual council services we will increase the demand for these services and meet our obligations under the county borough’s Five Year Welsh Language Strategy and Welsh Government’s Million Welsh speakers by 2050.

**Voice** – Engage and consult with local Welsh language groups and organisations, such as the Welsh Language Forum, Menter Iaith Caerffili, and the Urdd etc. Encourage Welsh speaking citizens to become members of the council’s Viewpoint Panel to ensure that it is representative. Co-production will help build relationships with Welsh speakers and learners so they feel they can

influence and make decisions around the services they need. They can also support the Council to identify examples of good practice and where improvement is required.

**Remove Barriers** – Working in partnership with Welsh medium groups and organisations will help us communicate with a wider audience. It will help us deliver services to members of our community, who may think that the Council does not deliver services through the medium of Welsh. Service areas should actively promote the availability of bilingual services, making Welsh speakers and learners feel a part of the community they live in and that they can access services using their language preference without having to ask.

## **Strategic Equality Objective 6 – Inclusive, Diverse and Equal Workforce**

Create a workforce which reflects and respects the diversity of the communities within the county borough

### **Context**

Creating a workplace and promoting a culture which is safe and inclusive and where every individual can feel safe and have a sense of belonging will promote a positive working environment. Staff feel valued and empowered, enabling them to provide high quality services to our citizens.

We need a greater understanding of the diversity of our workforce. To achieve this, collection of equalities monitoring data is crucial. Data must be captured at the beginning of the employment process, and at every stage of the employee's lifecycle, to ensure that our recruitment practices and our policy development are fair and inclusive.

Fairness at work and good job performance go hand in hand. Tackling discrimination helps to attract, motivate and retain staff and enhances an organisation's reputation as an inclusive employer.

Equalities and Welsh language training equips staff with the skills and understanding required to engage with citizens sensitively. Upskilling staff to have an awareness of protected characteristics ensures that citizens with specific needs, receive services that are accessible and compliant.

The Welsh Government's Anti-racist Wales Action Plan (ArWAP) includes commitments to improve recruitment and conditions for ethnic minority workers across the public sector, including a new workforce race equality standard to address poor experiences of ethnic minority health and social care workers.

### **Relevant Data**

According to the 2021 Census data 97.7% of Caerphilly County Borough's population was White with 2.3% being from all other ethnic groups combined.

The Council's workforce data, up to and including 31 March 2023, showed that 24.6% of employees (including school-based staff) had Welsh language skills graded 1-5 based on the ALTE Framework (Association of Language Testers in Europe). The same data showed that 38 members of staff have British Sign Language Skills.

The National Survey for Wales (NSW) in 2019-20 found that ethnic minorities (excluding White minorities) are most likely to experience discrimination at work (28%), compared with White minority groups (21%) and White British workers (9%).

Consistently disabled people are much less likely to be employed than non-disabled people. Disabled adults are also more likely to be economically inactive than non-disabled adults (in 2019-20), however, this gap in economic inactivity narrowed between 2013/14 and 2019/20. Disabled adults are also more likely to be unemployed, and the size of the gap showed no significant change from 2013-14 to 2019-20.



## Themes from 'Is Wales Fairer? 2023'

Education, Work, Living Standards, Health, Justice and Personal Security, Participation

### Relevant Protected Characteristics

Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex, Sexual Orientation, Welsh Language

### Supporting Documents

[Corporate Plan 2023-2028 – Caerphilly Council](#)

['Is Wales Fairer? 2023' – Equality and Human Rights Commission](#)

[Level 2 Disability Confident Employer](#)

[Welsh Language Standards Compliance Notice - Caerphilly Council](#)

[National Training Framework on violence against women, domestic abuse and sexual violence](#)

[The Equality Act 2010 \(Statutory Duties\) \(Wales\) Regulations 2011](#)

[Welsh Language Standards Annual Report 2022-23 – Caerphilly Council](#)

[Armed Forces Covenant Duty – Caerphilly Council](#)

### Actions

#### 1-2 Years

- Ensure appropriate Welsh language and British Sign Language (BSL) training is available to staff, from basic to advanced levels
- Develop a policy on using the Welsh language in the workplace
- Development of new Intranet site for employees to access employment information
- Promote the Armed Forces Covenant Training as part of the Equalities and Welsh Language Training Programme
- Promote and support a menopause at work café for employees

#### 2-3 Years

- Ensure compliance with Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 and encourage disclosure
- Identify levels of ethnic diversity using HR data and use this as a benchmark to explore any structures and cultural barriers
- Promote and demonstrate commitment to inclusivity in recruitment, ensuring inclusive language in materials and processes
- Clearly communicate a Policy on dignity and respect at work to staff
- Provide opportunities for staff to improve their existing Welsh language skills for business use
- Provide opportunities for Welsh speaking staff and learners to use their language skills in the workplace

#### 3-4 Years

- Develop online equalities training which will be mandatory for all staff
- Develop online Welsh language training which will be mandatory for all staff
- Disability Confident – improve on our current standard

- Work collaboratively and maintain the brand 'Proud Councils' to support Pride events
- Embed the National Training Framework on violence against women, domestic abuse and sexual violence:
  - % of workforce who have completed Basic Awareness training (Group 1) / No of staff completed Basic Awareness training (Group 1)
  - % of identified staff who have completed Ask and Act training (Group 2)
  - % of identified staff who have completed Enhanced Training (Group 3)
  - Implement Refresher training when available and appropriate

### Why?

**Workforce** – The mantra of *Stonewall Cymru* is that 'people perform better when they can be themselves'. We also believe to get the best out of our employees and ensure they provide the best services to our citizens; we must nurture a workplace culture that is safe and inclusive. Encouraging greater disclosure will support our equalities monitoring process and will provide us with a greater understanding of the diversity of our workforce.

It is also important that staff are culturally aware, in particular frontline staff who work with citizens on a daily basis. Staff will be offered relevant training on different subject matters, relating to Equalities, Welsh Language, British Sign Language and Armed Forces Covenant Training, on an ongoing basis, and while budget allows.

**Disability Confident** – We are currently a Disability Confident employer. Attainment to Level 3 accreditation status in acting as a champion for Disability Confident will help us to transparently express our commitment to support the recruitment, retention and development of disabled people who support our services to achieve and succeed as valued employees. In achieving recognition as a Disability Confident Leader, we can gain recognition from disabled staff in our business, disabled people outside of our business, our customers and the wider community through transparent recording and reporting on disability, mental health and well-being in the Council.

**Identify levels of ethnic diversity using HR data and use this data as a benchmark to explore any structure and cultural barriers** – Our Pay Data, recruitment data and work experience data can give us an evidence-based understanding of our workforce and inform strategy, policy development and recruitment practices. Using what we learn from this data and working with our staff who share protected characteristics and the organisations that support them, we can create more inclusive workplaces which attract diverse talent. Everyone stands to benefit from the diversity of thoughts, ideas and ways of working of people from different backgrounds, experiences and identities and an inclusive culture is essential for this to happen.

## **Strategic Equality Objective 7 – Reducing the Gender Pay Gap**

### **Reducing the Gender Pay Gap**

#### **Context**

We are required to look at gender pay differences within the council and identify an objective that will address any identified difference.

Under the Equality Act 2010 (Statutory Duties Wales) Regulations 2011 the Council is required to collect and publish annual employment data across a number of protected characteristics. Information regarding the number of people employed by the council, arranged by, job, pay, contract type and working pattern, should only be broken down in relation to women and men. In addition the Council must publish data on pay differences and their causes, between employees with and without protected characteristics.

As a council we are confident that our gender pay gap does not stem from paying male and female employees differently for the same or equivalent work. The gender pay gap is the result of roles in which male and females currently work and the salaries that these roles attract.

Our gender pay gap is reflective of the causes of gender pay gap at a societal level. For example research has identified that, although parents are increasingly flexible, the responsibility of childcare still falls disproportionately upon women. It is a fact within this data that the vast majority of part time posts are held by females and that these are the posts that attract salaries in the lower quartiles.

#### **Relevant Data**

Looking at the data in our Gender Pay Gap Statement as of 31st March 2022, the total number of employees in the organisation was 6,368. The number of Females was 4,527 (71.1%) and the number of Males was 1,841 (28.9%).

#### **Themes from is Wales Fairer 2023**

Education, Work, Living Standards, Health, Participation

#### **Relevant Protected Characteristics**

Age, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Sex

#### **Supporting Documents**

[Corporate Plan 2023-2028 – Caerphilly Council](#)

[‘Is Wales Fairer? 2023’ – Equality and Human Rights Commission](#)

[Gender Pay Gap Statement – Caerphilly Council](#)

## **Actions**

### **1-2 Years**

- Publish employment information as required by the Equality Act 2010 (Statutory Duties)(Wales) Regulations 2011
- Regularly review and update HR policies to include matters such as flexible working, part-time or job-share options, shared parental leave etc.
- Wherever possible advertise jobs as flexible

### **2-3 Years**

- Raise awareness of job and business opportunities to non-traditional groups (i.e. not stereotyping jobs to gender)

### **3-4 Years**

- Review the data relating to the workforce and determine actions required to meet the general duty as laid down in the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011
- Develop supportive and inclusive strategies, which reach out to female employees across the Council, including flexible working, making career paths transparent, reviewing recruitment and selection processes, and analysing our people data.

## **Why?**

Reporting on gender pay gaps helps us to understand the size and causes of our pay gaps and identify any issues that need to be addressed.

The reasons for the gender pay gap organisationally and across Wales are complex and inter-related to cultural, economic, societal and educational factors. A lack of flexible working opportunities, women predominantly being the main providers of childcare and caring responsibilities and occupational segregation are all factors.

Having a gender pay gap does not necessarily mean that there is gender discrimination or pay discrimination. Publishing and monitoring pay gaps will help us understand the reasons for any pay gap and consider where we can develop strategies which will reach out to the female employees across the workforce and attempt to tackle the causes. For example, if analysis shows unequal distribution of men and women in occupations and the over-representation of women in lower paid positions.

## Section 3

### Development of Equality Objectives and the Engagement Process

#### The Well-being Plan for Gwent 2023-2028 – Gwent Public Services Board

In September 2021 the five Public Services Boards in Gwent, Blaenau Gwent, Caerphilly, Newport, Monmouthshire and Torfaen, came together to form the Gwent Public Services Board.

Since then, the Gwent Public Services Board together with partners, communities and stakeholders have produced the [Gwent Assessment of Well-being](#), identifying the issues that contribute to the social, economic, environmental, and cultural well-being of the region.

Using that information, the Well-being Plan for Gwent was published in August 2023. The Plan sets out what the Public Services Boards wants to deliver, in collaboration with statutory, private and third sectors, with and for our communities over the next five years and beyond.

The Plan has two high level Objectives:

- We want to create a fairer, more equitable and inclusive Gwent for all
- We want a climate-ready Gwent, where our environment is valued and protected, benefitting our well-being now and for future generations

These objectives are supported by five steps and four overarching principles about how the Public Services Board will work together for the benefit of the region.

To make sure that the local aspects of well-being are not overlooked, five Delivery Groups have been established to help deliver the plan at a local level.

Detailed action plans, at both a regional; and local level, are now being developed outlining what needs to be done, making the best use of collaborative resources and maximizing the contribution to the national well-being goals for Wales, as well as sharing best practice, and trying to avoid duplication.

#### Social Services and Well-being (Wales) Act 2014

The Act came into force in April 2016 and means that councils must provide information, support and services in the way that the Act sets out. The Act gives individuals and their carers more of a say in the care and support they receive. To support people to achieve well-being, they will make decisions about their care and support in equal partnership with professionals. To help them to do so, they will have easy access to information and advice about what is available in their area.

A new assessment process for care and support will be based on what matters to them as an individual. It will consider their personal strengths and the support available to them from their family, friends and others in the community.

The Act focuses on helping people to stay well, to be safe from harm, to be as independent as possible and to be supported within and by their local community.

The Act has five principles:

- **Promoting Well-being:** Working with people to understand what matters to them and helping them achieve what is important for their well-being
- **Voice and control:** Putting people at the centre of their care; giving them a voice in making decisions about their life and control over reaching the outcomes that matter to them
- **Prevention and early intervention:** Increasing preventative services within the community to help people to keep well and help us to know when they may need extra support to prevent problems reaching a critical stage
- **Coproductio**n: Providing opportunities for people to be involved in how their care and support is designed and provided
- **Collaboration:** Strong partnership working between the various organisations and people that support them, helping people live the life they choose for longer

### Caerphilly County Borough Corporate Plan – Well-being Objectives 2023-2028

The Well-being of Future Generations (Wales) Act 2015 is designed to help public bodies work together to improve our environment, our economy, our society and our culture.

The law asks us to apply sustainable thinking to our decision-making and to develop our Well-being Objectives to improve the lives of our residents and the environment they live in.

