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Date: 31st January 2024

To Whom It May Concern,

A Special multi-locational meeting of the **Voluntary Sector Liaison Committee** will be held in Penallta House, and via Microsoft Teams on **Tuesday, 6th February, 2024 at 10.30 am** to consider the matters contained in the following agenda. You are welcome to use Welsh at the meeting, a minimum notice period of 3 working days is required should you wish to do so. A simultaneous translation will be provided on request.

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

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

Yours faithfully,

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

Christina Harrhy
CHIEF EXECUTIVE

AGENDA

- | | Pages |
|-------------------------------------|-------|
| 1 To receive apologies for absence. | |

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 receive and consider the following report: -

3 Draft Budget Proposals for 2024/25.

1 - 26

Circulation:

Councillors M. Chacon-Dawson, R. Chapman, Mrs P. Cook, J.E. Fussell, C.J. Gordon, T. Heron, Ms J.G. Jones, T. Parry, D.W.R. Preece, Mrs D. Price, H. Pritchard, E. Stenner, L.G. Whittle, S. Williams and W. Williams

REPRESENTATIVES OF THE VOLUNTARY SECTOR:

Abertridwr Community Church, Barod Cymru, Blaenau Gwent and Caerphilly Care & Repair Cymru, Caerphilly and Blaenau Gwent Citizens Advice, Cruse in Gwent, GAVO, Groundwork Wales, Homestart Cymru, Menter Iaith Sir Caerffili, Oakdale Community Centre, Parent Network, Pobl Housing, Right From The Start, SSAFA Gwent, The United Reformed Church, The Youth Centre Cefn Hengoed, Vanguard Caerphilly

And Appropriate Officers

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SPECIAL VOLUNTARY SECTOR LIAISON COMMITTEE – 6TH FEBRUARY 2024

SUBJECT: DRAFT BUDGET PROPOSALS FOR 2024/25

REPORT BY: HEAD OF FINANCIAL SERVICES AND SECTION 151 OFFICER

- 1.1 The attached report details the Draft Budget Proposals for 2024/25.
- 1.2 The Voluntary Sector Liaison Committee is asked to consider and comment upon the content of the report prior to Final Budget Proposals being presented to Council on 27th February 2024.

Author: S. Hughes, Committee Services Officer

Appendices:

Appendix 1 Report to Cabinet 17th January 2024

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APPENDIX



CABINET – 17TH JANUARY 2024

SUBJECT: DRAFT BUDGET PROPOSALS FOR 2024/25

REPORT BY: DEPUTY CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 To present Cabinet with details of the draft budget proposals for the 2024/25 financial year to allow for a period of consultation prior to a final decision by Council on 27 February 2024.

2. SUMMARY

- 2.1 The report provides details of draft budget proposals based on the Welsh Government (WG) Provisional Local Government Financial Settlement for 2024/25.
- 2.2 The report also provides details of a range of cost and service pressures that require funding, details of proposed savings and the use of reserves, along with a proposed increase of 6.9% in Council Tax to enable the Council to set a balanced budget for the 2024/25 financial year.
- 2.3 An updated indicative Medium-Term Financial Plan (MTFP) is also appended to the report showing a potential savings requirement of £46.700m for the two-year period 2025/26 to 2026/27.

3. RECOMMENDATIONS

- 3.1 Cabinet is asked to: -
 - 3.1.1 Endorse the 2024/25 draft budget proposals, including the proposed permanent and temporary savings totalling £30.984m and the proposed one-off use of reserves of £11.394m.
 - 3.1.2 Endorse the proposed increases in charges for school meals in secondary schools, Meals Direct, and the Hive Restaurant along with the proposed increase in the fee for MOT testing as detailed in paragraph 5.4.5.
 - 3.1.3 Agree that 100% of the net projected underspend on the Council's 2023/24 revenue budget will be transferred into General Fund balances as outlined in paragraph 5.5.2.
 - 3.1.4 Support the proposal to increase Council Tax by 6.9% for the 2024/25 financial year to ensure that a balanced budget is achieved (Council Tax Band D being set at £1,446.37).

3.1.5 Agree that the draft budget proposals should now be subject to consultation prior to final 2024/25 budget proposals being presented to Cabinet and Council on 27 February 2024.

3.1.6 Note the indicative potential savings requirement of £46.700m for the two-year period 2025/26 to 2026/27.

4. REASONS FOR THE RECOMMENDATIONS

4.1 Council is required annually to approve proposals to set a balanced budget and agree a Council Tax rate.

4.2 Council is required to put in place a sound and prudent financial framework to support service delivery.

5. THE REPORT

5.1 Background and Economic Context

5.1.1 The continuing 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, are major influences in determining the 2024/25 Draft Budget Proposals and the medium-term financial outlook.

5.1.2 The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level for the rest of 2023. In December 2023, members of the BoE's Monetary Policy Committee voted 6-3 in favour of keeping Bank Rate at 5.25%. The three dissenters wanted to increase rates by another 0.25%.

5.1.3 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 Consumer Prices Index (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.

5.1.4 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. 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 of 2025 and into 2026.

5.1.5 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.

5.1.6 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.

5.1.7 The current economic situation and increases in demand for services (particularly in Social Care) means that the Council (along with all others) continues to face unprecedented financial

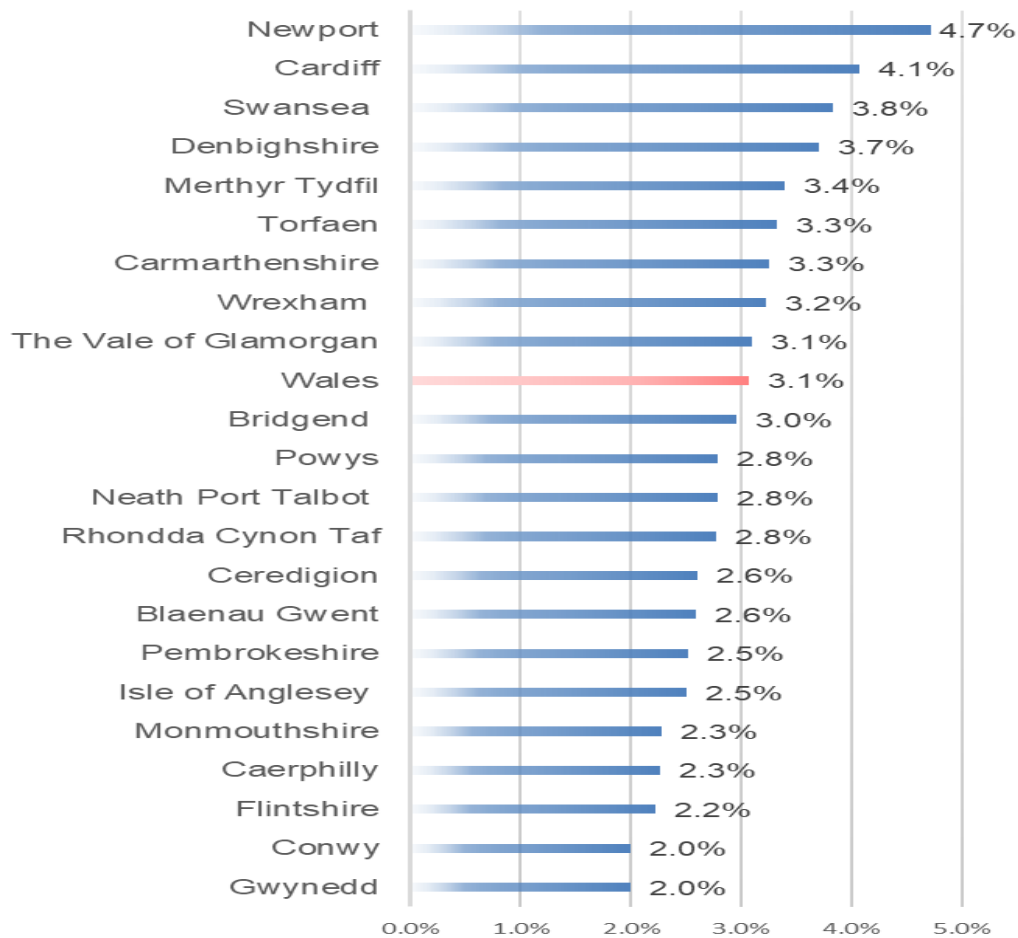
challenges. The seriousness of this situation is evidenced by a number of Councils issuing Section 114 Notices in recent years (Croydon, Slough, Northumberland, Thurrock, Birmingham, and Nottingham), which effectively means that these Councils were serving notice that they were unable to deliver balanced budgets. It is anticipated that a number of other Councils will issue Section 114 Notices moving forward.

- 5.1.8 Due to austerity, between 2008/09 and 2023/24 Caerphilly CBC has already delivered savings in excess of £111m to address reductions in funding and inescapable cost pressures. However, the details set out in this report show a savings requirement of £42.378m for 2024/25 alone, and due to the temporary nature of many of the measures proposed to balance the budget for 2024/25, it is currently anticipated that total permanent savings of £46.700m will be required for the two-year period 2025/26 to 2026/27.
- 5.1.9 The scale of the financial challenge facing the Council cannot be underestimated. Clearly, a financial strategy that seeks to continuously salami slice our services and deplete our reserves is not a sustainable or an appropriate approach, especially when the demands upon our services are far higher than ever, as our communities continue to present far greater and increasingly complex needs to us. To ensure we are able to meet the needs of our communities, whilst operating with significantly reduced funding, a whole council and a whole county borough holistic approach is needed, and this is being defined and developed through the Council's Mobilising Team Caerphilly Transformation Programme.
- 5.1.10 During the last twelve months significant work has been undertaken during the discovery phase of Mobilising Team Caerphilly to identify a wide range of projects that will help the Council balance its budget moving forward. We are now moving into the delivery stage with numerous projects being defined in detail in readiness for approval and implementation. A change programme of the scale being considered will require significant resources to be deployed and will inevitably take time to fully deliver. With this in mind, the draft budget proposals for 2024/25 effectively provide a transitional budget which is partially supported through the one-off use of reserves and a number of temporary savings measures. This will provide the time needed to deliver the range of prioritised projects under Mobilising Team Caerphilly.
- 5.1.11 Given the scale of the financial challenge faced by the Council, it is inevitable that some difficult decisions will need to be made at pace to ensure that balanced budgets can be delivered in the forthcoming years.

5.2 Welsh Government (WG) Provisional Local Government Financial Settlement for 2024/25

- 5.2.1 The Local Government Financial Settlement received from WG on an annual basis is referred to as Aggregate External Finance (AEF). This consists of a Revenue Support Grant (RSG) and Redistributed Non-Domestic Rates (business rates). Details of the Provisional Local Government Financial Settlement are usually announced by WG in early October each year. However, in recent years due to economic uncertainty the announcement has been delayed until December and details of the Provisional Local Government Financial Settlement for 2024/25 were not released until 20 December 2023.
- 5.2.2 On an All-Wales basis there is an increase in Aggregate External Finance (AEF) of £170m or 3.1% on a like-for-like basis. Table 1 below shows the range around the average of 3.1% driven by the funding formula. This is largely a reflection of data movements in population and pupil numbers and an analysis of the components of change in the funding formula is set out in the suite of tables published alongside the settlement. The lowest increases are in Gwynedd and Conwy with 2.0%, and the highest is Newport with an increase of 4.7%. The Minister has implemented a floor mechanism at 2% which benefits the two authorities at the bottom and is funded from outside the settlement at a cost of £1.3m. The increase for Caerphilly CBC is 2.3%.

Table 1 - Changes to AEF by Local Authority (2023/24 to 2024/25)



5.2.3 Overall core revenue funding rises to £5.69bn in 2024/25. As this is the last year of the current Spending Review period there is no forward indication of settlements beyond the work that has been done by Wales Fiscal Analysis.

5.2.4 In terms of public sector pay, there is specific reference in the Minister’s letter that accompanied the settlement to teachers pay. This confirms that this will have to be funded from within the settlement envelope: -

“I have again taken the decision to provide all the available funding up front and not hold back funding for in-year recognition of the 2024/25 teachers’ pay deal. Authorities’ budget planning must therefore accommodate these costs.

5.2.5 Further on in the Minister’s letter there is also reference to the funding of the teachers’ and firefighters’ pension contributions: -

“The Chancellor’s Autumn Statement referred to the changes to the SCAPE rate, which has implications for the costs of employers’ contributions to teachers and fire-fighter pensions. This in turn has implications for Local Authority budgets. Funding for this is expected to be provided by UK Government but not until 2024/25. I will be writing to the Chief Secretary to the Treasury to press for assurances on the level and timing of this funding. My officials will keep your officers informed.

5.2.6 In cash terms, the 2.3% increase for Caerphilly CBC provides additional funding of £7.766m for 2024/25. Whilst this is of course welcomed, the increase needs to be considered in the context

of the financial challenge being faced by the Council, with cost pressures totalling £56.079m for 2024/25 alone.

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

Specific Revenue Grants

5.2.8 On a like-for-like basis, specific revenue grants will decrease on an All-Wales basis by circa 6.3% or around £92m. Education grants will go to local authorities from 2024/25 rather than the regional consortia and significantly many education grants will consolidate into 4 new grants: -

- Local Authority Education Grant (Schools Standards) £160m.
- Local Authority Education Grant (Equity) £155m.
- Local Authority Education Grant (Reform) £54m.
- Local Authority Education Grant (Cymraeg) £10m.

5.2.9 Some of the larger and more significant reductions in 2024-25 include: -

- Retail, Leisure, and Hospitality Rates Relief reduces from £130m to £79m.
- Social Care Workforce Grant reduces from £45m to £35m.
- Communities for Work+ reduces from £27m to £17m.
- Bus Emergency Scheme reduces from £42m to £39m.

5.2.10 There are increases in several grant schemes, some of the larger and more significant include:

- Substance Misuse Action Fund increases from £39m to £41m.
- Universal Free Primary School Meals increases from £63m to £94m.

5.2.11 Heads of Service are currently working with Finance Managers to fully assess the impacts of reductions in grant funding, but the working assumption is that services will need to manage within the reduced funding allocations.

Capital Funding

5.2.12 The capital allocations available to Caerphilly CBC in the RSG and from the General Capital Grant have decreased from £9.772m in 2023/24 to £9.709m for 2024/25. An updated Capital Programme will be presented to Cabinet and Council on 27 February 2024.