The Sustainable Development Principle is based on **five ways of working**:

- **Long Term** – looking at long term solutions without compromising the well-being of future generations
- **Integrated** – helping other public bodies to meet their goals for the overall good of residents
- **Involvement** – Involving those who have an interest in the well-being of the area and the delivery of our objectives
- **Collaboration** – working with a range of people, and sharing ideas and resources, to help deliver the outcomes
- **Prevention** – understanding the root causes of issues so we can put the right solutions in place to prevent problems arising or getting worse

Using the above principles was the beginning of the process to develop our Well-being objectives.

Our Well-being Objectives should be considered as an integrated set that are complementary to each other. We have set ambitions for the outcomes we would like to see at the end of the five-year period. These are ‘future statements’ that set our intent and will help us to realise what we want to achieve.

We are very aware of the challenges we face, in particular our financial outlook, however it was important to us to be aspirational in what we hope to achieve for the county borough over the term of our Corporate Plan.

Our Well-being Objectives are set out as follows:

- **Objective 1** – Enabling our children to succeed in education
- **Objective 2** – Enabling our residents to thrive
- **Objective 3** – Enabling our communities to be inclusive
- **Objective 4** – Enabling our economy to grow
- **Objective 5** – Enabling our environment to be greener

Our Strategic Equality Objectives will support progression in advancing equality and inclusion for all protected characteristics and delivery of the Public Sector Equality Duty. The objectives will ensure we are fulfilling our obligations as outlined in the Well-being of Future Generations (Wales) Act 2015.

To ensure our Strategic Equality Objectives are relevant, views were sought on whether the objectives outlined would help the Council reduce inequalities in the workforce and assist service access and delivery.

### **Consultation Process of the Strategic Equality Plan and Outcomes**

A formal consultation was conducted from 30 October 2023 to 1 December 2023. The consultation was widely promoted, accessible on a variety of platforms and was available bilingually, easy read format and British Sign Language videos.

The consultation was published on the Council's website via [The Caerphilly Conversation](#) page. Downloadable versions of the survey were available in a variety of formats on request. Details of the consultation were shared via the Council's social media platforms reaching 5,324 people and resulting in 43 engagements. A press release was prepared for local media and promoted on the Council's Website.

We requested a number of engagement events with key stakeholder groups. Only two stakeholders engaged with us regarding this consultation and offered their views on the draft Equality Objectives, they were a registered blind resident and the LGBTQ+ Youth Group. Whilst an effort was made to consult with all sectors of the community, it is evident that some stakeholders did not engage in the process.

Consultation responses highlighted a number of overarching themes as well as specific issues and barriers in relation to the draft objectives outlined.

What people think we should do:

- Caerphilly County Borough Council should ask residents over the next 2 years what their access challenges are and work on these – **Equality Objective 1 – Access to Services and Information**
- Continue to work with members of the Armed Forces – **Equality Objective 1 – Access to Services and Information** and **Equality Objective 6 – Inclusive, Diverse and Equal Workforce**
- To improve educational opportunities, there is a need to understand the difficulties people with disabilities have in accessing and maintaining employment and the impact a change of circumstances regarding employment can have on the lives of people with disabilities. – **Equality Objective 6 – Inclusive, Diverse and Equal Workforce**
- Continue to provide Unconscious Bias training to staff to combat negative impacts on the protected characteristics – **Equality Objective 3 – Inclusive Communities, Equality Objective 4 – Inclusive and Effective Engagement, Equality Objective 5 – Welsh Language, Equality Objective 6 – Inclusive, Diverse and Equal Workforce**
- Consider how we can include older members of the community and those with disabilities in order to make them more included – **Equality Objective 3 – Inclusive Communities**
- Keep respondents and the wider community including those from particular groups of disabilities informed about the progress of the Plan and other consultations that are undertaken – **Equality Objective 4 – Inclusive and Effective Engagement**
- Keep respondents and the wider community including those from particular groups of disabilities informed about the progress of the Plan and other consultations that are undertaken – **Equality Objective 4 – Inclusive and Effective Engagement**
- As corporate parents, why not provide apprentices, work experience, training or even full - part time employment opportunities to NEET, Children about to leave CCBC LA Care
- Create an 'Adopt a Granny' scheme to appeal to elderly Volunteers. This would be of minimal costs to cover basic expenses; aim is for lone parents to be adopted, befriended by a granny (or a grandpa)
- Community accessibility on the lines of poverty, the cost implications on lower income families using public transport – **Equality Objective 1 – Access to Services and Information**
- A suggestion was made around applications for Housing Benefit etc, providing options for Adults with Learning Disabilities such as a DVD, easy read version with pictures to enhance their understanding and promote independence.
- Doing more to support people experiencing menopause in the workplace – **Equality Objective 6 – Inclusive, Diverse and Equal Workforce**
- Ensuring minimum wage
- Social class and social needs including rehabilitative services that could be addressed in more detail. Also, people effected by trauma and adverse childhood experiences.
- Transgender issues – **Equality Objective 3 – Inclusive Communities**
- Approach towards supporting employees with disabilities needs to be reviewed and consideration should be given to a Disability Leave Policy
- Fair access to training and development – **Equality Objective 3 – Inclusive Communities, Equality Objective 4 – Inclusive and Effective Engagement, Equality Objective 5 – Welsh Language and Equality Objective 6 – Inclusive, Diverse and Equal Workforce**
- Consider how we can include older members of the community



- Communication and coproduction along with effective engagement with those directly affected, including all staff, must be key – **Equality Objective 4**
- More support for staff wellbeing and during the cost-of-living crisis – **Equality Objective 1 – Access to Services and Information**
- Hold open sessions in Libraries and encourage the local community to use this resource – **Equality Objective 4 – Inclusive and Effective Engagement**
- Access to CCBC buildings for those with disabilities – **Equality Objective 1 – Access to Services and Information**
- Provide in-person services rather than digital which is a barrier
- Consider the impact reduction in services has on older people and people with disabilities – **Equality Objective 3 – Inclusive Communities**

Where relevant we have included actions in the Strategic Equality Plan following a review of the responses received. Those not included will be passed to relevant service areas as they are service specific, and it will be for those service areas to enact on what has been suggested.

Whilst an effort was made to engage with all sectors of the community, a low number of responses were received from individuals representing religious groups or the Black and Ethnic Minority community.

To see the report in full visit <https://www.caerphilly.gov.uk/my-council/strategies,-plans-and-policies/equalities/strategic-equality-plan.aspx>

## **Section 4**

### **Delivery and Monitoring of the Equality Objectives**

#### **Self-Assessment**

We implemented a reporting framework called 'Directorate Performance Assessments' (DPA) and an overall high level performance picture called the 'Corporate Performance Assessment' (CPA). These assessments are designed to bring together a range of separate reporting information together to integrate information and understand cause and effect. Ultimately to improve organisational learning and act on the learning to continuously improve. Progress on the Strategic Equality Plan will be included in the overall Council reporting to ensure we integrate equalities and Welsh language rather than act as 'stand-alone' subjects. Reporting of the Directorate Performance and Corporate Performance Assessment includes equality and Welsh language information and is also reported to Scrutiny Committees, Audit and Governance, and Cabinet, and is made available to the Public on the Council's website.

#### **Strategic Equality Plan Annual Monitoring Report**

Under the Public Sector Equality Duty the Council has a legal duty to produce and publish a Strategic Equality Plan Annual Monitoring Report, which reports on the Council's progress in delivering services against the statutory duties, the Public Sector Equality Duties, and the Council's own Strategic Equality Objectives. The annual report must be published by the 31<sup>st</sup> March each year.



## **CORPORATE AND REGENERATION SCRUTINY COMMITTEE - 20<sup>TH</sup> FEBRUARY 2024**

**SUBJECT: RECRUITMENT UPDATE**

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

### **1. PURPOSE OF REPORT**

- 1.1 The purpose of the report is to update Corporate & Regeneration Scrutiny Committee in relation to the work undertaken to address the recruitment and retention challenges the Council is experiencing.

### **2. SUMMARY**

- 2.1 Scrutiny Members will be aware from the report to Council on 24<sup>th</sup> November 2022 entitled 'Workforce Capacity & Associated Challenges' that the Council was facing recruitment and retention challenges across the whole organisation in many service areas and the services affected seem to be under increasing demand in accordance with the national picture.
- 2.2 Members will also be aware that this was not just a specific challenge to Caerphilly.
- 2.3 Cabinet, at a meeting held on 19<sup>th</sup> October 2022 agreed funding for the appointment of a specialist internal Recruitment Team.
- 2.4 This report provides information of the work to date of this team and the wider People Services teams and their planned work for the future.

### **3. RECOMMENDATIONS**

- 3.1 Corporate & Regeneration Scrutiny Committee are asked to note the contents of this report.

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

- 4.1 The recommendation is made to provide Scrutiny Members with an update in relation to recruitment and retention activity across the Council.

## 5. THE REPORT

- 5.1 As stated, Members will be aware from reports towards the end of 2022 the Council was facing recruitment and retention challenges across the whole organisation. The national and organisational position with regard to recruitment challenges has not changed.
- 5.2 In 2022, People Services commenced work to reposition the Council in the competitive job market to become an employer of choice. This was particularly important being one of the largest employers in the region.
- 5.3 Work began to s to attract a broad range of candidates.
- 5.4 Members will recall from the Workforce Capacity & Associated Challenges report considered at Council in November 2022, that People Services had also stated to review many aspects of recruitment including modernising the process; revamping the web pages and testing alternative methods of advertising on social platforms and popular job boards; working with the Employment team to increase the use of placements to hopefully lead to employment; the use of a recruitment consultant; growing the number of Apprentices; review HR policies and procedures and a revised exit survey process.
- 5.5 Funding was agreed by Cabinet in October 2022 to appoint a specialist internal Recruitment team that would focus on:
  - 5.5.1 Marketing and promoting the organisation to prospective candidates; make use of commercial recruitment tools to identify individuals that meet the Council's needs and engage potential candidates in relation to the benefits of working for Caerphilly CBC.
  - 5.5.2 Promoting more widely the opportunities that exist within the Council across social media and other professional channels, as well as hosting local recruitment events across the Borough on an ongoing basis.
  - 5.5.3 Further the relationships with key partners such as Careers Wales, our schools, local colleges and Universities to engage and encourage prospective applicants as well as developing tailored opportunities to join the Council.
  - 5.5.4 Operate a dedicated 'recruitment hotline' where prospective applicants could discuss possible employment options in the Council rather than just ring about a job that is already advertised.
  - 5.5.5 Continue to develop and modernise the Council's Recruitment web pages, streamline the application process, be proactive and outward facing in its approach to recruitment as well as mirroring the skills and disciplines typically employed by sector leading recruitment consultants.
  - 5.5.6 These requirements were examples or their function of the team and were not exhaustive.
- 5.6 Appointments were made to the team and they have been at capacity for almost 5 months. They have been actively working on all the duties stated within paragraphs 5.5.1 – 5.5.5.

- 5.7 The initial staff appointed to the team developed an advertising framework that is adapted to each role and weekly digital bulletins and social posts are released to raise the profile of all vacancies.
- 5.8 They strengthened our partnerships with organisations such as the Job Centre and Careers Wales.
- 5.9 Whilst an increased online presence is important the team recognised that it was equally as important to attend community recruitment events, especially to target front line posts and those who may find the digital application process challenging. The team attended a number of employment events in 2023 Community presence to reach the digitally excluded and in 2023 and piloted a career quiz to help applicants identify areas of work that may interest them or they may be suited to.
- 5.10 For Members information, the headcount and full time equivalent (FTE) as at the close of each of the last three financial years is detailed below. The information for 2023 is at 31<sup>st</sup> December 2023 is also included:

<b>Date</b>	<b>Headcount</b>	<b>FTE Headcount</b>
31.03.21	8,296	6,124.17
31.03.22	8,348	6,245.04
31.03.23	8,535	6,409.36
31.12.23	8,635	6,513.47

- 5.11 Detailed below for Members information are the numbers of new starters to the Local Authority and internal transfers for the last three financial years. The information for 2023 up to 31<sup>st</sup> December 2023 is also included:

	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
New Starters	500	864	1091	829
Internal transfers	1,040	1,487	1031	919

### **Recruitment Campaigns**

- 5.12 The team have worked with managers to deliver bespoke frontline recruitment campaigns for Catering, Care and Housing.
- 5.12.1 Care – This was the first large scale pilot campaign where the team explored doing things differently and raised the profile of careers in Care. As a result, over 20 offers of appointment were made and the team made long-term adjustments to how they tackle recruitment and interviews to modernise the approach.
- 5.12.2 Catering – This was the most successful campaign, where there was a requirement to recruit staff to be in a position to deliver the Welsh Government’s Universal Free School Meals programme. Having previously received 0 applications from many adverts, the team sought expressions of interest as part of a comprehensive advertising strategy and a simplified application and interview process were all

delivered in line with the Safer Recruitment policy. The campaign resulted in 112 offers of appointment being made.