5.3 2024/25 Draft Budget Proposals

5.3.1 The proposals contained within this report will deliver a balanced budget for 2024/25 on the basis that Council Tax is increased by 6.9%. Table 2 provides a summary: -

Table 2 – 2024/25 Draft Budget Proposals Summary

	£m
Cost Pressures: -	
• General Fund Services inflationary pressures (pay and non-pay)	11.934
• General Fund inescapable service pressures	13.655
• Schools cost pressures	8.283
• Reinstatement of 2023/24 temporary budget measures	22.207
Total: -	56.079
Funded By: -	
• 2.3% uplift in Provisional Settlement	7.766

• 6.9% proposed increase in Council Tax	5.935
• Permanent savings proposals	19.534
• Temporary savings proposals	11.449
• One-off use of reserves	11.394
Total: -	56.079

5.3.2 Whilst the proposals in this report present a balanced financial position for 2024/25, a significant element of this is being achieved through one-off temporary measures i.e. £11.449m of temporary savings and £11.394m through the use of reserves. These temporary one-off measures totalling £22.843m will only support the budget for 2024/25 financial year and they effectively allow a transitional budget to be presented that provides the time needed to deliver the range of prioritised projects under the Mobilising Team Caerphilly Transformation Programme.

5.3.3 The 2024/25 General Fund Services inflationary cost pressures totalling £11.934m are set out in Table 3 below: -

Table 3 – General Fund Services Inflationary Cost Pressures

	£m
National Joint Council (NJC) Pay Award	8.869
Increase in Employer Pension Contributions (NJC Staff)	1.245
Non-Pay Inflation	2.673
Non-Pay Inflation (Fees and Charges)	(0.853)
TOTAL: -	11.934

5.3.4 **National Joint Council (NJC) Pay Award** – The 2023/24 budget approved by Council in February 2023 assumed a NJC pay award of 5% from April 2023. However, the final approved pay award was an uplift of £1,925 across all pay scales (average net increase of 6.51%), which required additional funding of circa £2.3m to be identified. This is being funded in 2023/24 through a one-off contribution from reserves, and the additional cost has also now been factored into the base budget for 2024/25. In addition to this, a further pay award of 4% is assumed from April 2024. The assumed 4% uplift will be held corporately in the first instance and released to budgets once the actual pay award for 2024/25 has been determined.

5.3.5 **Increase in Employer Pension Contributions (NJC Staff)** – The Greater Gwent (Torfaen) Pension Fund is subject to an independent triennial valuation of its assets and liabilities. The outcome of the most recent valuation in 2022 requires a 1% increase in the employer's contribution for 2024/25, with a further increase of 0.5% for 2025/26. Any increase for 2026/27 will be determined by the next triennial valuation.

5.3.6 **Non-Pay Inflation** – The Consumer Prices Index (CPI) inflation rate peaked at 11.1% during 2022. The most recent published data for the 12 months to November 2023 showed CPI at 3.9%, down from 4.6% in the previous month. 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 of 2025 and into 2026. For budget setting purposes an inflation rate of 3% is assumed for 2024/25. The figure of £2.673m does not include any uplift for independent sector Social Care providers as the full cost of these increases is included in inescapable service pressures.

5.3.7 **Non-Pay Inflation (Fees and Charges)** - A generic increase of 5% is assumed for Fees and Charges.

5.3.8 Table 4 provides a summary of the 2024/25 General Fund Services inescapable service pressures totalling £13.655m. These pressures have been subject to a detailed review and have been incorporated into the 2024/25 Draft Budget Proposals on the basis that they are essential. Full details are provided in Appendix 1 for Members' consideration.

Table 4 – Summary of General Fund Inescapable Service Pressures

Service Area	£m
Corporate Services	0.252
Miscellaneous Finance	1.950
Social Services	10.448
General Fund Housing	1.004
TOTAL: -	13.655

5.3.9 The 2024/25 Schools cost pressures totalling £8.283m are set out in Table 5 below -

Table 5 – Schools Cost Pressures

	£m
Teachers' Pay Award	5.951
National Joint Council (NJC) Pay Award (School-Based Staff)	0.724
Increase in Employer Pension Contributions (NJC Staff)	0.188
Non-Pay Inflation	0.826
Other Service Pressures	0.594
TOTAL: -	8.283

5.3.10 **Teachers' Pay Award** – The teachers' pay awards in September 2022 and September 2023 were both 1.5% higher than the budgeted levels, and one-off grant funding was provided by the Welsh Government to meet the in-year costs relating to the September 2022 pay award only. WG has now confirmed that no further funding will be provided to meet the recurring additional cost of these pay awards, and that this must be funded from within the average 3.1% uplift in the 2024/25 Provisional Financial Settlement. A further pay award of 4% is currently assumed from September 2024 and this again must be funded from within the settlement.

5.3.11 **National Joint Council (NJC) Pay Award (School-Based Staff)** – The 2024/25 Draft Budget proposals include budgetary growth to fully fund the full-year impact of the 2023/24 pay award, along with additional budget provision for an assumed pay award of 4% from April 2024.

5.3.12 **Increase in Employer Pension Contributions (NJC Staff)** – As mentioned in paragraph 5.3.5, the outcome of the most recent triennial valuation of the pension fund in 2022 requires a 1% increase in the employer's contribution for 2024/25, with a further increase of 0.5% for 2025/26. Any increase for 2026/27 will be determined by the next triennial valuation.

5.3.13 **Non-Pay Inflation** - As detailed in paragraph 5.3.6 a CPI inflation rate of 3% is assumed for 2024/25.

5.3.14 **Other Schools Service Pressures** – These consist in the main of the following: -

- School floor area related changes.
- Expansion of Trinity Fields Special School.
- Demand pressures linked to Specialist Resource Bases (SRB's) or Specialist Satellite provision.

5.3.15 The Chancellor's Autumn Statement referred to changes to the 'Superannuation Contributions Adjusted for Past Experience' (SCAPE) rate from April 2024, which has implications for the costs of employers' pension contributions for teachers, which in turn has implications for Local Authority budgets. Funding for this is expected to be provided by the UK Government but not until 2024/25. The estimated cost of the proposed changes for Caerphilly schools is circa £4.8m, which presents a significant financial risk if this is not fully funded on a recurring basis.

5.4 2024/25 Draft Savings Proposals

- 5.4.1 Draft savings proposals have been identified for the 2024/25 financial year totalling £30.984m. These are summarised in Table 6 with further details being provided in Appendix 2.

Table 6 – 2024/25 Draft Savings Proposals

Service Area	Permanent Savings £m	Temporary Savings £m	Total Savings £m
Corporate Services	1.187	0.658	1.845
Miscellaneous Finance	5.305	5.499	10.805
Economy & Environment	1.558	1.713	3.271
Social Services	0.526	2.545	3.071
Education & Lifelong Learning	0.284	1.034	1.319
Schools	3.000	0.000	3.000
All Directorates	7.673	0.000	7.673
TOTAL: -	19.534	11.449	30.984

- 5.4.2 The savings proposals have been split into 2 categories, those that are permanent and those that are temporary (i.e. not sustainable in the medium to longer-term). Savings of a temporary nature are not ideal, but they do provide a window of opportunity to identify, approve and implement permanent savings in readiness for the 2025/26 and 2026/27 financial years.
- 5.4.3 Members will note that there is a proposed saving of £3m for schools. As outlined in Table 5, schools cost pressures totalling £8.283m have been identified for 2024/25. It is proposed that the Individual Schools Budget (ISB) will be uplifted by £5.283m, which means that schools will need to identify cost efficiencies of £3m. Finance staff will work closely with schools to identify opportunities to reduce costs wherever possible.
- 5.4.4 The permanent savings proposals include an initial 2024/25 in-year savings target of £5m for the Mobilising Team Caerphilly transformation programme. This will be delivered through projects that are currently “in flight” and there is an expectation that further significant savings will be delivered in subsequent financial years once further projects have been prioritised for development and delivery.
- 5.4.5 In addition to the savings proposals outlined in Table 6, it is proposed to increase the charges for school meals in secondary schools, Meals Direct and the Hive Restaurant in Ty Penallta by 7.5%. These increases will generate additional income of circa £57k above the 5% fees and charges increase already assumed in the 2024/25 draft budget proposals. It is also proposed to increase the charge for MOT testing undertaken in the Council's workshop from the current charge of £45 to the statutory fee of £54.85, which will generate additional revenue of circa £6k per annum. These above 5% increases are proposed by the relevant Heads of Service to help address budgetary pressures in the respective service areas and as such the additional revenue will not be available to support the 2024/25 savings requirement. The additional increases will instead be used to assist in managing expenditure within existing budgets.

5.5 Proposed Use of Reserves

- 5.5.1 To achieve a balanced budget for 2024/25 it will be necessary to utilise reserves totalling £11.394m as a further one-off measure. This again provides a short window of opportunity to develop sustainable solutions to address the projected budget deficit for 2025/26 and 2026/27.
- 5.5.2 It is proposed that the reserves in Table 7 are released to support the budget for 2024/25.

Table 7 – Proposed Use of Reserves

Description	£m	
Service Reserves: -		
• Corporate Services	2.697	
• General Fund Housing	0.100	
• Economy and Environment	0.610	
• Education and Lifelong Learning	0.362	
• Building Consultancy	0.017	3.786
Insurance Reserve		2.000
Projected Surplus General Fund Balance		4.189
Uncommitted Capital Earmarked Reserves		1.419
TOTAL: -		11.394

5.5.3 Members will note the proposed use of the projected surplus balance on the General Fund (i.e. the balance in excess of the minimum 3% recommended by the Section 151 Officer). This is based on a 100% take to the General Fund from the projected overall net underspend on the 2023/24 revenue budget as at period 7. Historically, services have retained 50% of underspends but given the scale of the financial challenge we currently face this will be postponed for the 2023/24 financial year. The projected General Fund surplus will be reviewed and adjusted as necessary for the final budget report that will be presented to Cabinet and Council on 27 February 2024, as period 9 projections will be available at that time.

5.5.4 A Joint Scrutiny Committee has been scheduled for 23 January 2024 to consider the 2024/25 Draft Budget Proposals. An Update on Reserves report will also be presented at this meeting for Members' consideration.

5.6 Council Tax Implications 2024/25

5.6.1 The draft budget proposals within this report include a proposed increase of 6.9% in Council Tax for the 2024/25 financial year. This will increase the Caerphilly CBC Band D precept from £1,353.01 to £1,446.37 i.e. an annual increase of £93.36 or weekly increase of £1.80.

5.6.2 The proposed increase of 6.9% for 2024/25 will result in the following totals for the Caerphilly CBC element of the Council Tax (the Police & Crime Commissioner and Town/Community Council precepts will be added to these totals when confirmed at a later date): -

Table 8 – 2024/25 Council Tax (CCBC Element) at 6.9% Increase

Band	Council Tax (CCBC Element) £	Weekly Increase £
A	964.25	1.20
B	1,124.95	1.40
C	1,285.66	1.60
D	1,446.37	1.80
E	1,767.78	2.19
F	2,089.20	2.59
G	2,410.61	2.99
H	2,892.74	3.59
I	3,374.86	4.19

5.6.3 The proposed increase in Council Tax of 6.9% results in weekly increases ranging from £1.20 for Band A properties to £4.19 for Band I properties. 75.73% of properties in the county borough are in bands A to C. The Council Tax Reduction Scheme (CTRS) mitigates against the socio-economic impacts on the most vulnerable households. 16,098 households currently receive

support with their Council Tax payments from the scheme, representing 19.93% of all households in the county borough. 17.18% (13,874 households) receive the maximum 100% level of support.

5.7 Financial Outlook for Future Years

5.7.1 Due to the unprecedented levels of inflation in recent years, the current economic outlook, and the range of temporary measures that are proposed for the 2024/25 financial year, it is clear that the Council will continue to face significant financial challenges moving forward. With this in mind the Medium-Term Financial Plan (MTFP) has been updated based on a range of assumptions, resulting in a further potential savings requirement of £46.700m for the two-year period 2025/26 to 2026/27. Details are provided in Appendix 3 and the following is a summary of the key assumptions: -

- An uplift in WG funding of 1% for both financial years.
- An indicative increase of 4.9% in Council Tax for 2025/26 and 3.9% for 2026/27.
- 3.5% for pay inflation in 2025/26 and 3% for 2026/27 (covering all staff including teachers).
- 0.5% uplift in 2025/26 for NJC employer pension contributions.
- Non-pay inflation at 2% for 2025/26 and 2026/27 in line with the Bank of England target.

5.7.2 In addition to the above, significant work has been undertaken with Directors and Heads of Service to identify further potential service cost pressures that will need to be considered in future years. These are currently estimated at £5.627m for 2025/26 and £5.761m for 2026/27. This is work in progress and the figures will be subject to change moving forward.

5.7.3 The temporary measures in the 2024/25 Draft Budget Proposals totaling £22.843m can be used for one year only. Whilst the temporary savings and the prudent use of our reserves provide an opportunity to smooth the path to major reform and transformation, we have only one chance to do this. As Members are acutely aware reserves can only be used once and therefore do not offer a sustainable long-term solution to bridging the budget gap of this and future years.

5.7.4 Given the unprecedented scale of the challenge that we collectively face, a financial strategy that seeks to continuously salami slice our services and deplete our reserves is not a sustainable or an appropriate approach, especially when the demands upon our services are far higher than ever. To ensure we are able to meet the needs of the most vulnerable residents in our communities, whilst operating with reduced finances, a whole council and a whole county borough holistic approach is needed.

5.7.5 The Council's emerging Mobilising Team Caerphilly transformation programme will be a key element in driving forward the significant changes required to ensure that we are able to address the financial challenges that we face. The programme has been under development over a number of months and has now moved beyond the initial discovery phase. Over 150 ideas and projects have been identified and organised into a portfolio, and resources have been brought into the programmes from across the organisation to begin implementation.

5.7.6 The transformation programme is built on Agile Programme Management principles, 'working in the open', and will deliver results at a faster pace and scale than previously possible. This working arrangement requires a high degree of trust between decision-makers and project teams as well as a more flexible approach to governance. There are two core objectives that have underpinned this work from the outset. This work must improve the customer experience while reducing the organisation cost of meeting the needs of our residents.

5.7.7 The full organisational narrative for the transformation programme was adopted by Cabinet on 15 November 2023 and is as follows: -

"We are committed to delivering sustainable services that meet the present and future needs of our communities. We know we must adapt to meet the challenges we face, but this isn't simply

about cutting services; it's about flexibility and finding different ways to deliver what our communities need, when they need it.

This includes using fewer buildings, being more business-minded, and making our services more accessible. As we work to meet the needs of our communities more efficiently, we'll explore other ways to deliver services when it makes sense to do so.

We must engage with our communities to understand the needs of our residents and provide the right support to meet those needs as simply as possible. Where residents need services that we don't provide we will signpost them to the most appropriate partners to access the support they need.

We understand that some roles may need to change, and we expect there to be a reduction in staff numbers. We will look at voluntary departure options and as colleagues move on to new opportunities or retire, we will carefully assess how their roles can be managed going forward.