- 5.12.3 Housing – as a result of a targeted campaign and refined job descriptions, the campaign led to over 30 offers of appointment for Operative posts being made. This was a marked change to previous adverts where recruitment had been unsuccessful. The feedback from the team was overwhelmingly positive and they noted that the new fresh approach will see some lasting changes in the way that they recruit and interview candidates.
- 5.13 The team have also supported an advertising campaign for a Head of Service, which amongst other approaches included targeted professional networking via social channels. 17 applications were received for the post.
- 5.14 The team have been involved in the recruitment of many other posts and are in discussions with Managers about further specific campaigns.

### **People Life Cycle**

- 5.15 Employees are our most valuable resource and this is reiterated in all our HR strategies, policies and procedures. Talent acquisition is a small part of the people lifecycle.
- 5.16 Consequently, the team are working with the wider People Services team to support managers to consider a more wholistic approach, rather than looking at recruitment in isolation. Workforce development, workforce planning, retention and succession are all key components to the life cycle that are being reviewed with a view to bringing more synergy.
- 5.17 There is an understanding that this may not look the same for each service, as priorities will be focussed on different parts of the life cycle and will be subject to change.

### **Looking ahead**

- 5.18 The team will be developing:
  - 5.18.1 A Recruitment Strategy that will include support for managers to ensure that there is a holistic approach to recruitment and workforce planning within service areas.
  - 5.18.2 A framework for largescale recruitment pilots to respond to the changing needs of the organisation will be developed, which will take account of the Mobilising Team Caerphilly.
  - 5.18.3 An advertising framework that can respond to the changing landscape of the market.
- 5.19 Further work will be undertaken on our branding to promote the Council as an employer of choice given the competitive recruitment landscape organisations are operating within.
- 5.20 The team will also be strengthening partnerships with key partners to showcase the Council as an employer of choice.

- 5.21 Teams within People Services will work together to further digitise the processes to make the customer journey easier and ensure the service is operating efficiently and effectively. Onboarding and Induction will be key factors in this process.
- 5.22 More importantly, the team, along with the wider People Services' teams will continue to support Managers to review their recruitment and retention to ensure Council Services are delivered.
- 5.23 Members were informed in the Workforce Capacity & Associated Challenges' that it is unlikely that the Council will be able to successfully recruit to all vacant posts and retain all staff due to the national crisis. This position has not changed. However, as an employer we must continue to do all we can to differentiate the Council and position it at the leading edge.

### **Conclusion**

- 5.24 There are still many factors affecting the workforce which may impact on the Council's ability to deliver services. Whilst the Council will do what it can to respond to some of these local challenges, it will clearly be unable to influence many of the national and global factors which have increased the complexity and scale of the challenges being faced by local government and the public sector as a whole.
- 5.25 The support of the dedicated Recruitment Team will hopefully enable the Council to remain resilient and responsive to these challenges and help to address some of the workforce challenges being faced.

## **6. ASSUMPTIONS**

- 6.1 There are no assumptions made within this report.

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

- 7.1 An Integrated Impact Assessment has not been completed as this report provides Members with an update on the work of the newly appointed Recruitment Team and the wider People Services teams in relation to recruitment.

## **8. FINANCIAL IMPLICATIONS**

- 8.1 There are no financial implications to this report.

## **9. PERSONNEL IMPLICATIONS**

- 9.1 There are no personnel implications to this report.

## **10. CONSULTATIONS**

- 10.1 The consultation responses have been incorporated in the report.

## 11. STATUTORY POWER

### 11.1 Local Government Act 1972

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Richard Edmunds, Corporate Director, Education and Corporate Services  
Mark Williams, Corporate Director, Economy and Environment  
Sarena Ford, Communications Manager – Business Change and Relationships  
Cllr Nigel George, Cabinet Member for Corporate Services, Property and Highways

Background Papers:

Report to **Policy & Resources Scrutiny 27<sup>th</sup> September 2022**, Cabinet 19<sup>TH</sup> October 2022 and Council 24<sup>th</sup> November 2022 'WORKFRCE CAPACITY & ASSOCIATED CHALLENGES'





## **CORPORATE AND REGENERATION SCRUTINY COMMITTEE - 20TH FEBRUARY 2024**

**SUBJECT: CAPITAL STRATEGY REPORT 2024/2025**

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

### **1. PURPOSE OF REPORT**

- 1.1 To submit prior to its presentation to Council on the 27<sup>th</sup> February, the Authority's Capital Strategy report for the 2024/25 financial year in accordance with the Prudential Code that was introduced by the Local Government Act 2003.
- 1.2 The report cross-references to the report by the Corporate Director of Education and Corporate Services on Revenue and Capital Budgets ["the budget report"]; and the Treasury Management Annual Strategy, Capital Finance Prudential Indicators and Minimum Revenue Provision Policy Report for 2024/2025.

### **2. SUMMARY**

- 2.1 The Capital Strategy outlines the principles and framework at the very high level that shape the Authority's capital investment proposals. The principal aim is to deliver an affordable programme of capital consistent with the financial strategy that contributes to the achievement of the Council's priorities and objectives as set out in the Authority's Corporate Plan; consider associated risks; recognise financial constraints over the longer term; and represent value for money.
- 2.2 The Strategy defines at the highest level how the capital programme decision making identifies the issues and options that influence capital spending and sets out how the resources and capital programme will be managed. In addition, the Capital Strategy should comply with the Prudential Code for local authority capital investment introduced through the Local Government Act 2003. The key objectives of the Code are to ensure that capital investment plans are affordable, prudent, and sustainable.
- 2.3 The Capital Strategy sets out the framework for capital investment decisions. The strategy for funding this investment is underpinned by the Prudential Code for Local Authority investment, which was introduced by The Local Government Act 2003. The Prudential Code has the following key objectives:
  - That capital investment plans are affordable, prudent and sustainable;
  - That treasury management decisions are taken in accordance with good professional practice;
  - That local strategic planning, asset management and proper option appraisal are supported.

### 3. RECOMMENDATIONS

- 3.1 That the annual Capital Strategy Report be noted by the Corporate and Regeneration Scrutiny Committee prior to Council approval.

### 4. REASONS FOR THE RECOMMENDATIONS

- 4.1 The Annual Capital Strategy report is a requirement of the CIPFA's Prudential Code.
- 4.2 The Prudential Code was first introduced through the Local Government Act 2003. Authorities are required by regulation to have regard to the Prudential Code when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003.

### 5. THE REPORT

#### 5.1 **Corporate Priorities**

- 5.1.1 Underlying the capital strategy is the recognition that the financial resources available to meet corporate and departmental priorities are constrained in the current economic climate. Therefore, the Authority must rely more on internal resources and seek ways in which investment decisions can be no less than self-sustaining or generate positive returns both in terms of meeting corporate objectives and producing revenue savings.
- 5.1.2 The Authority's corporate priorities and well-being objectives are set out in its Corporate Plan, which is published on the Council's website:

[corporate-plan-2023-28.aspx](http://corporate-plan-2023-28.aspx) ([caerphilly.gov.uk](http://caerphilly.gov.uk))

#### 5.2 **Capital Expenditure and Financing**

- 5.2.1 Capital expenditure is defined as costs incurred by the Authority in acquiring new property, plant, and equipment (PPE) that will be used for more than one year; or costs incurred by enhancing the existing PPE asset base. Capital expenditure can also be incurred in instances where the asset is owned by a third party, but the Authority has provided the third party with a loan or grant. In such instances the expenditure is recorded as if incurred directly by the Authority.
- 5.2.2 In accordance with accounting definitions, expenditure can be capitalised when it relates to:
- The acquisition or creation of a new fixed asset - capitalisation will depend on the creation of rights to future economic benefits controlled by the Authority;
  - The enhancement of an existing fixed asset - capitalisation will depend on the works substantially increasing the value of the asset, extending its useful life, or increasing its use in service provision.
- 5.2.3 The Authority has a de-minimus limit for capital expenditure of £10k. Capital expenditure that is below this de-minimus limit, irrespective of meeting the definition set out in paragraph 5.2.2, is charged to a revenue budget with the exception being the purchase of vehicles which are always capitalised.

5.2.4 The Authority's core capital programme is approved by Council annually as part of the Budget Report and is funded from the General Capital Grant and Supported Borrowing Approvals. Both of these funding streams are confirmed annually by Welsh government as part of the Local Government Finance Settlement.

5.2.5 The Authority's three year capital programme from 2024/25 is summarised below:

	<b>2024/25 budget</b>	<b>2025/26 budget</b>	<b>2026/27 budget</b>
	£m	£m	£m
Corporate Services	1.697	3.139	3.069
Education and Lifelong Learning	48.570	16.183	4.651
Community and Leisure Services	15.073	17.897	0.230
Business Enterprise Renewal Team	12.822	0.983	0.098
Infrastructure	4.671	2.572	2.572
Public Protection	0.866	0.493	0.493
Property Services	0.690	0.690	0.690
Social Services	0.340	0.340	0.340
Private Housing	2.167	2.167	2.167
<b>Total Council Fund</b>	<b>86.896</b>	<b>44.464</b>	<b>14.310</b>
Housing Revenue Account	84.133	64.957	25.087
<b>TOTAL</b>	<b>171.029</b>	<b>109.421</b>	<b>39.397</b>

Table 1: Prudential Indicator: Estimates of Capital Expenditure

5.2.6 Further details of the 2024/25 – 2026/27 core capital programme can be found attached at Appendix 1 which details the individual schemes.

5.2.7 The Authority's capital programme is funded from the Welsh Government (WG) Capital Grant, WG Supported borrowing,; external grants and contributions; section 106 funding; and virement of revenue budgets (revenue contribution to capital outlay {RCCO}) as summarised in table below.

	<b>2024/25 budget</b>	<b>2025/26 budget</b>	<b>2026/27 budget</b>
	£m	£m	£m
WG Core Grant	4.919	4.919	4.919
Supported Borrowing	4.790	4.790	4.790
Grant Income	72.212	45.557	24.493
Reserves	25.743	12.618	1.098
HRA Borrowing	31.500	24.200	
RCCO	31.796	17.337	4.097
Other	69		
<b>TOTAL</b>	<b>171.029</b>	<b>109.421</b>	<b>39.397</b>

5.2.8 The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not get subsidised, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded and funded separately and includes building 432 affordable homes between 2023/4 and 2026/27, and the implementation of the Post Asset Management Programme which is designed to maintain the Council Housing Stock to the WHQS standard over the next 30 years.

5.2.9 The HRA Budget is an indicative figure and the final budget will be as per the HRA Business Plan 2024/25 which will be approved by full Council prior to the 31<sup>st</sup> March 2024.

5.2.10 **Governance:** the core capital budget is approved annually by Full Council as part of the revenue budget setting process. All other capital projects / capital works that do not form part of the core capital programme will require a cabinet report prior to commencement of the capital scheme. Capital projects / works that require to be funded by prudential borrowing will need a decision by full Council. The Cabinet report will need to include the following:

- A link to Corporate Priorities and how the capital project would seek to fulfil such priorities
- Full option appraisal of the project to demonstrate value for money;
- That capital investment plans are affordable, prudent and sustainable;
- Where prudential borrowing is considered that treasury management decisions are taken in accordance with good professional practice;
- That local strategic planning and asset management plans are supported.

5.2.11 All capital expenditure must be financed, either from external sources (government grants and other contributions); the Authority's own resources (revenue contribution, reserves and capital receipts); or debt (borrowing {supported and unsupported}; leasing; and Private Finance Initiative).

5.2.12 Debt (including leases) is a source of finance that can be used to fund a capital scheme. However, debt is repayable over time. The Authority sets aside a Minimum Revenue Provision (MRP) every year for the repayment of existing debt. MRP forms part of the debt management budget and is monitored by Corporate Finance. As part of the annual Treasury Management Strategy, which is approved by Full Council in February (along with the Revenue Budget and the Capital Programme), a MRP statement is presented as an appendix to the Strategy annually, and sets out the MRP Policy that is to be adopted by the Authority at the start of the

new financial year. The full MRP statement is set out in Appendix 8 of the Treasury Management Annual Strategy.

- 5.2.13 The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The Authority's estimated CFR is set out in Appendix 6 of the Treasury Management Annual Strategy.

### **5.3 Asset management**

- 5.3.1 Asset management is about using assets (property, plant & equipment) to deliver value and achieve the organisation's business objectives. To ensure that capital assets continue to be of long-term use, the Authority has an asset management strategy in place.

- 5.3.2 The Authority's asset management strategy can be found on its website: [Link](#)

- 5.3.3 As at 31st March 2022 the Authority's fixed assets (property, plant, and equipment) had a net book value of £1.241bn. The net book valuation is an accounting valuation, which does not translate to market value. Further details can be found in Note 24 to the Authority's 2021/22 Statement of Accounts:

[financial-accounts-2022.aspx \(caerphilly.gov.uk\)](https://www.caerphilly.gov.uk/financial-accounts-2022.aspx)

The 2023 accounts are currently being audited.

- 5.3.4 **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on acquiring new assets; enhancing the existing asset base; or to repay debt. Repayments of capital grants and loans also generate capital receipts.

### **5.4 Treasury Management**

- 5.4.1 The Chartered Institute of Public Finance & Accountancy (CIPFA) defines treasury management as "The management of the organisation's borrowing; investments and cash flows; its banking; money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

- 5.4.2 Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. Investment balances tend to be high at the start of the financial year as revenue income is received before it is spent but reduce in the long-term as capital expenditure is incurred before being financed.

- 5.4.3 Due to decisions taken in the past, the Authority currently has £307.1m nominal debt outstanding as at 31 March 2023, at an average interest rate of 4.36% and £164.0m nominal treasury investments at an average income rate of return of 2.89%.

- 5.4.4 The Annual Treasury Management Strategy is approved by Full Council every February and sets out the Authority's Borrowing Strategy; Investment Strategy; and respective prudential indicators.

## 5.5 Investments for Service Purposes

- 5.5.1 The Authority provides capital grants to local businesses and the voluntary sector for the purpose of economic regeneration (Caerphilly Enterprise Fund – 2024/25 core capital budget of £80k). Such grants are awarded on application and criteria basis.
- 5.5.2 **Governance:** Decisions to award local businesses and the voluntary sector capital grants are undertaken by the relevant service manager in consultation with the Head of Service. The Caerphilly Enterprise Fund grant applications are assessed by the Business Enterprise Renewal Team, the Cabinet Member for Performance, Economy and Enterprise and a Grant Officer from Finance. The final decision to award is undertaken by the Head of Regeneration and Planning. In either case the award decision is posted on the intranet.
- 5.5.3 The decision to make a loan or to purchase share capital will be referred to the Head of Financial Services and S151 Officer, who will in turn make a recommendation to Cabinet and Full Council once an appraisal exercise has been undertaken. The decision to award will need to be funded from the capital programme and will be subject to a robust business case in the first instance.

## 5.6 Commercial Activities

- 5.6.1 A number of local authorities in England are investing in commercial property, in order to generate enhanced treasury returns above the rate of inflation. The returns generated from this type of investment are supporting revenue budgets in an environment when central government revenue support funding in real terms has been declining year on year.
- 5.6.2 In the event of the Authority purchasing a commercial investment, the Authority may seek to finance the purchase through borrowing, (for debt to yield purchases the Authority will not be able to borrow from the PWLB). In any such case arising the Authority will prepare a detailed report for Council that includes a full option appraisal and risk assessment of the investment. The report will highlight the rationale for the commercial investment.
- 5.6.3 With financial return being the main objective, the Authority would accept higher risk on a commercial investment than with treasury investments. The principal risk exposures include a decline in the property market; volatility in the capital value of property; capital being tied up in the medium/long-term horizon and active management of properties when purchased directly.
- 5.6.4 In recognition of the risks stipulated in the above paragraph, the Authority will adopt a policy whereas any surplus generated over and above the amount required to support the base budget and frontline services will be ringfenced in an earmarked reserve to offset any fall in capital values or capital income; or fund any other associated cost. Periodic reviews will take place at least once a year to review this policy. The Head of Financial Services and S151 Officer would recommend changes to the policy, if appropriate, at any time by way of a report to Cabinet.
- 5.6.5 **Governance:** Treasury management decisions on commercial investments are made in accordance with the approved Treasury management Strategy. Non treasury investments will be referred to the Head of Financial Services and S151 Officer and the Corporate Management Team to consider with further referral to Cabinet and Full Council for the final decision. Monitoring of the commercial investments (treasury management related) will be included within the treasury management monitoring reports (or other Council reports) that are presented to the Policy and Resources Committee. Non-treasury management commercial investments will be reported separately by the Head of Financial Services and S151 Officer.
- 5.6.6 The Authority will seek expert independent and external advice whenever a commercial investment opportunity arises prior to investing. Legal advice will also be sought from within the Authority, and where necessary externally.

## 5.7 **Revenue Budget Implications**

- 5.7.1 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP repayments are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants. This identifies the proportion of the revenue budget required to meet borrowing costs.
- 5.7.2 Further details on the revenue implications of capital expenditure are set in Appendix 6 of the Treasury Management Annual Strategy, Capital Finance Prudential Indicators and Minimum Revenue Provision Policy report for 2024/2025.
- 5.7.3 **Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years.

## 5.8 **Knowledge and Skills**

- 5.8.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions.
- 5.8.2 Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Authority currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly and ensures that the Authority has access to knowledge and skills commensurate with its risk appetite.
- 5.8.3 The Council will employ, where necessary, consultants and other professional experts to advise upon technical issues relating to non-treasury management commercial investments.
- 5.8.4 **Training:** Key relevant staff will undertake training as and when opportunities arise or whenever there are changes in regulations. The contract for Treasury Consultancy Services includes requirements for Member and Officer training to be provided during any year. Officers will look to schedule treasury management training for Members for Spring 2024. Further Member training will be undertaken as and when required.

## 6. **ASSUMPTIONS**

- 6.1 The details set out in the report are based on information collected from Heads of Service for the delivery of capital works.
- 6.2 It has been assumed that the Authority will fund a proportion of its capital programme through supported borrowing.
- 6.3 It has been assumed that the HRA's borrowing needs are based on the current Business Plan at the time of writing this report.

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

- 7.1 The Capital Strategy report is a requirement of the CIPFA's Prudential code and provides a high-level framework in which the Council can operate. This does not impact on any individuals or any protected characteristic groups and as a result an Integrated Impact Assessment is not required".

## **8. FINANCIAL IMPLICATIONS**

8.1 As detailed throughout report.

## **9. PERSONNEL IMPLICATIONS**

9.1 There are no personnel implications.

## **10. CONSULTATION**

10.1 No external consultation is required for the purposes of the report. However, advice has been sought from the Authority's current Treasury Management Adviser.

## **11. STATUTORY POWER**

11.1 Local Government Act 1972

Author: Rhiann Williams – Group Accountant -Treasury Management and Capital

Consultees: Richard Edmunds - Corporate Director of Education and Corporate Services  
Stephen Harris – Head of Financial Services and S151 Officer  
Leanne Sykes - Deputy S151 Officer  
Andrew Southcombe – Finance Manager, Corporate Finance  
Robert Tranter - Head of Legal Services and Monitoring Officer  
Cllr E. Stenner – Cabinet Member for Finance and Performance

Appendices:

Appendix 1 Capital Programme 2024/25-2026/27



Appendix 1

Service Area	Project Name	2024/25	2025/26	2026/27
BERT	Car Park Pontymister	163,742		
BERT	Caerphilly Castle Coach Pull-In	258,978		
BERT	Town Centre Improvements	18,000	18,000	18,000
BERT	Navigation Colliery Site Regeneration	8,859		
BERT	Cwm Ifor Solar Farm	1,037,301		
BERT	Caerphilly Enterprise Fund	80,000	80,000	80,000
CLS	Cemeteries	274,473		
CLS	Sport Pitches	90,481	30,000	30,000
CLS	Environmental Schemes	200,000	200,000	200,000
CLS	Caerphilly Wellbeing Centre	14,003,432	17,667,040	
CLS	Playgrounds	504,370		
CORPORATE SERVICES	IT Hardware & Software	200,000	200,000	200,000
EDUCATION	Trinity Fields School	9,300,000	3,919,082	
EDUCATION	Centre For Vulnerable Learners	13,428,111		
EDUCATION	Llanfabon Primary	3,626,454		
EDUCATION	Plasyfelin Primary	8,841,675		
EDUCATION	Ysgol Y Llawnt/ Upper Rhymney School	3,534,791	10,841,712	3,228,637
EDUCATION	Health & Safety Works	321,000	321,000	321,000
EDUCATION	Basic Needs Accomodation	250,000	250,000	250,000
EDUCATION	School Security	101,000	101,000	101,000
EDUCATION	Asset Management	550,000	550,000	550,000
EDUCATION	School Boiler Replacement Progrqamme	200,000	200,000	200,000
EDUCATION	Education Capital Grant	2,714,674		
EDUCATION	Aln Capital Grant	801,575		
EDUCATION	Schools To Community Grant	284,193		
EDUCATION	Virginia Park	375,000		
EDUCATION	Ysgol Trelyn Demountable	120,000		
EDUCATION	Total Childcare/Welsh Grant for 24-25	3,551,679		
EDUCATION	Glanynant	270,000		
EDUCATION	Crumlin Junction	300,000		
INFRASTRUCTURE	Infrastructure Retaining Walls	314,000	314,000	314,000
INFRASTRUCTURE	Lower Rv Relief Rd	193,819		
INFRASTRUCTURE	Street Lighting - East	50,000	50,000	50,000
INFRASTRUCTURE	Design Budget	40,000	40,000	40,000
INFRASTRUCTURE	Major Highway Reconstruction	739,000	739,000	739,000
INFRASTRUCTURE	Bridge Strengthening	441,000	441,000	441,000
INFRASTRUCTURE	Caerphilly Interchange	1,076,314		
INFRASTRUCTURE	Land Drainage- Corporate	123,000	123,000	123,000
INFRASTRUCTURE	Land Drainage	123,000	123,000	123,000
INFRASTRUCTURE	Vehicle Restraint System	148,000	148,000	148,000
INFRASTRUCTURE	Tips & Mines	246,000	246,000	246,000
INFRASTRUCTURE	Monmouth & Brecon Canal.	200,000	200,000	200,000
INFRASTRUCTURE	Troedyrhiwfwch	829,320		
INFRASTRUCTURE	Footway Resurfacing	148,000	148,000	148,000
PLACEMAKING	Caerphilly Workingmen's Hall	73,748		
PLACEMAKING	Pentrebane Street Redevelopment	2,054,005		
PLACEMAKING	Leisure Quarter Acquisition	3,750,000	884,897	
PRIVATE HOUSING	Disabled Facility Grants	1,133,000	1,133,000	1,133,000
PRIVATE HOUSING	Miscellaneous & Renewal Area	246,000	246,000	246,000
PRIVATE HOUSING	Home Repair Grant	788,000	788,000	788,000
PROPERTY	Corporate Asset Management	690,000	690,000	690,000
PUBLIC PROTECTION	Electric Vehicle Charge Point	372,680		
PUBLIC PROTECTION	Cctv Replacement	74,000	74,000	74,000
PUBLIC PROTECTION	Kitchen Refurbishments	419,000	419,000	419,000
SOCIAL SERVICES	Minor Works	340,000	340,000	340,000
UKSPF	W1 Town Centre Improvements	698,880		
UKSPF	W2 Neighbourhood Projects	149,760		
UKSPF	W3 Local Green Spaces	4,992		
UKSPF	W4 Culture and Heritage Support	399,360		
UKSPF	W5 Landscaped Environment	159,744		
UKSPF	W9 Volunteering Projects	39,936		

UKSPF	W10 Local Sport Funding	297,523		
UKSPF	W11 Community Capacity	49,920		
UKSPF	W13 Cost Of Living Measures	299,520		
UKSPF	W16 Open Market Business Support	1,148,160		
UKSPF	W17 Visitor Economy	174,719		
UKSPF	W22 R&D Innovation	1,597,440		
UKSPF	W23 Enterprise Projects	97,450		
UKSPF	W29 Decarbonisation	249,600		
UKSPF	W34 Employment Support Economically Inactive	10,592		
	Unallocated Core Budget	1,497,000	2,939,000	2,869,000
	Hra As Per 23/24 Business Plan	84,133,000	64,957,000	25,087,000
<b>TOTAL CAPITAL BUDGET</b>		<b>171,029,270</b>	<b>109,420,731</b>	<b>39,396,637</b>
Funded by				
WG Core Grant		4,919,000	4,919,000	4,919,000
Supported Borrowing		4,790,000	4,790,000	4,790,000
Grant Income		72,211,517	45,557,065	24,492,900
Reserves		25,743,413	12,617,666	1,097,737
HRA Borrowing		31,500,000	24,200,000	-
RCCO		31,796,000	17,337,000	4,097,000
Other		69,340		
<b>TOTAL FUNDNG</b>		<b>171,029,270.00</b>	<b>109,420,731.00</b>	<b>39,396,637.00</b>



## CORPORATE AND REGENERATION SCRUTINY COMMITTEE 20TH FEBRUARY 2024

**SUBJECT: TREASURY MANAGEMENT ANNUAL STRATEGY, CAPITAL FINANCE PRUDENTIAL INDICATORS AND MINIMUM REVENUE PROVISION POLICY FOR 2024/2025**

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

### **1. PURPOSE OF REPORT**

- 1.1 To submit for consideration prior to its presentation to Council on the 27<sup>th</sup> February 2024, the Authority's Annual Strategy for Treasury Management.
- 1.2 To submit for consideration prior to its presentation to Council a dataset of Prudential Indicators relevant to Treasury Management and Capital Finance. The report also cross-references to the report by the Deputy Chief Executive on Revenue and Capital Budgets ["the budget report"] also considered in this meeting.
- 1.3 To submit for consideration prior to its presentation to Council the Minimum Revenue Provision (MRP) policy to be adopted by the Authority for 2024/2025.