By working together, we can create a better future for all our residents.”

5.7.8 The essence of this organisational narrative has been distilled down into a series of transformation principles that have also been adopted by Cabinet: -

When delivering transformation, the Council will: -

- *focus on flexibility and finding different ways to deliver what our communities need, when they need it;*
- *engage with our communities to understand the needs of our residents and provide the right support to meet those needs as simply as possible;*
- *deliver channel shift across our Council services moving from more expensive, face to face or telephone channels to online services where appropriate;*
- *explore alternative delivery models when it makes sense to do so;*
- *look at voluntary departure options and as colleagues move on to new opportunities or retire, carefully assess how roles can be managed going forward;*
- *use our reserves to help balance the budget in the short-term whilst change programmes are fully developed and implemented; and*
- *use our reserves on an invest to save basis to fund one-off costs to deliver changes where required.*

5.7.9 The Mobilising Team Caerphilly transformation work has been organised into a portfolio. This is essentially a collection of programmes, which in turn are collections of sub-programmes and projects as follows: -

Figure 1 - Mobilising Team Caerphilly Portfolio

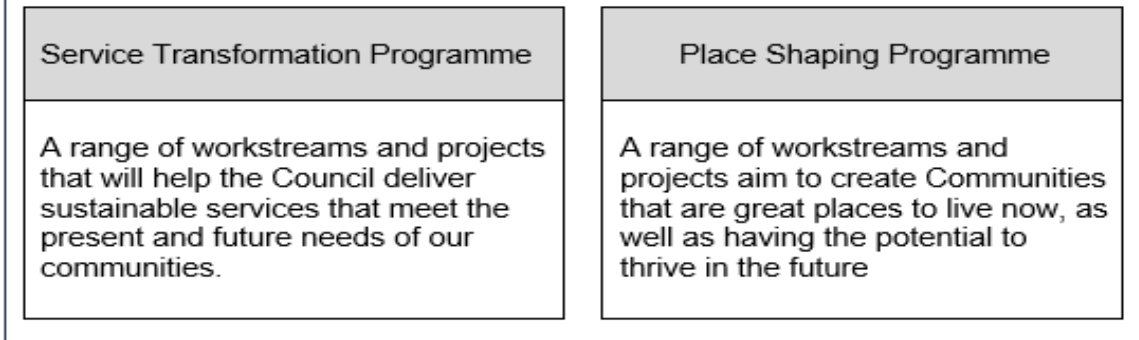


Figure 2 – Service Transformation Programme

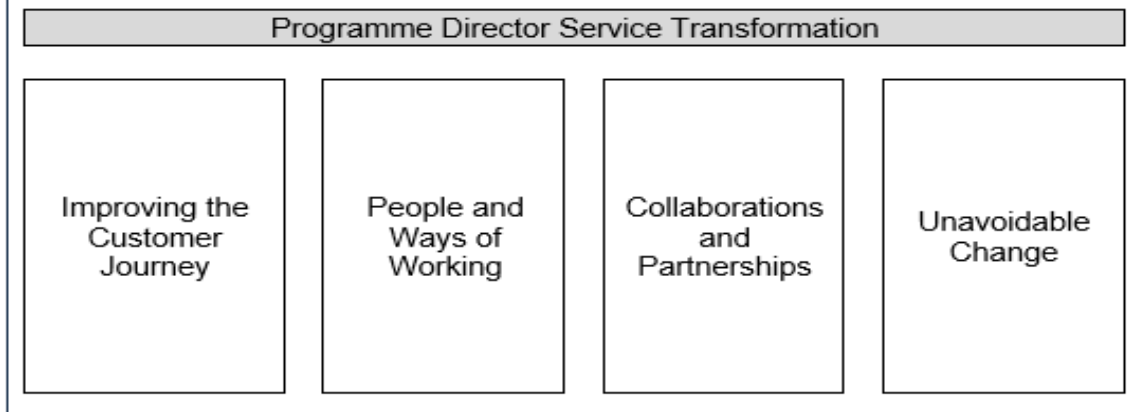


Figure 3 – Place Shaping Programme



5.7.10 As already mentioned, over 150 ideas and projects have been identified as part of the discovery phase of the service transformation programme. Some of these projects are now “in flight” and are being further defined and developed into firm change proposals. These “in flight” projects are being prioritised as the first change programmes to meet an initial £5m in-year savings target that has been proposed for Mobilising Team Caerphilly for the 2024/25 financial year. The initial projects under development include the following: -

- Review of the customer journey – Council Tax.
- Review of the customer Journey – Housing Repairs Service.
- Development of the Waste Management Strategy.
- Review of the Fleet Service.
- Asset management review including the implementation of a corporate landlord model.
- Improving spend controls and centralising/automating invoice processing.
- Community Asset Transfers.

- 5.7.11 In the medium to longer-term, a number of other change projects will need to be developed, defined, approved, and implemented to ensure that a significant contribution is made to the additional savings requirement of £46.700m for the 2025/26 and 2026/27 financial years. The scale of the financial gap will inevitably mean that some very difficult decisions will need to be made but this is unavoidable in the current financial environment for local authorities. We will need to strike the right balance between “needs” and “wants” and a holistic, whole-authority approach will be required with all services contributing to the savings requirement. We will also need to consider alternative service delivery models and explore opportunities to work collaboratively with our partners. It is inevitable that the Authority will be smaller moving forward and service levels in many areas will need to be reduced, or even removed.
- 5.7.12 Over the coming months further transformation projects will be prioritised in line with the Mobilising Team Caerphilly narrative and agreed principles, and firm proposals will be brought forward for scrutiny and subsequent decision-making. It is vital that these proposals are developed at pace and that decisions are made early, in advance of the annual budget setting process.
- 5.7.13 The placeshaping element of the transformation programme will identify investment projects, the financial resources required, and the associated funding strategy. As capital resources are finite, choices will need to be made to agree what priority projects can be delivered. A report will be prepared for Cabinet consideration in the coming months.

5.8 Conclusion

- 5.8.1 This report provides details of the Draft Budget Proposals for 2024/25 based on the WG Provisional Local Government Financial Settlement.
- 5.8.2 A balanced budget can be delivered for 2024/25 based on a combination of permanent and temporary savings totalling £30.984m, the one-of use of reserves totalling £11.394m and an increase of 6.9% in Council Tax.
- 5.8.3 The report also provides details of the updated Medium-Term Financial Plan (MTFP), which currently shows a potential savings requirement of £46.700m for the two-year period 2025/26 to 2026/27.
- 5.8.4 The unprecedented scale of the financial challenge facing the Council requires new approaches to service delivery and this will be driven through the Mobilising Team Caerphilly transformation programme. It is vital that service change proposals are developed at pace, and that decisions are made early to ensure that the projected savings requirement for 2025/26 and 2026/27 can be delivered.

6. ASSUMPTIONS

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

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 Where it is anticipated that there will be an organisational or public impact arising from specific savings proposals, budget impact assessments are required. Due to the late notification of the Provisional Settlement the budget impact assessments and integrated impact assessments (where required) are currently in draft form. These will be refined over the coming weeks and supplemented by the outcomes of the public consultation, which will not conclude until 13 February 2024. All budget impact assessments and associated integrated impact assessments will be finalised for the reports to Cabinet and Council on 27 February 2023.