### **2. SUMMARY**

- 2.1 The revised (2021) "Code of Practice for Treasury Management in the Public Services" provides that an Annual Strategy be submitted to Members on or before the start of a financial year to outline the activities planned within the parameters of the Treasury Management Policy Statement and the Treasury Management Practices.
- 2.2 The Local Government Act 2003 (the '2003 Act') also requires the Authority to set out its Treasury Management Strategy for borrowing for the forthcoming year and to prepare an Annual Investment Strategy, which sets out the policies for managing its investments, giving priority to the security and liquidity of those investments.
- 2.3 Under Section 15 of the '2003 Act', the Welsh Government (WG) issued guidance on local government investments which is incorporated within the report. Definitions of Local Government investments are given in **Appendix 1**.
- 2.4 Under the provisions of the Local Government Act 2003, The Local Authorities (Capital Finance

and Accounting) (Wales) Regulations 2003 and subsequent amendments [The Capital Regulations], and the CIPFA's "The Prudential Code for Capital Finance in Local Authorities" [the Code], the Authority is obliged to approve and publish a number of indicators relevant to Capital Finance and Treasury Management.

- 2.5 With effect from 1<sup>st</sup> April 2008, WG introduced the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2008 [the "Amendment Regulations"] which requires the Authority to prepare an Annual Minimum Revenue Provision Policy Statement. This report sets out what the Authority needs to do in order to comply with this requirement.

### **3. RECOMMENDATIONS**

- 3.1 That the Corporate and Regeneration Scrutiny Committee considers and comments upon the content of this report and Appendices, and the following recommendations prior to consideration by Council:-
- 3.1.1 That the strategy be reviewed quarterly within the Treasury Management monitoring reports presented to the Corporate and Regeneration Scrutiny Committee and any changes recommended be referred to Cabinet, in the first instance, and to Council for a decision. The Authority will also prepare quarterly reports on Treasury Management activities
- 3.1.2 That the Prudential Indicators for Treasury Management be approved as per Appendix 5.
- 3.1.3 That the Prudential Indicators for Capital Financing be approved as per Appendices 6 & 7.
- 3.1.4 That Members adopt the MRP policy as set out in Appendix 8.
- 3.1.5 The continuation of the 2023/24 investment strategy and the lending to financial institutions and Corporates in accordance with the minimum credit rating criteria disclosed within this report.
- 3.1.6 That the Authority continues to adopt the investment grade scale as a minimum credit rating criterion to assess the credit worthiness of suitable counterparties when placing investments.
- 3.1.7 That the Authority adopts the monetary and investment duration limits as set in Appendix 3 of the report.

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

- 4.1 The Annual Strategy report is a requirement of the CIPFA "Code of Practice for Treasury Management in the Public Services".
- 4.2 The Investment Strategy is a requirement of the Local Government Act 2003.
- 4.3 To comply with the legislative framework and requirements as indicated in paragraphs 2.1 to 2.5.

## **5. THE TREASURY MANAGEMENT REPORT**

### **5.1 Economic Background**

- 5.1.1 The Authority uses Arlingclose Limited as its Treasury Management Adviser and part of their service is to assist the Authority to formulate a view on interest rates and the Economic Outlook.
- 5.1.2 The impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, will be major influences on the Authority's treasury management strategy for 2024/25.
- 5.1.3 The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level for the rest of 2023. In February 2024, members of the BoE's Monetary Policy Committee voted 6-3 in favour of keeping Bank Rate at 5.25%.
- 5.1.4 The November quarterly Monetary Policy Report (MPR) forecast a prolonged period of weak Gross Domestic Product (GDP) growth with the potential for a mild contraction due to ongoing weak economic activity. The outlook for CPI inflation was deemed to be highly uncertain, with upside risks to CPI falling to the 2% target coming from potential energy price increases, strong domestic wage growth and persistence in price-setting.
- 5.1.5 Office for National Statistics (ONS) figures showed CPI inflation was 3.9% in November 2023, down from a 4.6% rate in the previous month and, in line with the recent trend, lower than expected. The core CPI inflation rate declined to 5.1% from the previous month's 5.7%, again lower than predictions. Looking ahead, using the interest rate path implied by financial markets the BoE expects CPI inflation to continue falling slowly, but taking until early 2025 to reach the 2% target before dropping below target during the second half 2025 and into 2026.
- 5.1.6 ONS figures showed the UK economy contracted by 0.1% between July and September 2023. The BoE forecasts GDP will likely stagnate through 2024. The BoE forecasts that higher interest rates will constrain GDP growth, which will remain weak over the entire forecast horizon.
- 5.1.7 The labour market appears to be loosening, but only very slowly. The unemployment rate rose slightly to 4.2% between June and August 2023, from 4.0% in the previous 3-month period, but the lack of consistency in the data between the two periods made comparisons difficult. Earnings growth has remained strong, but has showed some signs of easing; regular pay (excluding bonuses) was up 7.3% over the period and total pay (including bonuses) up 7.2%. Adjusted for inflation, regular pay was 1.4% and total pay 1.3%. Looking forward, the MPR showed the unemployment rate is expected to be around 4.25% in the second half of calendar 2023, but then rising steadily over the forecast horizon to around 5% in late 2025/early 2026.
- 5.1.8 Although UK inflation and wage growth remain elevated, the Authority's treasury management adviser Arlingclose forecasts that Bank Rate has peaked at 5.25%. The Bank of England's Monetary Policy Committee will start reducing rates in 2024 to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose sees rate cuts from Q3 2024 to a low of around 3% by early mid-2026.

5.1.9 Arlingclose expects long-term gilt yields to be broadly stable at current levels (amid continued volatility), following the decline in yields towards the end of 2023, which reflects the expected lower medium-term path for Bank Rate. Yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

5.1.10 Arlingclose interest rate forecasts are shown in **Appendix 2**.

## **5.2 Credit Outlook**

5.2.1 Credit Default Swap (CDS) prices were volatile during 2023, spiking in March on the back of banking sector contagion concerns following the major events of Silicon Valley Bank becoming insolvent and the takeover of Credit Suisse by UBS. After then falling back in Q2 of calendar 2023, in the second half of the year, higher interest rates and inflation, the ongoing war in Ukraine, and now the Middle East, have led to CDS prices increasing steadily.

5.2.2 Moody's revised its outlook on the UK sovereign to stable from negative to reflect its view of restored political predictability following the volatility after the 2022 mini-budget. Moody's also affirmed the Aa3 rating in recognition of the UK's economic resilience and strong institutional framework.

5.2.3 Following its rating action on the UK sovereign, Moody's revised the outlook on five UK banks to stable from negative and then followed this by the same action on five rated local authorities. However, within the same update the long-term ratings of those five local authorities were downgraded.

5.2.4 There remain competing tensions in the banking sector, on one side from higher interest rates boosting net income and profitability against another of a weakening economic outlook and likely recessions that increase the possibility of a deterioration in the quality of banks' assets.

5.2.5 However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

## **5.3 External Debt - Capital Borrowings and Borrowing Portfolio Strategy**

5.3.1 The Authority's primary objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

5.3.2 Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Short term interest rates are currently at a 15-year high but are expected to fall in the coming years and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term loans instead. By doing so, the Authority is able to reduce net borrowing costs

(despite foregone investment income) and reduce overall treasury risk.

5.3.3 As at the 31<sup>st</sup> December 2023, the authority holds £310m of external debt comprising of £241.3m PWLB loans, £30m market loans (LOBO's), £10m bank loan, £25.9m WG loans and a £2.8m Salix Energy Finance Loan. The anticipated borrowing requirement for 24-25 as per Appendix 7 is £36.79m comprising of £31.5m for HRA and £4.790m for General Fund. The actual need to borrow will be affected by the actual spend within the capital programme and the use of reserves. Should there be slippage in either the capital programme expenditure and/or the use of reserves, the need to borrow will also be delayed.

5.3.4 For 2024/25, it is planned that all borrowing requirements will be internally borrowed however both the operational limit and authorised limit have been set to allow for external borrowing to take place if required.

The HRA currently has a borrowing cap of £100m which was approved last year. The 2024/25 HRA Business Plan will be reported to members for approval prior to being submitted to the Welsh Government by the 31<sup>st</sup> March 2024.

5.3.5 Whilst PWLB interest rates have been included in Appendix 2, it is possible that loans may be taken from other sources if interest rates are more advantageous.

5.3.6 Any short-term funding would need to be in line with the 'Upper Limit for Variable Rates' as defined in the prudential indicators in **Appendix 5** (30% of Net Debt Outstanding) within the CIPFA "Prudential Code for Capital Expenditure in Local Government".

5.3.7 Officers, in conjunction with the Treasury Management Adviser, will continue to monitor both the prevailing rates and the market forecasts, responding to changes when necessary. The following borrowing sources will be considered by the Authority to fund short-term and long-term borrowing (and in no particular order):

- Internal reserves
- Public Works Loan Board (PWLB)
- UK Infrastructure Bank
- Capital market bond investors
- Other commercial and not for profit sources
- Any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds
- UK Municipal Bonds Agency and other special purpose companies created to enable local authority bond issues
- Any counterparty approved for investments

5.3.8 In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback

- 5.3.9 The Authority may borrow short-term loans (up to twelve months) to cover unexpected cashflow shortages.
- 5.3.10 The Authority may arrange forward starting loans during 2024/25, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period as well as mitigate against the risk of rising borrowing interest rates.
- 5.3.11 **Municipal Bond Agency:** The UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities may be required to provide bond investors with a guarantee over the very small risk that other local authority borrowers default on their loans; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Cabinet.

#### **5.4 Authorised Limit for External Debt (The Authorised Limit)**

- 5.4.1 As a consequence of 5.3.1 to 5.3.11 above, the Authorised Limit will be the upper limit of the Authority's borrowing, based on a realistic assessment of risks. It will be established at a level that will allow the Authority to borrow sums, in excess of those needed for normal capital expenditure purposes in the event that an exceptional situation arises and would allow for take-up of supported borrowing. It is not a limit that the Authority would expect to borrow up to on a regular basis.
- 5.4.2 The limit will include borrowing and other long-term liabilities such as leases, private finance schemes and deferred purchase schemes.

#### **5.5 The Operational Boundary**

- 5.5.1 This is based on the maximum level of external debt anticipated to be outstanding at any time in each year. It will be consistent with the assumptions made in calculating the borrowing requirements of the capital programme, but will also include an estimate of any borrowing for short term purposes, such as temporary shortfalls in incomes or to support active treasury management which would seek to take advantage of beneficial interest rate movements. It also allows for other long-term liabilities such as leases, private finance schemes and deferred purchase schemes.
- 5.5.2 The Operational Boundary should be set at a level which allows some flexibility but should be sufficiently below the Authorised Limit so that any breach of the operational boundary provides an early warning indicator of a potential breach of the Authorised Limit, allowing corrective action to be taken.

#### **5.6 Interest Rate Exposure**

- 5.6.1 The Authority's borrowing policy makes use of both fixed and variable rate opportunities. Whilst fixed rate borrowing and investment provides certainty with regard to future interest rate fluctuations, the flexibility gained by the use of variable interest rate instruments can aid performance. It allows the Treasury Manager to respond more quickly to changes in the market



and to short term fluctuations in cash flow without incurring the penalties that would result from the recall of fixed rate investments.

## **5.7 Maturity Structure of Borrowing**

- 5.7.1 Whilst the periods of loans are dictated by the interest rates prevalent at the time, it is important to be mindful of the maturity profile of outstanding debt. Large 'peaks' are to be avoided, as it is possible for substantial loans to reach maturity at times when prevailing interest rates are high, and conversely, when interest rates are low, windows of opportunity may be lost.
- 5.7.2 As a result, it is necessary to determine both an upper and lower limit for borrowings which will mature in any one year.
- 5.7.3 Over the course of the medium-term financial plan and future years, a number of high interest rate PWLB loans will mature resulting in a saving to the Authority as the interest rate on replacement loans are likely to be lower in comparison.
- 5.7.4 Historically, the Authority has favoured PWLB loans with a twenty-five year loan maturity profile, however the Authority will also consider shorter dated loans (including local authority borrowing) to fund capital expenditure. Periods in excess of 25 years should also be considered in the event interest rates become advantageous.
- 5.7.5 The Authority holds £30m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. £30m of these LOBOs have options during 2024/25, and with interest rates having risen recently, there is now a good chance that lenders will exercise their options. If they do, the Authority will discuss potential repayments with our treasury advisors on whether to take the option to repay LOBO loans to reduce refinancing risk in later years.

## **5.8 Gross Debt and the Capital Financing Requirement**

- 5.8.1 A further requirement of the revised Prudential Code is to ensure that over the medium term debt will only be for a capital purpose, the Authority will ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

## **5.9 Debt Rescheduling**

- 5.9.1 The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to renegotiate premature redemption terms. The Authority may take advantage of this, where this is expected to lead to an overall cost saving or reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

## **5.10 Policy on Borrowing In advance of Need**

- 5.10.1 Whilst the Authority is able to borrow in advance of need, it is a requirement of the Code that

any instance of pre-funding must be supported by a clear business case setting out the reasons for such activity. The Authority will prepare a business case whenever there is need to borrow in advance of need.

## 5.11 Annual Investment Strategy

- 5.11.1 The CIPFA Code and the Welsh Government Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 5.11.2 **Current strategy (2023/24)** - At present the Authority lends to financial institutions, corporates and the UK Government using a range of financial instruments to diversify risk. These include unsecured corporate bonds; covered bonds (secured); fixed term deposits; certificate of deposits (CDs); T-Bills; the DMADF (DMO) money market funds and call accounts. The Authority has also invested in pooled funds (property funds; equity funds; multi-asset funds) and for the purpose of enhancing returns. Pooled funds will be held for minimum of five years to offset any premature exit costs. A lesser period would be considered only if it is cost neutral to the Authority.
- 5.11.3 **The 2024/25 Investment Strategy** will continue with the lending approach as set out in the 2023/24 Strategy.
- 5.11.4 This Strategy (2024/25), in line with the Welsh Government guidance, sets out the Authority's policies for (and in order of priority) the security, liquidity and yield of its investments. It will have regard to credit ratings and determine the periods for which funds may be prudently invested, whilst aiming to achieve, or better a target rate for investments of the base rate (currently 5.25%) Creditworthiness approach, investment periods and the rationale for the target rate are explained in **Appendix 3**. The Authority's objective when investing cash is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 5.11.5 The strategy sets out which investments the Authority may use for the prudent management of its balances during the financial year within the areas of 'specified' and 'non-specified' investments, and provides the appropriate authorisation for the in-house investment team to manage such investments. These are listed in **Appendix 4**.
- 5.11.6 The Authority will continue to diversify into more secure and/or higher yielding asset classes during 2024/25 in order to mitigate the risk stemming from regulations associated with Bank Bail-In; political uncertainty; and the risk of zero or negative Bank Rate. Short-term cash that is required for liquidity management will be deposited with local authorities (secured), Government securities (secured), money market funds (unsecured) and bank and building society investments (unsecured). Up to £60m will be made available for long-term investments.
- 5.11.7 In view of the ongoing volatility in the economy, and bank bail in risk, it is recommended that investments (both new and maturing) be placed with the most secure institutions as well as the most secure instruments (subject to liquidity requirements) as detailed in **Appendix 3**. Currently this would be AAA rated covered bonds, the Government (Debt Management Account Facility and Treasury Bills and Gilts), other Local Authorities and Public Bodies, such as Police and Fire Authorities, Repos, Registered Landlords, AAA Money Market Funds, and highly credit rated banks (subject to the creditworthiness limits referred to in the appendix 3). In light of Statutory and regulatory changes adopted by the Bank of England and Regulators with respect to Bail-

In, it is recommended that the Authority moves away from unsecured lending (where possible and subject to liquidity requirements) to secured investments.

- 5.11.8 With respect to Repo agreements, Repo/Reverse Repo is accepted as a form of securitised lending and should be based on the GMRA 2000 (Global Master Repo Agreement). Should the counterparty not meet our senior unsecured rating then a 102% collateralisation would be required. The acceptable collateral can be anyone or combination of the following securities:
- Index linked Gilts
  - Conventional Gilts
  - UK Treasury bills
  - DBV (Delivery By Value)
  - Corporate bonds
- 5.11.9 The Welsh Government maintains that the borrowing of monies for the purposes of investing or on-lending to benefit from differences in interest rates is unlawful. This Authority will not engage in such activity.
- 5.11.10 Under the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2004 regulation 12(b), the acquisition of share or loan capital in any corporate body would not be defined as capital expenditure as long as it is an investment for the purposes of the prudent management of the Authority's financial affairs. Due to the high risk of capital loss involved with such instruments, this Authority will not engage in such activity.
- 5.11.11 A loan or grant to another body for capital expenditure by that body is also deemed by the 2003 Regulations to be capital expenditure by the Authority. This Authority will only engage in such activity with the approval of Council.
- 5.11.12 In the event that any existing investment appears to be at risk of loss, the Authority will make proper revenue provision of an appropriate amount in accordance with the relevant Accounting Regulations.
- 5.11.13 Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing. The Authority does not currently have an ESG policy which includes ESG scoring at an investment level. When investing in banks and funds, the Authority will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.
- 5.11.14 At the end of the financial year, the Authority will prepare a report on its investment activity as part of its Annual Treasury Management Strategy Report. This report will be supported throughout the year by quarterly monitoring reports to the Policy & Resources Scrutiny Committee (the responsible body for scrutiny of Treasury Management activities as required by the Code), which will include a review of the current strategy. A report to Council will also be prepared on a half-yearly basis.
- 5.11.15 It is a fundamental requirement of the Code that officers engaged in Treasury Management follow all Treasury Management policies and procedures and all activities must comply with the Annual Strategy.

5.11.16 The Welsh Government has reservations regarding borrowing in advance of need on the grounds that more money than is strictly necessary is likely to be put at risk in the investment market. As a result, Officers must report any investment made as a result of borrowing in advance and must set out the maximum period for which the funds can be prudently committed. In the event that this Authority decides to take up such borrowing, it is suggested that any deposit made with these funds be limited to a maturity period of up to twelve months and pro-rata to coincide with the profiling of capital expenditure.

## **5.12 Policy on Use of Financial Derivatives**

5.12.1 The Localism Act 2011 includes a general power of competence that removes the uncertain legal position over English local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). Although this change does not apply to Wales, the latest CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the Annual Treasury Management Strategy.

5.12.2 In the absence of any legislative power, the Authority's policy is not to enter into standalone financial derivatives transactions such as swaps, forwards, futures, and options. Embedded derivatives will not be subject to this policy, although the risks they present will be managed in line with the overall risk management strategy.

## **5.13 Non-Treasury Investments**

5.13.1 Although not classed as treasury management activities and therefore not covered by the CIPFA Code or the WG Guidance, the Authority may also purchase property for investment purposes and may also make loans and investments for service purposes. Such loans and investments will be subject to the Authority's normal approval processes for revenue and capital expenditure and need not comply with this treasury management strategy. As a result of a change in PWLB terms, PWLB loans are no longer available to local authorities planning on buying investment assets primarily for yield.

## **5.14 Treasury Management Adviser**

5.14.1 The Authority has appointed Arlingclose Limited as its external Treasury Management Adviser and receives a number of services including specific advice on investment, debt and capital finance issues; counterparty advice; economic forecasts and commentary; workshops, training and seminar events; and technical advice (including accountancy).

## **5.15 Treasury Management Training**

5.15.1 The revised CIPFA Code, adopted by the Authority in January 2012, requires that Local Authorities must ensure that all staff and those Members with responsibility for Treasury Management receive the appropriate training. To this end the following will be observed:

- The contract for Treasury Consultancy Services includes requirements for Member and Officer training to be provided during any year.
- Officers will attend any courses/seminars that are appropriate especially where new regulations are to be discussed.
- Officers will update Members during the financial year by way of seminars/workshops/reports.

- Officers will utilise online access to the CIPFA Treasury Forum and the CIPFA Technical Information Service.
- Relevant staff are encouraged to study professional qualifications from CIPFA; the Association of Corporate Treasurers; and other relevant organisations.

5.15.2 Officers will look to schedule Member training for Spring 2024 Further training will be undertaken as and when required.

## **5.16 PRUDENTIAL INDICATORS**

### **5.17 Capital Financing Requirement**

5.17.1 The Capital Financing Requirement (CFR) measures the authority's underlying need to borrow for a capital purpose. In accordance with best professional practice, the authority does not associate borrowing with particular items or types of expenditure. CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years.

5.17.2 The capital financing requirement is below the authorised borrowing limits in order to allow scope for short-term cash flow borrowing and provision for unforeseen contingencies.

5.17.3 The estimated values of Capital Financing Requirement for the period under review are shown in *Appendix 6* attached

### **5.18 Prudential Indicators – “Prudence”**

5.18.1 The proposed Prudential Indicators for Treasury Management Strategy are detailed in *Appendix 5*.

### **5.19 Prudential Indicators – “Affordability” [Appendices 6 and 7]**

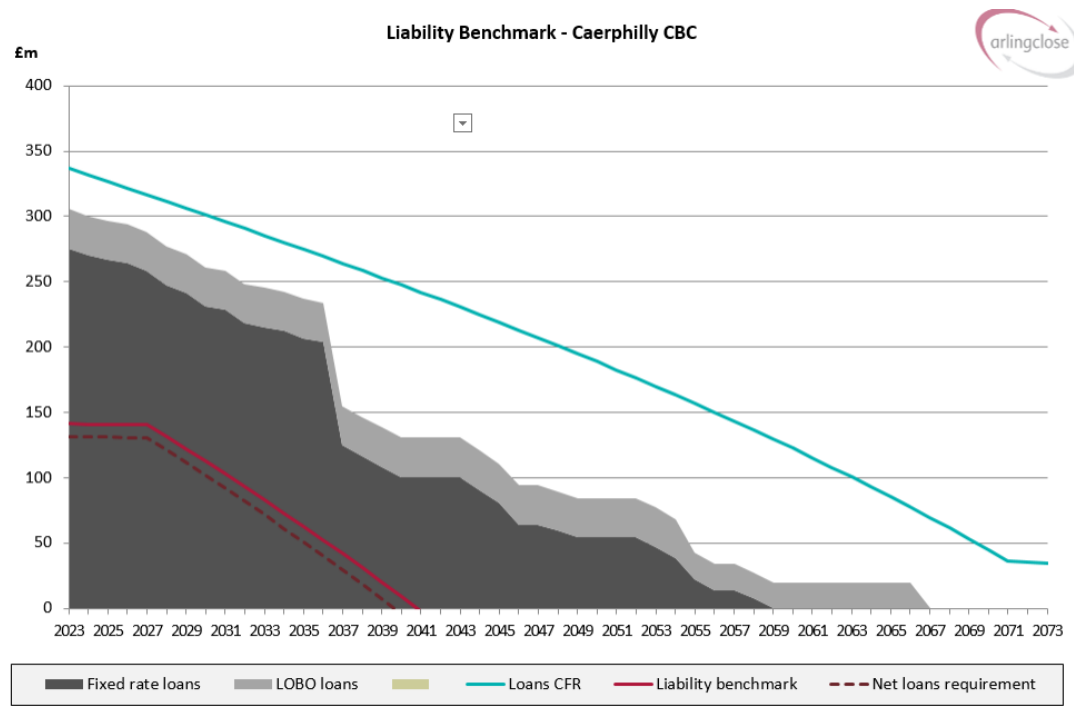
5.19.1 There is a requirement to analyse and report the capital financing costs and express those costs as a percentage of the net revenue streams of the Authority.

5.19.2 The General Fund future revenue streams are based upon the content of “the Budget Report”.

5.19.3 Future revenue streams for Housing Revenue Account (H.R.A.) have been projected on the basis of a 1.5% increase applied to the rental income (using 2021/22 as a base), less an adjustment for estimated reduction in housing stock as a result of the “Right to Buy” sales.

### **5.20 Prudential Indicators –Liability Benchmark**

5.20.1 This Prudential Indicator represents the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans whilst keeping treasury investments at the minimum level to manage day-to-day cashflows.



## 5.21 Capital Expenditure and Funding

5.21.1 The summary Capital Expenditure and funding, as shown in **Appendix 7** of this report has been considered in “the Budget Report”.

5.21.2 The Revenue Support Grant (RSG) provided by the Welsh Government (WG) includes an element to off-set the costs of borrowing funds for capital purposes. WG has announced supported borrowings of £4.79m in respect of the 2024/25 financial year, together with General Capital Grant funding of £4.92m.

5.21.3 For calculation purposes, it has been assumed that the supporting borrowing element of funding support and the capital grant received will continue at 2024/25 levels for 2025/26 and for 2026/27. HRA provisional values for the years 2025-2027 are based on the 2023/24 allocation of the Major Repairs Allowance of £7.30m and assumed to continue at this level for future years.

## 5.22 Minimum Revenue Provision (MRP)

5.22.1 In accordance with the Amendment Regulations, rather than applying a defined formula, the Authority is now only required to apply a charge that is ‘prudent’. A “prudent” period of time for debt repayment is defined as one which reflects the period over which the associated capital expenditure provides benefits.