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

Budget Impact Assessments 2024/25

[Link to Budget Impact Assessments 2024/25 – Eng](#)

[Link to Budget Impact Assessments 2024/25 – Cym](#)

Integrated Impact Assessments 2024/25

[Link to Integrated Impact Assessments 2024/25 – Eng](#)

[Link to Integrated Impact Assessments 2024/25 – Cym](#)

8. FINANCIAL IMPLICATIONS

8.1 As detailed throughout the report.

9. PERSONNEL IMPLICATIONS

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

9.2 The Trade Unions will be consulted on the 2024/25 Draft Budget Proposals and will also be fully engaged in proposals to reshape services moving forward.

10. CONSULTATIONS

10.1 Through the Council's cyclical engagement programme 'The Caerphilly Conversation', residents have, and continue to give their views on which Council services are of particular importance to them and where they feel the Council should prioritise its budget spend.

10.2 The next phase of this engagement work, subject to Cabinet endorsement, will launch on 22 January 2024 and run until 13 February 2024.

10.3 Views will be sought on the specific draft proposals highlighted within this report where there is potential impact upon members of the public. This work will build upon the budget impact assessments and where relevant, integrated impact assessments (IIAs) developed for specific proposals. The engagement programme will once again include further extensive face-to-face engagement, a survey, a high-profile presence on the Council's digital engagement platform and targeted stakeholder engagement, particularly focussing on groups identified through the development of IIAs.

10.4 A Joint Scrutiny Committee meeting is scheduled for 23 January 2024, which will provide an opportunity for all elected members to consider and comment upon the 2024/25 draft budget proposals.

10.5 Key findings and responses through the engagement activity will help shape the final draft budget report for Members' consideration on 27 February 2024.

11. STATUTORY POWER

11.1 The Local Government Acts 1998 and 2003.

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Appendices: -

Appendix 1 – 2024/25 General Fund Inescapable Service Pressures

Appendix 2 – 2024/25 Draft Savings Proposals

Appendix 3 – Updated Medium-Term Financial Plan

Background Papers: -

[Link to - Cabinet \(15/11/23\) – Mobilising Team Caerphilly Governance Arrangements](#)

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2024/25 General Fund Inescapable Service Pressures

Directorate	Service Area	Details	2024-25 Growth
			(£)
Corporate Services	Digital Services	Migration of Schools Information Management System (SIMS) to Cloud platform.	76,734
Corporate Services	Digital Services	Migration of Pay 360 income management system to Cloud platform.	48,311
Corporate Services	Digital Services	New Fleet Management Software (Chevin).	48,480
Corporate Services	Legal & Governance	Additional budget provision for increase in Members' Allowances from April 2024.	78,860
Sub-Total: -			252,385
Corporate Services	Miscellaneous Finance	33.26% increase in the Coroner's Levy.	132,546
Corporate Services	Miscellaneous Finance	1.19% increase in the Levy for Glamorgan Archives.	1,180
Corporate Services	Miscellaneous Finance	2.70% increase in the Levy for Gwent Archives	4,169
Corporate Services	Miscellaneous Finance	4.12% increase in the Fire Service Levy.	428,008
Corporate Services	Miscellaneous Finance	The Authority is required to fund a Council Tax Reduction Scheme (CTRS). This replaced Council Tax Benefit a number of years ago and is a means-tested benefit that assists in full or part towards a resident's Council Tax bills. The additional liability arises from the proposal to increase Council Tax by 6.9% in 2024/25.	1,177,082
Corporate Services	Miscellaneous Finance	Contract price increases are being experienced in respect of both public bus services and home to school transport. It is proposed that a contingent sum of £409k is held corporately pending a review of commitments moving forward.	409,000
Corporate Services	Miscellaneous Finance	Adjustment required to reflect the net reduction in the Provisional Financial Settlement of £202k in relation to the tapering of WG funding for Private Finance Initiative (PFI) Schemes.	(202,000)
Sub-Total: -			1,949,985
Social Services	Children's Services	Increased demand and complexity of Children's placements.	585,000
Social Services	Children's Services	Anticipated increases in fees for independent sector providers in relation to the Real Living Wage and wider inflationary pressures.	1,210,000
Social Services	Adult Services	Increased demand for care packages for vulnerable adults.	2,171,000
Social Services	Adult Services	Anticipated increases in fees for independent sector providers in relation to the Real Living Wage and wider inflationary pressures.	6,482,000
Sub-Total: -			10,448,000
Social Services	General Fund Housing	Temporary Accommodation - Further significant increase in Bed & Breakfast placements.	1,004,175
Sub-Total: -			1,004,175
TOTAL: -			13,654,545

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2024/25 Draft Savings Proposals

Reference Number	Directorate	Service Area	Details	2024-25 Permanent Savings	2024-25 Temporary Savings
				(£)	(£)
CS1	Corporate Services	All	Adjustment to gross pay budgets to incorporate vacancy management.	734,501	
CS2	Corporate Services	All	Reduction in mileage budgets to reflect new flexible working models.	7,612	
CS3	Corporate Services	All	20% reduction in staff training budgets.	39,878	
CS4	Corporate Services	Chief Executive	Budget realignment on various non-pay budgets.	4,215	
CS5	Corporate Services	Director	Budget realignment on various non-pay budgets.	5,558	
CS6	Corporate Services	Corporate Finance	Head of Corporate Finance - Budget realignment on various non-pay budgets.	2,818	
CS7	Corporate Services	Corporate Finance	Internal Audit - Minor restructuring of Team.	54,280	
CS8	Corporate Services	Corporate Finance - Housing Benefits	Housing Benefits - Deletion of vacant 0.81 FTE Benefits Assessor post.	28,963	
CS9	Corporate Services	Digital Services	Digital Services Manager post temporarily funded through the Housing Revenue Account (HRA) and reserves.		93,310
CS10	Corporate Services	Digital Services	IT Public Sector Broadband Aggregation (PSBA) saving - Temporary until outcomes of analogue switch off confirmed.		50,000
CS11	Corporate Services	Digital Services	IT fixed telephone lines.	20,000	
CS12	Corporate Services	Customer Services	Cash in Transit (no longer required).	5,000	
CS13	Corporate Services	Customer Services	Photocopying (no longer required).	5,000	
CS14	Corporate Services	Customer Services	Customer Service Centres - Premises cleaning (temporary until decision on buildings). No impact on cleaning staff as sites are currently closed.		2,280
CS15	Corporate Services	Customer Services	Saving in National Non-Domestic Rates (NNDR).	1,000	
CS16	Corporate Services	Procurement	Rebate income from Food Procurement Framework.		50,000
CS17	Corporate Services	Legal & Governance	Deletion of vacant Grade 5 Administrative Assistant post.	36,200	
CS18	Corporate Services	Legal & Governance	Deletion of vacant Grade 6 Complaints Officer post.	40,095	
CS19	Corporate Services	Legal & Governance	Reduction in postage budget.	5,000	
CS20	Corporate Services	Legal & Governance	Additional grant income.	5,000	
CS21	Corporate Services	Human Resources	Deletion of MeUS Leadership Programme budget.	68,250	
CS22	Corporate Services	Human Resources	Deletion of vacant Grade 12 Human Resources Manager post.	71,792	
CS23	Corporate Services	Human Resources	Apprenticeship Budget - 2024/25 costs to be funded from reserves.		262,500
CS24	Corporate Services	Business Improvement Services	Reduction in the budget for external Welsh Language Translation	20,000	
CS25	Corporate Services	General Fund Housing	Private Sector Housing - Budget realignment to reflect historical underspends.	32,000	
CS26	Corporate Services	General Fund Housing	Private Sector Housing - One-off contribution from agency fee income.		200,000
Sub-Total: -				1,187,162	658,090
MF1	Corporate Services	Miscellaneous Finance	Additional investment income due to increases in the Bank of England Base Rate.	3,224,628	
MF2	Corporate Services	Miscellaneous Finance	No revenue contribution to Capital Programme for 2024/25 only.		3,452,148
MF3	Corporate Services	Miscellaneous Finance	Uncommitted free school meals grant transferred into the financial settlement in previous years - reflects historical financial position.	322,250	
MF4	Corporate Services	Miscellaneous Finance	Former Authorities pension contributions budget realignment.	150,000	
MF5	Corporate Services	Miscellaneous Finance	City Deal Debt Charges - Temporary saving to reflect no requirement to borrow in 2024/25.		757,306
MF6	Corporate Services	Miscellaneous Finance	Deletion of uncommitted Targeted Rate Relief budget.	247,751	
MF7	Corporate Services	Miscellaneous Finance	Temporary saving on IT Replacement Strategy budget pending assessment of ongoing need.		148,644
MF8	Corporate Services	Miscellaneous Finance	Deletion of the Matched Funding for Community Schemes budget.	16,783	
MF9	Corporate Services	Miscellaneous Finance	Deletion of Miscellaneous Items budget - no call on budget.	94,899	
MF10	Corporate Services	Miscellaneous Finance	Budget realignment on the Council Tax Reduction Scheme (CTRS) budget to reflect current commitments.	250,000	
MF11	Corporate Services	Miscellaneous Finance	Temporary reduction in debt charges budget due to there being no requirement to borrow in the 2024/25 financial year.		1,141,168
MF12	Corporate Services	Miscellaneous Finance	Clawback of part of the energy growth approved in the 2023/24 budget following a review of actual costs being incurred in-year.	999,000	
Sub-Total: -				5,305,311	5,499,266
EE1	Economy & Environment	All	Adjustment to gross pay budgets to incorporate vacancy management.	811,261	
EE2	Economy & Environment	All	Reduction in mileage budgets to reflect new flexible working models.	13,300	
EE3	Economy & Environment	All	20% reduction in staff training budgets.	41,847	
EE4	Economy & Environment	Regeneration	Business Enterprise and Renewal Team budget realignments.	34,000	
EE5	Economy & Environment	Regeneration	Business Support and Funding - Increased rental income from industrial portfolio.	30,000	
EE6	Economy & Environment	Regeneration	Reduction in tourism venue subsidies.	30,000	
EE7	Economy & Environment	Regeneration	Community Projects budget realignments.	3,182	
EE8	Economy & Environment	Regeneration	Temporary reduction in Caerphilly Enterprise Fund budget to be funded through grant.		50,912
EE9	Economy & Environment	Regeneration	Temporary reduction in the Events budget to be funded through grant.		91,511
EE10	Economy & Environment	Regeneration	Close Coffi Vista and lease building to private sector (possible additional income with the lease). Staff to be redeployed.	78,044	