5.22.2 The Amendment Regulations also introduced an additional reporting requirement. Authorities are now required to submit to full Council, for approval, an Annual MRP Statement, setting out the policy to be adopted for the year following.

5.22.3 The Authority will continue to apply the revised MRP policy that was agreed by Members on 24<sup>th</sup> January 2017. MRP on supported borrowings will be charged at 2% over 50 years. MRP on unsupported borrowings will be charged at the PWLB annuity loan rate equivalent to the life of the asset. The MRP policy is detailed in **Appendix 8**.

## **5.23 Other Local Issues**

## **5.24 The Authority's Banker**

5.24.1 The Authority will ensure that its day-to-day banking activity is undertaken with an investment grade bank. If the Authority's Bank is downgraded during the contract period (as specified under the Banking Services Contract) to non-investment grade, reasonable measures will need to be undertaken to mitigate the risk associated with further downgrades, and the risk of losing funds if the Bank was to default.

5.24.2 Reasonable measures will need to include (and not limited to) keeping balances to a minimum; hourly review of bank balances for the Group Accounts and subsequently transferring surplus balances to a Call Account; re-routing material income (maturing investments, grants) to a bank account held outside of the existing bank arrangement; and consideration of contingency banking arrangements with another bank should the risk be severe to the Authority's operational requirements. Cabinet will be kept informed if such risks arise. In the case of negative interest rates, monies may be held in the Authority's main bank account.

## **5.25 Policy on Apportioning Interest to the HRA**

5.25.1 On 1st April 2015 the HRA exited the subsidy mechanism by way of the HRA buyout process. As a result, the Authority will operate a single consolidated pool of debt that will hold all debt (new and old loans), and annually recharge the HRA the interest payable on all loans using the average rate of interest as a recharge rate.

## **5.26 Markets in Financial Instruments Directive**

5.26.1 The Authority has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

## **5.27 IFRS 9 Classification**

5.27.1 Under the IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost. Pooled fund investments will be elected to be carried at 'Fair Value through Other Comprehensive Income (FVOCI).

## **6. ASSUMPTIONS**

6.1 The details set out in the report are based on interest rate forecasts provided by the Authority's Treasury Management Adviser.

6.2 It is currently assumed that investment cash balances remain at a minimum of £100m throughout 2024/25 in order to deliver the investment returns stated within this report.

- 6.3 It has been assumed that the Authority will fund a proportion of its capital programme through supported borrowing.
- 6.4 It has been assumed that the HRA's borrowing needs are based on the current Business Plan at the time of writing this report.

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

- 7.1 The Treasury Management strategy report is a requirement of the Local Government Act and provides a high-level framework in which the Council can operate. This does not impact on any individuals or any protected characteristic groups as defined in the Council's Strategic Equality Plan 2020-2024 and as a result an Integrated Impact Assessment is not required

## **8. FINANCIAL IMPLICATIONS**

- 8.1 As detailed throughout the report.

## **9. PERSONNEL IMPLICATIONS**

- 9.1 There are no personnel implications.

## **10. CONSULTATION**

- 10.1 No external consultation is required for the purposes of the report. However, advice has been sought from the Authority's current Treasury Management Adviser.

## **11. STATUTORY POWER**

- 11.1 Local Government Act 1972

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### **Appendices:**

Appendix 1 Local Government Investments - Definitions  
Appendix 2 Interest Rates – Forecasts/Indicative  
Appendix 3 Credit Policy, Investment Ratings, Periods and Targets  
Appendix 4 Investments to be used and “in house” authorisations  
Appendix 5 Treasury Management Strategy Indicators



Appendix 6  
Appendix 7  
Appendix 8

Prudential Indicators – Capital Finance  
Capital Expenditure and Funding  
MRP Policy

## Appendix 1

### Local Government Treasury Management Definitions

- **Investment**

In the context of a local authority cash deposit, an investment is a monetary asset deposited with a credible institution with the objective of providing income in the future. This is a transaction which relies upon the power in section 12 of the 2003 Act and is recorded in the balance sheet under the heading of investments within current assets or long-term investments.

- **Long-term Investment**

This is any investment other than one which is contractually committed to be paid within 12 months of the date on which the investment was made.

- **Credit Rating Agency**

An independent company that provides investors with assessments of an investment's risk and the three most prominent are.

Standard and Poor's (S & P)  
Moody's Investors Service Limited (Moody's)  
Fitch Ratings Limited (Fitch)

- **Specified Investment**

An investment is a specified investment if it satisfies the following conditions:

1. The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling.
2. The investment is not a long-term investment (as defined above).
3. The investment is not considered to be capital expenditure.
4. One or both of the following conditions is both:
  - The investment is made with the UK Government or a local authority (as defined in section 23 of the 2003 Act) or local authorities in Scotland and Northern Ireland or a parish or community council.
  - The investment is made with a body or in an investment scheme which has been awarded a high credit rating by a credit rating agency

5. The principal sum to be repaid at maturity is the same as the initial sum invested other than investments in the UK Government.

- **Non-specified Investments**

These are investments, which do not meet the conditions of specified investments.

## Appendix 2 Interest Rate Forecasts

### Bank Rate (Forecasts as at February 2024 and subject to change)

	Arlingclose (Central case)
2024 Q1	5.25%
2024 Q2	5.25%
2024 Q3	5.00%
2024 Q4	4.75%
2025 Q4	3.00%
2026 Q4	3.00%

### PWLB (Forecasts as at February 2024 and subject to change- Source Arlingclose (Central case))

	Q1 – 2024	Q2 – 2024	Q3 – 2024	Q4 – 2024
5 Year	4.55%	4.50%	4.45%	4.40%
10 Year	4.60%	4.60%	4.60%	4.55%
20 year	5.20%	5.10%	5.05%	5.05%
50 Year	4.80%	4.80%	4.80%	4.80%

For budget setting and financial planning, the following rates have been assumed.

Budget Period	Investment Returns	Borrowing Rates (PWLB 50 Years)
2024/25	5.17%	4.80%
2025/26	5.17%	4.80%
2026/27	5.17%	4.80%

## Appendix 3 Credit Risk Policy

### Bank Bail-In

Bail-in legislation has now been fully implemented in the European Union and major economies around the World. In addition, the largest UK banks have ring-fenced their retail and investment banking functions into separate legal entities during 2018 and 2019. The impact of the structural change on the banks credit rating was minimal. Bail-In proposals, an approach where retail customers of a failing bank are protected under compensation schemes (up to a threshold) and losses are covered by investor's equity capital in the first instance, followed by junior debt and then senior unsecured debt and deposits. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

A bail-in is likely, although not certain, to happen over the course of a weekend, with much of the preparatory work having been undertaken in advance as the bank continues to fail regulatory conditions. The announcement of a bail-in, including which creditors will be affected, will normally be made by the Bank of England on a Sunday evening before the Asian markets open. Apart from the affected creditors, the bank will open for business as normal on the Monday morning. Where a banking group comprises several UK bank companies, it is likely that all group banks will be bailed-in together. Separately capitalized subsidiaries in other countries might not be bailed-in; that will be a matter for the local regulator. Before a bail-in, the bank's ordinary shareholders will have their shares expropriated and they will therefore no longer be the bank's owners. Building societies, which are mutually owned by their customers, will be converted to banks before bail-in. Hybrid capital instruments that convert to equity in certain circumstances will also be converted. Creditors will then be bailed-in in this order:

- junior or subordinated bonds, in order of increasing seniority;
- senior unsecured bonds issued by the non-operating holding company (if any);
- senior unsecured bonds issued by the operating bank companies;
- Unsecured deposits (money market funds, call accounts and fixed-term deposits with banks and building societies) and certificates of deposit (except interbank deposits of less than seven days original maturity); and
- Insured deposits that are larger than the FSCS £85,000 coverage limit.

Subject to cashflow liquidity requirements, the Authority will manage bail-in risk by way of investing surplus cash in instruments that are considered to be exempt from bail-in and include (and in no particular order) the Government, Corporate bonds, Registered Providers (Housing Associations) and secured bank instruments (Repos, Covered Bonds and other collateralised instruments). These instruments are considered to have a medium to long-term investment horizon, and therefore it is likely that the Authority will hold investment instruments with financial institutions that will not be exempt from the bank bail-in process such as fixed term deposits, call accounts and money market funds. The Authority will look to limit such holdings for the purpose of managing liquidity.

### Counterparty Criteria

The Authority considers, in order of priority, security, liquidity and yield when making investment decisions. Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Authority's assessment of counterparty credit risk. The intention of the strategy

is to provide security of investment and minimisation of risk which will also enable diversification and thus avoidance of concentration risk.

The Authority also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. In accordance with the 2017 Treasury Management Code of Practice, the Authority will use the following key tools to assess credit risk:

- Published credit ratings of the financial institution and its sovereign rating;
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);
- Economic fundamentals, such as a country's net debt as a percentage of its GDP;
- Corporate developments, news, articles, markets sentiment and momentum;
- Subjective overlay.

The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

The Authority is advised by Arlingclose Limited, who provide counterparty risk management services. Credit rating lists are obtained and monitored by Arlingclose, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made;
- any existing investments that can be recalled or sold at no cost will be, and
- Full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn [on the next working day] will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office (unless interest rates are negative) or invested in government treasury bills or with other local authorities. This will cause a reduction in the level of investment income earned but will protect the principal sum invested.

The Authority defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

Due to the ongoing strengthening of bank regulations it is recommended that the Authority adopts the Investment Grade scale as the minimum credit rating criteria. This will enable greater flexibility when placing investments especially during periods of regulatory stress tests where the outcome can result in a downsized counterparty list as a result of the downgrading of credit ratings. Furthermore, the need to hold a diversified investment portfolio and the impact of bank bail-in regulations means that the Authority will need to adopt a more structured credit rating criteria matrix for specific instruments. The table below details maximum monetary and investment duration limits.

<b>Maximum Monetary and Investment Duration Limits</b>						
<b>Credit Rating (Long-Term)</b>	<b>Banks Unsecured</b>	<b>Banks Secured</b>	<b>Government</b>	<b>Local Authorities</b>	<b>Corporates</b>	<b>Registered Providers</b>
UK Govt	-	-	£ Unlimited 50 years	-	-	-
AAA	£20m 5 years	£20m 20 years	£20m 50 years	£20m 50 years	£10m 20 years	£10m 20 years
AA+	£10m 5 years	£20m 10 years	£20m 25 years	£10m 25 years	£10m 10 years	£10m 10 years
AA	£10m 4 years	£20m 5 years	£20m 15 years	£10m 15 years	£10m 5 years	£10m 10 years
AA-	£10m 3 years	£20m 4 years	£20m 10 years	£10m 10 years	£10m 4 years	£10m 10 years
A+	£10m 2 years	£20m 3 years	£10m 5 years	£10m 5 years	£10m 3 years	£10m 5 years
A	£10m 13 months	£20m 2 years	£10m 5 years	£10m 5 years	£10m 2 years	£10m 5 years
A-	£10m 6 months	£20m 13 months	£10m 5 years	£10m 5 years	£10m 13 months	£10m 5 years
BBB+	£10m 100 days	£10m 6 months	£10m 2 years	£10m 2 years	£10m 6 months	£10m 2 years
BBB	£5m next day only	£5m next day only	-	£5m next day only	-	£5m next day only
None Rated	£1m 6 months	-	£5m 25 years		-	£5m 5 years
REITS			£20m per fund			
Pooled funds			£20m per fund			

**Credit rating:** Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

**Banks Unsecured:** Call accounts, term deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investment with banks rated BBB are restricted to overnight deposits at the Authority's current account bank [Barclays Bank Plc] or the Debt Management Office. The use of Banks unsecured instruments will be limited to aid the management of cashflow liquidity. In accordance with advice from the Authority's Treasury Management adviser, International banks will also be considered.

**Banks Secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments. Investments placed in conjunction with a Repo Agreement will be classed as a secured investment.

**Government:** The Debt Management Office, Loans, bonds and bills issued or guaranteed by national governments and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years. Multilateral / Supranational institutions and State Agencies will also be classed as Government institutions as a number of sovereign states are key shareholders.

**Local Authorities:** Fixed term deposits / bills/ Bonds issued by local and regional authorities who include police and fire authorities. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Local authorities are not rated by credit rating agencies (though a handful of authorities have obtained a credit rating), but it is assumed that local authorities have the same credit rating as the UK Government (AA). Therefore, a limit of £10m and duration of 15 years will be applied.

**Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

**Registered Providers:** Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services; they retain the likelihood of receiving government support if needed. Consideration will also be given to providing liquidity facilities, such as a revolving credit facility, subject to a detailed credit assessment of the Registered Provider.



**Pooled Funds:** Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. **Money Market Funds** that offer same-day liquidity and aim for a constant net asset value will be used as an alternative to instant access bank accounts to manage short-term liquidity, while long-term strategic **pooled funds** whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity, and property funds offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

**Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.

### Investment periods

- **Short-term (up to 365 days)**

At the time of writing, all short-term investments are managed in-house as a result of day-to-day cash flow management.