2024/25 Draft Savings Proposals

Reference Number	Directorate	Service Area	Details	2024-25 Permanent Savings	2024-25 Temporary Savings
				(£)	(£)
EE11	Economy & Environment	Regeneration	Mothball the Winding House while a Community Asset Transfer (CAT) is explored. Staff will temporarily transfer to alternative buildings. The engine will continue to be run by volunteers on a monthly basis as it does at present.		93,000
EE12	Economy & Environment	Planning	Additional income from charging for specialist heritage advice.	2,000	
EE13	Economy & Environment	Planning	Introduction of new fee for street naming and numbering.	2,000	
EE14	Economy & Environment	Infrastructure	Temporary reduction in the Infrastructure budget.		922,000
EE15	Economy & Environment	Corporate Property	Property Rationalisation Phase 1 - Consolidation of staff onto Tredomen campus and the closure of a number of back office satellite sites. The savings relate to the reduced running costs relating to the closure of offices and rental income realised as a result.	175,000	
EE16	Economy & Environment	Corporate Property	Temporary 20% reduction in non-essential Building Maintenance budgets - The main council buildings have been invested in previously and are capable of sustaining a further year of delayed maintenance. This would consist of non-urgent or non-essential works being delayed for future years when the funding is available. This saving has been made this year and at the time of writing the saving has caused minimal disruption, it should however be noted that key proactive maintenance tasks will still need to be performed in future years.		150,000
EE17	Economy & Environment	Corporate Property	FM Maintenance Savings 20% - Buildings managed by the facilities management team have been invested in previously and are capable of delayed maintenance. This would consist of non-urgent or non-essential works being delayed for future years when the funding is available. This saving has been made this year and at the time of writing the saving has caused minimal disruption, it should however be noted that key proactive maintenance tasks will still need to be performed in future years.		150,000
EE18	Economy & Environment	Corporate Property	Commercial Property income - Rent reviews on key commercial buildings to bring income in line with market terms.	150,000	
EE19	Economy & Environment	Corporate Property	Energy savings - The installation of a new heat pump at Ty Penallta will generate financial savings alongside further schemes on council buildings which will be developed in the coming months.	150,000	
EE20	Economy & Environment	Public Protection	Hold 2 vacant Community Safety Warden posts pending the outcome of a wider enforcement review.		80,000
EE21	Economy & Environment	Community & Leisure Services	Temporary reduction in RDP match-funding budget to be funded by grant.		135,381
EE22	Economy & Environment	Community & Leisure Services	Tapered reduction of 4 hours in the subsidy for Caretaker costs in Community Centres over a three-year period from October 2023 (approved as part of 2023/24 budget).	17,167	
EE23	Economy & Environment	Community & Leisure Services	Tapered withdrawal of the subsidy for Markham Community Leisure Centre over a three-year period from April 2023 (approved as part of 2023/24 budget).	3,334	
EE24	Economy & Environment	Community & Leisure Services	Increase fees for the use of outdoor sports pitches (rugby, football and cricket) to generate 20% additional income.	12,750	
EE25	Economy & Environment	Community & Leisure Services	Increase fees for Knotweed and other invasive species treatment plans from £360 to £500.	4,600	
EE26	Economy & Environment	Community & Leisure Services	Temporary reduction in the Cemeteries Maintenance Budget.		40,000
Sub-Total: -				1,558,485	1,712,804
SS1	Social Services	Children's Services	Balance of budget for an Administrative Assistant role in the Safeguarding & Review Team that is no longer required following a previous restructure.	8,735	
SS2	Social Services	Children's Services	Budget for 0.50 FTE Administrative Assistant in the Secretariat Team no longer required following re-deployment of postholder.	16,742	
SS3	Social Services	Children's Services	Budget for 0.50 FTE Clerical Assistant in the Complaints and Information Team that is no longer required following a part-time appointment to a full-time role.	16,410	
SS4	Social Services	Children's Services	Management, Fieldwork and Administration vacancy savings target temporarily increased from 4.5% to 9% to reflect current staff turnover and recruitment difficulties.		485,643
SS5	Social Services	Adult Services	Management, Fieldwork and Administration vacancy savings target temporarily increased from 4.5% to 9% to reflect current staff turnover and recruitment difficulties.		419,075
SS6	Social Services	Adult Services	Minor Works of Adaptation costs to be temporarily funded from grant for a period of 2 years.		243,370
SS7	Social Services	Adult Services	Temporary reduction in contribution to Gwent Frailty Pooled Fund, reflecting recurrent underspends in previous years.		55,000
SS8	Social Services	Adult Services	Additional client contributions following increased occupancy levels in Own Residential Care.	400,000	
SS9	Social Services	Adult Services	Budget realignment on Supported Employment contract.	8,000	
SS10	Social Services	Adult Services	Temporary adjustment to Home Assistance and Reablement budget to reflect current difficulties in recruiting carers and securing care packages.		1,050,000
SS11	Social Services	Adult Services	10% increase in hourly charge for Home Care.	26,000	
SS12	Social Services	Adult Services	Budget realignment for contribution to the Learning and Development Pooled Budget.	25,000	

2024/25 Draft Savings Proposals

Reference Number	Directorate	Service Area	Details	2024-25 Permanent Savings	2024-25 Temporary Savings
				(£)	(£)
SS13	Social Services	Service Strategy & Business Support	Reduction in contribution to the Regional Partnership Team.	25,000	
SS14	Social Services	Service Strategy & Business Support	A number of posts in the Caerphilly Cares Team to be temporarily funded through grants.		291,887
Sub-Total: -				525,887	2,544,975
ELL1	Education & Lifelong Learning	All	Vacancy management/staff turnover in Central Education.		180,000
ELL2	Education & Lifelong Learning	All	Reduction in mileage budgets in Central Education to reflect new flexible working models.	4,000	
ELL3	Education & Lifelong Learning	All	20% reduction in training budgets across Central Education.	1,600	
ELL4	Education & Lifelong Learning	21st Century Schools	50/50 Building maintenance (LA/Schools). Temporary savings proposal, recommendation to fund (to this value) from earmarked LMS Contingency balances in 2024/25.		346,320
ELL5	Education & Lifelong Learning	Adult Education	Adult Education - Additional income generation linked to economies of scale/shared costs with project to 31 March 2025. Short-term reduction in premises maintenance costs due to recent investment.		60,000
ELL6	Education & Lifelong Learning	Libraries	Book funding reduction.		57,000
ELL7	Education & Lifelong Learning	Administration	Restructure in Administration Team.	30,450	
ELL8	Education & Lifelong Learning	Early Years	Rising 3's budget (reduction based on recent spend/trends). Spend driven by requests from families for places.		20,000
ELL9	Education & Lifelong Learning	Early Years	Early Years Central Team - Some posts being funded by grant.		150,000
ELL10	Education & Lifelong Learning	Youth Service	Reduction in service budget (temporary saving) - Rationalisation with regards to premises; in-year savings linked to staff turnover/vacancies; maximising efficiencies linked to service resources and external grants.		125,000
ELL11	Education & Lifelong Learning	School Improvement	Education Improvement Grant (EIG) match funding. This reduction has no impact for schools and reflects an in-year underspend in 2023/24. The Authority's match funding commitment is fully met after this reduction.	32,000	
ELL12	Education & Lifelong Learning	School Improvement	Education Achievement Service (EAS) - 10% reduction in core contribution to Regional Consortia.	88,260	
ELL13	Education & Lifelong Learning	Inclusion & ALN	Vacant Post (Hours) - Behaviour Support Team.	56,700	
ELL14	Education & Lifelong Learning	Inclusion & ALN	Vacant Post (Hours) - Education Other Than at School (EOTAS) Team.	15,225	
ELL15	Education & Lifelong Learning	School Improvement	Local Management of Schools (LMS) Contingency. This budget supports ad hoc in-year school formula issues and recent trends have indicated that this reduction is achievable. Should any issues arise would look to access earmarked LMS Contingency Reserves (subject to appropriate approval).		25,000
ELL16	Education & Lifelong Learning	All	Police Checks (reduction based on recent spend/trends).		5,000
ELL17	Education & Lifelong Learning	All	External Audit Fees (reduction based on recent spend/trends).	5,000	
ELL18	Education & Lifelong Learning	All	General Computer Costs (reduce budget).	10,000	
ELL19	Education & Lifelong Learning	Post 16	14-19 Transport (Post 16). This reduction is linked to an underspend in recent years.	5,000	
ELL20	Education & Lifelong Learning	Music Service	Music Service - 10% saving on the service budget, which will impact delivery hours for pupils.		41,000
ELL21	Education & Lifelong Learning	School Improvement	School Improvement - Funding allocated to support schools in difficulty. No schools in a statutory category since beginning of 2023.		20,000
ELL22	Education & Lifelong Learning	All	Vacant Properties (one-off). Costs associated with site security and utility costs. Reduction based on anticipated budget capacity in 2024/25.		5,000
ELL23	Education & Lifelong Learning	Early Years	Childrens Centre - External contract ending in 2023/24. Changes to develop registered childcare provision, funding to be supported through grants.	36,000	
Sub-Total: -				284,235	1,034,320
ELL24	Education & Lifelong Learning	Schools	Schools to absorb £3m of 2024/25 projected cost pressures of £8.283m.	3,000,000	
Sub-Total: -				3,000,000	0
ALL1	All Directorates	All	Mobilising Team Caerphilly Transformation Programme in-year savings target for 2024/25.	5,000,000	
ALL2	All Directorates	All	General Fund Services non-pay inflationary pressures to be absorbed by services. A range of spend control measure are in the process of being developed through the Mobilising Team Caerphilly Transformation Programme to assist budget holders in managing down these inflationary pressures.	2,673,000	
Sub-Total: -				7,673,000	0
TOTALS: -				19,534,080	11,449,455

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Updated Medium-Term Financial Plan

Description	2024/25 £000s	2025/26 £000s	2026/27 £000s
Increase in Aggregate External Finance (2.3%, 1%, 1%)	7,766	3,477	3,512
Increase in Council Tax (6.9%, 4.9%, 3.9%)	5,935	4,583	3,886
Total Funding to Support Budget	13,701	8,061	7,398
General Fund Services Inflationary Pressures			
NJC Pay Award - 4% in April 2024, 3.5% in April 2025 and 2% in April 2026	8,869	6,065	5,400
NJC - Increase in Employer Pension Contributions (1% , 0.5%, 0%)	1,245	644	0
Non-Pay Inflation (3%, 2%, 2%)	2,673	3,601	3,675
Non-Pay Inflation (Fees and Charges) - (5%, 2%, 2%)	(853)	(358)	(366)
Total General Fund Services Inflationary Pressures	11,934	9,952	8,710
Inescapable Service Pressures			
Corporate Services	252	0	0
Miscellaneous Finance	1,950	834	844
Social Services	10,448	4,173	4,352
General Fund Housing	1,004	0	0
Inescapable Service Pressures	13,655	5,007	5,196
Schools Cost Pressures			
Teachers Pay Award (5% to Aug 2024, 4.5% from Sep 2023 then 3.5%, 3%)	5,951	3,576	3,206
NJC Pay Award - 4% in April 2024, 3.5% in April 2025 and 2% in April 2026	724	664	591
NJC - Increase in Employer Pension Contributions (1% , 0.5%, 0%)	188	98	0
Non-Pay Inflation (3%, 2%, 2%)	826	568	580
Schools Service Pressures	594	620	565
Total Schools Cost Pressures	8,283	5,528	4,942
Proposed Savings/Use of Reserves			
Permanent savings proposals	19,534	21	0
Temporary savings proposals	11,449	243	0
Use of reserves	11,394	0	0
Proposed Savings/Use of Reserves	42,378	264	0
Reinstatement of Temporary Savings Proposals and Use of Reserves	22,207	22,843	243
Annual Shortfall	0	35,006	11,694
Cumulative Shortfall	0	35,006	46,700

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