For the purpose of flexibility to respond to day-to-day cash flow demands, the proposed minimum percentage of its overall investments that the Authority will hold in short-term investments is **40%**.

Members are reminded that once a deposit has been made for a fixed period it can only be withdrawn (repaid early) by mutual consent albeit at a cost and subject to the underlying terms and conditions of the contract.

- **Long-term (one year and over)**

The Authority will continue to invest in long-term investments. Excluding the UK Government, It is suggested that no more than £20m be placed with any one institution with duration as set out in the table above. The Authority will not have more than £60m deposited in long-term investments (the Upper Limit).

### Target Rate

Forecasts of base rate can be quite diverse as illustrated by the table in **Appendix 2**. In view of the uncertainty inherent in such predictions, it would be imprudent to set a target rate which may be difficult to achieve. In view of the foregoing, it is proposed to set a target rate of return for short-term deposits in 2023/24 of at least **3.00%**.

This rate reflects the forecast of Bank Rate and the relationship between that rate and the rate achievable from the DMADF. If deposits are made with other counterparties as detailed in Section (a) of this Appendix, it is possible that the above rate could be exceeded.

## **Appendix 4- Specified and Non-Specified Investments**

Investments are categorised as “Specified” or “Non-Specified” within the investment guidance issued by the Welsh Government.

Specified investments are sterling denominated investments with a maximum maturity of one year. They also meet the “high credit quality” as determined by the Authority and are not deemed capital expenditure investments under Statute. Non specified investments are, effectively, everything else.

The Authority’s credit ratings criterion is set out in **Appendix 3** and will be consulted when using the investments set out below. Credit ratings are monitored on a daily basis and the Treasury Management Adviser will advise the Authority on rating changes and appropriate action to be taken.

The types of investments that will be used by the Authority and whether they are specified or non-specified are listed in the table below.

	Specified	Non-Specified
<b>Government</b>		
Debt Management Account Deposit Facility	✓	✗
Gilts (UK Government)	✓	✓
Treasury Bills (T-Bills- UK Government)	✓	✗
Bonds issued by AAA rated Multilateral Development Banks	✓	✓
<b>Registered Providers (Housing Associations)</b>		
Registered Providers (Housing Associations)	✓	✓
<b>Corporates</b>		
Corporate Bonds (including Floating Rate Notes and Commercial Paper)	✓	✓
<b>Local Authorities</b>		
Term deposits with other UK local authorities	✓	✓
Local Authority Bills / Bonds	✓	✓
<b>Banks- Secured</b>		
Repurchase Agreements (Repos)- Banks & Building Societies	✓	✓
Covered Bonds	✓	✓
Other Collateralised arrangements	✓	✓
<b>Banks- Unsecured</b>		
Term deposits with banks and building societies	✓	✗
Certificates of deposit with banks and building societies	✓	✗
AAA-Rated Money Market Funds	✓	✗
Authority's Banker	✓	✗
<b>Pooled Funds (Variable Net Asset Valuation)</b>		
Other Money Market and Collective Investment Schemes	✗	✓
Pooled Funds (Property; Bonds; Equity; Multi-Asset)	✗	✓
Real Estate Investment Trusts	✗	✓

## **Authorisation for the in-house team**

### **A. Short-term Investments**

Due to the nature of the in-house team's duties, in that they need to respond to cash-flow fluctuations by dealing on the money market generally between 8.00am and 10.00am each day, it is impractical for each decision to be referred to the most senior management levels.

As a result, it is proposed that day-to-day decisions remain the responsibility of the Group Accountant (Treasury Management & Capital) who is the *de facto* Treasury Manager. In the absence of the Group Accountant (Treasury Management & Capital), the responsibility will pass to any of the appropriate line managers.

It is proposed that all Treasury Management decisions that arise from the daily cashflow will be supported by the completion of a pro-forma which will evidence compliance with the strategy.

### **B. Long-term Investments**

It is proposed that decisions regarding long-term investments be referred to the Head of Financial Services & S151 Officer (as Chief Financial Officer) after consultation with the Finance Manager for Corporate Finance.

### **C. General Authorisations**

Whilst it is generally the intention to refer all decisions regarding long-term borrowing to the Head of Financial Services, there are times when to do so will risk the loss of a potentially advantageous deal, due to non-availability. This is particularly relevant to the raising of PWLB loans.

The Authority's Treasury Management Adviser continually monitors the movement of interest rates and can predict the changes in PWLB rates. On occasions it may be necessary to respond to advice from the Adviser to take up PWLB loans (whether as part of the current years funding requirement, or as part of a rescheduling exercise) before interest rates increase and make the necessary application to the PWLB before their cut-off time. In these circumstances, it is not always possible to have access to the Head of Financial Services & S151 Officer, at short notice, for approval.

As a result, it is proposed that, if the Head of Financial Services & S151 Officer is unavailable, the decision be referred to the Finance Manager Corporate Finance. In the absence of both, then the decision will be made by the Group Accountant (Treasury Management and Capital) provided that the reason for the transaction is appropriately documented, falls within the approved Annual Strategy and prudential indicators, and failure to act upon the advice given would result in additional interest charges.

In all the foregoing, it must be remembered that any action taken, based on a view of interest rates, can only be assessed on the data available at the time.

## **Appendix 8 MRP 2024/25 Policy**

The Minimum Revenue Provision (MRP) is an amount charged to the revenue account for the repayment of debt, which has been used to finance capital expenditure. The Local Government Act 2003 requires the Authority to have regard to the Welsh Government's Guidance on Minimum Revenue Provision (most recently issued in 2010).

The broad aim of the WG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The WG Guidance requires the Authority to approve an Annual MRP Statement each year. The Authority's MRP policy for 2024/25 is stated below.

### **Supported Borrowings**

MRP on historic debt liability as at the 31<sup>st</sup> March 2007 and subsequent capital expenditure funded from supported borrowings will be charged to revenue over 50 years.

The MRP charge for supported borrowing will be based on an assumed annuity rate of 2%.

The annuity method results in a lower charge in earlier years and a higher charge in the later years, and takes into consideration the time value of money.

### **Unsupported Borrowings**

The MRP charge for individual assets funded through unsupported borrowing will be based on the estimated life of each asset or 25 years where this cannot be determined.

The MRP charge for unsupported borrowing will be based on the average Public Works Loan Board (PWLB) interest rate for new annuity loans in the year that an asset becomes operational.

Advice on asset life (land and buildings) will be sought from the Council's property valuation team. The first MRP Charge will start in the year after the asset becomes operational.

### **MRP Charges Relating to Other Capital Expenditure**

- 1 For assets acquired by leases or the Private Finance Initiative [and for the transferred debt from local authorities], MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- 2 For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. While this is not one of the options in the WG Guidance, it is thought to be a

prudent approach since it ensures that the capital expenditure incurred in the loan is fully funded over the life of the assets.

- 3 For schemes whereby capital receipts generated from the sale of assets created from the project are used to finance the capital expenditure on the project, this will be regarded as meeting the requirements of prudent provision and no MRP will be charged.
- 4 MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.
- 5 The MRP charge for the HRA will be determined by using an interest rate of 2% on the opening capital financing requirement on a reducing balance basis.
- 6 The Authority has the option to make voluntary overpayments on MRP where possible to reduce the revenue charge in later years.

Capital expenditure incurred during 2024/25 that is financed by debt will not be subject to an MRP charge until 2025/26.

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**Appendix 5 Treasury Management Strategy Indicators 2024/25-2025/26**

	Budget 2024-25	Budget 2025-26	Budget 2026-27
	£000	£000	£000
<b>Authorised limit for external debt -</b>			
Borrowing	508,268	540,933	543,349
Other long term liabilities	19,672	17,278	14,884
<b>Total</b>	<b>527,940</b>	<b>558,211</b>	<b>558,232</b>
<b>Operational boundary for external debt -</b>			
Borrowing	406,614	432,747	434,679
Other long term liabilities	19,672	17,278	14,884
<b>Total</b>	<b>426,286</b>	<b>450,025</b>	<b>449,563</b>
Capital Financing Requirement	382,729	406,025	404,546
<b>Upper limits for interest rate exposure</b>			
Principal outstanding on borrowing	406,614	432,747	434,679
Principal outstanding on investments	100,000	100,000	100,000
<b>Net principal outstanding</b>	<b>306,614</b>	<b>332,747</b>	<b>334,679</b>
<b>Fixed rate limit – 100%</b>	306,614	332,747	334,679
<b>Variable rate limit – 30%</b>	91,984	99,824	100,404
<b>Upper limit for total invested for over 365 days</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>

	Upper Limit	Lower Limit
<b>Maturity structure of fixed rate borrowing</b>		
Under 12 months	35%	0%
Over 12 months and within 24 months	40%	0%
Over 2 years and within 5 years	50%	0%
Over 5 years and within 10 years	75%	0%
Over 10 years	100%	0%

	Budget 2024-25	Budget 2025-26	Budget 2026-27
	£000	£000	£000
<b>Gross Debt and Net Debt</b>			
<b>Outstanding Borrowing</b>	406,614	432,747	434,679
<b>Other long term liabilities</b>	19,672	17,278	14,884
<b>Gross Debt</b>	<b>426,286</b>	<b>450,025</b>	<b>449,563</b>
<b>Less investments</b>	100,000	100,000	100,000
<b>Net Debt</b>	<b>326,286</b>	<b>350,025</b>	<b>349,563</b>

	Budget 2024-25	Budget 2025-26	Budget 2026-27
	£000	£000	£000
<b>Gross and The CFR</b>			
Gross Debt	426,286	450,025	449,563
CFR	382,729	406,025	404,546

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## Appendix 6 - Prudential Indicators - Capital Finance

<b>Ratio of Financing costs to net revenue stream</b>	<b>Budget 2024-25</b>	<b>Budget 2025-26</b>	<b>Budget 2026-27</b>
<b>General Fund</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Principal repayments	2,578	2,638	2,699
Interest costs	6,821	5,475	5,662
Debt Management costs	43	43	43
Rescheduling discount			
Investment income	(4,667)	(4,667)	(4,667)
Interest applied to internal balances	812	812	812
<b>Total General Fund</b>	<b>5,587</b>	<b>4,301</b>	<b>4,548</b>
Net revenue stream	<b>436,378</b>	<b>444,438</b>	<b>451,836</b>
<b>Total as percentage of net revenue stream</b>	<b>1.28%</b>	<b>0.97%</b>	<b>1.01%</b>
<b>Housing Revenue Account</b>			
Principal repayments	2,624	3,472	3,972
Interest costs	5,793	7,287	7,153
Debt Management costs	41	41	41
<b>Total HRA</b>	<b>8,459</b>	<b>10,800</b>	<b>11,166</b>
Net revenue stream	<b>53,075</b>	<b>56,940</b>	<b>58,332</b>
<b>Total as percentage of net revenue stream</b>	<b>15.94%</b>	<b>18.97%</b>	<b>19.14%</b>

<b>Capital financing requirement [end of year position]</b>	<b>Budget 2024-25</b>	<b>Budget 2025-26</b>	<b>Budget 2026-27</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Council Fund	225,214	227,461	229,553
Housing Revenue Account	157,515	178,564	174,993
<b>Total Authority</b>	<b>382,729</b>	<b>406,025</b>	<b>404,546</b>

<b>Liability Benchmark</b>	<b>Budget 2024-25</b>	<b>Budget 2025-26</b>	<b>Budget 2026-27</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Capital Financing Requirement	382,729	406,025	404,546
Less Balance Sheet Resources	(219,600)	(214,600)	(209,600)
<b>Net Loans Requirement</b>	<b>163,129</b>	<b>191,425</b>	<b>194,946</b>
Plus Liquidity allowance	10,000	10,000	1,000
<b>Liability Benchmark</b>	<b>173,129</b>	<b>201,425</b>	<b>195,946</b>

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## Appendix 7 - Capital Expenditure and Funding

	Budget 2024-25	Budget 2025-26	Budget 2026-27
Expenditure	£000	£000	£000
Council Fund	86,896	44,464	14,310
Housing Revenue Account	84,133	64,957	25,087
<b>Total</b>	<b>171,029</b>	<b>109,421</b>	<b>39,397</b>
<b>Funding</b>			
General Capital Grant - WG	4,919	4,919	4,919
Borrowing - Supported (GF)	4,790	4,790	4,790
Major Repairs Allowance (HRA)	7,296	7,296	7,296
Grants	64,916	38,261	17,197
One off funding- MRP Review		1,314	1,244
RCCO Budget		128	128
RCCO- (HRA)	31,796	15,895	2,725
Unsupported Borrowing HRA	31,500	24,200	
Reserves	25,743	12,618	1,098
Other	69		
<b>Total</b>	<b>171,029</b>	<b>109,421</b>	<b>39,397</b>
<b>Surplus C/f</b>			

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